

One over many

Content

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The LLB Group in profile

With its ACT-26 strategy, the LLB Group focuses on a dual positioning in the market: number 1 in Liechtenstein and the region as well as a secure and sustainable, international private bank.

First bank in Liechtenstein founded in 1861

Moody's Rating Aa2

Three banks:
Liechtenstein, Switzerland and Austria

Two competence centres:
Asset Management and Fund Services

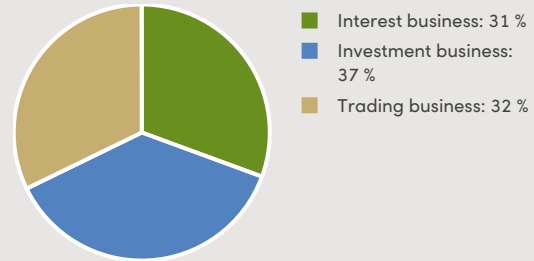
Two high-earning market divisions

Operating profit before tax



Diversified income structure

Earnings



Target Markets

- ♦ Liechtenstein, Switzerland, Austria, Germany
- ♦ Further growth markets in Central and Eastern Europa and the Middle East

Security and stability

- ♦ Stable ownership situation
- ♦ Solid equity base

Information for shareholders

The LLB share

| | | |
|-----------------|--------------------|---------|
| Security number | 35514757 | |
| ISIN | LI0355147575 | |
| Listing | SIX Swiss Exchange | |
| Ticker symbols | Bloomberg | LLBN SW |
| | Reuters | LLBN.S |
| | Telekurs | LLBN |

Capital structure

| | 31.12.2023 | 31.12.2022 | + / - % |
|---|-------------|-------------|---------|
| Share capital (in CHF) | 154'000'000 | 154'000'000 | 0.0 |
| Total of registered shares issued (fully paid up) | 30'800'000 | 30'800'000 | 0.0 |
| Total shares outstanding, eligible for dividend | 30'591'945 | 30'620'119 | - 0.1 |
| Weighted average shares outstanding | 30'638'158 | 30'607'810 | 0.1 |

Information per LLB share

| | 31.12.2023 | 31.12.2022 | + / - % |
|-----------------------------------|-------------------|------------|---------|
| Nominal value (in CHF) | 5.00 | 5.00 | 0.0 |
| Share price (in CHF) | 66.10 | 55.80 | 18.5 |
| Basic earnings per share (in CHF) | 5.37 | 4.82 | 11.4 |
| Price / earnings ratio | 12.31 | 11.58 | |
| Dividend (in CHF) | 2.70 ¹ | 2.50 | |

¹ Proposal of the Board of Directors to the General Meeting of Shareholders on 19 April 2024

Comparison of LLB share Indexed from 1 January 2022



Key figures

Consolidated income statement

| in CHF millions | 2023 | 2022 | + / - % |
|--|---------|---------|---------|
| Income statement | | | |
| Operating income | 541.8 | 503.2 | 7.7 |
| Operating expenses | - 348.4 | - 328.2 | 6.1 |
| Net profit | 164.7 | 149.4 | 10.2 |
| Performance figures | | | |
| Cost Income Ratio (in per cent) ¹ | 64.3 | 64.0 | |
| Return on equity (in per cent) ¹ | 7.9 | 7.2 | |

¹ Definition available under www.llb.li/investors-apm

Consolidated balance sheet and capital management

| in CHF millions | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------|------------|---------|
| Balance sheet | | | |
| Total equity | 2'131 | 2'024 | 5.3 |
| Total assets | 25'692 | 25'216 | 1.9 |
| Capital ratio | | | |
| Tier 1 ratio (in per cent) ¹ | 19.8 | 19.7 | |
| Risk-weighted assets | 8'887 | 8'512 | 4.4 |

¹ Corresponds to the CET ratio 1 because the LLB Group has solely hard core capital

Additional information

| in CHF millions | 2023 | 2022 | + / - % |
|--|-------------------|-------------------|----------------|
| Net new money ¹ | 1'381 | 3'609 | - 61.7 |
| in CHF millions | 31.12.2023 | 31.12.2022 | + / - % |
| Business volume (in CHF millions) ¹ | 102'214 | 98'362 | 3.9 |
| Assets under management (in CHF millions) ¹ | 86'927 | 83'926 | 3.6 |
| Loans (in CHF millions) | 15'287 | 14'435 | 5.9 |
| Employees (full-time equivalents, in positions) | 1'213 | 1'116 | 8.6 |

¹ Definition available under www.llb.li/investors-apm



Gabriel Brenna (Group CEO) and Georg Wohlwend (Chairman of the Board of Directors)

LLB Group reports a successful business year

Dear shareholders, clients and colleagues
Dear ladies and gentlemen

“The secret of success lies in focusing one’s energy on building something new”, as the Greek philosopher Socrates expressed it 2000 years ago. And for us at LLB, development and transformation are important success factors. Accordingly, in 2023 we continued with the consistent realisation of our ACT-26 strategy, which stands for acceleration and transformation. With success.

Substantial increase in profit

In 2023, we once again increased our profitability. At CHF 164.7 million (2022: CHF 149.4 million), Group net profit was 10.2 per cent above the previous year’s figure. Our best result for more than 10 years. Among other factors, we benefitted from higher interest rates in the key currencies. Operating income grew by CHF 38.6 million or 7.7 per cent to CHF 541.8 million (2022: CHF 503.2 million). To ensure the successful implementation of our strategy, we are investing in new technologies and recruiting additional talented personnel. In the 2023 business year, we created around 100 new jobs. Consequently, operating expenses rose by 6.1 per cent to CHF 348.4 million (2022: CHF 328.2 million). With a Cost Income Ratio of 64.3 per cent, in spite of our extensive investments in the future, we were again below our strategic target value of 65.0 per cent (2022: 64.0 %). This reflects our constantly improving efficiency and our higher earnings.

In our lending business we made particular progress with loans to corporate clients. Loans to clients climbed to a new record of CHF 15.3 billion. Net new loans of CHF 954 million were granted, corresponding to a growth rate of 6.6 per cent (2022: 5.5 %). Net new money inflows amounted to CHF 1.4 billion and were therefore under the record value of the previous year (2022: CHF 3.6 billion). This development was largely attributable to the changed market environment, which favoured classical interest rate products over other asset classes such as real estate investment funds. In contrast, we posted pleasing growth in private banking, institutional banking and in business with corporate clients. Thanks to organic growth and positive market effects, the business volume expanded to CHF 102.2 billion, as in 2021, once again exceeding the 100-billion francs mark (2022: CHF 98.4 billion).

Growth in Germany and Switzerland

At the beginning of 2024, we established our presence on the German market for the first time with three new business locations in Munich, Frankfurt and Düsseldorf. The locations offer first-class investment advisory services and asset management. Additionally, in Frankfurt, professional services for independent asset managers are provided. This will enable us in future to care for the steadily increasing number of German clients in place in Germany. Business operations have started with twenty employees, a team that will successively rise to forty. In Switzerland we are also investing in our growth ambitions. During the coming months, we shall open business locations in St. Gallen and Zurich. We aim to build on the foundations of LLB Schweiz to expand private banking and corporate client business, as well as developing new business with external asset managers. For this purpose, we shall strengthen our advisory team with around forty new professionals.

New, uniform brand

In autumn 2023, all our Group companies began to operate under the modern, strong “LLB” brand. Our ACT-26 corporate strategy and our dual positioning as the leading bank in Liechtenstein and in the adjacent region, and as a secure, sustainable, international private bank are reflected in this uniform corporate appearance on the market. We are convinced that operating under the new, uniform brand will enable us to implement our strategy and positioning even more successfully.

Digital transformation

Our corporate strategy focuses specifically on the digitalisation of our product offers and processes. Last year, we once more made good progress towards the realisation of this transformation. We enhanced our digital wiLLBe asset management app and subsequently gained around 13'000 new clients during the following months. At the same time, we derived learning effects and synergies for the LLB Group as a whole. In addition, we completely revised our digital Mobile Banking programme and substantially expanded our digital mortgage lending offer. The introduction of the most widely used mobile payments services (Apple Pay, Google Pay, Samsung Pay as well as Twint in Switzerland) has enabled us to make digital payment transactions even more convenient for our clients.

On course for net zero emissions

In the report year, we reached important milestones on our way to achieving net zero emissions. When making our own investments, we no longer consider investments in fossil fuels and we will withdraw completely from this sector in 2025. We have formulated clear expectations in our guidelines for suppliers for them also to consider environmental and climate protection concerns, as well as sustainability aspects in their business activities. In the mobility concept that we developed in 2023, we encourage the environmentally conducive mobility of our employees. For example, we have increased our subsidies for the use of public transport and reduced the amount of air travel in daily business. Furthermore, sustainable solutions have already been implemented in our own range of investment funds and in discretionary asset management mandates.

Best employer in Switzerland and Liechtenstein

How does the saying go? Employees are a company's greatest asset. That is exactly what we think at the LLB Group. We attach great importance to the satisfaction of our employees. For this reason, we regularly hold comprehensive staff surveys. In the report year, the result of the survey was extremely gratifying. In the most important categories “Commitment” and “Satisfaction”, we were even better than in the last survey carried out in 2020. Based on this survey result, we were ranked in first place at

the Swiss Employer Awards 2023 in the category: companies with more than a thousand employees, placing us among the top employers in Switzerland and Liechtenstein.

Higher dividend for shareholders

For many years, our shareholders have benefitted from our long-term, attractive dividend policy. The Board of Directors proposes to the General Meeting of Shareholders on 1 April 2024 that the dividend be increased from CHF 2.50 to CHF 2.70. Based on the closing price of the LLB share on 31 December 2023, this corresponds to a dividend yield of 4.1 per cent.

New faces on the Board of Directors

In May 2023, two members of the Board of Directors stood down due to the legal term of office limitation regulations. As their successors, the General Meeting elected Nicole Brunhart and Christian Wiesendanger, who both possess extensive experience in banking business and a well developed network in the financial services industry. Over recent months, they have been able to employ their professional knowledge successfully in the Board of Directors. No new elections are required at the forthcoming General Meeting in April. Board Chairman Georg Wohlwend, Vice Chairman Richard Senti and Board member Thomas Russenberger are standing for re-election.

Outlook

In the coming years too, uncertainty will continue to be a part of our new reality. Nevertheless, we are still optimistic because rapidly adapting to changing basic conditions is one of our proven strengths. In 2024, the LLB Group will continue to focus on its strategic priorities and firmly pursue its ambitious growth and earnings targets. We expect to achieve a solid result for the 2024 business year.

A note of thanks

As the foundation of our success, we would like to thank our competent and highly motivated team of employees, as well as you, our clients and shareholders. A sincere note of thanks to all of you for your loyalty and trust.

Yours sincerely



Gabriel Brenna
Group CEO



Georg Wohlwend
Chairman of the Board of Directors

Strategy and organisation

LLB has a long tradition as the oldest bank in Liechtenstein. However it is not just our 160 years of history that make us a trusted partner for clients, investors and employees. It is also our clear vision, our ambitious strategy and our values-based corporate culture that make us into “their bank”.

ACT-26 strategy

The ACT-26 strategy is the next logical step in the LLB Group’s development. **ACT**-26 stands for taking action and also for acceleration and transformation (**AC**celerate and **T**ransform).



The strategy is based on three core elements:

- ♦ **Growth:** Over the next five-year strategy period, the LLB Group will once again strive to significantly increase its business volume through a combination of accelerated organic growth and targeted acquisitions. The basis for this expansion is the security and stability of the LLB Group combined with award-winning investment expertise and investment performance for private and institutional clients. In retail and corporate banking business, we also want to expand our position in Liechtenstein.
- ♦ **Efficiency:** Now and in the future, we again place special focus on providing personal advisory services to our clients. We will achieve this by employing a combination of different advisory models, also known as a hybrid advisory model. For this purpose, the digital client platform will be modernised and the range of digital products and services will be expanded for all client groups. We will adopt an agile approach in order to be able to react to the changing needs of clients. At the same time, we will also be streamlining, standardising and automating our core processes to increase efficiency and make the bank more scalable.

- ♦ **Sustainability:** Sustainability has always enjoyed a high priority at LLB. We want to play a leading role in this area and have therefore set ourselves ambitious goals. For example, we want to become completely climate-neutral by 2040 – ten years earlier than most of our competitors. On the way to achieving this goal, we will significantly reduce the carbon emissions of our banking operations and those of our client portfolios. In addition, we will continue with the process of making our products sustainable and add more innovative products to our range. We have already made great progress in realising these objectives.

Ambitious growth and financial objectives

In implementing the core elements of our corporate strategy, we are pursuing ambitious goals:

- ♦ **Growth:** Growth in terms of net new money and net new loans should be at least three per cent annually.
- ♦ **Efficiency:** In 2026, the Cost Income Ratio should not exceed 65 per cent.
- ♦ **Sustainability:** The complete carbon emissions of the LLB Group should be reduced to net zero by no later than 2040.

In addition to this, we are targeting a tier 1 ratio of over 16 per cent.

Implementation of the ACT-26 strategy

The implementation of the ACT-26 strategy is progressing according to plan. In 2023, important intermediate targets were also attained with the three strategic core elements – growth, efficiency and sustainability. The only exception was with net new money where the ambitious objective of at least three per cent growth annually was not achieved in 2023. On the other hand, net new loans increased substantially.

Ambitious targets with ACT-26



| Core element | Objective | | 2023 | |
|-----------------------|---------------------------|------------|----------|---|
| Growth | Net new money | > 3 % p.a. | 1.6 % | ~ |
| | Net new loans | > 3 % p.a. | 6.6 % | ✓ |
| Efficiency | Cost Income Ratio in 2026 | 65 % | 64.3 % | ✓ |
| Sustainability | Net zero CO ₂ | 2040 | On track | ✓ |
| Security | Tier 1 ratio | > 16 % | 19.8 % | ✓ |

In order to continue growing sustainably, the LLB Group is investing in Switzerland and Germany. We want to exploit the growth potential of both markets by increasing our business presence in both countries. For this purpose, we are opening two new business locations in Switzerland – in St. Gallen and Zurich. Since the beginning of 2024, we now have a business presence for the first time in Germany consisting of a branch office having three business locations in Munich, Frankfurt and Düsseldorf.

We plan expenditure totalling CHF 250 million for the implementation of our ACT-26 corporate strategy. In addition to CHF 100 million for the digital transformation, we shall invest in our building infrastructure, hard and software, as well as in strategic projects.

Attractive and sustainable dividend policy

The LLB Group is continuing to pursue an attractive and sustainable dividend policy. The distribution ratio amounts to more than 50 per cent of the Group net profit. Furthermore, the LLB Group intends to continually increase the dividend.

Sustainable and attractive dividend policy



Structure and organisation of the LLB Group

The strategic focus of ACT-26 will also be consistently implemented at the organisational level. Clients and technological change are at the heart of the transition.

Lean organisation aligned with the new strategy



| | | | | |
|--|--|---|--|---|
| <p>Urs Müller Corporate Banking</p> <p>"#1 in Liechtenstein and the region"</p> | <p>Natalie Flatz International Wealth Management</p> <p>"A secure and sustainable international private bank"</p> | <p>Gabriel Brenna Group CEO</p> <p>"Sustainability and culture are our top priority"</p> | <p>Patrick Fürer Group CDO</p> <p>"Efficient, digital and innovative for our clients"</p> | <p>Christoph Reich Group CFO</p> <p>"Balancing growth, opportunity and risk"</p> |
|--|--|---|--|---|

The LLB Group has a divisional organisational structure. In addition to the two market divisions "Retail & Corporate Banking" and "International Wealth Management", the management structure includes the functions of Group Chief Executive Officer (Group CEO), Group Chief Financial Officer (Group CFO) and Group Chief Digital & Operating Officer (Group CDO).

Dual positioning

We intend to achieve our ambitious growth and financial objectives through a clear dual positioning in the market: a universal bank with strong local ties on the one hand and a sustainable international private bank on the other.

Dual positioning reflects the strength of the LLB Group



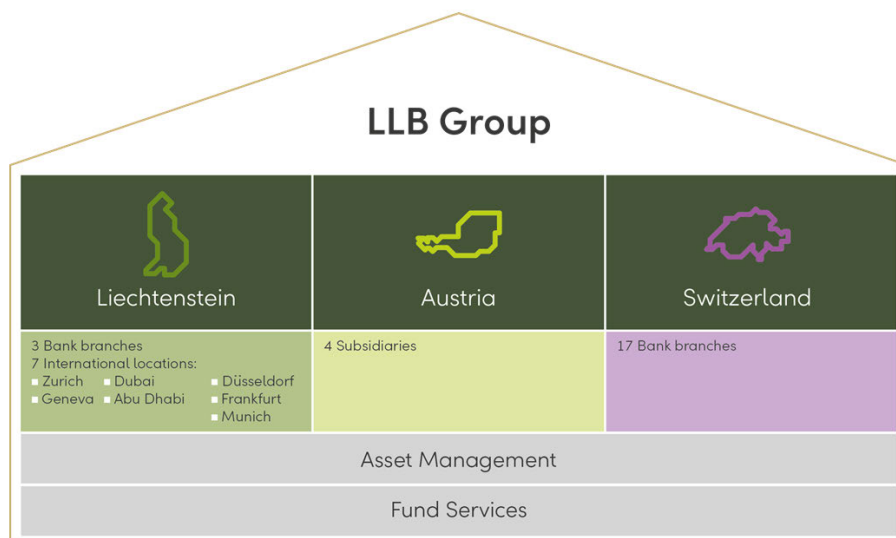
The LLB Group's business model is based on two profitable market divisions:

- ♦ The "Retail & Corporate Banking Division" services locally oriented private banking clients in Liechtenstein, Switzerland and Germany, as well as corporate and private clients in Liechtenstein and Switzerland (see chapter [Retail & Corporate Banking](#)).
- ♦ The "International Wealth Management Division" cares for Austrian and international private banking clients, as well as institutional and investment fund clients (see chapter [International Wealth Management](#)).

Group structure

We have a presence in the market regions of Liechtenstein, Switzerland and Austria with one bank each: Liechtensteinische Landesbank AG, LLB (Schweiz) AG and LLB (Österreich) AG. In addition, the LLB Group has two competence centres in the areas of asset management and fund services.

Group structure



With Liechtensteinische Landesbank in Vaduz and LLB Schweiz in eastern Switzerland, the LLB Group already has two successful universal banks. We want to expand this strong position and establish ourselves as the market leader in Liechtenstein and as a “trustworthy bank” in the German-speaking region of Switzerland (see chapter [Retail & Corporate Banking](#)). In terms of wealth management, the LLB Group wants to expand its position as a leading asset management bank in Austria, a unique fund powerhouse in the German-speaking regions, a reliable partner in institutional business and as an international private bank in Central and Eastern Europe and the Middle East.

Corporate culture

In addition to strategy and structure, the culture of a company is one of the most important factors in its success. The LLB Group is committed to a concept of banking with a binding system of values (see chapter [LLB brand](#)).

Our vision of banking is based on the idea of managing material values with a clearly defined system of principles.

It is only through living and living up to a (corporate) culture that a company can achieve success. For this reason, at the LLB Group we implement various measures to ensure that our culture is firmly established in the minds of employees and managers (see chapter [Values and corporate management](#)).

Finance and risk management

All risks a bank is exposed to are identified, assessed and monitored as part of risk and finance management, whereby credit, market and operational risks in particular are taken into account. The aim is to minimise these risks as far as possible and at the same time to ensure the financial stability of the bank.

We attach great importance to sustainable financial and forward-looking risk management at all levels of our organisation. In doing so, we pursue a holistic approach that has proven its worth. Risk management therefore also includes the management of legal and compliance risks as well as information security. The competences for the various areas of finance and risk management are bundled together in the Group CFO division. The central task of the division is that of maintaining a balance between growth, opportunities and risks.

Strategic expansion

As part of the ACT-26 corporate strategy, finance and risk management is being developed further with the main focus being on the:

- ◆ improvement in the efficiency of processes;
- ◆ targeted strengthening of risk management;
- ◆ scaling up of cyber defence;
- ◆ expansion of data protection.

Responsibility for the management of operational risks has lain since 2022 with the Business Risk Management Department. It covers the areas of information security, data protection and cyber defence as well as the internal control system. The 2024 business year also sees the creation of our new business area, "Group Financial Crime Compliance", which bundles together measures to combat money laundering and the financing of terrorism and criminal activities as well as to comply with international sanctions. Its creation reflects the high priority we assign to these processes in the LLB Group.



“The banking business is naturally associated with risks. That is why we attach great importance to forward-looking financial and risk management at all levels of our organisation.”

Christoph Reich, Group CFO

Financial management

The aim of our financial management is to create transparency at all levels of management in order that costs and income can be managed in line with corporate strategy in an efficient and timely manner. The key instruments are medium-term planning, the annual budgeting process, the key performance indicators from the Group’s management information system, and the planning and management of capital and liquidity.

The tasks of financial management also include preparing the annual financial statements in accordance with local law and the International Financial Reporting Standards (EU-IFRS) applicable in the European Union (EU) as well as ensuring regulatory reporting.

Risk management

We, as the LLB Group, have a prudent approach to risk. This is of paramount importance when it comes to protecting our reputation, maintaining our excellent financial strength and safeguarding our sustainable profitability. Based on our risk policy, our risk management encompasses the systematic identification and assessment, reporting, management and monitoring of credit, market, liquidity and operational risks, as well as asset liability management (ALM). The LLB Group uses an appropriate organisational and methodological framework for assessing and managing risk (see chapter [Risk management in the financial section](#)).

Combating money laundering and the financing of terrorist or criminal activities as well as complying with international sanctions are given the highest priority in the LLB Group. Creating a dedicated business area in 2024 in which to bundle these activities together demonstrates our commitment to minimise regulatory risks.

Liquidity management

The LLB Group has in place robust strategies, policies, processes and systems that enable it to identify, measure, manage and monitor liquidity risk. The internal liquidity adequacy assessment process (ILAAP) is set down in internal regulations and guidelines and is reviewed annually (see chapter [Risk management in the financial section](#)). Key liquidity figures are published in the chapter [Regulatory disclosures](#). The Group Treasury manages risks in the banking book that result from banking activities, especially liquidity, interest rate and foreign currency risks.

Capital management

The LLB Group has in place sound, comprehensive and effective processes to assess and maintain adequate equity capital on an ongoing basis. The internal capital adequacy assessment process (ICAAP) is a key risk management instrument. The ICAAP is documented in internal regulations and guidelines and is reviewed and revised annually on the basis of overall bank stress tests.

Solid equity base

A good equity capital base not only protects its reputation, but is also part of the economic and financial credibility of a bank. Having an equity base that is of a sufficiently high quality is therefore

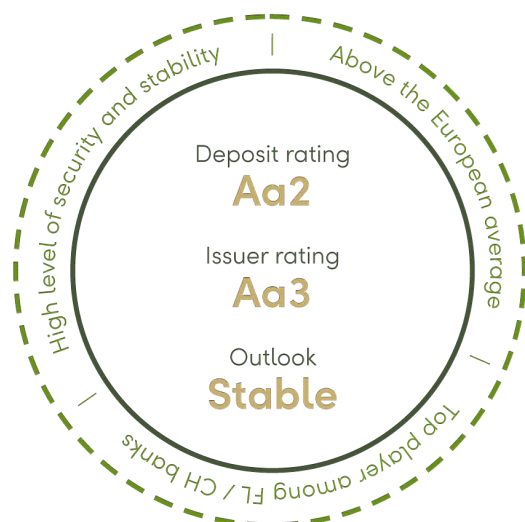
integral to our identity. Our financial strength shall remain, as far as possible, unaffected by fluctuations in the capital markets.

Since LLB is considered systemically important in Liechtenstein, we are subject to a regulatory minimum capital adequacy ratio of 13.7 per cent. We are targeting a tier 1 ratio of over 16 per cent as a strategic objective. We report our capital ratio in the chapter [Regulatory disclosures](#).

Thanks to our solid equity base, which consists entirely of hard core capital, we, as the LLB Group, continue to enjoy a high level of financial stability and security. This comfortable capital situation gives us scope for further acquisitions.

Rating confirms financial strength

Liechtensteinische Landesbank has a deposits rating of Aa2 from rating agency Moody's. The rating was reaffirmed in autumn of the reporting year. This makes us, according to Moody's, one of the highest-rated banks in the world and places us in the top league of Liechtenstein and Swiss banks and ranks us well above the average for European financial institutions. The rating underlines LLB's stability and financial strength. It is proof of our prudent finance and risk management.



Credit management

We help private individuals, companies and public institutions to finance and realise their plans for the future.

At CHF 13.8 billion, the lion's share of loans made during the reporting year, namely 90.3 per cent (31.12.2022: 89.2 %), comprised loans secured by mortgages. We continued to successfully grow our market share of loans to clients. At the end of 2023, the volume of loans had increased to CHF 15.3 billion (31.12.2022: CHF 14.4 billion). We extend mortgages primarily in the market regions of Liechtenstein, north-eastern Switzerland and the region of Zurich.

Independent credit decisions

At the LLB Group, authorisation to grant loans is based on level of knowledge and experience and type of loan. With the exception of standard business transactions, the authority to grant credit lines lies with the back office, i.e. Group Credit Management and the superordinate Credit Committees. Credit decisions are thus made independently of market pressures and market targets. In this way, we are able to avoid conflicts of interest and ensure that risks in each and every case are assessed in an objective and independent manner.

High standards with lending

We, as the LLB Group, pursue a risk-conscious credit policy. To this belongs the differentiated and separate evaluation of loan applications, the conservative assessment of collateral values, the individual assessment of affordability as well as consideration of standard equity requirements. The

various control processes help us to reliably fulfil our performance mandate and to act in a risk-oriented manner (see chapter [Our understanding of sustainability](#)).

Compliance risks

The LLB Group's compliance organisation focuses on dealing with legal risks and three other areas:

- ◆ Combating money laundering and financing of terrorism as well as complying with international sanctions;
- ◆ Implementing tax compliance within the framework of international agreements and complying with local tax legislation;
- ◆ Complying with regulatory requirements, monitoring employee transactions and dealing with conflicts of interest.

The compliance organisation is part of risk management at the LLB Group. There are three lines of defence against risks:

- ◆ The first line of defence covers all functions that are involved in conducting day-to-day business operations and, as a rule, have results-based objectives.
- ◆ The second line of defence – this includes the LLB Group's compliance organisation – carries out, independently of the market and the results, monitoring and control functions, and is responsible for ensuring compliance with applicable internal and external regulations.
- ◆ In the third line of defence, the internal audit ensures the effectiveness of the controls.

Combating money laundering and terrorist financing

We address the risks of money laundering and terrorist financing with a strict, IT-supported process. This applies both when establishing new or monitoring existing business relationships. Transactions are controlled systematically and according to risk. The importance of these processes is underlined by our creation of a new business area in 2024.

We restrict our active market development to our home markets of Liechtenstein, Switzerland and Austria and for our cross-border business to regions that are strategically and economically significant to LLB. This means the markets of Germany and the rest of Western Europe, the growth markets of Central and Eastern Europe, as well as the Middle East.

Through internal regulations and training, we ensure that within the LLB Group employees are regularly informed about regulatory changes, sensitised to indications of possible money laundering, and know and comply with the regulations of the respective target country when engaging in cross-border activities.

Rules of conduct

We expect our corporate bodies and employees to comply with applicable laws, regulations and guidelines, professional standards and our rules of conduct. These contain information on which transactions in financial instruments are not permitted for employees and corporate bodies. They also set out the general principles for employee transactions and for dealing with conflicts of interest. The acceptance of inducements and the exercise of secondary employment are also clearly regulated.

Dealing with cyber risks

Protection against attacks from the internet continues to be a high priority for us. It is ensured through IT systems and trained and aware employees. The information security requirements are set out in guidelines that apply throughout the company and implemented through technical and organisational measures. Our data is protected by robust processes and advanced systems. Specialists continuously analyse new cyber threats and, depending on the risk, take appropriate defensive measures. These measures are constantly being expanded by the LLB Group's Cyber Defence Center. Through targeted vulnerability management and penetration tests we ensure a consistently high level of security.

Internal control system

The internal control system (ICS) is as an integral part of our Group-wide risk management. It contributes to increasing risk transparency in the company by monitoring the risks in the relevant business processes through effective control processes. These controls are guided by industry standards.

Business continuity management (BCM)

In a crisis or catastrophe, decisions have to be made that cannot be dealt with using the resources ordinarily available to management. Business continuity management (BCM) comes into play whenever preventative measures defined in the risk management process do not work and the level of damage from an event could assume a scale that threatens the existence of the company. It identifies business-critical processes within the whole LLB Group, establishes BCM crisis teams, draws up emergency plans and keeps senior management up to date with regular reports. This was the case in the recent past in connection with the electricity shortage and before that with the corona pandemic. The LLB Group's BCM has been shown in these instances to be crisis-proof, efficient and comprehensive.

Economic environment

The development of a bank is heavily dependent on the economic environment, as its business activities are closely linked to the general economic situation. Here is a look back at the general conditions in the 2023 financial year.

International perspectives

USA

The US economy has shown itself to be amazingly resilient in the face of the Federal Reserve's interest rate hikes. Even the turbulence surrounding the regional banking sector during the spring and the dispute over the federal budget in autumn did not have a lasting adverse effect on economic development. However, at the end of 2023, the US still did not have a definite federal budget for the 2023/24 fiscal year.

Private consumption was the main driver of economic performance. It benefitted from continuing robust growth in employment and from savings accumulated during the pandemic. Furthermore, during the first half year, growth was boosted by an improvement in the external contribution, resulting mainly from bilateral trade with China. Whereas US exports to China stagnated during the first half year, imports from China fell by around 25 % compared with the previous year. In the third quarter the build up of inventories, in addition to private consumption, proved to be the most important driver of growth. However, the US economy lost some of its momentum towards the end of the year.

The rise in consumer prices slowed as a result of falling prices for energy and goods. Inflation in the service sector proved to be more stubborn on account of the trend with rental costs. But even here, price pressures have recently eased. Despite the fall in the rate of price increases, the Fed raised the key interest rate in four stages from 4.5 % to 5.5 % up to 26 July. By doing so, it was reacting to the excess demand on the employment market. At the end of the year, the first clear signs pointing to an easing of the situation on the employment market became visible. The expansion in employment slowed, the number of job vacancies fell and even wage growth weakened. It was probably due to this reason that, following the Open Market Committee meeting on 13 December, the Fed held out the prospect of more interest rate cuts for 2024 than the market up to that point had anticipated.

Euro zone

On the whole, economic growth in 2023 was weak. The drop in real income caused by the energy price shock of 2022 dampened private consumer demand. As a result of the interest rate rises, construction activity almost came to a halt. Weak global trade depressed exports. However, the extent of the downturn in growth differed widely between the individual European countries. Of the key economies, economic development was weakest in Germany, whereas Spain registered strong expansion. Germany suffered above all from the weak global industrial activity and high – in international comparison – electricity prices, which particularly afflicted its energy-intensive sectors.

The European Central Bank (ECB) raised the key refinancing rate in six steps up to mid September from 2.5 % to 4.5 % . The interest rate on deposits held by the ECB climbed from 2 % to 4 % . The ECB justified the interest hikes with the need to counter stubbornly high core inflation. Although economic momentum weakened further towards the end of the year, it continued with its restrictive course not least because of the high collective wage settlements. In December, ECB President Christine Lagarde, was considerably more reserved in her comments about possible interest rate cuts in 2024 than the representatives of the US Federal Reserve.

The Stability and Growth Pact was suspended on account of the corona pandemic and the war in Ukraine until the end of 2023. In December, the finance ministers of the member states of the European Monetary Union agreed to a reform of the Stability and Growth Pact, which will enable a more flexible fiscal framework for the individual states. However, only time will tell to what extent this will facilitate debt reduction. Debt ratios have decreased as a result of the jump in inflation experienced in 2021 / 22. However, this trend will not continue. If the inflation rate falls to within the range of 2 % to 2.5 %, a more restrictive budgetary management will be necessary to at least stabilise the debt ratios.

Switzerland

The takeover of Credit Suisse by UBS in 2023 meant that Switzerland lost another traditional pillar of its corporate establishment. The merger meant that greater financial turbulence was avoided but at the price of quite substantial financial risks for the state and the national bank. From a regulatory perspective too, the newly created mega-bank should be viewed critically. Caught in the wake of the weak European economic situation, business development in Switzerland slowed, whereby corporate investment was the main victim. The expected job losses, as a result of the merger between UBS and Credit Suisse have not yet materialised to any great degree.

Switzerland is one of the few industrialised countries in which the inflation rate has again fallen to within the central bank's target range. At the end of 2023, the inflation rate stood at 1.7 %. The strength of the Swiss franc played a substantial role in the decline in inflation. As a consequence of this favourable development, the SNB was able to leave the key interest rate unchanged at 1.75 % in September and December.

Liechtenstein

As a small open economy, Liechtenstein also suffered as a result of the weak global economic situation. For quite some time, the Liechtenstein Institute's economic index has been pointing to below average growth. Recent data showed, however, that the business downturn has slowed. Exports were significantly under the previous year's level but here too, the trend stabilised towards the end of the year. In its annual report, the Financial Market Authority concluded that the financial services sector remains stable and the systemic risks are limited. Although the banking sector continues to be well capitalised, the decrease in core capital will hinder further growth aspirations. Liechtenstein's employment market is still robust but companies are also complaining about the shortage of qualified personnel.

China

After abandoning its strict zero covid policy, China's economy grew robustly by 2.3 % in the first quarter of 2023. However, the hope expressed by some economists that China could take on the role of the global economic locomotive did not materialise. This was attributable to several reasons. The trade dispute with the US and the weak global industrial activity adversely affected China's export trade. The smoldering crisis on the real estate market also hampered growth.

Both the central bank and the government reacted to the weak economic development by easing monetary and fiscal policy, but there was no noticeable revival in business activity by the end of the year. Many experts believed that the scope of these stimulus measures was not sufficient to kick start the economy. Recently, tensions between China and the US have improved, but since the contentious geopolitical and trade policy issues could not be resolved, this brought no major positive impulse for Chinese exporters.

The weak demand led to a substantial fall in inflation. At the end of the year, the index of consumer prices was even below the previous year's level.

Bond markets

The price development on the international bond markets in 2023 resembled a roller coaster ride. In expectation of an end to interest rate hikes, prices rose sharply in January. This was followed by a consolidation after the central banks signaled their intention of maintaining their restrictive course. Long-term yields climbed robustly in September and October, especially in the US, largely due to expectations of higher real interest rates. With the exception of Switzerland, the international bond

markets were unable to escape the yield increases in the US and the associated price falls. The Swiss market benefitted from the country's low inflation rates, which had a moderating influence on interest expectations. Once the yield on 10-year US government bonds reached the 5 % mark at the end of October, nominal and real yields began to fall back again. The turnaround in US monetary policy in December gave a renewed boost to bond prices so that the 2023 investment year ended on a conciliatory note.

Currencies

In 2023, the Swiss franc gained by a trade weighted 8 % to become the strongest of the world's key currencies. The pound sterling and the euro also developed positively, but with lower gains at 4.8 % and 4.2 % respectively. In contrast, the US dollar was not able to benefit from the strength of the US economy, which was adversely influenced by the prospect of falling interest rates towards the end of the year. The dollar fell by a trade weighted 1.3 %. The Japanese yen and the Norwegian krone lost 5.2 % and 3.7 % respectively as a result of the continuing expansive monetary policy and, in the case of Norway, due to weak oil prices. As regards the currencies of developing countries, the Mexican peso and the Brazilian real in particular developed favourably. In contrast, the Turkish lira, the Russian rubel and the South African rand all suffered substantial price falls.

Stock markets

With the exception of the Swiss market, 2023 turned out to be an exceptionally good stock market year. On 14 December, the German DAX index climbed to more than 17'000 points, an all-time high that it was not, however, able to maintain up to the end of the year. In view of the stagnating economy, the good performance of the European markets was somewhat surprising. Stock prices probably benefitted from the imminent end of interest rate rises and from favourable valuations. In the US, technology stocks posted the biggest gains. The Nasdaq index climbed by around 44 %. The prospect of falling interest rates, the good performance of the US economy and high profit gains provided an especially strong boost for the prices of technology stocks.

In 2023, the Swiss market was unable to benefit from its defensive character. At 7.1 %, the performance of the Swiss Market Index was significantly lower than the key indices in Europe and the US. As a result of its poor performance, the Swiss market is once again favourably valued.

Retail & Corporate Banking

Our clients have high expectations of us: personal service, functionality and fair conditions. To fulfil these expectations, we consistently strive to improve ourselves and our services. Personal advisory services, excellent investment competence and digital innovation are characteristics of our Retail and Corporate Banking.

Strong ties with the region

Liechtensteinische Landesbank (LLB), founded in 1861, is the longest established financial institute in Liechtenstein. We have been the market leader in retail and corporate banking for many years and thus also performed an important role in the domestic economy. We are the only bank in Liechtenstein having an extensive network of branches and cash machines. LLB is regarded as the Liechtensteiners' bank with many clients also being our shareholders at the same time (see chapter [Economic value creation](#)).

LLB Schweiz (formerly Bank Linth), with headquarters in Uznach, can also look back on a long tradition. It has close ties with the Linth and upper Lake Zurich regions of Switzerland. At the end of 2022, all the former Bank Linth shares were taken over by the LLB Group and the bank was delisted from the Swiss exchange. Since September 2023, all our Group companies and subsidiaries operate under the uniform "LLB" brand. Operating under its new name strengthens the affiliation of LLB Schweiz with our corporate group (see [LLB brand](#)). For clients nothing changes – the essence of "their" bank is preserved. And they continue to benefit from an attractive range of products and services.

The client advisers at LLB and LLB Schweiz live in their respective market regions and are trusted by local people and businesses (see chapter [Employees](#)).

Personal banking

As a universal bank, we have a clear vision: to be the number one in Liechtenstein and the region. For this purpose, we will continue on our growth trajectory, improve efficiency and make further progress on our path to climate neutrality. To enable us to bundle resources and exploit synergies, the client segments "Retail and Corporate Banking" and "Private Banking" in Liechtenstein and the region, were amalgamated in 2022. This has considerably improved the new segment's closeness to clients.

We see further broad potential in continuing to enhance clients' banking experience. Here we want to focus on five objectives:

- ◆ Strengthening of private banking in the domestic markets of Liechtenstein, Switzerland and Austria;
- ◆ Growth of private banking in Germany;
- ◆ Intensification of business with corporate clients in Liechtenstein and Switzerland;
- ◆ Scaling up of syndicated lending business;
- ◆ Expansion of the digital offering for retail clients and enlargement of the advisory centre.

Competence and trust

The focus of the Retail and Corporate Banking Market Division lies on the domestic markets Liechtenstein, Switzerland and Austria, as well as on the traditional cross-border markets Germany and Italy.

Retail and corporate banking business encompasses the deposits and financing business in Liechtenstein and Switzerland. But LLB is also the bank of choice for many cross-border workers from the neighbouring Austrian province of Vorarlberg. As the banking partners of small and medium-sized enterprises (SMEs), LLB and LLB Schweiz are traditionally of great importance in Liechtenstein and eastern Switzerland. In local, regional and international private banking, the LLB Group convinces with its stability and security. Our clients trust in our extensive experience, in the quality of our services and in the good investment performance of our asset managers.

Growth in Germany and Switzerland

In recent years, we have noted a steadily increasing demand for our services from German clients. Since we see further potential in Europe's largest private banking market, we are establishing a business presence in 2024 in the financially strong regions of Munich, Frankfurt and Düsseldorf. This will enable us in future to care for our German clients, especially in private and institutional banking, in place in Germany.

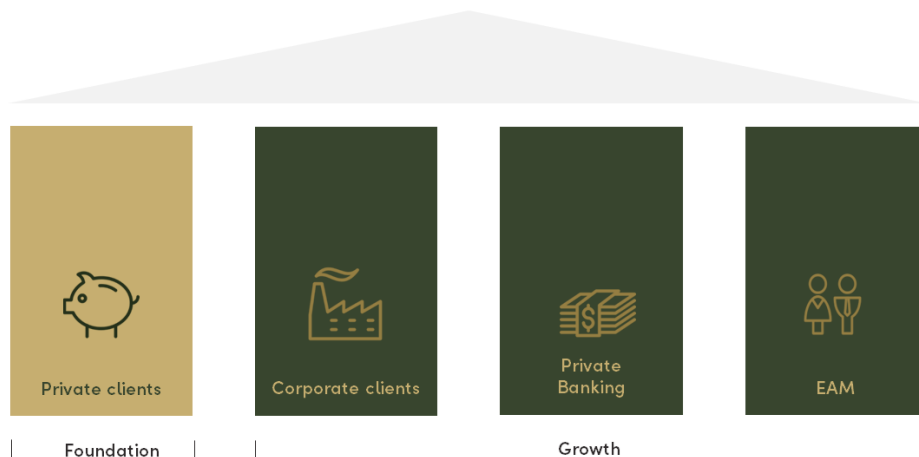


“Our new business locations in Germany put us in a position to offer financial services, tailored to suit the needs of German clients, on the spot in Germany. This enables us to work closely with our clients to support them in achieving their financial goals.”

Urs Müller, Head Retail & Corporate Banking

We also want to push ahead with our growth plans in Switzerland. During the 2024 business year we are opening business locations in Zurich und St. Gallen. Above all, we shall build on the business base established by LLB Schweiz to expand our business activities in private banking and with corporate clients.

Growth in the Swiss market



Partners for business

Recent years have placed great demands on companies. Challenges such as the covid 19 pandemic, supply chain problems, a shortage of skilled labour, inflation and high energy prices have made doing business significantly more difficult. Precisely such challenging times clearly show the extent of LLB's support for business. Since 2016, we have been collaborating with the Liechtenstein Chamber of Commerce, another example of our strong sense of responsibility for the local economy. We offer all members of the Chamber preferential conditions with foreign exchange transactions and favoured status for our "SME-box" product package.

Products and services

LLB stands for competence. We create added value for our clients with our products and services and we enjoy the trust of the business community, society and institutions. The fact that we are among the most secure and best capitalised banks represents a key aspect of our success (see chapter [Finance and risk management](#)).

Payments and savings

LLB is the acknowledged leader in Liechtenstein in payment transfers and account management business. Almost every resident keeps an account at the Landesbank. With our new "LLB Daily" product packages (Light, Flex and Pro) we cover all the requirements of daily banking business and individual client situations. Regardless of whether their focus is in on digital payment transactions, cash withdrawals or foreign currencies for their daily banking requirements, our clients will find that we have a suitable solution for them offering the best price / performance ratio. As the first bank in Liechtenstein, we are also abolishing booking fees for private clients with these new product offers. In addition, clients having several accounts at LLB benefit from corresponding partner rebates.

LLB Daily – Our package offers for your everyday banking transactions



LLB Pro

Limitless – your all-round feel-good package



LLB Flex

Carefree – pay flexibly where and how you like



LLB Light

Cashless – your digital companion in everyday life

Investing / Private banking

LLB offers individual investment advisory and asset management services of the highest quality to its retail and corporate clients and its private banking clientele. The proposals put forward regarding investment strategies are based on the expertise of the LLB Asset Management team. These specialists possess extensive experience in the management of assets of private and institutional clients. Our innovative "LLB Invest" advisory models provide practical investment solutions based on investors' requirements, as well as fair and transparent pricing. Close, personal support is provided with "LLB Basic", and with "LLB Comfort" we comprehensively administer and optimise clients' assets. The "LLB Consult" and "LLB Expert" models offer active investment advisory services.

Furthermore, our clients benefit from LLB's extensive range of investment funds and its award-winning performance. All LLB funds are free of retrocessions and are fairly priced. Based on LLB's fund universe, the "LLB Investment Plan" and the "LLB Fund Savings Plan" have proven to be attractive possibilities for the systematic appreciation of assets in recent years.

Loans and mortgages

Lending business is an important source of earnings for LLB. In our lending activities, we pursue a prudent policy focused on affordability and creditworthiness (see chapter [Finance and risk management](#)). With a market share of 50 per cent, LLB is the leader in providing mortgages and construction loans in Liechtenstein. We offer individual financing possibilities in the form of flexible and transparent models; these range from the variable basic mortgage, the money market flexible or fixed-rate mortgage to the environmental mortgage. The latter enables LLB and LLB Schweiz to support environmentally friendly construction in Liechtenstein and Switzerland. A Lombard loan represents another flexible financing solution for individual and corporate clients and for comprehensive asset planning.

Retirement and financial planning

We advise our clients not only in relation to all financing and investment issues, but also go a step further by supporting individual clients and companies in all aspects of their life and business cycles. In our 360-degree consultancy packages we focus on the future and such issues as assets, real estate, financing facilities, risk provisioning, taxation and pension systems, corporate succession and estate planning. Consequently, we advise and support companies in Liechtenstein and Switzerland from the date they are founded up to the regulation of the owner's succession.

Corporate clients

With a market share of over 70 per cent, LLB is the market leader in this segment in Liechtenstein. And LLB Schweiz is one of the largest providers in eastern Switzerland. The personal care and provision of advice to corporate clients in all financing and banking business have a long tradition at LLB. Our care and service concept is based on the life cycle approach, in line with which we cover the whole life cycle with a broad range of products and services adapted to suit the individual case. Companies and entrepreneurs especially appreciate our close attention and innovative flair.

As the leading universal bank in Liechtenstein and the adjacent region, we offer companies a product package with transparent benefits and conditions in the form of our "SME Box". These are supplemented by the "SME Menu", which provides a range of services in the following areas:

- ◆ Accounts and payments
- ◆ Investing and financing
- ◆ Retirement and succession
- ◆ Additional services

We also offer a comprehensive service in relation to the processing of financial transactions at home and abroad. Small and medium-sized companies also benefit from LLB and LLB Schweiz's made-to-measure solutions for the financing of investments.

Over the next few years, the LLB Group plans to expand its business with syndicated loans.

Individual pension fund solutions

We are the only bank in Liechtenstein to offer SMEs individual pension fund solutions through the LLB Pension Fund Foundation for Liechtenstein (LVST). Founded in 2005, in the meantime the LVST is – measured in terms of its balance sheet total – the largest collective foundation in the country and the only pension fund offering members the choice between two investment strategies. Following the strong growth experienced in 2020, the foundation continued to achieve solid organic growth. At the end of the report year, it administered assets of CHF 1.26 billion. (31.12.2022: CHF 1.15 billion). The pension savings capital for actively and passively insured participants stood at CHF 1.23 billion (31.12.2022: CHF 1.18 billion). The LVST counted 905 affiliated companies (31.12.2022: 856) having a total of 7'860 actively insured persons (31.12.2022: 7'691). The consolidated coverage ratio of LVST stood at almost 100 per cent at the end of 2023 (31.12.2022: 94.5 %).

Security and stability play a major role at the LLB Pension Foundation. Particular focus is placed on digitalising services. As the first collective foundation in Liechtenstein, the LVST introduced a digital pension fund cockpit in 2021 for insured persons. The affiliated companies can efficiently prepare and process information via the LVST company portal. Liechtenstein's youngest collective foundation is a major pillar of the domestic market. It is a member of the supervisory board of the Liechtenstein Pension Fund Association, which has set itself the goal of further developing the Liechtenstein pension fund market.

Closeness to clients

Personally, digitally or a hybrid form of both? Our clients decide themselves how they want to communicate with us. However, the focus is always on providing them with the best possible care and advice.

Digitalisation of banking

The LLB Group has been successful in expanding its position as a modern, innovative bank. For this purpose, we have made substantial investments in our digital services and channels.

Following its successful start in 2022, our LLB.ONE digitalisation programme is now in the middle of the implementation phase (see chapter [Corporate Center](#)). This encompasses numerous initiatives such as basic banking products (account management and payment transfers), financing with the emphasis on mortgages, the advisory centre of the future and a new customer relationship management system.

E-Channels

LLB is one of the few banks to have independently developed its own digital offering. We have been revising and remodelling our Online and Mobile Banking programmes as a top priority since the beginning of 2023. A key point in the process concentrates on the flexible design and technical modernisation of the programmes.

Our mortgage loan clients can now extend their money market mortgages online. If desired, they can change products and benefit from self-service discounts. During the pilot phase, they can also call on digitally supported financial advisory services.

Digitalisation of payment systems

One trend that has accelerated in recent years is the digitalisation of payment services. Both the payment and issuing of invoices function simply, clearly and efficiently. For several years already, we have been offering our clients various digital payment methods such as LiPay, LLB's own payment app, QR billing, which enables invoices to be conveniently scanned and paid, and eBill for the direct depiction of invoices in LLB Online Banking.

In addition, in the 2023 business year we introduced the most widely used mobile payment solutions: Apple Pay, Google Pay and Samsung Pay. All that is required of customers with these mobile payment systems is for them to deposit the appropriate credit card in the wallet app of their smart phones. This provides our clients with even more convenience and comfort when making daily payments:

- ◆ Worldwide acceptance in stores, in the internet and phone apps
- ◆ Simple payments with smart devices
- ◆ Secure payment procedure; the protection of privacy and personal data is safeguarded

Modern bank branches

Within the scope of the digital transformation, our bank branches are being given a new and extremely important function. They are to be venues for the provision of personal advisory services – the face of LLB, so to speak, where focusing on clients and their needs is the key priority. Since 2022, all our bank branches in Liechtenstein and Switzerland have been remodelled and redesigned to provide a unique client experience and individual service. Here too, the digitalisation of our processes plays an important role, ensuring that the branch advisers have available all the tools and digital services they need. All our client advisers complete a certification program in accordance with the standards of the Swiss Association for Quality (SAQ) (see chapter Employees).

In addition, our bank branches should be places where stakeholders and other persons can meet and exchange ideas and views. As an example, at our offices in Liechtenstein we are holding events as a part of our “Financial Coaching” initiative. The aim of the events is to increase the awareness of primary school children in their final year for financial subjects and to support them in dealing properly with money. The coaching events are designed to suit the age and needs of the children in collaboration with the Liechtenstein Education Department.



“In today’s world, being able to recognise and understand financial interrelationships, as well as the correct way of dealing with money, are more important than ever. The risk of indebtedness, retirement provisioning or sustainable investments are just a few key words here. We are convinced that through our initiative we can make an important contribution to improving the general standard of financial competence.”

Edi Zorc, Head Direct Clients

The “Financial Coaching” initiative is supported by the Liechtenstein Bankers Association. The feedback we received from students and teachers was very positive.

Direct service and advice

For around 100’000 clients, the LLB’s Direct Service team is the efficient interface and first-class point of contact between online and offline services for clients of the entire LLB Group. The team members offer a comprehensive service for all banking transactions and first level support for questions in relation to our digital channels. In 2023, in about 800 contacts per day via phone, e-mail and bank messaging, the team responded to our clients’ enquires and questions.

The demands made on our Direct Service team steadily continue to rise because our clients are faced with many different regulatory requirements. In future therefore an additional team will be put in place to actively support and provide specific expertise to our Direct Clients team on a case by case basis. We are continually striving to optimise our processes using the latest technical systems. Here we do not lose sight of the goal of being able to offer our clients fast and efficient, but nevertheless personal support and advice.

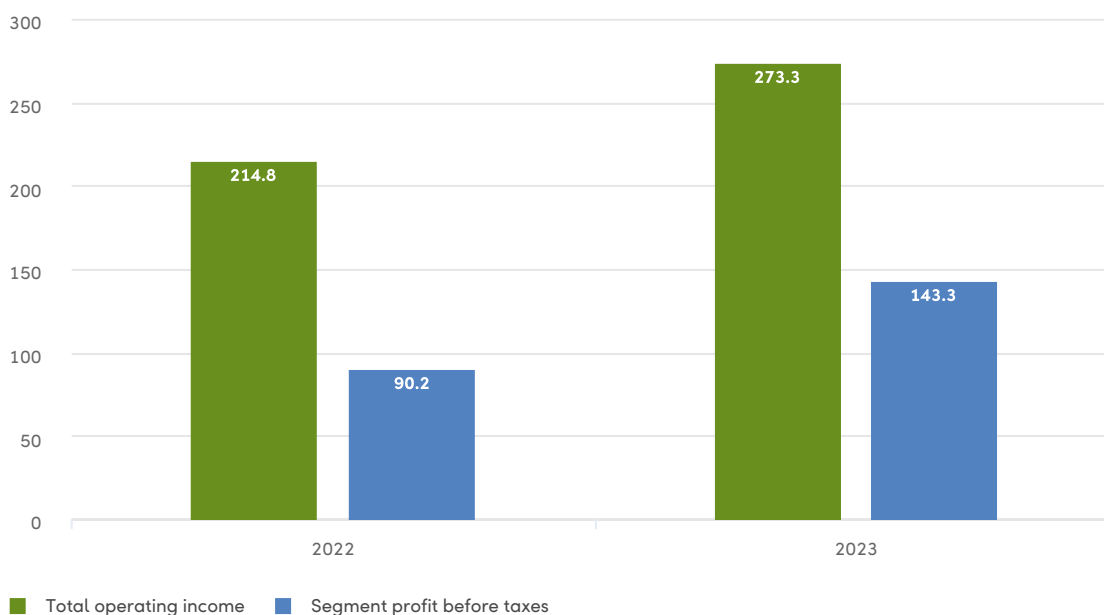
Business segment result

The segment profit before taxes rose by 58.8 per cent to CHF 143.3 million. Interest differential business, which comprises the largest proportion of earnings in the Retail & Corporate Banking Division, posted a 45.9 per cent increase. This was attributable to the continual growth of mortgage lending business and higher interest rates. Fee and commission income developed positively and at CHF 89.5 million exceeded the result for the equivalent period in the previous year. In contrast

trading activities slowed, resulting in lower trading income of CHF 18.6 million. Conversely, the gross margin improved to 80 basis points. In total, operating income climbed by over 27 per cent to CHF 273.3 million. At 4.4 per cent, the increase in operating expenses was considerably lower. Higher efficiency levels were reflected in the much improved cost income ratio of 47.6 per cent.

Business growth was very pleasing with a positive net new money inflow of CHF 1.3 billion. Inflows from clients in Germany, as well as increased lending business of CHF 1.0 billion contributed equally to this growth. As a result, the business volume expanded by nearly 8 per cent to CHF 35.6 billion.

Business segment result: Retail & Corporate Banking (in CHF millions)



Segment reporting

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|-------------|
| Net interest income | 163'145 | 111'820 | 45.9 |
| Expected credit losses | 166 | - 4'695 | |
| Net interest income after expected credit losses | 163'311 | 107'126 | 52.4 |
| Net fee and commission income | 89'542 | 85'010 | 5.3 |
| Net trading income | 18'590 | 20'806 | - 10.6 |
| Other income | 1'876 | 1'845 | 1.7 |
| Total operating income | 273'319 | 214'786 | 27.3 |
| Personnel expenses | - 45'430 | - 43'974 | 3.3 |
| General and administrative expenses | - 5'432 | - 4'416 | 23.0 |
| Depreciation | - 56 | - 43 | 32.2 |
| Services (from) / to segments | - 79'127 | - 76'130 | 3.9 |
| Total operating expenses | - 130'046 | - 124'563 | 4.4 |
| Segment profit before tax | 143'273 | 90'223 | 58.8 |

Performance figures

| | 2023 | 2022 |
|--|-------|-------|
| Gross margin (in basis points) ¹ | 79.9 | 67.1 |
| Cost Income Ratio (in per cent) ¹ | 47.6 | 57.0 |
| Net new money (in CHF millions) ¹ | 1'328 | 1'022 |
| Growth of net new money (in per cent) ¹ | 6.9 | 5.1 |

¹ Definition available under www.llb.li/investors-apm

Additional information

| | 31.12.2023 | 31.12.2022 | + / - % |
|--|------------|------------|---------|
| Business volume (in CHF millions) ¹ | 35'602 | 33'003 | 7.9 |
| Assets under management (in CHF millions) ¹ | 20'952 | 19'365 | 8.2 |
| Loans (in CHF millions) | 14'650 | 13'638 | 7.4 |
| Employees (full-time equivalents, in positions) | 273 | 248 | 10.1 |

¹ Definition available under www.llb.li/investors-qpm

International Wealth Management

At the LLB Group, International Wealth Management means building on our reputation as a secure and sustainable, international private bank. We support wealthy private clients and professional clients in all financial matters. We convince them with our stability and security, superb advisory services, personal care and excellent investment performance.

At the LLB Group, we build on our strength as one of the most stable banks in the world. Accordingly, the International Wealth Management Market Division encompasses international private banking, private banking for Austria and our business activities with institutional clients.

International private bank

International private banking clients, as well as professional investors and financial intermediaries have exacting demands – rightly so. They expect asset management with sustainable investment performance, competent, long-term contact partners, who ensure stability in business collaboration, as well as professionalism and efficiency in the handling of their financial affairs. Fulfilling these client demands is our prime goal. For this reason, in the International Wealth Management Division we pursue the following six major objectives:

- ◆ Strengthening of our intermediary business in Liechtenstein, Switzerland, Austria and Germany;
- ◆ Expanding of our position as a leading wealth management bank in Austria;
- ◆ Further growth as a unique investment fund powerhouse in the German-speaking region;
- ◆ Successfully establishing ourselves as a powerhouse for external asset managers;
- ◆ Targeted expansion of our private banking business in the growth markets of Central and Eastern Europe, as well as the Middle East;
- ◆ Consistent, sustainable investments according to ESG guidelines.

Stability and security

As the longest established financial institution in Liechtenstein, we have a long tradition as a private bank. Wealthy private clients, companies and financial intermediaries count on this experience and financial stability. They know that LLB is one of most secure and best capitalised banks in the world. Since 2016, and every year since then, the rating agency Moody's has assigned the Liechtensteinische Landesbank a deposits rating of Aa2 (see chapter [Finance and risk management](#)). This means we are in the top cohort of banks and rank well above the average of European financial institutions. Moreover, with the Principality of Liechtenstein as our majority shareholder, we have a very stable ownership structure. Liechtenstein is one of the very few countries in the world to be awarded an AAA rating by Standard & Poor's and thus the highest financial standing. The combination arising from the sovereign rating and our institutional rating creates a unique attribute, which underlines our excellent positioning as one of the most trustworthy banks in the world. On account the increased geopolitical uncertainties and tensions these values have become even more significant in recent years.

Strong local ties – International presence

Professional clients of the LLB Group can call on three booking centres. In the modern financial centres Liechtenstein, Switzerland and Austria we are represented by a bank in each country: Liechtensteinische Landesbank AG, LLB (Österreich) AG and LLB (Schweiz) AG. All maintain strong local ties while at the same time being internationally active. We care for our international clientele from our representative offices in Geneva, Zurich and Abu Dhabi, as well as from our branches in the DIFC in Dubai and Vaduz, and from our bank in Vienna.

Locations of the LLB Group



Three successful domestic markets

Our domestic markets, Liechtenstein, Switzerland and Austria are ideal locations for professional investors, who wish to invest their assets securely and would like efficient, personal advisory services. Liechtenstein is a specialised and, at the same time, an internationally networked financial centre. Operating from out of this centre, thanks to the EEA agreement and the customs treaty with Switzerland, the LLB Group has unrestricted access to two economic areas: the EU single market and to Switzerland. The latter being one of the key financial centres. Thanks to targeted sales and marketing efforts, we are expanding our position as a leading wealth management bank in our target markets.

Traditional cross-border markets

For us as a private bank, selected Western European markets traditionally play a key role. We benefit from our extensive experience as a wealth manager, from our high service quality and from our proven investment performance. Germany, Europe's largest private banking market, in particular, is steadily increasing in importance for the LLB Group. Since we envisage further substantial development potential in Germany, we have sharply intensified our business activities in the country. Since January 2024, for the first time in the history of the LLB Group, we are represented by a branch office in Germany. In Switzerland too, we are resolutely pursuing our growth ambitions. In 2024, LLB (Schweiz) AG will open two further business locations in Zurich and St. Gallen.

Private Banking International

At the Private Banking International Business Area we focus on selected markets in Central and Eastern Europe (CEE), as well as in the Middle East. In addition to stability and security, we offer our clients close personal support in realising their financial goals. For this purpose, we employ regionally adapted business concepts.

In order to best fulfil our clients' requirements, stay close to the market and actively manage risks, we recruit employees who possess a deep knowledge and clear understanding of the markets and who have close ties with the various regions. We care for our clients in the CEE region from our headquarters in Vaduz, from Vienna and from our representative offices in Geneva and Zurich. Our clients in the United Arab Emirates (UAE) and the Middle East are looked after from our DIFC branch in Dubai and our representative office in Abu Dhabi.

Specialised on professional clients

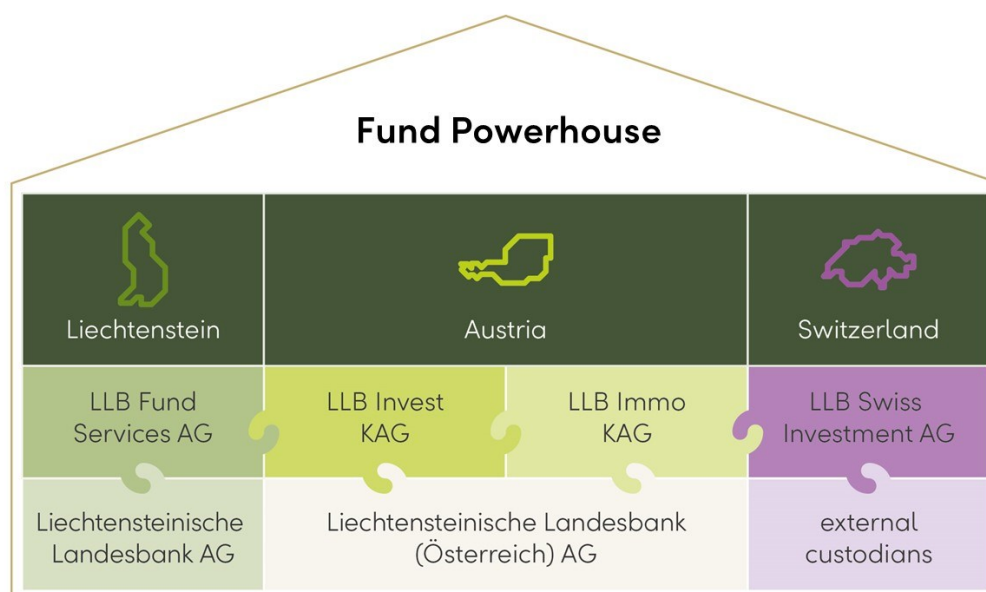
Fiduciaries, asset managers, fund promoters, family offices, insurance companies, pension funds and public institutions – no matter how different their business models may be, they all have one thing in common: they want to manage and increase the capital entrusted to them in the best possible way. As their business partner, the LLB Group offers them ideal prerequisites for this purpose. Our highly specialised and experienced personnel ensure they receive professional advisory services and dialog on an equal footing. These are supplemented by modern, efficient processing platforms and digital interfaces. Our client advisers have all completed a certification program according to the standards of the Swiss Association for Quality (SAQ) and are regularly recertified (see chapter [Employees](#)).

Fund powerhouse

With four investment fund companies in our three domestic markets, we are among the most versatile fund vendors in Europe. Around 700 managed funds testify to our powerful position as a fund service provider for professional clients, who wish to take advantage of the possibilities offered by investment fund structuring.

In line with the "one-stop shop" concept, the LLB Group offers a full range of products and services in its domestic markets. This provides us with the maximum flexibility to meet client wishes. We plan and set up made-to-measure investment funds for our clients. We also structure and administer them, as well as ensuring modern risk management.

At our business locations in Vaduz and Zurich, we complement our services by acting as a representative for foreign funds. In Liechtenstein and Austria, we take over the function of custodian bank / depository. In 2023, we intensified our sales and marketing efforts for the fund powerhouse.



On account of the changed market environment, the funds volume administered by the LLB Group declined to CHF 38.7 billion. (2022: CHF 38.9 billion). The net new money outflow amounted to CHF 1.3 billion (2022: net new money inflow of CHF 1.8 billion). Here too, the decrease was largely attributable to market-related factors. In view of the sharp rise in interest rates, for the first time in years, investments in interest-bearing asset classes were again attractive. Furthermore, direct investments in real estate lost a great deal of their appeal as an asset class, which resulted in a marked net outflow from our open public real estate funds.

Common fund platform

The LLB Group also intends to grow in the investment funds sector. The foundation for this is provided by a uniform, modern fund platform, which standardises, digitalises and automates our entire investment fund business. This state-of-the-art solution is based on the XENTIS software, which we employ successfully in Switzerland and, since mid 2023, also in Austria. The platform is to be introduced in Liechtenstein and numerous features are to be added so that the entire project should be completed in 2026.

This new common fund platform will provide our clients with a premium quality IT application. The XENTIS system includes a broad scope of functions in relation to the direct entering of orders and, in addition, a set of key portfolio and risk reference figures, it also offers a range of reporting options. XENTIS enables us to manage funds using standardised processes, provides uniform data and price quotes, as well as a centralised IT operation, without any loss of flexibility in implementing individual solutions. As a result, the strategic goals of growth and efficiency are coupled with each other while costs and complexity are reduced.



“The new groupwide fund platform enables us to bring together three different systems at three different fund locations while retaining the advantages of the individual locations – a huge amount of added value, both for our clients and for us as service providers. XENTIS therefore represents a solid foundation for the fund powerhouse of the LLB Group.”

Natalie Flatz, Head International Wealth Management

Private label funds

Private label fund solutions (known in Austria as “Special funds”), are an extremely important product in the offering of the LLB Group’s investment fund companies. External managers and institutional investors frequently utilise private label funds tailored to suit their specific requirements which, depending on their structure, can be distributed throughout the EU. Family offices and wealthy

private clients are also increasingly showing interest in these made-to-measure fund solutions. These funds are structured according to Liechtenstein, Swiss or EU law, and enjoy the same investor protection as funds licensed for public distribution. They enable large volumes of assets to be efficiently managed and individually structured.

Liechtenstein and Switzerland

In Liechtenstein, LLB Fund Services AG is one of the leading fund vendors. Based on a holistic and needs-oriented advisory concept, both intermediaries and private clients receive all fund services from one source. Thanks to its unrestricted access to the EU and Switzerland, Liechtenstein offers ideal conditions for cross-border fund distribution.

Since April 2018, the LLB Group has also been actively represented in the Swiss investment funds market. Through LLB Swiss Investment AG, it offers clients tailor-made fund solutions according to Swiss law. This jurisdiction is ideal for large institutional investors or family office structures in order, for example, to set up funds with investments which are subject to withholding tax (including Swiss equities). In 2023, with its fund services business in Liechtenstein and Switzerland, the LLB Group experienced a net new money outflow of CHF 337.4 million (2022: net new money inflow of CHF 1.5 billion). On account of market-related factors, the book volume increased to CHF 23.4 billion (2022: CHF 22.8 billion).

Austria

In 2023, LLB Invest KAG administered around 300 funds, including public funds, large investor funds, special funds, multi-manager funds and alternative investment funds, and is therefore the top ranked investment company on the Austrian market. Its clients include over eighty domestic and international asset managers, banks and family offices, which appreciate the expertise of LLB Invest KAG.

LLB Immo KAG manages a large public fund as well as three products for institutional investors. The management invests directly in real estate, exclusively in Austria and Germany. It pays special attention to sustainability criteria in managing real estate funds. On account of the substantial rise in interest rates, 2023 was a challenging year for real estate investments. Large outflows from the LLB Semper Real Estate public fund forced LLB Immo KAG in October to temporarily suspend the redemption of units for the protection of investors. Nevertheless, we are still convinced that real estate represents an important component in the long-term diversification of portfolios. This applies particularly to funds administered by LLB Immo KAG, whose products are managed with great expertise and are of very high quality.

In 2023, the Institutional Banking Austria business segment posted a net new money outflow of CHF -707.5 million (2022: net new money inflow of CHF 465.2 million). As at December 2023, the business volume stood at CHF 21.8 billion (31.12.2022: CHF 21.9 billion). At the end of 2023, a total of 363 funds (31.12.2022: 365) were managed or held in custody.

High level of service quality

Wealthy private clients and professional clients attach great importance to solid investment expertise, fair and transparent conditions, as well as individual and forward-looking investment solutions coupled with modern technologies. For us at the LLB Group, this is a part of our self-image. Furthermore, our clients can count on us as the bank partner to identify opportunities, open new perspectives and encourage the professional education and training of our employees. Moreover, they benefit from our networks and our knowledge in the areas of cross-border banking, compliance, risk management and sustainability.

Innovative wealth management

The LLB Group combines traditional wealth management with innovative, modern advisory models. Since 2016, we have been offering "LLB Inves", a transparent, flexible, highly individual investment advisory and wealth management tool to individual and institutional clients. Clients decide themselves what scope of service they wish to receive. This versatile spectrum of services ranges from basic to expert solutions.

Our client advisers work closely with our investment specialists. Using continual monitoring and optimisation of portfolios, they ensure the security of investments and a performance in line with the selected strategy. They are supported in their work by the latest technology.

EAM powerhouse

Starting in 2024, our clients who are professional external asset managers will benefit from our newly created EAM powerhouse.

Thanks to closer collaboration in institutional business in the markets Liechtenstein, Switzerland, Austria and Germany, our clients will have smooth access to the three booking venues in Liechtenstein, Switzerland and Austria, coupled with the customary individual care and high quality from one source. Together with our new digital onboarding concept for end clients (see paragraph [Digital transformation](#)) we can offer external asset managers an ideal complete package to enable them to enhance efficiency and quality for their clients.

In future, the interaction between the EAM powerhouse and the fund powerhouse will be intensified and expanded throughout the Group. As a result, both our clients and our market business locations with their client advisers will be able to benefit from the many synergies.

Digital transformation

In the report year, we made further good progress in the digital transformation of the LLB Group (see chapter [Corporate Center](#)), ensuring that we are not just faster and more efficient, but also focused even more closely on our clients. New digital tools enable us to better fulfil modern client needs.

With our Mobile and Online Banking our clients can conveniently and digitally transact numerous banking activities at any time and from anywhere. The use of technology ideally complements our personal advisory services and boosts their quality to a new level.

Innovative digital solutions are also the key to the close ties we have with professional investors. Thanks to upgraded digital channels, contacts with them are now more flexible, more individual and more convenient. We are constantly expanding our offering of digital services for the collaboration with intermediaries and independent asset managers. For example, in recent years we have extensively upgraded our "LLB FIX-Interface" and our "LLB Xpert Solutions" product ranges, thus reacting at an early stage to the changing requirements of our clients. Using the "LLB FIX-Interface", external asset managers can boost their efficiency in their interaction with us.

During 2024, we will introduce a completely digital onboarding process for EMA end clients. This will enhance the effectiveness of work processes both at the external asset manager and at LLB, creating more time for what is really important: more productive time for caring for our mutual clients.

Group Business Compliance

In accordance with international regulations, combating money laundering, organised criminal activity and the financing of terrorism have a high priority in Liechtenstein (see chapter [Finance and risk management](#)). The regulatory requirements in this area are continually becoming stricter and will bind many resources in the next few years. For the Liechtenstein financial institutions the observance of the various sanctions represents an important part of their control and monitoring activity. Finally, because of the war in the Ukraine, the observance of sanctions has drawn even more attention. Regulatory provisions and the fact that they can be implemented at any time place great demands on our client advisers, intermediaries and, not least, on our clients. Several years ago, the LLB Group recognised that setting up a central hub for all the individual stakeholders was the correct way to meet and master these challenges. The Group Business Compliance Department was set up for this purpose. Experience gained over the last few years confirms that, thanks to the efforts of Group Business Compliance, duplication of work can be avoided and loss of resources reduced while safeguarding efficient collaboration. Our clients tell us that this service is much appreciated.

“At Group Business Compliance we are able to fulfil regulatory requirements at the highest professional level and ensure the best service quality for our clients at the same time.”



Stefanie Habicher, Head Group Business Compliance

Fair and transparent pricing models

We believe in partner-like collaboration as the key to long-term client relationships. This includes fair and transparent pricing models. The LLB tariff structures are simple and clear, costs are visible at a glance (see chapter [Environmental and social responsibility in banking](#)). We employ performance-related fees with various asset management and investment advisory mandates, which are only payable if a positive return is achieved.

Networking and transfer of knowledge

Sound knowledge is vital for achieving success in financial matters. This is the only way that investors can make well balanced decisions, manage risk and attain long-term goals. We therefore provide wealthy clients with access to the expertise of our investment specialists and to our investment solutions. In addition, we support professional investors through networking and a transfer of knowledge. For many years therefore the LLB Group has made available its “LLB Xpert Views” online platform to financial intermediaries to enable them to have an overview of current developments in the financial services industry. We encourage the personal exchange of views and experience several times a year in the form of exclusive round-table discussions.

Above all, our clients appreciate our high level of professional competence, our service quality and the personal collaboration.

Memberships

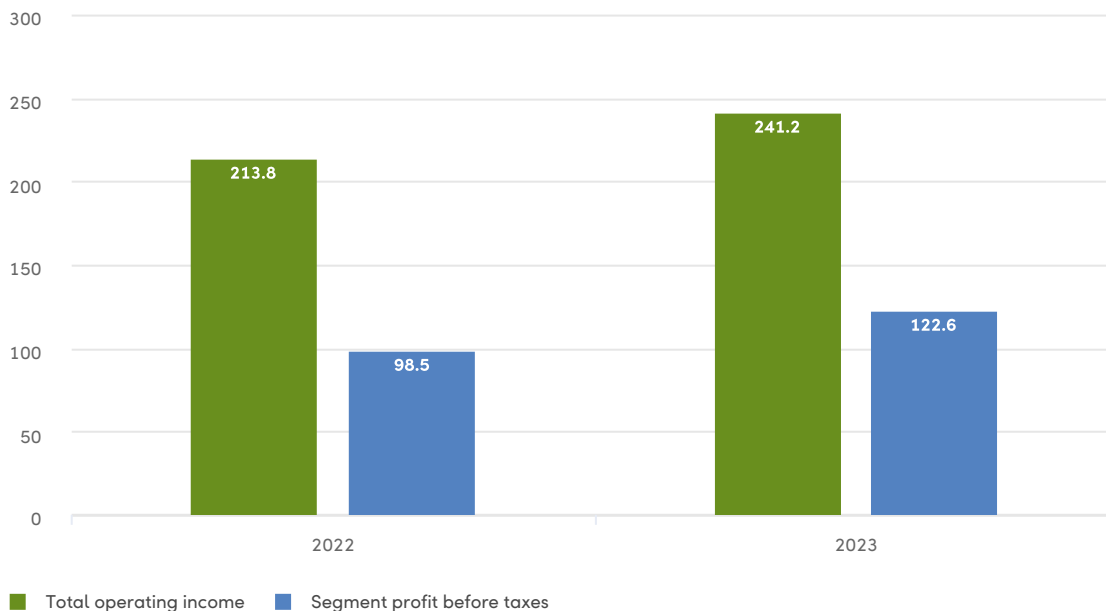
The LLB Group is a member of the most important professional associations and bodies. This ensures that we are closely networked and always well informed about which themes and issues will be significant in the future. Furthermore, these memberships offer us the possibility of actively participating in shaping the framework conditions, which determine our business model.

Business segment result

The segment result before taxes of the International Wealth Management Division amounted to CHF 122.6 million. In comparison with the equivalent period in the previous year, this represents an increase of 24.4 per cent. Operating income expanded by CHF 27.4 million to CHF 241.2 million. Income from interest differential business doubled to CHF 102.6 million. In the previous year, fee and commissions business benefitted from exceptionally high earnings from real estate transactions in Austria. On account of higher interest rate levels, this business field is declining leading to substantially lower earnings from real estate business in the business year under report. Moreover, average holdings of client assets under management decreased partly as a result interest rate driven outflows. The gross margin improved by 5.8 basis points. Operating expenses rose to CHF 118.6 million, partly due to the higher headcount in line with corporate strategy.

During the reporting period, the segment regrettably registered outflows of over CHF 299 million. On account of the changed situation with interest rates, which had a particularly adverse impact on real estate investment funds, outflows were experienced in investment fund business. In other areas, such as international private banking and institutional business in Liechtenstein, positive inflows were achieved. On account of the positive market performance, the business volume expanded by 1.4 per cent to CHF 66.1 billion.

Business segment result: International Wealth Management (in CHF millions)



Segment reporting

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|-------------|
| Net interest income | 102'632 | 51'173 | 100.6 |
| Expected credit losses | - 321 | 1'994 | |
| Net interest income after expected credit losses | 102'311 | 53'167 | 92.4 |
| Net fee and commission income | 125'184 | 138'287 | - 9.5 |
| Net trading income | 18'448 | 22'350 | - 17.5 |
| Other income | - 4'749 | 4 | |
| Total operating income | 241'194 | 213'808 | 12.8 |
| Personnel expenses | - 47'801 | - 44'107 | 8.4 |
| General and administrative expenses | - 6'357 | - 11'274 | - 43.6 |
| Depreciation | - 346 | - 391 | - 11.5 |
| Services (from) / to segments | - 64'133 | - 59'549 | 7.7 |
| Total operating expenses | - 118'637 | - 115'321 | 2.9 |
| Segment profit before tax | 122'557 | 98'487 | 24.4 |

Performance figures

| | 2023 | 2022 |
|--|-------|-------|
| Gross margin (in basis points) ¹ | 37.0 | 31.2 |
| Cost Income Ratio (in per cent) ¹ | 49.1 | 52.0 |
| Net new money (in CHF millions) ¹ | - 299 | 2'463 |
| Growth of net new money (in per cent) ¹ | - 0.5 | 3.4 |

¹ Definition available under www.llb.li/investors-apm

Additional information

| | 31.12.2023 | 31.12.2022 | + / - % |
|--|------------|------------|---------|
| Business volume (in CHF millions) ¹ | 66'130 | 65'194 | 1.4 |
| Assets under management (in CHF millions) ¹ | 65'287 | 64'214 | 1.7 |
| Loans (in CHF millions) | 843 | 980 | - 14.0 |
| Employees (full-time equivalents, in positions) | 268 | 246 | 9.3 |

¹ Definition available under www.llb.li/investors-apm

Corporate Center

The Corporate Center plays a key role in the LLB Group. In a similar manner to the central nervous system, it monitors and steers important groupwide functions and provides the necessary information for efficient operations. The Corporate Center also makes a major contribution to the implementation of the corporate strategy, especially in relation to the digital transformation.

Service provider and enabler

The Corporate Center encompasses the Group CEO (see chapter [Strategy and organisation](#)), Group CFO (see chapter [Finance and risk management](#)) and Group CDO Divisions. All the organisational units, which coordinate, support and monitor groupwide business activities, processes and risks are integrated in this segment. In addition, it contains departments such as Marketing and Human Resources. In total, the Corporate Center bundles fourteen central business areas of the LLB Group:

The Corporate Center bundles fourteen central areas of activity of the LLB Group:



The Corporate Center is focused completely on the requirements of the market divisions and thereby makes a direct contribution to the value added by the LLB Group.

Digital transformation

The ACT-26 corporate strategy envisages that the LLB Group will become more digital, more agile and more scalable in the coming years. The LLB.ONE program was set up specifically for this purpose. During the current strategy period, over CHF 100 million will be invested in digitalisation measures via this platform (see paragraph [LLB.ONE](#)).

The Corporate Center plays a key role in realising digital transformation. It ensures that the transformation is in line with the corporate strategy, that the correct resources are available and that

both clients and employees are involved and properly supported. The Group CDO Division is the driver of the project. All the most important resources for the comprehensive change process are bundled in this division. The Group Digital Transformation Department, which was set up specifically for this purpose, is responsible for implementing these changes.

Shared Service Centers

The digital transformation is also facilitated and supported by Group shared services. The LLB Group's Shared Service Center can call on an extensive range of professional and process competences. Thanks to the systematic centralisation of various operative services and the harmonisation of processes in the individual companies and business areas, synergy potentials can be exploited and efficiency enhanced. This applies equally for the maintenance of client master data and to the payment transfer process, as well as to foreign currency and securities transactions. As further examples, in 2023 LLB introduced groupwide standard processes for written and verbal payment orders, simplified the client life cycle and digitalised the processing of client mail. In response to the increasing volume and complexity of transaction administration, as well as the corresponding regulatory requirements, the Operational & Regulatory Service Department was set up in the reporting year. This restructuring of operations enables a sharper focus on automation and specialisation. All the initiatives undertaken by the Shared Service Center were guided by the same principle: to ensure the highest level of operative stability coupled with flawless quality in spite of increasing complexity.

LLB has recently become a member of the International Securities Services Association (ISSA). Membership of this organisation enables us to keep up to date with developments in the areas of financial market infrastructure and to actively shape these activities. LLB employees are represented in various ISSA project groups.

LLB.ONE

The further development of our products and services is one of the major goals of the LLB Group's digital transformation, whereby the highest efficiency of processes and maximum client focus are the priority. The LLB.ONE program is the platform which will drive these profound changes within the LLB Group. We utilise the latest technology to enhance interaction with our clients. In future, our clients can decide themselves when and through which channels they want to receive the LLB Group's services. In addition, we are working on simplifying, standardising and automating our internal core processes. We take an agile and flexible approach in order to be able to react appropriately to our clients' changing requirements. This means that existing procedures have to be critically analysed and, where required, adjusted and adapted. Up to the end of the current strategy period in 2026, CHF 100 million is to be invested in the programme. In the 2023 business year, the LLB Group reached the following milestones in its digital transformation:

- ◆ The expansion of our willBe product offer to include call money in EUR, CHF and USD enables us to offer attractive savings conditions. As a result, in the second half of 2023, we gained thousands of new clients (see paragraph [wiLLBe](#)).
- ◆ The introduction of mobile payments (Apple Pay, Google Pay und Samsung Pay) brings added convenience for our clients when making payment transactions. For clients in Switzerland, we have added a further, attractive payment possibility with Twint (see chapter [Retail & Corporate Banking](#)).
- ◆ Three new account packages have been developed for "LLB Daily" for implementation in 2024. As a result, our product offer is substantially clearer and better suited to client requirements (see chapter [Retail & Corporate Banking](#)).
- ◆ Our digital mortgage lending option was significantly expanded. Client advisers now have the possibility of creating digital offers, and clients can independently extend and adjust their mortgages online.
- ◆ We have extensively re-engineered our mobile banking program to enhance our clients' experience in all channels and to reduce development costs at the same time. Starting in 2024, clients will be successively relocated to the new program.
- ◆ In taking the decision to introduce a new customer relationship management system (CRM), we have set a new course for the future. Starting in 2024, the system will initially be installed in our advisory centre and subsequently expanded to other areas of the bank.

- ◆ At the same time, we have converted our working methods to agile and flexible value streams to achieve even sharper client focus in the development process and closer collaboration between the divisions.

wiLLBe

In 2023, we added more options to our wiLLBe app. In addition to enabling responsible investing in accordance with the sustainability objectives of the United Nations, this purely digital asset management app now offers a savings option for three different currencies (CHF / EUR / USD) at attractive interest rates in a call money account.

Furthermore, wiLLBe acts as a driver of technological innovation and cultural transition within the LLB Group (see also the interview on this topic).



“Within the LLB Group the wiLLBe investment app represents the spearhead of our digitalisation activities. It has provided us with large scope for learning in the field of modern technologies. This will ensure that we can continue to gain important experience in the future.”

Patrick Furer, Group CDO

Starting in the 2024 business year, the hybrid platform introduced in connection with wiLLBe will also be incorporated in our Mobile Banking program. New technologies, such as digital identification, are to be successively deployed in existing business areas. The same applies to the knowledge, tools and strategies that have proved effective in the successful marketing of wiLLBe.

Digital Workplace

At the LLB Group, the digital transformation involves not just the digitalisation of client experiences, processes and products, but also the work activities of our employees. Within the Group, we are driving forward the team@work Group project to renew the digital work infrastructure and to optimise work processes. During the 2023 business year, the priority was to accelerate the cloud transformation of digital tools and to provide our employees with expanded access to personal data via smart devices. The telephone system was converted to Microsoft Teams. The main priorities in the current business year include the further development of various performance measures and the extension of collaboration possibilities both within the LLB Group and with external partners.

Another goal of the team@work project is to simplify mobile working. In recent years, the working from home capacity was greatly expanded. The working from home regulations specify that employees can spend up to 40 per cent of their working time working from home (see chapter [Employees](#)).

New, modern office building in Vaduz

The dynamic growth of the LLB group means that more work space is required. As a result, a new office building – known as “Campus Giessen” – is under construction at the Group’s headquarters in Vaduz. This will provide office accommodation for around 250 employees and enable a centralisation of work places, which are currently dispersed in various, in some cases rented, buildings.



Every stage of construction of the four-storey building, from the planning and building phase through commissioning and start of regular business operations is strictly monitored to fulfil sustainability criteria. As a so-called green building, “Campus Giessen” will be awarded an LEED GOLD certification and the Minergie P-Eco standard.

The symbolic ground-breaking ceremony was held in August 2023. Completion of the building project and the move into the new offices are planned for the third quarter of 2025.

Responsible and sustainable investment products

The financial services industry plays an important role in the ongoing transition to a climate-friendly economy. At the LLB Group, Asset Management has attached a high priority to responsible and sustainable investing for many years. We offer sustainable asset management services both for individual securities and investment fund portfolios. Since 1 August 2022, the LLB Group’s investment advisory and asset management services have been fully aligned with responsible and sustainability criteria. We have also expanded our product range to include two new funds focussing on climate protection – so-called impact funds – which are considered sustainable investments within the meaning of the EU Sustainable Finance Disclosure Regulation (SFDR). The goal is to develop investment products and services, which generate returns as well as meeting high ecological, social and ethical criteria, and therefore contribute to cushioning the impact of climate change. We underline our efforts to attain greater sustainability through our membership of the UN’s most important financial initiatives to protect the climate (see chapter Industry initiatives and corporate citizenship).

To enable our client advisors to keep up to date with these developments, since October 2020 we offer them an extensive range of sustainability training programmes. We also enable our staff to keep pace with sustainability issues by providing them with specific information briefings, such as industry updates, and with tutorials at focus meetings.

Sustainable investment approach

In selecting sustainable investments, we employ a systematic approach, which combines both negative and positive criteria. We exclude investments in companies, which violate important national or international norms, or with substantial turnover in controversial industries or sectors. We select companies, which predominantly consider or make a contribution to the three ESG themes, i.e. environment, society and corporate governance.

When making investments, in addition to their own extensive experience and expertise, our asset managers can call on our own independent investment concept, the "LLB Multi-Factor Model". the goal of creating more added value for clients over the medium to long term. This provides a broadly based, quantitative analysis of large investment universes and therefore a sound basis for the selection of the most attractive securities. We consistently pursue.

For many years our investment products have achieved top positions in industry-wide comparisons and competitions. In 2023, the LLB Group again received several awards. For example, the LLB Inflation Protect (CHF) fund in the category "Mixed Umbrella Funds Bond-Focused - Dynamic" was ranked first by the Austrian "GELD-Magazin" and the "LLB Strategy Balanced ESG (EUR)" fund in the category "Mixed Umbrella Funds Balanced - Dynamic" was ranked in third place.

Asset management

Our clients' requirements are always at the forefront at the LLB Group. To enable clients to invest their assets according to their investment horizon and their personal risk tolerance, we offer five different sustainable strategies. These range from "Conservative" to "Equities" in the reference currencies CHF, EUR and USD. In implementing their investment strategy, our clients can now select from five different models. For example, with the "LLB Comfort Offering", depending on the client's wishes, investments can be made in the categories: "ESG Sustainable Global Active", "ESG+ Sustainable Global Active", "ESG Sustainable in Switzerland", "ESG Sustainable Alternative" or "ESG Sustainable Global Passive". In addition, with its total return concept, LLB Österreich offers a mandate focusing on value preservation.

The volume of assets under management at the end of 2023 stood at CHF 9.1 billion. (31.12.2022: CHF 9.0 billion).

Business segment result

The LLB Group reports the structural contribution from interest business, the value of interest rate hedging instruments and income from financial investments under the Corporate Center. In comparison with the previous year, operating income fell to CHF 27.3 million. The decrease was attributable primarily to interest business. On the one hand, due to treasury measures, earnings shifted into trading business, on the other, higher interest income in the market divisions was also a factor. Conversely, the structural contribution to the Corporate Center decreased. However, income from financial investments was higher. On account of further targeted investments in the ACT-26 strategy, operating expenses climbed, as expected, by 12.9 per cent to CHF 99.7 million.

Segment reporting

| in CHF thousands | 2023 | 2022 | + / - % |
|--|-----------------|-----------------|---------------|
| Net interest income | - 101'384 | - 10'746 | 843.5 |
| Expected credit losses | - 45 | - 17 | 159.3 |
| Net interest income after expected credit losses | - 101'429 | - 10'763 | 842.4 |
| Net fee and commission income | - 14'681 | - 12'350 | 18.9 |
| Net trading income | 136'133 | 92'994 | 46.4 |
| Net income from financial investments | 7'262 | - 933 | |
| Other income | - 30 | 5'650 | |
| Total operating income | 27'255 | 74'597 | - 63.5 |
| Personnel expenses | - 116'232 | - 108'067 | 7.6 |
| General and administrative expenses | - 88'147 | - 80'327 | 9.7 |
| Depreciation | - 38'603 | - 35'632 | 8.3 |
| Services (from) / to segments | 143'260 | 135'679 | 5.6 |
| Total operating expenses | - 99'722 | - 88'347 | 12.9 |
| Segment profit before tax | - 72'467 | - 13'749 | 427.1 |

Additional information

| | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------|------------|---------|
| Employees (full-time equivalents, in positions) | 671 | 622 | 7.8 |

Material topics

To the LLB Group, sustainability means that it creates long-term added value for its clients, shareholders, employees and other stakeholder groups. In order to provide the best possible transparency, our sustainability reporting is prepared in accordance with the GRI Standards, an internationally established framework for non-financial reporting. In accordance with the legislators, the thematic focus is based on a double materiality analysis.

Multi-step analysis process

The LLB Group last carried out a materiality analysis in 2022, in order to meet the increasing regulatory requirements from the EU and Switzerland. This also took into account the focal points of the corporate strategy ACT-26 (see chapter [Strategy and organisation](#)).

To define the material topics, we created a materiality matrix based on the double-materiality concept, in accordance with legal requirements. We identified those topics which are material for LLB's business activities and have the greatest impact on the economy, environment and society on the one hand, and on the company's own success on the other.

In a context analysis, we reviewed our value creation chain for any relevant influencing factors and identified our key stakeholder groups. These are our customers, the State of Liechtenstein as the main shareholder of the LLB Group, the public, our partners and non-governmental organisations (NGOs) as well as our employees.

Next, we compiled a detailed list of possible material topics based on a peer group analysis, taking into account the legal requirements and relevant sustainability reporting standards. Possible material topics are those that can have either positive or negative effects on the corporate environment or that at most harbour opportunities or risks for the LLB Group. This list comprised around 70 topics, which we were able to condense into 26 main topics, structured according to the aspects concerning non-financial reporting in accordance with the Liechtenstein Persons and Companies Act (PGR).

LLB Group materiality matrix ¹



¹ The potential and actual impacts of the following issues were considered to be less material: Tax Compliance, Energy Efficiency and Renewable Energy, Mobility Management, Materials, Waste, Water and Sanitation, Biodiversity, Occupational Health and Well-being, Freedom of Association, Minimum Wages and Notification Requirements, Financial Literacy Support, Community Engagement, Human Rights in the Supply Chain, Indigenous Peoples' Rights, Financial Crime Prevention, Sustainable Procurement, Corporate Citizenship

These topics were assessed with regard to their relevance by external and internal stakeholders as well as our management with the help of an online survey. After consolidating the results from the survey, we created a draft materiality matrix, which was discussed, evaluated and adjusted, where necessary, in a validation workshop attended by representatives of various departments of the LLB Group.

Legal bases

In view of the content requirements for non-financial reporting set out in the PGR, those topics from the areas of environmental, social and employee matters, anti-corruption and bribery matters as well as respect for human rights, at a minimum, were identified in the analysis as report content that is material in the sense of having "double materiality". These are topics that have important impacts on the economy, society or the environment, which are relevant for an understanding of the LLB Group's course of business and performance. The Board of Directors has been informed of the material topics and has approved them. In accordance with the legislators and GRI standards, these topics form the core of our non-financial reporting.

At the end of 2023, we launched an internal process that will result in a reassessment of the material topics. The requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which apply for the first time in the 2024 business year, will play an important role in updating the materiality analysis. We will publish the results in the new Sustainability Statement as part of the 2024 Annual Report.

In dialogue with stakeholder groups

For the LLB Group, sustainability as a corporate responsibility means meeting the expectations of the different internal and external stakeholder groups. We are in regular dialogue – personally, by electronic media, or at information meetings, working sessions or conferences – with the different stakeholders who affect the course of our business and over whom we have influence.

An important instrument is the LLB Group's annual report, which has contained a sustainability report since 2015. Through it, we highlight our proactive focus on sustainability and social responsibility. For sustainability reasons, we do not print our annual report.

The most significant stakeholder groups are:

- ◆ **Clients:** Their needs are uppermost at every point of contact. Using various channels, we determine the needs and level of satisfaction of our clients.
- ◆ **Principality of Liechtenstein:** Our majority shareholder is the Principality of Liechtenstein. We regularly exchange ideas with representatives of the government and the state parliament (see chapter [Corporate governance](#)).
- ◆ **The public:** All our branding and communication measures are high-profile, with close exchange with media representatives being an important element of trust-building.
- ◆ **Partners and non-governmental organisations (NGOs):** Through our membership of associations and organisations, we maintain dialogue with partners and NGOs (see chapter [International wealth management](#) and [Industry initiatives and corporate citizenship](#)).
- ◆ **Employees:** We reach our employees via our intranet, which is continuously updated, and through our LLB Voice staff magazine. There are also various events where employees have the opportunity to personally meet and discuss with members of the Group Executive Board (see chapter [Employees](#)).

Investor relations

As a publicly listed company, we are obliged to publish share-price-relevant facts by means of media communiqués. We inform shareholders, clients, employees and the public simultaneously, comprehensively and regularly about our business performance, value drivers as well as the implementation of our strategy and provide them with an overview of our key financial and operating figures. We maintain an open dialogue with analysts and investors in order to be able to report on the course of business on an ongoing basis. The aim is to ensure that the price of the LLB share represents the fair value of the company (see chapter [Economic value creation](#)).

Media relations

Irrespective of the ad hoc information and the annual media and analyst conference, we are in constant contact with the media and business journalists in our market regions. We make every effort to answer their questions in a transparent and timely manner. The LLB Group was the subject of around 710 media articles in 2023 (2022: 860).

Public affairs

Only by constantly seeking dialogue with different decision makers are we able to voice our opinion and be heard. The LLB Group is therefore in regular contact with opinion leaders and selected representatives from the world of politics and economics. We are also a member of the key industry associations and organisations such as the Liechtenstein Bankers Association and Chamber of Commerce and Industry (see chapter [International wealth management](#)). We also exchange views with the Liechtenstein Financial Market Authority (FMA) on a regular basis.

We are obliged to report to our majority shareholder, the Principality of Liechtenstein, on the course of business. Against this backdrop, there is a meeting twice a year of the senior management of the LLB Group and the Liechtenstein Head of Government. Once a year, the Group Board of Directors and the Group Executive Board invite the entire Government to a roundtable discussion.

Public relations

We use various channels to engage with the general public. With regular market commentaries and reports in local print media, we prove our expertise in financial matters. We strengthen our

relationship with the local community by organising or sponsoring various events (see chapter [Industry initiatives and corporate citizenship](#)).

Digital communication channels

We have been consistently investing in the expansion of our digital communication channels for a number of years now. We operate a total of eleven different web portals and microsites that are centrally managed through the same content management system and conform with our brand. We also reach our clients with selected information through mobile and online banking. We are also in direct contact with clients over social media.

Our understanding of sustainability

As a financial institution with a long-term orientation, the LLB Group is committed to leaving an environment that is as intact as possible and stable social conditions for the coming generations. With our ACT-26 corporate strategy and ambitious climate and sustainability targets, we continue to proceed resolutely down this path.







Performance mandate and sustainability

As Liechtenstein’s longest-established bank, we are aware of our special responsibility for long-term action. Sustainable business management is part of our performance mandate and corporate identity. We have a legal obligation to our majority shareholder, the Principality of Liechtenstein, to promote Liechtenstein’s economic development while at the same time taking ethical as well as environmental factors into account. We fulfil this special obligation by offering a diverse portfolio of products and services, applying sustainable standards to our offerings, our infrastructure and procurement, and engaging broadly in society.

Sustainability as a strategic goal

Sustainability is one of the three core elements of our corporate strategy ACT-26 (see chapter [Strategy and organisation](#)). We want to continue to play a central role in this area. Above all, we want to make a positive contribution to the climate – including by reducing our greenhouse gas emissions in banking operations and in our products. Our aim with ACT-26 is to be perceived as a bank that is stable, sustainable and innovative. We also want to differentiate ourselves from our competitors through it.

Overview of our climate strategy

| Sustainability@LLB | Concrete measures | Overarching objective |
|--|---|---|
| <p>We set standards for banking with values.</p>  <p>The LLB Group actively contributes to environmental protection, promotes social justice and responsible corporate management</p>  | <p> Banking operations</p> <ul style="list-style-type: none"> ▪ From 2021: Climate neutral through offsetting (including how we commute) ▪ By 2026: -20 % CO₂ emissions <p> Bank products</p> <ul style="list-style-type: none"> ▪ By 2026: -30 % CO₂ emissions ▪ Ongoing: Expansion of the sustainable product range <p> Reporting</p> <ul style="list-style-type: none"> ▪ From 2022: Extended reporting ▪ Ongoing: Progress monitoring  | <p>Entire LLB Group Net zero emissions by 2040 at the latest</p> |

Goals of the sustainability strategy

We have undertaken to reduce CO₂ emissions for the LLB Group to net zero by 2040 – so ten years earlier than agreed under the Paris Climate Agreement. This requirement applies to both our banking operations and our products and services. There are intermediate steps involved in achieving this reduction: by 2026, we should be saving at least 30 per cent of CO₂ emissions from products and own investments, and at least 20 per cent in our banking operations.

We have set 2019 as the base year for all reduction measures. In other words, we will measure our progress by the values we achieved in 2019, as this was the last full year before the COVID-19 pandemic. Because of the regulations at the time, using the data for 2020 and 2021 would provide a strongly distorted picture.

Our Board of Directors has adopted a sustainability strategy. Implementation happens at Group Executive Board level (see chapter [Sustainability governance of the LLB Group](#)).

Climate-friendly banking operations

As a first step, our banking operations became climate-neutral in the 2021 business year by fully offsetting our greenhouse gas emissions. In co-operation with the Swiss climate foundation “myclimate”, we support various CO₂-reducing projects in the region and around the world. Among these is a reforestation initiative in western Uganda and a project for fertile soil as a CO₂ sink in the Lake Constance region. This is done through CO₂ removal certificates. These projects remove greenhouse gases from the atmosphere. According to the Intergovernmental Panel on Climate Change, only removal certificates can be used to offset in order to achieve net zero emissions.

So far, we have seen a decline in operational emissions of around 23 per cent compared to the base year 2019. We want to further reduce the proportion of offsets in favour of savings, including striving to achieve the net-zero target in banking operations by 2040 (see chapter [Corporate environmental and climate protection](#)).

Banking products and services

In addition to adapting our day-to-day operations, we also want to support our clients on the way to climate neutrality: with expert advisory services and differentiated, sustainable products. Specifically, we have set itself here, too, the goal of reducing the CO₂ emissions of all our bank products to net zero by 2040. This would mean the LLB Group becoming completely climate neutral across our banking operations and products ten years earlier than defined in the Paris climate agreement.

Adapting our offerings is a key factor in achieving the targets that we have set for ourselves. As a result, we have greatly expanded our range of responsible and sustainable investment products. In addition to our established asset management and investment advisory services, we also offer a complete selection of funds that invest according to appropriate criteria. The two “dark green” LLB Impact Climate funds launched in 2022, which are characterised by a comprehensively positive impact on the environment and nature, have already achieved an investment volume of almost CHF 800 million. At the same time, we promote sustainable construction in our core markets with special financing solutions (see chapter [Environmental and social responsibility in banking](#)).

Governance

Sustainability encompasses not only the environmental but also the social and governance aspects. We are committed to value-based leadership and transparent corporate governance. We live up to our responsibility through effective compliance, risk and reputation management. Compliance with laws and regulations is a matter of course for us. We have set out our ethical standards for ourselves and our suppliers in two codes of conduct (see chapter [Values and corporate management](#)).

Human rights and international standards

Respect for international human rights underpins our actions. We are committed to the key human rights conventions, in particular the United Nations Human Rights Charter and the declarations and basic principles of the International Labour Organization (ILO). We take human rights into account not only in our business operations, but also in our investments (see chapter [Environmental and social responsibility in banking](#)).

Diversity and inclusion

The topic of diversity and inclusion is of particular importance. As part of our diversity strategy, we have formulated clear targets with regard to the mix of gender and people we employ in the LLB Group. For example, we want to significantly increase the proportion of women in positions of responsibility by 2026. We want younger employees to be able to advance to management positions earlier, and keep older employees in the company for as long as possible (see chapter [Employees](#)).



In 2023, LLB offered its first Social Volunteering Day in Liechtenstein. To promote biodiversity in the country, a number of employees have helped to build cairns and branch piles and create sand islands in a vineyard just outside Barend, under the motto "LLB Helping Hands".

Further development of staff competences

Our employees are an important factor for the success of our sustainability strategy. We offer staff appropriate training or professional education so as to stay up to date with changing regulatory requirements as well as with our growing number of sustainable products (see chapter [Employees](#)).

Support for charitable projects

With the LLB Future Foundation, founded in 2011, we are committed to social and ecological sustainability in the region. We are particularly interested in supporting social projects that improve people's living and working conditions and foster self-responsibility. In terms of the environment, our commitment to environmental sustainability is of particular importance. In addition to project-related contributions of CHF 71'000, the Future Foundation contributed to society in 2023 by donating a total of CHF 153'000 to 28 social organisations (see chapter [Industry initiatives and corporate citizenship](#)).

Transparency

We have used the Global Reporting Initiative (GRI) Standards as the framework for our sustainability reporting for many years. Since 2022, we have also been publishing annual [reports](#) on our further development in terms of climate protection. These reports feature an honest overview of the range of measures we have adopted to implement the climate objectives – in accordance with the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD). They also show where we stand on the path to climate neutrality.

Sustainability governance of the LLB Group

In order to enable the efficient implementation of its sustainability strategy, the LLB Group set up a new governance structure in the 2022 business year. This ensures that sustainability concerns are addressed at every hierarchical level. In charge of coordinating our ambitious goals is the Sustainability Council. This is a key governing body in our governance structure and has five permanent members. The Group CEO acts as Chair. The four other members are the CEOs of the subsidiaries LLB Österreich and LLB Schweiz as well as the Head of International Wealth Management and the Head of Group Corporate Communications & Sustainability.

The Sustainability Council is tasked with overseeing the implementation of the sustainability strategy and making adjustments where necessary. The council generally convenes every three months. It informs the Group Executive Board about how climate risk management is progressing on a semi-annual basis. The Group Executive Board reports to the Board of Directors on the implementation and progress of the sustainability strategy twice a year.

In December 2023, the Group Executive Board decided to extend the Sustainability Council. From 2024, the Group CFO, the Group CDO and the Head of Private and Corporate Clients will also be voting members of the Board.

Streams and Green Teams

The operational implementation of the sustainability and climate strategy is the responsibility of eleven workstreams. Each workstream has either a product focus (e.g. credits) or a thematic focus (e.g. social impact) and reports to the Sustainability Council every three months.

In addition, our “Green Teams” have been in place since 2021. In these teams, employees can contribute their own ideas and take on project responsibility during regular working hours, thereby helping to actively shape the sustainable future of the LLB Group. We want in this way to tap into the creativity of each individual in order to find innovative solutions that would not be found otherwise through a top-down only approach.

Overview of sustainability and climate governance structure (as at 31 December 2023)



- Overarching responsibilities
- Preliminary decisions and operational recommendations
- Frequency of meetings

Board of Directors

As the highest governing body at the LLB Group, the Board of Directors regularly participates in related discussions and approves the sustainability and climate strategy as well as the sustainability report as part of the annual report. At a closed meeting held in June 2023, it was updated on the implementation status of the various strategic initiatives, with a particular focus on LLB's lending business. At its meetings, the Board of Directors is also kept informed about progress in the area of sustainability.

- ◆ The **Group Risk Committee** informs the Board of Directors specifically about the risks of climate change.
- ◆ The **Group Nomination & Compensation Committee** incorporates sustainability into the incentive systems.
- ◆ The **Strategy Committee** advises on adjustments to the existing sustainability strategy.
- ◆ The **Group Audit Committee** reviews and approves the sustainability report.

In the reporting year, no measures were taken to improve the sustainability-related knowledge of the members of the Board of Directors. A training course on sustainability regulations is planned for 2024.

In addition to the bodies that have already been mentioned, which maintain a broad strategic and operational focus on sustainability issues including climate-related opportunities and risks, climate risks are currently integrated into the existing risk management structure, where they are closely managed.

Values and corporate management

The LLB Group is committed to value-oriented leadership and transparent corporate governance. We live up to our corporate responsibility through effective compliance management, effective risk and reputation management, and effective data protection measures. Compliance with laws and regulations is a matter of course for us.

Responsible corporate management

The values of 'integrity', 'respect', 'excellence' and 'passion' (see chapter [Strategy and organisation](#)) underpin the LLB Group's management. We promote fairness, transparency and accountability as well as the ethically correct and legally compliant conduct of our employees. In this way, we protect the interests of our stakeholders and contribute to a more socially just society and economy.

As part of our corporate governance, we ensure responsible management, monitoring and transparency. As a listed company, the SIX Exchange Regulation directive on Corporate Governance (DCG) forms the fundamental basis for our corporate management. The Liechtenstein Law on the Control and Oversight of Public Enterprises (ÖUSG) and the Law on Liechtensteinische Landesbank (LLBG) provide a further framework.

We also keep an eye on potential negative impacts in everything we do in the areas of corporate governance and compliance. Such effects can become reality for our clients if employees do not comply with applicable law or the high ethical standards of the LLB Group, with fines and major reputational damage the possible consequences. Numerous internal rules as well as established processes and systems are aimed at avoiding adverse effects and damage for the LLB Group. These include our Compliance Policy and the Code of Conduct, which sets out binding rules for our employees, as well as the Internal Control System (ICS), which deals with audits and controls.

The LLB Group's Code of Conduct

One key corporate governance instrument is the LLB Group's [Code of Conduct](#). This provides a reliable framework for value-based and responsible action that meets legal requirements as well as ethical and social standards. The Code is therefore a binding and collaborative requirement for all employees of the LLB Group.

In the reporting year, we began to fundamentally revise the Code of Conduct. In view of the comprehensive topics and their significance for the LLB Group, we are taking plenty of time for this process, which is why the publication of the updated version is not planned until the end of 2024.

In addition to the Code of Conduct for employees, we also issued a Supplier Code of Conduct in 2023. The purpose of this is to give our business partners an impetus to act even more sustainably. LLB's suppliers undertake to comply with the principles set out above. These include the fight against corruption and money laundering, the protection of human rights, environmental and climate protection, and data protection.

Compliance

Responsible corporate governance includes an effective system for managing compliance and legal risks. By these risks, we mean violations of legal and regulatory provisions as well as standards, which can lead to sanctions and, as a result, financial losses, reputational damage or even the withdrawal of licences. Negative effects can become reality for clients if employees of the LLB Group do not comply with applicable law or the high ethical standards of the LLB Group.

Ensuring good compliance is a challenging management task. The LLB Group's Board of Directors defines the guidelines and receives a written report once a year from Group Legal & Compliance on compliance risks and measures taken to remedy them. The Group Legal & Compliance Business Area informs, supports and advises the Group Executive Board on the assessing and monitoring of compliance risks. Key compliance issues such as following regulatory changes, implementing new requirements, training employees and monitoring are dealt with by the appropriate departments. These include Group Regulatory Compliance, Group Financial Crime Prevention and Group Client Tax Compliance & Reporting. There are internal rules and regulations for all key topics, such as various Group directives relating to compliance, conflicts of interest, market abuse, money laundering prevention, data protection, and so on.

Measures against corruption and bribery are also provided for in the regulations, in the training system and in the process and system landscape. The risk of potentially unlawful conduct affects every LLB Group location to the same extent. For this reason, our employees are also taught about the risks related to corruption and bribery as part of their regular compliance training.

Protection of whistleblowers

Anyone with information about improper conduct by any employee of the LLB Group which is not consistent with our compliance principles and could be detrimental to us can contact the bank's internal whistleblowing office either in writing, verbally or electronically. A separate tool is also available for this purpose, which enables anonymous reporting and communication with the bank.

The whistleblowing office investigates reports made, determines whether there has been a possible violation of laws, rules and regulations, morality or the like, and classifies the information accordingly. The whistleblower is protected and must not suffer any disadvantage through making the report. If a compliance violation has occurred, it is then assessed in a regulated internal process and, if necessary, punished.

Effectiveness of the measures

We expect all employees to observe the Code of Conduct, to act with integrity and to comply with professional standards as well as with the existing laws, regulations and directives. Despite all the measures put in place, internal criminal activities were detected and reported in 2022. The legal process has not yet been completed; findings from the incident have been incorporated into the further improvement of the internal organisation. In connection with this, a fine was also imposed on LLB. There were no further incidents of this kind in the 2023 reporting year.

Our corruption prevention efforts have once again had an impact over the past twelve months. There were no confirmed incidents of corruption in the 2023 reporting year. As at 31 December 2023, there are also no legal proceedings pending due to anti-competitive behaviour or the formation of cartels and monopolies.

Continuous adaptation of security infrastructures together with monitoring and analysis systems as well as employee training form the basis for the prevention of abusive conduct. Internal directives and measures are regularly adapted to changed framework conditions such as regulatory developments.

Risk and reputation management

A prudent approach to risks is an integral part of our corporate strategy. It ensures the LLB Group's risk-bearing capacity and creates a strong culture of risk awareness at all levels. Our risk management is based on the risk policy and encompasses the systematic identification and assessment, reporting, management and monitoring of market risks, liquidity risks, refinancing risks, credit risks, operational and strategic risks and also asset liability management.

Responsible corporate governance also requires sustainable conduct within the framework of risk management. For this reason, we are continuing to push ahead with the collection of sustainability indicators and the improvement of data quality. In doing so, we ensure that climate risks are appropriately identified, assessed, managed and monitored in the future. More detailed information on the management of sustainability risks can be found in LLB's [TCFD report](#) and under the [Risk management](#) chapter in the financial section.

Data protection and cyber security

Due to increasing digitalisation, the protection of client and employee data as well as information security play a fundamental role in banking practice. Sophisticated information processing systems, which guarantee confidentiality, availability and integrity, protect against dangers and threats and help to prevent damage as well as minimise risks. Cyber attacks, in particular, pose a threat to users of our online banking and other digital products. Our advanced security architecture provides the best possible protection from such attacks, for both us and our clients. By taking appropriate technical precautions on information and cyber security as well as data protection, we can ensure the seamless operation of digital systems, engender trust among our clients and employees and promote economic activity in Liechtenstein. We also contribute to the protection of the country's critical infrastructure.

The Group Business Risk Management department bears primary responsibility for client data protection and information security. The laws and supervisory guidelines in Liechtenstein, Switzerland, Austria and Dubai (in particular, the Banking Act, the Data Protection Act, the GDPR as well as FINMA and FMA requirements) regulate, in a clear and binding manner, the responsibilities and measures for client data protection as well as information and cyber security. We process personal data in accordance with the General Data Protection Regulation.

Our principles and policies are set out in rules and regulations that are binding throughout the LLB Group. Central to this is the Group directive on data protection, which is binding for all LLB employees. Annual mandatory training courses on information security and data protection, in conjunction with internal monitoring systems, ensure the implementation of this directive and promote the responsible handling of client data and information.

Standards for information and cyber security are high at the LLB Group. Specialists from the responsible data centre continuously analyse new cyber threats and, depending on the risk, take appropriate countermeasures. In combination with penetration tests, these measures continuously guarantee a high level of security. In the reporting year, the LLB Group registered no complaints regarding privacy breaches or losses of client data.

Regulatory framework and developments

LLB considers it a top priority in a highly regulated business environment to closely monitor ongoing legislative developments and, where possible and expedient, to play an active part in shaping developments as well as to prepare for innovations in good time. The employees implement the regulatory requirements and thus make an essential contribution to the success of the business and to the good reputation of the LLB Group.

The most important regulatory requirements and developments in the reporting year are summarised below. The focus was primarily on regulations that were of particular importance due to their topicality. Other regulatory requirements that are of relevance to the LLB Group can be found in previous annual reports.

Implementation of regulatory frameworks 2022–2023

- ◆ Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation)
- ◆ Act governing sustainability-related disclosures in the financial services sector (Disclosure Regulation) and Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation), as well as updates to the implementing regulations
- ◆ Adaptation to the Liechtenstein Banking Act and to the Banking Ordinance to implement the Capital Requirements Directive V (CRD V)
- ◆ Swiss Federal Act on Data Protection (revFADP)

Financial centre strategy

In 2019, the Government published a comprehensive financial centre strategy designed to further enhance the competitiveness of the Liechtenstein financial centre. The Group Client Tax Compliance & Reporting department is responsible for ensuring implementation of the tax compliance strategy as well as compliance with the Automatic Exchange of Information (AEOI) and the FATCA agreement. The same applies to compliance with international rules and standards. The focus of the strategy is on unrestricted and equal access to markets and improving the framework conditions for innovative enterprises.

In addition, the Government has set four strategic goals in order to meet international expectations in the area of combating money laundering and terrorist financing. Dialogue with key partner countries is to be intensified. Membership of international bodies such as the International Monetary Fund (IMF) will thus continue to be explored. The Government also attaches great importance to digitalisation and blockchain technology. With the Liechtenstein Blockchain Act (Token and TT Service Providers Act, TVTG), Liechtenstein is the first country in the world to develop a legal basis for the token economy.

International tax topics

Disclosure of cross-border tax planning arrangements

According to the OECD, the lack of comprehensive and relevant disclosure about potentially aggressive or abusive tax planning strategies is one of the major challenges facing tax authorities. In this context, the EU, with the amendment to the EU Mutual Assistance Directive (Directive 2011 / 16 / EU – “DAC 6”) which came into effect in 2018, has introduced a disclosure requirement for cross-border tax arrangements directed at EU intermediaries (especially fiduciaries, lawyers, tax advisers and banks).

International co-operation on tax topics

The Principality of Liechtenstein is intent on creating an attractive tax system that takes account of European law and international developments. Hence, the Principality has implemented the international automatic exchange of information with 114 partner or reporting countries since the beginning of 2016. The FATCA agreement with the USA was concluded in 2014. The Global Forum of the OECD confirmed in November 2021 that Liechtenstein is fully compliant with the OECD requirements and described the Liechtenstein legal framework as "In place", which corresponds to the highest rating.

Plans for international group taxation

While the OECD's plans for an internationally unified approach to digital taxation presented in autumn 2019 are still in progress, the Group of Twenty (G20) countries endorsed in autumn 2021 a global minimum tax for corporations, which has applied since 2023.

Access to the EU market

Thanks to its membership of the EEA, Liechtenstein has unrestricted access to the internal European market. The internationally oriented fund location benefits in particular from this. It has a legal basis that is focused on clients and investor protection. The investment fund law comprises three pillars: the Act on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Act, 2011), the Law on Alternative Investment Fund Managers (AIFM Act, 2013) and the Investment Undertakings Act (IUA), which was revised in 2016.

Data protection requirements

EU General Data Protection Regulation (EU GDPR)

LLB has implemented the requirements of the European EU General Data Protection Regulation (EU GDPR) Group-wide. The regulation regulates and standardises the collection and processing of personal data by companies and public authorities. LLB has established corresponding rules which are applicable throughout the Group and made the necessary adjustments to implement the requirements appropriately.

Data protection laws in Switzerland and Dubai (DIFC)

The Swiss Data Protection Act, which was completely revised in 2020, was partially adapted to the EU GDPR, but retained its own basic concept. The Act came into force on 1 September 2023. It improves the processing of personal data and grants new rights to data subjects. This significant change in the law also comes with a list of obligations for companies.

In the Dubai International Financial Centre (DIFC), the Data Protection Law came into force on 1 July 2020. It sets an important standard for data protection in the Middle East and largely aligns the legal situation with the EU General Data Protection Regulation, which is becoming an international benchmark.

Protection against money laundering and terrorist financing

Liechtenstein has a zero-tolerance policy towards money laundering and terrorist financing. As a member of the EEA, Liechtenstein has meanwhile also implemented the 5th EU Anti-Money Laundering Directive and in doing so has improved transparency with regard to beneficial owners as well as risks relating to virtual currencies. The directive also tightens and harmonises the criteria for assessing high-risk third countries. These international requirements have been implemented domestically through the Due Diligence Act and the Due Diligence Ordinance.

Compliance with international standards

The Financial Intelligence Unit (FIU) serves as the country's central authority for obtaining and analysing information that is necessary to recognise money laundering, predicate offences for money laundering, organised crime and terrorist financing. It represents Liechtenstein in the Committee of Experts on anti-money laundering and terrorist financing in the EU. The current version of the FIU Law of 2019 and the adaptations made to the Due Diligence Act in 2021 ensure Liechtenstein is fully legally compliant with the international standard.

In 2002, 2007 and 2013/2014, the International Monetary Fund (IMF) and Moneyval (the Council of Europe's Committee of Experts) assessed to what extent the Liechtenstein provisions on anti-money laundering and combating the financing of terrorism meet the standards laid down by the Financial Action Task Force (FATF 40 + 9 Recommendations). The IMF and Moneyval attested positively to Liechtenstein's standards in combating money laundering and financing of terrorism in their last report. After carrying out the National Risk Assessments (NRA I) in 2016/2017 and updating them (NRA II) in 2020, Liechtenstein completed the Moneyval country examination in autumn 2021 in order to assess the effectiveness of the measures in preventing money laundering and terrorist financing. In its last report published on 29 June 2022, Moneyval attested to Liechtenstein's high level of effectiveness in identifying and combating money laundering and terrorist financing risks and commended the country for having a comprehensive and convergent understanding of its key risks in this area. Liechtenstein was awarded the rating "substantial" in five of eleven effectiveness ratings. In terms of technical compliance with the 40 FATF recommendations, Liechtenstein was also given very good marks.

The LLB Group has integrated the relevant requirements in connection with the fight against money laundering and terrorist financing into its processes and complies with these important obligations. In addition, the LLB Group was part of the international assessments and cooperates transparently with the national authorities.

Consumer protection

MiFID II / Liechtenstein

The Liechtenstein banking centre and thus also LLB implemented the Markets in Financial Instruments Directive II (MiFID II). It simplifies cross-border financial services and freedom of establishment and allows investment firms, banks and stock markets to offer their services in other EU / EEA member states. Furthermore, they are required to conduct precise client and product analyses as well as disclose information on compensations and commissions. The accompanying Regulation (MiFIR), which has been in force since January 2018, brought significant changes compared to the previously applicable laws. These include the strengthening of investor protection and improving the integrity and transparency of the financial markets. High-frequency trading is subject to regulation and supervisory oversight; position limits in commodities trading are strict. Throughout the EU, consultations at bank branches and consultations by telephone must record and document in a comprehensive manner why a financial product was recommended and how it matches the client's risk profile.

FinSA / Switzerland

In November 2019, Switzerland decided to follow a balanced and modern overall approach to investor protection with the adoption of the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA). The two acts, which have been in force since January 2020, aim to create a level playing field for financial intermediaries and to improve client protection. The FinSA contains rules of conduct towards clients that financial service providers must comply with. It also provides for prospectus requirements and requires a basic information sheet for financial instruments that is easy to understand. The FinIA essentially standardises the authorisation rules for financial service providers.

Rules of the game in the EU payment systems market

For LLB, the harmonisation and the digitalisation of the European payment systems market are important topics. As an EEA country, Liechtenstein adopted the second EU Payment Services Directive (PSD2) in 2019. The revised Payment Services Act came into force on 1 October 2019. The PSD2 introduced new information and liability rules for payment service providers that are aimed at improving customer protection. It also requires strong customer authentication and limits the scope of previous exemptions. In this connection, two new types of financial intermediary, namely the payment initiation service provider and the account information service provider, have been created. At LLB, the adjustments required to implement the PSD2 have been made.

EU Mortgage Credit Directive

The Directive 2014 / 17 / EU on credit agreements for consumers relating to residential immovable property has been in force in the EU member states since 2014. It has created a single legal framework for the granting of mortgage credit agreements to consumers in the internal European market. As a member of the EEA, Liechtenstein was obliged to transpose this directive into national law. This happened with the Mortgage and Real Estate Credit Act, which has been in effect since 1 April 2021. The directive serves to protect consumers taking out loans to buy residential property. Under the directive, the banks are subject to various obligations when granting a loan. These primarily include (pre-)contractual information requirements, creditworthiness assessment requirements and qualification requirements for bank employees involved in granting loans.

LLB has implemented the rules and incorporated them into the relevant processes, with the consultation process having been particularly affected.

Capital adequacy requirements

The new EU banking package, which was published by European legislators on 20 May 2019, has implemented further key elements of the Basel III framework, which was essentially completed at the end of 2017, at European level through amendments to the Capital Requirements Regulation II (CRR II) and Capital Requirements Directive V (CRD V). The CRR II has been applicable in the EU since June 2021, while the CRD V had to be implemented by the EU member states by 28 December 2020. In Liechtenstein, the CRR II and the CRD V came into force on 1 May 2022.

Deposit guarantee schemes and investor compensation

The Deposit Guarantee Schemes Directive (DGSD), implemented in Liechtenstein with the Deposit Guarantee and Investor Compensation Act (DGICA) which came into force in 2019, obliges EEA member states to recognise at least one national guarantee scheme to govern the implementation of deposit guarantee schemes at banks. Every bank must be a member of a deposit guarantee scheme that is to be supervised by a national authority – in Liechtenstein this is the Liechtenstein Financial Market Authority (FMA). LLB AG has joined the Deposit Guarantee and Investor Compensation Foundation (EAS).

In the event of a compensation case, the EAS would ensure that the financial consequences for depositors and investors are at least mitigated by covering depositor claims from eligible deposits up to CHF 100'000 and investor claims up to a maximum of CHF 30'000. Eligible deposits are all kinds of account balances as well as call money and time deposits.

Recovery and resolution planning

With the Bank Recovery and Resolution Directive (BRRD), European legislators have introduced minimum requirements for the recovery and resolution of credit institutions. The BRRD was transposed in Liechtenstein through the Recovery and Resolution Act (RRA). It provides a statutory mechanism to counteract the “too big to fail” risk of large, systemically important banks in a crisis.

Systemically important banks in Liechtenstein, of which LLB AG is one, are required to draw up a recovery plan. The recovery plan contains an outline of the measures and escalation processes available to the institution in the event of a financial crisis. Model analyses show that these measures are suitable for restoring the financial soundness of the institution in crisis scenarios.

On 1 January 2017, the FMA created an operationally independent organisational unit acting as a resolution authority. Its primary objectives are to avoid significant adverse effects on the stability of the Liechtenstein financial market and to protect client funds and client assets in the event of the failure of an institution. The regulator imposes Minimum Requirements for Own Funds and Eligible Liabilities (MREL) in order to strengthen the capital available for write-down or conversion (bail-in capital) in the event of resolution. This should increase the resolution capacity and reduce the risk of having to resort to public funds for resolving banks. Within the framework of the BRRD II, which is part of the current EU banking package, the regulations on resolution and MREL are being updated and expanded. The BRRD II was implemented and the MREL set out in Liechtenstein in May 2023 (RRA II).

Regulatory development in the context of sustainability

The EU promotes sustainable development of the economic system and is committed to the goals of the Paris climate agreement and the UN's Agenda 2030. With its Action Plan for Financing Sustainable Growth, the EU aims to redirect capital flows towards a more sustainable economy. Integrating sustainability aspects into risk management and fostering transparency are key areas of the action plan. Achieving the EU's goal of climate neutrality by 2050 will require a significant reduction in CO₂ emissions, supported by "green" financing and investments.

Various legislative initiatives following this action plan have been started in the EU. Particularly worthy of mention are:

- ◆ Regulation (EU) 2019 / 2088 on sustainability-related disclosures in the financial services sector (SFDR);
- ◆ Regulation (EU) 2020 / 852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019 / 2088 (Taxonomy Regulation);
- ◆ Directive (EU) 2022 / 2464 amending Regulation (EU) 537 / 2014 and Directives 2004 / 109 / EC, 2006 / 43 / EC and 2013 / 34 / EU governing corporate sustainability reporting (CSRD);
- ◆ Delegated Regulation (EU) 2021 / 1253 amending Delegated Regulation (EU) 2017 / 565 (MiFID II);
- ◆ Delegated Regulation (EU) 2021 / 1269 amending Delegated Regulation (EU) 2017 / 593 (product monitoring);
- ◆ Delegated Regulation (EU) 2021 / 1255 amending Delegated Regulation (EU) 231 / 2013 (AIFM);
- ◆ Delegated Regulation (EU) 2021 / 1270 amending Delegated Regulation (EU) 2010 / 43 / EU (UCITS).

The subsidiaries of LLB in Austria (bank and investment companies) are directly affected by the EU regulations. They are also relevant to LLB in Liechtenstein through the European Economic Area (EEA), although the date of application may vary depending on the law.

Regulatory monitoring was consistently pursued in the reporting year. In addition, we pushed ahead with the implementation of the various legal provisions, so that the regulatory requirements could be gradually implemented. In order to meet the requirements of regulatory tracking and implementation, the Group Corporate Compliance department has been expanded to include a Senior Compliance Officer who will focus on the ESG compliance function.

The LLB Group strives to increasingly integrate the topic of sustainability into its products, into its risk management and especially into its client advisory services. We therefore support the efforts of legislators to create relevant standards and transparency requirements for sustainable finance.

Economic value creation

The LLB Group has a special role to play in its three home markets. Our continually positive business results contribute to the economic growth and to the stability of the Liechtenstein financial centre. We are also a key employer in the region. We share our financial success with those around us.

Economic role and regional employer

The LLB Group plays an important role in Liechtenstein's economy, contributing to the economic development of the country through dividends and direct taxes. This contribution of dividends and direct taxes amounted to CHF 45.2 million in 2023 (2022: CHF 52.8 million). In addition to the state, other stakeholders also benefit indirectly from the profit distribution and tax payments, including our employees and business partners as well as local communities.

In its investment strategy, the Liechtenstein Government sets out the expectation that the corporate value of LLB AG will increase over the long run. With this in mind, we must set out medium-term targets for growth as well as cost and capital efficiency. The government trusts that we are aware of the risks associated with the activities of a universal bank and that we manage them accordingly. Against this background, our governing bodies must also consider in particular the bank's economic significance to the country and its reputation. Corporate governance must take adequate account of ethical and ecological aspects. Operating profit is monitored on a monthly basis using budget versus actual comparisons. Regular discussions are held with the Liechtenstein Government to provide an update on the level of dividends and tax. We receive no financial support for our banks or Group companies in Liechtenstein, Switzerland and Austria from any government.

Stability

Liechtenstein is one of only eleven countries worldwide with an AAA rating. In November 2023, the rating agency Standard & Poor's (S&P) reaffirmed the country's top credit rating. In its report, it emphasises in particular the financial situation of public finances, which is a balancing factor in difficult times. It also commends the broadly diversified economy and access to two economic areas. Liechtenstein is nevertheless assumed to have the necessary flexibility to be able to respond appropriately. The robust financial and banking centre with strong international connections contributes substantially to this very positive situation. Almost a quarter of Liechtenstein's gross domestic product is generated by the financial sector.

As a bank of systemic importance, we are subject to particularly strict financial market regulation and high capital adequacy requirements. With the implementation of the EU's Capital Requirements Directive (CRD V) and the establishment of the Deposit Guarantee and Investor Compensation Foundation (EAS), Liechtenstein has a modern guarantee system, which guarantees an adequate equity base and protection of client deposits (see chapter [Values and corporate management](#)).

For the LLB Group, having a very solid capital base is part of its identity. We significantly exceed the core capital ratio of 13.7 per cent required by the Basel regulations in the Principality of Liechtenstein (see chapter [Finance and risk management](#)).

Major employer in the region

It is important to us that our managers understand the mindset and concerns of our clients. And for this reason, almost all of the managers and the majority of employees in the main business locations have their roots in their respective region. As a result, they are highly dedicated to the company and have a high level of integrity. They also take a longer-term view, which is appreciated by our clients.

As at 31 December 2023, the LLB Group had 1,423 employees (31.12.2022: 1'318), who together filled 1'213 full-time positions (31.12.2022: 1'116). This makes LLB one of the largest employers in Liechtenstein (see chapter [Employees](#)).

To meet the demand for skilled employees, we rely on people commuting to Liechtenstein every day from eastern Switzerland and the Austrian state of Vorarlberg. This makes the LLB Group a major regional employer in the Rhine Valley. LLB Schweiz recruits almost all of its professionals from the Swiss regions of Lake Zurich, Sarganserland and Winterthur.

Donations and sponsorships

We strive to pass on some of our economic success to others. Our not-for-profit Future Foundation supports projects and institutions that make a positive contribution to social and ecological development in our market areas. Since its establishment in 2011, the Foundation has paid out dividends of more than CHF 1.8 million, of which around CHF 153'000 was attributable to the reporting year (see chapter [Industry initiatives and corporate citizenship](#)).

As part of our sponsorship activities, we primarily support institutions in the fields of sports, culture and competence. This includes our long-standing partnership with FC Vaduz's youth team. We are also the main sponsor of the LLB Night of Sports and a partner of the Liechtenstein Olympic Committee (see chapter [Industry initiatives and corporate citizenship](#)).

Digitalisation and innovation

The topics of digitalisation and innovation are of crucial importance to our future economic success. The banking business has been undergoing digital transformation for decades. Apart from cash, there is no other financial service that is used exclusively in today's physical world. With the growing penetration of technology into everyday life, interpersonal interaction such as in advisory meetings is being increasingly supported digitally.

To ensure our continued success, we are intent on using the opportunities that digitalisation brings to our processes and to the development of new products and services. Our innovative strength allows us to capitalise on competitive advantages that we reap from digitalisation. Our products reflect changing needs and, with that, we create customer experiences. Lower development costs and better scalability of products and services have a positive effect on the LLB Group's profitability, which ultimately also benefits our stakeholders.

At the same time, we are keen to actively counter any negative effects of digitalisation for our clients, employees and society. Such negative effects would play out if, for example, we were affected by a cyber attack. Customers who use our online banking or other digital products could become victims of data theft. Our advanced security architecture to defend against cyber risks provides the best possible protection against such threats (see section [Data protection and cyber security](#)).

Digitalisation can lead to a change in internal job specifications at LLB. Other possible consequences are a reduction of service levels and anonymous services or even manipulative techniques in online distribution. We are aware of the negative effects and want to counteract them with our solutions. For example, we continue to maintain a physical channel with our omni-channel advisory service, set high standards for data protection and promote honest and transparent communication.

LLB.ONE

With our LLB.ONE programme, we aim to optimise and digitalise our core processes end-to-end – from the initial contact to the termination of the client relationship – by 2026. It has earmarked a budget of CHF 100 million for this programme. With LLB.ONE we are committed to a zero-based design approach, whereby existing structures are revisited and, if necessary, redesigned. Core components that have already been redesigned include measuring the success of projects and initiatives, involving clients and external stakeholders in ongoing development, and continuously reviewing its own internal work.

In 2023, we made decisive progress with our digital business model *wiLLBe*, which was launched in 2022. In addition to our investment mandate with a focus on sustainability, we have created an attractive money market account with simplified digital onboarding. As a result, we have succeeded in acquiring significantly more customers for *wiLLBe*, building a promising basis for further growth.

We have also digitised a large number of documents as part of our core processes in order to save paper in the long term – such as with e-tax statements (Switzerland) or the digital renewal of mortgages.

The greatest challenge for the LLB Group over the next few years, and indeed for the industry as a whole, is to overcome complexities in the regulatory banking environment and integrate efficient and scalable digital solutions, while at the same time providing maximum benefits to clients.

The LLB share

The LLB share is a worthwhile investment. Investors have continued to profit from a sustainably attractive dividend yield for years.

Market capitalisation

The LLB share has been listed on the Swiss stock market, SIX Swiss Exchange, since 1993 under the symbol LLBN (security number: 35514757) and assigned to the “International Reporting Standard” segment. In 2023, around 1.5 million LLB shares (2022: 2.1 million) were traded, corresponding to 4.9 per cent (2022: 6.8 %) of total shares issued. With 30.8 million registered shares issued, the market capitalisation of Liechtensteinische Landesbank AG stood at CHF 2.0 billion as at 31 December 2023 (31.12.2022: CHF 1.7 billion). The LLB share had been listed in the MSCI World Small Cap Index since 2018, but was delisted with effect from 31 May 2022.

Shareholder structure

The Principality of Liechtenstein held 17'336'215 LLB shares, or 56.3 per cent of the share capital, as at the end of the reporting year. As a result of LLB AG's purchase of outstanding shares in the former Bank Linth (LLB Schweiz since 14.09.2023) in May 2022, 363'785 LLB shares were accrued to Bank Linth shareholders. This corresponded to 1.2 per cent of all LLB's outstanding shares, which it had previously acquired from the State of Liechtenstein. As a result, the country's participation fell from 57.5 per cent to 56.3 per cent. As at the reporting date, the country's equity stake remained unchanged at 56.3 per cent.

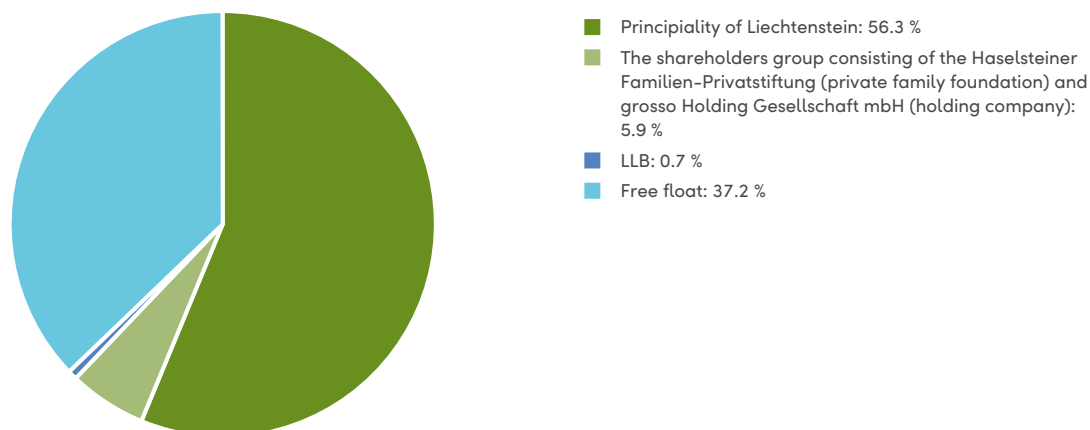
Under the [Participation Strategy](#) it adopted in 2011, the Liechtenstein Government explicitly supports the stock exchange listing of LLB and retains a majority stake of at least 51 per cent. The new Participation Strategy came into force on 30 January 2024. This sees the State of Liechtenstein renewing its commitment to a minimum stake in LLB of 51 per cent. At the same time, it accepts entrepreneurial autonomy as well as the rights and obligations arising from the stock exchange listing.

As at 31 December 2023, 5.9 per cent of the shares were owned by Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH, both of which are domiciled in Austria, (see chapter [Corporate governance](#)).

LLB held 0.7 per cent of its own shares at the end of the reporting year (31.12.2022: 0.6 %). The remaining registered shares were in free float, whereby none of the other shareholders held more than 3 per cent of the share capital.

Overall 89.8 per cent of the 30.8 million total registered shares were entered in LLB AG's share register at the end of 2023. 10.2 per cent, or 3'133'122 shares, were not registered.

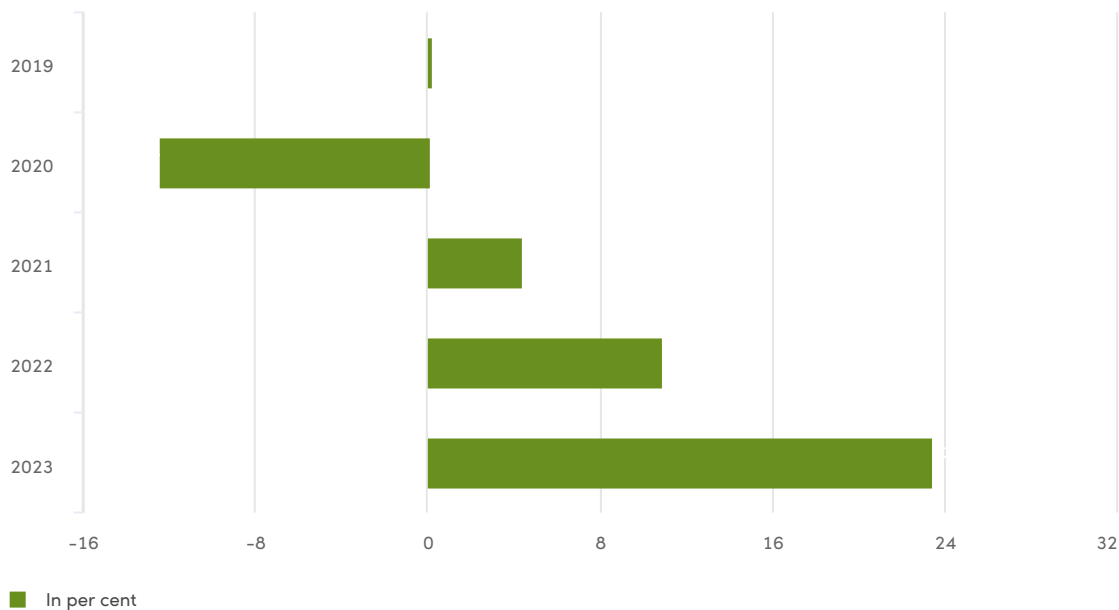
Shareholder structure in per cent



Share price performance

After financial markets were busy forecasting the rise in key interest rates in the first half of 2023, the following months were dominated by the question of how long they would remain high. Following clarity on the peak of interest rates, speculation about imminent rate cuts has buoyed the markets. As measured by the Swiss Performance Index (SPI), shares listed on the Swiss Stock Exchange rose by 6.1 per cent. The values in the Swiss Banking Index (SWX) grew in the same range. After an increase of 10.4 per cent in 2022, this registered a rise of 5.8 per cent for 2023. The LLB share significantly exceeded these figures and achieved a pleasing total return of 23.4 per cent in the reporting year. The highest price for the year was CHF 66.10 and the lowest price for the year was CHF 55.70.

Total return on the LLB share

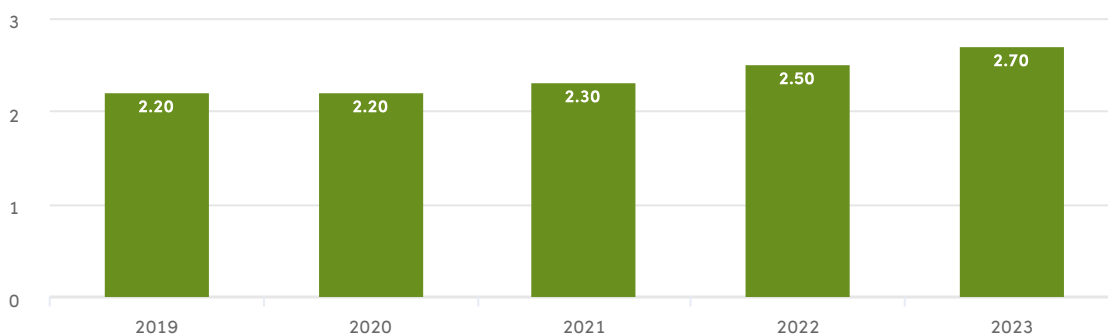


Dividend policy

The LLB Group pursues an attractive, long-term-oriented dividend policy for the benefit of its shareholders. We are also committed to safeguarding our financial security and stability. Under the ACT-26 strategy, we intend to keep risk-bearing capital at a Tier 1 ratio of over 16 per cent in accordance with Basel III. We will continue our sustainable and attractive dividend policy. The payout ratio should be more than 50 per cent. We are also striving for a continuous increase in the dividend (see [Strategy and organisation](#)).

At the 32nd Ordinary General Meeting of Shareholders to be held on 19 April 2024, the Board of Directors will propose an increase in the dividend to CHF 2.70 (2022: CHF 2.50) per share. Based on the share price as at the end of 2023, this corresponds to a dividend yield of 4.1 per cent. Total dividends to be paid out amount to CHF 82.6 million (2022: CHF 76.6 million). This represents a payout ratio of 50.1 per cent for 2023 (2022: 51.2 %).

Dividend per share (2019–2023¹ in CHF)



¹ The Board of Directors will propose a dividend increase to CHF 2.70 for the year 2023 at the Annual General Meeting on 19 April 2024.

Analysts' recommendations

In August 2023, Michael Klien, the Zürcher Kantonalbank analyst responsible for monitoring the LLB share, wrote: "The results for H1 23 were slightly better than we had expected and, according to LLB, the best half-year result in more than ten years." The implementation of the ACT-26 strategy is going to plan for all three strategic core elements (growth, efficiency and sustainability). The LLB share continues to be rated "overweight".

Research Partners AG has been covering the LLB share since mid-2016. In his latest report, analyst Rainer Skierka confirmed his buy recommendation. "For the 2023 business year, we expect results to be characterised by continued yield and ongoing cost discipline. We do not currently see any negative influences, which suggests a solid income growth. In addition, there is a solid equity base of more than CHF 2 billion, which is conducive to further business development and corresponds to a total capital ratio of over 20 per cent. The current share price does not adequately reflect this positive momentum as yet." The 12-month price target of CHF 80.00 was confirmed.

Communication with the capital market

The LLB Group publishes its annual and interim financial results (see chapter [Our understanding of sustainability](#)). We usually hold a media and analyst conference on the annual results in Zurich. Most importantly, the annual and interim reports are prepared in accordance with legal requirements. For several years now, the LLB Group has ranked among the companies with the best results in the overall rating category of the Swiss Annual Report Rating, underscoring the high quality of our information policy.

Also at the General Meetings of Shareholders, the Board of Directors and the Board of Management inform transparently about the course of business. We also hold regular discussions with investors, provide information at roadshows and are represented at specialist conferences for financial analysts and investors. During the reporting year, we took part in three virtual roadshows and in the Investora event in Zurich.

All publicly accessible information about the LLB Group can be obtained from our website at www.llb.li. Anyone interested is welcome to register at www.llb.li/registration to receive price-relevant information about the LLB Group electronically. We also publish results via our social media channels such as Facebook and LinkedIn. We publish the annual and interim financial reports in a comprehensive online version. The Annual Report 2023 can be accessed online in German at gb2023.llb.li and in English at ar2023.llb.li.

The LLB share: facts and figures

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|---|-------------------|------------|
| Total of registered shares issued (fully paid up) | 30'800'000 | 30'800'000 |
| Number of shares eligible for dividend | 30'591'945 | 30'620'119 |
| Free float (number of shares) | 11'450'730 | 11'478'904 |
| Free float (in per cent) | 37.2 | 37.3 |
| Year's high (29 December 2023 / 15 February 2022) | 66.10 | 58.90 |
| Year's low (3 January 2023 / 23 May 2022) | 55.70 | 49.55 |
| Year-end price | 66.10 | 55.80 |
| Total return LLB share (in per cent) | 23.4 | 10.8 |
| Performance SPI (in per cent) | 6.1 | - 16.5 |
| Performance SWX Banking Index (in per cent) | 5.8 | 10.4 |
| Average trading volume (number of shares) | 5'880 | 8'028 |
| Market capitalization (in CHF billions) | 2.04 | 1.72 |
| Basic earnings per share attributable to the shareholders of LLB (in CHF) | 5.37 | 4.82 |
| Dividend per LLB share (in CHF) | 2.70 ¹ | 2.50 |
| Payout ratio (in per cent) | 50.1 | 51.2 |
| Dividend yield at year-end price (in per cent) ² | 4.1 | 4.5 |
| Return on equity (in per cent) ² | 7.9 | 7.2 |
| Eligible capital per LLB share (in CHF) | 57.2 | 54.3 |

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 19 April 2024

2 Definition available under www.llb.li/investors-apm

Environmental and social responsibility in banking

From the year of our foundation in 1861, we have resolutely followed a path where the aim has been to prioritise the interests of our clients and make a long-term, sustainable contribution to society at our business locations. We also fulfil our corporate responsibilities by offering our clients products and services that are environmentally sound and socially responsible.

Products and services

We are very aware that we can have a huge impact on the environment and society through our banking products and services – for example, as a result of decisions on which companies and projects we invest in, or the companies and projects we finance. We will take a closer look at some of our products and services in the following section.

We can make a positive contribution to the environment and society by steering capital into companies that offer innovative technologies, products and services to combat ecological and social challenges and advance sustainable development. We seek to avoid risks by keeping as much distance as possible from companies and projects that are linked to negative impacts on the environment or that are not compatible with both our values and international values (for our international obligations, see chapter [Industry initiatives and corporate citizenship](#)). For this reason, we incorporate the diverse ESG (Environmental, Social and Governance) criteria into our investment and financing decisions.

We attach particular importance to the subject of climate change. As part of our ACT-26 corporate strategy, we have set ourselves the ambitious goal of achieving complete climate neutrality by 2040. This is ten years earlier than foreseen by the Paris Climate Agreement and is in line with the UN's highly ambitious target of 1.5°C (see chapter [Our understanding of sustainability](#)). Our range of products and services as well as our own investments can all make an important contribution to achieving this goal. Our objective of reducing greenhouse gases (GHGs) is therefore tied to specific interim targets that explicitly relate to the banking business (as opposed to banking operations; see chapter [Corporate environmental and climate protection](#)).

- ◆ In our banking products and our own investments, we are aiming for a 30 per cent reduction in GHG emissions by 2026 when compared to the 2019 base year.
- ◆ By 2030, there will be a reduction of at least 55 per cent when compared to 2019.

We have set up a range of management tools to ensure we achieve our sustainability goals and avoid risks. Based on the type of product and business area, we use a variety of instruments, which we will describe below.

Investment products

LLB Asset Management AG is responsible for investment processes in the sustainable and traditional areas. We are seeking to develop a range of products and services that simultaneously respond to client demands and regulatory requirements. Implementation of sustainable investment regulations and traditional investment requirements is monitored by the Investment Compliance Department as well as by internal and external auditors. Due to the dynamic nature of this topic, we review all aspects of sustainability and the regulations at regular intervals and develop our methodology and processes where necessary.

The details on our approach to responsible investment are included in the Group directive on investment advice and asset management. They are also included in every investment proposal and asset management agreement. This agreement describes the specific ESG management tools involved in the respective mandate.

ESG integration in asset management

For us, sustainability in asset management means adopting a highly responsible approach that meets ethical, social and environmental standards when investing. Furthermore, paying attention to sustainability aspects brings an additional perspective to assessing companies, institutions and market participants in relation to risk and return and as such, supports long-term value creation for our clients. As a member of the United Nations' Principles for Responsible Investment (UN PRI) finance initiative, we are committed to responsible investment management (see chapter [Industry initiatives and corporate citizenship](#)). In this way we can contribute to meeting the UN's sustainability goals. We expect broadly diversified, sustainable investments to yield returns comparable to those from traditional investments.

We have opted to apply a methodologically comprehensive approach to the investment process and the following management tools have been used when selecting individual securities.

Management tools ¹ used in asset management

| ESG management tool | Description |
|---------------------------|---|
| | Violations of international and national standards (for example, the UN Global Compact) |
| | The manufacture of controversial products (more than 10 per cent turnover from tobacco, military weapons, gambling, adult entertainment, coal for thermal use or shale oil and gas) |
| Negative screening | Serious controversies |
| Divestment | See negative screening |
| | An ESG rating above or equal to BBB (MSCI) |
| Positive selection | Green investments |
| ESG integration | Selected principal adverse impact (PAI) indicators of the EU Disclosure Regulation are immediately incorporated in investment decisions |
| | Proactive exercise of shareholder and participation rights |
| | Proxy voting |
| Engagement | Direct dialogue |

¹ The typology associated with ESG management tools is based on the 'FMA Guide for Managing Sustainability Risks' from the Austrian Financial Market Authority (FMA; document no. 01/2020, p. 42 et seq.) and Fact Sheet 2021/1 on Dealing with ESG Risks from the Liechtenstein FMA (p. 15 et seq.). Negative selection refers to a management tool whereby financial instruments are excluded on account of their assignment to a problematic sector or a problematic business activity. Divestment is also based on blanket exclusions of sectors or business activities, but is concerned with financial instruments in which investments have already been made (whereas negative selection applies to new business). Conversely, positive selection means making targeted investments in sectors or business activities that are classed as positive in terms of sustainability. ESG integration means taking direct account of ESG factors when making decisions. In terms of engagement, a good example would be investors attempting to influence a company by exercising their voting rights. The aim is to steer the company in a direction that is seen as sustainable.

We also continuously monitor the GHG emissions caused by our investments. We pay particular attention to EU Sustainable Finance Disclosure Regulation (SFDR) classifications when selecting funds for our investment products. Therefore, both the LLB fund range and our third-party fund recommendations include a (well) above-average proportion of investment funds that exceed the Article 6 SFDR classification. Funds that comply with Article 8 SFDR take social and environmental criteria into account but do not invest in an entirely sustainable manner. These are then often referred to as light green financial products. Funds that comply with Article 9 SFDR largely invest in sustainable companies and projects and ensure as far as possible that there are no negative impacts on the environment and society. For this reason, they are referred to as dark green financial products.

We base our analyses on the ESG expertise of renowned agencies such as MSCI ESG Research and Inrate. The precise combination of the ESG management tools described will vary from product to product. Further information about our approach to investment is available in our annual [PAI report](#) and the respective product descriptions.

Impact funds

In addition to our ESG and ESG+ responsible asset management mandates (see section [Asset management and investment advice](#)), we have launched two dark green LLB Impact Climate funds that comply with Article 9 SFDR. LLB Impact Climate Equities Global Passive offers clients the opportunity to massively reduce the carbon footprint of their capital. The reduction in greenhouse gas emissions amounts to more than 80 per cent when compared to the MSCI Global Equities Index.

With the LLB Impact Climate Obligations Global Fund, which largely invests in green bonds, investors can target their capital at activities that support climate action. About a third of the funds currently flow into renewable energy projects. Around a quarter of the fund volume comprises investments in environmentally-friendly mobility, followed by investments in green buildings and infrastructure as well as energy-efficient technology.

With regard to the LLB Impact Climate Equities Global Passive Fund, investments of more than CHF 620 million (as at 31 December 2023; 31.12.2022: CHF 580 million) now align with the Paris climate targets. The LLB Impact Climate Obligations Global Fund has an investment volume of over CHF 160 million (2022: CHF 135 million).

wiLLBe investment app

The launch of the sustainable investment app wiLLBe offers an asset management solution that has been specially developed for small investors. The app is available in Germany, Liechtenstein and Switzerland and is specifically geared towards the UN's sustainable development goals (SDGs). Investors can choose from seven topics such as "Education and equal opportunity", "Climate and environmental protection" and "Clean energy", where they can lend emphasis to their own investment preferences in relation to sustainability issues.

The wiLLBe portfolios are based on the strict sustainability criteria applied by LLB Asset Management, but they are also optimised with regard to their particular impact in terms of SDG alignment. In other words, attention is paid to ensuring they are closely aligned to the SDGs.

In each case, investment experts at LLB identify companies that are especially suitable for responsible and sustainable investment and that have the greatest impact in the chosen area. For example, if clients decide to choose a reference portfolio that focuses on climate, energy and health, the companies in the wiLLBe portfolio will indicate a CO₂ intensity that is around 56 per cent below the MSCI World benchmark. The companies' energy consumption is 93 per cent lower than in MSCI World.

Engagement

Engagement is becoming increasingly important to us as an ESG management tool. With regard to our fund products and our own investments, we also want to use our vote as a way of communicating important sustainability issues to companies and institutions. With the support of the International Shareholder Services (ISS), we have clearly positioned ourselves in equity funds. For our voting decisions and analysis, we use the socially responsible investment (SRI) assessment methodology from the ISS. This methodology and the sustainability-oriented approach to voting decisions have helped us in more than 1'900 votes.

Asset management and investment advisory services

In line with our approach to responsible investment, we only offer our clients mandates for asset management and investment advice that comply with ESG and ESG+. Under the ESG investment strategy, a substantial part of the portfolio is invested in products that fall under the light green category according to Article 8 SFDR and at least 5 per cent is invested in products in the dark green category according to Article 9 or in special impact topics such as climate and environmental protection and microfinance. Under the ESG+ approach, dark green products make up at least 45 per cent of the portfolio.

The entire investment range of LLB Invest has been converted to ESG or ESG+. Clients who characterise themselves as neutral in terms of sustainability will also receive an ESG offer although the minimum share stipulated for sustainable financial products will not be binding in this case. Consequently, the fact that our clients are only offered responsible investment solutions where the LLB sustainability approach has been consistently applied during implementation is a standard feature.

Financing

In the area of financing, we focus on real estate and mortgages. In Liechtenstein, LLB has a leadership position in the mortgage lending business with a market share of around 50 per cent. Mortgages also play a decisive role in Switzerland. For the LLB Group, the quality of the mortgage portfolio is key. Growth must be sustainable and risk-conscious and in line with the type of property and the development of the market in the region. At the end of 2023, mortgages accounted for 90.3 per cent (31.12.2022: 89.2 %) of loans granted by the LLB Group, corresponding to CHF 13.8 billion (31.12.2022: CHF 12.9 billion) (see chapter [Finance and risk management](#)).

We use dedicated financing products to target our support at sustainable building and energy-efficient renovations. In the environmentally-friendly mortgages, which were specially created for this purpose, clients are given a discounted interest rate if they comply with Minergie standards or exceed the applicable energy efficiency standards in Liechtenstein and Switzerland. As of 1 January 2024, the requirements entailed in the environmentally-friendly mortgages will be readjusted so that corporate clients will now be able to benefit from this offer, too.

The Group Credit Risk Management regulation also stipulates that we must exclude business relationships that contravene laws, are in breach of moral or ethical principles, may harm the reputation of the LLB Group, or can be used to circumvent the law. Likewise, we refuse to enter into business relationships with clients whose creditworthiness or financial standing are in doubt.

Own investments

We believe that our own investments are also an important tool for making a positive contribution to the environment and to society. For this reason, we have also set up a range of ESG management tools for this area:

Management tools and our own investments

| ESG management tool | Description |
|---------------------------|---|
| | Violations of international and national standards (for example, the UN Global Compact) |
| | The manufacture of controversial products (more than 10 per cent turnover from tobacco, military weapons, gambling, adult entertainment, coal for thermal use or shale oil and gas) |
| Negative screening | Serious controversies |
| Divestment | The fossil fuel sector is being phased out |
| Positive selection | An ESG rating above or equal to BBB (MSCI) |
| ESG integration | See positive selection and negative screening |
| Engagement | Proactive exercise of shareholder and participation rights |

In addition, we have set ourselves the goal of fully withdrawing from companies in the fossil fuel sector by 2025. This sector is responsible for a significant portion of the entire carbon footprint of the treasury portfolio.

Engagement is also used as a management tool in our own investments. Analogous to the approach adopted for our investment products, we make use of the SRI assessment methodology of the International Shareholder Services (ISS) so that we can exercise our voting rights with regard to shares (see section [Investment products](#)). We therefore follow the guidelines on the UN Principles for Responsible Investment (UN PRI).

The sustainability criteria that apply to our own investments were decided on by the Group Asset & Liability Committee (GALCO) and comply with the Group Market Risk regulation.

Key figures for the banking business

As we work towards our sustainability goals, we will ensure maximum transparency. In November 2023, we therefore published our second [TCFD report](#) based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD). This report includes an estimate of the GHG emissions we have financed. This is the key performance figure (KPI) for the progress we have made with regard to sustainability in the banking business.

It was not possible to collect separate data on financed emissions for this report. This is why we decided to extrapolate from the figures included in the 2022 TCFD report. With the same parameters in terms of data coverage and the same CO₂ emissions created by our counterparties and the projects we have financed, the total emissions of the mortgage and investment portfolio amounted to 2.29 million metric tons of CO₂ as at 31 December 2023. However, this is only an estimate. This figure is based on data coverage of 69 per cent of the assets that we had defined as in scope (especially investment products, our own investments, and mortgages).

Other data on the impact that our own and other managed assets have on sustainability are available in the [EU Taxonomy](#) chapter. Furthermore, we published our first [PAI report](#) according to SFDR in June 2023. This includes information on the principal adverse impacts (PAI) that our investment decisions have had on sustainability factors. Only the investment products of the LLB Group were included for this.

Customer orientation

The success of the LLB Group is closely related to client satisfaction. The challenge is being able to continually evolve our offering to satisfy new client needs in what is a fast-changing environment. If we identify these needs at an early stage, we can enhance the client experience to strengthen confidence in the services we offer and improve customer loyalty. In this way, we can make use of the opportunities gained through the change in client behaviour, thereby ensuring the long-term success of the LLB Group.

For instance, the data we have collected shows that over-the-counter transactions are steadily on the decrease, while the use of digital channels is sharply on the rise. Our aim is to achieve an ideal balance between physical and digital channels, whereby our clients are always central. Our omni-channel strategy therefore entails investing in digital channels on the one hand, and refurbishing our bank branches to accommodate the changed needs of our clients on the other. The classical transaction business is becoming less important and making way for personal services.

Besides its bank branches, LLB Group also maintains a wide network of ATMs. This makes us the only bank in Liechtenstein to offer this vital service, which is still actively used in spite of digitalisation. LLB Switzerland also has ATMs at numerous locations.

Client proximity through systematic surveys

Knowing the needs of clients is the basis for the further development of our channels and offerings. In 2023, we carried out a survey on satisfaction with the new concept for the bank branches. Overall satisfaction was very good, with the friendliness of our staff and the atmosphere scoring particularly highly. Additionally, our clients confirm that we offer competent advice and solutions that are tailored to their wishes and requirements. In Liechtenstein, we have also conducted brand tracking, which has provided us with information about the perception of our brand and services.

Excellent client advisory services

Through the ongoing training and professional education of our client advisers, we ensure that they offer suitable products and services during the consultations (see section [Training as a main pillar of a company's success](#)). All employees with client contact in Liechtenstein and Switzerland are certified in accordance with the standards of the Swiss Association for Quality (SAQ); in Austria, certification is based on the European Investment Practitioner (EIP) label, which is recognised throughout the EU. In a personal consultation, a four-step process ensures that the relationships with the clients and their situation, needs and goals are analysed in detail and that they are presented with a solution that is tailored to their profile. For our asset management and investment advisory services, clients can decide for themselves how comprehensively they want to be advised by their client adviser. Equally, when it comes to the investment strategy, various options ensure that clients' individual interests are central. In this way, we not only comply with the applicable EU Directive MiFID II, but also the Swiss Financial Services Act (FinSA) regulations (see section [Regulatory requirements and developments](#)).

Fair competition

As the bank for the country and the people, being able to offer attractive and innovative price models is important to us. Individual prices and flat-rate price models and, on request, performance-dependent conditions underpin our claim to guarantee a fair and transparent tariff structure. For LLB funds, we forego retrocessions (portfolio maintenance commissions), which makes our funds significantly cheaper in comparison to the market. We pass retrocessions received on third-party fund holdings on to our clients in full. Thanks to our simple and easy-to-understand tariff structure, the fees and conditions are evident at a glance. We also have a very fair approach when it comes to fees for our LLB funds and are one of the first banks to introduce a swap-based model for some fixed-income funds, with pricing being linked to the interest rate.

Financial planning for private individuals and entrepreneurs

The challenging geopolitical and economic environment is making it increasingly difficult for private individuals and entrepreneurs to make the right financial decisions. The need for comprehensive, professional advice is therefore continuing to grow. Our answer to this is the "LLB Compass – the 360° advice for your future". Our holistic financial planning highlights all the important topics such as budgeting, asset structuring, pension planning, real estate and financing as well as tax expenses and

estates. This provides our clients with a guide on how they can shape their financial future. In the case of entrepreneurs, our advice always takes account of the individual characteristics of the firm.

LLB Pension Fund Foundation for Liechtenstein

With the LLB Pension Fund Foundation, we are the only bank in Liechtenstein with a collective foundation for SMEs in Liechtenstein – and that since 2005. The Foundation is extremely popular thanks to its solid technical basis and its flexible design options based on the needs of the client. With a balance sheet totalling more than CHF 1.3 billion, it is one of the largest pension funds in the country as well as being an important pillar for Liechtenstein's domestic pension market. Its extremely attractive terms and conditions and good quality of service mean it is highly respected by its insured contributors and affiliated companies. The pathway it has adopted for digital channels means it is ideally equipped for the future. In order to be able to actively participate in shaping the legal framework, the LLB Pension Fund Foundation is represented on the Executive Board of the Liechtenstein Pension Scheme Association (LPKV). In this way, it is also instrumental in the expansion of the domestic market.

Employees

Excellent, committed employees are a fundamental prerequisite for the success of the LLB Group. For this reason, we attach particular importance to an attractive and modern work environment. This includes a strong corporate culture, interesting tasks, high development potential as well as many opportunities to help shape our common future.

The LLB Group as employer

We, as the LLB Group, are conscious of our responsibility towards employees. The way in which we structure working conditions can have positive and negative effects on the health, safety and well-being of our employees. We adopt measures aimed at creating a work environment characterised by respect, mutual appreciation and inclusion. We communicate openly, support the development of our employees and do our best to prevent any mental or physical stress. This enables us to avoid risks, remain an attractive employer and develop and retain talent. Our HR strategy defines the guidelines for our personnel management.

Our workforce in numbers

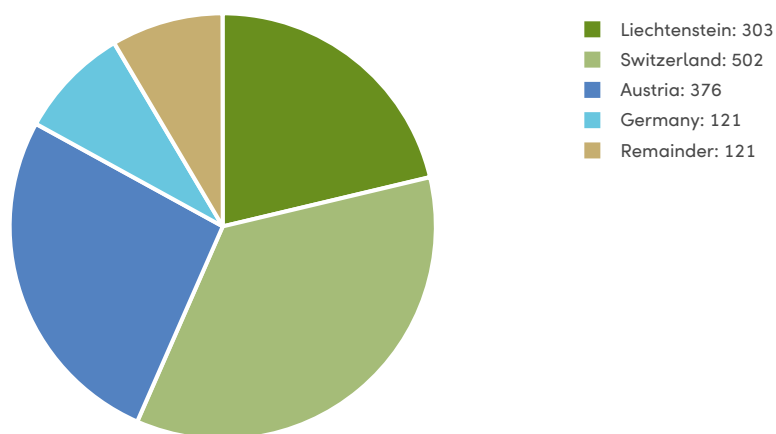
As at 31 December 2023, the LLB Group had 1'423 employees (31.12.2022: 1'318), who together filled 1'213 full-time positions (31.12.2022: 1'116). This makes us one of the largest employers in Liechtenstein. We record these figures for employees only. Our systems cannot currently record workers who are not employees.

At the end of 2023, 21 per cent (31.12.2022: 22 %) of our employees were Liechtenstein nationals, 35 per cent (31.12.2022: 36 %) Swiss nationals, 26 per cent (31.12.2022: 26 %) Austrian nationals and 9 per cent (31.12.2022: 7 %) were German nationals. All in all, people from forty nations (31.12.2022: 39 nations) are employed at the LLB Group. We are committed to ensuring that our client base is reflected in our employee mix. This also applies to our traditional cross-border markets in Germany and the rest of Western Europe as well as to the growth markets of Central and Eastern Europe and the Middle East.

We are very keen that our managers understand the mindset and concerns of our clients. And for this reason, almost 100 per cent of the managers and the majority of employees in the main business locations have their roots in their respective region. As a result, they are highly dedicated to the company and have a high level of integrity. They also take a longer-term view, which is very much appreciated by the clients.

To meet the demand for skilled employees, the LLB Group relies on commuters who come every day from Switzerland (31.12.2023: 392; 31.12.2022: 348) and Austria (31.12.2023: 114; 31.12.2022: 105) to Liechtenstein.

Breakdown by nationality ¹



¹ Including permanent and temporary employees.

Attractive work environment

Being an attractive employer is becoming increasingly important for companies to gain potential applicants and retain existing employees. Against this backdrop, we continue to implement measures to improve the work environment. Here, we focus in particular on health promotion in the workplace, raising job quality and flexibility of working hours and location. In this way, the LLB Group can influence the creation of an employee-friendly business location in Liechtenstein through example.

As a universal bank, the LLB Group offers a wide variety of job diversity and a broad range of subject areas. To acquire and retain talent, it relies on a humane corporate culture that is characterised by partnership-based cooperation. The targeted development of employees and a modern compensation system also act as motivators. Through the use of staff turnover analysis, we want to understand the reasons and motives behind employees leaving their jobs and, based on this, come up with measures to improve the terms of employment and to reduce staff turnover and the costs that go along with it.

The staff turnover rate at the LLB Group was 9.9 per cent in the reporting year (2022: 13.0 %). The staff turnover rate is collected monthly and collated quarterly for a qualitative evaluation of the reasons for the departures.

We survey our employees, as a rule, every three years to get an idea of their opinions and their needs. In the last survey in mid-2023, we achieved a very high response rate of 91 per cent as well as improving in three of the four target values ("Attractive employer", "No resignation" and "Satisfaction") (see section [High employee satisfaction](#)). Liechtensteinische Landesbank and LLB Schweiz were honoured once again in 2024 with the Swiss Employer Awards for this achievement.

Flexible work environment

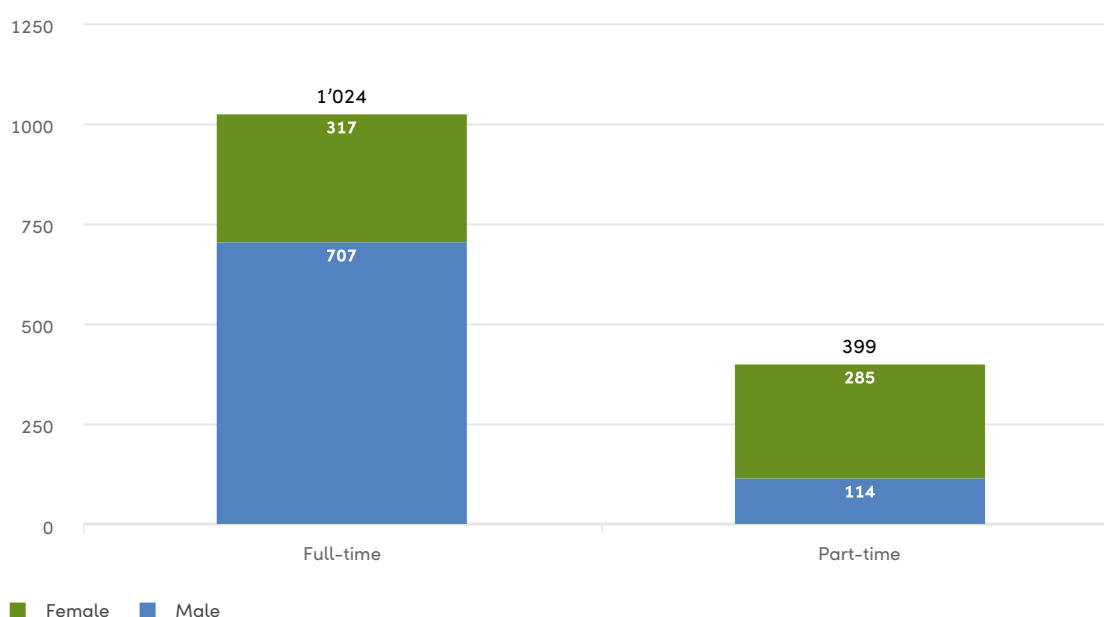
Mobile working is now high on the list of priorities for jobseekers. In recent years, the LLB Group has responded to this development and ramped up its home office capacities. The corona pandemic has sharply accelerated this process. Since the autumn of 2020, almost all employees have been able to work from home. Our modern home office regulations provide that employees may work from home for up to 40 per cent of their workload, if their job duties permit it and the legal framework conditions allow it. Differences arise in relation to permissible workloads due to Liechtenstein's bilateral agreements with Germany, Austria and Switzerland.

The measures taken are in line with our strong commitment to sustainability as defined in the ACT-26 corporate strategy: after all, fewer days in the office reduces commuter traffic. The feedback on these regulations has largely been very positive.

Compatibility of work and life situation

A high degree of compatibility between work and private life makes for an attractive employer. In recent years, therefore, we have pushed ahead with projects offering greater flexibility of working hours and location. Most employees work under the trust-based working time model. Under this model, they determine, in consultation with their manager, exactly how their working time is to be structured and different workloads managed. A reduction of working hours is, in consultation with their manager, possible as well – this also applies to management positions.

Breakdown by employment type ¹



¹ Including permanent and temporary employees (apprentices and young talents)

In addition, employees can increase their holiday entitlement by five or ten days and forego a corresponding amount of pay in return. This “FreiZeit-Kauf” (purchase leisure time) scheme is highly valued: in the reporting year, 156 employees (2022: 125) purchased a total of 1'013 additional leave days (2022: 783).

Compatibility of work and life situation is an important criterion when choosing an employer – particularly for mothers. We have launched a special programme to facilitate their return to work after childbirth. For example, the workload can be reduced to 60 per cent in the first year if a mutual commitment is made to subsequently increase this to 80 per cent. In other instances, individual arrangements to take extended leave after childbirth or a smaller workload are made.

We also support paternity leave and permit our employees care leave in the case of a family emergency. The “Villa Wirbelwind” crèche in Vaduz, which was set up in co-operation with the Liechtenstein Bankers Association, is open to the children of all Liechtenstein bank employees.

Long-service employees are rewarded with a sabbatical. 46 employees (2022: 54) with long-service anniversaries of ten, twenty, thirty or forty years went on a sabbatical for up to four weeks in 2023.

Fair and performance-oriented compensation

The LLB Group spent CHF 209.5 million (2022: CHF 196.1 million) on salaries and social contributions in 2023. We have a modern compensation system that is considered exemplary in the banking sector. For the majority of employees, it includes a variable remuneration component. We set great store by fair compensation that explicitly recognises skills and performance. Women and men in the same position and at the same performance level are in the same pay scale and wage model.

A key indicator of performance is the Group Performance Indicator (GPI). The GPI allows all LLB Group employees to have a direct share in the net profit generated. The Group profit for the last three years – weighted in the ratio 60:30:10 – is used as the basis. The Group Board of Directors has defined a percentage of the net profit to feed into the bonus pool, which is subsequently shared with the employees. This percentage remains constant over the strategy period and is only reviewed in exceptional cases (for example major acquisitions) (see chapter [Compensation policy](#)).

During the previous year, the LLB Group disclosed the wage ratio for the first time. We compared the salary of the highest earner in the company to the median salary of the other employees. The ratio as at 31 December stood at 10.63 for the reporting year (31.12.2022: 11.13). Calculations for the whole LLB Group were performed in Swiss francs (conversion rates for EUR and AED as at 31 December 2023). The calculation was based on 100 per cent of total target compensation as at 31 December 2023. Neither the group of young talent employees nor hourly paid employees are included in the calculation.

Health and safety

Gaining the “Friendly Work Space” label from Gesundheitsförderung Schweiz (Swiss Health Promotion) in 2020 has made us truly top of class in this metric. In 2021 and 2022, we followed this initial success through with action and applied for recertification in summer 2023. Besides our very broad health-focused offering, which forms the basis for this award, we dedicated our attention during the reporting year to further developing procedural topics and to mental fitness. Pilot events were also held such as “Healthy leadership” for supervisors and “Stress fit” for employees. Following good feedback, we will be rolling out these training courses more widely over the next few years. We have expanded our offering with a variety of online events on various health topics as well as with weekly yoga lessons and a back fitness programme over lunchtime. Our aim is to reduce short- and long-term absences and to facilitate the return to work.

Mental stress can often result in physical illness and vice versa. Our employees are therefore able to gain free and anonymous access to psychological counselling should they find themselves in difficult professional or life situations. We also offer support to employees returning to work after a long absence and to those with serious health problems. Providing practical support enables employees to maintain or regain their productivity.

Our health management covers all LLB Group employees. LLB Österreich promotes health and sports provision in particular. This ranges from medical check-ups at work and vaccination programmes right through to participation in sporting events.



High employee satisfaction

Employee satisfaction is an indicator of whether it is possible to retain motivated, high-achieving employees in the company. To understand where we stand in this respect, we regularly conduct in-depth employee surveys at the companies of the LLB Group. In the last survey of 2023, we repeated our very good results in the five categories of “Commitment”, “Satisfaction”, “No resignation”, “Attractive employer” and “Would recommend employer to others”.

On the strength of these ratings the LLB Group took first place in the Swiss Employer Awards in January 2024 in the category of companies with more than 1'000 employees, with the high response rate of 91 per cent also being a decisive factor. A total of 141 Swiss and Liechtenstein companies took part in four categories based on size.

Diversity, equal opportunity and inclusion

We place a particular focus on diversity, equal opportunity and inclusion. Studies show that teams that are highly diverse are more likely to question existing processes and thought patterns as well as to develop and advance innovative ideas. A broad-based workforce where everyone is afforded the same opportunities ensures that the LLB Group has a talent pool in which different experiences and expertise complement each other. We strongly oppose any form of discrimination and violence and promote a diverse and inclusive workplace.

The LLB Group has long since stated its commitment to diversity among its employees and at all levels of management. The Board of Directors and management support teams that are characterised by cultural diversity. We have also focussed particularly on defining the generation and gender mix within the company and are taking measures in those areas where we see the greatest need for action on the basis of the key demographic figures and our business model.

While we do not have a separate programme to promote diversity, creating diversity and equal opportunities are an intrinsic part of our recruitment process. When we fill positions we look for an ideal complement to the team as well as an appropriate balance in terms of gender, nationality and age. The LLB Group has special programmes designed to promote young talent and employees over the age of 50. We do not distinguish between genders when it comes to compensation. Measures, key figures and targets relating to diversity, equal opportunity and inclusion are specified in the LLB Group diversity strategy.

Key figures and targets

In order to anchor diversity and inclusion more firmly within the company, in 2022 we defined measurable visions and key figures. These are not restrictive quotas, but indicators to help us prioritise measures and identify progress. In terms of gender balance, we would like to increase significantly the proportion of women in positions of responsibility.

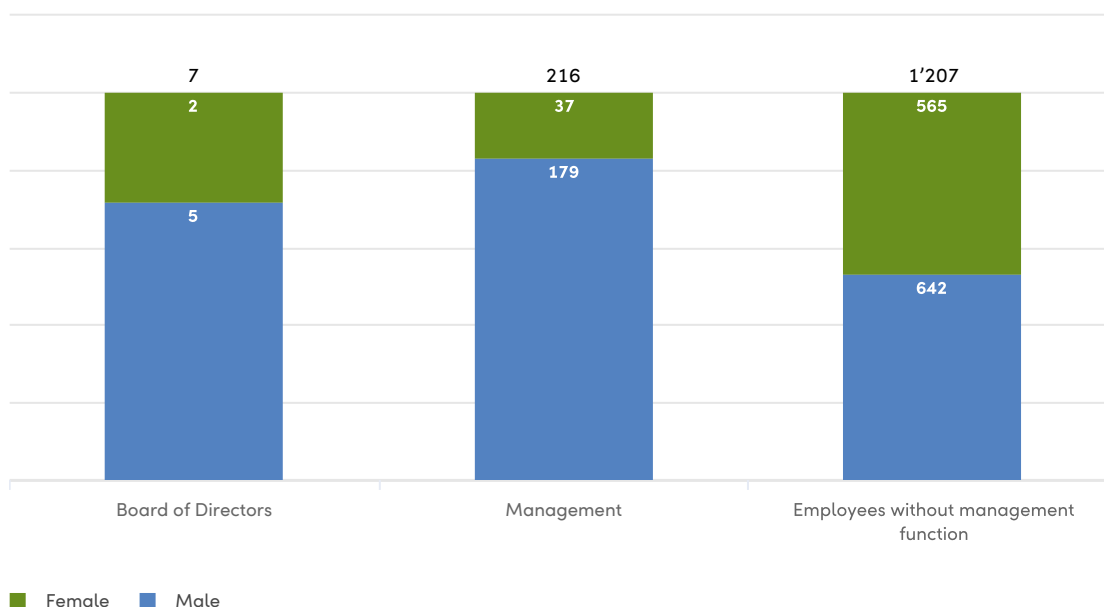
Diversity and inclusion key figures

| in per cent | 31.12.2023 | 31.12.2022 | Target 2026 | Target 2030 |
|--|------------|------------|-------------|-------------|
| Gender mix | | | | |
| Share of women in per cent | 42 | 43 | >40 | >40 |
| Share of women in positions of responsibility | 23 | 21 | 30 | 35 |
| Share of women in leadership roles | 17 | 17 | 25 | 30 |
| Share of women in senior management | 8 | 10 | 15 | 20 |
| Generation mix | | | | |
| Departures of employees aged 55+ as a share of total departures ¹ | 4.4 | 11.0 | <20 | <20 |
| Share of employees aged 35+ in positions of responsibility | 7.7 | 7.4 | 15 | 20 |

¹ Excluding natural causes

The proportion of women working for the LLB Group is relatively high at 42 per cent as at 31 December 2023 (31.12.2022: 43 %), though they are still under-represented in leadership positions. On 31 December 2023, there was one woman in Executive Management (31.12.2022: 1) and two women (31.12.2022: 2) in Senior Management. There has been one woman on the Group Executive Board since 2016. At the end of 2023, with two out of the seven members women, the proportion of women on the Board of Directors was 29 per cent (see chapter [Corporate governance](#)). 85 employees were assigned to the "Potential Pools", from which, among other things, future managers are recruited internally; of these, 29 were female (see section [Performance management and employee development](#)).

Breakdown by gender¹



¹ Including permanent and temporary employees.

With a view to achieving a generational balance, we want to retain outstanding employees over the long term and propel younger employees with potential into positions of responsibility more quickly.

Breakdown by age group ¹



¹ Including permanent and temporary employees.

Pay equality

In 2020, together with the University of St. Gallen (HSG), we analysed pay equality between men and women. The results from the analysis presented in 2021 confirmed that there is no statistically significant disadvantaging of women at the LLB Group:

- ♦ At LLB in Liechtenstein Logib – a web tool to analyse pay equality – produced a result of 3.3 per cent.
- ♦ At LLB Schweiz the figure was 7.6 per cent.

Based on this, Liechtensteinische Landesbank received the highest award possible, the “We pay fair” certificate. LLB Schweiz similarly complies with the legal framework with its wage differential; no analysis was undertaken for LLB Österreich. The target value for 2026 and 2030 has been defined as below 5 per cent for each Group company.

Anti-discrimination

We vehemently oppose any form of discrimination. Offering all employees at the LLB Group the same opportunities, alongside other preventative measures, helps reduce discrimination in the workplace. Group Human Resources (GHR) is the body to turn to in case of any dispute. In 2023, there were no cases of discrimination reported at the LLB Group.

Initiative for employees 50+

Rapid digital developments and growing complexity are affecting the workplace, making job profiles more demanding. Staying motivated and up-to-date is a challenge – especially for people who have been in professional life for a long time.

At our Liechtenstein location, 26 per cent of employees are over the age of 50. To ensure they remain fit for the working world of the future, we have a special programme available for them. It includes, among other things, offerings to strengthen personal, professional and methodological competence. Our courses for employees turning 50, namely an analysis of their financial position, and for those over 56 of regular progress meetings are actively used and appreciated.

And the “Skills 4.0” course from a leading centre of excellence for future-oriented learning in Switzerland provides further education training to meet the needs specifically of the 50+ age group. Two courses from the Liechtenstein Chamber of Commerce and Industry – one on looking at where they stand in life at age 50+ and the other on consciously entering a new stage of life – which we recommend to our employees, are also well received.

Training as a main pillar of a company’s success

For the LLB Group, training and professional education are important instruments for increasing its competitiveness. They can also enhance the professional and personal skills of current and potential employees. Moreover, this not only has a positive effect on the level of qualifications of LLB employees but also on the overall level of qualifications in Liechtenstein’s labour market.

The organisational unit Group Human Resources is responsible for implementing a uniform personnel and social policy in accordance with the corresponding Group directives. All employees receive regular appraisals of their performance and their career development.

Performance management and employee development

The LLB Group has two uniform appraisal processes – the “Performance Management Process” (PMP) and the “People Development Process” (PDP) – to support the systematic development of its employees. For employees with above-average potential, so-called “Potential Pools” are created. Those talents who exhibit considerable development potential and are highly motivated are supported in a targeted manner. Our electronic portal eMap allows all employees to create a profile containing personal information regarding their ambitions. It also provides them with an overview of courses and of any training they have completed or are planning to undertake. The Group-wide training and education programmes are reviewed every year. The LLB Group also draws on employee surveys, which are carried out regularly, to improve its offering.

In the reporting year, we invested almost CHF 2.0 million (2022: CHF 1.8 million) in the targeted development of managers, talent and competences. By doing so, we were able to fill 60 per cent (2022: 69 %) of management positions that became vacant internally. In the “Career Planning” project, developmental intentions and perspectives were discussed with interested employees using a system-based process and with the aid of competence-oriented job profiles.

Digital learning

In the age of digitalisation, learning is increasingly taking place online. Digital learning formats are opening up new possibilities for acquiring knowledge. Many of our internal training courses now use webinars to deliver content.

All LLB Group employees have access to LinkedIn’s entire e-learning offering. LinkedIn Learning provides expert-led practical courses that enable them to acquire or enhance and deepen skills. Greater flexibility is another advantage of e-learning: employees can learn at any time or place, according to their individual needs. LinkedIn Learning is therefore also an essential component of our Group-internal management training.

Client adviser certification

With mandatory SAQ client adviser certification, we are ensuring the outstanding advisory competence of the LLB Group for the long term according to uniform quality criteria. In 2023, some forty employees with client contact started certification. The recertification catalogue had new training topics added, both in the online and in-person formats. Around seventy employees needing recertification in 2023 were able to extend their SAQ certificate for another three years.

The SAQ certification also complies with the regulatory requirements arising from the European Markets in Financial Instruments Directive (MiFID II) and the Swiss Financial Services Act (FinSA). In 2023, we invested around CHF 230'000 (2022: CHF 220'000) in training programmes in accordance with the standards of the Swiss Association for Quality (SAQ).

Sustainability training for employees

We have established a multi-stage sustainability training programme aimed at our client advisers to help them stay up to date in the face of our growing sustainable product range and associated increased requirements from the clients' side as well as the legislators'. The programme was continued during the reporting year. Its attendance is mandatory for all new employees and client advisers. Two hundred and thirty employees completed the programme in 2023. In 2023, an online training course also took place for all client advisers on the topic of energy-efficient renovation of buildings. Some 190 employees have already completed the course.

Management development

Our managers play a key role in the implementation of our corporate strategy. In order to provide prospective and new managers with the necessary skills, we make use of the internal Leadership Development Programme (LEAD), which 29 employees completed successfully in the reporting year.

Professional training

LLB is one of the largest providers of training in Liechtenstein. In 2023, the LLB Group trained a total of 22 apprentices (2022: 25) in the fields of IT and commerce. These young adults benefit from high-quality dual vocational education and training. The traditional apprenticeship remains the main pillar of the development programme for our junior employees. We believe that the provision of a broad education is a key task, especially as through the Federal Vocational Baccalaureate (FVB) it allows young adults to keep their options open to go to a university of applied sciences or a traditional university. To raise awareness of sustainability matters amongst apprentices, we ran a multi-day workshop in 2023, together with the foundation "myclimate". This enabled participants to gain the necessary knowledge as well as work on sustainability projects themselves.

Bachelor, work and study, and master programmes

The LLB Group focuses strongly on university graduates. There are three different programmes available for candidates:

- ◆ practical-based direct entry for graduates (2023: 6 participants);
- ◆ a work and study programme for postgraduates in the final phase of their studies (2023: 4 participants);
- ◆ and a trainee programme for postgraduates (2023: 10 participants) in the areas of general and relationship management.

The participants of these three programmes are in contact with top management, are involved in day-to-day business from the outset and profit from the comprehensive spectrum of tasks of a universal bank. Those who demonstrate performance and commitment are recommended for a permanent position.

The LLB Group continues to have large demand for employees with a higher education. To enhance our profile as an attractive employer, we are regularly visibly present at both online and physical events at the Universities of Liechtenstein and St. Gallen, FHS St. Gallen University of Applied Sciences and Zurich University of Applied Sciences (ZHAW) in Winterthur. This is bearing fruit: the level of qualifications of new entrant employees and managers remained constant in the reporting year compared to 2022.

Digitalisation of personnel management

The LLB Group has had a digital portal for some years now that offers employees and managers a uniform platform for a variety of different HR applications, ranging from tools for learning management to onboarding new employees. At the same time, two management-intensive processes (performance management and people development) were also system supported and automated, improving and facilitating performance measurement and employee development. The HR portal also enables employees to network more closely internally over a collaboration platform.

We are increasingly using digital tools for recruitment purposes, too. The focus is on recruiting via our social media channels, i.e. LinkedIn, Instagram and Xing.

Social commitment

The LLB Group's Future Foundation promotes activities and commitment in the areas of community service and the environment. Central to this are individuals and organisations whose actions serve as a model for successfully supporting the community. In addition, we had a new focus in 2023: employees actively supported non-profit and charitable projects in Liechtenstein, Switzerland and Austria. During a social volunteering day they lent a hand and made a valuable contribution. Through the Group-wide "Operation Christmas Child" campaign we helped disadvantaged children, bringing a little happiness under the Christmas tree.



Last year we took part as a Group in the "Operation Christmas Child" initiative for the first time. Since 1993 the project has provided millions of children in need around the world with small gifts and urgently needed items. Within the LLB Group we collected a total of 156 shoe boxes in 2023. The parcels from the German-speaking countries went to children in Eastern Europe.

Communicating with employees

Clear, transparent communication is imperative to gaining trust and commitment from employees. Here, the LLB Group is guided by the values of “integrity” and “respectfulness”. This enables us to increase the acceptance of change processes. We foster our corporate culture and motivate employees to contribute to the implementation of the ACT-26 strategy, so that its goals as well as the achievement of intermediate steps are clearly visible to those on the outside.

The main instrument for internal communication is LLB’s intranet. The modernised version (SharePoint) offers an array of collaboration tools such as, for example, the comment function. These tools enable employees to engage in interactive dialogue – much like on other social platforms.

In accordance with the Group directive “Corporate communications”, employee communication is anchored in Group Corporate Communications. The Head of Group Corporate Communications periodically reports to the Group CEO and discusses key internal and external announcements with him. The Group CEO regularly addresses employees at all Group companies with video messages on ongoing projects as well as on new developments via the intranet. At least once a year, he invites all employees to the Group Forum. This internal information event is designed as an annual kick-off event and is broadcast by livestream to all business locations outside Liechtenstein. There is also an annual Group Night, where the Group CEO addresses the staff, but it is primarily a social gathering. An important internal communication channel is the LLB Voices staff magazine, which is published four times a year.

The main focus of internal communication in 2023 was the ACT-26 strategy – and there were many narratives on the topics of sustainability, growth, efficiency and digitalisation that accompanied it. Through this project, video production has become increasingly important within the LLB Group.

Representation of Employees

As a fair and responsible employer, it is important to us that employees have a body to whom they can turn should they encounter problems at work and which represents their interests vis-à-vis the Group Executive Board. The Representation of Employees (Arbeitnehmervertretung) at LLB’s parent bank holds a regular dialogue with the Group Executive Board. The former has a say in various issues such as staff pension plans, rationalisation projects and staff retrenchment. It also represents the viewpoint of the employees in working groups such as the Mobility Commission and the Working Atmosphere and Health Commission. The Group Executive Board is obliged to inform the Representation of Employees of all matters that are relevant to employees. The Group CEO and the Head of Group Human Resources alternate this task on a quarterly basis. As at 31 December 2023, 19.2 per cent (31.12.2022: 19.3 %) of LLB Group employees are covered by collective employment contracts.

Personnel Pension Fund Foundation

The Personal Pension Fund Foundation of Liechtensteinische Landesbank provides a modern and straightforward pension solution. Our pension fund and its defined contribution scheme offer all insured persons an attractive benefit plan that goes beyond the requirements of the law. In addition, the employer assumes at least two thirds of the contributions. Securing pension provision is the top priority and this is monitored by the Board of Trustees on an ongoing basis. To achieve this objective long term, the technical parameters are set deliberately and carefully. In addition, the path we have embarked on towards digital channels will stand us in good stead for the future.

LLB Group headcount statistics

| | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|------------|------------|------------|
| Employees | | | |
| Number of employees (full-time equivalents) | 1'213 | 1'116 | 1'056 |
| Full-time employees | 1'024 | 939 | 903 |
| of which apprentices | 22 | 24 | 27 |
| of which young talents ¹ | 19 | 25 | 17 |
| Part-time employees | 399 | 379 | 326 |
| Employee retention | | | |
| Staff turnover rate in per cent | 9.9 | 13.0 | 14.5 |
| Average length of service in years | 8 | 9 | 9 |
| Average age in years | 41 | 41 | 41 |
| Diversity and equal opportunities | | | |
| Number of nations | 40 | 39 | 38 |
| Share of women in per cent | 42 | 43 | 42 |
| Training and professional education | | | |
| Training costs in CHF thousands | 1'955 | 1'772 | 1'500 |
| of which SAQ certification costs in CHF thousands | 230 | 220 | 198 |

1 Includes all working students in master's studies, trainees with a master's degree and direct entrants with a bachelor's degree. All young talents have temporary employment contracts.

Corporate environmental and climate protection

As a responsibly operating company, it is important to us to contribute to environmental and climate protection and to the conservation of natural resources. As such, we aim to fulfil our responsibility by monitoring CO₂ emissions in our own operational locations and by managing climate risks effectively.

Effective climate management

The LLB Group has the biggest impact on the environment and services through its bank products and services (see chapter [Environmental and social responsibility in banking](#)). Nevertheless, we see it as our duty to become greener in our banking operations too and make an active contribution to protecting the environment and mitigating climate change. Thus we are setting a good example and laying firm foundations for discussions with our clients, who are facing similar challenges.

We have identified our CO₂ emissions as the primary source of our negative impact. By measuring these regularly and managing them effectively, we not only minimise the effect that we would have on the climate by releasing additional greenhouse gases into the atmosphere, we also protect our business operations from damage (e.g. with regard to the tougher climate legislation that is in the pipeline) and thus safeguard our services for all of our stakeholders.

This is why we take numerous measures to lower CO₂ emissions within the LLB Group. These include using regenerative energy sources, installing photovoltaic systems, increasing energy efficiency and promoting economical use of resources. We offset any emissions that we are unable to reduce by purchasing climate certificates. We aim to achieve complete climate neutrality, i.e. net zero CO₂ emissions, both in our banking operations and with our products by 2040. In respect of the former, we have set ourselves the interim target of reducing our emissions by at least 20 per cent by 2026 compared to 2019.

Transparent reporting

The LLB Group is committed to open and transparent reporting on its climate management efforts. Our CO₂ emissions are our most important key performance indicator in this regard as they provide us with information on the negative impact that we are having on the environment and what risks this poses to the LLB Group. For this reason, we have recorded our CO₂ emissions in all three dimensions specified in the Greenhouse Gas Protocol (GHG Protocol) since 2022:

- ◆ **Scope 1** includes all direct emissions caused by combustion.
- ◆ **Scope 2** includes emissions caused by purchased energy (electricity, district heating).
- ◆ **Scope 3** includes emissions caused by purchased inputs, third-party services or one's own products and services.

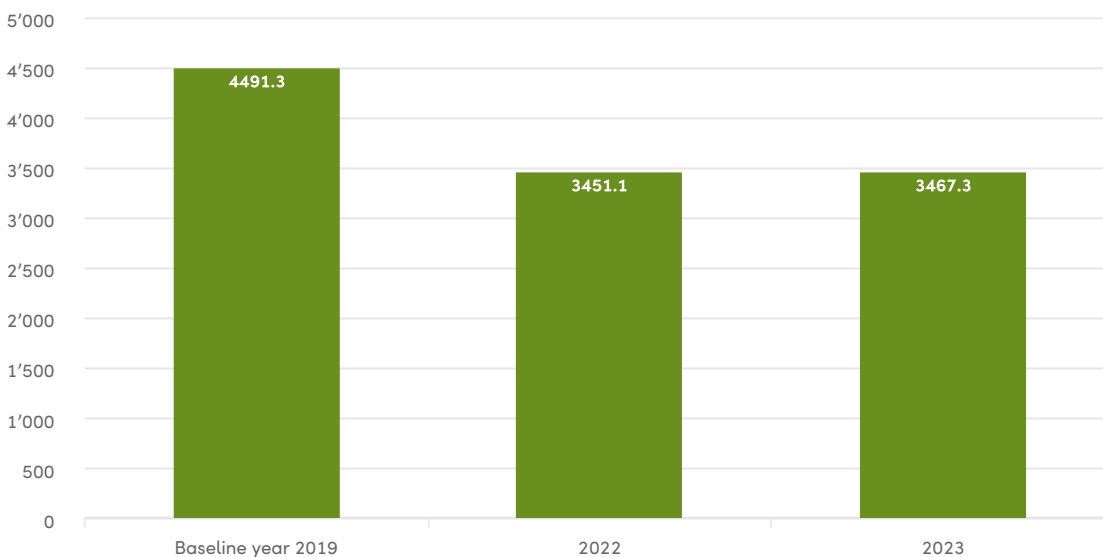
In this report, we focus on the categories relevant to us – 1, 2 and 3.1 to 3.7 – to calculate our CO₂ footprint. Specifically, these Scope 3 categories are “Purchased goods and services”, “Capital goods”, “Fuel and energy-related activities”, “Upstream transportation and distribution”, “Waste generated in operations”, “Business travel” and “Employee commuting”.

Also of particular relevance to banks is Scope 3.15 (“Investments”), which covers emissions generated by our bank products, services and own investments. More information on these Scope 3.15 “financed emissions” can be found in the chapter [Environmental and social responsibility in banking](#).

Development of CO₂ emissions

The LLB Group generated total CO₂ emissions of 3'467.3 t in 2023, up slightly on the previous year (3'451.1 t). This increase has much to do with the LLB Group's growth trajectory: the reporting year saw some 100 new staff taken on (full-time equivalents (FTEs); see chapter [Employees](#)) and the groundwork laid for opening the new offices in Germany. This pushed up CO₂ emissions linked to transport and catering. IT lifecycle measures also contributed to the rise in these emissions.

Development of CO₂ emissions in the LLB Group (in t CO₂)

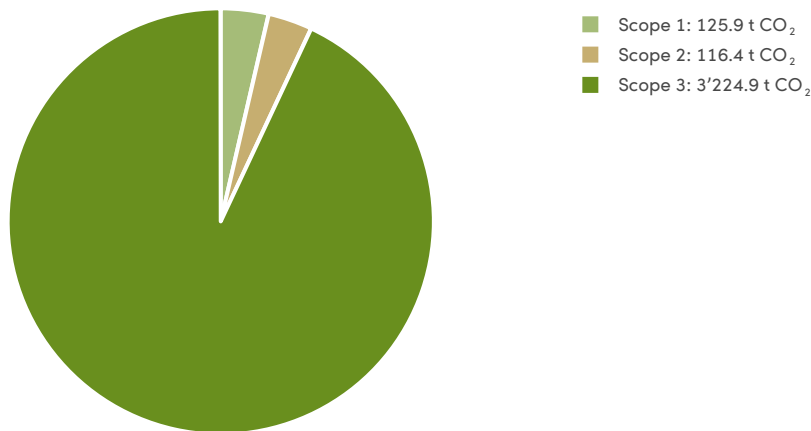


CO₂ emissions have fallen by some 23 per cent compared to the baseline year of 2019, meaning that we met our interim target of a 20 per cent reduction during the reporting year – i.e. ahead of schedule. As we switch our sustainability reporting to the European Sustainability Reporting Standards (ESRS), however, we will be reassessing our emissions, which may result in restatements.

At 72 per cent, the vast majority of our emissions in 2023 were attributable to LLB AG and its subsidiaries in Liechtenstein, with LLB Österreich and LLB Schweiz roughly splitting the other 28 per cent between them. As expected, Scope 3 emissions (categories 3.1 to 3.7) exceeded Scope 1 and 2 CO₂ emissions several times over in 2023.

Mobility is the biggest driver of emissions in the LLB Group's banking operations and accounted for about two thirds of total CO₂ emissions in 2023. Commuting by employees accounted for about 56 per cent and business trips for about 12 per cent of these emissions. While LLB AG and its subsidiaries in Liechtenstein produce an average of 2.9 t CO₂ per employee (FTE), LLB Schweiz and LLB Österreich generate 3.1 t CO₂ and 2.2 t CO₂ respectively.

Breakdown by Scope (in t CO₂)



Action taken to cut CO₂ emissions

A number of measures have helped bring about a positive long-term trend in our CO₂ emissions, most notably the corporate mobility management and energy management being pursued by the LLB Group.

Corporate mobility management

The LLB Group is committed to keeping the environmental pollution caused by business and commuter traffic as low as possible. To this end, we have had a corporate mobility management scheme in place for several years now that is geared primarily towards encouraging eco-friendly commuting. During the reporting year, the Group Executive Board agreed on an enhancement to the mobility concept, which will take effect at the start of 2024. This "mobility management 2.0" will create even more incentives for climate-friendly mobility. At our locations in Liechtenstein, we have significantly increased our subsidies for using public transport and the bonuses that we pay staff who choose not to take up a parking space. By contrast, we apply a two-tier system of parking charges, which depend on the length of an employee's commute. Discounts are available for electric cars and plug-in hybrids.

We have installed nine electric charging points in all at six locations in Liechtenstein. They are primarily intended for staff but can also be used by our clients. We promote the use of non-motorised transport by providing changing facilities and showers with towel services as well as company bicycles. We also contribute CHF 50 towards the purchase of a bicycle helmet and motivate our employees to take part in the "Radfahren für Ihre Gesundheit" (Cycling for your health) competition run by the Liechtenstein Ministry of Infrastructure and Justice as well as that organised by the Liechtenstein Chamber of Commerce and Industry (LCCI) entitled "Mit dem Rad zur Arbeit" (Cycling to work). Out of all LLB employees in Liechtenstein, 370 (2022: 365) now come to work by bus, bike or on foot; this corresponds to 44 per cent.

In addition, our expenses regulations set out measures for business trips that also apply to LLB Österreich. For instance, staff travelling to social events and internal meetings are expected to use mainly public transport. Thanks to the extremely extensive network operated by Wiener Linien, the level of CO₂ emissions attributable to commuters at LLB Österreich is much lower than at the Group's other locations. The bank has covered the cost of annual season tickets for public transport since September 2023 in order to make using it an even more attractive proposition.

LLB Schweiz is currently weighing up changes to its own mobility management. Most of its employees likewise walk or take public transport to work.

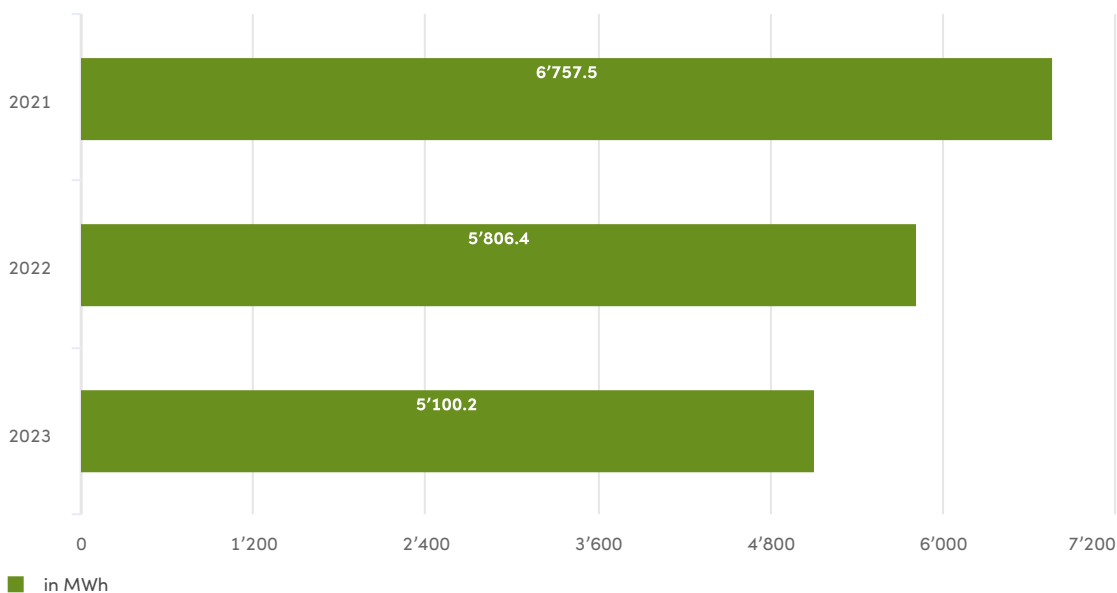
Climate-conscious energy supply

The organisational unit Facility Management identifies potential energy savings and evaluates the outcome of efficiency measures. Again in 2023, efforts were made to increase the efficacy of the facilities where possible. The projects implemented or planned include:

- ◆ Introducing target temperature ranges for heating and cooling office buildings;
- ◆ Gradually switching the LLB vehicle fleet over to electric cars;
- ◆ A concept for introducing double-sided printing as standard in a way that maintains compatibility with pre-printed stationery;
- ◆ Drawing up a code of conduct for suppliers, which must be signed by all suppliers above a certain purchasing volume and which commits them to protecting the environment, mitigating climate change and upholding social and corporate governance standards:

Total energy consumption in the LLB Group fell by 12 per cent to 5'100.2 MWh (2022: 5'806.4 MWh).

Development of energy consumption in the LLB Group (in MWh)



LLB is anticipating further savings on the back of the action taken in response to the power shortages in winter 2022/23. The parent bank managed to reduce its electricity consumption by 14.3 per cent, or 460'076 kWh, in the reporting year compared to 2022. LLB AG and LLB Österreich have already completely switched over to green electricity; at 92 per cent, LLB Schweiz has largely completed its switchover. We have also started operating a photovoltaic system at our locations in Uznach and Eschen and two in Vaduz and will be fitting a solar facade in Eschen in 2024.

The LLB buildings that used natural gas were fully switched to biogas from 1 July 2022, a move that had been taken at LLB Schweiz as long ago as 2021. Gas consumption at LLB in Liechtenstein was reduced by 12.7 per cent in 2023 compared to 2022 levels.

Climate-neutral banking operations

The LLB Group's banking operations have been certified as climate-neutral by Swiss climate foundation "myclimate" since 2021. Amongst other things, this is achieved by purchasing climate certificates. Here, we solely finance environmental-protection projects where carbon dioxide is absorbed from the atmosphere ("carbon-removal projects"; see chapter [Our understanding of sustainability](#)). Going forward, our aim is to reduce the amount of offsetting that we do in favour of reducing our CO₂ emissions.

Developments on the international stage are likely to redefine how climate-neutrality is measured in banking operations in 2024. For example, offsetting measures will only be deemed to reduce emissions if the country in which the measures are based waives its entitlement to count them towards its own reduction targets (specifically, its Nationally Determined Contributions under the Paris climate agreement). A voluntary waiver of this kind is likely to be the exception rather than the rule in the short to medium term. The new eligibility rules will do nothing to change the fact that the projects supported by the LLB Group have a positive impact on the environment and society by removing CO₂ from the atmosphere while making the planet a better place for people and animals to live on.

Climate risk management

The LLB Group's risk management process ensures that climate risks are appropriately identified, assessed, managed and monitored. The risk strategy aligned with our climate goals provides the framework for this and helps us to promote the transition to a low-emission economy and society. At the same time, we are making our business strategy more resilient to climate risks (see chapter [Risk management](#)).

Key figures on corporate environmental and climate protection

The LLB's total energy consumption and greenhouse gas emissions (Scopes 1, 2 and 3.1 to 3.7) are shown below. The following gases were included in the calculation of CO₂ emissions:

- ♦ Carbon dioxide (CO₂)
- ♦ Methane (CH₄)
- ♦ Nitrous oxide (N₂O)
- ♦ Hydrofluorocarbons (HFCs)
- ♦ Perfluorocarbons (PFCs)
- ♦ Sulphur hexafluoride (SF₆)
- ♦ Nitrogen trifluoride (NF₃)

We used the database ecoinvent 3.6 as the source for the emissions factors and based our calculations on the IPCC's 2013 methodology, which determines greenhouse gas potential over a 100-year period. The calculation covers all LLB Group companies, consolidated following the "operational control" principle.

We updated the basis for our calculations in light of new scientific findings as part of a data quality management process. Compared to the figures in the TCFD Report 2022 and Sustainability Report 2022, therefore, there have been a number of slight restatements to the figures for the 2021 and 2022 reporting years as well as to the baseline year of 2019.

Energy consumption and greenhouse gas emissions of the LLB Group

| | 2023 | 2022 | 2021 |
|--|----------------|----------------|----------------|
| Energy consumption (in MWh) | 5'100.2 | 5'806.4 | 6'757.5 |
| Electricity | 3'677.1 | 4'312.3 | 4'701.8 |
| District heating | 347.3 | 320.1 | 436.3 |
| Total heating fuels | 833.7 | 988.8 | 1'215.8 |
| Heating oil | 105.7 | 128.2 | 136.2 |
| Natural gas ¹ | 151.0 | 405.2 | 719.6 |
| Biogas ¹ | 577.0 | 455.4 | 360.1 |
| Total motor fuels | 242.0 | 185.2 | 403.6 |
| Diesel | 164.2 | 126.1 | 229.6 |
| Petrol (vehicles) ² | 66.9 | 53.8 | 145.7 |
| Electric vehicles | 10.9 | 5.3 | 3.0 |
| Hybrid vehicles ³ | 0.0 | 0.0 | 25.3 |
| GHG emissions (in t CO₂)⁴ | 3'467.3 | 3'451.1 | 3'074.3 |
| Scope 1 total⁵ | 125.9 | 156.8 | 350.2 |
| Heating fuels | 56.6 | 111.9 | 175.4 |
| Motor fuels | 53.8 | 41.9 | 94.2 |
| Volatile gases (refrigerants) ⁶ | 15.5 | 2.9 | 80.6 |
| Scope 2 total⁷ | 116.4 | 142.1 | 150.2 |
| Electricity ⁸ | 73.8 | 105.0 | 103.5 |
| District heating | 42.6 | 37.1 | 46.7 |
| Scope 3 total | 3'224.9 | 3'152.2 | 2'573.9 |
| Purchased goods and services | 386.8 | 331.3 | 321.1 |
| Capital goods | 207.9 | 132.3 | 154.1 |
| Fuel and energy-related activities | 191.4 | 193.9 | 253.7 |
| Upstream transportation and distribution | 59.9 | 51.5 | 58.9 |
| Waste generated in operations | 28.8 | 27.7 | 25.2 |
| Business travel | 404.7 | 423.1 | 259.1 |
| Employee commuting | 1'945.4 | 1'992.4 | 1'501.8 |

1 Increased utilisation of biogas alongside natural gas from 2021

2 Since 2022, only business trips have been reported. In previous years, the use of vehicles for private purposes was also included.

3 The energy consumed by hybrid vehicles has been reported under petrol consumption since 2022.

4 Greenhouse gas emissions were calculated in accordance with the guidelines of the Greenhouse Gas Protocol.

5 Greenhouse gas emissions from own heating boilers, fuels and air conditioning systems

6 The actual replenishment requirement has been reported since 2022. In previous years, assumptions were made for this requirement.

7 Greenhouse gas emissions resulting from the production of purchased electricity and district heating. The statement is prepared using a "market-based approach" in accordance with Greenhouse Gas Protocol Scope 2 guidance.

8 Emissions from the use of electric vehicles are also included here. Reported according to the "market-based approach" of the Greenhouse Gas Protocol Scope 2 Guidance.

Industry initiatives and corporate citizenship

As part of various industry initiatives, the LLB Group campaigns for a sustainable banking sector and supports various ecological, social and cultural projects, thus making an active contribution to the prosperity of the population and to the sustainable development of Liechtenstein.

Participation in industry initiatives

The LLB Group derives from its corporate values and its guiding principles a strong commitment to responsible banking. By participating in various industry initiatives, we bring our ideals to the financial industry and, in doing so, also help advance our goals. This applies not least to the area of sustainability.

As an active member of the Liechtenstein Bankers Association (LBA) and Liechtenstein Chamber of Commerce and Industry (LCCI), we are committed to making the country fit for the future. Within the LBA, we have also long campaigned for sustainable finance to be made an important pillar of the banking centre’s strategy. This is underpinned by an understanding that the financial industry and the whole economy are key to the sustainability transformation.



| Year joined | 2020 | 2021 | 2021 | 2021 | 2022 | 2022 | 2022 | 2022 |
|--|------|------|------|------|------|------|------|------|
| Consideration of ESG aspects in investment decisions | | | | | | | | |
| Alignment of business strategies with SDGs and Paris climate agreement | | | | | | | | |
| Credit / investment portfolios by 2050 to net zero | | | | | | | | |
| Consideration of universal ethics standards in corporate governance | | | | | | | | |
| Commitment to early attainment of Paris climate goals before 2040 | | | | | | | | |
| Accounting method to determine/report GHG in asset categories | | | | | | | | |
| Largest sustainability network in Switzerland | | | | | | | | |
| State-of-the-art climate reporting standard | | | | | | | | |

We reaffirm our commitment to sustainability and climate protection through membership in the most important international climate initiatives:

- ♦ **The United Nations Net-Zero Banking Alliance (NZBA):** we have been a member of the NZBA since August 2021. The alliance is geared towards financing and driving forward the economic transformation in order to reach net zero by 2050 at the latest.
- ♦ **Race to Zero:** through its membership of the NZBA, the LLB Group is also part of the Race to Zero campaign – an initiative launched by the United Nations. The campaign brings together state and non-state actors from more than 90 nations. They recognise the importance and the urgency of working towards a decarbonised economy in order to create a healthier, safer, cleaner and more resilient world for future generations.
- ♦ **Principles for Responsible Banking (PRB):** in 2021, we also became a signatory to the United Nations’ PRB. The PRB is an initiative for responsible banking and provides a single framework for a sustainable banking industry. It was developed as part of an innovative partnership between banks around the world and the Finance Initiative of the United Nations Environment Programme.
- ♦ **The Climate Pledge:** the Climate Pledge is a voluntary commitment to implement the Paris climate agreement ten years earlier and thus be CO₂-neutral by 2040. The LLB Group has been an official partner since March 2022.

- ◆ **Principles for Responsible Investment (PRI):** the LLB Group has been a member of the Principles for Responsible Investment Finance Initiative since 2020. As such, it supports the responsible management of securities.
- ◆ **Climate foundations:** we are a partner of the independent non-profit LIFE Climate Foundation Liechtenstein (since 2009) and the Swiss Climate Foundation (since 2012). We thus belong to a group of partner firms that pool their resources to provide uncomplicated, efficient support to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein that contribute to climate protection. We pass any refunds of the CO₂ levy that we receive from the Principality of Liechtenstein on to the climate foundation and thus promote climate-friendly products and technological developments as well as energy-saving projects.
- ◆ **UN Global Compact:** As a United Nations initiative, the UN Global Compact pursues the vision of an inclusive, sustainable global economy that benefits all people, communities and markets. To make this happen, the UN Global Compact supports companies to do business responsibly by aligning with ten universal principles on human rights, labour standards, environmental protection and anti-corruption as well as by incorporating the Sustainable Development Goals (SDGs).
- ◆ **Partnership for Carbon Accounting Financials (PCAF):** PCAF is a global, industry-led initiative to assess and disclose the greenhouse gas emissions financed by loans and investments. Following PCAF recommendations on how to calculate CO₂ ensures that the CO₂ data that the LLB Group discloses are meaningful and comparable with other institutions.

Sponsoring

When it comes to the positioning and visibility of the LLB Group, the area of sponsoring and events plays an important role. The aim of our sponsoring strategy is to gain stakeholders as brand ambassadors. We observe thereby the following principles:

- ◆ We want our four values (integrity, respectfulness, excellence and passion) to be experienced on an emotional and professional level through our activities.
- ◆ We strengthen and enable platforms and partnerships which fit us best.
- ◆ We explain clearly what the LLB Group stands for using topic pyramids.
- ◆ We coordinate partnerships and our own events Group-wide using a management tool.

The focus of our sponsoring commitments is on the thematic areas of sports, culture and competence. In these areas, we support various projects and organisations.

As part of a long-standing partnership, we continue to provide backing to the junior talent of FC Vaduz. As a partner to the Liechtenstein Olympic Committee, we are the main sponsor of the "LLB Nacht des Sports" (Night of Sports), at which the "LLB Sport Award" is also presented. And we are a presenting partner at the "Olympic Day", a sporting event held annually for all fourth- and fifth-grade school classes in Liechtenstein. This reporting year, we could go ahead again as planned with the Business Day for Women in Vaduz, where we explored the topics of diversity and inclusion. The "LLB Business Day Award" was presented at the event, which was devoted to women who have returned to the world of work. This year's winner was Ursula Wegstein, who won over the panel with her impressive CV.

The "Finanzcoach" (Finance Coach) course for children and young people was launched at the Eschen branch in summer 2023. The initiative is designed to teach them how to handle money and show them how finance and economics relate to our everyday lives. The course modules have been prepared to suit the respective age groups together with the Liechtenstein Bankers Association and are delivered by LLB employees in their role as "Finance Coaches".

LLB Schweiz also supports a range of organisations, with a similar focus on the three thematic areas of sports, culture and competence. It has sponsoring agreements with the Kulturtreff Rotfarb (a cultural centre) in Uznach, Knie's Kinderzoo in Rapperswil-Jona, the Flumserberg mountain lifts and the Unihockey Club HC Rychenberg in Winterthur.

LLB Österreich makes donations to numerous organisations engaged in the areas of art, culture and community service. It is also a member of various friends or supporters associations, including those of the Burgtheater, the Leopold Museum and the Albertina. In 2023, the bank once again supported

and targeted donations at local Austrian institutions (including the Vienna Boys' Choir) and traditional companies.

The charitable nature of sponsoring undertaken by the LLB Group is placed to the fore. The projects and institutions supported are independent in terms of content and organisation. In 2023, LLB made awards worth CHF 342'000.– (2022: CHF 146'500.–) in Liechtenstein and LLB Schweiz awards worth around CHF 350'000.– (2022: CHF 330'000.–). LLB Österreich spent around EUR 90'000.– (2022: EUR 218'000.–) on donations, membership fees and sponsorship in Austria.

Through our many commitments, we contribute significantly to the implementation of the sustainability strategy of the LLB Group.

The non-profit Future Foundation

The "Zukunftsstiftung der Liechtensteinischen Landesbank AG" (the Future Foundation of Liechtensteinische Landesbank AG), which was founded in 2011 as part of our 150th anniversary celebrations, supports commitment to social and ecological sustainability in everyday life. We support organisations and non-profit projects that improve living and working conditions and promote self-responsibility. We also promote projects dedicated to environmental protection. We also focus on innovations in the areas of knowledge transfer as well as the integration and implementation of social entrepreneurship.



The annual event for donations by LLB's Future Foundation took place in Vaduz at the end of November 2023. CHF 153'000 in total was donated to 28 institutions for the first time.

Trust, responsibility and reliability are important to the LLB Group. We are closely connected to the people as well as the economy of Liechtenstein and our other home markets. In addition to project-specific donations amounting to CHF 71'000.00, the Future Foundation contributed to society by donating a total of CHF 153'000.00 to 28 social organisations in 2023. The Future Foundation is a member of the network of the "Vereinigung liechtensteinischer gemeinnütziger Stiftungen" (Association of Liechtenstein Non-Profit Foundations), which aims to promote the idea of entrepreneurial philanthropy.

Projects in 2023

Through its annual donations to a set circle of social institutions in Liechtenstein, the Future Foundation helps to maintain healthy social structures in the country. Providing additional funding to individual projects helps innovative ideas in the area of social and ecological development in the market regions covered by LLB as well as LLB Schweiz (Liechtenstein and eastern Switzerland) to be realised in practice.

The Future Foundation has distributed over CHF 1.8 million in the last thirteen years. Projects that were supported or considered for a donation for the first time in 2023 included:

- ◆ **pepperMINT:** The MINT Initiative Liechtenstein is a social foundation that offers children and young people the chance to experience and learn mathematics, computer science, natural science and technology in a fun way.
- ◆ **Stiftung Lebenswertes Liechtenstein:** The foundation's aim is to promote the long-term healthy social, ecological and economic development of the Principality of Liechtenstein, creating a positive national and international appeal and impact.
- ◆ **Zukunft.li Foundation:** The liberal think tank deals with economic and socio-political topics relevant to the sustainable development of Liechtenstein and to securing its future.
- ◆ **Makerspace Liechtenstein e.V.:** The association received support with its Precious Plastic Program. The manufacture of new products in an environmentally friendly way is facilitated through specially developed machinery and tools, which shred and melt recycled plastic and press it into injection moulds.
- ◆ **Familienzentrum Association, Balzers:** The new association, which is responsible for the development and management of the families centre in Balzers, received funding for the project's initial costs.
- ◆ **SOS-Kinderdorf Liechtenstein e.V.:** SOS Children's Villages is a non-profit charitable foundation. Its primary objective is to protect children in need. We support the "Frühe Hilfen" (early intervention) programme, which helps families in difficult situations who need funding for aids, therapy and / or care. The association will also be considered for our donations in the future.
- ◆ **Verein für Menschenrechte in Liechtenstein VMR:** The mission of the association, which was founded in December 2016, is to protect and promote human rights in Liechtenstein.
- ◆ **Ideenkanal:** The eponymous, non-profit Ideenkanal Foundation based in Vaduz provides the organisational framework for the ideas channel. The purpose of this foundation is to promote outcome-oriented entrepreneurship in the four German-speaking countries.
- ◆ **Verein für Menschen mit Demenz in Liechtenstein:** The association has been the contact partner for people with dementia in Liechtenstein since 2016. Its tasks include public relations, working with those affected and their families as well as training people, who look after and care for sufferers in various contexts. The association also advocates strengthening self-help and sufficient, accessible respite services.

EU Taxonomy

With the EU Taxonomy, the European Union has created criteria for environmentally sustainable economic activities. The LLB Group is disclosing key performance figures for its taxonomy-alignment for the first time in the 2023 reporting year. These key figures provide information as to the extent to which our central assets are in line with the European Union's environmental objectives.

Environmentally sustainable economic activities

The European Union has set itself the target of Europe being the world's first climate-neutral continent by 2050. This project is to be achieved with the European Green Deal. The EU Taxonomy is a key building block on the path to a sustainable economy. It specifies criteria, which allow an economic activity to be classified as environmentally sustainable and defines comprehensive reporting obligations for companies. The aim is to increase the transparency surrounding sustainability and minimise the risk of green-washing.

The LLB Group regards the EU Taxonomy as a tool that will help it achieve its commitment to all-embracing climate neutrality by 2040. In the future, it will provide support for the development of environmentally sustainable products and will help us integrate appropriate principles in all aspects of our business activities.

The EU's environmental objectives

According to Article 3 of the EU Taxonomy, an economic activity qualifies as environmentally sustainable if it contributes substantially to at least one of the six environmental objectives below. At the same time, the activity must not adversely harm any of the other environmental objectives and must comply with the minimum levels for social protection. The six environmental objectives provide a framework for assessing the environmental sustainability of an economic activity under the EU Taxonomy:

- 1 Climate change mitigation;
- 2 Climate change adaptation;
- 3 Sustainable use and protection of water and marine resources;
- 4 Transition to a circular economy;
- 5 Pollution prevention and control;
- 6 Protection and restoration of biodiversity and ecosystems.

The conditions under which an economic activity qualifies essentially as an environmental objective and as causing no significant harm to any of the other environmental objectives are determined using the technical screening criteria laid down in Delegated Regulations (EU) 2021 / 2139, 2022 / 1214, 2023 / 2485 and 2023 / 2486.

Overall, it must be said that the following results cannot represent the reality of the LLB Group entirely. This is due to the fact that financial companies are publishing information on their taxonomy-alignment for the first time this year. Furthermore, there are no national thresholds for nearly zero-energy buildings for a significant part of our mortgage loans. Moreover, manual random sampling and automated quality controls have revealed that companies have either not published information or have only published it incompletely. This leads to inconsistencies in the reporting templates, in

particular, to discrepancies between the total values reported and the individual environmental objectives.

2023 reporting obligations

The LLB Group's reporting obligation for 2023 encompasses several Green Asset Ratios (GAR). A GAR corresponds to the percentage of assets associated with economic activities that are in line with the environmental objectives climate change mitigation and climate change adaptation and therefore count as environmentally sustainable under the EU Taxonomy. The total GAR reflects the cumulative value of the individual GARs:

- ◆ GAR of the claims, bonds and equity instruments due from or due to financial companies;
- ◆ GAR of the claims, bonds and equity instruments due from or due to non-financial companies;
- ◆ GAR of mortgage loans and building refurbishment loans;
- ◆ GAR for car loans;
- ◆ GAR for loans to local public authorities to finance residential construction and other specialist financing;
- ◆ GAR for repossessed commercial and private real estate collateral held for sale.

In addition to this, the proportion of exposures related to taxonomy-eligible economic activities per environmental objective must be disclosed. This corresponds to the proportion of assets that is associated with economic activities described in Delegated Regulations (EU) 2021 / 2139, 2022 / 1214, 2023 / 2485 and 2023 / 2486. Neither compliance with the technical screening criteria nor compliance with the minimum levels for social protection is essential for this.

Information as to the extent to which the LLB Group's off-balance-sheet exposures are associated with economic activities that count as environmentally sustainable under the EU Taxonomy must also be provided. Other reporting obligations relate to the extent of the LLB Group's assets that are associated with economic activities in the natural gas and nuclear energy sectors. The reporting obligation for the 2023 reporting year covers not only quantitative information but also qualitative information in accordance with the Delegated Regulation (EU) 2021 / 2178, which are published below for the respective key figures.

Green asset ratios (GAR)

Assets less trading book positions and exposures to central governments, central banks and supranational issuers must be used as the reference value in the denominator for calculating the GAR. This follows from Article 7 Paragraph 1 and Annex V of the Delegated Regulation (EU) 2021 / 2178. According to Article 7 and Annex V of the Delegated Regulation (EU) 2021 / 2178, the following exposures must be excluded from the numerator:

- ◆ Central governments, central banks and supranational issuers;
- ◆ Derivatives;
- ◆ Financial assets held for trading;
- ◆ On-demand interbank loans;
- ◆ Exposures to entities that are not obliged to publish non-financial information under Article 19a or 29a of Directive 2013 / 34 / EU;
- ◆ Cash and cash-related assets;
- ◆ Other assets (enterprise value, commodities, etc.).

With respect to the numerator in the respective Green Asset Ratio, the gross carrying amounts as at 31 December 2023 were considered per exposure. These positions within the regulatory scope of consolidation were analysed along the technical screening criteria of the EU Taxonomy. In the case of bonds and equity instruments, use was made of information from an external data provider to help with the analysis.

Subsequently, the figures for all individual positions were weighed with the proportion of revenues and investment expenditure (CapEx) associated with environmentally sustainable economic activities and totalled. A look-through approach was applied to the material LLB funds. A conservative valuation approach was chosen for the remaining funds as part of the initial disclosure. The volumes

were subsumed into other assets without being assessed. GARs can therefore be expected to increase in subsequent years on the basis, in particular, because of more valid information on the external funds.

Overview of Taxonomy KPIs

| | Total environ- mentally sustain- able assets | KPI (revenue) | KPI (CapEx) | % coverage (over total assets) | % of assets excluded from the numerator of the GAR | % of assets excluded from the denominator of the GAR | |
|------------------------|---|--------------------------|------------------------|---|---|---|--------------|
| Main KPI | Green asset ratio (GAR) stock | 26.25 | 0.04 | 0.10 | 72.59 | 38.28 | 27.41 |
| Additional KPIs | Total environ- mentally sustain- able activities | KPI (revenue) | KPI (CapEx) | % coverage (over total assets) | % of assets excluded from the numerator of the GAR | % of assets excluded from the denominator of the GAR | |
| | GAR (flow) | 26.25 | 0.04 | 0.10 | 72.59 | 38.28 | 27.41 |
| | Trading book | | | | | | |
| | Financial guar- antees | 0.00 | 0.00 | 0.00 | | | |
| | Assets under Management | 84.48 | 4.01 | 8.66 | | | |
| | Fees and com- missions in- come | | | | | | |

Ultimately, the revenue-based total GAR as at 31 December 2023 comes to 0.04 per cent across the Group. In comparison, the LLB Group achieved an investment-related total GAR of 0.10 per cent.

Further details on environmentally sustainable assets (based on the Taxonomy) of the LLB Group can be found in the [Appendix](#) to this Annual Report.

GAR by counterparty

The GAR of the claims, bonds and equity instruments due from or due to financial companies amounts to 0.73 per cent based on revenue and 1.32 per cent based on investment. According to the EU Taxonomy, financial companies that are obliged to publish non-financial information in accordance with Article 19a or Article 29a of Directive 2013 / 34 / EU must disclose information on their revenue and investment-related GAR for the first time for the 2023 reporting year. This is why exposures to financial companies that are obliged to publish non-financial information in accordance with Article 19a or Article 29a of Directive 2013 / 34 / EU are incomplete for the calculation of the total GAR and the performance indicator for off-balance-sheet exposures for the 2023 reporting year. The compliance rate is expected to increase for the following year.

The claims, bonds and equity interests due from or due to non-financial companies produce a revenue-based GAR of 5.07 per cent. The investment-based GAR comes to 12.44 per cent. It is important to add that as at 31 December 2023, there is no claim vis-à-vis a non-financial company which obliges the bank to publish non-financial information in accordance with Article 19a or Article 29a of Directive 2013 / 34 / EU.

As at 31 December 2023, we at the LLB Group do have an item of real estate collateral that was acquired as a consequence of the borrower defaulting or the property being auctioned. For the purposes of Taxonomy disclosure, only real estate collateral earmarked for sale needs to be taken into account. This does not apply to plots of land.

Other environmental objectives

In line with the legal requirements, we have only included assets that make a contribution to the environmental objectives climate change mitigation and climate change adaptation in the calculation of the individual GARs. Information on the taxonomy-eligibility of the assets is required for the remaining environmental objectives (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems) in the 2023 reporting year. We are unable to disclose

these performance indicators as at 31 December 2023 because this information is not yet available from our counterparties.

Challenges with collection

These key figures are largely due to challenges with claims, which do not allow complete disclosure at the current time. For example, there is still no national threshold for near zero-energy buildings in Liechtenstein, which is decisive for checking eligibility. A comparable situation results from insufficient regulations for energy efficiency, which is also vital to calculating the GARs. Complete allocation of exposures to economic activities within the meaning of the EU Taxonomy with complete certainty was not possible either and the interpretation of the requirements is not clear so far¹. Against this backdrop, a nil return resulted for the revenue and investment-based GAR of mortgage loans, building refurbishment loans, loans to local public authorities for residential construction financing and other specialist financing as well as car loans for the 2023 reporting year.

Performance indicator for off-balance-sheet exposure

The performance indicator for off-balance-sheet exposure comprises a green ratio for financial guarantees to companies and a green ratio for assets under management. It relates to the proportion of assets under management² and financial guarantees associated with economic activities deemed to be environmentally sustainable under the EU Taxonomy to the total assets under management and financial guarantees. According to Article 7 Paragraph 1 and Annex V of the Delegated Regulation (EU) 2021 / 2178, all financial guarantees and assets under management less exposures to central governments, central banks and supranational issuers must be used as the reference value in the denominator. According to Article 7 and Annex V of the Delegated Regulation (EU) 2021 / 2178, the following exposures must be excluded from the numerator of the performance indicator for off-balance-sheet exposure:

- ◆ Central governments, central banks and supranational issuers;
- ◆ Derivatives;
- ◆ Exposures to entities that are not obliged to publish non-financial information under Article 19a or 29a of Directive 2013 / 34 / EU.

The proportion of off-balance-sheet exposures associated with economic activities deemed to be environmentally sustainable under the EU Taxonomy comes to 4.01 per cent based on revenue and 8.66 per cent based on investment as at 31 December 2023. These figures are solely due to the green ratio for assets under management. A similar approach to balance sheet exposures was taken for the calculation and use was made of an external data provider for bonds and equity instruments. External funds were valued conservatively and the gross carrying amount was allocated to the position without taxonomy-alignment.

¹ In particular, with regard to the provisions on conducting the climate risk/vulnerability analysis and compliance with minimum levels of protection.

² Asset management mandates (LLB Comfort and wiLLBe) including own funds within the LLB Group. Investment advisory mandates and external funds were not the focus in the 2023 reporting year. The gross carrying amounts of external funds were taken into account accordingly.

As at 31 December 2023, the volume of financial guarantees Group-wide came to CHF 867.9 million. At the reporting date, there were no positions vis-à-vis entities that are obliged to publish non-financial information in accordance with Article 19a or Article 29a of Directive 2013 / 34 / EU, which resulted in a nil return for the Taxonomy disclosure.

Information on economic activities in the area of nuclear energy and fossil gas

The economic activities associated with natural gas and nuclear energy defined according to the EU Taxonomy, which were considered in relation to revenue and investment, are presented along the two environmental objectives. The ratios are calculated analogously to the key figures listed for the Green Asset Ratio, which takes account of claims, bonds and equity instruments. Off-balance-sheet exposures were also included pro rata and shown on a consolidated basis. It is clear from this that the LLB Group has exposures in the area of nuclear energy and fossil gas. However, it must be stated here that the financial companies' disclosure for the 2023 reporting year, which was not yet complete, distorted the ratio to the extent that the objective figure is probably higher.

Nuclear and fossil gas related activities

| Nuclear energy related activities | |
|--|-----|
| The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | No |
| The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | Yes |
| The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | Yes |
| Fossil gas related activities | |
| The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | Yes |
| The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat / cool and power generation facilities using fossil gaseous fuels. | Yes |
| The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat / cool using fossil gaseous fuels. | Yes |

Further details on environmentally sustainable assets (based on the Taxonomy) of the LLB Group in the areas of nuclear energy and fossil gas can be found in the [Appendix](#) to this Annual Report.

Supplementary voluntary disclosures

In order to create the greatest possible transparency with respect to our portfolios' sustainability performance, we also disclose the estimated energy efficiency classes of our Swiss mortgage loans and the proportion of environmentally sustainable or taxonomy-aligned real estate held by LLB Immo KAG in addition to the mandatory reporting.

The estimated energy efficiency classes of our Swiss mortgage loans provide information about the buildings' energy performance. The estimates are based on the calculation methodology of the cantonal energy certificate for buildings (GEAK), which envisages a ranking in classes from A (very energy efficient or "new build standard") to G (inefficient corresponds to an "old building in need of refurbishment"). The following table summarises the results in an overview.

Estimated energy efficiency classes in Switzerland

| Estimated efficiency classes | Proportion of energy efficiency classes (in %) |
|------------------------------|--|
| A | 2.50 |
| B | 11.40 |
| C | 10.20 |
| D | 8.20 |
| E | 6.20 |
| F | 2.50 |
| G | 1.50 |
| Data coverage | 57.70 |

As a subsidiary of LLB Österreich, LLB Immo KAG ranks as one of the leading providers of real estate funds. In the process, it attaches great importance to including sustainability criteria when managing its real estate portfolio. Individual funds have already received the Austrian Ecolabel or an outstanding report from the Austrian Society for Environment and Technology (ÖGUT). At present, LLB Immo KAG manages four real estate funds with a total volume of EUR 1'156 million. They manage real estate worth approximately EUR 1'500 million. Of which, EUR 513 million (30.4 %) was classified as taxonomy-eligible and EUR 262 million (15.5 %) as taxonomy-aligned. As at 31 December 2023, the real estate volume of the LLB Semper Real Estate fund came to EUR 1'000 million, of which 37.9 per cent was classified as taxonomy-eligible and 3.0 per cent as taxonomy-aligned. Approximately CHF 13 million was invested in this mutual real estate fund as part of the LLB Group's financial investments.

Assessment and outlook

In conclusion, it remains to be said that this analysis is based on current legislation and extensive discussions in the industry regarding its interpretation. In view of the challenges shown with the initial disclosure and the interpretation of certain uncertainties, the LLB Group pursued a best-effort approach throughout and also relied on a generally conservative interpretation of the issues. The fact that the institutionalisation of the EU Taxonomy is an ongoing task because of the dynamic development of the law must also be mentioned. Continuous professionalisation based on regulatory requirements is therefore fully in line with the LLB Group's understanding of sustainability and its aspirations. Here, for example, the availability of large amounts of data and top quality information are seen as critical factors for success.

The LLB Group is also convinced that the corporate data made available externally will be gradually increased, which will make the key figures presented more meaningful. Ultimately the information shown will be gradually refined in future publications meaning that the Green Asset Ratios will approximate far more to reality.

Organisational structure

as at 31 December 2023



Corporate governance

For the LLB Group, good corporate governance is an essential part of its business policy. It ensures efficient collaboration between the management bodies and a balance between responsibility and control.

Basis

We practise responsible corporate governance that is oriented towards value creation in the long term. It is characterised by efficient collaboration between the Group Executive Board and the Board of Directors, transparent accounting and reporting as well as good shareholder relations. The principles and rules on corporate governance are laid down in two laws: the Law on the Control and Supervision of Public Enterprises (ÖUSG) of 19 November 2009 and the Law on Liechtensteinische Landesbank (LLBG) of 21 October 1992. In addition, they are laid down in the statutes and rules of procedure of LLB. These documents are based on the directives and recommendations of the “Swiss Code of Best Practice for Corporate Governance” issued by the Swiss Business Federation (economiesuisse).

On 22 November 2011, the Liechtenstein Government as the representative of the principal shareholder, the Principality of Liechtenstein, adopted – with reference to the ÖUSG Law – a Participation Strategy for Liechtensteinische Landesbank AG. This strategy defines how the Principality intends to deal with its majority shareholding in the medium and long term and therefore also provides minority shareholders with certainty in planning. The Liechtenstein Government explicitly supports the stock exchange listing of LLB and retains a majority stake of at least 51 per cent. The Government represents the shareholder interest of the Principality at the General Meeting of Shareholders pursuant to the rights afforded to it by stock corporation law. It observes corporate autonomy as well as the rights and obligations arising from the stock exchange listing. At the same time, as a shareholder it also respects the decision-making authority of the Board of Directors concerning corporate strategy and corporate policy. On the basis of Art. 16 of the ÖUSG Law, the Participation Strategy was defined in consultation with LLB’s Board of Directors. Further information can be found at www.llb.li/participationstrategy.

This report on corporate governance complies with the requirements of the Corporate Governance Directive (RLCG) of the SIX Swiss Exchange Regulation in the version dated 29 June 2022 as well as the fully revised guidelines of the Six Exchange Regulation regarding the RLCG of 1 January 2023. If information required by the RLCG is disclosed in the Notes to the financial statement, a corresponding reference is shown.

The corporate governance report presents the situation as at 31 December 2023. Important changes that occurred between the balance sheet date and the editorial deadline for the annual report are clearly disclosed in the section [Important changes since the balance sheet date](#) or under the corresponding item.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Description of the operative structure

Liechtensteinische Landesbank is a public limited company (“Aktiengesellschaft”) under Liechtenstein law. It is the parent bank of the LLB Group. The LLB Group has a divisional management structure that is organised into five divisions. Besides the two market divisions “Retail & Corporate Banking” and “International Wealth Management”, the management structure encompasses the functions of Group

Chief Executive Officer, Group Chief Financial Officer and Group Chief Digital & Operating Officer (see chapter [Strategy and organisation](#)). The rules of procedure adopted by the Board of Directors, in particular the functions diagram in the appendix, ensure the proper conduct of business, the appropriate organisation as well as the uniform management of the LLB Group. In the functions diagram, the Board of Directors, the Chairman of the Board of Directors, the committees of the Board of Directors, the Group CEO and the Group Executive Board are decision-making authorities. The Board of Directors and the Group Executive Board of LLB are identical personnel-wise to the Board of Directors and the Group Executive Board of the LLB parent company. Within the scope of the duties and powers defined by the rules of procedure and the functions diagram, the above-mentioned bodies can pass binding resolutions and issue instructions that are binding for both the parent bank and the Group companies – but taking into consideration the provisions of current local law applicable to the individual Group companies.

The members of the Group Executive Board are represented on the Boards of Directors of the consolidated subsidiaries. The role of Chairman of the Board of Directors is performed by a member of Group Executive Board. The organisational structure of the LLB Group as at 31 December 2023 can be found [here](#) and the detailed segment reports [here](#).

1.1.2 Listed companies included in the scope of consolidation

Liechtensteinische Landesbank AG, with its headquarters in Vaduz, is listed on the SIX Swiss Exchange. As at 31 December 2023, its market capitalisation stood at CHF 2'035.9 million (30'800'000 registered shares at a nominal value of CHF 5.00 at a year-end price of CHF 66.10).

| Company | Reg. office | Listed on | Market capitalisation (in CHF thousands) | Segment | Security number | ISIN number |
|--|-------------|--------------------|--|----------------------------------|-----------------|--------------|
| Liechtensteinische Landesbank Aktiengesellschaft | Vaduz | SIX Swiss Exchange | 2'035'880 | International Reporting Standard | 35514757 | LI0355147575 |

1.1.3 Unlisted companies included in the scope of consolidation

Details of the unlisted companies included in the scope of consolidation (company name, registered office, activities, share capital, percentage of share capital held) can be found in the notes to the consolidated financial statement of the LLB Group in the chapter [Scope of consolidation](#).

1.2 Major shareholders

The Principality of Liechtenstein is the majority shareholder of Liechtensteinische Landesbank AG. The Law on the Liechtensteinische Landesbank states that – in terms of capital and voting rights – the Principality of Liechtenstein must hold at least 51 per cent of the shares. These may not be sold.

At the end of 2023, the Principality's equity stake in the shares of Liechtensteinische Landesbank stood at 56.3 per cent. This corresponds to 17'336'215 of the total of 30'800'000 LLB shares. Detailed information about the development of this equity stake can be found at www.llb.li/capital+structure.

As at 31 December 2023, the Haselsteiner Familien-Privatstiftung, Ortenburger Strasse 27, 9800 Spittal / Drau, Austria, and grosso Holding Gesellschaft mbH, Walfischgasse 5, 1015 Vienna, Austria, together held 1'805'000 shares, or a share of 5.9 per cent of the capital and voting rights of LLB (<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>). The Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH constitute a shareholder group. The voting rights will be exercised in mutual agreement between the parties.

The remaining registered shares were in free float, whereby none of the other shareholders held more than 3.0 per cent of the share capital.

As at 31 December 2023, Liechtensteinische Landesbank AG held, directly or indirectly, a total of 208'055 of its own registered shares (0.7 % of the share capital). No registered shares were cancelled so that the capital structure remained the same. The registered shares held by LLB are intended to be used for future acquisitions and for treasury management purposes. Less than 0.4 per cent of the

share capital was held by members of the Board of Directors and Corporate Management. There are no binding shareholder agreements.

1.3 Cross participations

There are no cross participations between Liechtensteinische Landesbank AG and its subsidiaries or third parties.

2 Capital structure

2.1 Capital

The share capital of LLB comprises 30'800'000 registered, fully paid shares with a nominal value of CHF 5.00 each and therefore amounts to CHF 154.0 million.

2.2 Conditional and approved capital

On the balance sheet date, Liechtensteinische Landesbank had no conditional capital and no approved capital.

2.3 Changes to capital

The share capital amounts to CHF 154.0 million and has not changed during the last four years. The LLB Group's equity totalled CHF 2'240 million as at 31 December 2021, CHF 2'024 million as at 31 December 2022 and CHF 2'131 million as at 31 December 2023.

For the composition of and changes in equity during the last three reporting years refer also to the table Consolidated statement of changes in equity.

| in CHF thousands | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---------------------------|------------|------------|------------|
| Share capital | 154'000 | 154'000 | 154'000 |
| Share premium | - 15'066 | - 14'923 | - 13'952 |
| Treasury shares | - 13'356 | - 11'640 | - 15'073 |
| Retained earnings | 2'140'361 | 2'056'623 | 1'959'517 |
| Other reserves | - 136'250 | - 161'534 | 12'932 |
| Total | 2'129'690 | 2'022'525 | 2'097'423 |
| Non-controlling interests | 962 | 1'203 | 142'704 |
| Total equity | 2'130'652 | 2'023'728 | 2'240'128 |

2.4 Shares and participation certificates

As at 31 December 2023, the share capital amounted to 30'800'000 fully paid registered shares with a nominal value of CHF 5.00. With the exception of the LLB shares held by Liechtensteinische Landesbank (208'055 shares), all the shares are eligible for dividend. As at 31 December 2023, share capital eligible for dividend therefore amounted to CHF 153.0 million. In principle, all LLB shares are eligible for voting according to the principle of "one share, one vote". On account of the regulations concerning the purchase of own shares (Art. 306a ff. PGR / Liechtenstein Law on Persons and Companies), the shares held by Liechtensteinische Landesbank and its subsidiaries are excluded from voting rights. There are no priority rights or similar entitlements. When new shares are issued, the shareholders have a subscription right entitling them to subscribe to new shares in proportion to the number of shares they already hold.

Liechtensteinische Landesbank AG has not issued any participation certificates.

2.5 Profit-sharing certificates

Liechtensteinische Landesbank AG has no outstanding profit-sharing certificates.

2.6 Transfer limitations and nominee registrations

The registered shares of Liechtensteinische Landesbank are fully transferable, whereby the Principality of Liechtenstein holds at least 51 per cent of the capital and voting rights, and may not sell this equity stake.

Liechtensteinische Landesbank maintains a share register containing the names of the owners of registered shares. Upon request, the acquirers of registered shares are entered in the share register as shareholders having a voting right provided that they expressly render a declaration that they

have purchased these shares in their own name for their own account. If the acquirer is not willing to render such a declaration, the Board of Directors can refuse to enter the shares with voting rights in the register. Pursuant to Art. 5a of the statutes (www.llb.li/statutes), the Board of Directors has determined that nominee registrations without such a declaration shall generally be entered without voting rights. The legal option to refuse registration in the share register on important grounds remains reserved.

2.7 Convertible bonds and options

As at 31 December 2023, Liechtensteinische Landesbank had no convertible bonds or options on its own shares outstanding.

On 7 May 2019, LLB issued a fixed interest bond for CHF 150 million. The term to maturity is seven years and the yield at maturity is 0.07 per cent. The bond has been listed on the SIX Swiss Exchange since 27 May 2019 (ISIN: CH0419041204) and is traded on the secondary market.

On 4 September 2019, LLB issued a fixed interest bond for CHF 100 million. The term to maturity is ten years and the yield to maturity is minus 0.16 per cent. The bond has been listed on the SIX Swiss Exchange since 27 September 2019 (ISIN: CH0419041527) and is traded on the secondary market.

On 27 August 2020, a fixed interest bond was issued for CHF 150 million. The term to maturity is ten years and the yield to maturity is 0.29 per cent. The bond has been listed on the SIX Swiss Exchange since 23 September 2020 (ISIN: CH0536893255) and is traded on the secondary market.

On 7 November 2023, Liechtensteinische Landesbank issued a fixed interest bond for CHF 150 million. The term to maturity of the bond is seven years and the yield at maturity is 2.477 per cent. The bond has been listed on the SIX Swiss Exchange since 22 November 2023 (ISIN: CH1306117040) and is traded on the secondary market.

3 Board of Directors



3.1 Members

On the basis of their education, their professional background and their experience, the seven members contribute various, complementary skills and abilities. With two women on the seven-member Board, the proportion of women was 29 per cent at the end of 2023.

a) Name, nationality, education and professional career

| Name | Year of birth | Profession | Nationality |
|------------------------|---------------|-------------------------------|-------------|
| Georg Wohlwend | 1963 | Business economist | FL |
| Richard Senti | 1964 | Business economist | FL |
| Nicole Brunhart | 1975 | Business economist | FL / CH |
| Leila Frick-Marxer | 1984 | Lawyer | FL |
| Thomas Russenberger | 1975 | Head of Group Human Resources | FL |
| Karl Sevelda | 1950 | Bank manager (ret.) | AT |
| Christian Wiesendanger | 1964 | Bank manager | CH |

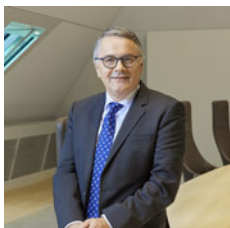
b) Executive / non-executive members

All members of the Board of Directors of Liechtensteinische Landesbank AG are non-executive members. Pursuant to Art. 22 of the Liechtenstein Banking Law in connection with Art. 10 of the Law on Liechtensteinische Landesbank, various special bodies are constituted for the overall direction, supervision and control of a bank, on the one hand, and for the Board of Management and Corporate Management, on the other hand.

No member of the Board of Directors is allowed to be a member of the Board of Management or Group Executive Board.

c) Independence

In accordance with the "Directive on Information relating to Corporate Governance", all members of the Board of Directors are independent. In 2023, as well as in the three previous business years, no member of the Board of Directors was a member of the Group Executive Board or the Board of Management of Liechtensteinische Landesbank or a Group company. No member had significant business relationships with Liechtensteinische Landesbank or a Group company. In accordance with Art. 12 of the Liechtenstein Law on the Control and Supervision of Public Enterprises, contracts with the members of the Board of Directors must be in writing. They require the approval of the Board of Directors, whereby the same conditions apply as for contracts with third parties.



Georg Wohlwend
Chairman, Business economist 1963, FL

Education:

- ◆ Swiss Board School, St. Gallen, 2014
- ◆ Taxation training at the University of Liechtenstein, 2012
- ◆ Management training at the University of St. Gallen, 2008
- ◆ EFQM Assessor, 2007
- ◆ Swiss Banking School, 1999
- ◆ International Professional Development Programme at the University of Tulsa (USA), 1992
- ◆ Licentiate in economics, major in business IT, University of Zurich, 1991

Professional career:

- ◆ Partner and Member of the Executive Board, Salmann Investment Management AG, Vaduz, 2013–2014
- ◆ Member of Group Executive Management and Head Banking Liechtenstein & Regional Market, VP Bank AG, Vaduz, 2010–2012
- ◆ Member of Group Executive Management and Head Intermediaries, VP Bank AG, Vaduz, 2006–2010
- ◆ Member of the Management Board and Head Trust Banking, VP Bank AG, Vaduz, 2000–2006
- ◆ Member of the Management Board and Head Logistics, VP Bank AG, Vaduz, 1998–2000
- ◆ Deputy Head Logistics, VP Bank AG, Vaduz, 1996–1998
- ◆ Employee in the Organisation Department, VP Bank AG, Vaduz, 1994–1996
- ◆ Working scholarship of Martin Hilti Foundation at Hilti Group, Tulsa (USA), 1992–1993



Richard Senti
Business economist
1964, FL / CH

Education:

- ◆ Dr. oec. HSG, University of St. Gallen, 1994
- ◆ Licentiate in economics at the University of St. Gallen (HSG), 1989

Professional career:

- ◆ Chairman of the Board of Directors of the Hoval Group, Vaduz, since 2020
- ◆ Member of the Board of Directors Kaiser AG, Schaanwald, since 2023
- ◆ CFO and member of the management of the Hoval Group, Vaduz, 2003–2020
- ◆ Head Finance and Accounting (CFO) of the Infratec division, Von Roll Infratec Holding AG, Zurich 2000–2003
- ◆ Head Finances, Logistics and Human Resources, Hilti CR s.r.o., Prague, 1998–2000
- ◆ Head of Controlling of the Direct Fastening Business Unit, Hilti AG, Schaan, 1994–1998
- ◆ Controller in the Drilling Systems division, Hilti AG, Schaan, 1991–1994
- ◆ Assistant at the University of St. Gallen, 1988–1990



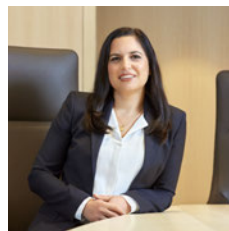
Nicole Brunhart
Business economist
 1975, FL / CH

Education:

- ◆ Dr. oec., University of St. Gallen, 2007
- ◆ Master's Degree (lic. eoc. HSG) in Finance, Accounting and Controlling, University of St. Gallen, 2000
- ◆ CEMS Master Diplom for International Studies, St. Gallen and Paris, 1998

Professional career:

- ◆ Head of Transformation and Member of the Executive Board, Clearstream Fund Center Switzerland, Zurich, since 2022
- ◆ Head Strategic Clients Switzerland and Germany, Sustainability Champion for Switzerland, BlackRock Asset Management, Zurich and London, 2018–2022
- ◆ Executive Director, Global Institutional Asset Management, Sales Management & Pricing Switzerland, UBS Asset Management, Zurich, 2016–2018
- ◆ Executive Director, Business Development, Zürcher Kantonalbank, Zurich, 2016–2018
- ◆ Executive Director, Pricing Strategist, Swisscanto Asset Management AG, Zurich, 2010–2015
- ◆ Engagement Manager, McKinsey & Company, Zurich und Frankfurt, 2001–2010



Leila Frick-Marxer
Lawyer
 1984, FL

Education:

- ◆ Bar examination in the Principality of Liechtenstein, 2013
- ◆ Licentiate in law, University of Zurich, 2008

Professional career:

- ◆ Lawyer, Batliner Wanger Batliner Rechtsanwälte AG, since 2013
- ◆ Court internship, the Princely District Court and Liechtenstein Office of the Public Prosecutor, April 2012–September 2012
- ◆ Junior lawyer, Batliner Wanger Batliner Rechtsanwälte AG, February 2011–March 2012
- ◆ Auditor and Court Clerk, District Court of Zurich, March 2009–November 2010
- ◆ Junior lawyer, Batliner Wanger Batliner Rechtsanwälte AG, December 2008–February 2009
- ◆ Assistant, Bürgi Nägeli Lawyers, Zurich, May 2005–August 2007



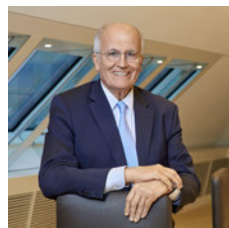
Thomas Russenberger
Personnel manager
 1975, FL / IT

Education:

- ◆ Master of Business Administration (MBA) in Entrepreneurship, University of Liechtenstein, 2007
- ◆ Bachelor of Science, Business Information Systems, University of Liechtenstein, 2004

Professional career:

- ◆ Global Head of Human Resources tk Steering Group, thyssenkrupp Presta AG, Eschen, since 2013
- ◆ Head HR Services, thyssenkrupp Presta AG, 2010–2013
- ◆ Head HR Services for the Technical and Commercial divisions, thyssenkrupp Presta AG, Eschen, 2005–2010
- ◆ Project Head Organisational Development, thyssenkrupp Presta AG, Eschen, 2000–2005



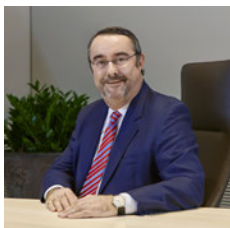
Karl Sevelda
Bank manager (retired)
 1950, AT

Education:

- ◆ Doctorate in social and economic science from the Vienna University of Economics and Business, 1980
- ◆ Assistant at the Economic Policy Institute and freelance research at the Federal Ministry of Science and Research, Vienna, 1973–1976
- ◆ Licentiate in social and economic sciences from the Vienna University of Economics and Business, 1973

Professional career:

- ◆ Chairman of the Supervisory Board, Semper Constantia Privatbank AG, 2017–2018
- ◆ CEO, Raiffeisen Bank International AG, 2013–2017
- ◆ Deputy CEO, Raiffeisen Bank International AG, 2010–2013
- ◆ Member of the Executive Board responsible for corporate client business and worldwide corporate, trade and export finance at Raiffeisen Zentralbank Österreich AG, 1998–2013
- ◆ Various management functions at Creditanstalt-Bankverein (Senior Head of the Export Financing Department, Deputy Head of the Financing division, Head of the International Corporations and Insurance division, Head of the Corporate Clients division), 1986–1997
- ◆ Creditanstalt-Bankverein London and New York, 1985
- ◆ Head of economics at the Office of the Federal Minister of Trade, Commerce and Industry, 1983–1985
- ◆ Adviser for commercial credits and export financing at Creditanstalt-Bankverein, 1977–1983



Christian Wiesendanger
Bank manager
1964, CH

Education:

- ◆ Master of Business Administration (MBA), 1998
- ◆ PhD in Theoretical and Mathematical Physics, University of Zurich, 1994
- ◆ Master's degree in Theoretical Physics, 1990

Professional career:

- ◆ Member of the Board, HIAG, Basel, 2021–2023
- ◆ CFO a.i., HIAG, Basel, 2022–2023
- ◆ Various leading functions at UBS (Senior Executive Wealth Management, Global Head Investment Platforms and Solutions, Head Wealth Management Switzerland), Zurich, 2010–2022
- ◆ Various leading functions at Credit Suisse (Head Private Banking Latin America, Head Private Banking Mittelland, Corporate Program Manager), Zurich, 2002–2010
- ◆ Associate and later Engagement Manager, McKinsey & Company, Zurich, 1997–2001
- ◆ Postdoctoral Researcher in Theoretical Physics, Institute for Advanced Studies, Dublin, 1995–1999

3.2 Other activities and commitments

- ◆ **Georg Wohlwend** is a Member of the Board of Directors of Neutrik AG, Schaan, and Seed X Liechtenstein AG, as well as Chairman of the Board of Directors of Alegria Capital AG, Vaduz.
- ◆ **Richard Senti** is Chairman of the Board of Directors of the Hoval Group, Vaduz and member of the Board of Directors of Kaiser AG, Schaanwald.
- ◆ **Thomas Russenberger** is Chairman of the Foundation Board of the “Presta Stiftung” pension fund, Eschen.
- ◆ **Karl Sevelde** is a Member of the Supervisory Board of SIGNA Development Selection AG and SIGNA Prime Selection AG, Vienna / Innsbruck, a Member of the Board of Directors of RHI Magnesita NV, Arnhem (NL) / Vienna, and a partner in Andlinger & Company GmbH, Vienna. Furthermore, he is Chairman of the Foundation Board of CUSTOS Privatstiftung, Graz, and Vice Chairman of EcoAustria Economic Research Institute, Vienna.

Otherwise the Members of the Board of Directors are not involved in the management or supervisory boards of important Liechtenstein, Swiss or foreign private or public law corporations, establishments or foundations, nor do they exercise any permanent management or consultancy functions for important Liechtenstein, Swiss or foreign interest groups, nor do they perform official functions or hold political office.

3.3 The number of permitted activities

Liechtensteinische Landesbank AG is not subject to the Swiss ordinance against excessive compensation in listed public companies (OaEC). We have not issued any statutory rules on the

number of permitted activities. These are governed in the Group regulation "Fit & Proper – Assessment of the members of the Board of Management, the Board of Directors and the holders of key functions". Accordingly, the following upper limits for time-consuming

- ◆ one mandate on a board of management with two mandates on a board of directors
- ◆ four mandates on a board of directors
- ◆ Board of management and board of directors mandates within the same group count as one mandate. Mandates as a representative of an EU or EEA member state are excluded.
- ◆ Exceptions may, with the approval of the FMA, be authorised by the Group Board of Directors.

3.4 Election and term of office

3.4.1 Principles governing the election procedure

In accordance with the Law on Liechtensteinische Landesbank of 21 October 1992, the Board of Directors of Liechtensteinische Landesbank is composed of five to seven members, who are elected individually by the General Meeting of Shareholders. Their term of office lasts three years, whereby one year is understood to be the period from one ordinary General Meeting of Shareholders to the next. Members can be re-elected for a further two terms. After serving three terms of office, the Chairman of the Board of Directors may, by way of exception and provided the circumstances so warrant, be re-elected for an additional term not exceeding two years.

The Group regulation "Group Nomination & Compensation Committee" (see point 3.5.2) stipulates that the Board of Directors should ensure continuity through planned renewal and succession as well as a sensible staggering of terms of office (no complete renewal) pursuant to current corporate governance provisions.

The Chairman of the Board of Directors is elected by the General Meeting of Shareholders. The Vice Chairman is elected from among the members of the Board of Directors by its members. New members or the Chairman of the Board of Directors elected as substitutes shall be elected for a full term of office of three years. The General Meeting of Shareholders can dismiss members of the Board of Directors on important grounds.

Georg Wohlwend is Chairman of the Board of Directors; Richard Senti is Vice Chairman. Cyrill Sele is Secretary (recorder of the minutes).

3.4.2 First-time election and remaining term of office

| Name | First-time appointment | Elected until |
|------------------------|------------------------|---------------|
| Georg Wohlwend | 2017 | 2024 |
| Richard Senti | 2018 | 2024 |
| Nicole Brunhart | 2023 | 2026 |
| Leila Frick-Marxer | 2022 | 2025 |
| Thomas Russenberger | 2018 | 2024 |
| Karl Sevelda | 2019 | 2025 |
| Christian Wiesendanger | 2023 | 2026 |

3.5 Internal organisation

3.5.1 Separation of tasks of the Board of Directors

| Name | Function | Committee memberships |
|------------------------|---------------|--|
| Georg Wohlwend | Chairman | Group Nomination & Compensation Committee Strategy Committee ¹ |
| Richard Senti | Vice Chairman | Group Audit Committee ¹ |
| Nicole Brunhart | Member | Group Audit Committee Strategy Committee |
| Leila Frick-Marxer | Member | Group Nomination & Compensation Committee Group Risk Committee |
| Thomas Russenberger | Member | Group Nomination & Compensation Committee ¹ Group Risk Committee |
| Karl Sevelda | Member | Group Risk Committee Strategy Committee |
| Christian Wiesendanger | Member | Group Risk Committee ¹ Strategy Committee |

¹ Chair

3.5.2 Composition of all Board of Directors' committees, their tasks and terms of reference

In accordance with the statutes, the Board of Directors may appoint committees deemed necessary by it.

Currently these comprise:

- ◆ Group Nomination & Compensation Committee
- ◆ Group Audit Committee
- ◆ Group Risk Committee
- ◆ Strategy Committee

The Board of Directors elects the committee members from among its members and appoints the chairmen. In principle, the Chairman of the Board of Directors cannot be elected to the Group Audit Committee or the Group Risk Committee. Each committee is composed of at least three members. As preparatory or advisory bodies, these committees deal in detail with the tasks assigned to them, submit the results of their work to the Board of Directors and make proposals if decisions are required.

The committee members must possess the expertise for the tasks and duties they have taken on. All committee members must be independent.

Terms of office on committees correspond to the length of terms of office on the Board of Directors. Committee membership also ends when members step down from the Board of Directors.

The Board of Directors has issued separate regulations for the three committees, the Group Nomination & Compensation Committee, the Group Audit Committee and the Group Risk Committee, in which the tasks and areas of responsibility are defined.

The committees can invite outside persons as experts and entrust LLB staff, in particular, with administrative duties.

Group Audit Committee

The Group Audit Committee is set up pursuant to Art. 22, Para. 2a of the Banking Law and supports the Board of Directors in fulfilling the tasks vested in it by the law with respect to its duty of overall direction of the company, as well as supervision and control (Art. 23 of the Banking Law).

The regulation "Group Audit Committee" lays down the organisation as well as the competencies and responsibilities of the Committee in so far as these are not prescribed by law, the statutes or the rules of procedure. The following persons are members of the Group Audit Committee:

| Name | Function |
|---------------------|----------|
| Richard Senti | Chairman |
| Nicole Brunhart | Member |
| Thomas Russenberger | Member |

In accordance with Appendix 4.3 of the Banking Ordinance, the guidelines concerning internal controls according to Art. 7a and Art. 21c ff. of the Banking Law, the Group Audit Committee concerns itself especially with the methodology and quality of the external audit, the quality of financial reporting as well as the collaboration between and independence of the internal and external auditors.

The Group Audit Committee assesses the quality and integrity of the financial reporting including the structure of the financial accounting function, the financial controlling and financial planning.

This includes:

- ◆ Petitioning the Board of Directors that the LLB Group's consolidated financial statement and the financial statement of the LLB parent bank may be presented to the General Meeting of Shareholders and published and that the consolidated interim financial statement may be published;
- ◆ Monitoring and assessing the suitability and effectiveness of the internal control system in the area of financial reporting;
- ◆ Assessing the documentation regarding forthcoming amendments of the accounting principles;
- ◆ Evaluating the budgeting process as well as the budget proposal of the Group Executive Board for the following year and submitting a proposal to the Board of Directors as the approval body.

Group Risk Committee

The Group Risk Committee is set up pursuant to Art. 22, Para. 2a of the Banking Law and Art. 21e of the Banking Ordinance and supports the Board of Directors in fulfilling the tasks vested in it by the Banking Law with respect to its duty of overall direction of the company, as well as supervision and control (Art. 23 of the Banking Law).

The regulation "Group Risk Committee" lays down the organisation as well as the competencies and responsibilities of the Committee in so far as these are not prescribed by law, the statutes or the rules of procedure. The following persons are members of the Group Risk Committee:

| Name | Function |
|------------------------|----------|
| Christian Wiesendanger | Chairman |
| Leila Frick-Marxer | Member |
| Karl Sevelda | Member |

The Group Risk Committee has the following risk-related tasks:

- ◆ The assessment and provision of advice on the current and future overall risk tolerance and strategy of the LLB Group.
- ◆ The assessment of the implementation of the risk strategy by the Group Executive Board.
- ◆ The monitoring of the integrity and suitability of risk management in the LLB Group, which is based on risk policy, in particular, in regard to market, credit, liquidity as well as operational risks.
- ◆ The assessment of the integrity and suitability of the internal control system in regard to the identification, measurement, limitation and monitoring of risks. In the areas of compliance and risk

control this includes, in particular, the assessment of the precautions that are to ensure the observance of the legal (e.g. capital adequacy, liquidity and risk distribution regulations) and bank-internal (e.g. risk policy framework) provisions. In the area of operational risk management this encompasses, in particular, the annual review of the OpRisk Assessment of the LLB Group, which is based on the risk taxonomy.

- ◆ The supporting of the Board of Directors to formulate and implement the risk-relevant Group rulings and directives issued by it as well as the relevant guidelines and processes that are set down in these rulings and directives.
- ◆ The assessment, at least on an annual basis, of the Group-wide policy on risks (e.g. risk policy framework). In doing so, the concerned authorities are to be consulted and the suggestions and proposals of the Group Executive Board are to be considered. A proposal is then to be made to the Board of Directors as the approving authority. All risk-relevant Group rulings and directives that have to be approved by the Board of Directors are to be treated accordingly.
- ◆ The assessment of the results of the ICLAAP (internal capital / liquidity adequacy assessment process).
- ◆ The examination of the risk propensity within the scope of the risk-bearing capacity statement. This is performed both from the perspective of the going concern and also of the gone concern. Based on the risk appetite, the Group Risk Committee can propose adjustments to the limits system to the Board of Directors.
- ◆ The assessment of the overall risk situation and supervising adherence to the limits set by the Board of Directors.
- ◆ The discussion and assessment of the Risk Report of the LLB Group and submission of a proposal to the Board of Directors as the approving authority.
- ◆ The discussion and assessment of the risk analysis and activity report of the LLB Group's Group Legal & Compliance and submission of a proposal to the Board of Directors as the approving authority.
- ◆ The examination of whether the pricing of the investments and liabilities takes into reasonable consideration the business model and the risk strategy of the LLB Group and, if this is not the case, the submission of a plan of appropriate measures.
- ◆ The examination of whether the incentives offered in the compensation system take into consideration risk, capital, liquidity, and the probability and timing of earnings.

Group Nomination & Compensation Committee

The Group Nomination & Compensation Committee is set up pursuant to Art. 22, Para. 2a of the Banking Law and Art. 29b of the Banking Ordinance as well as Appendix 4.4.2 of the Banking Ordinance "Compensation Committee and Risk Committee". It supports the Board of Directors in fulfilling the tasks vested in it with respect to its duty of overall direction of the company, as well as supervision and control (Art. 23 of the Banking Law).

The regulation "Group Nomination & Compensation Committee" lays down the organisation as well as the competencies and responsibilities of the Committee in so far as these are not prescribed by law, the statutes or the rules of procedure. The following persons are members of the Group Nomination & Compensation Committee:

| Name | Function |
|---------------------|----------|
| Thomas Russenberger | Chairman |
| Leila Frick-Marxer | Member |
| Georg Wohlwend | Member |

On behalf of the Board of Directors and the Group Executive Board, the Group Nomination & Compensation Committee strives to achieve the following goals while complying with the applicable principles of corporate governance:

- ◆ A balanced composition of the bodies taking into consideration the professional knowledge and skills required for the bank, diversity and personal suitability of members;
- ◆ Continuity thanks to planned renewal and succession as well as a reasonable staggering of terms of office (no complete renewal);
- ◆ The smooth transfer of functions and official responsibilities thanks to a systematic introduction to the specific tasks and operations of the bank.

In addition, the Group Nomination & Compensation Committee is responsible for these tasks:

- ◆ The annual evaluation of the structure, size, composition and performance of the Board of Directors and the Group Executive Board, as well as recommending any changes, if necessary;
- ◆ The annual evaluation of the knowledge, abilities and experience of the individual members of the Board of Directors and the Group Executive Board as well as its bodies in their entirety. The submission of the evaluation to the Board of Directors and the Group Executive Board;
- ◆ Reviewing the course of the Board of Directors in the selection and appointment of the Group Executive Board and making recommendations to the Board of Directors;
- ◆ The ensuring that the decision-making process of the Group Executive Board and the Board of Directors cannot be influenced by an individual person or a group of persons in a manner detrimental of the LLB Group's interests;
- ◆ Review of the remuneration of the members of the Group Executive Board and senior executives in the areas of risk management and compliance;
- ◆ The review of the procedure adopted by the Board of Directors in selecting and appointing the Group Executive Board, as well as submission of recommendations to the Board of Directors;
- ◆ The formulating of compensation regulations for the parent bank and the LLB Group;
- ◆ The preparation of decisions regarding the compensation of the members of the Board of Directors and the Group Executive Board, as well as of other employees, in so far as their compensation is to be determined by the Board of Directors in accordance with the compensation regulations and taking into consideration the long-term interests of stakeholders, investors and other parties;
- ◆ The establishment of the guidelines for the human resources policy.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the nomination, election and re-election of the members of the Board of Directors. It has the following tasks in particular:

- ◆ The development of criteria for the selection, election and re-election of candidates;
- ◆ The selection and evaluation of candidates as well as the submission of election proposals to the Board of Directors for submission to the General Meeting of Shareholders in accordance with the developed criteria;
- ◆ The development of succession plans and their periodic review, both in the case of the end of a term of office and in the case of any member stepping down early;
- ◆ Ensuring the further training of the entire Board of Directors;
- ◆ Planning the introductory phase for new members.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the appointment of members of the Group Executive Committee and for the appraisal of their performance. It has the following tasks in particular:

- ◆ The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors;
- ◆ The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors in accordance with the developed criteria;
- ◆ The development and application of criteria for the performance appraisal of the Group Executive Board in corpore as well as of individual members;
- ◆ The development of succession plans and their periodic review, both in the case of members of the Group Executive Board stepping down for age-related or contingency reasons;
- ◆ Ensuring the further training of the members of the Group Executive Board.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the appointment of the Head of Group Internal Audit and for the appraisal of their performance. It has the following tasks in particular:

- ◆ The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors with the involvement of the Chairwoman of the Group Audit Committee;
- ◆ The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors in accordance with the developed criteria;

- ◆ The development and application of criteria for the performance appraisal of the Head of Group Internal Audit – in co-operation with the Chairman of the Board of Directors and the Chairwoman of the Group Audit Committee;
- ◆ The development of succession plans and the periodic review of them, both in the case of the age-related or contingency stepping down of the Head of Group Internal Audit, this in collaboration with the Chairman of the Board of Directors and the Chairwoman of the Group Audit Committee.

The nomination of delegates in the Board of Directors' committees of the Group and associated companies should ensure the implementation of the Group strategy and a uniform external perception of the LLB Group.

The Group Nomination & Compensation Committee is responsible for fulfilling the tasks defined in the Group regulation "Fit & Proper – Assessment of the members of the Board of Management, the Board of Directors and the holders of key functions".

The Group Nomination & Compensation Committee has the following tasks, in particular, in relation to compensation:

- ◆ The formulation of recommendations for the stipulation of principles and the establishment of regulations for the compensation policy concerning the members of the Board of Directors, the members of the Group Executive Board and the other employees of the bank for submission to the Board of Directors;
- ◆ The formulation and annual review of proposals for the compensation of the members of the Board of Directors, the members of the Group Executive Board and the Head of Group Internal Audit for submission to the Board of Directors in accordance with the existing principles and regulations;
- ◆ The annual review of Group regulations "Compensation policy of the LLB Group", "Compensation standards of LLB & LCH & ASM" as well as "Fit & Proper – Assessment of the members of the Board of Management, the Board of Directors and the holders of key functions" for submission to the Board of Directors;
- ◆ The annual review of the compensation of the members of the Board of Directors, the members of the Group Executive Board, the Head of Group Internal Audit and senior executives in the areas of risk management and compliance pursuant to Group regulations "Compensation policy of the LLB Group" and "Compensation standards of LLB & LCH & ASM" for submission to the Board of Directors in accordance with existing principles and regulations;
- ◆ The undertaking of an informed, independent assessment of the compensation policy and practices and of the incentives created for managing risk, capital and liquidity.

The Group Nomination & Compensation Committee has the following responsibilities in relation to strategic human resources management:

- ◆ The stipulation and periodic review of the principles of human resources policy;
- ◆ The review of the processes for the systematic development of employees and executives.

Strategy Committee

One of the tasks of the Board of Directors is to formulate and periodically evaluate the LLB Group's strategy. In this task it is supported by the Strategy Committee. The members of the Committee are:

| Name | Function |
|------------------------|----------|
| Georg Wohlwend | Chairman |
| Nicole Brunhart | Member |
| Karl Sevelda | Member |
| Christian Wiesendanger | Member |

Representation in foundations

Thomas Russenberger and Richard Senti have seats on the Board of Trustees of the Personnel Pension Fund Foundation of Liechtensteinische Landesbank AG as employer representatives.

3.5.3 Working methods of the Board of Directors and its committees

Board of Directors

The Chairman of the Board of Directors convenes meetings as often as business requires or when requested in writing by a member, but at least four times a year. Board meetings are chaired by the Chairman. A quorum of the Board of Directors is constituted when a simple majority of the members is present. Resolutions shall be passed by a simple majority of votes. In the case of a tie, the Chairman shall have the casting vote. In urgent cases, resolutions may be passed by circulation. A circular resolution is just as binding as a resolution passed at a meeting of the Board of Directors. It is entered in the minutes of the next ordinary meeting.

Meetings of the Board of Directors are held in the form of physical, telephone or video conferences and minutes are taken.

The members of the Board of Directors exercise their tasks, competences and responsibilities with due care and regulate their personal and business matters in such a manner that, as far as possible, real or potential conflicts of interest are avoided. They are obliged to inform the Chairman of any real or potential conflicts of interest. This applies regardless of whether it is a general conflict of interest or a conflict of interest in connection with a matter to be discussed at a meeting. The Chairman informs the Board of Directors and decides how a recusal is dealt with. The following options are possible:

- ◆ The member concerned may attend the discussion but may not be present at the passing of the resolution concerning the respective matter. He will receive the corresponding minutes.
- ◆ The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will receive the corresponding minutes.
- ◆ The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will not receive the corresponding minutes.

During the 2023 business year, the Board of Directors of Liechtensteinische Landesbank AG held a total of ten ordinary and four extraordinary meetings. A closed meeting lasting one and a half days was conducted by the Board of Directors in collaboration with the Group Executive Board following the ordinary meeting in June 2023. The closed meeting focused on the strategy review. The subject of the extraordinary board meetings were the growth initiative in Switzerland and a legal case.

| Date | Meeting | Attendance | Duration in hours |
|-------------------|----------------|-----------------------------------|-------------------|
| 19 January 2023 | extraordinary | all, excepting Richard Senti | 1.00 |
| 24 February 2023 | ordinary | all | 7.75 |
| 21 March 2023 | ordinary | all, excepting Urs Leinhäuser | 7.00 |
| 28 April 2023 | ordinary | all | 7.00 |
| 02 May 2023 | extraordinary | all | 1.25 |
| 05 May 2023 | extraordinary | all, excepting Leila Frick-Marxer | 1.25 |
| 23 May 2023 | ordinary | all | 4.75 |
| 29 June 2023 | ordinary | all | 3.50 |
| 29 June 2023 | closed meeting | all | 1.75 |
| 30 June 2023 | closed meeting | all | 5.50 |
| 13 July 2023 | extraordinary | all | 0.50 |
| 22 August 2023 | ordinary | all | 4.00 |
| 28 September 2023 | ordinary | all, excepting Karl Sevelda | 3.50 |
| 24 October 2023 | ordinary | all | 8.00 |
| 21 November 2023 | ordinary | all | 5.75 |
| 19 December 2023 | ordinary | all | 9.00 |

Group Audit Committee

The members of the Group Audit Committee meet at least four times a year. These ordinary meetings are convened by the Chairman. He compiles an agenda prior to each meeting, which is sent together with the necessary information and the minutes of the last meeting to the meeting's participants at least five days prior to the date of the meeting. The members of the Group Audit Committee, the Group CEO, the Group CFO, the external auditors and the Head of Group Internal Audit can request the Chairman of the Group Audit Committee to convene extraordinary meetings. To deal with specific issues, the Group Audit Committee can also invite other persons, such as members of the Group Executive Board, other staff of the LLB Group companies, representatives of the external auditors,

staff of Group Internal Audit or external consultants. The Group CEO, the Group CFO and the Head of Group Internal Audit usually participate in the meetings in an advisory capacity. The members of the Board of Directors who are not members of the Group Audit Committee are entitled to participate in the meetings.

During the 2023 business year, the members of the Group Audit Committee met for six meetings. No external experts were called in during the business year.

| Date | Attendance | Duration in hours |
|------------------|------------|-------------------|
| 19 January 2023 | all | 0.75 |
| 23 February 2023 | all | 3.00 |
| 22 May 2023 | all | 2.50 |
| 13 July 2023 | all | 0.50 |
| 21 August 2023 | all | 2.50 |
| 15 December 2023 | all | 3.00 |

Group Risk Committee

The members of the Group Risk Committee meet at least four times a year. These ordinary meetings are convened by the Chairman. He compiles an agenda prior to each meeting, which is sent together with the necessary information and the minutes of the last meeting to the meeting's participants at least five days prior to the date of the meeting. The members of the Group Risk Committee, the Group CEO, the Group CFO, the external auditors, the Head of Group Internal Audit, the Head of Group Credit & Risk Management as well as the Head of Group Legal & Compliance can request the Chairman of the Group Risk Committee to convene extraordinary meetings. To deal with specific issues, the Group Risk Committee can also invite other persons, such as members of the Group Executive Board, the Chairmen of the Risk Committees of the LLB Group, other staff of the LLB Group companies, representatives of the external auditors or external consultants. The Group CEO, the Group CFO, the Head of Group Internal Audit and the Head of Group Credit & Risk Management usually participate in the meetings in an advisory capacity. The members of the Board of Directors who are not members of the Group Risk Committee are entitled to participate in the meetings.

During the 2023 business year, the Group Risk Committee held five ordinary meetings. No external experts were called in during the business year.

| Date | Attendance | Duration in hours |
|-------------------|------------|-------------------|
| 23 February 2023 | all | 2.50 |
| 22 May 2023 | all | 4.25 |
| 21 August 2023 | all | 3.25 |
| 19 September 2023 | all | 2.00 |
| 15 December 2023 | all | 4.00 |

Group Nomination & Compensation Committee

During the 2023 business year, the members of the Group Nomination & Compensation Committee met for six meetings. The Group Nomination & Compensation Committee meets as often as business requires, but no less than twice a year. The meetings are convened by the Chairman. He compiles an agenda prior to each meeting, which is sent together with the necessary information and the minutes of the last meeting to the meeting's participants at least five days prior to the date of the meeting.

To deal with specific issues, the Group Nomination & Compensation Committee can also invite other persons, such as staff of the Group Human Resources Business Area, representatives of the external auditors or external consultants. The Group CEO usually participates in the meetings in an advisory capacity; except when topics are discussed that particularly concern the Group Internal Audit Business Area or the performance appraisal of the Group CEO and the determination of his compensation. Furthermore, the Head of Group Human Resources and the Head of Group Internal Audit usually participate in the meetings in an advisory capacity. The members of the Board of Directors who are not members of the Group Nomination & Compensation Committee are entitled to participate in the meetings.

During the 2023 business year, the members of the Group Nomination & Compensation Committee met for seven meetings.

| Date | Attendance | Duration in hours |
|------------------|------------|-------------------|
| 30 January 2023 | all | 3.00 |
| 21 March 2023 | all | 0.34 |
| 9 May 2023 | all | 1.50 |
| 16 May 2023 | all | 0.50 |
| 17 July 2023 | all | 0.75 |
| 25 August 2023 | all | 2.34 |
| 28 November 2023 | all | 2.00 |

Strategy Committee

The ACT-26 corporate strategy (see chapter [Strategy and organisation](#)) was developed in 2021 and adopted by the Board of Directors in October 2021. At the closed meeting on 29 and 30 June 2023, the Group Executive Board reported to the full Board of Directors on the status of the implementation of the strategic initiatives. In addition to this, the members of the Strategy Committee met for three meetings.

Resolutions at the committee meetings

The committees carry out solely preparatory or advisory tasks on behalf of the Board of Directors. Resolutions at the meetings are passed with an absolute majority of the members present. The attendance of more than half of the members is required for a quorum. Only the members of the committees are eligible to vote. In the case of a tie, the Chairman has the casting vote. The matters dealt with and, in particular, the resolutions are recorded in the minutes. The minutes are circulated to the meeting's participants and the members of the Board of Directors. The Chairmen of the committees report to the Board of Directors at its next meeting on the agenda items discussed and the resolutions passed.

Self-evaluation

As a rule, the Board of Directors evaluates its own performance and that of its committees on an annual basis. This evaluation serves to determine whether the Board of Directors and the committees are functioning appropriately. The results of the self-evaluation are recorded in writing.

During the reporting year, the Board of Directors carried out such a self-evaluation based on a questionnaire. As in previous years, the overall evaluation was very positive. The collaboration between the Board members works very well. The culture of open and frank discussions is constructive and goal-oriented. The interdisciplinary composition of the Board and the range of ages of the members are regarded as positive. In future, the Board of Directors will deal more with creative and formative elements and market developments. In addition, great importance will continue to be attached to the further training of members.

3.6 Definition of areas of responsibility

The Board of Directors is responsible for the overall direction, supervision and control of the LLB Group. It ultimately bears responsibility for the success of the LLB Group as well as for the sustained increase in the value of the company for the shareholders and the employees as well as for the protection of its reputation. It decides on the strategy of the LLB Group and exercises overall supervision of operational management. It defines the risk policy of the LLB Group and monitors compliance with it. Also, it monitors compliance with legal and regulatory provisions. At the request of the Group Executive Board, the Board of Directors determines the financial and human resources required to implement the corporate strategy. It must keep itself adequately informed of the financial and risk situation of the LLB Group. This also applies to decisions made within the Group companies that have an impact on the business activities of the LLB Group.

Within the scope of the duties and responsibilities defined in the statutes, the Board of Directors has the following tasks:

- ◆ Strategy and management;
- ◆ Organisation;

- ◆ Financial management;
- ◆ Risk policy and management.

3.6.1 Board of Directors

In relation to strategy and management, the Board of Directors is responsible, in particular, for the following tasks:

- ◆ Specifying the guiding principles and values;
- ◆ Specifying the strategy (including sustainability) and its periodic review;
- ◆ Specifying the management structure;
- ◆ Deciding on important structural changes;
- ◆ Deciding about expanding into important new business areas or the withdrawal from existing important business areas;
- ◆ Approving the acquisition or sale of participations in other companies as well as the establishment or liquidation of LLB Group companies and the nomination of their Boards of Directors;
- ◆ Approving the purchase or sale of real estate having a purchase price of more than CHF 20 million (or equivalent);
- ◆ Assignment of tasks and responsibilities to the Group Executive Management;
- ◆ Approving all business matters and business decisions that exceed the authority of the powers delegated by the Board of Directors.

In connection with specifying the organisation of the business activities of the LLB Group and the issuing of necessary regulations and directives, the Board of Directors has the following tasks in particular:

- ◆ The regular monitoring of corporate governance principles and management structures laid down in the rules of procedure;
- ◆ The issuing of rulings and directives that are binding Group-wide, subject to respective applicable local law and the declaration of their binding character for the respective Group company, as well as the regulations of LLB;
- ◆ The specification of the organisation and management of Group Internal Audit including the issuing of the "Group Internal Audit" Group regulation, approval of the annual auditing plan and the annual auditing objectives, discussion of the reports submitted by Group Internal Audit and the external auditors, and approval of the reports concerning measures implemented on the basis of audit reports and their monitoring;
- ◆ The selection, appointment and dismissal of the Group CEO, the Vice Group CEO, the other members of the Group Executive Board and the Head of Group Internal Audit, the review of their performance, including succession planning;
- ◆ The supervision of the Group CEO and the other members of the Group Executive Board regarding compliance with legal provisions, statutes and rulings;
- ◆ The appointment of the members of the committees of the Board of Directors from among its members and the appointment of the Chairman;
- ◆ The regularisation of the compensation principles within the LLB Group;
- ◆ The specification of a process for selecting and evaluating the suitability of candidates for key functions;
- ◆ The issuing of a code of conduct for employees and corporate bodies in relation to dealing with conflicts of interest, as well as rules to prevent the use of confidential information;
- ◆ The issuing of a code of conduct for all employees;
- ◆ The approval of the composition of the Boards of Directors in the Group companies with the exception of LLB AG;
- ◆ Deciding about, or approving, the vocational activities of members of the Group Executive Board and the Head of Internal Audit;
- ◆ The preparation of the General Meeting of Shareholders and the implementation of its resolutions.

As part of its overall responsibility for the organisation of accounting, financial control and financial planning of the LLB Group, the Board of Directors has the following tasks in particular:

- ◆ The approval of the applicable accounting standards;

- ◆ The approval of medium-term planning and budgeting;
- ◆ The overall supervision of the complete equity and liquidity management system;
- ◆ The approval of the Consolidated Annual Report with the consolidated financial statement and the consolidated management report;
- ◆ The approval of the Consolidated Interim Report;
- ◆ The ensuring of regular reporting on the course of business and extraordinary occurrences;
- ◆ The stipulation of the competence to authorise expenditure;
- ◆ The supervision of the Group's business development.

Concerning the ultimate responsibility for risk policy and management of the LLB Group, the Board of Directors has the following tasks in particular:

- ◆ The definition of the risk policy framework as well as the regular review of the strategies and principles for the acceptance, management, monitoring and mitigation of the risks to which the LLB Group is exposed;
- ◆ The issuing of Group regulations concerning the fundamentals of risk management, determination of risk appetite, risk control as well as accountability and the processes for the approval of risk-related transactions, whereby interest fluctuation, credit, counterparty, cluster, liquidity, market price and operational risks, risks of excessive debt as well as legal and reputational risks, in particular, are to be identified, controlled, reduced and monitored;
- ◆ The definition of the risk-bearing capacity and decision on the maximum ceiling of the risk cover amount;
- ◆ The definition of a maximum debt ratio;
- ◆ The definition and monitoring of the maximum market risk to be borne;
- ◆ The responsibility for an adequate market and liquidity risk management as an integral part of the risk policy;
- ◆ The approval of the recovery plan;
- ◆ The approval of the capital plan within the scope of medium-term planning;
- ◆ The stipulation of overall and individual limits at least once a year;
- ◆ The approval of quarterly reports, including comments on the risk situation;
- ◆ The issuing of a Group regulation concerning the fundamentals of a compliance organisation within the LLB Group for the purpose of creating and implementing a common understanding of compliance;
- ◆ The stipulation of credit competences and the regulation of transactions for the account of corporate bodies and employees as well as resolutions regarding large commitments including cluster risks;
- ◆ The evaluation of the effectiveness of the internal control system;
- ◆ The ensuring of the prompt provision of information in the event of imminent risks or losses having significant implications;
- ◆ The decision concerning capital market refinancing through the borrowing of outside capital;
- ◆ The approval of the initiation of legal actions involving claims of over CHF 10 million, as well as judicial and extrajudicial settlements involving amounts of over CHF 10 million;
- ◆ The stipulation and the monitoring of compliance with the business continuity management strategy and the receipt of a report at least once a year or on an ad hoc basis;
- ◆ The protection of the LLB Group's reputation.

3.6.2 Group Executive Board

The Group Executive Board is composed of the members of the Board of Management of LLB AG. It, under the leadership of the Group CEO, is responsible for the management of the LLB Group. It is composed of five members: the two heads of the market divisions "Retail & Corporate Banking" and "International Wealth Management", as well as the Group CFO, the Group CDO and the Group CEO. The Group Executive Board meets as often as business requires, but at least once a month.

The LLB Group conducts its business through the two market-oriented divisions as well as the shared service functions of the Group CFO and Group CDO. The heads of the divisions are responsible for the operative management of the divisions.

The heads of the market-oriented divisions are responsible for the cross-divisional collaboration of their business areas. They represent the LLB Group vis-à-vis the general public and other stakeholders in their relevant markets, and vis-à-vis the relevant client groups. Together with the heads of the Group CFO and Group CDO Divisions and the heads of the business areas, they implement and coordinate the strategy of their divisions.

The heads of the divisions create the organisational prerequisites in order to manage the business areas assigned to their divisions across all the LLB Group companies. They actively coordinate all business activities with each other.

Taking into consideration prevailing local law, the Group Executive Board issues the regulations necessary for the operation and management of the divisions, provided this does not lie within the competence of the Board of Directors. These regulations can be directly binding on one or more divisions or LLB Group companies.

Besides the powers and duties set forth in the statutes, the Group Executive Board has the following tasks in particular:

- ◆ Operative management;
- ◆ Implementation of the strategy;
- ◆ Risk management.

The Group Executive Board:

- ◆ Implements the Group regulations and the resolutions of the Board of Directors.
- ◆ Informs the Board of Directors and its committees, but in particular, its Chairman regularly about the course of business and important events.
- ◆ Issues further regulations for the management of business.
- ◆ Coordinates the LLB Group's range of products as well as specifying the pricing policy and the terms and conditions for the products and services offered.
- ◆ Approves the setting up and closing of business offices, bank branches and representative offices, provided this is explicitly envisaged in the strategy.
- ◆ Is authorised to approve investments for personnel expenses and general and administrative expenses of more than CHF 0.25 million up to CHF 1 million in specific cases, and investments of from CHF 0.5 million up to CHF 3 million (with prior notification of the Chairman of the Board of Directors) which are not included in the budget adopted by the Board of Directors. In such a case, the Chairman decides about any matters to be presented to the Board of Directors.
- ◆ Continuously monitors the developments within the divisions and business areas, as well as initiating problem-solving measures.
- ◆ Continuously monitors the financial reporting and risk situation.

The Group Executive Board:

- ◆ Submits suggestions concerning the organisation of business activities of the LLB Group in general and proposals for specific business matters of the LLB Group to the Board of Directors and the responsible committees, provided these matters exceed the scope of authority of the Group Executive Board, in particular, with respect to:
 - ◆ The definition and periodic review of the LLB Group's corporate strategy as well as the allocation of resources to implement the strategy and attain corporate objectives;
 - ◆ Participations, Group companies, business offices, branches and representative offices;
 - ◆ Medium-term planning;
 - ◆ The annual expenditure and income budget;
 - ◆ The management of capital;
 - ◆ Financial reporting and the annual report.
- ◆ The setting of the objectives for business activities and the course of business as it executes the strategy approved by the Board of Directors; thereby ensuring that decision-making is timely and of a high quality as well as monitoring the implementation of the decisions made.

The Group Executive Board:

- ◆ Implements an efficient structure and organisation and an effective internal control system for the prevention and limitation of risks of all types.
- ◆ Within the risk policy framework of the LLB Group has the following tasks, in particular:
 - ◆ Implementing and reviewing compliance with the risk policy and risk regulations approved by the Board of Directors;
 - ◆ Managing all significant risks;
 - ◆ Ensuring a reasonable valuation of assets;
 - ◆ Using external and internal models to manage and monitor key risks;
 - ◆ Ensuring adequate and comprehensive reporting to the Board of Directors regarding the risk situation in accordance with the provisions of risk policy;
 - ◆ Deciding on the composition of the Risk Committee of the LLB Group.
- ◆ Is responsible for the Group-wide implementation and concretisation of the business continuity management strategy and informs the Group Board of Directors about the business continuity management activities at least once a year or on an ad hoc basis.

3.6.3 Group CEO

The Group CEO is the highest authority within the LLB Group management structure. In particular, he bears overall responsibility for the development and implementation of the strategy of the LLB Group and the divisions as approved by the Board of Directors. The Group CEO represents the Group Executive Board vis-à-vis the Board of Directors and externally.

The Group CEO

- ◆ Ensures the coherent management and development of the LLB Group as well as the implementation of the strategy that is stipulated and periodically monitored by the Board of Directors.
- ◆ Sets objectives for business activities and the course of business.
- ◆ Ensures high-quality and timely decision-making.
- ◆ Ensures that the objectives set by the members of the Group Executive Board comply with management objectives.
- ◆ Submits recommendations to the Board of Directors concerning the compensation principles within the LLB Group.
- ◆ Monitors the implementation of any decisions that are made.
- ◆ Monitors the implementation of the resolutions made by the Board of Directors and its committees.
- ◆ Is responsible – in coordination with the Chairman of the Board of Directors – for concrete succession planning within the Group Executive Board and submits proposals to the Board of Directors regarding the nomination of members of the Group Executive Board with the exception of the Group CEO.

3.7 Information and control instruments vis-à-vis the Group Executive Board

The Chairman of the Board of Directors is informed about the agenda of Group Executive Board meetings and receives the minutes. He participates in the meetings in an advisory capacity as required. The purpose of this is for both parties to update each other and form their opinions on important topics.

In principle, the Board of Directors is kept informed about the activities of the Group Executive Board by the Group CEO. The members of the Group Executive Board are responsible for ensuring the reporting to the Group CEO, for the attention of the Board of Directors, is appropriate. The Group CEO ensures that the Chairman of the Board of Directors and the Board of Directors as well as its committees are informed in a timely and adequate manner.

The Group CEO usually attends the meetings of the Board of Directors in an advisory capacity. He informs about the course of business and special occurrences and is available to provide information. The Group CFO regularly informs the Board of Directors about finances and risk management as well as about the proper implementation of the bank's risk policy. The other members of the Group Executive Board are represented for items on the agenda that affect them. The Group CEO and the

Group CFO usually participate in the meetings of the Group Audit Committee and the Group Risk Committee in an advisory capacity.

If required, the Group CEO can inform the Chairman of the Board of Directors outside of meetings of the Board of Directors about the course of business and special occurrences. The Chairman of the Board of Directors informs the other Board members about important events.

During meetings, each member of the Board of Directors can request information about all matters relating to the LLB Group. Outside of meetings, each member of the Board of Directors can also request information about the course of business from members of the Group Executive Board and, with the approval of the Chairman of the Board of Directors, also about individual business transactions.

Internal supervision and control

The LLB Group has standardised bank management systems that generate quantitative and qualitative data for the Group Executive Board and in a summarised form for the Board of Directors. This enables the Board of Directors to inform itself about significant business developments, such as the course of business, earnings situation, budget utilisation, balance sheet development, liquidity, risk situation and the fulfilment of equity requirements. The Board of Directors receives commented financial and risk management reports every three months. In exercising its supervision and control functions, the Board of Directors is also assisted by Group Internal Audit, which is subordinate directly to the Chairman of the Board of Directors. Group Internal Audit has open, direct and unrestricted access to the Chairmen of the Boards of Directors of the LLB Group companies as well as to the Group Audit Committee and the Group Risk Committee. It is independent in its reporting and is not subject to any directive or other limitations, and within the LLB Group, it has an unrestricted right to peruse all information and documents. Group Internal Audit assumes the function of the internal auditor for all Group companies that are required to prepare a consolidated statement of accounts and submits the reasons for its decision to the Board of Directors or the respective Board of Directors of the Group company as to whether there exists an effective internal control system and whether risks are being adequately monitored. If a Group company has in place its own internal audit function, this is functionally subordinate to the Head of Group Internal Audit. Group Internal Audit provides independent, objective and systematic reporting services regarding:

- ◆ the effectiveness of processes for defining the strategy and principles of risk policy as well as the general compliance with the approved strategy;
- ◆ the effectiveness of governance processes;
- ◆ the effectiveness of the risk management, including the evaluation of whether risk identification and management are adequate;
- ◆ the effectiveness of internal controls, in particular, whether these are adequate in relation to the risks taken;
- ◆ if necessary, the effectiveness and sustainability of measures for reducing and minimising risks;
- ◆ the reliability and completeness of financial and operational information (that is, whether activities are correctly and fully documented) as well as the quality of the underlying data and models;
- ◆ compliance with legal and regulatory requirements as well as with internal rulings and directives and agreements.

The powers and duties of Group Internal Audit are stipulated in a special set of regulations. Annual audits are planned on the basis of the evaluation of risks and controls and are based on an audit inventory for long-term coverage.

To avoid duplication of work and to optimise controls, the auditing plans are coordinated with the statutory auditors. The auditing plan and the personnel requirement plan are reviewed by the Group Audit Committee and submitted to the Board of Directors for approval.

The results of each audit by Group Internal Audit are recorded in a written audit report. The audit reports of the parent bank and all LLB Group companies are sent to the Chairman of the Board of Directors, the members of the Group Audit Committee and the Group Risk Committee, the Group Executive Board, the Head of Group Credit & Risk Management as well as to the Head of Group

Legal & Compliance and the external auditors. The Head of Group Internal Audit compiles a report on a quarterly basis for submission to the Group Audit Committee and the Group Executive Board as well as to the responsible committees of the other banks of the LLB Group. He also compiles a written activity report annually for submission to the Board of Directors. Particular findings that need to be dealt with immediately are communicated to the Chairman of the Board of Directors without delay by the Head of Group Internal Audit. In addition, Group Internal Audit regularly monitors whether the identified deficiencies have been rectified and the recommendations implemented and reports on this to the Group Audit Committee.

Risk management

A proactive approach towards risks is an integral part of our corporate strategy and ensures the LLB Group's risk-bearing capacity. It attaches great importance to forward-looking and holistic opportunity / risk management. As part of the risk policy, the Board of Directors issues guidelines and regulations concerning the principles of risk management and thus sets qualitative and quantitative standards for risk responsibility, risk management, risk reduction and risk control.

The LLB Group manages risks according to strategic objectives. It evaluates and manages risks through the application of detailed, qualitative and quantitative standards for risk responsibility, risk management and risk control. The LLB Group utilises the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) to deal with equity capital and liquidity issues, both of which are extremely important factors for banks. These processes ensure that adequate capital and liquidity to cover all essential risks are always available (see chapter [Risk management in the financial section](#)).

The Group Credit & Risk Management Business Area is responsible for the risk management function. It monitors the risks to which the LLB Group is exposed, or could be exposed, including risks arising from the macro-economic environment. Group Credit & Risk Management is independent of the operative business areas and, within the regulatory framework, it has unrestricted right to all information and documents Group-wide. The Head of the Group Credit & Risk Management Business Area has direct access to the Group Risk Committee and reports directly to the Group CFO. Its principal duties and responsibilities are:

- ◆ Ensuring a complete overview of the entire risk spectrum, especially of the character of the existing types of risk and the risk situation;
- ◆ Formulation of the risk policy as well as the preparation and analysis of all important decisions regarding risk management;
- ◆ Identification and measurement of significant risks as well as reporting to the Board of Directors and the Group Executive Board;
- ◆ Continual checking of the effectiveness of risk management measures.

The Group Risk Committee invites the persons responsible for risk management to a quarterly discussion of the risk status. Their reports are summarised every six months in an overall risk report of the LLB Group, which is submitted to the Board of Directors. Further details of risk management can be found in the chapter [Finance and risk management](#) as well as in the Notes to the consolidated financial statement of the LLB Group.

Compliance

The employees of the LLB Group are obliged to comply with all legal, regulatory and internal regulations as well as common standards and rules of professional conduct. The Board of Directors is responsible for organising and ensuring Group-wide compliance. For this purpose, it has issued detailed regulations in respect of the compliance rulings (in particular the compliance regulations of the Group) dealing with the essentials of compliance organisation for the purpose of creating and implementing a common understanding of the principles of compliance. The Group Executive Board is responsible for the implementation and observance of compliance. In doing so, it is supported by the compliance functions within the LLB Group. These functions are led by the Head of the Group Legal & Compliance Business Area, and are independent of the operative business areas. The Head of Group Legal & Compliance acts as general counsel and has direct access to the Group Risk Committee. He compiles a written activity report annually for submission to the

Group Risk Committee and the Board of Directors. Twice a year, he also submits a risk analysis along with measures and recommendations derived from it. Outside of regular reporting periods, the Group Risk Committee is promptly informed of serious compliance violations and issues of major economic or other significance and supported in determining what instructions or measures are needed (see chapter [Finance and risk management](#)).

4 Group Executive Board



4.1 Members

The LLB Group's organisational structure is consistently geared towards client and market needs. At Group Executive Board level are the market divisions "Retail & Corporate Banking" and "International Wealth Management". The Group Executive Board also includes the Group Chief Executive Officer (Group CEO), the Group Chief Financial Officer (Group CFO) and the Group Chief Digital & Operating Officer (Group CDO).



Gabriel Brenna
Group Chief Executive Officer
 1973, CH / I

Joined the Group Executive Board:
 2012

Education:

- ◆ Ph.D., Electrical Engineering, Semiconductors, Swiss Federal Institute of Technology (ETH) Zurich, 2004
- ◆ M. Sc., Electrical Engineering, Ecole polytechnique fédérale de Lausanne, 1998

Professional career:

- ◆ McKinsey & Company, Zurich and London; most recently, Partner and Head of Swiss Private Banking and Risk Management Practice, 2005–2012
- ◆ Senior Project Leader, Advanced Circuit Pursuit, Zollikon, 2002–2004
- ◆ Research and instruction, ETH Zurich, 2000–2004
- ◆ Project Leader, Philips Semiconductors, Zurich, 1998–1999

Liechtensteinische Landesbank:

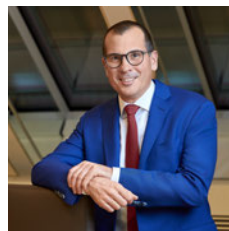
- ◆ Group Chief Executive Officer, since March 2021
- ◆ Head of Private Banking division, October 2012–2021
- ◆ Member of the Group Executive Board and the Board of Management, since 2012

Board of Directors mandates in Liechtensteinische Landesbank Group companies:

- ◆ Liechtensteinische Landesbank (Österreich) AG (Member of the Supervisory Board)
- ◆ LLB (Switzerland) AG (Member)
- ◆ LLB Asset Management AG (Chairman)

Other functions:

- ◆ Member of the Board of the Liechtenstein Bankers Association
- ◆ Member of the Board of the Liechtenstein Chamber of Commerce and Industry
- ◆ Member of the Board of Trustees of the Personnel Pension Fund Foundation of Liechtensteinische Landesbank AG
- ◆ Chairman of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"



Christoph Reich
Group Chief Financial Officer, Vice Group Chief Executive Officer
 1974, CH

Joined the Group Executive Board:
 2012

Education:

- ◆ Executive Master Law & Management (LM-HSG), St. Gallen, 2023
- ◆ Executive MBA, University of St. Gallen (HSG), 2009
- ◆ Federally qualified licentiate in economics, FHS St. Gallen, 1999

Professional career:

- ◆ Partner at Syndeo AG, Head of Accounting and Controlling for Banks, Horgen (ZH), 2006–2010
- ◆ Team manager Budget and Management Services, Asian Development Bank, Manila / Philippines, 2003–2006
- ◆ Senior consultant, KPMG Consulting, Zurich, 1999–2003
- ◆ Investment adviser for private clients, St. Galler Kantonalbank, Wil (SG), 1994–1996
- ◆ Commercial apprenticeship, St. Galler Kantonalbank, Buchs (SG), 1990–1993

Liechtensteinische Landesbank:

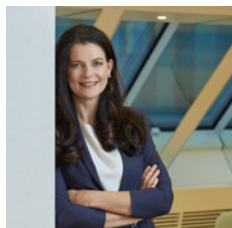
- ◆ Vice Group Chief Executive Officer, since 2022
- ◆ Group Chief Financial Officer, since 2012
- ◆ Chief Financial Officer, 2012–2012
- ◆ Member of the Group Executive Board and the Board of Management, since 2012
- ◆ Head of Group Finance & Risk Department, 2010–2012

Board of Directors mandates in Liechtensteinische Landesbank Group companies:

- ◆ Liechtensteinische Landesbank (Österreich) AG (Vice Chairman of the Supervisory Board)
- ◆ LLB (Switzerland) AG (Member)
- ◆ LLB Asset Management AG (Member)

Other functions:

- ◆ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"
- ◆ Member of the Liechtenstein Deposit Guarantee and Investor Compensation Foundation (EAS)



Natalie Flatz
Head of “International Wealth Management” division
1977, AT

Joined the Group Executive Board:
 2016

Education:

- ◆ Diploma of Advanced Studies (DAS) in Banking, 2017
- ◆ Executive Master of European and International Business Law, University of St. Gallen, 2006
- ◆ Mag. iur., University of Innsbruck, 2000

Professional career:

- ◆ Member of senior management at the Liechtenstein Fund Management Company IFOS, 2008–2011
- ◆ Private labelling client adviser at the Liechtenstein Fund Management Company IFOS, 2006–2007
- ◆ Legal assistant at the Liechtenstein Bankers Association, 2003–2005

Liechtensteinische Landesbank:

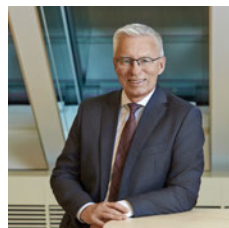
- ◆ Head of “International Wealth Management” division, since 2022
- ◆ Head of Institutional Clients division, July 2016–2021
- ◆ Member of the Group Executive Board and the Board of Management, since 2016
- ◆ Head of Fund Services Business Area, 2012–2016
- ◆ Head of Institutional Clients Business Unit, 2011–2012

Board of Directors mandates in Liechtensteinische Landesbank Group companies:

- ◆ Liechtensteinische Landesbank (Österreich) AG (Chairwoman of the Supervisory Board)
- ◆ LLB Fund Services AG (Chairwoman)
- ◆ LLB Swiss Investment AG (Chairwoman)
- ◆ LLB Services (Schweiz) AG (Vice Chairwoman)

Other functions:

- ◆ Member of the Board of Trustees of the “Future Foundation of Liechtensteinische Landesbank AG”



Patrick Fürer
Group Chief Digital & Operating Officer
1965, CH

Joined the Group Executive Board:
 2019

Education:

- ◆ Dr. oec. HSG, University of St. Gallen, 1993
- ◆ Licentiate in economics at the University of St. Gallen (HSG), 1990

Professional career:

- ◆ Chief Executive Officer, Notenstein La Roche Privatbank AG, St. Gallen, 2017–2018
- ◆ Chief Financial Officer, Notenstein La Roche Privatbank AG, St. Gallen, July–September 2017
- ◆ Chief Executive Officer, Morgan Stanley Bank AG, Zurich, 2016–2017
- ◆ Member of the Executive Board and Chief Operating Officer, Morgan Stanley Bank AG, Zurich, 2009–February 2016
- ◆ Member of the Executive Board and Head of IT and Processing, Raiffeisen Bank Switzerland, St. Gallen, 2007–2008
- ◆ Group Head of Operations, WestLB AG, Düsseldorf, London, 2003–2006
- ◆ Chief Executive Officer, WestLB Panmure, London, 2002–2003
- ◆ Chief Operating Officer, WestLB Panmure, London, 1998–2002
- ◆ Chief of Staff, Trading & Sales, Union Bank of Switzerland, Zurich, 1995–1998
- ◆ IT Project Controller and Head of Controlling of the IT division, Union Bank of Switzerland, Zurich, 1991–1994

Liechtensteinische Landesbank:

- ◆ Member of the Group Executive Board and the Board of Management, since 2019
- ◆ Group Chief Operating Officer, 2019–2021
- ◆ Group Chief Digital & Operating Officer, since 2022

Board of Directors mandates in Liechtensteinische Landesbank Group companies:

- ◆ Liechtensteinische Landesbank (Österreich) AG (Member)

Other functions:

- ◆ Member of the Board of Trustees of the “Future Foundation of Liechtensteinische Landesbank AG”



Urs Müller
Head of "Retail & Corporate Banking" division
1962, FL / CH

Joined the Group Executive Board:
2011

Education:

- ◆ Licentiate in law at the University of St. Gallen (HSG), 1993

Professional career:

- ◆ Auditor, Unterrheintal District Court and Associate Court Clerk, Oberrheintal District Court, 1993–1995

Liechtensteinische Landesbank:

- ◆ Head of "Retail & Corporate Banking" division, since 2016
- ◆ Vice Group Chief Executive Officer, 2012–2021
- ◆ Head of Institutional Clients division, 2012–2016
- ◆ Head of Domestic Market and Institutional Market divisions, 2011–2012
- ◆ Member of the Group Executive Board and the Board of Management, since 2011
- ◆ Head of Institutional Clients Business Unit, 2007–2011
- ◆ Head of Legal & Compliance, 1998–2006
- ◆ Legal counsel, 1995–1998

Board of Directors mandates in Liechtensteinische Landesbank Group companies:

- ◆ LLB (Switzerland) AG (Chairman)
- ◆ LLB Asset Management AG (Member)

Other functions:

- ◆ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"

4.2 Other activities and commitments

With the exception of the mandates specified under 4.1, the members of the Group Executive Board are not involved in the management or supervisory boards of important Liechtenstein, Swiss or foreign private or public law corporations, establishments or foundations, nor do they exercise any permanent management or consultancy functions for important Liechtenstein, Swiss or foreign interest groups, nor do they perform official functions or hold political office.

4.3 Number of permitted activities

Liechtensteinische Landesbank AG is not subject to the Swiss ordinance against excessive compensation in listed public companies (OaEC). We have not issued any statutory rules on the number of permitted activities. These are governed in the Group regulation "Fit & Proper – Assessment of the members of the Board of Management, the Board of Directors and the holders of key functions". Accordingly, the following upper limits for time-consuming professional commitments and parallel mandates must be observed:

- ◆ one mandate on a board of management with two mandates on a board of directors;
- ◆ four mandates on a board of directors;
- ◆ Board of management and board of directors mandates within the same group count as one mandate. Mandates as a representative of an EU or EEA member state are excluded.
- ◆ Exceptions may, with the approval of the FMA, be authorised by the Group Board of Directors.

4.4 Management contracts

Liechtensteinische Landesbank has not concluded any management contracts.

5 Compensation, participations and loans

Details concerning compensation, participations and loans can be found in the [Compensation report](#).

6 Shareholders' participation rights

6.1 Voting right limitation and representation

At Liechtensteinische Landesbank's General Meeting of Shareholders, each share carries one vote. In accordance with Art. 306a ff. of PGR / Liechtenstein Law on Persons and Companies, LLB shares held by Liechtensteinische Landesbank itself and its subsidiaries (208'055 shares as at 31 December 2023) are not eligible to vote. Beyond that, there are no voting right limitations.

Each shareholder has various possibilities of participating in the General Meeting of Shareholders. At the General Meeting of Shareholders they can vote their own shares or authorise a third party in writing to vote them, or have them voted by another shareholder eligible to vote. The Chairman of the General Meeting shall decide whether the authorisation is valid. A person acting as a representative may act on behalf of more than one shareholder and vote differently for the various shares they represent. Shareholders may also vote their votes in writing or electronically prior to the General Meeting (postal voting). On account of the many different voting possibilities, Liechtensteinische Landesbank has decided not to designate an independent proxy in accordance with Art. 18, para. 1 of the statutes (www.llb.li/statutes). LLB is not subject to the pertaining provision of the Swiss ordinance against excessive compensation by listed public companies (OaEC).

6.2 Statutory quorum

At the General Meeting of Shareholders, a quorum is present if half of the share capital is represented. The Board of Directors can decide to permit shareholders to vote their votes in writing or electronically. If a shareholder votes their shares prior to the General Meeting (postal voting), their share capital is regarded as being represented for the purpose of constituting a quorum. If a quorum is not constituted, a further General Meeting of Shareholders has to be convened within two weeks that makes decisions irrespective of the represented shares, unless otherwise prescribed by mandatory laws and statutes.

If this is not the case, the General Meeting passes its resolutions and decides its elections by an absolute majority of the votes cast.

6.3 Convening of the General Meeting of Shareholders

The Board of Directors convenes an ordinary General Meeting of Shareholders with a period of notice of 30 days. The meeting must be held within six months following the end of a business year. The invitation to the General Meeting is to be published on the company's website as well as, if necessary, in other media. The invitation must contain the information prescribed by law, especially the agenda to be dealt with at the meeting, the proposals of the Board of Directors and, in the event of elections, the names of the proposed candidates.

An extraordinary General Meeting may be convened by the Board of Directors if this is in the urgent interests of Liechtensteinische Landesbank or at the written request – stating the reason for convening the extraordinary General Meeting – of shareholders representing at least 10 per cent of the share capital.

6.4 Agenda

The Board of Directors sets the agenda for the General Meeting of Shareholders in accordance with Art. 14 of Liechtensteinische Landesbank's statutes (www.llb.li/statutes). The General Meeting can only vote on items which are included in the agenda, with the exception of proposals to convene an extraordinary General Meeting.

Shareholders who jointly represent not less than 5 per cent of the share capital can request that an item be placed on the agenda and be submitted to the General Meeting by tabling a resolution. Requests for items to be placed on the agenda must be received, at the latest, 21 days prior to the date of the General Meeting. The Board of Directors shall publish the amended agenda at least 13 days prior to the date of the General Meeting.

Shareholders who jointly represent not less than 5 per cent of the share capital have the right, prior to the General Meeting, to submit proposals regarding items on the agenda or items that have been added to the agenda. Furthermore, any shareholder may submit proposals regarding items on the agenda during the General Meeting.

6.5 Registration in the company's share register

Liechtensteinische Landesbank has exclusively issued registered shares. It maintains a share register containing the names of the owners of registered shares. Upon request, the purchasers of registered shares are entered in the share register as shareholders with voting rights provided that they expressly render a declaration that they have purchased these shares in their own name for their own account. If the purchaser is not willing to render such a declaration, the Board of Directors can refuse to enter the shares in the register. Pursuant to Art. 5a of the statutes (www.llb.li/statutes), the Board of Directors has determined that nominee registrations without such a declaration shall generally be entered without voting rights. In order for the right to vote to be exercised at the General Meeting of Shareholders, entry in the share register must be made at the latest three working days prior to the date of the General Meeting. Accordingly, the deadline for entry in the share register for the General Meeting on Friday, 19 April 2024 was fixed at 5 p.m. on Friday, 12 April 2024. From 13 April to 19 April 2024 no entries will be made in the share register.

7 Change of control and defensive measures

Liechtensteinische Landesbank is a banking institute licensed under Liechtenstein law with its registered office in the Principality of Liechtenstein. As a Liechtenstein bank listed on the SIX Swiss Exchange, not only Liechtenstein law but also various Swiss regulations apply to Liechtensteinische Landesbank AG. Since 1 January 2016, the provisions regarding the disclosure of significant shareholders are regulated in the Financial Market Infrastructure Law and in the Financial Market Infrastructure Ordinance and also apply to LLB.

Shareholders falling below or exceeding the threshold percentages of 3, 5, 10, 15, 20, 25, 33.33, 50, or 66.67 of voting rights are obliged to notify SIX and LLB (www.llb.li/thresholds).

Liechtensteinische Landesbank's statutes contain no regulations comparable with the Swiss provisions regarding opting out or opting up. Likewise, there are no change of control clauses in favour of the

members of the Board of Directors and / or the members of the Group Executive Board or other senior executives.

Pursuant to the Law on the Liechtensteinische Landesbank, the Principality of Liechtenstein holds at least 51 per cent of the capital and votes.

8 Independent auditors

8.1 Duration of mandate and term of office of the auditor in charge

8.1.1 Date of acceptance of existing auditing mandate

Every year, the General Meeting of Shareholders appoints one or more natural or legal entities as the independent auditors in accordance with the legal provisions. The independent auditors examine the company's adherence to the legal provisions, the statutes and the other regulations.

KPMG Liechtenstein AG, Vaduz, has held the mandate as independent auditor, according to the Law on Persons and Companies and the Banking Law, since the General Meeting on 7 May 2021. KPMG was re-elected at the General Meeting on 5 May 2023 at the proposal of the Board of Directors for a period of one year.

8.1.2 Term of office of the auditor in charge of the current auditing mandate

Philipp Rickert has been the responsible auditor in charge since 2021. The auditor in charge changes every seven years.

8.2 Audit fees

In the 2023 business year, KPMG invoiced the companies of the LLB Group for CHF thousands 1'297 (2022: CHF thousands 1'172) in respect of audit fees. These fees include the work carried out as required by the respective regulatory authorities. In addition, in the 2023 business year, KPMG received CHF thousands 147 (2022: CHF thousands 123) for services in connection with our own investment funds.

The Group Audit Committee oversees the fees paid to KPMG for their services.

8.3 Additional fees

For other services, KPMG invoiced the LLB Group companies CHF thousands 322 (2022: thousands CHF 348) in the 2023 business year.

Audit fees and additional fees

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|------------------------|------------|------------|
| Audit fees | 1'297 | 1'172 |
| Additional fees | 322 | 348 |
| Taxation advice | 230 | 273 |
| Regulatory advice | 90 | 43 |
| Legal and other advice | 2 | 33 |

8.4 Information instruments of the external auditors

The Group Audit Committee fulfils a supervisory, control and monitoring function, which also extends to the internal and external auditors. It is responsible, among other tasks, for:

- ◆ Discussing and taking note of the risk analysis made by the external auditors, the auditing strategy derived from it and the respective risk-oriented auditing plan;
- ◆ The discussion of major problems identified during the auditing process with the external auditors;
- ◆ The monitoring of the implementation of recommendations put forward by the external auditors and Group Internal Audit to eliminate problems;
- ◆ The evaluation of the audit reports submitted by the external auditors and Group Internal Audit to the Board of Directors;
- ◆ The assessment of the qualification, quality, independence, objectivity and performance of the external auditors and Group Internal Audit;

- ◆ The discussion of the annual activity report and the annual audit plan including a risk analysis of Group Internal Audit, with an evaluation of whether this function has adequate resources and competences, as well as the submission of requests for approval to the Board of Directors;
- ◆ The examination of the compatibility of external auditors' auditing activities with possible consulting mandates as well as the evaluation and discussion of their professional fees;
- ◆ The evaluation of the collaboration between the external auditors and Group Internal Audit;
- ◆ The submission of a proposal to the Board of Directors for the attention of the General Meeting regarding the appointment or dismissal of the external auditors (appointed according to the Banking Law and the Law on Persons and Companies). The Group Audit Committee is responsible for defining the procedure to appoint new external auditors.

The external auditors perform their work in accordance with the legal provisions and according to the principles of the profession in the respective country of domicile of the Group company as well as according to the International Standards on Auditing. The independent auditors regularly report to the Board of Directors, the Group Audit Committee and the Group Executive Board about their findings and submit suggestions for improvements to them. The most important report is the regulatory audit report on the LLB Group. This summarised report is submitted in writing to the Board of Directors once a year. The responsible auditor in charge of the external auditors makes its comments on the report at a meeting of the Group Audit Committee. All reports from the internal and external auditors that affect all Group companies are dealt with by the Group Audit Committee.

Significant findings in the reports of the internal and external auditors received since the last meeting that affect all Group companies are discussed at the next meeting of the Group Audit Committee.

The Head of Group Internal Audit is responsible for providing the relevant information. The function reports directly to the Group Audit Committee. The Head of Group Internal Audit is appointed by the Board of Directors and is subordinate to the Board's Chairman.

Representatives of the external auditors attended all six meetings of the Group Audit Committee during the report period, but not the meetings of the Board of Directors. The Head of Group Internal Audit attends all the meetings of the Group Audit Committee and also those of the Board of Directors. The external auditors submit periodic reports dealing with the audit planning based on risk analysis, the current audit reporting, the annual activity report as well as a comparison of actual with budgeted fees.

The Group Audit Committee annually evaluates the performance of the external and internal auditors in their absence. The following criteria are applied in assessing the performance of the external auditors and their professional fees (auditing and additional fees): comparison of fees and budgeted fees as well as the previous year's fees, feedback from the departments audited, quality of the auditors' findings, structured assessment of the auditors' expertise. The independence of the external auditors is evaluated on the basis of the information concerning independence provided in the annual report of KPMG Liechtenstein AG and an assessment of their conduct. The cost planning and its observance are also reviewed and discussed annually. Furthermore, the Group Audit Committee periodically reviews alternatives and submits a proposal to the full Board of Directors for the attention of the General Meeting regarding the appointment of the independent auditors and Group auditor.

Additional orders are placed on the basis of offers from competitors taking into consideration the level of expertise. The Group Audit Committee bases its assessment of the placing of orders for additional services on the periodic reports it receives from Group Internal Audit regarding reliability, scope and relation to audit fees.

The Group Audit Committee reports to the full Board of Directors once a year concerning the activities of the external auditors and the assessment of their performance.

The external auditors have direct access to the Board of Directors at all times. The Group Audit Committee is the primary contact partner for the external auditors. They hold regular discussions with the Chairman of the Board of Directors and the Chairman of the Group Audit Committee.

9 Information policy

Liechtensteinische Landesbank simultaneously, comprehensively and regularly provides its shareholders, clients, employees and the general public with information. This ensures that all stakeholder groups are treated equally. To ensure equality of opportunity and transparency, relationships with the financial community as well as with the media and other interested circles are established and maintained and trust is created. The most important information media of Liechtensteinische Landesbank are the website (www.llb.li), the annual and interim reports, media communiqués, the media and financial analysts conference, the webcast for media and analysts as well as the General Meeting of Shareholders.

As a listed company, Liechtensteinische Landesbank is obliged to publish information about potential share-price-relevant facts (ad hoc publicity, Art. 53 of the exchange listing regulations). Interested parties can register to automatically receive ad hoc communiqués at www.llb.li/registration. Ad hoc communiqués are published under the link www.llb.li/media-communiques.

For questions, please contact the following person who is responsible for investor relations:

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Mail cyrill.sele@llb.li

| Date | Time | Event |
|------------------|------------|--|
| | 7.00 a.m. | Publishing of 2023 business result at www.llb.li ; |
| 26 February 2024 | 10.30 a.m. | Financial reporting and analyst conference |
| 27 February 2024 | | 2023 business result advertisement in the "Liechtensteiner Vaterland" |
| 18 March 2024 | | Release of online Annual Report 2023 at ar2023.llb.li |
| 07 April 2023 | | Printed edition of short report 2023 |
| 19 April 2024 | 6.00 p.m. | General Meeting of Shareholders |
| 23 April 2024 | | Ex-dividend date |
| 24 April 2024 | | Dividend record date |
| 25 April 2024 | | Dividend payment date |
| | 7.00 a.m. | Publishing of interim financial statement 2024; release of online interim financial statement 2024 at hr2024.llb.li |
| 26 August 2024 | 10.30 a.m. | Webcast |
| 27 August 2024 | | 2024 interim financial result advertisement in the "Liechtensteiner Vaterland" |

10 Black-out periods

In connection with the preparation and publication of its annual and interim reports, the LLB Group has imposed black-out periods, the purpose of which is to prevent insider trading, or the appearance of insider trading, by the LLB Group or its employees. These black-out periods apply to persons and business areas, and parties related to them, who / which have access, or could have access, to insider information. These include, in particular, members of the Board of Directors, members of the Group Executive Board, and their assistants, as well as staff of the Group Finance, Group Credit & Risk Management, Group Corporate Development, Group Legal & Compliance, Group Corporate Communications & Sustainability and Group Internal Audit Business Areas.

During the periods from 1 June and 1 December until one day after the publication of the interim financial reporting and the annual financial reporting the persons concerned may not carry out transactions in shares of LLB AG or financial instruments related to them.

11 Important changes since the balance sheet date

The 3-year term of office of Chairman of the Board of Directors Georg Wohlwend, Vice Chairman Richard Senti and member of the Board of Directors Thomas Russenberger come to an end at the

32nd ordinary General Meeting of Shareholders on 19 April 2024. The Board of Directors will propose their re-election.

On 30 January 2024, the Liechtenstein Government amended the Participation Strategy for its participation in the Liechtensteinische Landesbank AG. It defines the role of the Principality of Liechtenstein as the majority shareholder of LLB. In the amended version, too, the Government emphasises that it exercises the shareholder interests of the State within the framework of the shareholders' powers of the General Meeting of Shareholders and, in this regard, respects the entrepreneurial autonomy as well as the rights and duties arising from its market listing. At the same time, the Participation Strategy defines the majority shareholder's expectations of LLB and offers minority shareholders planning security. Further information can be found at www.llb.li/participationstrategy.

Compensation report

The LLB Group has a progressive compensation system that is designed to encourage sustainable, long-term-oriented action by management and employees.

Introduction

Pursuant to the “Ordinance against Excessive Compensation with respect to Listed Stock Corporations” (OaEC), Swiss public companies whose shares are listed on an exchange in Switzerland or abroad must publish details about the compensation of the members of their governing bodies in a compensation report. The details to be reported are set out in Art. 13 to 16 of the OaEC.

According to the Regulatory Board Communiqué No. 2 / 2014 of 1 September 2014, No. II, all companies listed on the SIX Swiss Exchange shall have to disclose the same information on corporate governance. Issuers that do not have to comply with the regulations of the OaEC have, therefore, to publish details about the compensation of the members of the Board of Directors and the Board of Management in the same manner as Art. 14 to 16 of the OaEC. Liechtensteinische Landesbank AG fulfils this obligation with the publication of this compensation report.

The compensation policy, the basis and elements of the compensation as well as the responsibilities and procedure for determining compensation are described below. The chapter concludes with compensation for the 2023 business year.

Compensation policy

On 18 August 2011, the Board of Directors issued the Group regulation “Compensation policy of the LLB Group” for Liechtensteinische Landesbank AG and its Group companies (revised on 1 February 2023). The Group regulation is based on: the current version of the Ordinance on Banks and Investment Firms (Banking Ordinance) of 22 February 1994, in particular Appendix 4.4; EU Directive 2013 / 36 / EU (CRD) of 26 June 2013 as amended by EU Directive 2019 / 878 (CRD V) of 20 May 2019; Regulation No. 575 / 2013 (CRR) of 26 June 2013 as amended by 2019 / 876 (CRR II) of 20 May 2019; Delegated Regulation No. 527 / 2014 of 12 March 2014; Delegated Regulation No. 2021 / 923 of 25 March 2021; Delegated Regulation No. 861 / 2016 of 18 February 2016; and EBA Guideline EBA / GL / 2021 / 04 of 2 July 2021. The LLB Group applies these legal provisions in a manner that is commensurate with its size and internal organisation as well as the type, scope and complexity of its business.

The Group regulation “Compensation policy of the LLB Group” regulates the framework for the Group-wide compensation policy, in particular in regard to its alignment to risk management. It stipulates the basis, values and objectives and sets out the minimum requirements for the design of the compensation systems. In addition, it regulates Group-internal and Group-external reporting as well as related responsibilities. The Group regulation “Compensation policy of the LLB Group” applies particularly to those persons who are identified as risk takers as part of a process that is carried out annually. For its implementation at Liechtensteinische Landesbank AG, the Board of Directors has also issued the separate Group regulation “Compensation standards of LLB & LCH & ASM” (revised on 1 February 2023).

As a company exempt from Art. 12, Para. 2 of the OaEC, Liechtensteinische Landesbank has no statutory rules on compensation, participations and loans. The Group companies issue company-specific compensation guidelines that take into consideration the applicable (special) legal

regulations. Deviations from the Group regulation are only permitted if they arise from mandatory law or special legal regulations.

The compensation policy is in line with the business strategy as well as the targets and values of the LLB Group and is based on the following principles:

- ♦ **Sustainability and risk adjustment:** Compensation practices must contribute to long-term corporate development. They must support risk management and the pursuit of both sustainable increases in the company's value as well as long-term client and employee retention. The compensation policy must create incentives that ensure the appropriate risk-taking behaviour by individuals in order to counteract any conflicts of interest. In addition, compensation policy is designed so as to take into account and promote sound and effective risk management with respect to sustainability risks. Specifically, the compensation structure does not encourage excessive risk-taking with respect to sustainability risks. This is ensured, among other things, by appropriately addressing risks with regard to sustainability aspects and business performance. The LLB Group applies these principles also to corresponding target agreements with relevant persons.
- ♦ **Foundation of trust:** The design of the compensation regulations and processes is founded on mutual trust between the employee and the employer. This is necessary because there are time differences between the provision of the performance and the acceptance of responsibility on the one hand, and the payment of the compensation on the other. Furthermore, a performance appraisal has subjective elements. For this reason, it is necessary to maintain the voluntary nature of the payment of the variable component and to indicate the scope for discretion in this area.
- ♦ **Performance and success orientation:** Compensation practices have to reward both individual performance and company-related performance. The focus on the Group's success promotes, and is in line with, the LLB Group's long-term interests. Acknowledging individual performance serves performance motivation, the management of individual performance contributions towards achieving company targets as well as the retention of top performers.
- ♦ **Simplicity, clarity and comprehensibility:** The compensation regulations and models are to be kept simple, clear and comprehensible. Both employees and third parties alike should be able to easily understand the basic concepts.
- ♦ **Fair compensation in accordance with responsibilities and management level:** When determining compensation, the workload as well as the value of the function in question have also to be taken into consideration and the different management level requirements reflected in a clear and fair manner.
- ♦ **Group orientation:** Compensation has to promote Group orientation. Participation in the long-term development of value through shared ownership in the form of an appropriate share option scheme is intended to increase commitment to the Group's success and identification with the corporate Group.
- ♦ **Freedom from discrimination:** All decisions concerning the employment relationship, including decisions on compensation, are based on the qualifications, the performance and the conduct of the employee or on other objective corporate considerations.

The compensation policy sets out the objectives, processes and requirements for the design of the compensation. It also contains rules for the alignment between compensation and risk management. For employees who receive a variable component of compensation, the compensation model specifies the ratio between fixed and variable portions and the allocation mechanism for the variable portion.

Elements of compensation

The compensation model of the LLB Group

The LLB Group's compensation model is geared towards performance-linked compensation. This means that an above-average performance has a positive and a below-average performance a negative effect on the amount of compensation. In accordance with the compensation policy, the compensation model is geared towards sustainable, long-term-oriented action.

The LLB Group's compensation model was developed in conjunction with HCM International.

Group Performance Indicator

A key indicator for the performance of the LLB Group is the so-called Group Performance Indicator (GPI). With the GPI, LLB Group employees with a variable salary component can directly participate in the earnings generated. Net profit over the last three years serves as the basis for the calculation, weighted at a ratio of 60 (current year) :30 (last year) :10 (year before last year). The Group Board of Directors has determined that a percentage of net profit be allocated to the bonus pool for sharing among the employees. The percentage will be maintained over the strategy period and will only be reviewed in exceptional circumstances (such as in the case of major acquisitions).

The Board of Directors of the LLB Group has the option to increase or reduce the size of the bonus pool (a fixed percentage of net profit) by 20 per cent based on a qualitative assessment. Here an assessment is made as to the extent to which the performance of the management and the employees is reflected in the company's results.

The compensation system of the LLB Group

The compensation system is essentially based on the following approaches:

- ♦ **Clear performance incentives, performance orientation and transparency:** A target compensation (total compensation or total target compensation) is defined for each employee. A bonus-malus logic ensures that employees earn more or less than their target compensation depending on whether they exceed or do not attain their objectives. Acknowledging individual performance fosters the contribution of individual performance to the achievement of company targets as well as the retention of top performers.
- ♦ **Uniform focus on the structure of the LLB Group:** The compensation system across the whole Group follows a uniform logic and is in accordance with the management structure.
- ♦ **Fair compensation in accordance with responsibilities and management level:** The determination of compensation considers the workload as well as the value of the function in question and reflects the different requirements in a clear and fair manner.
- ♦ **Objective orientation:** The variable component of the target compensation depends on the salary model and the attainment of objectives, which are determined during the annual objectives-setting process and reflect the orientation of and change in the bank. The focus on the GPI promotes, and is also in line with, the LLB Group's long-term interests. The fulfilment of basic tasks is shown through the function level and thus in the assignment of the reference compensation curve.
- ♦ **Fairness and freedom to act:** The variable salary component is a significant part of the target compensation. Internal transfers and departures are possible at any time and calculated fairly on a pro rata basis.
- ♦ **Integrity and trust:** Mutual trust between the employee and the employer is necessary because there is a time difference between the provision of the performance and the acceptance of responsibility on the one hand, and the payment of the compensation on the other. Furthermore, a performance appraisal is always subjective. As a reliable employer, the LLB Group also stands by its employees in difficult times.

These approaches should ensure the understanding of the functioning of the compensation system and fairness for the employees.

Target compensation

Around 36 per cent of employees receive a fixed compensation without a variable component. For around 64 per cent of employees, the target compensation (total target compensation) consists of a fixed and a variable component. The fixed component encompasses all contractually agreed or statutory compensation, which is already stipulated prior to the provision of any performance. The variable component includes, in particular, those elements of compensation which vary depending on various criteria, such as the business success of the company, the individual performance of the employee or the results attained by the organisational unit. In general, the amount and payment of the variable component is at the free discretion of the employer.

Fixed component of target compensation

The fixed component must be reasonably proportionate to the variable component. This is specified in the individual compensation guidelines of Liechtensteinische Landesbank AG and of the LLB Group

companies. Depending on the salary model, it varies from 67 to 100 per cent of the target compensation.

Variable component of target compensation

The variable component of the target compensation is paid in cash and / or in the form of an entitlement to acquire LLB shares, which are subject to a deferral or blocked period of five years (for members of senior management and risk takers) or six years (for members of the Group Executive Board). Other financial instruments, such as options or bonds, are not considered. The variable component may not exceed 100 per cent of the fixed component of the total compensation.

A clawback ruling applies to the blocked portion of the variable compensation, which is largely governed by the individually attained performance and the risks taken. If a significant change occurs in the assessment of performance and risks during the blocking period (for example, inadequate due diligence, untrustworthy business management or taking excessive risks), the acquired share entitlements are to be reduced accordingly. The body which determines the amount of the variable compensation during the annual compensation process will decide about the reduction of the share entitlements. Shares that have been transferred into the ownership of the employees can be clawed back by the company within three years should there be a material negative impact on its interests. The deferred portion can also be cancelled before the transfer of ownership should average net profit over the respective deferral period be negative.

A guaranteed variable compensation, for example in the form of a minimum bonus, may only be promised in exceptional circumstances and must be limited to the first working year. As a basic principle, no severance compensation and no additional voluntary annuity payments will be made to employees who leave the company.

The fixed compensation component and the variable target compensation are insured in the staff pension scheme for old age, death and invalidity. The employees of the LLB Group receive fringe benefits in the form of preferential conditions on bank products as customary in the industry as well as a limited preferential interest rate for mortgage loans and on credit balances.

Group Internal Audit is responsible for reviewing the implementation of the Group regulation "Compensation policy of the LLB Group" once a year. The results of this review are reported to the Board of Directors in writing. The compensation of senior executives in the areas of risk management and compliance at the parent bank and at the LLB Group companies is reviewed once a year by the relevant Board of Directors or by the Compensation Committee (if such a body exists in the Group company). The Group Nomination & Compensation Committee carries out these tasks for the Group functions.

Compensation of the Board of Directors and the Group Executive Board

Board of Directors

The Board of Directors stipulates the amount of compensation of its members in accordance with their duties and responsibilities. The members of the Board of Directors receive a fixed compensation, which includes the participation in (ordinary and extraordinary) meetings and the General Meeting of Shareholders. Activities in committees are compensated by a fixed amount per committee per year; no additional attendance fees are paid. The compensation is paid out in cash and in the form of entitlements for the acquisition of LLB shares. The number of LLB shares for the entitlement is calculated on the basis of the average share price in the fourth quarter of the business year. The entitlement is subject to a blocked period of three years.

The members of the Board of Directors do not receive any variable compensation. They also do not profit from the additional benefits for staff (fringe benefits) or from their preferential conditions on bank products. Business relations with them are subject to the same conditions that apply to comparable transactions with third parties. On account of legal provisions, no severance payment may be made in the event of the termination of a mandate (Art. 21, Para. 2 of the law concerning the control and supervision of public companies).

Compensation in 2023 was determined on the basis of a compensation benchmark, which was comprised of 20 companies from the banking and investment services industry in Liechtenstein and Switzerland that have a comparable business model, carried out by Hostettler & Company. Their business performance, balance sheet total and number of employees (FTEs) are all within a range of about 50 to 250 per cent of the size of LLB. Measured by financial size, LLB lies close to the median of the defined comparable companies. The structure and the amount of compensation remained unchanged in 2023.

Group Executive Board

A target compensation is defined for each member of the Group Executive Board. It consists of a fixed compensation (67 %) and a variable target compensation (33 %). The target compensation corresponds to the compensation attributable to the member of the Group Executive Board if net profit develops in line with the medium-term earnings expectations of the Group Board of Directors.

The compensation model also contains a bonus-malus provision. The members of the Group Executive Board receive more or less than their target compensation depending on whether they exceed, partly attain or do not attain the annual objectives. The maximum bonus possible is 150 per cent of the variable target compensation and the maximum malus possible is 50 per cent of the variable target compensation.

The fixed compensation in relation to the functions of the Group Executive Board in 2023 was determined on the basis of a compensation analysis carried out by the Kienbaum Consultants International company in 2022. It comprised between 20 and 24 comparable banks and between 24 and 31 comparable positions per function represented on the Group Executive Board. The comparable groups included in particular financial institutions that are of a similar size to LLB. This means that companies with a size of up to plus / minus 50 per cent were used in the comparison. Relevant for the determination of size was the number of people employed on the one hand, and the balance sheet total on the other. In the case of significantly larger companies, comparable positions with a similar scope of responsibility, which are typically found at lower hierarchical levels, were used. In addition, the determination of comparable functions was – where possible – based on the function value.

The amount of the variable compensation is determined by the success of the Group as measured by the Group net profit.

The Board of Directors can adjust the variable compensation, based on the individual performance within the framework of the Management by Objectives (MbO) process, by plus or minus 10 per cent of the variable target compensation.

A GPI of 100 per cent means that net profit corresponds to the medium-term earnings expectations as defined by the Board of Directors and so members of the Group Executive Board receive the variable target compensation. The variable compensation is linearly dependent on the GPI. The lower limit is set at 50 per cent and the upper limit at 150 per cent of the bonus pot.

The fixed compensation is paid out in cash every month, the variable component in the first quarter of the following year. The variable compensation comprises a short-term incentive (STI) and a long-term incentive (LTI). The distribution between the STI (40 %) and the LTI (60 %) is statutorily fixed. The STI is paid in cash and the LTI is paid in cash (10 %) and in the form of an entitlement to acquire LLB shares (50 %). The number of LLB shares for the LTI is calculated on the basis of the average share price in the fourth quarter of the business year. The LTI is subject to a deferral period of five years. The transfer of ownership of the deferred portion follows a pro rata logic, whereby each year the ownership of a fifth of each allocation is transferred. After the transfer of ownership of the LLB shares, each pro rata portion is subject to a blocked period of one year. The blocked portion is then released in LLB shares. The first release takes place two years (after a deferral period of one year and a blocked period of one year) after the allocation was made. The dividends are transferred pro rata after the General Meeting of Shareholders in the year released. Both the deferral period and the blocked period remain in force even after termination of employment. Upon the death of a

beneficiary, the entitlement to the deferred portion and the blocked portion including the release in corresponding LLB shares becomes due.

The share entitlement can be withdrawn or reduced if there is a significant change in the assessment of performance and / or risk-taking behaviour of the member of the Group Executive Board during the period. The deferred portion can also be cancelled before the transfer of ownership should average net profit over the respective deferral period be negative. At the end of the deferral period, the Group Nomination & Compensation Committee examines whether the conditions for the entitlement have been met in full (malus system). The Committee submits its decision to the Board of Directors for approval. The latter makes the final decision.

If an employee has intentionally committed a criminal offence or fraud or violated a law that causes significant damage to the company or is otherwise very detrimental to the company's interests, the company has the right, within three years, to claw back shares that have already been transferred into the ownership of the employee.

The employment relationship of the members of the Group Executive Board is stipulated in individual employment contracts. The period of notice is generally four months. The contracts of employment do not contain any special clauses, such as, for example, severance compensation following the termination of employment or in the event of a change in control.

The fixed compensation component and the variable target compensation are insured in the staff pension scheme for old age, death and invalidity. The members of the Group Executive Board are subject to the same conditions in relation to fringe benefits as apply to other employees of the LLB Group. The preferential conditions on bank products as customary in the industry largely consist of a limited preferential interest rate for mortgage loans and on credit balances.

Responsibilities and methods of determining compensation

The Group Nomination & Compensation Committee (see chapter [Corporate governance](#)) advises the Board of Directors in all aspects concerning compensation. Its tasks include:

- ◆ The formulation of recommendations for the stipulation of principles and the establishment of regulations for the compensation policy concerning the members of the Board of Directors, the members of the Group Executive Board and the other employees of the bank for submission to the Board of Directors;
- ◆ The formulation of proposals for the compensation of members of the Board of Directors and the members of the Group Executive Board as well as the Head of Group Internal Audit for submission to the Board of Directors in accordance with existing principles and regulations;
- ◆ The annual review of Group regulations "Compensation policy of the LLB Group", "Compensation standards of LLB & LCH & ASM" as well as "Fit & Proper – Assessment of the members of the Board of Management, the Board of Directors and the holders of key functions" for submission to the Board of Directors;
- ◆ The annual review of the compensation of the members of the Board of Directors, the members of the Group Executive Board, the Head of Group Internal Audit and senior executives in the areas of risk management and compliance pursuant to Group regulations "Compensation policy of the LLB Group" and "Compensation standards of LLB & LCH & ASM" for submission to the Board of Directors in accordance with existing principles and regulations.

The full Board of Directors approves the decision-making principles and regulations governing compensation and specifies annually the amount of the compensation for the members of the Board of Directors and the members of the Group Executive Board, which reflects their relevant professional experience and the organisational responsibility they bear in the company. The decision regarding the amount of the compensation of the members of the Board of Directors and the members of the Group Executive Board is made at the discretion of the Board of Directors and is based on their duties and function. The amount of variable compensation of the Board of Management is dependent on the individual fixed compensation from the compensation model. The Chairman of the Group Executive Board has a right of proposal concerning the compensation of the other members of the Board of Management. The members of the Group Executive Board are not present at the discussion

and the decision concerning the amount of their compensation. Pursuant to Art. 12, Para. 2 of the Law on the Liechtensteinische Landesbank, the Board of Directors must inform the Government about the compensation ruling specified for it. Liechtensteinische Landesbank submits the compensation report with the total compensation of the Board of Directors and the Group Executive Board to the General Meeting of Shareholders as a part of the annual report. It also does not hold an advisory vote on the question of compensation.

Compensation in 2023

For the 2023 business year, the members of the Board of Directors received a fixed compensation of CHF thousands 784. Contributions to benefit plans and other social contributions amounted to CHF thousands 121. The fixed compensation was paid in cash (CHF thousands 784) as well as in the form of an entitlement to acquire LLB shares (CHF thousands 170). The entitlement is subject to a blocked period of three years.

In comparison with the previous year, the total compensation of the members of the Board of Directors increased by CHF thousands 14 or 1.3 per cent. The higher compensation expense in 2023 was attributable mainly to a moderate adjustment to attendance fees.

For the 2023 business year, the members of the Group Executive Board received a fixed compensation of CHF thousands 3'199 and a variable compensation of CHF thousands 1'733. Contributions to benefit plans and other social contributions amounted to CHF thousands 1'042. The fixed compensation was paid in cash. The variable compensation was paid in cash (40 %) as well as in the form of an entitlement to acquire LLB shares (50 %) and a deferred cash component (10 %), both of which are subject to a deferral and blocked period of six years. The number of shares for the share-based compensation is calculated from the average share price of the last quarter of 2023 (CHF 63.68). The variable compensation for the members of the Group Executive Board was, on average, approximately 54 per cent of the fixed compensation or 35 per cent of total compensation.

The total compensation of the members of the Group Executive Board in 2023 decreased by CHF thousands 174 or 2.8 per cent. This decrease was primarily the result of the variable compensation, which was reduced by CHF thousands 179 or 9.4 per cent.

The total compensation of the members of the Board of Directors and the members of the Group Executive Board for the 2023 business year is reported on an accrual basis. The variable compensation was charged to the 2023 income statement. Payment of the STI to the members of the Group Executive Board will be made in the first quarter of 2024. The share entitlements (LTI) of the Group Executive Board and the Board of Directors are subject to a blocked period of six and three years respectively.

Details of the compensation and the participations of the members of the Board of Directors and the members of the Group Executive Board, as well as loans to them are shown in the following table.

Compensation of key management personnel

| | Fixed compensation | | Variable compensation | | Entitlements ¹ | | Contribution to benefit plans and other social contributions | | Total | |
|--|--------------------|--------------|-----------------------|------------|---------------------------|------------|--|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| in CHF thousands | | | | | | | | | | |
| Members of the Board of Directors | | | | | | | | | | |
| Georg Wohlwend, Chairman | 300 | 300 | 0 | 0 | 40 | 40 | 86 | 86 | 426 | 426 |
| Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023 | 42 | 124 | 0 | 0 | 10 | 30 | 6 | 11 | 58 | 165 |
| Richard Senti, Vice Chairman since 5 May 2023 ² | 117 | 72 | 0 | 0 | 27 | 20 | 11 | 7 | 155 | 99 |
| Nicole Brunhart, Member since 5 May 2023 ² | 45 | | 0 | | 13 | | 3 | | 61 | 0 |
| Leila Frick-Marxer, Member since 6 May 2022 ³ | 65 | 42 | 0 | 0 | 20 | 13 | 5 | 3 | 90 | 58 |
| Patrizia Holenstein, Member until 6 May 2022 ³ | | 24 | | 0 | | 7 | | 0 | 0 | 31 |
| Urs Leinhäuser, Member until 5 May 2023 ^{2/4} | 31 | 82 | 0 | 0 | 7 | 20 | 0 | 0 | 38 | 102 |
| Thomas Russenberger, Member | 75 | 70 | 0 | 0 | 20 | 20 | 7 | 6 | 102 | 96 |
| Karl Sevelda, Member | 64 | 64 | 0 | 0 | 20 | 20 | 0 | 0 | 84 | 84 |
| Christian Wiesendanger, Member since 5 May 2023 ² | 45 | | 0 | | 13 | | 3 | | 61 | |
| Total | 784 | 778 | 0 | 0 | 170 | 170 | 121 | 113 | 1'075 | 1'061 |
| Members of the Board of Management | | | | | | | | | | |
| Gabriel Brenna, Group CEO | 870 | 870 | 207 | 261 | 311 | 261 | 239 | 234 | 1'627 | 1'626 |
| Other members of the Board of Management | 2'329 | 2'329 | 486 | 695 | 729 | 695 | 803 | 803 | 4'347 | 4'522 |
| Total | 3'199 | 3'199 | 693 | 956 | 1'040 | 956 | 1'042 | 1'037 | 5'974 | 6'148 |

- 1 The members of the Board of Directors receive a portion of their fixed compensation in the form of entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of entitlements, which contain shares and, since 2023, also a cash component. The total compensation comprises the total of the fixed and variable compensation plus the entitlements.
- 2 The members of the Board of Directors receive a portion of their fixed compensation in the form of entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of entitlements, which contain shares and, since 2023, also a cash component. The total compensation comprises the total of the fixed and variable compensation plus the entitlements.
- 3 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.
- 4 The compensation was paid to Adulco GmbH.

Shareholdings of related parties

| | Registered shares | |
|---|-------------------|----------------|
| | 31.12.2023 | 31.12.2022 |
| Members of the Board of Directors | | |
| Georg Wohlwend, Chairman | 3'695 | 3'065 |
| Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023 ¹ | | 2'448 |
| Richard Senti, Vice Chairman since 5 May 2023 ¹ | 815 | 500 |
| Nicole Brunhart, Member since 5 May 2023 ¹ | 100 | |
| Leila Frick-Marxer, Member since 6 May 2022 ² | 0 | 0 |
| Patrizia Holenstein, Member until 6 May 2022 ² | | |
| Urs Leinhäuser, Member until 5 May 2023 ¹ | | 2'363 |
| Thomas Russenberger, Member | 515 | 200 |
| Karl Sevelda, Member | 209 | 0 |
| Christian Wiesendanger, Member since 5 May 2023 ¹ | 0 | |
| Total | 5'334 | 8'576 |
| Members of the Board of Management | | |
| Gabriel Brenna, Group CEO | 27'938 | 32'180 |
| Christoph Reich, Vice Group CEO | 23'662 | 21'810 |
| Natalie Flatz | 10'787 | 9'250 |
| Patrick FÜRer | 10'237 | 8'000 |
| Urs Müller | 34'698 | 32'794 |
| Total | 107'322 | 104'034 |
| Other related companies and parties | | |
| Related parties | 4'800 | 4'800 |
| Total | 4'800 | 4'800 |

- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

No member of the Board of Directors or the Board of Management owns more than 0.2 per cent of the voting rights.

Loans to key management personnel

| in CHF thousands | Fixed mortgages | | Variable mortgages | | Total | |
|--|-----------------|--------------|--------------------|------------|--------------|--------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Members of the Board of Directors | | | | | | |
| Georg Wohlwend, Chairman | 0 | 0 | 0 | 0 | 0 | 0 |
| Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023 | | 200 | | 0 | | 200 |
| Richard Senti, Vice Chairman since 5 May 2023 ¹ | 198 | 398 | 473 | 271 | 671 | 669 |
| Nicole Brunhart, Member since 5 May 2023 ¹ | 0 | | 0 | | 0 | |
| Leila Frick-Marxer, Member since 6 May 2022 ² | 0 | 0 | 0 | 0 | 0 | 0 |
| Patrizia Holenstein, Member until 6 May 2022 ² | | | | | | |
| Urs Leinhäuser, Member until 5 May 2023 ¹ | | 0 | | 0 | | 0 |
| Thomas Russenberger, Member | 0 | 0 | 0 | 0 | 0 | 0 |
| Karl Sevelda, Member | 0 | 0 | 0 | 0 | 0 | 0 |
| Christian Wiesendanger, Member since 5 May 2023 ¹ | 0 | | 0 | | 0 | |
| and related parties | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 198 | 598 | 473 | 271 | 671 | 869 |
| Members of the Board of Management | | | | | | |
| Gabriel Brenna, Group CEO | 0 | 0 | 0 | 0 | 0 | 0 |
| Other members of the Board of Management | 1'910 | 1'910 | 0 | 0 | 1'910 | 1'910 |
| and related parties | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1'910 | 1'910 | 0 | 0 | 1'910 | 1'910 |

- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

All mortgage loans to members of management in key positions and related parties are fully secured.

At 31 December 2023, the remaining term to maturity of the fixed mortgages for the members of the Board of Directors and related parties ranged between 27 and 37 months (previous year: between 3 and 49 months) at standard market client interest rates of 1.02 to 1.05 per cent per annum (previous year: 0.75 to 1.25 %).

At 31 December 2023, the remaining term to maturity of the variable mortgages for the members of the Board of Directors and related parties extended to a maximum of 3 months (previous year: 3 months) at standard market client interest rates of 2.51 per cent per annum (previous year: 1.28 %). Following expiry, these are extended for a further 3 months providing they are not revoked.

At 31 December 2023, the remaining term to maturity of the fixed mortgages for the members of the Board of Management ranged between 6 and 100 months (previous year: between 18 and 112 months) at interest rates of 0.81 to 1.80 per cent per annum (previous year: 0.81 to 1.80 %).

Of the total amount for mortgages for the members of the Board of Management, CHF thousands 1'100 (previous year: CHF thousands 1'000) was granted at the preferential interest rate for staff, the remainder was subject to standard market client interest rates. No other loans were issued to the members of the Board of Management (previous year: none).

No value allowances for loans and other credit lines to management were necessary. LLB granted no guarantees for management or related parties (previous year: none).

Compensation, loans and credits to related parties pursuant to Art. 16, OaEC

Liechtensteinische Landesbank AG paid no compensation to persons pursuant to Art. 16, OaEC. Loans and credits to related parties pursuant to Art. 16, OaEC were granted at standard market conditions.



GRI index

Liechtensteinische Landesbank has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.

For the Content Index – Essentials Service, GRI Services checked whether the GRI index was presented in a manner that is consistent with the requirements for reporting in accordance with the GRI Standards and whether the information in the GRI index is clearly presented and accessible to the stakeholders. This service was provided for the German version of the report.

Liechtensteinische Landesbank publishes a sustainability report on an annual basis. This report was published on 18 March 2024. Any questions or comments regarding this report can be sent by e-mail (ir@llb.li) to Dr Cyrill Sele, Head Group Corporate Communications & Sustainability at Liechtensteinische Landesbank AG (headquartered in Vaduz, Liechtenstein).

The Annual Report includes all companies named in the [scope of consolidation](#) section.

If a new presentation, calculation method or optimised data collection has led to different results for the previous years for individual GRI disclosures, then this is noted under the respective statements.

Non-financial information and data has not been externally assured.

Find here [Facts and figures highlighting the LLB Group's commitment to the environment, society and corporate governance \(PDF\)](#).

| | |
|--|------------------------|
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | n.a. |

General disclosures

| GRI-Standard / other source | Disclosure | Location | Omission (Requirements omitted (RO), Reason (R), Explanation (E)) |
|---------------------------------|--|--------------------------------------|---|
| | 1. The organization and its reporting practices | | |
| | 2-1 Organizational details | Corporate Governance | |
| | 2-2 Entities included in the organization's sustainability reporting | GRI-Index | |
| | 2-3 Reporting period, frequency and contact point | GRI-Index | |
| | 2-4 Restatements of information | GRI-Index | |
| GRI 2: General Disclosures 2021 | 2-5 External assurance | GRI-Index | |

| 2. Activities and workers | | | |
|---|--|---|--|
| GRI 2: General Disclosures 2021 | 2-6 Activities, value chain and other business relationships 2-7 Employees | Strategy and organisation Employees | |
| | 2-8 Workers who are not employees | RO: Workers who are not employees. R: Information not available/incomplete. E: Our systems cannot currently record workers who are not employees. | |
| 3. Governance | | | |
| GRI 2: General Disclosures 2021 | 2-9 Governance structure and composition | Corporate Governance | |
| | 2-10 Nomination and selection of the highest governance body | Corporate Governance | |
| | 2-11 Chair of the highest governance body | Corporate Governance | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Our understanding of sustainability | |
| | 2-13 Delegation of responsibility for managing impacts | Our understanding of sustainability | |
| | 2-14 Role of the highest governance body in sustainability reporting | Our understanding of sustainability | |
| | 2-15 Conflicts of interest | Corporate Governance | |
| | 2-16 Communication of critical concerns | Values and corporate management | |
| | 2-17 Collective knowledge of the highest governance body | Our understanding of sustainability | |
| | 2-18 Evaluation of the performance of the highest governance body | Corporate Governance | |
| | 2-19 Remuneration policies | Compensation report | |
| | 2-20 Process to determine remuneration | Compensation report | |
| | 2-21 Annual total compensation ratio | Employees | |
| | 4. Strategy, policies and practices | | |
| | GRI 2: General Disclosures 2021 | 2-22 Statement on sustainable development strategy | Letter to shareholders |
| | | 2-23 Policy commitments | Values and corporate management Our understanding of sustainability |
| 2-24 Embedding policy commitments | | Values and corporate management | |
| 2-25 Processes to remediate negative impacts | | Environmental and social responsibility in banking | |
| 2-26 Mechanisms for seeking advice and raising concerns | | Values and corporate management | |
| 2-27 Compliance with laws and regulations | | Values and corporate management | |
| 2-28 Membership associations | | Industry initiatives and corporate citizenship | |
| 5. Stakeholder engagement | | | |
| GRI 2: General Disclosures 2021 | 2-29 Approach to stakeholder engagement | Material topics | |
| | 2-30 Collective bargaining agreements | Employees | |

6. Disclosures on material topics

| | | |
|-----------------------------|--|---------------------------------|
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Material topics |
| | 3-2 List of material topics | Material topics |

Material topics

Economic performance

| GRI-Standard / other source | Disclosure | Location | Omission (Requirements omitted (RO), Reason (R), Explanation (E)) |
|------------------------------------|---|---|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Economic value creation | |
| | 201-1 Direct economic value generated and distributed | Key figures | |
| | 201-3 Defined benefit plan obligations and other retirement plans | Employees | |
| GRI 201: Economic performance 2016 | 201-4 Financial assistance received from government | Economic value creation | |

Responsible corporate management

| | | |
|-----------------------------|-----------------------------------|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Values and corporate management |
|-----------------------------|-----------------------------------|---|

Compliance

| | | |
|--|---|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Values and corporate management |
| | 205-2 Communication and training about anti-corruption policies and procedures | Values and corporate management |
| GRI 205: Anti-corruption 2016 | 205-3 Confirmed incidents of corruption and actions taken | Values and corporate management |
| GRI 205: Anti-competitive behaviour 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Values and corporate management |

Risk and reputation management

| | | |
|-----------------------------|-----------------------------------|---------------------------------|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Risk management |
|-----------------------------|-----------------------------------|---------------------------------|

Digitalisation and innovative strength

| | | |
|-----------------------------|-----------------------------------|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Economic value creation |
|-----------------------------|-----------------------------------|---|

Customer orientation

| | | |
|-----------------------------|-----------------------------------|--|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Environmental and social responsibility in banking |
|-----------------------------|-----------------------------------|--|

Sustainable financial services

| | | |
|-----------------------------|-----------------------------------|--|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Environmental and social responsibility in banking |
|-----------------------------|-----------------------------------|--|

Climate protection and climate risk management

| | | |
|-----------------------------|--|--|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Corporate environmental and climate protection |
| | 302-1 Energy consumption within the organization | Corporate environmental and climate protection |
| GRI 302: Energy 2016 | 302-4 Reduction of energy consumption | Corporate environmental and climate protection |
| | 305-1 Direct (Scope 1) GHG emissions | Corporate environmental and climate protection |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Corporate environmental and climate protection |
| GRI 305: Emissions 2016 | 305-3 Other indirect (Scope 3) GHG emissions | Corporate environmental and climate protection |
| | 305-4 Reduction of GHG emissions | Corporate environmental and climate protection |
| | 305-5 Reduction of GHG emissions | Corporate environmental and climate protection |

Employer of choice

| | | |
|--|---|-----------|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Employees |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Employees |
| | 403-1 Occupational health and safety management system | Employees |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Employees |
| | 403-5 Worker training on occupational health and safety | Employees |
| GRI 403: Occupational health and safety 2018 | 403-6 Promotion of worker health | Employees |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Employees |

Recruitment and talent development

| | | |
|--------------------------------------|--|-----------|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Employees |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Employees |
| GRI 404: Training and education 2016 | 404-3 Percentage of employees receiving regular performance and career development reviews | Employees |

Diversity, equal opportunity and inclusion

| | | |
|---|--|-----------|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Employees |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 Diversity of governance bodies and employees | Employees |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Employees |

Economic role and regional employer

| | | |
|---|---|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Economic value creation |
| GRI 203: Indirect economic impacts 2016 | 203-2 Significant indirect economic impacts | Economic value creation |

Data protection and cyber security

| | | |
|--------------------------------|--|---|
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Values and corporate management |
| GRI 418: Customer privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Values and corporate management |

Consolidated financial statement of the LLB Group

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Consolidated management report

Income statement

In the 2023 business year, the LLB Group earned a net profit of CHF 164.7 million, a Group business result that was 10.2 per cent higher than in the previous year (2022: CHF 149.4 million). Undiluted earnings per share stood at CHF 5.37 (2022: CHF 4.82).

Operating income in 2023 rose by 7.7 per cent to CHF 541.8 million (2022: CHF 503.2 million).

Net interest income before expected credit losses rose by 8.0 per cent or CHF 12.1 million year-on-year to CHF 164.4 million (2022: CHF 152.2 million). Interest income increased by 89.6 per cent to CHF 458.4 million (2022: CHF 241.8 million). In addition to the generally higher interest rate level, the LLB Group benefited from its risk-conscious growth. It also generated additional income in balance sheet management. The rise in interest rates is also reflected in higher interest on investments with central banks. Thanks to the rise in interest rates, the LLB Group can once again offer its clients attractive investment opportunities in fixed-term deposits and savings deposits, which is reflected in the interest expense of CHF 294.0 million (2022: CHF 89.5 million).

Risk provisions for expected credit loss in the 2023 business year amounted to net CHF 0.2 million (2022: CHF 2.7 million net allocation).

In comparison with the previous year, net fee and commission income fell by CHF 10.9 million to CHF 200.0 million (2022: CHF 210.9 million). The effects of the interest rate turnaround are also noticeable here. In the previous year, exceptionally high income was generated in the property business in Austria. Interest-bearing investments have become more attractive again due to the rise in interest rates. This has led to a noticeable reduction in trading activity on the part of customers, resulting in lower brokerage income.

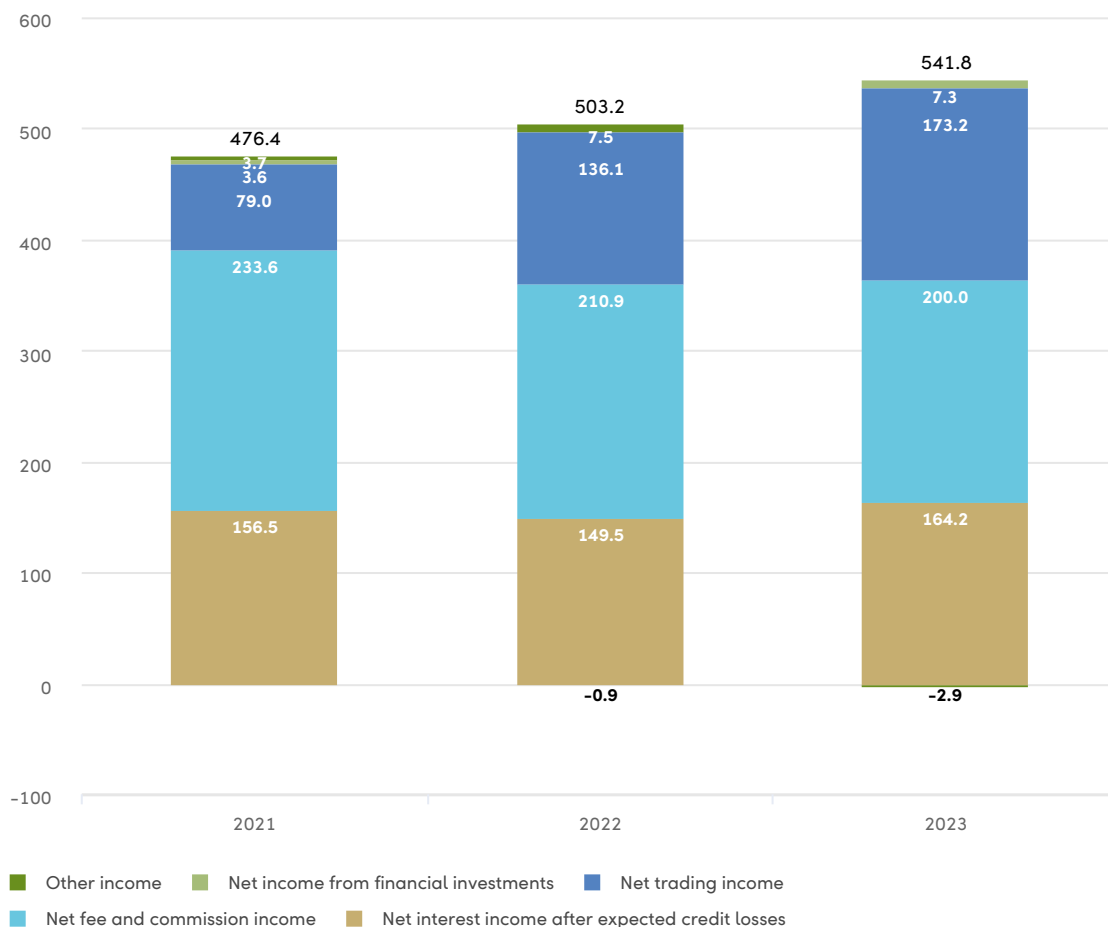
Portfolio-related fees remained stable at CHF 143.1 million (2022: CHF 143.9 million) despite the positive development of performance related fees. The average custody account volume was lower overall than in the previous year. The volume only recovered towards the end of the year.

Net trading income rose by 27.2 per cent to CHF 173.2 million in the 2023 (2022: CHF 136.1 million). Foreign exchange business made the largest contribution to this success, which at CHF 171.7 million was CHF 42.3 million above the figure in the previous year (2022: CHF 129.3 million). The LLB Group benefitted here from the expansion of the interest differential between foreign currencies and the Swiss franc. Thanks to the active management of excess client funds in foreign currencies – predominantly in euros and US dollars – income from trading business was higher.

Income from financial investments stood at CHF 7.3 million (2022: minus CHF 0.9 million). Developments on the financial markets led to a book gain, measured on the reporting date, of CHF 0.7 million (2022: minus CHF 7.2 million). Earnings from dividends grew by CHF 0.3 million to CHF 6.5 million (2022: CHF 6.3 million).

Other income fell by CHF 10.4 million to minus CHF 2.9 million in comparison with the previous year (2022: CHF 7.5 million). The higher result in the previous year was mainly attributable to the sale of a claim. In 2023, income decreased due to market-related valuation adjustments on properties.

Operating income (in CHF millions)



At CHF 348.4 million, operating expenses in 2023 were 6.1 per cent higher than in the previous year (2022: CHF 328.2 million). The increase in both personnel and general expenses was in line with expectations and reflects the investments made in the implementation of the ACT-26 strategy.

Personnel expenses rose by 6.8 per cent or CHF 13.3 million to CHF 209.5 million (2022: CHF 196.1 million). In accordance with its strategy, the LLB Group created around one hundred new jobs, particularly in the digital transformation business area and in the two market divisions. Personnel expenses also increased due to inflation related wage adjustments.

At CHF 99.9 million, general and administrative expenses were 4.1 per cent higher than in the previous year (2022: CHF 96.0 million). This development is due to investments made as part of the new strategy, particularly in IT and marketing.

In addition to operating expenses, investments in digitalisation are also reflected in depreciation and amortisation. Depreciation and amortisation also increased due to one-off write-downs in connection with the Swiss location strategy. Overall, this results in an increase of CHF 2.9 million to CHF 39.0 million (2022: CHF 36.1 million).

The Cost Income Ratio remained stable at 64.3 per cent (2022: 64.0 %).

Balance sheet

In comparison with 31 December 2022, the consolidated balance sheet total expanded mainly due to the increase in customer loans by 1.9 per cent and stood at CHF 25.7 billion on 31 December 2023 (31.12.2022: CHF 25.2 billion).

Equity capital amounted to CHF 2.1 billion on 31 December 2023 (31.12.2022: CHF 2.0 billion). The Tier 1 ratio stood at 19.8 per cent (31.12.2022: 19.7 %). The return on equity amounted to 7.9 per cent (2022: 7.2 %).

Business volume

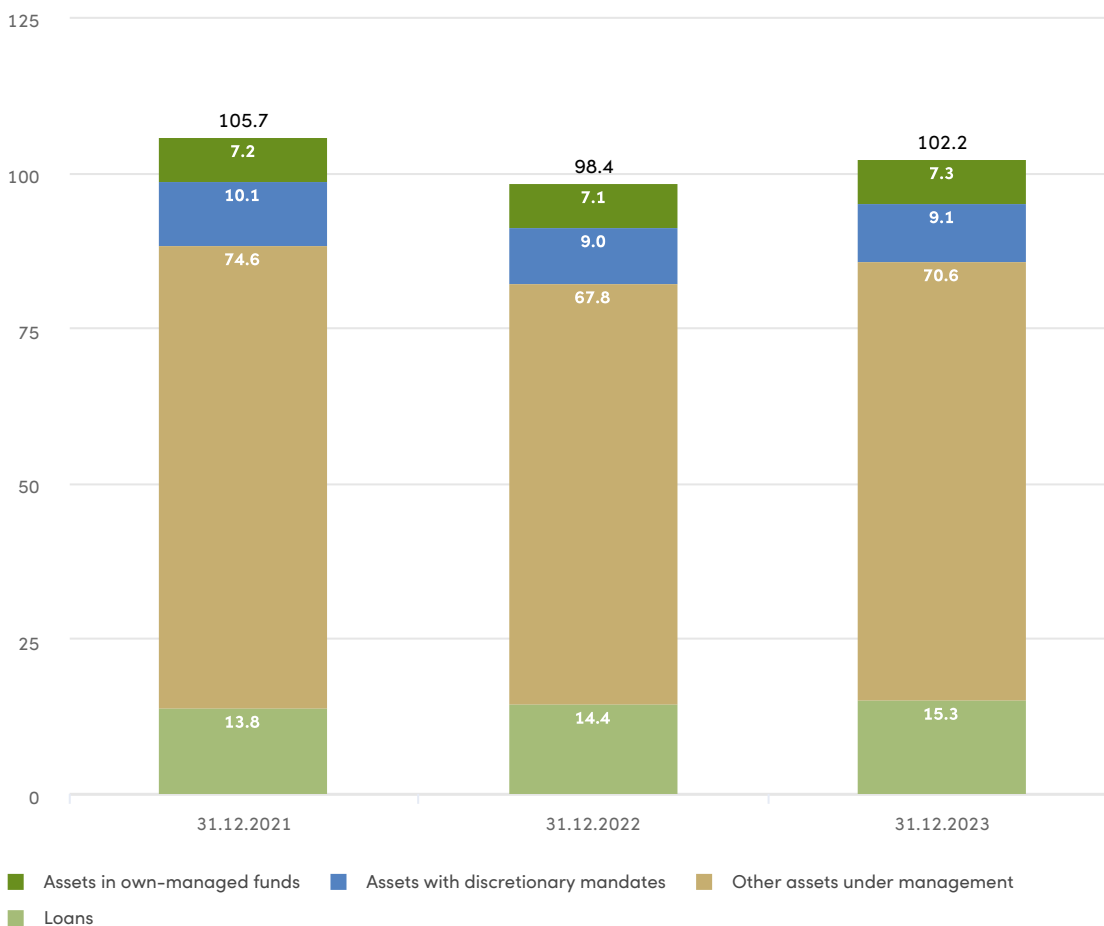
Compared to 31 December 2022, the business volume increased by 3.9 per cent or CHF 3.9 billion to CHF 102.2 billion (31.12.2022: CHF 98.4 billion) and therefore again exceeded the 100 billion mark.

Loans to customers climbed by 5.9 per cent to CHF 15.3 billion compared with the previous year (31.12.2022: CHF 14.4 billion), whereby mortgage loans grew by 7.2 per cent to CHF 13.8 billion (31.12.2022: CHF 12.9 billion). Further gratifying growth was achieved especially with residential investment properties in Switzerland.

In the 2023 business year, the LLB Group registered a net new money inflow of CHF 1'381 million (2022: CHF 3'609 million). Robust inflows were recorded especially in the Retail and Corporate Clients Division and with the digital willBe product offer. By contrast, outflows were recorded in the cyclical fund business.

On account of the positive market performance and new money inflows, client assets under management climbed by 3.6 per cent to CHF 86.9 billion (31.12.2022: CHF 83.9 billion).

Business volume (in CHF billion)



Outlook

Uncertainty will continue to be a part of normality in the coming years. Nevertheless, the LLB Group remains optimistic because rapidly adapting to changing basic conditions is one of its great strengths. In 2024, the LLB Group will continue to pursue its ambitious growth and earnings objectives, as well as its strategic priorities. Accordingly, it expects to achieve a solid result for the 2024 business year.

Consolidated income statement

| in CHF thousands | Note | 2023 | 2022 | + / - % |
|---|----------|------------------|------------------|--------------|
| Interest Income | 1 | 458'383 | 241'771 | 89.6 |
| Interest expenses | 1 | - 293'991 | - 89'524 | 228.4 |
| Net interest income | 1 | 164'393 | 152'247 | 8.0 |
| Expected credit losses | | - 199 | - 2'718 | - 92.7 |
| Net interest income after expected credit losses | | 164'193 | 149'529 | 9.8 |
| Fee and commission income | 2 | 327'242 | 343'889 | - 4.8 |
| Fee and commission expenses | 2 | - 127'197 | - 132'942 | - 4.3 |
| Net fee and commission income | 2 | 200'045 | 210'947 | - 5.2 |
| Net trading income | 3 | 173'171 | 136'149 | 27.2 |
| Net income from financial investments | 4 | 7'262 | - 933 | |
| Other income | 5 | - 2'904 | 7'499 | |
| Total operating income | | 541'768 | 503'191 | 7.7 |
| Personnel expenses | 6 | - 209'463 | - 196'148 | 6.8 |
| General and administrative expenses | 7 | - 99'936 | - 96'017 | 4.1 |
| Depreciation | 8 | - 39'006 | - 36'066 | 8.2 |
| Total operating expenses | | - 348'405 | - 328'231 | 6.1 |
| Operating profit before tax | | 193'363 | 174'961 | 10.5 |
| Tax expenses | 9 | - 28'630 | - 25'511 | 12.2 |
| Net profit | | 164'733 | 149'450 | 10.2 |
| Of which attributable to: | | | | |
| Shareholders of LLB | | 164'570 | 147'543 | 11.5 |
| Non-controlling interests | 32 | 163 | 1'906 | - 91.5 |
| Earnings per share attributable to the shareholders of LLB | | | | |
| Basic earnings per share (in CHF) | 10 | 5.37 | 4.82 | 11.4 |
| Diluted earnings per share (in CHF) | 10 | 5.34 | 4.80 | 11.4 |

Consolidated statement of comprehensive income

| in CHF thousands | Note | 2023 | 2022 | + / - % |
|---|-------|-----------------|------------------|------------|
| Net profit | | 164'733 | 149'450 | 10.2 |
| Other comprehensive income (after tax), which can be reclassified to the income statement | | | | |
| Foreign currency translation | 31/32 | - 20'483 | - 16'392 | 25.0 |
| Changes in value of debt instruments, recognised at fair value through other comprehensive income | | 68'389 | - 165'540 | |
| Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income | 4 | 157 | 227 | - 31.0 |
| Tax effects | 24 | - 9'689 | 22'414 | |
| Total | | 38'374 | - 159'291 | |
| Other comprehensive income (after tax), which cannot be reclassified to the income statement | | | | |
| Actuarial gains / (losses) of pension plans | | - 27'127 | 24'554 | |
| Changes in value of equity instruments, recognised at fair value through other comprehensive income | | 6'586 | - 38'286 | |
| Tax effects | 24 | 3'150 | - 2'856 | |
| Total | | - 17'390 | - 16'587 | 4.8 |
| Total other comprehensive income (after tax) | | 20'984 | - 175'878 | |
| Comprehensive income for the period | | 185'717 | - 26'429 | |
| Of which attributable to: | | | | |
| Shareholders of LLB | | 185'614 | - 27'064 | |
| Non-controlling interests | | 103 | 635 | - 83.7 |

Consolidated balance sheet

| in CHF thousands | Note | 31.12.2023 | 31.12.2022 | + / - % |
|---|------|-------------------|-------------------|------------|
| Assets | | | | |
| Cash and balances with central banks | 11 | 6'389'870 | 6'264'269 | 2.0 |
| Due from banks | 12 | 317'014 | 395'499 | - 19.8 |
| Loans | 13 | 15'286'758 | 14'435'257 | 5.9 |
| Derivative financial instruments | 14 | 286'374 | 342'355 | - 16.4 |
| Financial investments | 15 | 2'786'987 | 3'187'458 | - 12.6 |
| Property and equipment | 16 | 134'016 | 133'667 | 0.3 |
| Goodwill and other intangible assets | 17 | 259'684 | 269'762 | - 3.7 |
| Current tax assets | | 7 | 13 | - 44.5 |
| Deferred tax assets | 24 | 7'450 | 10'620 | - 29.8 |
| Accrued income and prepaid expenses | | 105'995 | 101'026 | 4.9 |
| Other assets | 18 | 117'417 | 75'939 | 54.6 |
| Total assets | | 25'691'573 | 25'215'865 | 1.9 |
| Liabilities | | | | |
| Due to banks | 20 | 950'541 | 1'667'253 | - 43.0 |
| Due to customers | 21 | 19'368'333 | 18'799'748 | 3.0 |
| Derivative financial instruments | 14 | 337'165 | 288'679 | 16.8 |
| Debt issued | 22 | 2'581'977 | 2'187'532 | 18.0 |
| Current tax liabilities | | 37'266 | 17'746 | 110.0 |
| Deferred tax liabilities | 24 | 20'948 | 20'615 | 1.6 |
| Accrued expenses and deferred income | | 76'332 | 81'567 | - 6.4 |
| Provisions | 25 | 15'445 | 13'785 | 12.0 |
| Other liabilities | 26 | 172'913 | 115'212 | 50.1 |
| Total liabilities | | 23'560'921 | 23'192'137 | 1.6 |
| Equity | | | | |
| Share capital | 27 | 154'000 | 154'000 | 0.0 |
| Share premium | 28 | - 15'066 | - 14'923 | 1.0 |
| Treasury shares | 29 | - 13'356 | - 11'640 | 14.7 |
| Retained earnings | 30 | 2'140'361 | 2'056'623 | 4.1 |
| Other reserves | 31 | - 136'250 | - 161'534 | - 15.7 |
| Total equity attributable to shareholders of LLB | | 2'129'690 | 2'022'525 | 5.3 |
| Non-controlling interests | 32 | 962 | 1'203 | - 20.0 |
| Total equity | | 2'130'652 | 2'023'728 | 5.3 |
| Total liabilities and equity | | 25'691'573 | 25'215'865 | 1.9 |

Consolidated statement of changes in equity

| in CHF thousands | Note | Attributable to shareholders of LLB | | | | | Total | Non-controlling interests | Total equity |
|--|----------|-------------------------------------|-----------------|-----------------|-------------------|-----------------------------|------------------|---------------------------|------------------|
| | | Share capital | Share premium | Treasury shares | Retained earnings | Other reserves ⁵ | | | |
| As at 1 January 2022 | | 154'000 | - 13'952 | - 15'073 | 1'959'517 | 12'932 | 2'097'423 | 142'704 | 2'240'128 |
| Comprehensive income for the period | | | | | 147'543 | - 174'607 | - 27'064 | 635 | - 26'429 |
| Net profit | | | | | 147'543 | | 147'543 | 1'906 | 149'450 |
| Other comprehensive income | | | | | | - 174'607 | - 174'607 | - 1'271 | - 175'878 |
| Reclassification not affecting the income statement ¹ | 30/31 | | | | - 141 | 141 | 0 | | 0 |
| Net movements in treasury shares ² | 28/29 | | - 971 | - 17'017 | | | - 17'988 | | - 17'988 |
| Dividend 2021, paid 2022 | 30/32 | | | | - 70'426 | | - 70'426 | - 369 | - 70'795 |
| Increase / (Reduction) in non-controlling interests ³ | 29/30/32 | | | 20'450 | 20'130 | | 40'580 | - 141'768 | - 101'188 |
| As at 31 December 2022 | | 154'000 | - 14'923 | - 11'640 | 2'056'623 | - 161'534 | 2'022'525 | 1'203 | 2'023'728 |
| As at 1 January 2023 | | 154'000 | - 14'923 | - 11'640 | 2'056'623 | - 161'534 | 2'022'525 | 1'203 | 2'023'728 |
| Comprehensive income for the period | | | | | 164'570 | 21'043 | 185'614 | 103 | 185'717 |
| Net profit | | | | | 164'570 | | 164'570 | 163 | 164'733 |
| Other comprehensive income | | | | | | 21'043 | 21'043 | - 60 | 20'984 |
| Reclassification not affecting the income statement ¹ | 30/31 | | | | - 4'241 | 4'241 | 0 | | 0 |
| Net movements in treasury shares ^{2/4} | 28/29 | | - 143 | - 1'715 | | | - 1'858 | | - 1'858 |
| Dividend 2022, paid 2023 | 30/32 | | | | - 76'654 | | - 76'654 | - 280 | - 76'934 |
| Increase / (Reduction) in non-controlling interests | 29/30/32 | | | | 63 | | 63 | - 63 | 0 |
| As at 31 December 2023 | | 154'000 | - 15'066 | - 13'356 | 2'140'361 | - 136'250 | 2'129'690 | 962 | 2'130'652 |

1 The reclassification reflects the transfer of the loss from the sale of financial investments in equity instruments, which was recognised at fair value in other comprehensive income (see also note 15).

2 Contains change of reserves for security entitlements

3 The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders. A proportion of the purchase price was serviced with treasury shares. For further information see the annual report 2022.

4 Contains changes due to the share repurchase programme (see note 29)

5 The reconciliation of currency translation differences amounted to minus CHF thousands 69'875 at 31 December 2023 (31 December 2022: minus CHF thousands 49'455). The difference reflects the change within the business year, which is reported in the statement of comprehensive income.

Consolidated statement of cash flows

| in CHF thousands | Note | 2023 | 2022 |
|---|----------|------------------|------------------|
| Cash flow from / (used in) operating activities | | | |
| Interest received | | 436'572 | 235'920 |
| Dividends received from financial investments | 4 | 6'535 | 6'259 |
| Interest paid | | - 272'659 | - 78'515 |
| Fees and commission received | | 328'852 | 310'040 |
| Fees and commission paid | | - 131'764 | - 116'182 |
| Trading income | | 172'117 | 129'634 |
| Other income | | 1'856 | 7'156 |
| Payments for personnel, general and administrative expenses | | - 313'804 | - 282'000 |
| Income tax paid | 9 | - 10'999 | - 26'530 |
| Rent paid for short-term and low-value leases | | - 463 | - 301 |
| Cash flow from operating activities, before changes in operating assets and liabilities | | 216'243 | 185'482 |
| Net due from / to banks | | - 615'687 | - 261'979 |
| Loans / due to customers | | - 82'073 | 73'707 |
| Other assets | | - 36'213 | - 21'558 |
| Other liabilities | | 33'797 | - 8'846 |
| Changes in operating assets and liabilities | | - 700'176 | - 218'675 |
| Net cash flow from / (used in) operating activities | | - 483'933 | - 33'193 |
| Cash flow from / (used in) investing activities | | | |
| Purchase of property and equipment | 16 | - 18'829 | - 11'761 |
| Disposal of property and equipment | | 0 | 1'070 |
| Purchase of other intangible assets | 17 | - 15'193 | - 24'652 |
| Purchase of financial investments | | - 933'000 | - 840'069 |
| Disposal of financial investments | | 895'430 | 414'543 |
| Purchase of non-current assets held for sale | | - 10'528 | - 1'020 |
| Sale of non-current assets held for sale | | 1'509 | 850 |
| Net cash flow from / (used in) investing activities | | - 80'611 | - 461'038 |
| Cash flow from / (used in) financing activities | | | |
| Purchase of treasury shares ¹ | 29 | - 4'463 | - 20'450 |
| Dividends paid | 30 | - 76'654 | - 70'426 |
| Dividends paid to non-controlling interests | 32 | - 280 | - 369 |
| Reduction in non-controlling interests ¹ | 29/30/32 | - 0 | - 101'188 |
| Repayment of lease liabilities | 23 | - 5'644 | - 5'287 |
| Issuance of debt | 23 | 354'942 | 416'134 |
| Repayment of debt | 23 | - 123'098 | - 172'628 |
| | 23 | 150'000 | 0 |
| Net cash flow from / (used in) financing activities | | 294'802 | 45'787 |
| Effects of foreign currency translation on cash and cash equivalents | | - 102'789 | - 78'823 |
| Net increase / (decrease) in cash and cash equivalents | | - 372'530 | - 527'268 |
| Cash and cash equivalents at beginning of the period | | 7'079'416 | 7'606'684 |
| Cash and cash equivalents at end of the period | | 6'706'886 | 7'079'416 |
| Cash and cash equivalents comprise: | | | |
| Cash and balances with central banks | 11 | 6'389'870 | 6'264'269 |
| Due from banks (due daily) | 12 | 317'014 | 295'210 |
| Claims from money market instruments with an original maturity of no more than three months | | 0 | 519'935 |
| Total cash and cash equivalents | | 6'706'886 | 7'079'416 |

¹ The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders in the business year 2022. A proportion of the purchase price was serviced with treasury shares.

Accounting principles

1 Principles of accounting

1.1 Basic information

The LLB Group offers a broad spectrum of financial services. Of particular importance are asset management and investment advisory for private and institutional clients, as well as retail and corporate client businesses.

The Liechtensteinische Landesbank Aktiengesellschaft, founded in and with its registered office located in Vaduz, Principality of Liechtenstein, is the parent company of the LLB Group. It is listed on the SIX Swiss Exchange.

The Board of Directors reviewed this consolidated annual statement at its meeting on 23 February 2024 and approved it for publication.

1.2 Events during the business year

On 28 August 2023, LLB started a public share repurchase programme that will continue until 27 August 2026 at the latest. The repurchase of up to 400'000 own registered shares corresponds to 1.3 per cent of the share capital and will be carried out via the ordinary trading line of the SIX Swiss Exchange. No shares are to be destroyed. For further information, please visit the website <https://llb.li/en/llb/investors/llb-share/shares-repurchase>.

1.3 Events after the balance sheet date

LLB strengthens its presence in Germany with the opening of its branch offices in Munich, Düsseldorf and Frankfurt from 1 January 2024.

On 30 January 2024, the Liechtenstein Government adapted its participation strategy for its holding in Liechtensteinische Landesbank AG. This defines the role of the Principality of Liechtenstein as majority shareholder of LLB. Even in the revised version, the Government emphasises that it shall safeguard the shareholder interests of the State within the scope of the competences of the General Meeting of Shareholders under stock corporation law, and in doing so, that it recognises the concept of entrepreneurial autonomy, as well as the rights and obligations arising from the stock market listing. At the same time, the participation strategy defines the majority shareholder's expectations of LLB and offers minority interests planning security. Further information can be found at <https://llb.li/en/llb/investors/llb-share/details>

No other material events occurred after the balance sheet date which would have a significant influence on the asset, financial and earnings position of the LLB Group.

2 Summary of material accounting policies

This chapter contains the material accounting and valuation methods employed in the preparation of this consolidated financial statement. The described methods have been consistently employed for the reporting periods shown, provided no statement to the contrary is specified.

2.1 Basis for financial accounting

2.1.1 General points

Except for the revaluation of certain financial assets and liabilities, as well as of investment property, the consolidated financial statement was prepared on the basis of the historical acquisition or production cost in conformance with the International Financial Reporting Standards employed in the European Union (EU-IFRS). In addition, it meets the requirements stipulated in Article 17a of the Person and Company Law Ordinance of the Principality of Liechtenstein.

On account of detailed definitions in its presentation, the consolidated financial statement of the comparison period may contain reclassifications. These reclassifications are reported, if they are regarded as material.

2.1.2 New IFRS, amendments and interpretations

2.1.2.1 Changes to accounting policies effective since 1 January 2023

The following new or amended EU-IFRS or interpretations are relevant and were applied by the LLB Group for the first time from 1 January 2023:

- ♦ Amendments to IAS 1 “Material Accounting Policies” – Clarification that in future entities disclose their material accounting policy information and not their significant accounting policies
- ♦ IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – The amendments introduced the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies
- ♦ IAS 12 “Income Taxes” – The amendment clarifies that deferred taxes are to be allocated for single transactions on initial recognition if equal amounts of deductible and taxable temporary differences arise from the single transaction

These amendments will have no material influence on the financial statement of the LLB Group.

The amendments to IAS 12 “Income Taxes” in relation to the global minimum taxation of multinational groups with gross revenue of at least EUR 750 million include the temporary exemption from recognising deferred taxes and additional disclosure requirements. The LLB Group is expected to be affected by the Pillar 2 international tax reform from 2025. Initial analyses of the type and extent to which the LLB Group will be affected will begin in the 2024 business year.

2.1.2.2 Applicable for financial years beginning on 1 January 2024

Currently, there are no new or amended EU-IFRS or interpretations which are of relevance for the LLB Group.

2.1.3 Use of estimates in the preparation of financial statements

Management is required to make estimates and assumptions in preparing the financial statement in conformity with IFRS. These can contain significant uncertainties. These assumptions can affect individual items in income, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on the best information available at the time and are continually adjusted to take into consideration the latest facts and circumstances. Actual results in the future could differ substantially from such estimates and assumptions.

Significant estimates and assumptions are found principally in the following areas of the consolidated financial statement, and are dealt with partly in the explanations concerning the valuation of balance sheet positions and / or partly in the corresponding notes to the consolidated income statement in [Expected credit losses](#), [Goodwill](#), [Provisions](#), [Fair value measurement](#), as well as [Pension plans and other long-term benefits](#).

2.2 Consolidation policies

The presentation of the consolidated financial statement adopts a business perspective. The consolidation period corresponds to the calendar year.

2.2.1 Subsidiaries

LLB Group companies, in which Liechtensteinische Landesbank AG holds, directly or indirectly, the majority of the voting rights or otherwise exercises control, are fully consolidated. The chapter [Scope of consolidation](#) contains an overview of the companies, which the consolidated statement encompasses.

The capital consolidation is carried out according to the purchase method.

2.2.2 Participation in associated companies

Associated companies are recognised according to the equity method.

2.2.3 Investment in joint venture

Joint ventures, i.e. companies in which LLB has a 50 per cent participation, are recognised according to the equity method.

2.2.4 Changes to the scope of consolidation

Changes in the scope of consolidation are disclosed in the note [Scope of consolidation](#). The changes described there had no material impact.

2.3 General principles

2.3.1 Recording of business

Sales and purchases from trading assets, derivative financial instruments and financial investments are booked on the transaction date. Loans, including those to clients, are recorded in that period of time in which the funds flow to the borrower.

2.3.2 Inland versus abroad

"Inland" encompasses the Principality of Liechtenstein and Switzerland.

2.4 Foreign currency translation

2.4.1 Functional currency and reporting currency

The items contained in the financial accounts of each Group company are valued in the currency which is used in the primary business environment in which the company operates (functional currency).

The reporting currency of the LLB Group is the Swiss franc.

2.4.2 Group financial statement

Items of Group companies which report their financial accounts in a functional currency other than the Group's reporting currency are translated as follows: all assets and liabilities are converted at the relevant exchange rate valid on the balance sheet date. All individual items in the income statement and statement of cash flows are converted at the average exchange rate for the accounting period. All resulting exchange differences are booked individually to equity and other comprehensive income, respectively.

2.4.3 Separate financial statements

Foreign currency transactions are translated on the day of the transaction at spot rates into the functional currency. Foreign currency differences with financial assets and financial liabilities occur if the exchange rate prevailing on the reporting date differs from the spot rate on the transaction date. In the case of monetary items, the resulting foreign currency differences are recognised in the income statement in the position foreign exchange trading under net trading income. The same applies to non-monetary items, which are recognised at fair value. In the case of non-monetary items, whose fair value changes are recognised directly in equity and in other comprehensive income without affecting net income, respectively, the foreign currency difference is a part of the change in fair value. If material, the foreign currency difference is reported. The following exchange rates were employed for foreign currency conversion:

| Closing Rate | 31.12.2023 | 31.12.2022 |
|--------------|------------|------------|
| 1 USD | 0.8380 | 0.9232 |
| 1 EUR | 0.9260 | 0.9847 |

| Average rate | 2023 | 2022 |
|--------------|--------|--------|
| 1 USD | 0.8996 | 0.9517 |
| 1 EUR | 0.9727 | 1.0041 |

2.5 Cash and cash equivalents

Cash and cash equivalents include the items listed in the consolidated statement of cash flows. These largely consist of cash (see [note 11](#)), loans from banks, due daily (see [note 12](#)), as well as other cash equivalents reported in the [consolidated statement of cash flows](#).

2.6 Measurement of balance sheet positions

Depending on the basis on which they are measured, balance sheet positions can be assigned to two groups: IFRS 9 relevant and IFRS 9 non-relevant. The major portion of the LLB Group's balance sheet total is composed of balance sheet items that are measured according to IFRS 9.

2.6.1 Balance sheet positions measured according to IFRS 9 and portfolio hedge accounting according to IAS 39

2.6.1.1 Classification and measurement of financial assets

The following table provides an overview of the individual measurement methods and the assets associated with them at the LLB Group:

| | Valuation method | | |
|------------|--|---|---|
| | Amortised cost | At fair value through other comprehensive income | At fair value through profit and loss |
| Assets | Cash and balances with central banks Due from banks Loans Financial investments - Debt instruments | Financial investments - Debt instruments - Equity instruments | Financial investments - Debt instruments - Equity instruments Derivative financial instruments Precious metal receivables |
| Conditions | "Hold" business model SPPI ability | Debt instruments - "Hold to Collect and Sell" business model - SPPI ability Equity instruments - Designation - Not held for trading purposes - No contingent consideration resulting from business combinations | "Others" business model The conditions of other valuation methods were not fulfilled |

Employment within the LLB Group

Only in the case of financial investments does the management of the LLB Group determine the strategy and the respective business model for all Group companies. The business models "Hold", "Hold and Sell" and "Others" are employed. The allocation to the individual business model depends on the category to which the financial investment belongs and whether it should be held until final maturity. The LLB Group divides financial investments into two categories: "Asset & Liability Management" and "Strategic Participations".

Debt instruments in the "Asset & Liability Management" category are assigned to the "Hold" and "Hold and Sell" business models. Debt instruments in the business model "Hold" primarily collect income from interest payments. They are only disposed of if the risk of default rises significantly, if sustainability criteria are no longer fulfilled, or if scenarios occur, which, after a reasonable assessment, were not expected. Debt instruments in the business model "Hold and Sell" serve primarily to manage liquidity and therefore to control the liquidity ratio (LR), the liquidity coverage ratio (LCR) and the Tier 1 ratio. In the case of investments in new issues, the internal assessment of the SPPI criteria is compared downstream with the external assessment from Bloomberg. Where assumptions diverge and there is no conformity with SPPI criteria according to Bloomberg, management is informed accordingly. It then decides about the further treatment of the debt instruments. An external assessment is utilised in the case of instruments which are traded on a market. Old holdings, i.e. debt instruments that under IAS 39 "Financial Instruments: Recognition and Measurement" were recognised at fair value through profit and loss will continue to be measured according to this method until their disposal. These serve primarily as economic hedging instruments and therefore do not fulfil the criteria of the business models "Hold" or "Hold and Sell". They are assigned to the business model "Others".

Financial investments of the strategic participations category encompass equity instruments and investment fund units. They do not fulfil the SPPI criteria and are therefore recognised at fair value

through profit and loss. In the case of some equity instruments that comply with the definition of equity capital securities, they are designated irrevocably for measurement at fair value in other comprehensive income. Consequently, if the instruments are sold, the unrealised gains accrued in other comprehensive income cannot be recycled. Further information is provided in [note 15](#).

The decision regarding the allocation to a business model or the appropriate designation is made at the product level.

Financial assets measured at amortised cost

- ◆ Cash and balances with central banks
These are measured at nominal value.
- ◆ Due from banks, loans and debt instruments
These claims are measured at amortised cost using the effective interest method and taking into consideration an expected credit loss (ECL). The value stated in the balance sheet therefore corresponds to a net carrying amount because the expected credit loss is recognised in the balance sheet as a reduction of the carrying amount of a receivable. For off-balance sheet items, such as a commitment, however, a provision for credit loss is reported. The off-balance sheet total is not reduced. The impairments are recognised in the income statement and reported under line item "Expected credit losses". Detailed information about expected credit loss and its calculation is provided in point [2.6.1.3 Impairments](#). Further information can be found in the comments on risk management in risk management chapter [3 Credit risk](#). Interest is recognised on an accrual basis and reported in Net interest income. In general, the LLB Group grants loans only on a collateralised basis, or only to counterparties having very high credit worthiness.

Financial assets recognised at fair value through other comprehensive income

- ◆ Debt instruments
The debt instruments (corporate bonds) are measured in a two-step process. In a first step, these are measured at amortised cost using the effective interest method. Subsequently, this value is adjusted to fair value. [Note 33](#) provides information on the determination of fair value. Debt instruments are exposed to credit risk. To account for this, an expected credit loss is calculated. Unlike for assets measured at amortized cost, this is equity-neutral. Detailed information on expected credit losses and their calculation is disclosed in point [2.6.1.3 Impairments](#). Further information can be found in the comments on risk management in chapter [3 Credit risk](#). Interest or negative interest is recognised on an accrual basis and reported in [net interest income](#). The basis of calculation is the value calculated using the effective interest method before adjustment to fair value. If the debt instrument matures or is sold before maturity, the unrealised gains or losses accumulated in other comprehensive income are recycled through the income statement and recognised in [net income from financial investments](#).
- ◆ Equity instruments
Equity instruments are measured at fair value. Value changes and the corresponding gains / losses are recognised in other comprehensive income. [Note 33](#) contains information about the calculation of fair value. In the case of the disposal of the equity instruments, the unrealised gains reported in the consolidated statement of comprehensive income are not reclassified in the income statement. These are reclassified in retained earnings without affecting the income statement. Dividend earnings are recognised in the income statement under [net income from financial investments](#).

Financial assets at fair value through profit and loss

- ◆ Receivables from precious metals
These are measured at market value through profit and loss and reported in [net trading income](#). [Note 33](#) provides information about the calculation of fair value.
- ◆ Derivative financial instruments
Derivative financial instruments are recognised as positive or negative replacement values in the balance sheet. The replacement value corresponds to the fair value. [Note 33](#) contains information about its calculation. Derivative financial instruments are held within the LLB Group for hedging and trading purposes. If the derivative financial instruments held for hedging purposes do not fulfil

the strict IFRS hedge accounting criteria, changes in fair value are recognised, as with derivative financial instruments held for trading purposes, in [net trading income](#). For further information regarding hedge accounting, see the following section “Hedging transactions” and [note 14](#).

◆ Hedge accounting

Within the scope of risk management at the LLB Group, derivative financial instruments are employed principally to manage interest rate risk and only with counterparties having very high credit worthiness within predetermined limits. The management of interest rate risks is based on the requirements of the limits system. If these transactions fulfil the IFRS-specific hedge accounting criteria, and if these were employed as hedging instruments from a risk management perspective, they can be shown according to hedge accounting guidelines. If these transactions do not fulfil the IFRS-specific hedge accounting criteria, they are not presented according to hedge accounting guidelines, even if from an economic point of view they represent hedging transactions and are consistent with the risk management principles of the LLB Group. The LLB Group employs portfolio fair value hedge accounting (PFVH) for fixed-interest rate interest instruments. In this case, the interest rate risks of the underlying transaction (e.g. a fixed-rate mortgage) are hedged by means of hedging instruments (e.g. an interest rate swap). The PFVH portfolios consist of a sub portfolio of hedging transactions, which is compared with a sub portfolio of underlying transactions. The interest rate risk profile of the sub portfolios is determined using an optimisation algorithm in order to achieve an optimum hedge allocation. The portfolios are designated over a hedge period of one month and are measured both retrospectively and prospectively. The effect on the income statement of the change in fair value of the hedging instrument is recognised under the same position in the income statement as the respective effect of the change in fair value of the hedged basic transaction. In the case of the hedging of interest rate risks at the portfolio level, the fair value change in the hedged item is recognised in the same balance sheet position as the underlying item. If fair value hedge accounting is employed for reasons other than the derecognition of the hedged transaction, the amount, which is reported in the same balance sheet position as the underlying transaction, is amortised over the residual term of the underlying transaction in the income statement.

◆ Financial investments

Within the LLB Group, the portfolio of financial investments encompasses debt instruments and equity instruments. Debt instruments include both corporate bonds and investment fund units. The fund units represent callable instruments, which do not meet the criteria for equity instruments. [Note 33](#) provides information about the calculation of fair value. Non-realised gains or losses are reported in [net income from financial investments](#). Interest is recognised on an accrual basis and reported in [net interest income](#). Dividends are reported directly in [net income from financial investments](#).

2.6.1.2 Classification and measurement of financial liabilities

Basically, the LLB Group’s financial liabilities are classified at amortised cost. Exceptions are derivative financial instruments and liabilities from precious metals, which are classified at fair value through profit and loss.

The following table provides an overview of the individual measurement methods and the financial liabilities with which they are employed at the LLB Group.

| | Valuation method | |
|-------------|---|--|
| | Amortised cost | At fair value through profit and loss |
| Liabilities | Due to banks Due to customers Commitments for leases Debt issued | Derivative financial instruments Precious metal liabilities |

Financial liabilities measured at amortised cost

Interest is recognised on an accrual basis and reported in [net interest income](#). Effects, which arise as a result of the early disposal of the financial liability are recognised in the income statement.

Financial liabilities at fair value through profit and loss

Note 33 contains information about the calculation of fair value. The changes in fair value are recognised in [net trading income](#); with the exception of derivatives, which are related to hedge accounting. For information regarding hedge accounting see the chapter “Hedging transactions” and [note 14](#).

2.6.1.3 Impairments

In line with IFRS 9, the LLB Group has developed and implemented an impairment model in order to quantify expected credit losses.

Governance in relation to input factors, assumptions and estimation procedures

The impairment model for the determination of the expected credit loss requires a range of input factors, assumptions and estimation procedures that are specific to the individual institute. This, in turn, necessitates the establishment of a governance process. The regular review, stipulation and approval of input factors, assumptions and estimation procedures is the responsibility of Group Management and is carried out on an ad hoc basis, but at least once a year. In addition, internal control systems at the LLB Group ensure the correct quantification of the expected loss as well as the conformance with IFRS.

Segmentation of the credit portfolio

The LLB Group segments its credit portfolio according to two criteria: by type of credit and by customer segment. The following types of credit are considered for the modelling of probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- ◆ Mortgage loans
- ◆ Lombard loans
- ◆ Unsecured loans
- ◆ Financial guarantees
- ◆ Credit cards
- ◆ Bank deposits, secured
- ◆ Bank deposits, unsecured
- ◆ Financial investments
- ◆ SIC (Swiss National Bank)

In the case of the first five listed types of credit, a further differentiation is made between the customer segments private clients, corporate clients and public sector debtors. There are therefore 19 segments, which differ from each other in the modelling of the calculation parameters, to enable the LLB Group’s credit portfolio to be segregated into risk groups that are as homogenous as possible.

Modelling principles and calculation parameters of expected credit loss

The calculation of the expected credit loss is based on the components probability of default, exposure at default and loss given default, whereby specific scenarios are used to determine these criteria. The most important differences in the modelling of the calculation parameters are shown in the following.

- ◆ Probability of default: The probability of default is determined differently depending on the segment. In the case of corporate clients, the ratings are based on an external scoring model where the financial statements of the corporate clients serve as a basis for the calculation of the respective ratings and probability of default. With bank and financial deposits, the ratings and probability of default are obtained from external sources (Moody’s). Basically, the probability of default is calculated at the position level. One exception is the private client segment, where a global probability of default is applied for the entire private client segment. A differentiation is made only between the above-mentioned credit segments in determining the portfolio probability of default. The probabilities of default are based on internal historical default rates. A common factor with all ratings is that the probability of default in all cases is determined on a through-the-cycle basis, which is adjusted within the scope of macro-scenarios to take into consideration the expected economic conditions (point in time). For this purpose, in the case of private and corporate

clients, the LLB Group estimates the development of interest rates as well as gross domestic product and models the impact of the expected economic development on the probability of default. In the case of bank and financial investments having ratings from Moody's, this agency's outlook of their future development is considered in the calculation.

- ◆ Exposure at default: Exposure at default is determined on the basis of the average amortised cost in the individual monthly period. The development of amortised cost is calculated on the basis of the initial credit exposure compounded with the effective interest, plus or minus additional inflows or outflows of resources such as amortisation payments. The average amortised cost of the individual period is extrapolated from the development resulting from integration and division by the length of the periods. The duration of the credits is in accordance with the conditions specified in the credit agreement. In the case of credits having an unspecified duration, a model is used as basis for the calculation. The period of notice is used as a basis. Cash inflows (loan repayments) are defined on the basis of the planned amortisation payments. Cash outflows (loan increases) are dependent on the type of loan and the agreed-but-not-yet-utilised credit limit. Internal experts estimate a credit conversion factor, which is approved by the Board of Management, and is then employed to define the expected credit utilisation.
- ◆ Loss given default: Basically, there are three approaches for determining the loss given default: internal loss given default models (loans with real estate collateral), estimates made by internal experts (Lombard loans) and external studies from Moody's (bank and financial deposits). In the case of loss given default models, the LGD of loans secured by mortgages is calculated on the basis of workout procedures at the position level, taking into consideration the collateral provided. In this case, all the expected future cash flows are estimated and discounted. In addition, the value of the collateral provided is modelled on the basis of the expected development of real estate prices given various scenarios.

The expected credit loss is calculated as the sum of probability of default, exposure at default and loss given default.

Credit quality level, monitoring of significant increase in credit risk (SICR) and cure period

Loans are allocated to a credit quality level. In addition to historical analysis, forward-looking factors are taken into consideration.

Historical analysis at the LLB Group considers, for example, whether the credit risk with a position has significantly increased since the beginning of the contractual term, or whether there are already payment arrears. In the event of an increase of one percentage point in the default probability, the LLB Group assumes there will be a significant increase in the credit risk. Payments more than 30 days past due are assigned to credit quality level 2; payments more than 90 days past due are assigned to credit quality level 3.

In a forward-looking test, based on the development of a customer's cash flows, it is examined whether a deterioration in the credit worthiness of the customer is to be expected in the future. Furthermore, in the case of bank and financial deposits, for example, the expectations of the rating agencies with respect to the future development of the ratings are considered in the assignment of a credit quality level for a loan. In addition, if it is unlikely that the debtor can repay his liabilities in full unless such measures as, for example, the realisation of collateral have to be implemented, the loan is assigned to the credit quality level 3.

During initial recognition, all risk-bearing positions are allocated to level 1 because no financial assets having an adverse effect on credit quality are purchased or generated.

Loans in credit quality level 2 are only reassigned to credit quality level 1 following a sustained improvement in their credit quality. The LLB Group defines a sustained improvement in credit quality as being the fulfilment of the criteria for credit quality level 1 for at least three months.

In the case of loans in credit quality level 3, the Group Recovery Department is responsible for estimating the extent of a sustained improvement in credit quality. This decision is largely guided by whether the default, as defined by the LLB Group, still exists or not. Here too, in order for a position to

be returned to credit quality level 2, the criteria governing the credit quality level must have been fulfilled for at least three months.

Macro-scenarios

Three scenarios are utilised for the measurement of the expected credit loss: a basic scenario as well as a negative and a positive scenario. The probability of a credit loss occurring is the same with all three scenarios. The average value derived from these scenarios represents the final expected credit loss.

In determining the expected credit loss on the basis of the various scenarios, the LLB Group utilises the following three macro-factors, which have an influence on the creditworthiness of a debtor as well as on the value of the collateral provided for the loan:

- ◆ Gross domestic product
- ◆ Interest rate development
- ◆ Real estate price development

The impact of the macro-factors is based on estimates made by the Asset Management Division and the Risk Management Department of the LLB Group, whereby the macro-factors are also regularly submitted to the Board of Management for its approval.

Definition of default, determination of creditworthiness and write-off policy

The LLB Group bases its definition of default, according to IFRS 9, on the Capital Requirements Regulation (Art. 178 CRR) in order to ensure a uniform definition for regulatory and accounting policy purposes. On the one hand, claims which are more than 90 days past due are regarded as defaulted and, on the other, indications that a debt is unlikely to be paid can also lead to a claim being classified as in default.

The LLB Group regards the creditworthiness of a financial asset as being impaired when its recoverable amount, which is determined on the basis of a calculation of the present value, is lower than the carrying amount. The difference between the present value and the carrying amount is recognised as a specific allowance.

A debt is written off only when, in accordance with the enforcement order, there is no reasonable expectation of recovery in the future, where agreement has been reached with the debtor that LLB or a subsidiary within the LLB Group irrevocably waives a part of the debt, or where a pledge default certificate has been submitted, which enables, in spite of the write-off, the remaining debt or a part of the remaining debt to be claimed in the future. The pledge default certificate is only relevant in the case of private individuals because, following liquidation, insolvent legal entities no longer exist. A collection agency is commissioned to recover the debt.

Reporting of impairments

The LLB Group reports all impairments in the line item "Expected credit losses".

2.6.2 Balance sheet positions outside IFRS 9

2.6.2.1 Property, investment property and other equipment

At the LLB Group, property encompasses real estate, buildings and additional building costs. It is measured at cost less any impairment and depreciation necessary for operational reasons. The LLB Group owns only a few properties, which it does not use entirely itself. The part of the property it does not use itself is rented out. This part property is always immaterial and cannot be separately sold. Accordingly, the properties are not classified as investment property but rather as tangible assets.

Other equipment encompasses fixtures, furnishings, machinery and IT equipment. These items are recognised in the accounts at amortised cost.

Depreciation is carried out on a straight-line basis over the estimated useful life:

| | |
|----------------------------------|-----------------|
| Buildings | 33 years |
| Building supplementary costs | 10 years |
| Fixtures, furnishings, machinery | 5 years |
| IT equipment | 3-6 years |
| Land | No depreciation |

Small value purchases are charged directly to general and administrative expenses. In general, maintenance and renovation expenditures are booked to general and administrative expenses. If the related cost is substantial and results in an increase in value, such expenditures are capitalised and depreciated over their useful life. Profits from the sale of other equipment are reported as net income from properties in [other income](#).

Property and other equipment are reviewed for impairment on every balance sheet reporting date. If, as a result of the review, a change in the useful life and / or a necessity for an impairment is identified, the residual carrying amount is depreciated over the new adjusted useful life and / or an impairment is made. Any reversal of an impairment is only considered up to the amount which would have been attained without impairment.

2.6.2.2 Goodwill and other intangible assets

Goodwill is recognised in the balance sheet at acquisition cost in the functional currency of the taken over company on the date of acquisition and the value is reviewed and converted at the closing prices on the balance sheet reporting date. Goodwill is tested for impairment annually in the third quarter, or when events make this necessary. If impairment has occurred, an appropriate value allowance is made.

Other intangible assets are composed of client relationships, software and other intangible assets. They are recognised at cost minus necessary operating depreciation and impairments. They are reviewed for impairment on every balance sheet reporting date.

Intangible assets from acquisitions are amortised in a straight-line over an estimated useful life of five to fifteen years. In general, software is amortised over a period of three to six years. Core banking system software is amortised in a straight line over a period of up to 10 years.

Cloud computing activities are recognised by the LLB Group in the balance sheet only when certain conditions are fulfilled. In doing so, the LLB Group differentiates between licenses, service agreements and service agreements including system modifications. A license in relation to a cloud computing agreement is only recognised if a contractual right exists to take possession of the software during the hosting period without incurring a significant contractual penalty, or to install the software on LLB's own hardware, or if an external third party can be commissioned to host the software. The LLB Group recognises a cloud computing service in the balance sheet only if this qualifies as a leasing asset or as an intangible asset. System modifications are only recognised if a power of disposition exists in the cloud environment.

2.6.2.3 Current and deferred taxes

Current income tax is calculated on the basis of the tax law applicable in the individual country and recorded as expense for the accounting period in which the related income was earned. These are reported in the balance sheet as tax liabilities. If uncertainty exists about whether a tax issue will be recognised by the tax authorities, the LLB Group contacts the tax authority concerned at an early date. If a tax issue cannot be conclusively clarified before the reporting date, the LLB Group makes assumptions regarding the amount that the tax authorities will accept. In this case, the amount reported in the IFRS statement can differ from the amount shown in the income tax return.

2.6.2.6 Employee benefits

Retirement benefit plans

The LLB Group has pension plans for its employees, which are defined according to IFRS as defined benefit plans. In addition, there are long-term service awards which qualify as other long-term

employee benefits. The period costs are determined by external experts using the projected unit credit method.

Variable salary component and share-based compensation

The valuation procedure for the variable salary component is based on the degree of individual target attainment and a weighting of the Group business result over the last three years, as well as a qualitative assessment made by the Group Board of Directors, which represents the basis for the bonus pool. Depending on the management level, the weighting varies between the individual target attainment and the bonus pool.

Certain executives receive a portion of their profit-related bonus in the form of entitlements to LLB shares. Allocation is made over a period of five or six years, beginning in the subsequent year, by the transfer every year of 25 or 20 per cent of the share entitlements, provided there are no circumstances which necessitate a reclaiming of the shares.

Share-based compensation with equity instruments represents an equity transaction. The change in the inventory of entitlement shares is recognised under share premium, whereby personnel expenses serve as the off-setting item. The calculation of the fair value of the earned share entitlements at the end of the year is made on the basis of an estimate as part of the variable salary component. The number of share entitlements granted is calculated on the basis of the average of all share prices in the fourth quarter of a year.

The LLB Group holds shares in order to operate a share-based compensation system with treasury shares. The difference between the market value on the acquisition date and the market value on the date of grant is recognised in share premium.

At the same time, part of the variable cash component for the Board of Management is subject to a vesting period of up to six years. This represents a residual obligation for the LLB Group; personnel expenses serve as an offsetting item. The cash settlement is regulated in such a way that it is not readjusted within the vesting period. Payment is made pro rata temporis, analogous to the vested benefits.

2.6.2.5 Provisions and contingent liabilities

In assessing whether the allocation of a provision and its amount are reasonable, the best possible estimates and assumptions available on the balance sheet reporting date are utilised. If necessary, these are adjusted at a later date to reflect new information and circumstances.

For legal proceedings in cases where the facts are not specifically known, the claimant has not quantified the alleged damages, the proceedings are at an early stage, or where sound and substantial information is lacking, the LLB Group is not in a position to estimate reliably the approximate financial implication.

In addition, provisions are allocated for expected credit losses with off-balance-sheet positions. This is due to the fact that there is no corresponding asset within the balance sheet which could be reduced in value by means of a value allowance. The expected credit loss is reported in the income statement under "expected credit losses". Credit loss forms an integral part of other business risks.

Guarantees issued lead to contingent liabilities if indeed LLB can be made jointly and severally liable for liabilities towards third parties, but it can be assumed that these liabilities will not be paid by the LLB Group. If, on the basis of the current evaluation of contingent liabilities, an outflow of economic resources in the future is probable, a provision is allocated for this position which was previously treated as a contingent liability.

2.6.2.6 Treasury shares

Shares of Liechtensteinische Landesbank AG held by the LLB Group are valued at cost of acquisition and reported as a reduction in equity. The difference between the sale proceeds and the corresponding cost of acquisition of treasury shares is recorded under share premium.

2.6.2.7 Securities lending and borrowing transactions

In the case of securities lending and borrowing transactions, the LLB Group acts only as a principal. Such transactions are undertaken only on a collateralised basis, whereby cash or securities are received or advanced as collateral (see also [note 34](#)).

Cash collateral is entered in the balance sheet as a liability to, or a claim against banks. Securities lent out remain in the trading portfolio or in the financial investments portfolio as long as the risks and rewards of ownership of the securities are retained. The securities are valued according to their classification. Borrowed securities are not recognised in the balance sheet as long as the risks and rewards of ownership remain with the lender.

Fees received or paid are accrued and recognised in net commission income.

2.7 Recognition of revenues

2.7.1 Recognition of revenues

2.7.1.1 Recognition of revenues over a specified period

Fees for securities administration which do not include variable components are typical revenues earned from fees and services that are recognised over a period at the LLB Group.

On account of the nature of the contracts at the LLB Group, a time period exists between the provision of the service and the payment by the client for it, which generally amounts to a maximum of one year. The payments made by clients are made on specific dates, usually at the end of a quarter.

The costs incurred in the provision of the service are recognised continually over the period because these are the same services that are required every day.

2.7.1.2 Recognition of revenues on a specific date

Typical revenues earned from fees and services that are recognised on a specific date include brokerage or processing fees for Visa debit cards used abroad.

In the case of services that are only delivered over a period, but the payment for them is variable and a large degree of uncertainty exists concerning the amount of the revenues, recognition of the revenues occurs only at that time when it is highly probably that no significant cancellation will occur with the recognised revenues. At the LLB Group, this situation can only arise in connection with performance-related fees (e.g. performance fees). The recognition period is generally a maximum of one year.

Costs incurred in providing a service are generally recognised at the time the service is provided.

2.7.2 Recognition

The revenues recognised from fees and services are based on the service obligations specified in the contract and the payment to be made by the client for them. The payment may contain both fixed and variable components, whereby variable payments only occur in connection with asset management and are influenced by certain threshold values. The client may have to make an additional payment if, for example, a specified return is attained or he has decided to pay a previously stipulated percentage on his assets on a previously determined date as a fee.

If discounts have been granted within the scope of combinations of several products, these can be assigned to the individual service obligations.

2.7.3 All-in fee

Clients have the possibility of paying an all-in fee in the form of a lump sum or a percentage fee of assets for a range of different services. This all-in fee is reported in [note 2](#) in a separate table. No reclassification into the corresponding line items of the individual revenue types containing the all-in fee is made because the all-in fee is assigned to the asset management and investment business line item on account of its business model. The additional table provides greater transparency of how these revenues are broken down in their entirety.

Segment reporting

The business activities of the LLB Group are divided into the following two business areas. These form the basis for the segment reporting:

- ♦ The Retail and Corporate Banking segment services locally oriented private banking clients in Liechtenstein, Switzerland and Germany, as well as corporate and private clients in Liechtenstein and Switzerland.
- ♦ The International Wealth Management segment cares for Austrian and international private banking clients, as well as institutional and investment fund clients.

The segments receive comprehensive support from the Corporate Center. It comprises the following functions: finance, credit and risk management, legal and compliance matters, trading and securities administration, payment services, human resources management, communication and marketing, asset management, corporate development, as well as logistics and IT services.

Following the management approach of IFRS 8 "Operating segments", operating segments are reported in accordance with the internal reporting provided to the Group Executive Management (chief operating decision maker), which is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the LLB Group meet the definition of a reportable segment under IFRS 8.

In accordance with the principle of responsibility and based on the organisational structure, income and expenditure are allocated to the business divisions. Indirect costs resulting from services provided internally are accounted for according to the principle of causation and are recorded as a revenue increase for the service provider and as a cost increase for the service beneficiary. The remaining income and expenditure for overriding services which cannot be assigned to the segments are shown under Corporate Center. Furthermore, consolidation adjustments are reported under Corporate Center.

Transactions between the segments are executed at standard market conditions.

Financial year 2022

| in CHF thousands | Retail & Corporate Banking | International Wealth Management | Corporate Center | Total Group |
|--|----------------------------|---------------------------------|------------------|------------------|
| Net interest income | 111'820 | 51'173 | - 10'746 | 152'247 |
| Expected credit losses | - 4'695 | 1'994 | - 17 | - 2'718 |
| Net interest income after expected credit losses | 107'126 | 53'167 | - 10'763 | 149'529 |
| Net fee and commission income | 85'010 | 138'287 | - 12'350 | 210'947 |
| Net trading income | 20'806 | 22'350 | 92'994 | 136'149 |
| Net income from financial investments | 0 | 0 | - 933 | - 933 |
| Other income | 1'845 | 4 | 5'650 | 7'499 |
| Total operating income¹ | 214'786 | 213'808 | 74'597 | 503'191 |
| Personnel expenses | - 43'974 | - 44'107 | - 108'067 | - 196'148 |
| General and administrative expenses | - 4'416 | - 11'274 | - 80'327 | - 96'017 |
| Depreciation | - 43 | - 391 | - 35'632 | - 36'066 |
| Services (from) / to segments | - 76'130 | - 59'549 | 135'679 | 0 |
| Total operating expenses | - 124'563 | - 115'321 | - 88'347 | - 328'231 |
| Operating profit before tax | 90'223 | 98'487 | - 13'749 | 174'961 |
| Tax expenses | | | | - 25'511 |
| Net profit | | | | 149'450 |

1 There were no substantial earnings generated between the segments so that income between the segments is not material.

Financial year 2023

| in CHF thousands | Retail & Corporate Banking | International Wealth Management | Corporate Center | Total Group |
|--|----------------------------|---------------------------------|------------------|------------------|
| Net interest income | 163'145 | 102'632 | - 101'384 | 164'393 |
| Expected credit losses | 166 | - 321 | - 45 | - 199 |
| Net interest income after expected credit losses | 163'311 | 102'311 | - 101'429 | 164'193 |
| Net fee and commission income | 89'542 | 125'184 | - 14'681 | 200'045 |
| Net trading income | 18'590 | 18'448 | 136'133 | 173'171 |
| Net income from financial investments | 0 | 0 | 7'262 | 7'262 |
| Other income | 1'876 | - 4'749 | - 30 | - 2'904 |
| Total operating income¹ | 273'319 | 241'194 | 27'255 | 541'768 |
| Personnel expenses | - 45'430 | - 47'801 | - 116'232 | - 209'463 |
| General and administrative expenses | - 5'432 | - 6'357 | - 88'147 | - 99'936 |
| Depreciation | - 56 | - 346 | - 38'603 | - 39'006 |
| Services (from) / to segments | - 79'127 | - 64'133 | 143'260 | 0 |
| Total operating expenses | - 130'046 | - 118'637 | - 99'722 | - 348'405 |
| Operating profit before tax | 143'273 | 122'557 | - 72'467 | 193'363 |
| Tax expenses | | | | - 28'630 |
| Net profit | | | | 164'733 |

1 There were no substantial earnings generated between the segments so that income between the segments is not material.

There were no revenues deriving from transactions with a single external customer that amounted to ten per cent or more of the Group's revenues.

Segment reporting by geographic location

The geographic analysis of operating income and assets is based on the location of the company in which the transactions and assets are recorded.

Financial year 2022

| | Liechtenstein | | Switzerland | | Austria | | Total Group | |
|-------------------------------------|---------------|------|-------------|------|---------|------|-------------|-------|
| | | in % | | in % | | in % | | in % |
| Operating income (in CHF thousands) | 315'084 | 62.6 | 107'829 | 21.4 | 80'278 | 16.0 | 503'191 | 100.0 |
| Total assets (in CHF millions) | 14'651 | 58.1 | 8'174 | 32.4 | 2'391 | 9.5 | 25'216 | 100.0 |

Financial year 2023

| | Liechtenstein | | Switzerland | | Austria | | Total Group | |
|-------------------------------------|---------------|------|-------------|------|---------|------|-------------|-------|
| | | in % | | in % | | in % | | in % |
| Operating income (in CHF thousands) | 324'419 | 59.9 | 108'040 | 19.9 | 109'310 | 20.2 | 541'768 | 100.0 |
| Total assets (in CHF millions) | 15'030 | 58.5 | 8'496 | 33.1 | 2'166 | 8.4 | 25'692 | 100.0 |

Notes to the consolidated income statement

1 Net interest income

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|-----------------|---------------|
| Interest income from financial instruments measured at amortised cost | | | |
| Due from banks | 136'936 | 14'794 | 825.6 |
| Loans | 275'959 | 162'406 | 69.9 |
| Debt instruments | 14'652 | 977 | |
| Loan commissions with the character of interest | 3'085 | 2'913 | 5.9 |
| Received negative interest | 2'528 | 22'654 | - 88.8 |
| Total interest income from financial instruments measured at amortised cost | 433'160 | 203'745 | 112.6 |
| Interest income from financial instruments, recognised at fair value through other comprehensive income | | | |
| Debt instruments | 19'178 | 18'679 | 2.7 |
| Total interest income from financial instruments, recognised at fair value through other comprehensive income | 19'178 | 18'679 | 2.7 |
| Interest income from financial instruments at fair value through profit and loss | | | |
| Debt instruments | 452 | 1'083 | - 58.3 |
| Interest rate derivatives | 5'594 | 18'264 | - 69.4 |
| Total interest income from financial instruments at fair value through profit and loss | 6'045 | 19'347 | - 68.8 |
| Total interest income | 458'383 | 241'771 | 89.6 |
| Interest expenses from financial instruments measured at amortised cost | | | |
| Due to banks | - 26'300 | - 7'362 | 257.3 |
| Due to customers | - 251'166 | - 37'837 | 563.8 |
| Paid negative interest | - 2'126 | - 13'729 | - 84.5 |
| Lease liabilities | - 284 | - 240 | 18.5 |
| Debt issued | - 11'295 | - 5'187 | 117.8 |
| Total interest expenses from financial instruments measured at amortised cost | - 291'170 | - 64'354 | 352.4 |
| Interest expenses from financial instruments measured at fair value | | | |
| Interest rate derivatives | - 2'821 | - 25'170 | - 88.8 |
| Total interest expenses from financial instruments measured at fair value | - 2'821 | - 25'170 | - 88.8 |
| Total interest expenses | - 293'991 | - 89'524 | 228.4 |
| Total net interest income | 164'393 | 152'247 | 8.0 |

2 Net fee and commission income

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|--------------|
| Brokerage fees | 38'218 | 44'524 | - 14.2 |
| Custody fees | 46'203 | 52'327 | - 11.7 |
| Advisory and management fees | 62'551 | 55'290 | 13.1 |
| Investment fund fees | 152'065 | 157'251 | - 3.3 |
| Credit-related fees and commissions | 758 | 736 | 2.9 |
| Commission income from other services | 27'448 | 33'761 | - 18.7 |
| Total fee and commission income | 327'242 | 343'889 | - 4.8 |
| Brokerage fees paid | - 9'380 | - 10'298 | - 8.9 |
| Other fee and commission expenses | - 117'817 | - 122'644 | - 3.9 |
| Total fee and commission expenses | - 127'197 | - 132'942 | - 4.3 |
| Total net fee and commission income | 200'045 | 210'947 | - 5.2 |

LLB and its subsidiaries offer clients an all-in fee for various services. This is recognised in the line "Advisory and management fees". The following table shows what share of the income position the all-in fee has and what proportion of which services is included in it:

| in CHF thousands | 2023 | 2022 ¹ | + / - % |
|------------------------------------|---------------|-------------------|-------------|
| Total all-in fees | 41'499 | 31'974 | 29.8 |
| of which brokerage | 16'343 | 15'466 | 5.7 |
| of which securities administration | 5'874 | 3'934 | 49.3 |
| of which asset management | 19'282 | 12'574 | 53.4 |

¹ The all-in fee was adjusted for the 2022 business year. The total does not change. The adjustment does not change the amount in the line item "Advisory and management fees" nor does it directly affect the income statement.

3 Net trading income

| in CHF thousands | 2023 | 2022 | + / - % |
|--|----------------|----------------|-------------|
| Foreign exchange trading | 171'658 | 129'319 | 32.7 |
| Foreign note trading | - 1'018 | - 350 | 191.2 |
| Precious metals trading | 2'031 | 2'211 | - 8.2 |
| Interest rate instruments ¹ | 500 | 4'969 | - 89.9 |
| Total net trading income | 173'171 | 136'149 | 27.2 |

¹ The LLB Group employs interest rate swaps to hedge interest rate risks. The interest rate swaps reported here do not fulfil the approval criteria for booking as hedging transactions in accordance with IAS 39 (see also note 14).

4 Net income from financial investments

| in CHF thousands | 2023 | 2022 | + / - % |
|---|--------------|----------------|------------|
| Financial investments at fair value through profit and loss | | | |
| Dividend income | 589 | 566 | 4.1 |
| Price gains ¹ | 884 | - 6'965 | |
| Total net income from financial investments at fair value through profit and loss | 1'472 | - 6'399 | |
| Financial investments, recognised at fair value through other comprehensive income | | | |
| Dividend income | 5'947 | 5'693 | 4.5 |
| of which from financial investments held on the balance sheet date | 5'787 | 5'514 | 5.0 |
| of which from financial investments sold during the reporting period ² | 160 | 179 | - 11.0 |
| Realised gain | - 157 | - 227 | - 31.0 |
| Total net income from financial investments, recognised at fair value through other comprehensive income | 5'790 | 5'466 | 5.9 |
| Total net income from financial investments at fair value | 7'262 | - 933 | |

¹ The realised price gains for 2023 amounted to minus CHF thousands 2'305 (2022: minus CHF thousands 1'347).

² Further details are provided in note 15.

5 Other income

| in CHF thousands | 2023 | 2022 | + / - % |
|---|----------------|--------------|---------|
| Net income from properties ¹ | - 1'104 | 2'014 | |
| Income from various services | - 768 | - 554 | 38.7 |
| Share of income from associated companies and joint venture | 0 | 3 | - 93.3 |
| Additional other income ² | - 1'032 | 6'036 | |
| Total other income | - 2'904 | 7'499 | |

1 In the 2023 business year, net income from properties consisted of rental income and market-related revaluation adjustments of property (2022: rental income and profit from the sale of properties).

2 Contains the sale of a value-adjusted claim amounting to CHF 5.6 million in 2022

6 Personnel expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|------------|
| Salaries ¹ | - 170'546 | - 156'237 | 9.2 |
| Pension and other post-employment benefit plans ² | - 13'362 | - 16'935 | - 21.1 |
| Other social contributions | - 19'042 | - 17'259 | 10.3 |
| Training costs | - 1'955 | - 1'772 | 10.3 |
| Other personnel expenses | - 4'559 | - 3'945 | 15.5 |
| Total personnel expenses | - 209'463 | - 196'148 | 6.8 |

1 Contains the variable compensation of the management, which is disclosed in note "Related party transactions".

2 See note "Pension plans and other long-term benefits" for details

An overview of the employees and their employment relationship is shown in the following table:

| | 2023 | 2022 |
|---|-------|-------|
| Employees | | |
| Number of employees (full-time equivalents) | 1'175 | 1'080 |
| Full-time employees | 963 | 918 |
| of which apprentices | 23 | 26 |
| of which young talents ¹ | 13 | 14 |
| Part-time employees | 388 | 353 |

1 Includes all working students in master's studies, trainees with master's degree and direct entrants with bachelor's degree. All young talents have temporary employment contracts.

7 General and administrative expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|--|-----------------|-----------------|------------|
| Occupancy | - 6'246 | - 6'265 | - 0.3 |
| Expenses for IT, machinery and other equipment | - 35'011 | - 30'436 | 15.0 |
| Information and communication expenses | - 19'379 | - 20'955 | - 7.5 |
| Marketing and public relations | - 14'610 | - 11'334 | 28.9 |
| Consulting and audit fees | - 10'594 | - 9'488 | 11.7 |
| Provisions for legal and litigation risks ¹ | 18 | - 4'503 | |
| Litigation, legal and representation costs | - 1'325 | - 2'376 | - 44.3 |
| Contributions to Deposit Protection Fund | - 3'096 | - 3'231 | - 4.2 |
| Other general and administrative expenses | - 9'695 | - 7'430 | 30.5 |
| Total general and administrative expenses | - 99'936 | - 96'017 | 4.1 |

1 See note 25 for details

8 Depreciation

| in CHF thousands | 2023 | 2022 | + / - % |
|---------------------------|-----------------|-----------------|------------|
| Property | - 4'537 | - 4'485 | 1.2 |
| Right of use assets | - 7'530 | - 5'236 | 43.8 |
| Other equipment | - 10'142 | - 9'032 | 12.3 |
| Intangible assets | - 16'797 | - 17'313 | - 3.0 |
| Total depreciation | - 39'006 | - 36'066 | 8.2 |

9 Tax expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|-----------------------------|-----------------|-----------------|-------------|
| Current taxes | - 24'258 | - 31'504 | - 23.0 |
| Deferred taxes ¹ | - 4'372 | 5'993 | |
| Total tax expenses | - 28'630 | - 25'511 | 12.2 |

¹ For further details, see note 24

The actual net payments made by the LLB Group for domestic and foreign corporate profit taxes amounted to CHF 11.0 million for the 2023 financial year (previous year: CHF 26.5 million).

The tax on pre-tax Group profit deviates from the theoretical amount, calculated on the basis of the weighted average Group tax rate on profit before tax, as follows:

| in CHF thousands | 2023 | 2022 | + / - % |
|---|-----------------|-----------------|------------|
| Operating profit before tax | 193'363 | 174'961 | 10.5 |
| Assumed average income tax rate of 13.7 per cent (previous year: 14.2 %) | - 26'501 | - 24'760 | 7.0 |

Increase / (Decrease) resulting from

| | | | |
|---|-----------------|-----------------|-------------|
| Use of losses carried forward | 0 | 822 | - 100.0 |
| Tax savings / (charges) from previous years | - 260 | 104 | |
| Non-tax deductible (expenses) / tax-exempt income | - 1'869 | - 1'678 | 11.4 |
| Total tax expenses | - 28'630 | - 25'511 | 12.2 |

The assumed average tax burden is based on the weighted average tax rates of the individual Group companies. The decrease in the average tax burden is mainly due to the reduction in the assumed tax rate of LLB (Österreich) AG.

As at 31 December 2023, there were losses carried forward amounting to CHF 32 million, which were not reported as deferred tax receivables (previous year: CHF 38 million). They expire within the next five years. In general, tax losses can be carried forward for seven years in Switzerland, and indefinitely in the Principality of Liechtenstein and in Austria.

10 Earnings per share

| | 2023 | 2022 | + / - % |
|---|-------------|-------------|-------------|
| Net profit attributable to the shareholders of LLB (in CHF thousands) | 164'570 | 147'543 | 11.5 |
| Weighted average shares outstanding | 30'638'158 | 30'607'810 | 0.1 |
| Basic earnings per share (in CHF) | 5.37 | 4.82 | 11.4 |

| | | | |
|--|-------------|-------------|-------------|
| Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands) | 164'570 | 147'543 | 11.5 |
| Weighted average shares outstanding for diluted earnings per share | 30'798'660 | 30'766'678 | 0.1 |
| Diluted earnings per share (in CHF) | 5.34 | 4.80 | 11.4 |

| | | | |
|-------------------|-------------------|------|--|
| Dividend (in CHF) | 2.70 ¹ | 2.50 | |
|-------------------|-------------------|------|--|

¹ Proposal of the Board of Directors to the General Meeting of Shareholders on 19 April 2024

The weighted average number of shares outstanding for the calculation of the undiluted and diluted result differs in that the share entitlements are included in the calculation of the diluted earnings. There are no other factors that would lead to a dilution of earnings.

Notes to the consolidated balance sheet

11 Cash and balances with central banks

| | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------------|------------------|------------|
| Cash | 69'556 | 123'684 | - 43.8 |
| Demand deposits with central banks | 6'320'315 | 6'140'585 | 2.9 |
| Total cash and balances with central banks | 6'389'870 | 6'264'269 | 2.0 |

12 Due from banks

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-----------------------------|----------------|----------------|---------------|
| On demand ¹ | 317'014 | 295'210 | 7.4 |
| At maturity or callable | 0 | 100'289 | - 100.0 |
| Total due from banks | 317'014 | 395'499 | - 19.8 |

¹ Of which receivables from precious metals measured at fair value through profit and loss amounting to CHF 66.6 million (previous year: CHF 138.9 million)

13 Loans

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--------------------------|-------------------|-------------------|------------|
| Mortgage loans | 13'805'657 | 12'882'020 | 7.2 |
| Public institutions | 115'201 | 90'077 | 27.9 |
| Fixed advances and loans | 1'024'609 | 1'093'063 | - 6.3 |
| Other loans and advances | 414'401 | 444'088 | - 6.7 |
| Expected credit losses | - 73'112 | - 73'990 | - 1.2 |
| Total loans | 15'286'758 | 14'435'257 | 5.9 |

Further information, especially regarding the expected credit loss, is provided in risk management chapter 3 [Credit risk](#).

14 Derivative financial instruments

Interest rate swaps are concluded to hedge against interest rate fluctuation risks. In addition, derivative financial instruments are employed primarily within the scope of client business. In this case, both standardised and OTC derivatives are traded. International banks having a high creditworthiness serve as counterparties. LLB does not assume a market-maker role on the interbank market. The tables in this note contain information about the nominal value (contract volume), about the replacement values and about the hedge accounting positions.

| in CHF thousands | Total | | | | Total contract volume | |
|--|-----------------------------|----------------|-----------------------------|----------------|-----------------------|-------------------|
| | Positive replacement values | | Negative replacement values | | | |
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Derivative financial instruments in the trading portfolio | | | | | | |
| Interest rate contracts | | | | | | |
| Interest rate swaps | 460 | 313 | 1'088 | 2'582 | 135'000 | 190'000 |
| Forward contracts | 0 | 17 | 0 | 3'416 | 0 | 103'367 |
| Foreign exchange contracts | | | | | | |
| Forward contracts | 26'317 | 30'492 | 50'847 | 36'059 | 3'006'154 | 2'717'580 |
| Combined interest rate / currency swaps | 192'447 | 212'281 | 270'382 | 221'744 | 17'498'885 | 17'904'336 |
| Options (OTC) | 1'052 | 1'892 | 1'059 | 1'892 | 96'811 | 61'121 |
| Precious metals contracts | | | | | | |
| Options (OTC) | 269 | 256 | 269 | 256 | 12'180 | 16'519 |
| Equity / index contracts | | | | | | |
| Options (OTC) | 28 | 1'426 | 28 | 1'426 | 42'577 | 109'776 |
| Total derivative financial instruments in the trading portfolio | 220'574 | 246'677 | 323'674 | 267'376 | 20'791'607 | 21'102'699 |
| Derivative financial instruments for hedging purposes | | | | | | |
| Interest rate contracts | | | | | | |
| Interest rate swaps (fair value hedge) | 65'800 | 95'678 | 13'491 | 21'303 | 1'637'260 | 1'359'847 |
| Total derivative financial instruments for hedging purposes | 65'800 | 95'678 | 13'491 | 21'303 | 1'637'260 | 1'359'847 |
| Total derivative financial instruments | 286'374 | 342'355 | 337'165 | 288'679 | 22'428'867 | 22'462'546 |

Within the scope of fair value hedge accounting, the LLB Group employs interest rate swaps for interest rate risks on fixed-rate instruments. Ineffectiveness in highly effective hedge accounting positions occurs as a result of small mismatches in the risk profile, for example, differing payment dates or divergences in the term of the instruments amounting to a few days. Furthermore, different sensitivities in the underlying transactions and hedging instruments play a role, for example, major changes in the value of the front leg of the swap, for which there is no corresponding sensitivity in the underlying transaction. There are basic risks, which could have an influence on the effectiveness, such as different benchmark curves for the underlying and hedging transactions. In general, the LLB Group uses identical benchmark curves, however special situations such as the IBOR changeover could mean that a different approach is taken. Since the LLB Group utilises a macro hedge accounting concept, mortgage loans, medium-term notes and mortgage bonds loans represent the whole population of possible hedge accounting transactions. The population corresponds to the carrying amounts of the balance sheet items of the hedged items. Of these, only a portion is designated in the hedge accounting relationship. The designation between underlying transaction and hedging instrument is carried out with the aid of an optimisation algorithm, which determines the interest risk profile of the sub-portfolios in order to attain an optimal hedge allocation.

| in CHF thousands | Nominal value of hedging instrument | Carrying amount of hedging instrument | | Balance sheet position of hedging instrument | Fair value change to measurement of ineffective hedge |
|---------------------|-------------------------------------|---------------------------------------|-------------|--|---|
| | | Assets | Liabilities | | |
| 31.12.2022 | | | | | |
| Fair value hedge | | | | | |
| Interest rate swaps | 974'847 | 95'678 | | Derivative financial instruments | 81'494 |
| Interest rate swaps | 385'000 | | - 21'303 | Derivative financial instruments | - 8'938 |

| in CHF thousands | Nominal value of hedging instrument | Carrying amount of hedging instrument | | Balance sheet position of hedging instrument | Fair value change to measurement of ineffective hedge |
|---------------------|-------------------------------------|---------------------------------------|-------------|--|---|
| | | Assets | Liabilities | | |
| 31.12.2023 | | | | | |
| Fair value hedge | | | | | |
| Interest rate swaps | 1'217'260 | 65'800 | | Derivative financial instruments | - 34'266 |
| Interest rate swaps | 420'000 | | - 13'491 | Derivative financial instruments | 8'882 |

| in CHF thousands | | Carrying amount of underlying transaction | | Cumulative total from fair value adjustments of the underlying transaction | | Balance sheet position of underlying transaction | Fair value change to measurement of ineffective hedge |
|--|------------|---|-------------|--|-------------|--|---|
| | | Assets | Liabilities | Assets | Liabilities | | |
| | | 31.12.2022 | | | | | |
| Fair value hedge | | | | | | | |
| Mortgage loans | 12'882'020 | | | - 76'505 | | Loans | - 72'895 |
| Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions | | | 1'786'475 | | 6'096 | Debt issued | 5'599 |

| in CHF thousands | | Carrying amount of underlying transaction | | Cumulative total from fair value adjustments of the underlying transaction | | Balance sheet position of underlying transaction | Fair value change to measurement of ineffective hedge |
|--|------------|---|-------------|--|-------------|--|---|
| | | Assets | Liabilities | Assets | Liabilities | | |
| | | 31.12.2023 | | | | | |
| Fair value hedge | | | | | | | |
| Mortgage loans | 13'805'657 | | | - 37'507 | | Loans | 38'998 |
| Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions | | | 2'030'887 | | - 4'187 | Debt issued | - 10'283 |

| in CHF thousands | | | | | | Ineffectiveness recognised in the income statement | Income statement position |
|--------------------|--|--|--|--|--|--|---------------------------|
| | | | | | | | |
| Fair value hedge | | | | | | | |
| Interest rate risk | | | | | | 5'260 | Interest income |

| | | | | | | | |
|--------------------|--|--|--|--|--|-------|-----------------|
| 31.12.2023 | | | | | | | |
| Fair value hedge | | | | | | | |
| Interest rate risk | | | | | | 3'331 | Interest income |

15 Financial investments

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------------|------------------|---------------|
| Financial investments at amortised cost | | | |
| Debt instruments | | | |
| listed | 813'599 | 0 | |
| unlisted | 20'507 | 519'935 | - 96.1 |
| Total debt instruments | 834'106 | 519'935 | 60.4 |
| Total financial investments at amortised cost | 834'106 | 519'935 | 60.4 |
| Financial investments at fair value through profit and loss | | | |
| Debt instruments | | | |
| listed | 24'109 | 47'781 | - 49.5 |
| unlisted | 32'326 | 41'894 | - 22.8 |
| Total debt instruments | 56'435 | 89'676 | - 37.1 |
| Equity instruments | | | |
| listed | 10 | 9 | 15.2 |
| unlisted | 263 | 263 | 0.2 |
| Total equity instruments | 274 | 272 | 0.7 |
| Total financial investments at fair value through profit and loss | 56'709 | 89'947 | - 37.0 |
| Financial investments, recognised at fair value through other comprehensive income | | | |
| Debt instruments | | | |
| listed | 1'663'993 | 2'353'022 | - 29.3 |
| Total debt instruments | 1'663'993 | 2'353'022 | - 29.3 |
| Equity instruments | | | |
| listed | 199'062 | 191'256 | 4.1 |
| unlisted | 33'116 | 33'297 | - 0.5 |
| Total equity instruments | 232'179 | 224'553 | 3.4 |
| Total financial investments, recognised at fair value through other comprehensive income | 1'896'172 | 2'577'576 | - 26.4 |
| Total financial investments | 2'786'987 | 3'187'458 | - 12.6 |

The equity instruments recognised at fair value through other comprehensive income consist of strategic investments of an infrastructure nature, which are not exchange-listed (see [note 33](#)), as well as various equities of the Swiss Market Index (SMI). Short-term profit-taking is not the focus with equity instruments recognised at fair value through other comprehensive income, rather they represent a long-term position which pursues the collection of dividends and a long-term appreciation in value.

Within the scope of the reweighting of the SMI, LLB adjusted its portfolio of equities recognised in other comprehensive income. The disposals resulted in a loss of CHF thousands 4'241 (previous year: minus CHF thousands 141). The fair value of the transactions amounted to CHF thousands 9'607 (previous year: CHF thousands 6'955). The loss was recognised directly in retained earnings.

16 Property and other equipment

| in CHF thousands | Property | Right of use assets ¹ | Other equipment | Total |
|--|------------------|----------------------------------|-----------------|------------------|
| Year ended December 2022 | | | | |
| Cost as at 1 January | 198'865 | 49'303 | 98'811 | 346'979 |
| Additions | 5'397 | 993 | 6'364 | 12'754 |
| Disposals | - 1'385 | - 959 | - 4'276 | - 6'620 |
| Disposals from changes to scope of consolidation | 0 | 0 | - 15 | - 15 |
| Currency effects | 0 | - 909 | - 294 | - 1'203 |
| Cost as at 31 December | 202'876 | 48'428 | 100'591 | 351'896 |
| Accumulated depreciation / impairments as at 1 January | - 120'285 | - 14'731 | - 69'887 | - 204'903 |
| Depreciation | - 4'485 | - 5'236 | - 9'032 | - 18'753 |
| Disposals / (Additions) from accumulated depreciation | 674 | 0 | 4'256 | 4'930 |
| Disposals / (Additions) from accumulated depreciation from changes to scope of consolidation | 0 | 0 | 15 | 15 |
| Currency effects | 0 | 278 | 204 | 482 |
| Accumulated depreciation / revaluation as at 31 December | - 124'096 | - 19'689 | - 74'443 | - 218'229 |
| Carrying amount as at 31 December 2022 | 78'780 | 28'739 | 26'148 | 133'667 |
| Year ended December 2023 | | | | |
| Cost as at 1 January | 202'876 | 48'428 | 100'591 | 351'896 |
| Additions | 10'656 | 8'824 | 8'173 | 27'653 |
| Disposals | - 10'306 | - 9'094 | - 11'770 | - 31'170 |
| Currency effects | 0 | - 1'132 | - 301 | - 1'433 |
| Cost as at 31 December | 203'226 | 47'027 | 96'693 | 346'947 |
| Accumulated depreciation / impairments as at 1 January | - 124'096 | - 19'689 | - 74'443 | - 218'229 |
| Depreciation | - 4'537 | - 5'390 | - 10'142 | - 20'069 |
| Impairments | 0 | - 2'140 | 0 | - 2'140 |
| Disposals / (Additions) from accumulated depreciation | 10'306 | 4'784 | 11'770 | 26'860 |
| Currency effects | 0 | 403 | 244 | 648 |
| Accumulated depreciation / impairments as at 31 December | - 118'327 | - 22'032 | - 72'571 | - 212'930 |
| Carrying amount as at 31 December 2023 | 84'899 | 24'995 | 24'123 | 134'016 |

1 The rights of use relate mainly to real estate. An immaterial proportion relates to the use of vehicles.

The impairment losses in the 2023 financial year relate to rental properties that are no longer used and whose tenancy agreements cannot be terminated. The right of use is reduced accordingly, but the liability remains. The LLB is currently endeavouring to find successor solutions for these tenancies. This may lead to a reversal of impairment losses in the future. The infrastructure associated with these properties, such as leasehold improvements, was not impaired, but the useful lives were reassessed.

The LLB Group as lessee

Further details regarding leases, besides this note, are provided for the repayment of leasing liabilities (see [Statement of cash flows](#) and [note 23](#)) as well as their amounts ([note 26](#)), maturities (see [Risk management, chapter 2](#)) and interest expenses (see [note 1](#)).

Leasing relationships not recognised in the balance sheet

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------|------------|-------------|
| Short-term lease expenses | 460 | 298 | 54.2 |
| Low-value lease expenses | 4 | 3 | 34.6 |
| Total expenses for unrecognised lease obligations | 463 | 301 | 54.0 |

Expenses from unrecognised leases are included in general and administrative expenses.

Further information

Within the scope of its strategy, the LLB Group evaluates which business locations are relevant in its target markets, and whether properties should be purchased or rented at these locations. If the LLB Group decides against the purchase of properties, leasing contracts are concluded. These frequently contain termination and extension options. The assessment of these options is considered at the time of initial recognition. They are reassessed only if a significant event occurs.

The recognised liabilities from leasing contracts and the corresponding rights of use contain extension options. These reflect the current assumptions relating to durations. The off-balance sheet leasing contracts encompass office premises with short contract periods, as well as parking places, which contain reciprocal short-term termination options. These are basically classified as short-term leases provided there is substitutability for them.

The LLB Group as lessor

Future claims from operating leases

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|--------------|--------------|-------------|
| Due within one year | 1'255 | 1'336 | - 6.1 |
| Residual period to maturity between 1 and 2 years | 1'112 | 1'188 | - 6.4 |
| Residual period to maturity between 2 and 3 years | 1'112 | 1'135 | - 2.1 |
| Residual period to maturity between 3 and 4 years | 1'112 | 1'135 | - 2.1 |
| Residual period to maturity between 4 and 5 years | 1'079 | 1'135 | - 4.9 |
| Due in more than five years | 3'028 | 1'286 | 135.5 |
| Total future net receivables from operating leases | 8'697 | 7'216 | 20.5 |

Income from operating leases is a part of other income and amounted to CHF thousands 2'073 (2022: CHF thousands 1'676). Properties are only leased.

17 Goodwill and other intangible assets

| in CHF thousands | Goodwill | Client relationships | Software | Other intangible assets | Total |
|---|----------------|----------------------|------------------|-------------------------|------------------|
| Year ended December 2022 | | | | | |
| Cost as at 1 January | 159'124 | 150'593 | 139'224 | 1'140 | 450'081 |
| Additions | 0 | 0 | 12'636 | 0 | 12'636 |
| Disposals | 0 | - 1'719 | - 1'111 | 0 | - 2'830 |
| Currency effects | - 4'297 | - 3'529 | - 432 | 0 | - 8'258 |
| Cost as at 31 December | 154'828 | 145'345 | 150'318 | 1'140 | 451'630 |
| Accumulated depreciation / impairments | | | | | |
| as at 1 January | 0 | - 75'198 | - 90'733 | - 774 | - 166'705 |
| Depreciation | 0 | - 6'678 | - 10'430 | - 204 | - 17'313 |
| Disposals / (Additions) from accumulated amortisation | 0 | 0 | 1'135 | 0 | 1'135 |
| Currency effects | 0 | 894 | 128 | - 7 | 1'015 |
| Accumulated depreciation / impairments as at 31 December | 0 | - 80'983 | - 99'900 | - 985 | - 181'868 |
| Carrying amount as at 31 December 2022 | 154'828 | 64'362 | 50'417 | 155 | 269'762 |
| Year ended December 2023 | | | | | |
| Cost as at 1 January | 154'828 | 145'345 | 150'318 | 1'140 | 451'630 |
| Additions | 0 | 0 | 15'193 | 0 | 15'193 |
| Disposals | 0 | 0 | - 2'506 | 0 | - 2'506 |
| Currency effects | - 5'211 | - 4'419 | - 335 | - 2 | - 9'968 |
| Cost as at 31 December | 149'617 | 140'926 | 162'669 | 1'138 | 454'349 |
| Accumulated depreciation / impairments | | | | | |
| as at 1 January | 0 | - 80'983 | - 99'900 | - 985 | - 181'868 |
| Depreciation | 0 | - 5'803 | - 10'848 | - 130 | - 16'782 |
| Impairments | 0 | 0 | - 15 | 0 | - 15 |
| Disposals / (Additions) from accumulated amortisation | 0 | 0 | 2'506 | 0 | 2'506 |
| Currency effects | 0 | 1'369 | 124 | 0 | 1'494 |
| Accumulated depreciation / impairments as at 31 December | 0 | - 85'416 | - 108'133 | - 1'116 | - 194'665 |
| Carrying amount as at 31 December 2023 | 149'617 | 55'509 | 54'535 | 22 | 259'684 |

Goodwill

The LLB Group reported goodwill for the following cash generating units:

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|--|----------------|----------------|
| Segment Retail & Corporate Banking | 55'620 | 55'620 |
| Segment International Wealth Management ¹ | 93'997 | 99'208 |
| Total | 149'617 | 154'828 |

¹ Fluctuations in goodwill are attributable to conversion of the functional currency into the reporting currency.

Goodwill impairment testing

Goodwill is tested for impairment annually in the third quarter as a basis for the annual financial reporting, and also as required. The test to determine a possible impairment compares the recoverable amount of each cash generating unit, which carries goodwill, with its balance sheet value.

On the basis of the impairment testing carried out, management reached the conclusion that for the year ended 31 December 2023, the total goodwill of CHF 149.6 million assigned to the cash generating units remains recoverable.

Recoverable amount

For determining the value in use, which corresponds to the recoverable amount of the respective cash generating units, the LLB Group employs a discounted cash flow (DCF) valuation model. It takes into consideration the special characteristics of the banking business and the financial services sector, as well as the regulatory environment. With the aid of the model, and on the basis of the financial planning approved by management, the cash value of estimated free cash flow is calculated. If regulatory capital requirements exist for the cash generating unit, these capital requirements are deducted from the estimated free cash flows for the respective period. This amount, adjusted for regulatory capital requirements, then corresponds to the theoretical sum that could be paid out to the shareholders. For the assessment of the forecasted earnings, management employs approved financial plans covering a period of five years. The results for all periods after the fifth year are extrapolated from the forecasted result and the free cash flows of the fifth year with a long-term growth rate, which corresponds to the long-term inflation rate. These are the inflation rates of Switzerland and Liechtenstein. Under certain circumstances, the growth rates may vary for the individual cash generating units because the probable developments and conditions in the respective markets are taken into account.

Assumptions

As far as possible, and when available, the parameters on which the valuation model is based are coordinated with external market information. In this context, the value in use of a cash generating unit reacts in the most sensitive manner to changes in the forecasted earnings, changes to the discount rate and changes in the long-term growth rate. The forecasted earnings are based on an economic scenario, whose input factors are the projected interest rate, currency and stock market developments, as well as the sales planning of the individual market divisions. The discount rate is determined on the basis of the capital asset pricing model (CAPM), which contains a risk-free interest rate, a market risk premium, a small cap premium, as well as factor for the systematic market risk, i.e. the beta factor.

The long-term growth rate outside the five-year planning period (terminal value), on which the impairment tests for the annual report as at 31 December 2023 were based and which were used for extrapolation purposes, as well as the discount rate for the cash generating units are shown in the table below.

| in per cent | Growth rate | | Discount rate | |
|---|-------------|------|---------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Segment Retail & Corporate Banking | 1.5 | 1.0 | 5.5 | 5.5 |
| Segment International Wealth Management | 1.5 | 1.0 | 8.0 | 8.0 |

Sensitivities

All the parameters and assumptions, on which the testing of the individual cash generating units are based, are reviewed and, if necessary, adjusted during the periodic preparation and conducting of impairment tests. In order to check the effects of parameter adjustments on the value in use of the individual cash generating units, the parameters and assumptions used with the valuation model are subjected to an individual sensitivity analysis. For this purpose, the forecasted free cash flow is changed by 10 per cent, the discount rate by 10 per cent and the long-term growth rates also by 10 per cent. According to the results of the impairment tests performed, and based on the assumptions described, an amount of between CHF 366 million and CHF 931 million in excess of the balance sheet value is obtained for all cash generating units. A reduction of the free cash flow by 10 per cent, or an increase in the discount rate of 10 per cent, or a reduction in the long-term growth rate of 10 per cent would not result in any impairment of the goodwill.

Over the last five years, the parameters have remained very constant. Since a constant development of the parameters is also expected in the future, the sensitivities of 10 per cent for each of the three parameters are regarded as reasonable.

In view of the uncertain economic situation, which is expected to persist in the future, an impairment of goodwill in the coming financial years can not be ruled out. However, thanks to measures to

increase earnings, improve efficiency and cut costs as well as the further planned growth, a positive development is expected over the medium to long term.

If the estimated earnings and other assumptions in future financial years deviate from the current outlook due to political or global risks in the banking industry (for example, due to uncertainty in connection with the implementation of regulatory provisions and the introduction of certain legislation, or a decline in general economic performance) this could result in an impairment of goodwill in the future. This would lead to a reduction in the income statement of the LLB Group and a decrease in the equity and net profit. Such an impairment would not, however, have an impact on cash flows or on the Tier 1 ratio because, in accordance with the Liechtenstein Capital Adequacy Ordinance, goodwill must be deducted from capital.

Client relationships

Client relationships are assets, which are acquired and capitalised within the scope of an acquisition. These are amortised over a period of 15 years on a straight-line basis. Estimated aggregated amortisation amounts to:

| in CHF thousands | |
|---------------------|---------------|
| 2024 | 5'802 |
| 2025 | 5'802 |
| 2026 | 5'802 |
| 2027 | 5'802 |
| 2028 | 5'802 |
| 2029 and thereafter | 26'500 |
| Total | 55'509 |

18 Other assets

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|----------------|---------------|-------------|
| Precious metals holdings | 68'335 | 35'255 | 93.8 |
| Settlement accounts | 16'065 | 16'479 | - 2.5 |
| VAT and other tax receivables | 4'932 | 2'740 | 80.0 |
| Investment property ¹ | 19'241 | 19'510 | - 1.4 |
| Non-current assets held for sale ² | 8'808 | 1'920 | 358.8 |
| Investment in associates and joint venture | 35 | 36 | - 1.8 |
| Total other assets | 117'417 | 75'939 | 54.6 |

- Facilitate value appreciation and include properties and buildings. They are valued according to the fair value model on every balance sheet reporting date. Changes to the fair value, based on expert analyses carried out, are recognised in net income from property.
- Several apartments were acquired within the scope of a residential construction project. In some cases, value adjustments were made for the apartments. Expenses incurred with this are part of net income from properties in other income (see note 5).

19 Assets pledged

| in CHF thousands | 31.12.2023 | | 31.12.2022 | |
|--|------------------|------------------|------------------|------------------|
| | Carrying amount | Actual liability | Carrying amount | Actual liability |
| Cash and balances with central banks | 13'599 | 27'198 | 0 | 0 |
| Due from banks | 22'389 | 24'437 | 17'223 | 10'128 |
| Mortgage loans | 2'452'711 | 1'809'600 | 1'963'489 | 1'596'500 |
| Financial investments | 270'893 | 160'000 | 404'649 | 250'000 |
| Receivables from customers | 34'171 | 38'802 | 36'788 | 34'418 |
| Total pledged / assigned assets | 2'793'763 | 2'060'037 | 2'422'148 | 1'891'046 |

The mortgage loans are pledged as collateral for shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions.

The financial assets are pledged for repurchase agreements, stock exchange deposits, lombard limits at national and central banks and to secure other business activities.

20 Due to banks

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---------------------------|----------------|------------------|---------------|
| On demand | 552'284 | 587'372 | - 6.0 |
| At maturity or callable | 398'258 | 1'079'881 | - 63.1 |
| Total due to banks | 950'541 | 1'667'253 | - 43.0 |

21 Due to customers

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-------------------------------|-------------------|-------------------|------------|
| On demand ¹ | 11'844'235 | 13'035'538 | - 9.1 |
| At maturity or callable | 4'756'722 | 2'442'876 | 94.7 |
| Savings accounts | 2'767'376 | 3'321'334 | - 16.7 |
| Total due to customers | 19'368'333 | 18'799'748 | 3.0 |

1 Of which liabilities from precious metals measured at fair value through profit and loss amounting to CHF 134.6 million (previous year: CHF 173.2 million)

22 Debt issued

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------------|------------------|-------------|
| Medium-term notes ¹ | 217'704 | 188'152 | 15.7 |
| Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions ² | 1'813'184 | 1'598'323 | 13.4 |
| Bonds | 551'090 | 401'057 | 37.4 |
| Total debt issued | 2'581'977 | 2'187'532 | 18.0 |

1 The average interest rate was 0.8 per cent as at 31 December 2023 and 0.6 per cent as at 31 December 2022.

2 The average interest rate was 0.8 per cent as at 31 December 2023 and 0.5 per cent as at 31 December 2022.

The following table contains further information on the bonds issued:

| Year issued | Name | ISIN | Currency | Maturity | Effective annual interest rate in % | Nominal interest rate in % | in CHF thousands | | |
|-------------|---|--------------|----------|------------|-------------------------------------|----------------------------|------------------|------------|------------|
| | | | | | | | Nominal value | 31.12.2023 | 31.12.2022 |
| 2019 | Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026 | CH0419041204 | CHF | 28.05.2026 | 0.106 % | 0.125 % | 150'000 | 150'179 | 150'207 |
| 2019 | Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029 | CH0419041527 | CHF | 27.09.2029 | - 0.133 % | 0.000 % | 100'000 | 100'769 | 100'904 |
| 2020 | Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030 | CH0536893255 | CHF | 24.09.2030 | 0.315 % | 0.300 % | 150'000 | 149'968 | 149'946 |
| 2023 | Liechtensteinische Landesbank AG 2.5 % Senior Non-Preferred Anleihe 2023 – 2030 | CH1306117040 | CHF | 22.11.2030 | 2.522 % | 2.500 % | 150'000 | 150'174 | |

23 Changes to liabilities from financing activities

| in CHF thousands | 01.01.2022 | Cash changes | Non-cash changes | | | | 31.12.2022 |
|---|------------------|----------------|-----------------------------------|---------------------------|-----------------------|--------------|------------------|
| | | | Changes in scope of consolidation | Changes in exchange rates | Changes in fair value | Other | |
| Medium-term notes ¹ | 150'298 | 43'406 | 0 | 0 | - 5'599 | 46 | 188'152 |
| Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions ¹ | 1'397'921 | 200'100 | 0 | 0 | 0 | 302 | 1'598'323 |
| Bonds ¹ | 401'198 | 0 | 0 | 0 | 0 | - 141 | 401'057 |
| Lease liabilities | 35'714 | - 5'287 | 0 | 0 | 0 | - 585 | 29'843 |
| Total liabilities from financing activities | 1'985'131 | 238'219 | 0 | 0 | - 5'599 | - 378 | 2'217'374 |

| in CHF thousands | 01.01.2023 | Cash changes | Non-cash changes | | | | 31.12.2023 |
|---|------------------|----------------|-----------------------------------|---------------------------|-----------------------|--------------|------------------|
| | | | Changes in scope of consolidation | Changes in exchange rates | Changes in fair value | Other | |
| Medium-term notes ¹ | 188'152 | 18'744 | 0 | 0 | 10'283 | 525 | 217'704 |
| Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions ¹ | 1'598'323 | 213'100 | 0 | 0 | 0 | 1'761 | 1'813'184 |
| Bonds ¹ | 401'057 | 150'000 | 0 | 0 | 0 | 33 | 551'090 |
| Lease liabilities | 29'843 | - 5'644 | 0 | 0 | 0 | 3'726 | 27'925 |
| Total liabilities from financing activities | 2'217'374 | 376'200 | 0 | 0 | 10'283 | 6'045 | 2'609'902 |

1 Part of the balance sheet position "Debt issued"

24 Deferred taxes

| in CHF thousands | As at 1 January | Amount recognised in the income statement | Amount recognised in other comprehen- sive income | Currency effects | From other effects (re- classifica- tions) | As at 31 December |
|---------------------------------------|--------------------|--|--|---------------------|---|----------------------|
| Deferred tax assets | | | | | | |
| 2022 | | | | | | |
| Tax losses carried forward | 0 | 5'208 | 0 | 0 | 0 | 5'208 |
| Recognised rights of use from leases | 82 | 33 | 0 | 0 | 0 | 115 |
| Property and equipment | 3'469 | - 217 | 0 | 0 | 0 | 3'252 |
| Specific allowance | 519 | - 512 | 0 | - 8 | 0 | 0 |
| Liability for pension plans | 6'374 | 79 | - 2'830 | 11 | 0 | 3'635 |
| Intangible assets | - 0 | 23 | 0 | 0 | 0 | 22 |
| Derivative financial instruments | 844 | - 1'081 | - 233 | 0 | 0 | - 470 |
| Expected credit losses | 619 | 56 | 0 | 0 | 0 | 675 |
| Total deferred tax assets | 11'906 | 3'589 | - 3'062 | 3 | 0 | 12'436 |
| Offsetting | | | | | | - 1'816 |
| Total after offsetting | | | | | | 10'620 |
| 2023 | | | | | | |
| Tax losses carried forward | 5'208 | - 5'208 | 0 | 0 | 0 | 0 |
| Recognised rights of use from leases | 115 | - 42 | 0 | 0 | 0 | 73 |
| Property and equipment | 3'252 | 73 | 0 | 0 | 0 | 3'325 |
| Specific allowance | 0 | 0 | 0 | 0 | 0 | 0 |
| Liability for pension plans | 3'635 | - 494 | 2'930 | - 1 | 0 | 6'070 |
| Intangible assets | 22 | 2 | 0 | 0 | 0 | 25 |
| Derivative financial instruments | - 470 | - 307 | 0 | 0 | 0 | - 777 |
| Expected credit losses | 675 | 125 | 0 | 0 | 0 | 800 |
| Total deferred tax assets | 12'436 | - 5'849 | 2'930 | - 1 | 0 | 9'515 |
| Offsetting | | | | | | - 2'065 |
| Total after offsetting | | | | | | 7'450 |
| Deferred tax liabilities | | | | | | |
| 2022 | | | | | | |
| Intangible assets | 14'063 | - 1'411 | 0 | - 513 | 0 | 12'140 |
| Financial investments | 5'959 | - 927 | - 7'494 | 85 | 0 | - 2'377 |
| Property and equipment | 727 | 0 | 0 | - 34 | 0 | 692 |
| Provisions | 12'042 | - 66 | 0 | 0 | 0 | 11'976 |
| Total deferred tax liabilities | 32'789 | - 2'404 | - 7'494 | - 462 | 0 | 22'431 |
| Offsetting | | | | | | - 1'816 |
| Total after offsetting | | | | | | 20'615 |
| 2023 | | | | | | |
| Intangible assets | 12'140 | - 1'946 | 0 | - 518 | 0 | 9'675 |
| Financial investments | - 2'377 | 561 | 2'379 | 237 | 0 | 800 |
| Property and equipment | 692 | - 55 | 0 | - 38 | 0 | 599 |
| Provisions | 11'976 | - 36 | 0 | 0 | 0 | 11'939 |
| Total deferred tax liabilities | 22'431 | - 1'477 | 2'379 | - 319 | 0 | 23'013 |
| Offsetting | | | | | | - 2'065 |
| Total after offsetting | | | | | | 20'948 |

As per 31 December 2023, there were no temporary differences which were not reported as deferred taxes and which in future could be offset with potential tax allowances (previous year: CHF thousands 0).

25 Provisions

| in CHF thousands | Provisions for legal and litigation risks | Provisions for other business risks and restructuring | Total 2023 | Total 2022 |
|---|---|---|---------------|---------------|
| As at 1 January | 6'047 | 7'738 | 13'785 | 12'217 |
| Provisions applied | - 2'557 | - 1'361 | - 3'918 | - 3'005 |
| Increase in provisions recognised in the income statement | 59 | 6'049 | 6'108 | 5'701 |
| Decrease in provisions recognised in the income statement | - 76 | - 266 | - 343 | - 1'033 |
| Currency effects | - 170 | - 17 | - 187 | - 93 |
| As at 31 December | 3'302 | 12'143 | 15'445 | 13'785 |

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-----------------------|---------------|---------------|-------------|
| Short-term provisions | 9'011 | 6'677 | 35.0 |
| Long-term provisions | 6'434 | 7'109 | - 9.5 |
| Total | 15'445 | 13'785 | 12.0 |

Estimates and assumptions are made to assess the amount of provisions required. However, this can mean that substantial uncertainties could exist in relation to the events for which provisions were allocated and their amounts.

Provisions for legal and litigation risks

In the 2023 business year, the LLB Group was able to reach a settlement in several legal cases with various parties. For this purpose, provisions for legal and litigation risks amounting to CHF 2.6 million were utilised.

There were no contingent liabilities in connection with legal and litigation risks.

Provisions for other risks and restructuring measures

In the 2023 business year, provisions for other business risks and restructuring measures totalling CHF 6.0 million were allocated. These related mainly to expenses in fee and commission business in recent years, the business location strategy in Switzerland, as well as real estate business.

26 Other liabilities

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-----------------------------------|----------------|----------------|-------------|
| Lease liabilities | 27'925 | 29'843 | - 6.4 |
| Charge accounts | 11'314 | 6'395 | 76.9 |
| Accounts payable | 27'569 | 9'231 | 198.7 |
| Settlement accounts | 48'115 | 34'381 | 39.9 |
| Pension plans | 49'326 | 27'461 | 79.6 |
| Outstanding holidays / flexi-time | 4'499 | 4'168 | 7.9 |
| Other long-term benefits | 4'166 | 3'734 | 11.6 |
| Total other liabilities | 172'913 | 115'212 | 50.1 |

27 Share capital

| | 31.12.2023 | 31.12.2022 | + / - % |
|---|----------------|----------------|------------|
| Number of registered shares (fully paid up) | 30'800'000 | 30'800'000 | 0.0 |
| Nominal value per registered share (in CHF) | 5 | 5 | 0.0 |
| Total nominal value (in CHF thousands) | 154'000 | 154'000 | 0.0 |

28 Share premium

| in CHF thousands | 2023 | 2022 | + / - % |
|---|-----------------|-----------------|------------|
| As at 1 January | - 14'923 | - 13'952 | 7.0 |
| Net movements in treasury shares ¹ | - 143 | - 971 | - 85.3 |
| As at 31 December | - 15'066 | - 14'923 | 1.0 |

1 Contains a change to reserves for security entitlements and realised price gains on treasury shares.

Share entitlements at the LLB

Risk takers whose decisions have a significant impact on the bank's risk profile and other employees in selected salary models receive part of their variable salary component in form of share entitlements. The share component of the variable compensation of these employees amounts to at least 50 per cent. The variable component of compensation depends on individual target achievement and the bonus pool available.

In 2023, share entitlements of CHF 2.5 million (38'824 shares at an average price of CHF 63.68) were earned and recognised in personnel expenses. In the previous year, it was CHF 2.5 million (45'534 shares at an average price of CHF 54.99).

29 Treasury shares

| | Quantity | in CHF thousands |
|-------------------------------|----------------|------------------|
| As at 1 January 2022 | 232'935 | 15'073 |
| Purchases | 363'785 | 20'450 |
| Disposals | - 416'839 | - 23'883 |
| As at 31 December 2022 | 179'881 | 11'640 |
| Purchases | 70'645 | 4'463 |
| Disposals | - 42'471 | - 2'748 |
| As at 31 December 2023 | 208'055 | 13'356 |

The comparison year included transactions in connection with the acquisition of non-controlling interests in Bank Linth LLB AG, now called LLB (Schweiz) AG.

The purchases in 2023 relate to the [share repurchase programme](#) launched on 28 August 2023.

Sales of treasury shares represent the transfer of acquired entitlements to eligible employees of the LLB Group after a blocking period of up to six years; no cash was received. The average price per share totalled CHF 64.70 (previous year: CHF 64.71). The proportion of the total share capital transferred to employees was 0.1 per cent (previous year: 0.2 %).

30 Retained earnings

| in CHF thousands | 2023 | 2022 | + / - % |
|---|------------------|------------------|------------|
| As at 1 January | 2'056'623 | 1'959'517 | 5.0 |
| Net profit attributable to the shareholders of LLB | 164'570 | 147'543 | 11.5 |
| Dividends paid | - 76'654 | - 70'426 | 8.8 |
| Increase / (Reduction) in non-controlling interests | 63 | 20'130 | - 99.7 |
| Reclassification not affecting the income statement | - 4'241 | - 141 | |
| As at 31 December | 2'140'361 | 2'056'623 | 4.1 |

31 Other reserves

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|---------------|
| As at 1 January | - 161'534 | 12'932 | |
| Foreign currency translation | - 20'420 | - 16'335 | 25.0 |
| Actuarial gains / (losses) of pension plans | - 24'196 | 21'720 | |
| Value changes from financial investments measured at fair value through other comprehensive income | 65'659 | - 179'993 | |
| Reclassification not affecting the income statement | 4'241 | 141 | |
| As at 31 December | - 136'250 | - 161'534 | - 15.7 |

32 Non-controlling interests

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------|--------------|---------------|
| As at 1 January | 1'203 | 142'704 | - 99.2 |
| Foreign currency translation | - 63 | - 57 | 9.5 |
| Non-controlling interests in net profit | 163 | 1'906 | - 91.5 |
| (Dividends paid) / Reduction of nominal value in non-controlling interests | - 280 | - 369 | - 24.0 |
| Increase / (Reduction) in non-controlling interests | - 63 | - 141'768 | - 100.0 |
| Actuarial gains / (losses) of pension plans | - 0 | 4 | |
| Value changes from financial investments measured at fair value through other comprehensive income | 4 | - 1'218 | |
| As at 31 December | 962 | 1'203 | - 20.0 |

The reduction in non-controlling interests and the accompanying effects are based on the acquisition of the minority interests in LLB Private Equity GmbH (previous year: Bank Linth LLB AG). The remaining minority interests (see note [Scope of consolidation](#)) are considered immaterial, so that no further disclosures are made in the annual report.

33 Fair value measurement

Measurement guidelines and classification in the fair value hierarchy

The measurement of the fair value of financial and non-financial assets and liabilities is carried out using various standardised and recognised valuation methods and models. On the basis of their observable and non-observable input factors, the positions are assigned to one of the three levels of fair value hierarchy.

Level 1

Financial and non-financial assets and liabilities, whose prices are quoted for identical assets and liabilities on active markets and which were not calculated on the basis of valuation techniques or models for the determination of fair value.

Level 2

If no market price quotes are available, or if they cannot be extrapolated from active markets, the fair value is determined by means of valuation methods or models which are based on assumptions made on the basis of observable market prices and other market quotes.

Level 3

Input factors are considered in the valuation methods and models to determine the fair value, which are not observable because they are not based on market prices.

Valuation methods

The LLB Group employs the market-based approach to determine the fair value of investment funds and shares, which are not traded on an active market or which are not listed.

The income-based approach is used if payment streams or expenses and revenues with financial assets and liabilities form the basis for the fair value measurement. The present or cash value method is used to determine the fair value by discounting the payment streams to the present value on the reporting date. Interest rate curves appropriate for the term and / or foreign currency curves, as well as spot prices form the main basis for this purpose. Forward pricing models are used in the case of futures contracts.

To determine the fair value of financial and non-financial assets and liabilities, which are classified as Level 3 positions, the LLB Group takes over the fair value determined by third parties (estimates made by experts).

The following table shows the most important valuation methods and models together with the key input factors:

| | Valuation technique / model | Inputs | Significant, non-observable inputs |
|--|---|--|---|
| Level 2 | | | |
| Derivative financial instruments | Income approach, present value calculation | Market price of congruent SARON interest rates, spot rates | |
| Investment funds | Market approach | Market prices of underlying assets | |
| Equities | Market approach | Market prices of underlying assets | |
| Commercial Papers | Income approach, present value calculation | The underlying interest rate for the contract | |
| SNB-Bills | Income approach, present value calculation | The underlying interest rate for the contract | |
| Due from banks | Income approach, present value calculation | Market price of congruent SARON interest rates | |
| Due to banks | Income approach, present value calculation | Market price of congruent SARON interest rates | |
| Loans | Income approach, present value calculation | Market price of congruent SARON interest rates | |
| Due to customers | Income approach, present value calculation | Market price of congruent SARON interest rates | |
| Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions | Income approach, present value calculation | Market price of congruent SARON interest rates | |
| Level 3 | | | |
| Infrastructure title | Market approach | Audited financial statements | Illiquidity, special micro-economic conditions |
| Investment property | External expert opinions, present value calculation | Prices of comparable properties | Assessment of special property factors, expected expenses and earnings for the property |

Measurement of assets and liabilities, classified as Level 3

Financial investments measured at fair value through other comprehensive income

These financial investments largely relate to non-listed shares in companies having an infrastructure nature, which offer the services necessary or advantageous for the operation of a bank. The largest proportion of the portfolio consists of shares in the SIX Swiss Exchange and in the Pfandbriefbank Schweizerischer Hypothekarinstitute (Swiss Mortgage Institutes). The financial investments are periodically revalued on the basis of current company data, or with the aid of external valuation models.

Investment property

These properties are periodically valued by external experts. The assessments take into consideration such circumstances as the location and condition of the property, as well as the costs and revenues expected in connection with it.

Measurement of fair values through active markets or valuation techniques

Positions measured at fair value are recognised on a recurring basis in the balance sheet at fair value. As at 31 December 2023, the LLB Group had no assets which were measured at fair value on a non-recurring basis in the balance sheet; the same applies to liabilities.

Transfers of positions measured at fair value to or from a level are generally made at the end of a period. In the 2023 financial year, there were no significant transfers between Level 1, Level 2 and Level 3 financial instruments.

The following table shows the classification of financial and non-financial assets and liabilities of the LLB Group within the fair value hierarchy and their fair value.

| in CHF thousands | 31.12.2023 | 31.12.2022 | +/- % |
|---|-------------------|-------------------|---------------|
| Assets | | | |
| Level 1 | | | |
| Financial investments at fair value through profit and loss | 24'120 | 47'790 | - 49.5 |
| Financial investments, recognised at fair value through other comprehensive income | 1'863'056 | 2'544'278 | - 26.8 |
| Precious metal receivables | 66'600 | 138'905 | - 52.1 |
| Total financial instruments at fair value | 1'953'775 | 2'730'973 | - 28.5 |
| Precious metals holdings | 68'335 | 35'255 | 93.8 |
| Total other assets at fair value | 68'335 | 35'255 | 93.8 |
| Cash and balances with central banks | 6'389'870 | 6'264'269 | 2.0 |
| Financial investments at amortised cost | 814'427 | 0 | |
| Total financial instruments not at fair value | 7'204'297 | 6'264'269 | 15.0 |
| Total Level 1 | 9'226'407 | 9'030'497 | 2.2 |
| Level 2 | | | |
| Derivative financial instruments | 286'374 | 342'355 | - 16.4 |
| of which for hedging purpose | 65'800 | 95'678 | - 31.2 |
| Financial investments at fair value through profit and loss ¹ | 32'589 | 42'157 | - 22.7 |
| Total financial instruments at fair value | 318'963 | 384'512 | - 17.0 |
| Due from banks | 249'471 | 255'904 | - 2.5 |
| Loans | 15'437'166 | 14'319'169 | 7.8 |
| Financial investments at amortised cost ² | 20'498 | 519'935 | - 96.1 |
| Total financial instruments not at fair value | 15'707'135 | 15'095'008 | 4.1 |
| Total Level 2 | 16'026'098 | 15'479'520 | 3.5 |
| Level 3 | | | |
| Financial investments, recognised at fair value through other comprehensive income ³ | 33'116 | 33'297 | - 0.5 |
| Total financial instruments at fair value | 33'116 | 33'297 | - 0.5 |
| Investment property | 19'241 | 19'510 | - 1.4 |
| Total other assets at fair value | 19'241 | 19'510 | - 1.4 |
| Total Level 3 | 52'357 | 52'807 | - 0.9 |
| Total assets | 25'304'863 | 24'562'824 | 3.0 |

- 1 Investment funds and equities
2 Commercial Papers and / or SNB-Bills
3 Infrastructure titles

| in CHF thousands | 31.12.2023 | 31.12.2022 | +/- % |
|--|-------------------|-------------------|---------------|
| Liabilities | | | |
| Level 1 | | | |
| Precious metal liabilities | 134'550 | 173'163 | - 22.3 |
| Total financial instruments at fair value | 134'550 | 173'163 | - 22.3 |
| Bonds | 528'701 | 348'905 | 51.5 |
| Total financial instruments not at fair value | 528'701 | 348'905 | 51.5 |
| Total Level 1 | 663'251 | 522'068 | 27.0 |
| Level 2 | | | |
| Derivative financial instruments | 337'165 | 288'679 | 16.8 |
| of which for hedging purpose | 13'491 | 21'303 | - 36.7 |
| Total financial instruments at fair value | 337'165 | 288'679 | 16.8 |
| Due to banks | 949'470 | 1'664'934 | - 43.0 |
| Due to customers | 19'132'520 | 18'374'068 | 4.1 |
| Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions | 2'014'082 | 1'679'779 | 19.9 |
| Total financial instruments not at fair value | 22'096'071 | 21'718'781 | 1.7 |
| Total Level 2 | 22'433'236 | 22'007'460 | 1.9 |
| Level 3 | | | |
| Total Level 3 | 0 | 0 | |
| Total liabilities | 23'096'488 | 22'529'528 | 2.5 |

Financial investments not measured at fair value

The fair value hierarchy also includes details of financial assets and liabilities which are not measured on a fair value basis, but for which a fair value does exist. In addition to their inclusion in the fair value hierarchy, basically a comparison between the fair value and the carrying value of the individual categories of financial assets and liabilities is to be presented.

The following table shows this comparison only for positions which were not measured at fair value, since for positions measured at fair value the carrying value corresponds to the fair value. On account of the maturity being more than one year, for specific positions a present value was calculated taking as a basis SARON interest rates appropriate for the duration of the term. In the case of all other positions, the carrying value represents a reasonable approximation of the fair value.

| in CHF thousands | 31.12.2023 | | 31.12.2022 | |
|--|-----------------|------------|-----------------|------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Assets | | | | |
| Cash and balances with central banks | 6'389'870 | 6'389'870 | 6'264'269 | 6'264'269 |
| Due from banks ¹ | 250'415 | 249'471 | 256'594 | 255'904 |
| Loans | 15'286'758 | 15'437'166 | 14'435'257 | 14'319'169 |
| Financial investments at amortised cost | 834'106 | 834'924 | 519'935 | 519'935 |
| Liabilities | | | | |
| Due to banks | 950'541 | 949'470 | 1'667'253 | 1'664'934 |
| Due to customers ¹ | 19'233'782 | 19'132'520 | 18'626'585 | 18'374'068 |
| Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions | 2'030'887 | 2'014'082 | 1'786'475 | 1'679'779 |
| Bonds | 551'090 | 528'701 | 401'057 | 348'905 |

1 Adjusted to consider the claims or liabilities from precious metals accounts due to the separate disclosure in the fair value hierarchy

34 Netting of financial assets and financial liabilities

In order to reduce the credit risks in relation to securities repurchasing transactions (repos) and derivatives, the LLB Group has concluded agreements with its counterparties, which permit netting. These include the Swiss Framework Agreement for Repo Transactions (multi-lateral version) and also ISDA master agreements.

The netting agreements serve to protect the LLB Group against losses arising in connection with possible insolvency proceedings and other situations. They are only employed if the counterparty cannot fulfil its commitments. Both securities (repos) and cash (derivatives) serve as collateral.

In its daily business, the LLB Group does not conduct balance sheet netting with the financial assets and financial liabilities of balance sheet transactions because the legal requirements for netting are not fulfilled.

The following table provides an overview of the financial assets and financial liabilities which are subject to an enforceable netting agreement or similar agreements.

| in CHF thousands | On the balance sheet recognised amounts | Potential netting amounts | | Amounts after potential netting |
|---|---|---------------------------|-----------------------|---------------------------------|
| | | Financial instruments | Financial collaterals | |
| 31.12.2022 | | | | |
| Financial assets subject to off-setting, enforceable netting agreements or similar arrangements | | | | |
| Reverse repurchase agreements | 100'005 | 100'005 | 0 | 0 |
| Positive replacement values | 342'355 | 91'788 | 197'715 | 52'852 |
| Total assets | 442'360 | 191'793 | 197'715 | 52'852 |
| Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements | | | | |
| Repurchase agreements | 250'100 | 250'100 | 0 | 0 |
| Negative replacement values | 288'679 | 91'788 | 16'216 | 180'675 |
| Total liabilities | 538'779 | 341'888 | 16'216 | 180'675 |

| in CHF thousands | On the balance sheet recognised amounts | Potential netting amounts | | Amounts after potential netting |
|---|---|---------------------------|-----------------------|---------------------------------|
| | | Financial instruments | Financial collaterals | |
| 31.12.2023 | | | | |
| Financial assets subject to off-setting, enforceable netting agreements or similar arrangements | | | | |
| Reverse repurchase agreements | 0 | 0 | 0 | 0 |
| Positive replacement values | 255'458 | 123'598 | 99'892 | 31'968 |
| Total assets | 255'458 | 123'598 | 99'892 | 31'968 |
| Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements | | | | |
| Repurchase agreements | 160'084 | 0 | 160'084 | 0 |
| Negative replacement values | 147'106 | 123'598 | 15'154 | 8'354 |
| Total liabilities | 307'190 | 123'598 | 175'238 | 8'354 |

The LLB Group also conducts securities lending and borrowing transactions as a principal. To reduce the risks associated with such transactions, Global Master Securities Lending Agreements (GMSLA) are concluded with the counterparties. Both securities and cash funds are employed as collateral.

Notes to the consolidated off-balance sheet transactions

35 Contingent liabilities

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--|---------------|---------------|---------------|
| Collateral guarantees and similar instruments | 11'354 | 22'622 | - 49.8 |
| Performance guarantees and similar instruments | 44'519 | 39'818 | 11.8 |
| Total contingent liabilities | 55'873 | 62'440 | - 10.5 |

36 Credit risks

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|------------------------------|----------------|----------------|------------|
| Irrevocable commitments | 798'190 | 782'745 | 2.0 |
| Deposit and call liabilities | 13'788 | 13'891 | - 0.7 |
| Total credit risks | 811'978 | 796'636 | 1.9 |

37 Fiduciary transactions

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--|----------------|----------------|-------------|
| Fiduciary deposits with other banks | 156'512 | 98'663 | 58.6 |
| Other fiduciary financial transactions | 2'551 | 2'940 | - 13.3 |
| Total fiduciary transactions | 159'063 | 101'603 | 56.6 |

38 Lending and pension transactions with securities

The LLB has lent or pledged securities from its own possession. These are recognised in LLB's balance sheet and recorded in the table below. Furthermore, securities owned by third parties which LLB received as collateral and in some cases has repledged or resold are reported in the table. These are not recognised in LLB's balance sheet.

| in CHF thousands | 31.12.2023 | | 31.12.2022 | |
|---|-----------------|------------------|-----------------|------------------|
| | Carrying amount | Actual liability | Carrying amount | Actual liability |
| Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements | 161'842 | 165'659 | 250'677 | 258'712 |
| of which capable of being resold or further pledged without restrictions | 161'842 | 165'659 | 250'677 | 258'712 |
| Securities received as collateral within the scope of securities lending or securities received in connection with reverse repurchase agreements, which are capable of being resold or further pledged without restrictions | 0 | 0 | 100'645 | 100'005 |
| of which resold or further pledged securities | 0 | 0 | 0 | 0 |

Pension plans and other long-term benefits

Pension plans

Post-employment benefits

The LLB Group has established a number of pension plans, in compliance with prevailing legal provisions, which insure most employees in the event of death, invalidity and retirement. In addition, further plans exist for long-service anniversaries, which qualify as other long-term employee benefits. In the case of the pension plans, contributions are made by employees, which are then supplemented by corresponding contributions from the LLB Group. The pension schemes are financed in compliance with the local legal and fiscal regulations. The risk benefits are based on the insured salary and the pension benefits on the accumulated capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer. For the calculation of mortality, life expectancy and disability, the technical bases BVG 2020 (previous year: BVG 2020) were used for all significant pension plans. The last actuarial valuations were performed on 31 December 2023. The actuarial gains and losses are included in other comprehensive income.

Joint committees are set up for pension plans, which are administered via collective foundations. The foundation board of the autonomous pension foundation is also composed of an equal number of employee and employer representatives. On the basis of the legal provisions and the pension plan regulations, the foundation board is obligated to act solely in the interest of the foundation and the actively insured persons and pensioners. Consequently, in this pension plan the employer itself may not decide on benefits and their financing, rather decisions must be taken on equal terms.

The foundation board is responsible for determining the investment strategy, for amendments to the pension plan regulations, and especially for the financing of the pension plan benefits. The foundation board members of the pension plans specify investment guidelines for the investment of the pension plan assets, which contain the tactical asset allocation and the benchmarks for the comparison of performance with a general investment universe. The assets of the pension plans are well diversified. With regard to diversification and security, the legal provisions of the BPVG Pension Law apply to pension plans in Liechtenstein, and the legal provisions of the BVG Pension Law apply to pension plans in Switzerland. The foundation board members continually monitor whether the selected investment strategy is suitable for the provision of the pension plan benefits and whether the risk budget corresponds to the demographic structure. The observance of the investment guidelines and the investment performance of the investment advisers are reviewed on a quarterly basis. In addition, the investment strategy and its suitability and effectiveness are periodically checked by an external consultant.

The pension plan is designed as a defined contribution plan, i.e. a savings account is maintained for all the retirement benefits of each employee. The annual savings contributions and interest (no negative interest is possible) are credited to the pension savings account annually. At the time of retirement, the insured person may choose between a life-long pension, which includes a reversionary spouse pension, or the withdrawal of the savings capital. In addition to the retirement benefits, the pension plan also includes invalidity and partner pensions. These are calculated on the basis of the insured annual salary (defined benefit plan). Furthermore, the insured employee may purchase improvements to his pension plan up to a maximum sum specified in the regulations. If the employee leaves the company, the savings credit balance is transferred to the new employer's pension plan or to a blocked pension savings account. When determining the benefits, the minimum provisions of the Professional Pension Plans Law (BPVG) for Liechtenstein, as well as the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) for Switzerland and their implementing ordinances are to be observed. The minimum salary to be insured and the minimum pension savings balance sum are stipulated in the BPVG and BVG. On account of the pension plan

structure and the legal provisions of the BPVG and BVG, the employer is subject to actuarial risks. The most important of these are investment risk, interest rate risk and longevity risk. The risks of death and invalidity are congruently re-insured. Currently, the individually accumulated pension capital for employees insured in Liechtenstein is converted into a life-long pension at age 65 at a pension conversion rate of 5.14 per cent. The conversion rate will gradually decrease to 4.82 per cent at age 65 by 1 January 2028. Amendments to the contribution payments made by the bank, the associated companies, or the employees require, in accordance with the regulations, the approval of the bank, the associated companies and a majority of the foundation board. The pension plans are financed through contributions made by the employer and the employees. The amount of the contributions is specified in the pension plan regulations. The employer must bear at least half of the contributions. In the event of underfunding, financial recovery contributions may be charged to both the employer and the employee to eliminate the shortfall in coverage, the employer must pay at least 50 per cent of the restructuring contributions.

The following amounts were recognised in the income statement and in equity as pension costs:

Benefit expenses

| in CHF thousands | Pensions plans | | Other long-term benefits | |
|--|-----------------|-----------------|--------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Defined benefit costs | | | | |
| Service cost | | | | |
| Current service cost | - 11'630 | - 15'467 | - 505 | - 563 |
| Past service cost including effects of curtailment | 0 | 0 | 0 | 0 |
| Total service cost | - 11'630 | - 15'467 | - 505 | - 563 |
| Net interest | | | | |
| Interest cost on defined benefit obligation | - 10'942 | - 1'740 | - 95 | - 17 |
| Interest income on plan assets | 10'619 | 1'620 | 0 | 0 |
| Total net interest | - 323 | - 120 | - 95 | - 17 |
| Administration expense | - 624 | - 615 | 0 | 0 |
| Net actuarial (losses) / gains recognised | 0 | 0 | - 332 | 446 |
| Total defined benefit cost | - 12'577 | - 16'202 | - 932 | - 134 |
| of which personnel expenses | - 12'577 | - 16'202 | - 932 | - 134 |
| of which financial expense | 0 | 0 | 0 | 0 |
| Contributions to defined contribution plans | - 785 | - 733 | 0 | 0 |
| Remeasurement of the defined benefit liability | | | | |
| Actuarial (gains) / losses | | | | |
| Arising from changes in demographic assumptions | 0 | 0 | 0 | 0 |
| Arising from changes in economic assumptions | - 40'891 | 119'448 | 0 | 0 |
| Arising from experience | - 9'072 | - 18'944 | 0 | 0 |
| Return on plan assets (excl. amounts in interest income) | 22'836 | - 75'950 | 0 | 0 |
| Total defined benefit cost recognised in other comprehensive income | - 27'127 | 24'554 | 0 | 0 |
| Total benefit cost | - 40'488 | 7'619 | - 932 | - 134 |

Development of plan obligations

| in CHF thousands | Pensions plans | | Other long-term benefits | |
|--------------------------------------|----------------|----------------|--------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| As at 1 January | 506'280 | 598'282 | 3'736 | 4'200 |
| Current service cost | 11'630 | 15'467 | 505 | 563 |
| Plan participation contributions | 9'597 | 8'585 | 0 | 0 |
| Interest costs | 10'942 | 1'740 | 95 | 17 |
| Benefits paid through pension assets | - 6'581 | - 17'246 | 0 | 0 |
| Benefits paid by employer | - 206 | - 22 | - 419 | - 536 |
| Actuarial (gains) / losses | 49'963 | - 100'504 | 333 | - 446 |
| Plan amendments | 0 | 0 | 0 | 0 |
| Exchange rate differences | - 92 | - 22 | - 82 | - 61 |
| As at 31 December | 581'532 | 506'280 | 4'168 | 3'736 |
| of which active employees | 409'897 | 345'578 | | |
| of which pensioners | 171'635 | 160'701 | | |
| Average term of obligation | 13.5 | 12.7 | | |

Development of plan assets

| in CHF thousands | Pension plans | |
|--|----------------|----------------|
| | 2023 | 2022 |
| As at 1 January | 478'819 | 546'641 |
| Plan participation contributions | 9'597 | 8'585 |
| Company contributions | 17'540 | 15'784 |
| Interest income on plan assets | 10'619 | 1'620 |
| Administration expense | - 624 | - 615 |
| Assets assumed in a business combination | 0 | 0 |
| Benefits paid through pension assets | - 6'581 | - 17'246 |
| Return on plan assets (excl. amounts in interest income) | 22'836 | - 75'950 |
| As at 31 December | 532'206 | 478'819 |

The pension fund assets as at 31 December 2023 include shares of LLB with a market value of CHF thousands 25 (31.12. 2022: CHF thousands 18). The expected Group contributions for the 2024 financial year amount to CHF thousands 17'837 for the pension plans and CHF thousands 297 for the other long-term benefits.

Overview of net debt recognised in the balance sheet

| in CHF thousands | Pension plans | | Other long-term benefits | |
|---|---------------|---------------|--------------------------|--------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Present value of funded obligations | 580'148 | 504'764 | 0 | 0 |
| Minus fair value of plan assets | 532'206 | 478'819 | 0 | 0 |
| Under- / (Over-)funded | 47'942 | 25'945 | 0 | 0 |
| Present value of unfunded obligations | 1'384 | 1'516 | 4'166 | 3'734 |
| Net debt recognised in the balance sheet | 49'326 | 27'461 | 4'166 | 3'734 |

Asset classes

| in CHF thousands | Share of total assets | |
|--|-----------------------|----------------|
| | 31.12.2023 | 31.12.2022 |
| Equities | | |
| listed market prices (Level 1) | 182'778 | 162'476 |
| other than listed market prices | 0 | 0 |
| Bonds | | |
| listed market prices (Level 1) | 214'955 | 170'205 |
| other than listed market prices | 0 | 0 |
| Real estate | | |
| listed market prices (Level 1) | 11'794 | 12'908 |
| other than listed market prices / direct investments | 61'446 | 61'913 |
| Alternative financial investments | 25'236 | 31'120 |
| Qualified insurance policies | 26'319 | 25'679 |
| Other financial investments | 0 | 0 |
| Cash and cash equivalents | 9'678 | 14'518 |
| Total plan assets | 532'206 | 478'819 |

Principal actuarial assumptions

| in per cent | Pension plans | | Other long-term benefits | |
|---|---------------|------------|--------------------------|------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Discount rate | 1.51 | 2.24 | 2.02 | 2.69 |
| Future salary increases | 2.25 | 2.25 | 2.58 | 2.59 |
| Future pension indexations | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest credit rate | 1.51 | 2.24 | | |
| Life expectancy at the age of 65 | | | | |
| Year of birth | 1978 | 1977 | | |
| men | 25.1 | 25.0 | | |
| women | 26.6 | 26.5 | | |
| Year of birth | 1958 | 1957 | | |
| men | 22.8 | 22.7 | | |
| women | 24.6 | 24.5 | | |

The demographic assumptions correspond to those for the year 2023 based on BVG 2020.

Sensitivity analysis of significant actuarial assumptions

The following sensitivity analysis for the significant actuarial assumptions, on which calculations are based, shows how the cash value of pension obligations would change on the balance sheet date on account of a possible change in the actuarial assumptions. Only the listed assumption changes, all other assumptions remain unchanged.

| in CHF thousands | Pension plans | | | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31.12.2023 | | 31.12.2022 | |
| | + 0.25 % | - 0.25 % | + 0.25 % | - 0.25 % |
| Discount rate | - 19'550 | 20'818 | - 15'783 | 16'962 |
| Salary increase | 1'892 | - 1'853 | 1'464 | - 1'440 |
| Interest credit rate | 5'114 | - 4'997 | 4'311 | - 4'195 |
| in CHF thousands | + 1 year | - 1 year | + 1 year | - 1 year |
| Life expectancy | 11'314 | - 11'525 | 9'009 | - 9'187 |

Related party transactions

Related parties

The LLB Group is controlled by the Principality of Liechtenstein, which holds 56.3 per cent of the registered shares of Liechtensteinische Landesbank AG, Vaduz (previous year: 56.3 %). The shareholder group, consisting of the Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH, holds 5.9 per cent of the registered shares (previous year: 5.9 %). At the end of the year under report, LLB held 0.7 per cent of its own shares (previous year: 0.6 %) and 0.4 per cent were held by members of the Board of Directors and the Board of Management (previous year: 0.4 %). The remaining registered shares are owned by the general public.

The related parties of the LLB Group comprise the Principality of Liechtenstein, associated companies, members of the Board of Directors and the Board of Management, as well as their close family members and companies, in which these individuals are part of the company management, either through their majority shareholding or through their function, as well as own pension funds.

Within the scope of its business activity, the LLB Group also conducts banking transactions with related parties. These transactions mainly involve loans, investments and services. The volumes of these transactions, the holdings and corresponding income and expenses are shown below. For information regarding important business transactions with the Principality of Liechtenstein reference is made to [note 8](#) in the separate financial statement of LLB AG.

See [Scope of consolidation](#) for a detailed list of the intercompany relationships of the LLB Group.

Compensation of key management personnel

| in CHF thousands | Fixed compensation | | Variable compensation | | Entitlements ¹ | | Contribution to benefit plans and other social contributions | | Total | |
|--|--------------------|--------------|-----------------------|------------|---------------------------|------------|--|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Members of the Board of Directors | | | | | | | | | | |
| Georg Wohlwend, Chairman | 300 | 300 | 0 | 0 | 40 | 40 | 86 | 86 | 426 | 426 |
| Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023 | 42 | 124 | 0 | 0 | 10 | 30 | 6 | 11 | 58 | 165 |
| Richard Senti, Vice Chairman since 5 May 2023 ² | 117 | 72 | 0 | 0 | 27 | 20 | 11 | 7 | 155 | 99 |
| Nicole Brunhart, Member since 5 May 2023 ² | 45 | | 0 | | 13 | | 3 | | 61 | |
| Leila Frick-Marxer, Member since 6 May 2022 ³ | 65 | 42 | 0 | 0 | 20 | 13 | 5 | 3 | 90 | 58 |
| Patrizia Holenstein, Member until 6 May 2022 ³ | | 24 | | 0 | | 7 | | 0 | | 31 |
| Urs Leinhäuser, Member until 5 May 2023 ^{2/4} | 31 | 82 | 0 | 0 | 7 | 20 | 0 | 0 | 38 | 102 |
| Thomas Russenberger, Member | 75 | 70 | 0 | 0 | 20 | 20 | 7 | 6 | 102 | 96 |
| Karl Sevelda, Member | 64 | 64 | 0 | 0 | 20 | 20 | 0 | 0 | 84 | 84 |
| Christian Wiesendanger, Member since 5 May 2023 ² | 45 | | 0 | | 13 | | 3 | | 61 | |
| Total | 784 | 778 | 0 | 0 | 170 | 170 | 121 | 113 | 1'075 | 1'061 |
| Members of the Board of Management | | | | | | | | | | |
| Gabriel Brenna, Group CEO | 870 | 870 | 207 | 261 | 311 | 261 | 239 | 234 | 1'627 | 1'626 |
| Other members of the Board of Management | 2'329 | 2'329 | 486 | 695 | 729 | 695 | 803 | 803 | 4'347 | 4'522 |
| Total | 3'199 | 3'199 | 693 | 956 | 1'040 | 956 | 1'042 | 1'037 | 5'974 | 6'148 |

- The members of the Board of Directors receive a portion of their fixed compensation in the form of entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of entitlements, which contain shares and, since 2023, also a cash component. The total compensation comprises the total of the fixed and variable compensation plus the entitlements.
- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.
- The compensation was paid to Adulco GmbH.

Loans to key management personnel and related parties

| in CHF thousands | Fixed mortgages | | Variable mortgages | | Total | |
|--|-----------------|--------------|--------------------|------------|--------------|--------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Members of the Board of Directors | | | | | | |
| Georg Wohlwend, Chairman | 0 | 0 | 0 | 0 | 0 | 0 |
| Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023 | | 200 | | 0 | | 200 |
| Richard Senti, Vice Chairman since 5 May 2023 ¹ | 198 | 398 | 473 | 271 | 671 | 669 |
| Nicole Brunhart, Member since 5 May 2023 ¹ | 0 | | 0 | | 0 | |
| Leila Frick-Marxer, Member since 6 May 2022 ² | 0 | 0 | 0 | 0 | 0 | 0 |
| Patrizia Holenstein, Member until 6 May 2022 ² | | | | | | |
| Urs Leinhäuser, Member until 5 May 2023 ¹ | | 0 | | 0 | | 0 |
| Thomas Russenberger, Member | 0 | 0 | 0 | 0 | 0 | 0 |
| Karl Sevelda, Member | 0 | 0 | 0 | 0 | 0 | 0 |
| Christian Wiesendanger, Member since 5 May 2023 ¹ | 0 | | 0 | | 0 | |
| and related parties | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 198 | 598 | 473 | 271 | 671 | 869 |
| Members of the Board of Management | | | | | | |
| Gabriel Brenna, Group CEO | 0 | 0 | 0 | 0 | 0 | 0 |
| Other members of the Board of Management | 1'910 | 1'910 | 0 | 0 | 1'910 | 1'910 |
| and related parties | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1'910 | 1'910 | 0 | 0 | 1'910 | 1'910 |

- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

All mortgage loans to members of management in key positions and related parties are fully secured.

At 31 December 2023, the maturities of the fixed mortgages for the members of the Board of Directors and related parties ranged between 27 and 37 months (previous year: between 3 and 49 months) at standard market client interest rates of 1.02 to 1.05 per cent per annum (previous year: 0.75 to 1.25 %).

At 31 December 2023, the maturities of variable mortgages for members of the Board of Directors and related parties extended to a maximum of 3 months (previous year: 3 months) at standard market client interest rates of 2.51 per cent per annum (previous year: 1.28). Following expiry, these are extended for a further 3 months providing they are not revoked.

At 31 December 2023, the maturities of fixed mortgages for members of the Board of Management ranged between 6 and 100 months (previous year: between 18 and 112 months) at interest rates of 0.81 to 1.80 per cent per annum (previous year: 1.05 to 1.80 %).

Of the total amount of mortgages for the members of the Board of Management, CHF thousands 1'100 (previous year: CHF thousands 1'000) was granted at the preferential interest rate for staff, the remainder was subject to the standard market client interest rate. No other loans were issued to the Board of Management (previous year: none).

No allowances for loans and other credit lines to management were necessary. LLB granted no guarantees to management or related parties (previous year: none).

Transactions with key management personnel and related parties

| in CHF thousands | 2023 | 2022 | + / - % |
|---|--------------|---------------|---------------|
| Loans | | | |
| As at 1 January | 2'779 | 2'429 | 14.4 |
| Loans issued / changes to management and related parties | 202 | 443 | - 54.3 |
| Loan repayments / changes to management and related parties | - 400 | - 93 | 330.1 |
| As at 31 December | 2'581 | 2'779 | - 7.1 |
| Deposits | | | |
| As at 1 January | 13'049 | 7'697 | 69.5 |
| Change | - 4'637 | 5'352 | |
| As at 31 December | 8'412 | 13'049 | - 35.5 |
| Income and expenses | | | |
| Interest income | 37 | 33 | 14.6 |
| Interest expenses | - 50 | - 3 | |
| Other income ¹ | 19 | 22 | - 15.5 |
| Other expenses | 0 | 0 | |
| Total | 7 | 52 | - 87.2 |

¹ Mainly net fee and commission income

Transactions with associated companies

| in CHF thousands | 2023 | 2022 | + / - % |
|----------------------------|---------------|--------------|------------|
| Loans | | | |
| As at 1 January | 1'503 | 636 | 136.1 |
| Change | 97'970 | 866 | |
| As at 31 December | 99'472 | 1'503 | |
| Deposits | | | |
| As at 1 January | 9'617 | 16'530 | - 41.8 |
| Change | 953 | - 6'913 | |
| As at 31 December | 10'570 | 9'617 | 9.9 |
| Income and expenses | | | |
| Interest income | 3'063 | 74 | |
| Interest expenses | - 193 | - 0 | |
| Other income | 4 | 5 | - 25.7 |
| Other expenses | - 30 | - 89 | - 66.5 |
| Total | 2'844 | - 9 | |

The LLB Group has not issued guarantees to third parties for related parties. No irrevocable credit commitment exists (previous year: CHF 10 million). As a result of transacted foreign currency swaps, claims continue to exist from derivative financial instruments totalling CHF thousands 118 (previous year: CHF thousands 3).

Transactions with own pension funds

| in CHF thousands | 2023 | 2022 | + / - % |
|----------------------------|--------------|--------------|---------------|
| Loans | | | |
| As at 1 January | 0 | 0 | |
| Change | 0 | 0 | |
| As at 31 December | 0 | 0 | |
| Deposits | | | |
| As at 1 January | 9'726 | 20'631 | - 52.9 |
| Change | - 5'309 | - 10'905 | - 51.3 |
| As at 31 December | 4'416 | 9'726 | - 54.6 |
| Income and expenses | | | |
| Interest income | 0 | 0 | - 20.9 |
| Interest expenses | - 53 | - 0 | |
| Other income ¹ | 899 | 855 | 5.2 |
| Other expenses | 0 | 0 | |
| Total | 846 | 855 | - 1.0 |

¹ Mainly earnings from commissions and fees.

No guarantees have been granted by the LLB Group for third parties on behalf of own pension funds (previous year: none).

The LLB pension fund has transacted swaps to hedge against interest rate and currency risks. No claims exist from derivative financial instruments against the own pension fund (previous year: CHF thousands 63) and liabilities amounting to CHF thousands 3'658 (previous year: CHF thousands 1'179).

Scope of consolidation

| Company | Registered office | Business activity | Currency | Capital Stock | Equity interest (in %) | |
|--|-------------------|------------------------------|----------|---------------|------------------------|-------|
| | | | | | IFRS | Legal |
| Fully consolidated companies | | | | | | |
| Liechtensteinische Landesbank Aktiengesellschaft | Vaduz (FL) | Bank | CHF | 154'000'000 | 100.0 | 100.0 |
| Liechtensteinische Landesbank (Österreich) AG | Vienna (AT) | Bank | EUR | 5'000'000 | 100.0 | 100.0 |
| LLB (Schweiz) AG | Uznach (CH) | Bank | CHF | 16'108'060 | 100.0 | 100.0 |
| LLB Asset Management Aktiengesellschaft | Vaduz (FL) | Asset management company | CHF | 1'000'000 | 100.0 | 100.0 |
| LLB Beteiligungs GmbH | Vienna (AT) | Investment company | EUR | 35'000 | 100.0 | 100.0 |
| LLB Fund Services Aktiengesellschaft | Vaduz (FL) | Fund management company | CHF | 2'000'000 | 100.0 | 100.0 |
| LLB Holding AG | Uznach (CH) | Holding company | CHF | 95'328'000 | 100.0 | 100.0 |
| LLB Immo Kapitalanlagegesellschaft m.b.H. | Vienna (AT) | Investment company | EUR | 5'000'000 | 94.9 | 94.9 |
| LLB Invest AGmVK | Vaduz (FL) | Investment company | CHF | 65'000 | 100.0 | 100.0 |
| LLB Invest Kapitalanlagegesellschaft m.b.H. | Vienna (AT) | Investment company | EUR | 2'300'000 | 100.0 | 100.0 |
| LLB Private Equity GmbH | Vienna (AT) | Financial consulting company | EUR | 36'842 | 100.0 | 100.0 |
| LLB Realitäten GmbH | Vienna (AT) | Real estate trust company | EUR | 35'000 | 100.0 | 100.0 |
| LLB Services (Schweiz) AG | Zurich (CH) | Service company | CHF | 100'000 | 100.0 | 100.0 |
| LLB Swiss Investment AG | Zurich (CH) | Fund management company | CHF | 8'000'000 | 100.0 | 100.0 |
| LLB Verwaltung (Schweiz) AG | Uznach (CH) | Management company | CHF | 100'000 | 100.0 | 100.0 |
| PREMIUM Spitalgasse 19A GmbH & Co KG | Vienna (AT) | Real estate company | EUR | 1'370'060 | 80.0 | 80.0 |
| Zukunftsstiftung der Liechtensteinischen Landesbank AG | Vaduz (FL) | Charitable foundation | CHF | 30'000 | 100.0 | 100.0 |
| Associates | | | | | | |
| Gain Capital Management S.A.R.L. | Luxembourg | Fund management company | EUR | 12'000 | 30.0 | 30.0 |
| Joint venture | | | | | | |
| Data Info Services AG | Vaduz (FL) | Service company | CHF | 50'000 | 50.0 | 50.0 |

In the year under report, Liechtensteinische Landesbank (Österreich) AG acquired all the non-controlling interests in its subsidiary LLB Private Equity GmbH. Bank Linth LLB AG was renamed LLB (Schweiz) AG. There were no disposals of companies or shares in companies in the reporting year.

As at 31 December 2023 and as at 31 December 2022, there were no major restrictions in relation to the possibility to access assets of the Group companies or to appropriate them. As at 31 December 2023 and as at 31 December 2022, there were no participations in consolidated structured companies.

Risk management

Principles of risk management

One of the core competences of a financial institute is to consciously accept risks and manage them profitably. In its risk policy, the LLB Group defines qualitative and quantitative standards of risk responsibility, risk management and risk control. Furthermore, the organisational and methodical parameters for the identification, measurement, control and monitoring of risks are specified. The proactive management of risk is an integral part of corporate policy and safeguards the LLB Group's ability to bear and accept risk.

Organisation and responsibilities

Group Board of Directors

The Board of Directors of the LLB Group is responsible for stipulating risk management principles, as well as for specifying responsibilities and procedures for approving business transactions entailing risk. In fulfilling its tasks and duties, the Group Board of Directors is supported by the Group Risk Committee.

Group Executive Board

The Group Executive Board is responsible for the overall management of risk readiness within the parameters defined by the Group Board of Directors and for the implementation of the risk management processes. It is supported in this task by various risk committees.

Group Credit & Risk Management

Group Credit & Risk Management identifies, assesses, monitors and reports on the principal risk exposure of the LLB Group and is functionally and organisationally independent of the operative units. It supports the Group Executive Board in the overall management of risk exposure.

Risk categories

The LLB Group is exposed to various types of risks. It differentiates between the following risk categories:

Market risk

The risk of losses arises from unfavourable changes in interest rates, exchange rates, security prices and other relevant market parameters.

Liquidity and refinancing risk

Represents the risk of not being able to fulfil payment obligations on time or not being able to obtain refinancing funds on the market at a reasonable price to fulfil current or future payment liabilities.

Credit risk

Credit or counterparty risk includes the danger that a client or a counterparty cannot or cannot completely fulfil their obligations vis à vis the LLB Group or an individual Group company. This can result in a financial loss for the LLB Group.

Operational risk

Is the danger of losses due to the unsuitability or failure of internal procedures, people or systems, or as a result of external events.

Strategic risk

Arises as a result of decisions taken by the Group Executive Board which have a negative influence on the survival, development ability or independence of the LLB Group.

Sustainability risk

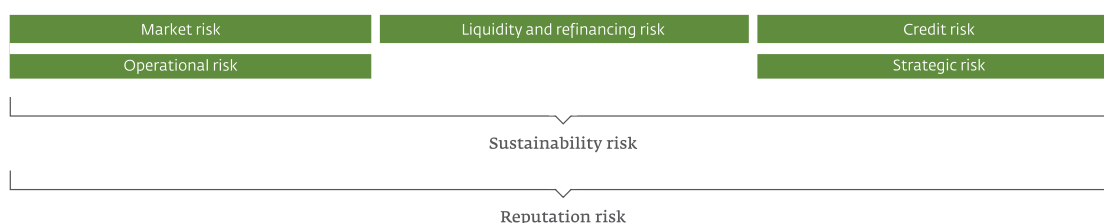
Sustainability risks encompass events, conditions or developments in relation to ESG factors which, if they occur, can have significant negative effects on the value of the assets, or the asset, financial or earnings situation, or the reputation of the company. ESG factors include:

- ◆ climate and environmental protection (environment),
- ◆ social aspects such as human rights and employment standards (corporate social responsibility),
- ◆ responsible management (corporate governance).

Reputation risk

Reputation is defined as the public standing of a company arising from the perception of its stakeholders regarding its competence, integrity and values. Reputation risk consists of the danger of a negative divergence of the LLB from the expected standards.

Risk categories



Risk management process

The implementation of an efficient risk management process is essential to enable risks to be identified, assessed, controlled and monitored. This should generate a culture of awareness at all levels of the LLB Group. The Group Board of Directors specifies the risk strategy, which provides the operative units with a framework for dealing with risks. Depending on the type of risk, not only upper limits for losses must be stipulated, but also a detailed set of regulations which specify which risks may be accepted under what conditions, and when measures to control risks are to implemented.

The following process diagram shows the control loop of the LLB Group’s risk management process.

Risk management process



Internal Capital Adequacy Assessment Process (ICAAP)

For the purposes of ensuring a continual capital adequacy, the LLB Group has in place sound, effective and comprehensive strategies and processes. The bank’s internal capital adequacy process is an important instrument of risk management for the LLB Group. Its goal is to make a significant contribution to the continued existence of the LLB Group by measuring and safeguarding the bank’s capital adequacy from various perspectives.

As part of the normative perspective, an assessment is made of the extent to which the LLB Group is in a position, in various scenarios, to fulfil its quantitative regulatory and supervisory capital requirements over the medium term.

The normative internal perspective is supplemented by an economic internal perspective, within the scope of which all major risks are identified and quantified which, from an economic viewpoint, could cause losses and substantially reduce the amount of internal capital. In conformity with the economic perspective, the LLB Group ensures all its risks are adequately covered by the availability of internal capital.

The adequacy of the Group's capital resources from the individual perspective has to be tested using internal methods. The quantified risks arising from the individual risk categories are aggregated in an overall risk potential and are compared with the capital available to cover these potential losses. It is then determined to what extent the LLB Group is in a position to bear potential losses.

The LLB Group's financial strength should remain unimpaired by fluctuations on the capital markets. Scenario analyses and stress tests are employed to simulate external influences and assess their impact on equity capital. Where necessary, measures are implemented to mitigate risks.

The ICAAP is documented in internal regulations and guidelines and is reviewed and revised annually.

1 Market risks

Market risk is the risk that arises from changes in interest rates, exchange rates and security prices in the financial and capital markets. A differentiation is made between market risks in the trading book and market risks in the banking book. The potential for losses exists primarily in the impairment of the value of an asset or the increase in the value of liabilities (market value perspective) as well as in secondary capacity in the diminution of current earnings or an increase in current expenditures (earnings perspective).

1.1 Market risk management

The LLB Group has in place a differentiated risk management and risk control system for market risks. The market risk control process comprises a sophisticated framework of rules involving the identification and the uniform valuation of market risk-relevant data as well as the control, monitoring and reporting of market risks.

Trading book

The trading book contains own positions in financial instruments which are held for short-term further sale or repurchase. These tasks are closely related to the clients' needs for capital market products and are understood as a supporting activity for the core business.

The LLB Group conducts relatively small-scale trading book activities in accordance with Article 94 (1) of the Capital Requirements Regulation II (CRR II). A limits system is in operation to ensure compliance and is monitored by Group Risk Management. Due to the lack of materiality, the trading book is no longer explained in detail.

Banking book

In general, the holdings in the banking book are employed to pursue long-term investment goals. These holdings include assets, liabilities, and off-balance sheet positions, which are the result, on the one hand, of classical banking business and, on the other, are held to earn revenue over their life.

Market risks with the banking book mainly involve interest rate fluctuation risk, exchange rate risk and equity price risk.

Interest rate fluctuation risk

This is regarded as the adverse effects of changes in market interest rates on capital resources or current earnings. The different interest maturity periods of claims and liabilities from balance sheet transactions and derivatives represent the most important basis.

Exchange rate risk

This relates to the risks arising in connection with the uncertainties regarding future exchange rate trends. The calculation of these risks takes into consideration all the positions entered into by the bank.

Equity price risk

This is understood to be the risk of losses due to adverse changes in the market prices of equities.

1.2 Valuation of market risks

Sensitivity analysis

In sensitivity analysis a risk factor is altered. Subsequently, the effects of the alteration of the risk factor on the portfolio concerned are estimated.

Scenario analysis

The aim of the scenario analyses of the LLB Group is to simulate the effects of normal and stress scenarios.

1.3 Management of market risks

In client business, currency risks are basically controlled by making investments or obtaining refinancing in matching currencies. The residual currency risk is restricted by means of sensitivity limits.

Within the specified limit parameters, the individual Group companies are at liberty to manage their interest rate risks as they wish. Interest rate swaps are employed mainly to control interest rate risks.

Equity investments are limited by means of nominal limits.

1.4 Monitoring and reporting of market risks

Group Credit & Risk Management monitors the observance of market risk limits and is also responsible for reporting market risks.

1.5 Effects on Group net profit

Interest rate fluctuation risk

The LLB Group recognises client loans in the balance sheet at amortised cost. This means that a change in the interest rate does not cause any change in the recognised amount and therefore to no significant recognition affecting profit and loss of the effects of interest rate fluctuation. However, fluctuations in interest rates can lead to risks because the LLB Group largely finances long-term loans with client assets. Within the scope of financial risk management, these interest rate fluctuation risks in the balance sheet business of the LLB Group are hedged mainly by means of interest rate swaps. If the IFRS hedge accounting criteria for hedging instruments (interest rate swaps) and underlying transactions (loans) are met, the hedged part of the loans to clients is recognised in the balance sheet at fair value. Further information regarding recognition and measurement is provided in the chapter [Accounting principles](#).

Exchange rate risk

The price gains resulting from the valuation of transactions and balances are booked to profit and loss. The price gains resulting from the transfer of the functional currency into the reporting currency are booked under other comprehensive income without affecting profit and loss.

Equity price risk

The valuation is carried out at current market prices. The equity price risk resulting from the valuation at current market prices is reflected in the income statement and in other comprehensive income.

1.6 Sensitivities by risk categories

In measuring risk, the LLB Group employs scenario analyses to test sensitivities with market risks. The impact on equity capital, according to the assumptions, is shown in the following.

Interest rate sensitivity measures the market change on interest rate-sensitive instruments for the LLB Group caused by a linear interest rate adjustment of + / – 100 basis points.

Currency sensitivity affects both interest rate sensitive and non-interest rate sensitive instruments. The sensitivity of instruments in foreign currencies is determined by multiplying the CHF market value by the assumed exchange rate fluctuation of + / – 10 per cent.

The equity price risks are measured assuming a price fluctuation of + / – 10 per cent on the equity market.

Sensitivity of existing market risks

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|-----------------------------------|----------------|---------------|
| | Sensitivity | Sensitivity |
| Interest rate risk | 108'875 | 87'833 |
| of which affecting net income | 291 | 5'857 |
| of which not affecting net income | 108'584 | 81'976 |
| Currency risk | 31'801 | 33'800 |
| of which affecting net income | 857 | 789 |
| of which not affecting net income | 30'944 | 33'011 |
| Equity price risk | 23'245 | 22'482 |
| of which affecting net income | 27 | 27 |
| of which not affecting net income | 23'218 | 22'455 |

Foreign exchange risk arises from the following currencies:

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|----------------------|---------------|---------------|
| | Sensitivity | Sensitivity |
| Currency risk | 31'801 | 33'989 |
| of which USD | 702 | 2'002 |
| of which EUR | 30'944 | 33'154 |
| of which others | 155 | – 1'167 |

1.7 Currency risks

Currency exposure as at 31 December 2022

| in CHF thousands | USD | EUR | Others | Total |
|--|------------------|-------------------|------------------|-------------------|
| Assets | | | | |
| Cash and balances with central banks | 987 | 1'584'346 | 165 | 1'585'499 |
| Due from banks | 58'816 | 40'525 | 35'309 | 134'650 |
| Loans | 296'814 | 588'760 | 73'737 | 959'311 |
| Financial investments | 869'482 | 833'655 | 251 | 1'703'387 |
| Current tax assets | 0 | 176 | 0 | 176 |
| Other assets | 26'498 | 200'355 | 3'381 | 230'235 |
| Total assets reported in the balance sheet | 1'252'598 | 3'247'817 | 112'843 | 4'613'258 |
| Delivery claims from forex spot, forex futures and forex options transactions | 7'289'611 | 6'983'799 | 2'096'080 | 16'369'491 |
| Total assets | 8'542'209 | 10'231'617 | 2'208'923 | 20'982'749 |
| Liabilities and equity | | | | |
| Due to banks | 25'627 | 131'407 | 10'241 | 167'274 |
| Due to customers | 2'823'375 | 4'042'195 | 734'321 | 7'599'890 |
| Debt issued | 0 | 1'416 | 0 | 1'416 |
| Current tax liabilities | 0 | 9'237 | 0 | 9'237 |
| Other liabilities | 39'179 | 67'087 | - 11'610 | 94'656 |
| Liabilities and equity reported in the balance sheet | 2'888'180 | 4'251'342 | 732'951 | 7'872'473 |
| Delivery liabilities from forex spot, forex futures and forex options transactions | 5'634'009 | 5'650'160 | 1'488'101 | 12'772'271 |
| Total liabilities and equity | 8'522'190 | 9'901'502 | 2'221'053 | 20'644'744 |
| Net position per currency | 20'020 | 330'115 | - 12'129 | 338'005 |

Currency exposure as at 31 December 2023

| in CHF thousands | USD | EUR | Others | Total |
|--|------------------|-------------------|------------------|-------------------|
| Assets | | | | |
| Cash and balances with central banks | 929 | 1'401'048 | 112 | 1'402'090 |
| Due from banks | 84'068 | 84'111 | 61'136 | 229'315 |
| Loans | 214'557 | 529'500 | 45'018 | 789'075 |
| Financial investments | 957'869 | 832'237 | 156 | 1'790'262 |
| Current tax assets | 0 | 112 | 0 | 112 |
| Other assets | 19'521 | 181'399 | 13 | 200'933 |
| Total assets reported in the balance sheet | 1'276'944 | 3'028'408 | 106'434 | 4'411'786 |
| Delivery claims from forex spot, forex futures and forex options transactions | 6'815'003 | 7'590'722 | 1'806'253 | 16'211'978 |
| Total assets | 8'091'948 | 10'619'130 | 1'912'686 | 20'623'764 |
| Liabilities and equity | | | | |
| Due to banks | 55'860 | 132'828 | 7'424 | 196'112 |
| Due to customers | 2'443'494 | 5'082'593 | 663'376 | 8'189'464 |
| Debt issued | 0 | 3'754 | 0 | 3'754 |
| Current tax liabilities | 0 | 13'533 | 0 | 13'533 |
| Other liabilities | 18'873 | 78'955 | 4'914 | 102'742 |
| Liabilities and equity reported in the balance sheet | 2'518'227 | 5'311'663 | 675'714 | 8'505'604 |
| Delivery liabilities from forex spot, forex futures and forex options transactions | 5'566'699 | 4'998'026 | 1'235'426 | 11'800'150 |
| Total liabilities and equity | 8'084'925 | 10'309'689 | 1'911'140 | 20'305'754 |
| Net position per currency | 7'022 | 309'441 | 1'547 | 318'010 |

1.8 Interest rate repricing balance sheet

In the fixed-interest-rate repricing balance sheet, asset and liability surpluses from fixed-interest rate positions as well as from interest- rate-sensitive derivative positions in the balance sheet are calculated and broken down into maturity ranges (cycle times). The positions with an unspecified duration of interest rate repricing are allocated to the corresponding maturity ranges (cycle times) on the basis of a replication.

Interest commitments of financial assets and liabilities (nominal)

| in CHF thousands | Within 1 month | 1 to 3 months | 4 to 12 months | 1 to 5 years | Over 5 years | Total |
|---|-------------------|--------------------|--------------------|------------------|------------------|-------------------|
| 31.12.2022 | | | | | | |
| Financial assets | | | | | | |
| Cash and balances with central banks | 6'136'100 | 0 | 0 | 0 | 0 | 6'136'100 |
| Due from banks | 256'305 | 0 | 0 | 0 | 0 | 256'305 |
| Loans | 4'198'276 | 1'623'386 | 1'428'689 | 4'757'698 | 2'501'318 | 14'509'367 |
| Financial investments | 588'144 | 209'753 | 419'177 | 1'417'401 | 427'942 | 3'062'418 |
| Total financial assets | 11'178'826 | 1'833'139 | 1'847'866 | 6'175'099 | 2'929'260 | 23'964'190 |
| Derivative financial instruments | 1'116'167 | 81 | 55'337 | 351'008 | 30'177 | 1'552'769 |
| Total | 12'294'992 | 1'833'220 | 1'903'203 | 6'526'106 | 2'959'437 | 25'516'959 |
| Financial liabilities | | | | | | |
| Due to banks | 951'872 | 191'251 | 493'000 | 30'000 | 0 | 1'666'123 |
| Due to customers | 8'944'511 | 1'849'498 | 3'172'640 | 4'610'288 | 10'610 | 18'587'546 |
| Debt issued | 2'470 | 2'433 | 109'469 | 941'184 | 1'134'856 | 2'190'412 |
| Total financial liabilities | 9'898'852 | 2'043'182 | 3'775'109 | 5'581'471 | 1'145'466 | 22'444'081 |
| Derivative financial instruments | 435'553 | 70'023 | 172 | 575'293 | 469'847 | 1'550'887 |
| Total | 10'334'405 | 2'113'205 | 3'775'280 | 6'156'764 | 1'615'313 | 23'994'968 |
| Interest rate repricing exposure | 1'960'587 | - 279'985 | - 1'872'077 | 369'342 | 1'344'124 | 1'521'990 |
| 31.12.2023 | | | | | | |
| Financial assets | | | | | | |
| Cash and balances with central banks | 6'306'045 | 0 | 0 | 0 | 0 | 6'306'045 |
| Due from banks | 250'415 | 0 | 0 | 0 | 0 | 250'415 |
| Loans | 5'324'549 | 1'658'576 | 1'192'149 | 5'019'907 | 2'121'455 | 15'316'636 |
| Financial investments | 66'722 | 110'226 | 368'967 | 1'744'499 | 307'974 | 2'598'387 |
| Total financial assets | 11'947'731 | 1'768'802 | 1'561'116 | 6'764'406 | 2'429'428 | 24'471'483 |
| Derivative financial instruments | 1'140'861 | 77 | 130'317 | 250'699 | 258'090 | 1'780'045 |
| Total | 13'088'592 | 1'768'879 | 1'691'433 | 7'015'105 | 2'687'519 | 26'251'528 |
| Financial liabilities | | | | | | |
| Due to banks | 733'246 | 40'000 | 175'000 | 0 | 0 | 948'246 |
| Due to customers | 11'583'919 | 2'990'722 | 1'780'491 | 2'422'978 | 416'849 | 19'194'961 |
| Debt issued | 579 | 25'057 | 105'104 | 1'112'479 | 1'329'036 | 2'572'256 |
| Total financial liabilities | 12'317'744 | 3'055'779 | 2'060'596 | 3'535'458 | 1'745'886 | 22'715'462 |
| Derivative financial instruments | 640'778 | 10'023 | 140'135 | 594'388 | 390'000 | 1'775'323 |
| Total | 12'958'521 | 3'065'802 | 2'200'731 | 4'129'845 | 2'135'886 | 24'490'785 |
| Interest rate repricing exposure | 130'071 | - 1'296'923 | - 509'298 | 2'885'260 | 551'633 | 1'760'743 |

2 Liquidity and refinancing risk

Liquidity risk is defined as a situation where present and future payment obligations cannot be fully met or met on time, or in the event of a liquidity crisis refinancing funds may only be available at increased market rates (refinancing costs) or assets can only be made liquid at markdowns to market rates (market liquidity risk).

2.1 Internal Liquidity Adequacy Assessment Process (ILAAP)

For the purposes of continually evaluating and adequately ensuring a reasonable liquidity base, the LLB Group has in place sound, effective and comprehensive strategies and processes. The bank's internal liquidity adequacy assessment process is an important instrument of risk management for the LLB Group. Its goal is to make a significant contribution to the continued existence of the LLB Group by measuring and safeguarding the bank's liquidity adequacy from various perspectives.

The goal of liquidity risk management at the LLB Group encompasses the following points:

- ◆ Ensuring the ability to meet financial obligations at all times
- ◆ Compliance with regulatory provisions
- ◆ Optimising of refinancing structure
- ◆ Optimising of payment streams within the LLB Group

From the normative internal perspective, an assessment is made over a period of several years of the extent to which the LLB Group is in a position to fulfil its quantitative regulatory and supervisory liquidity requirements and targets, as well as other external financial constraints. All aspects are considered, which could affect the relevant supervisory quotas during the planning period.

Within the scope of the economic internal perspective it has to be ensured that internal liquidity is continually adequate to cover the risks and expected outflows, as well as to support the Group's strategy. All the risks are taken into account, which could have a significant effect on the liquidity positions.

The LLB Group's liquidity adequacy should remain unimpaired by fluctuations on the markets. Scenario analyses and stress tests are employed to simulate external influences and assess their impact on liquidity adequacy. Where necessary, measures are implemented to mitigate risks.

The ILAAP is documented in internal regulations and guidelines and is reviewed and revised annually.

2.2 Valuation of liquidity risks

In our liquidity risk management concept, scenario analysis plays a central role. This includes the valuation of the liquidity of assets, i.e. the liquidity characteristics of our asset holdings in various stress scenarios.

2.3 Contingency planning

The LLB Group's liquidity risk management encompasses a contingency plan. The contingency plan includes an overview of emergency measures, sources of alternative financing and governance in stress situations.

2.4 Monitoring and reporting of liquidity risks

Group Credit & Risk Management monitors compliance with liquidity risk limits and is responsible for reporting on liquidity risks.

The following tables show the maturities according to contractual periods, separated according to derivative and non-derivative financial instruments as well as off-balance sheet transactions. The values of derivative financial instruments represent replacement values. All other values correspond to nominal values, i.e. possible interest and coupon payments are included.

Maturity structure of derivative financial instruments

| in CHF thousands | Term to maturity within 3 months | | Term to maturity 4 to 12 months | | Term to maturity 1 to 5 years | | Term to maturity after 5 years | | Total | |
|--|-------------------------------------|------------------|------------------------------------|---------------|----------------------------------|---------------|-----------------------------------|--------------|----------------|----------------|
| | PRV ¹ | NRV ¹ | PRV | NRV | PRV | NRV | PRV | NRV | PRV | NRV |
| 31.12.2022 | | | | | | | | | | |
| Derivative financial instruments in the trading portfolio | | | | | | | | | | |
| Interest rate contracts | | | | | | | | | | |
| Swaps | 0 | 680 | 0 | 0 | 313 | 1'902 | 0 | 0 | 313 | 2'582 |
| Forward contracts | 1 | 2'355 | 0 | 859 | 16 | 202 | 0 | 0 | 17 | 3'416 |
| Foreign exchange contracts | | | | | | | | | | |
| Forward contracts | 21'774 | 23'808 | 7'910 | 10'554 | 807 | 1'698 | 0 | 0 | 30'492 | 36'059 |
| Combined interest rate / currency swaps | 181'585 | 194'342 | 29'727 | 27'062 | 969 | 339 | 0 | 0 | 212'281 | 221'744 |
| Options (OTC) | 51 | 51 | 1'314 | 1'314 | 527 | 527 | 0 | 0 | 1'892 | 1'892 |
| Precious metals contracts | | | | | | | | | | |
| Options (OTC) | 1 | 1 | 197 | 197 | 59 | 59 | 0 | 0 | 256 | 256 |
| Equity instruments / Index contracts | | | | | | | | | | |
| Options (OTC) | 1'426 | 1'426 | 0 | 0 | 0 | 0 | 0 | 0 | 1'426 | 1'426 |
| Total derivative financial instruments in the trading portfolio | 204'838 | 222'662 | 39'148 | 39'987 | 2'690 | 4'727 | 0 | 0 | 246'677 | 267'376 |
| Derivative financial instruments for hedging purposes | | | | | | | | | | |
| Interest rate contracts | | | | | | | | | | |
| Swaps (fair value hedge) | 0 | 0 | 0 | 873 | 26'941 | 17'096 | 68'737 | 3'335 | 95'678 | 21'303 |
| Total derivative financial instruments for hedging purposes | 0 | 0 | 0 | 873 | 26'941 | 17'096 | 68'737 | 3'335 | 95'678 | 21'303 |
| Total derivative financial instruments | 204'838 | 222'662 | 39'148 | 40'859 | 29'630 | 21'823 | 68'737 | 3'335 | 342'355 | 288'679 |

1 PRV: Positive replacement values; NRV: Negative replacement values

| in CHF thousands | Term to maturity within 3 months | | Term to maturity 4 to 12 months | | Term to maturity 1 to 5 years | | Term to maturity after 5 years | | Total | |
|--|-------------------------------------|------------------|------------------------------------|---------------|----------------------------------|---------------|-----------------------------------|------------|----------------|----------------|
| | PRV ¹ | NRV ¹ | PRV | NRV | PRV | NRV | PRV | NRV | PRV | NRV |
| 31.12.2023 | | | | | | | | | | |
| Derivative financial instruments in the trading portfolio | | | | | | | | | | |
| Interest rate contracts | | | | | | | | | | |
| Swaps | 0 | 0 | 460 | 955 | 0 | 0 | 0 | 133 | 460 | 1'088 |
| Forward contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange contracts | | | | | | | | | | |
| Forward contracts | 17'113 | 41'086 | 6'655 | 7'108 | 2'550 | 2'653 | 0 | 0 | 26'317 | 50'847 |
| Combined interest rate / currency swaps | 133'418 | 211'427 | 58'543 | 58'370 | 486 | 584 | 0 | 0 | 192'447 | 270'382 |
| Options (OTC) | 127 | 127 | 925 | 932 | 0 | 0 | 0 | 0 | 1'052 | 1'059 |
| Precious metals contracts | | | | | | | | | | |
| Options (OTC) | 2 | 2 | 20 | 20 | 247 | 247 | 0 | 0 | 269 | 269 |
| Equity instruments / Index contracts | | | | | | | | | | |
| Options (OTC) | 28 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 28 |
| Total derivative financial instruments in the trading portfolio | 150'688 | 252'670 | 66'604 | 67'385 | 3'282 | 3'485 | 0 | 133 | 220'574 | 323'674 |
| Derivative financial instruments for hedging purposes | | | | | | | | | | |
| Interest rate contracts | | | | | | | | | | |
| Swaps (fair value hedge) | 75 | 0 | 1'070 | 1'592 | 17'578 | 11'899 | 47'077 | 0 | 65'800 | 13'491 |
| Total derivative financial instruments for hedging purposes | 75 | 0 | 1'070 | 1'592 | 17'578 | 11'899 | 47'077 | 0 | 65'800 | 13'491 |
| Total derivative financial instruments | 150'764 | 252'670 | 67'674 | 68'978 | 20'859 | 15'384 | 47'077 | 133 | 286'374 | 337'165 |

1 PRV: Positive replacement values; NRV: Negative replacement values

Maturity structure of non-derivative financial instruments and off-balance sheet transactions

| in CHF thousands | Demand deposits | Callable | Due within 3 months | Due between 3 months to 12 months | Due between 12 months to 5 years | Due after 5 years | Total |
|---------------------------------------|--------------------|--------------------|---------------------|-----------------------------------|----------------------------------|-------------------|-------------------|
| 31.12.2022 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and balances with central banks | 6'142'548 | 0 | 0 | 0 | 0 | 0 | 6'142'548 |
| Due from banks | 330'476 | 0 | 100'024 | 0 | 0 | 0 | 430'500 |
| Loans | 419'153 | 84'462 | 4'826'662 | 1'509'607 | 5'515'399 | 2'604'295 | 14'959'577 |
| Financial investments | 0 | 0 | 787'223 | 435'443 | 1'478'882 | 437'317 | 3'138'866 |
| Accrued income and prepaid expenses | 0 | 0 | 101'026 | 0 | 0 | 0 | 101'026 |
| Total financial assets | 6'892'177 | 84'462 | 5'814'935 | 1'945'050 | 6'994'282 | 3'041'612 | 24'772'517 |
| Financial liabilities | | | | | | | |
| Due to banks | 587'372 | 0 | 556'411 | 495'740 | 30'015 | 0 | 1'669'537 |
| Due to customers | 11'243'017 | 5'093'381 | 1'400'286 | 844'912 | 203'640 | 10'743 | 18'795'979 |
| Lease liabilities | 0 | 0 | 859 | 3'718 | 16'411 | 10'377 | 31'365 |
| Debt issued | 0 | 0 | 6'829 | 117'734 | 973'724 | 1'158'374 | 2'256'661 |
| Accrued expenses and deferred income | 0 | 0 | 81'567 | 0 | 0 | 0 | 81'567 |
| Total financial liabilities | 11'830'389 | 5'093'381 | 2'045'952 | 1'462'105 | 1'223'790 | 1'179'493 | 22'835'109 |
| Net liquidity exposure | - 4'938'212 | - 5'008'919 | 3'768'982 | 482'945 | 5'770'492 | 1'862'119 | 1'937'407 |
| Off-balance-sheet transactions | | | | | | | |
| Contingent liabilities | 62'440 | 0 | 0 | 0 | 0 | 0 | 62'440 |
| Irrevocable commitments | 782'745 | 0 | 0 | 0 | 0 | 0 | 782'745 |
| Deposit and call liabilities | 13'891 | 0 | 0 | 0 | 0 | 0 | 13'891 |
| 31.12.2023 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and balances with central banks | 6'317'925 | 0 | 0 | 0 | 0 | 0 | 6'317'925 |
| Due from banks | 385'371 | 0 | 0 | 0 | 0 | 0 | 385'371 |
| Loans | 383'466 | 44'315 | 5'470'468 | 1'622'852 | 6'072'220 | 2'228'004 | 15'821'325 |
| Financial investments | 0 | 0 | 171'813 | 408'639 | 1'837'621 | 315'461 | 2'733'533 |
| Accrued income and prepaid expenses | 0 | 0 | 105'995 | 0 | 0 | 0 | 105'995 |
| Total financial assets | 7'086'763 | 44'315 | 5'748'277 | 2'031'491 | 7'909'840 | 2'543'465 | 25'364'150 |
| Financial liabilities | | | | | | | |
| Due to banks | 552'294 | 0 | 222'184 | 178'096 | 0 | 0 | 952'574 |
| Due to customers | 7'596'373 | 7'078'415 | 3'142'484 | 1'372'659 | 225'408 | 12'504 | 19'427'842 |
| Lease liabilities | 0 | 0 | 991 | 4'676 | 16'296 | 8'073 | 30'036 |
| Debt issued | 0 | 0 | 30'389 | 120'021 | 1'183'313 | 1'382'882 | 2'716'605 |
| Accrued expenses and deferred income | 0 | 0 | 76'332 | 0 | 0 | 0 | 76'332 |
| Total financial liabilities | 8'148'666 | 7'078'415 | 3'472'380 | 1'675'453 | 1'425'017 | 1'403'459 | 23'203'390 |
| Net liquidity exposure | - 1'061'904 | - 7'034'100 | 2'275'897 | 356'038 | 6'484'823 | 1'140'006 | 2'160'760 |
| Off-balance-sheet transactions | | | | | | | |
| Contingent liabilities | 867'851 | 0 | 0 | 0 | 0 | 0 | 867'851 |
| Irrevocable commitments | 55'873 | 0 | 0 | 0 | 0 | 0 | 55'873 |
| Deposit and call liabilities | 798'190 | 0 | 0 | 0 | 0 | 0 | 798'190 |
| Deposit and call liabilities | 13'788 | 0 | 0 | 0 | 0 | 0 | 13'788 |

3 Credit risk

Within the scope of credit risk management, vital importance is attached to the avoidance of credit losses and the early identification of default risks. In addition to systematic risk / return management at the individual loan level, the LLB Group proactively manages its credit risks at the credit portfolio level. The primary objective is to reduce the overall level of risk through diversification and a stabilisation of expected returns.

3.1 Credit risk management

Processes and organisational structures ensure that credit risks are identified, uniformly evaluated, controlled, monitored and included in risk reporting.

Basically, the LLB Group conducts its lending business for private and corporate clients on a secured basis. The process of granting a loan is based on a thorough evaluation of the borrower's creditworthiness, the possible impairment and the legal existence of collateral, as well as risk classification in a rating process performed by experienced credit specialists. The granting of loans is subject to a specified assignment of authority. A major characteristic of the credit approval process is the separation between front and back office functions.

In addition, the LLB Group conducts lending business with banks on a secured and unsecured basis, whereby individual risk limits are approved for every counterparty.

3.2 Evaluation of credit risks

The consistent evaluation of credit risks represents an essential prerequisite of successful risk management. The credit risk can be broken down into the components: probability of default, loss given default and the expected exposure at the time point of the default.

Probability of default

The LLB Group assesses the probability of default of individual counterparties by means of an internal rating system. The different rating procedures are adapted to suit the different characteristics of borrowers. The credit risk management ratings employed for banks and debt instruments are based on external ratings from recognised rating agencies.

The reconciliation of the internal rating with the external rating is carried out in accordance with the following master scale.

| LLB rating | Description | External rating ² |
|--------------------------------|---------------------|--|
| 1 to 4 | Investment grade | AAA, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3 |
| 5 to 8, not rated ¹ | Standard monitoring | Ba1, Ba2, Ba3, B1, B2 |
| 9 to 10 | Special monitoring | B3, Caa, Ca, C |
| 11 to 14 | Sub-standard | Default |

¹ Non-rated loans are covered and subject to limits.

² For the securitisation of credit risks in the standard approach, the LLB Group employs solely the external ratings of the recognised rating agency Moody's (for the segments: due from banks, finance companies and securities firms, due from companies and due from international organisations).

Loss given default

The loss given default is influenced by the amount of collateralisation and the costs of realising the collateral. It is expressed as a percentage of the individual commitment.

The potential loss at portfolio level is broken down as follows at the LLB Group:

- ◆ Expected loss – Expected loss is a future-related, statistical concept that permits the LLB Group to estimate the average annual costs. It is calculated on the basis of the default probability of a counterparty, the expected credit commitment made to this counterparty at the time of the default, and the magnitude of the loss given default. The concept of expected loss is also applied within the scope of IFRS 9 / ECL. See chapter [Accounting principles](#).
- ◆ Scenario analysis – The modelling of external credit losses is performed on the basis of stress scenarios, which enable us to evaluate the effects of fluctuations in the default rates of the assets pledged as collateral taking into consideration the existing risk concentration in every portfolio.

3.3 Controlling credit risk

Credit risk management has the task of actively influencing the risk situation of the LLB Group. This is carried out using a limits system, risk-adjusted pricing, through the possibility of using risk hedging instruments and the specific repayment of credit commitments. Risk management is conducted both at the individual loan and at the portfolio level.

Risk restriction

The LLB Group has in place a comprehensive limits system to restrict credit risk exposure. In addition to the limitation of individual credit risks, to prevent risk concentrations, the LLB Group assigns limits for regions and sectors.

Risk mitigation

To mitigate credit risk exposure, the LLB Group takes security mainly in the form of pledged assets and financial collateral. In the case of financial collateral in the form of marketable securities, we determine their collateral value by applying a schedule of reductions, the size of which is based on the quality, liquidity, volatility and complexity of the separate instruments.

Derivatives

The LLB Group may employ credit derivatives to reduce risks. This possibility has not been utilised in recent years.

3.4 Monitoring and reporting of credit risks

The organisational structure of the LLB Group ensures that departments which cause the risks (front office) and those that evaluate, manage and monitor them (back office) are completely separated.

Individual credit risks are monitored by means of a comprehensive limits system. Infringements are immediately reported to the senior officer responsible.

3.5 Risk provisioning

Overdue claims

A claim is deemed to be overdue if a substantial liability from a borrower to the bank is outstanding. The overdraft begins on the date when a borrower exceeds an approved limit, has not paid interest or amortisation, or has utilised an unauthorised credit facility.

For claims that are more than 90 days overdue, individual value allowances are made in the amount of the expected credit loss.

Default-endangered claims

Claims are regarded as being in danger of default if, on the basis of the client's creditworthiness, a loan default can no longer be excluded in the near future.

Impairments

Basically, an impairment is calculated and a provision set aside for all positions which are subject to a credit risk. Essentially, the credit quality determines the scope of the impairment. If the credit risk has not risen significantly since initial recognition, the expected credit loss is calculated over a year (credit quality level 1). However, if a significant increase in the credit risk has occurred since initial recognition, the expected loss is calculated over the remaining term to maturity (credit quality level 2). In the case of defaulted credit positions – a default in accordance with the Capital Requirements Regulation (CRR) Art. 178 – a specific value allowance is determined and recognised by the Group Recovery Department. The expected credit loss is calculated over the loan's remaining term to maturity (credit quality level 3).

3.6 Country risks

A country risk arises if specific political or economic conditions in a country affect the value of a foreign position. Country risk is composed of transfer risk (e.g. restrictions on the free movement of money and capital) and other country risks (e.g. country-related liquidity, market and correlation risks).

Country risks are controlled on the basis of a limits system and are continually monitored. Ratings provided by a recognised rating agency are utilised for certain individual countries.

3.7 Risk concentration

The largest credit risk for the LLB Group arises from loans made to customers. In the case of loans to customers, the majority of loans are secured by mortgages, which are granted to clients having first-class creditworthiness within the scope of the LLB Group's lending policy. Thanks to the diversified nature of the collateral portfolio, containing properties primarily in the Principality of Liechtenstein and in Switzerland, the risk of losses is reduced to a minimum.

Maximal credit risk by region without considering collateral

| in CHF thousands | Liechtenstein / Switzerland | Europe excl. FL / CH | North America | Asia | Others ¹ | Total |
|---|-----------------------------|----------------------|----------------|----------------|---------------------|-------------------|
| 31.12.2022 | | | | | | |
| Credit risks from balance sheet transactions | | | | | | |
| Due from banks | 305'471 | 58'198 | 21'484 | 6'689 | 3'656 | 395'499 |
| Loans | | | | | | |
| Mortgage loans | 12'694'227 | 143'652 | 794 | 15'582 | 8'161 | 12'862'416 |
| Loans to public institutions | 90'077 | 0 | 0 | 0 | 0 | 90'077 |
| Miscellaneous loans | 797'623 | 317'773 | 1 | 206'305 | 164'406 | 1'486'108 |
| Derivative financial instruments | 177'453 | 164'416 | 0 | 175 | 311 | 342'355 |
| Financial investments | | | | | | |
| Debt instruments | 1'106'079 | 1'198'310 | 473'658 | 115'851 | 68'736 | 2'962'634 |
| Total | 15'170'930 | 1'882'350 | 495'937 | 344'602 | 245'270 | 18'139'089 |
| Credit risks from off-balance sheet transactions | | | | | | |
| Contingent liabilities | 51'941 | 5'425 | 0 | 745 | 4'329 | 62'440 |
| Irrevocable commitments | 512'173 | 195'133 | 2 | 3'776 | 71'660 | 782'745 |
| Deposit and call liabilities | 13'891 | 0 | 0 | 0 | 0 | 13'891 |
| Total | 578'005 | 200'558 | 2 | 4'522 | 75'989 | 859'076 |
| 31.12.2023 | | | | | | |
| Credit risks from balance sheet transactions | | | | | | |
| Due from banks | 171'145 | 101'686 | 15'606 | 24'140 | 4'437 | 317'014 |
| Loans | | | | | | |
| Mortgage loans | 13'611'826 | 156'847 | 713 | 9'785 | 8'321 | 13'787'493 |
| Loans to public institutions | 115'201 | 0 | 0 | 0 | 0 | 115'201 |
| Miscellaneous loans | 710'025 | 424'378 | 574 | 150'251 | 103'688 | 1'388'916 |
| Derivative financial instruments | 89'286 | 196'634 | 0 | 309 | 144 | 286'374 |
| Financial investments | | | | | | |
| Debt instruments | 448'478 | 1'303'547 | 611'991 | 90'986 | 99'612 | 2'554'615 |
| Total | 15'145'962 | 2'183'093 | 628'883 | 275'473 | 216'202 | 18'449'614 |
| Credit risks from off-balance sheet transactions | | | | | | |
| Contingent liabilities | 48'197 | 6'311 | 0 | 899 | 466 | 55'873 |
| Irrevocable commitments | 519'257 | 217'080 | 1 | 4'172 | 57'680 | 798'190 |
| Deposit and call liabilities | 13'788 | 0 | 0 | 0 | 0 | 13'788 |
| Total | 581'242 | 223'390 | 1 | 5'072 | 58'146 | 867'851 |

1 None of the categories summarised in the position "Others" exceeds 10 per cent of the total volume.

Maximal credit risk by sector without considering collateral

| in CHF thousands | Financial services | Real estate | Private households | Others ¹ | Total |
|---|--------------------|------------------|--------------------|---------------------|-------------------|
| 31.12.2022 | | | | | |
| Credit risks from balance sheet transactions | | | | | |
| Due from banks | 395'499 | 0 | 0 | 0 | 395'499 |
| Loans | | | | | |
| Mortgage loans | 229'384 | 3'712'749 | 7'922'430 | 997'853 | 12'862'416 |
| Loans to public institutions | 0 | 0 | 0 | 90'077 | 90'077 |
| Miscellaneous loans | 405'616 | 133'141 | 564'328 | 383'022 | 1'486'108 |
| Derivative financial instruments | 336'779 | 33 | 4'084 | 1'458 | 342'355 |
| Financial investments | | | | | |
| Debt instruments | 2'136'547 | 17'210 | 0 | 808'878 | 2'962'634 |
| Total | 3'503'825 | 3'863'133 | 8'490'843 | 2'281'288 | 18'139'089 |
| Credit risks from off-balance sheet transactions | | | | | |
| Contingent liabilities | 12'503 | 7'894 | 13'092 | 28'951 | 62'440 |
| Irrevocable commitments | 227'524 | 81'100 | 284'583 | 189'538 | 782'745 |
| Deposit and call liabilities | 13'891 | 0 | 0 | 0 | 13'891 |
| Total | 253'918 | 88'994 | 297'675 | 218'489 | 859'076 |
| 31.12.2023 | | | | | |
| Credit risks from balance sheet transactions | | | | | |
| Due from banks | 317'014 | 0 | 0 | 0 | 317'014 |
| Loans | | | | | |
| Mortgage loans | 379'887 | 4'498'232 | 7'947'732 | 961'642 | 13'787'493 |
| Loans to public institutions | 0 | 0 | 0 | 115'201 | 115'201 |
| Miscellaneous loans | 394'371 | 107'679 | 447'639 | 439'227 | 1'388'916 |
| Derivative financial instruments | 283'191 | 215 | 1'246 | 1'721 | 286'374 |
| Financial investments | | | | | |
| Debt instruments | 1'706'986 | 11'809 | 0 | 835'821 | 2'554'615 |
| Total | 3'081'449 | 4'617'935 | 8'396'617 | 2'353'613 | 18'449'614 |
| Credit risks from off-balance sheet transactions | | | | | |
| Contingent liabilities | 4'461 | 9'637 | 13'637 | 28'139 | 55'873 |
| Irrevocable commitments | 248'413 | 124'378 | 208'232 | 217'168 | 798'190 |
| Deposit and call liabilities | 13'788 | 0 | 0 | 0 | 13'788 |
| Total | 266'662 | 134'014 | 221'868 | 245'307 | 867'851 |

¹ CHF 99 million (previous year: CHF 71 million) of the total volume of loans to public institutions relates to the energy supply sector. With contingent liabilities, CHF 8.5 million was attributable to the sector "Trade" (previous year: CHF 9.4 million). With all other positions under the item "Others", no individual sector exceeds 10 per cent of the total volume.

3.8 Risk of default for financial instruments not measured at fair value through profit and loss according to the creditworthiness of the borrower

The following tables show the creditworthiness of borrowers with financial instruments, which are measured at amortised cost or at fair value through other comprehensive income, as well as for credit commitments and financial guarantees.

The carrying value of financial instruments, which are measured at fair value through other comprehensive income, is not corrected by means of a value allowance because the impairment is charged directly to other comprehensive income. In the case of credit commitments and financial guarantees, a corresponding provision is set aside.

| in CHF thousands | Note | Investment Grade | Standard Monitoring | Special Monitoring | Sub-standard | Total |
|---|------|------------------|---------------------|--------------------|----------------|-------------------|
| 31.12.2022 | | | | | | |
| Due from banks | 12 | 395'499 | 0 | 0 | 0 | 395'499 |
| Loans | 13 | 2'677'822 | 11'434'115 | 193'710 | 129'610 | 14'435'257 |
| Financial investments | | | | | | |
| Debt instruments | 15 | 2'872'959 | 0 | 0 | 0 | 2'872'959 |
| Credit risks from balance sheet transactions | | 5'946'280 | 11'434'115 | 193'710 | 129'610 | 17'703'715 |
| Financial guarantees | | | | | | |
| | | 452'968 | 395'827 | 9'408 | 873 | 859'076 |
| Credit risks from off-balance sheet transactions | | 452'968 | 395'827 | 9'408 | 873 | 859'076 |

| | | | | | | |
|---|----|------------------|-------------------|----------------|---------------|-------------------|
| 31.12.2023 | | | | | | |
| Due from banks | 12 | 317'014 | 0 | 0 | 0 | 317'014 |
| Loans | 13 | 2'858'632 | 12'140'348 | 191'446 | 96'332 | 15'286'758 |
| Financial investments | | | | | | |
| Debt instruments | 15 | 2'498'180 | 0 | 0 | 0 | 2'498'180 |
| Credit risks from balance sheet transactions | | 5'673'826 | 12'140'348 | 191'446 | 96'332 | 18'101'952 |
| Financial guarantees | | | | | | |
| | | 427'917 | 439'078 | 558 | 298 | 867'851 |
| Credit risks from off-balance sheet transactions | | 427'917 | 439'078 | 558 | 298 | 867'851 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|------------------------------------|-------------------------------|---|--|----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| 31.12.2022 | | | | |
| Due from banks | | | | |
| Investment grade | 395'499 | 0 | 0 | 395'499 |
| Standard monitoring | 0 | 0 | 0 | 0 |
| Special monitoring | 0 | 0 | 0 | 0 |
| Sub-standard | 0 | 0 | 0 | 0 |
| Total gross carrying amount | 395'499 | 0 | 0 | 395'499 |
| Total value allowances | 0 | 0 | 0 | 0 |
| Total net carrying amount | 395'499 | 0 | 0 | 395'499 |
| 31.12.2023 | | | | |
| Due from banks | | | | |
| Investment grade | 317'014 | 0 | 0 | 317'014 |
| Standard monitoring | 0 | 0 | 0 | 0 |
| Special monitoring | 0 | 0 | 0 | 0 |
| Sub-standard | 0 | 0 | 0 | 0 |
| Total gross carrying amount | 317'014 | 0 | 0 | 317'014 |
| Total value allowances | 0 | 0 | 0 | 0 |
| Total net carrying amount | 317'014 | 0 | 0 | 317'014 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|------------------------------------|-------------------------------|---|--|-------------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| 31.12.2022 | | | | |
| Loans | | | | |
| Investment grade | 2'666'136 | 12'262 | 0 | 2'678'398 |
| Standard monitoring | 11'225'276 | 211'513 | 0 | 11'436'789 |
| Special monitoring | 153'508 | 40'297 | 0 | 193'804 |
| Sub-standard | 0 | 0 | 200'256 | 200'256 |
| Total gross carrying amount | 14'044'919 | 264'072 | 200'256 | 14'509'247 |
| Total value allowances | - 2'935 | - 409 | - 70'647 | - 73'990 |
| Total net carrying amount | 14'041'985 | 263'662 | 129'610 | 14'435'257 |

| | | | | |
|------------------------------------|-------------------|----------------|-----------------|-------------------|
| 31.12.2023 | | | | |
| Loans | | | | |
| Investment grade | 2'826'522 | 32'985 | 0 | 2'859'507 |
| Standard monitoring | 11'961'230 | 182'957 | 0 | 12'144'187 |
| Special monitoring | 161'977 | 29'608 | 0 | 191'585 |
| Sub-standard | 0 | 0 | 164'591 | 164'591 |
| Total gross carrying amount | 14'949'730 | 245'549 | 164'591 | 15'359'869 |
| Total value allowances | - 4'067 | - 786 | - 68'259 | - 73'112 |
| Total net carrying amount | 14'945'663 | 244'763 | 96'332 | 15'286'758 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|------------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| 31.12.2022 | | | | |
| Debt instruments¹ | | | | |
| Investment grade | 2'872'959 | 0 | 0 | 2'872'959 |
| Standard monitoring | 0 | 0 | 0 | 0 |
| Special monitoring | 0 | 0 | 0 | 0 |
| Sub-standard | 0 | 0 | 0 | 0 |
| Total (gross) carrying amount² | 2'872'959 | 0 | 0 | 2'872'959 |
| Total value allowances² | - 202 | 0 | 0 | - 202 |

| | | | | |
|--|------------------|----------|----------|------------------|
| 31.12.2023 | | | | |
| Debt instruments¹ | | | | |
| Investment grade | 2'498'180 | 0 | 0 | 2'498'180 |
| Standard monitoring | 0 | 0 | 0 | 0 |
| Special monitoring | 0 | 0 | 0 | 0 |
| Sub-standard | 0 | 0 | 0 | 0 |
| Total (gross) carrying amount³ | 2'498'180 | 0 | 0 | 2'498'180 |
| Total value allowances³ | - 234 | 0 | 0 | - 234 |

- The valuation basis is not relevant in relation to the default risk. For this reason debt instruments, which are measured at amortised cost and also at fair value through other comprehensive income, are disclosed together in this table.
- The gross carrying value of debt instruments, which are measured at amortised cost, amounted to CHF thousands 519'936, the related value allowance minus CHF thousands 1, the net carrying value CHF thousands 519'935.
- The gross carrying value of debt instruments, which are measured at amortised cost, amounted to CHF thousands 834'186, the related value allowance minus CHF thousands 80, the net carrying value CHF thousands 834'106.

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|-----------------------------|-------------------------------|---|--|----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| 31.12.2022 | | | | |
| Financial guarantees | | | | |
| Investment grade | 452'968 | 0 | 0 | 452'968 |
| Standard monitoring | 386'259 | 9'568 | 0 | 395'827 |
| Special monitoring | 9'312 | 96 | 0 | 9'408 |
| Sub-standard | 0 | 0 | 873 | 873 |
| Total credit risk | 848'539 | 9'664 | 873 | 859'076 |
| Total provisions | - 1'623 | - 744 | - 299 | - 2'666 |
| 31.12.2023 | | | | |
| Financial guarantees | | | | |
| Investment grade | 427'917 | 0 | 0 | 427'917 |
| Standard monitoring | 437'804 | 1'275 | 0 | 439'078 |
| Special monitoring | 432 | 126 | 0 | 558 |
| Sub-standard | 0 | 0 | 298 | 298 |
| Total credit risk | 866'153 | 1'401 | 298 | 867'851 |
| Total provisions | - 2'305 | - 94 | - 298 | - 2'697 |

3.9 Expected credit loss and value allowances

In the following, the development of expected credit losses and the value adjustments made are disclosed only for material positions.

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|-----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| Loans | | | | |
| Valuation allowance as at 1 January 2022 | - 2'336 | - 991 | - 74'613 | - 77'941 |
| Transfers | | | | |
| from Stage 1 to Stage 2 | 2 | - 2 | 0 | 0 |
| from Stage 2 to Stage 1 | - 176 | 176 | 0 | 0 |
| from Stage 2 to Stage 3 | 0 | 17 | - 17 | 0 |
| from Stage 3 to Stage 2 | 0 | - 601 | 601 | 0 |
| Net revaluation effect | 209 | 807 | - 8'080 | - 7'064 |
| Additions from changes to scope of consolidation | 0 | 0 | 0 | 0 |
| Addition on account of new loans to customers / interest / loan extension | - 2'036 | - 4 | - 4'001 | - 6'041 |
| Disposals due to redemption of loans / waiving of claims / maturity effect | 1'400 | 190 | 15'463 | 17'053 |
| Foreign currency influences | 3 | 0 | 0 | 3 |
| Valuation allowance as at 31 December 2022 | - 2'935 | - 409 | - 70'647 | - 73'990 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|-----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| Loans | | | | |
| Valuation allowance as at 1 January 2023 | - 2'935 | - 409 | - 70'647 | - 73'990 |
| Transfers | | | | |
| from Stage 1 to Stage 2 | 23 | - 23 | 0 | 0 |
| from Stage 2 to Stage 1 | - 86 | 86 | 0 | 0 |
| from Stage 2 to Stage 3 | 0 | 0 | - 0 | 0 |
| from Stage 3 to Stage 2 | 0 | - 15 | 15 | 0 |
| Net revaluation effect | 303 | - 537 | - 63 | - 296 |
| Additions from changes to scope of consolidation | 0 | 0 | 0 | 0 |
| Addition on account of new loans to customers / interest / loan extension | - 2'661 | - 4 | 0 | - 2'666 |
| Disposals due to redemption of loans / waiving of claims / maturity effect | 1'283 | 117 | 2'435 | 3'834 |
| Foreign currency influences | 6 | 0 | 0 | 6 |
| Valuation allowance as at 31 December 2023 | - 4'067 | - 786 | - 68'259 | - 73'112 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| Financial guarantees | | | | |
| Provision on 1 January 2022 | - 850 | - 896 | - 536 | - 2'282 |
| Transfers | | | | |
| from Stage 1 to Stage 2 | 0 | - 0 | 0 | 0 |
| from Stage 2 to Stage 1 | - 1 | 1 | 0 | 0 |
| from Stage 2 to Stage 3 | 0 | 0 | 0 | 0 |
| from Stage 3 to Stage 2 | 0 | 0 | 0 | 0 |
| Net revaluation effect | 8 | 23 | 0 | 32 |
| Additions from changes to scope of consolidation | 0 | 0 | 0 | 0 |
| Addition due to granting of new financial guarantees and limit utilisation | - 1'089 | - 25 | 0 | - 1'114 |
| Disposal due to withdrawal of financial guarantees and limit utilisation | 308 | 153 | 237 | 698 |
| Foreign currency influences | 1 | 0 | 0 | 1 |
| Provision as at 31 December 2022 | - 1'623 | - 744 | - 299 | - 2'666 |

| in CHF thousands | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|----------------|
| | Expected 12-month credit loss | Credit losses expected over the period without impairment of creditworthiness | Credit losses expected over the period with impairment of creditworthiness | |
| Financial guarantees | | | | |
| Provision on 1 January 2023 | - 1'623 | - 744 | - 299 | - 2'666 |
| Transfers | | | | |
| from Stage 1 to Stage 2 | 0 | 0 | 0 | 0 |
| from Stage 2 to Stage 1 | - 0 | 0 | 0 | 0 |
| from Stage 2 to Stage 3 | 0 | 0 | 0 | 0 |
| from Stage 3 to Stage 2 | 0 | 0 | 0 | 0 |
| Net revaluation effect | - 4 | - 3 | 0 | - 7 |
| Additions from changes to scope of consolidation | 0 | 0 | 0 | 0 |
| Addition due to granting of new financial guarantees and limit utilisation | - 1'454 | 0 | 0 | - 1'454 |
| Disposal due to withdrawal of financial guarantees and limit utilisation | 770 | 652 | 1 | 1'423 |
| Foreign currency influences | 7 | 0 | 0 | 7 |
| Provision as at 31 December 2023 | - 2'305 | - 94 | - 298 | - 2'697 |

3.10 Collateral and positions with impaired credit rating

Chapter 3.7 Risk concentration shows the maximum credit risk without considering possible collateral. The LLB Group pursues the goal of reducing credit risks where possible. This is achieved by obtaining collateral from the borrower. The LLB Group predominantly holds collateral against derivatives (see note 34) as well as against loans to clients and banks.

The types of cover for loans to clients and due from banks are shown in the following tables.

Types of cover for loans

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-----------------------|-------------------|-------------------|------------|
| Secured by properties | 13'698'213 | 12'840'023 | 6.7 |
| Other collateral | 864'005 | 1'146'181 | - 24.6 |
| Unsecured | 724'540 | 449'053 | 61.3 |
| Total | 15'286'758 | 14'435'257 | 5.9 |

Loans to clients secured by properties are predominantly secured by residential properties in Switzerland and the Principality of Liechtenstein. In the category "Other collateral" client loans secured by securities (money market instruments, equities, bonds, investment fund units, hedge fund units, structured products, as well as other traditional and alternative financial investments) are reported. To ensure the adequate quality and liquidity of the pledged collateral, the LLB Group pursues a strict collateral quality and lending value system.

The table above shows the types of cover for net client loans, i.e. after deduction of expected credit loss.

If value allowances are made for client loans, the amount of the allowance largely depends on the collateral provided by the client. The maximum value allowance may only correspond to the expected liquidation value of the collateral held and is shown in the following table.

| in CHF thousands | Gross carrying amount | Impaired creditworthiness | Net carrying amount | Fair value of collateral held |
|---|-----------------------|---------------------------|---------------------|-------------------------------|
| Financial assets of stage 3 on reporting date 31.12.2022 | | | | |
| Loans to customers | 200'256 | - 70'647 | 129'610 | 129'610 |
| Financial assets of stage 3 on reporting date 31.12.2023 | | | | |
| Loans to customers | 164'591 | - 68'259 | 96'332 | 96'332 |

Write-offs are made only on a very restrictive basis. The following table shows to what extent the LLB Group can also legally recover written-off claims in future.

| Written-off financial assets in year under report, subject to an enforcement measure in CHF thousands | Contractually outstanding amount | |
|--|----------------------------------|------------|
| | 31.12.2023 | 31.12.2022 |
| Loans to customers | 0 | 183 |

Changes to collateral policy

There were no material changes to the collateral policy or in the quality of collateral in the 2023 business year.

Types of cover for due from banks

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|------------------|----------------|----------------|---------------|
| Other collateral | 0 | 100'005 | - 100.0 |
| Unsecured | 317'014 | 295'494 | 7.3 |
| Total | 317'014 | 395'499 | - 19.8 |

Expected credit loss of stage 1 exist only for claims due from banks.

Taken-over collateral

| in CHF thousands | 2023 | | 2022 | |
|--------------------------------------|--------------------------|--------------|--------------------------|--------------|
| | Real estate / Properties | Total | Real estate / Properties | Total |
| As at 1 January | 1'920 | 1'920 | 1'750 | 1'750 |
| Additions / (Disposals) ¹ | 700 | 700 | 170 | 170 |
| (Value allowances) / Revaluations | 0 | 0 | 0 | 0 |
| As at 31 December | 2'620 | 2'620 | 1'920 | 1'920 |

¹ One property was acquired (previous year: two properties) and no properties were disposed of (previous year: one property).

Taken-over collateral is disposed of again as soon as possible. It is reported under financial investments, trading portfolio assets, investment property and non-current assets held for sale, respectively.

4 Operational risk

The LLB Group defines operational risks as being the danger of losses due to the failure of internal procedures, people or IT systems or as a result of an external event. Legal risks form a part of operational risks. The LLB Group has in place an active and systematic process for managing operational risks. Policies and directives have been formulated for the identification, control and management of this risk category, which are valid for all Group companies. Potential and incurred losses from all organisational units, as well as significant external events, are recorded and evaluated promptly at the parent bank. In addition, the LLB Group collates and analyses risk ratios, e.g. from the areas of due diligence and employee transactions for own account. Ultimately, the risks are limited by means of internal rules and regulations regarding organisation and control.

5 Strategic risk

For LLB Group, a strategic risk represents the endangering of a projected business result due to the inadequate focusing of the Group on the political, economic, technological, social or ecological environment. Accordingly, these risks can arise as a result of an inadequate strategic decision-making process, unforeseeable events on the market or a deficient implementation of the selected strategies.

Strategic risks are regularly reviewed by the Group Risk Committee and by the Group Board of Directors.

6 Sustainability risks

Sustainability risks arise in the environmental, social and corporate governance areas and they can negatively impact the asset, financial and earnings situation, as well as the reputation, of the LLB Group.

6.1 Climate risk

Climate risks are an integral part of sustainability risks. The LLB Group regards climate risks to be the danger of financial losses as a result of climate change and the transitions to a climate neutral and resilient economy and society.

6.1.1 Climate risk management

The effects of climate risks on the financial sector are numerous. The LLB Group assumes that, over the short to medium term, transition risks will occur since governments will implement climate goals and regulations. At the same time, society is changing so that investors will increasingly want to invest in carbon-friendly companies and sectors. In contrast, physical risks are mainly expected in the long term. For this reason, the LLB Group is pushing ahead with the collation of sustainability criteria and the improvement of data quality. This will ensure that climate risks are properly identified, assessed, managed and monitored in future.

6.1.2 Identification of climate risks

The process of identifying climate risks is based on a qualitative analysis and follows a sound, systematic method.

The introduction of a standardised classification system for ecologically sustainable economic activities (EU taxonomy) represents a major step forward.

6.1.3 Assessment of climate risks

Consistent management of climate risks requires the best possible quantification of all relevant information. For this purpose, the LLB Group utilises internal and external sources to measure the risks in relation to sustainability for its investment and mortgage portfolios.

6.1.4 Management of climate risks

The goal of risk management is to actively influence the risk situation of the LLB Group. The management of climate risks is aligned with the attainment of our climate objectives. This includes the primary goal of reducing the LLB Group's CO₂e-emission in the credit and investment portfolios to net zero by 2040 at the latest. Other more restrictive measures have been specified to limit the risks with financial investments.

6.1.5 Reporting of climate risks

As part of its risk reporting cycle, the LLB Group ensures that the Board of Directors is informed fully and clearly about all the most important risks. Detailed and extensive analyses and appraisals of climate risks are provided to the Group Executive Management and the relevant committees of the Board of Directors as a basis for sound strategic and operative decision-making.

6.1.6 Monitoring of climate risks

The key task in the monitoring of climate risk consists of constantly reviewing and refining the available climate risk reference figures and analyses, as well as the effectiveness of the risk management measures.

6.2 Social and governance risks

The appropriate evaluation of social and governance risks is also an integral part of the LLB Group's risk management. In line with its sustainability concept, the LLB Group invests in companies which pay substantial attention to the issues of climate and environmental protection, social aspects and responsible corporate governance. Investments involving a significant degree of risk in the environmental, social and governance areas are systematically excluded. In this way, the LLB Group actively contributes not only to environmental protection, but also promotes social justice and responsible corporate governance.

7 Reputational risk

If risks are not identified, adequately managed and monitored, this can lead not only to substantial financial losses, but also to reputational damage. The LLB Group does not regard reputational risk as an independent risk category, but rather as the danger of additional losses stemming from the categories concerned. To this extent, a reputational risk can cause and also result in losses in all risk categories, such as market or credit risks.

Reputational risks are regularly reviewed by the Group Risk Committee and by the Group Board of Directors.

8 Regulatory disclosures

Regulatory measures

As at the end of 2023, the LLB Group had CHF 2.1 billion in equity capital (31.12.2022: CHF 2.0 billion). At 19.8 per cent (31.12.2022: 19.7 %), its Tier 1 ratio is well above the regulatory requirement and above its target of 16 per cent.

As at 31 December 2023, the leverage ratio (LR) of the LLB Group stood at 6.7 per cent (31.12.2022: 6.4 %). The minimum leverage ratio amounts to 3.0 per cent.

At the end of 2023, a regulatory liquidity coverage ratio (LCR) lower limit of 100 per cent was applicable for the LLB Group. With a value of 164.2 per cent, the LLB Group's ratio was substantially higher than the legal requirements (31.12.2022: 162.2 %).

The regulatory requirement to maintain a structural liquidity ratio (net stable funding ratio, NSFR) of 100 per cent was also significantly exceeded with a ratio of 161.8 per cent (31.12.2022: 161.3 %).

Further information on regulatory disclosures can be found in the [Disclosure Report](#) in accordance with CRR.

Assets under management

| in CHF millions | 31.12.2023 | 31.12.2022 | + / - % |
|--------------------------------------|---------------|---------------|------------|
| Assets in own-managed funds | 7'320 | 7'059 | 3.7 |
| Assets with discretionary mandates | 9'053 | 9'043 | 0.1 |
| Other assets under management | 70'554 | 67'824 | 4.0 |
| Total assets under management | 86'927 | 83'926 | 3.6 |
| of which double counting | 5'398 | 5'239 | 3.0 |

| in CHF millions | 2023 | 2022 |
|--|---------------|---------------|
| Total assets under management as at 1 January ¹ | 83'926 | 91'892 |
| Net new money | 1'381 | 3'609 |
| Market and currency effects ² | 1'611 | - 11'574 |
| Other effects (incl. reclassifications) | 9 | 0 |
| Total assets under management as at 31 December¹ | 86'927 | 83'926 |

- 1 Including double counting
2 Including interest and dividend income

Breakdown of assets under management

| in per cent | 31.12.2023 | 31.12.2022 |
|--------------------------|------------|------------|
| By asset class | | |
| Equities | 23 | 22 |
| Bonds | 18 | 17 |
| Investment funds | 32 | 33 |
| Liquidity | 22 | 22 |
| Precious metals / others | 5 | 5 |
| Total | 100 | 100 |
| By currency | | |
| CHF | 31 | 31 |
| EUR | 38 | 38 |
| USD | 24 | 24 |
| Others | 6 | 7 |
| Total | 100 | 100 |

Calculation method

Assets under management comprise all client assets managed or held for investment purposes. Basically, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets.

Also included are other types of client assets which can be deduced from the principle of the investment purpose. Custody assets (assets held solely for transaction and safekeeping purposes) are not included in assets under management.

Assets in own-managed funds

This item comprises the assets of the LLB Group's own managed, collective investment funds.

Assets with discretionary mandates

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

Other assets under management

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

Double counting

This item comprises fund units in own-managed, collective investment funds which are contained in client portfolios with discretionary mandates and in other client safekeeping accounts.

Net new money

This position is composed of the acquisition of new clients, lost client accounts and inflows or outflows from existing clients. Performance related asset fluctuations, e.g. price changes, interest and dividend payments including interest, commissions and expenses charged to client accounts, are not regarded as inflows or outflows. Acquisition related changes to assets will also not be considered.

Other effects

In the reporting year, a net amount of CHF 9 million was reclassified from custody assets to client assets.



Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

Statutory Auditor's Report
on the Consolidated Financial Statements
to the General Meeting
2023 Consolidated financial statements



Statutory Auditor's Report

To the General Meeting of Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Liechtensteinische Landesbank Aktiengesellschaft (Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 158 to 234) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its financial performance for the year then ended in accordance with IFRS Accounting Standards applicable in the European Union (EU-IFRS) and comply with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



RECOVERABILITY OF LOANS



RECOVERABILITY OF GOODWILL

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



RECOVERABILITY OF LOANS

Key Audit Matter

As at 31 December 2023, the Group reports loans of CHF 15.3 billion, representing 59.5 % of total assets.

Loans are valued at amortized cost using the effective interest method, taking into account an expected credit loss (ECL).

The expected credit loss is calculated over the scheduled residual term and is based on the components probability of default, loan amount and loss rate in the event of default.

Due to the existence of considerable scope for judgement in the method of calculating and measuring any need for allowances and the high amount of the balance sheet position, we consider the recoverability of loans to be a key audit matter.

Our response

Our audit procedures included the verification of key controls relating to the approval, recording and monitoring of loans and an evaluation of the methods, inputs and assumptions used by the Group to calculate the allowances for loans using the ECL model. In this regard, we performed effectiveness tests of key controls on a sample basis.

For a sample of loans with specific allowances for credit losses, we assessed whether the allowances made by the bank were appropriate.

We also tested a sample of loans that were not identified by the bank as potentially impaired and assessed whether, taking into account respective collaterals, there was a need for allowance.

Finally, we verified the complete and correct disclosure of the information in the notes to the consolidated financial statements in connection with the loans.

For further information on loans, refer to the following pages of the notes to the consolidated financial statements:

- Page 167: Accounting policies: Financial assets measured at amortized cost
- Pages 169 to 171: Accounting policies: Impairments
- Page 181: Notes to the consolidated balance sheet: 13 Loans
- Pages 221 to 230: Risk management: Credit Risk



RECOVERABILITY OF GOODWILL

Key Audit Matter

As at 31 December 2023, the Group recognizes goodwill of CHF 149.6 million arising from a number of past acquisitions.

Goodwill impairment testing is performed at the level of cash generating units ('CGUs') and is based on an estimate of the value-in-use based on discounted future cash flows. The estimation uncertainty is typically highest for those CGUs where headroom between value-in-use and carrying value is small or where the value-in-use is highly sensitive to changes in projected future cash flows and other key assumptions.

Due to the significance of the Group's recognized goodwill and due to the scope for judgement in forecasting and discounting future cash flows, the recoverability of goodwill is deemed to be a key audit matter.

Our response

Our audit procedures included the assessment of the Group's process for the testing of the recoverability of goodwill, including the assumptions used.

We tested key assumptions in the value-in-use calculations of the individual CGUs, including the cash flow projections and discount rates used. We assessed the appropriateness of cash flow projections and key inputs (such as discount rates and growth rates) by comparing them with historical data and results of the Group and externally available industry, economic and financial data.

With the assistance of our own valuation specialists, we critically assessed the assumptions and methods used to determine the value-in-use for those CGUs where significant goodwill was found to be sensitive to changes in those assumptions.

We also compared the aggregate values-in-use determined by the Group with its market capitalization.

Finally, we verified the complete and correct disclosure of the information in the notes to the consolidated financial statements in connection with the goodwill.

For further information on goodwill, refer to the following pages in the notes to the consolidated financial statements:

- Page 172: Accounting policies: Goodwill and other intangible assets
- Pages 187 to 189: Notes to the consolidated balance sheet: 17 Goodwill and other intangible assets

Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with EU-IFRS and Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Group Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Group Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Group Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a



matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 5 May 2023. We have been the statutory auditor of the Group without interruption since the financial year ending on 31 December 2021.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Group Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the consolidated financial statements or in the consolidated management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit according to the applicable requirements
- Tax services in accordance with Article 46 WPG as well as regulatory and other consulting services

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further Confirmations pursuant to Article 196 PGR

The consolidated management report (pages 154 to 157) has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated financial statements and our understanding of the Group and its environment does not contain any material misstatements.

We further confirm that the consolidated financial statements comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying consolidated financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Philipp Rickert
Chartered Accountant (CH)
Engagement Leadpartner

Moreno Halter
Chartered Accountant
Auditor in Charge

Vaduz, 23 February 2024

Financial statement of LLB AG, Vaduz

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Management report

Liechtensteinische Landesbank AG was entered in the Commercial Register of the Principality of Liechtenstein on 3 August 1926 under the register number FL-0001.000.289-1.

The details of the management report of Liechtensteinische Landesbank AG, Vaduz, can largely be seen in the [consolidated management report of the LLB Group](#). The non-financial section of the report is contained in the management report.

On the balance sheet date, Liechtensteinische Landesbank AG, Vaduz, and its subsidiaries held a total of 208'055 own registered shares (previous year: 179'881 shares). This corresponds to a share capital stake of 0.7 per cent (previous year: 0.6 %). With respect to the volume of, and changes to, treasury shares of Liechtensteinische Landesbank AG, reference is made to [note 6](#).

The Board of Directors proposes to the General Meeting of Shareholders on 19 April 2024 that a dividend of CHF 2.70 per registered share be paid out.

Please refer to [section 1.3](#) of the accounting principles in the Group report for information on significant events after the balance sheet date. This did not result in any additional disclosures or a correction to the 2023 annual financial statements.

Balance sheet

| in CHF thousands | Note | 31.12.2023 | 31.12.2022 | + / - % |
|--|------|-------------------|-------------------|------------|
| Assets | | | | |
| Cash and balances with central banks | | 3'774'559 | 3'738'869 | 1.0 |
| Due from banks | | 1'470'579 | 1'069'128 | 37.5 |
| due on a daily basis | | 339'244 | 306'040 | 10.8 |
| other claims | | 1'131'335 | 763'087 | 48.3 |
| Loans | 1a | 8'259'145 | 7'549'756 | 9.4 |
| of which mortgages | 1a | 7'010'619 | 6'300'473 | 11.3 |
| Bonds and other fixed-interest securities | 2b | 2'092'912 | 2'423'924 | - 13.7 |
| Money market instruments | | 185'112 | 628'942 | - 70.6 |
| from public authority issuers | | 164'601 | 109'024 | 51.0 |
| from other issuers | | 20'511 | 519'919 | - 96.1 |
| Bonds | | 1'907'799 | 1'794'982 | 6.3 |
| from public authority issuers | | 362'073 | 376'815 | - 3.9 |
| from other issuers | | 1'545'727 | 1'418'167 | 9.0 |
| Shares and other non-fixed-interest securities | 2c | 189'517 | 201'958 | - 6.2 |
| Participations | 3/4 | 24 | 25 | - 3.8 |
| Shares in associated companies | 3/4 | 653'495 | 649'495 | 0.6 |
| Intangible assets | 4 | 50'958 | 47'082 | 8.2 |
| Fixed assets | 4 | 87'703 | 78'449 | 11.8 |
| Own shares or shares | 6 | 13'087 | 10'037 | 30.4 |
| Other assets | 7 | 422'971 | 450'541 | - 6.1 |
| Accrued income and prepayments | | 130'546 | 105'362 | 23.9 |
| Total assets | | 17'145'495 | 16'324'627 | 5.0 |

| in CHF thousands | Note | 31.12.2023 | 31.12.2022 | + / - % |
|---|------|-------------------|-------------------|------------|
| Liabilities | | | | |
| Due to banks | | 1'505'059 | 2'099'558 | - 28.3 |
| due on a daily basis | | 608'197 | 707'994 | - 14.1 |
| with agreed maturities or periods of notice | | 896'862 | 1'391'564 | - 35.6 |
| Due to customers | | 12'500'595 | 11'400'424 | 9.7 |
| savings deposits | | 1'656'903 | 2'018'555 | - 17.9 |
| other liabilities | | 10'843'692 | 9'381'870 | 15.6 |
| due on a daily basis | | 7'991'653 | 8'081'267 | - 1.1 |
| with agreed maturities or periods of notice | | 2'852'039 | 1'300'602 | 119.3 |
| Certified liabilities | | 658'950 | 497'286 | 32.5 |
| bonds issued, of which: | | 658'950 | 497'286 | 32.5 |
| medium-term notes | | 108'950 | 97'286 | 12.0 |
| Bonds issued | 9 | 550'000 | 400'000 | 37.5 |
| Other liabilities | 7 | 503'291 | 449'478 | 12.0 |
| Accrued expenses and deferred income | | 90'328 | 81'172 | 11.3 |
| Provisions | | 17'735 | 5'432 | 226.5 |
| tax provisions | 10 | 13'683 | 372 | |
| other provisions | 10 | 4'053 | 5'060 | - 19.9 |
| Provisions for general banking risks | 10 | 350'000 | 295'000 | 18.6 |
| Share capital | 11 | 154'000 | 154'000 | 0.0 |
| Share premium | | 47'750 | 47'750 | 0.0 |
| Retained earnings | | 1'215'080 | 1'215'080 | 0.0 |
| legal reserves | | 390'550 | 390'550 | 0.0 |
| reserves for own shares | | 13'087 | 10'037 | 30.4 |
| other reserves | | 811'443 | 814'492 | - 0.4 |
| Balance brought forward | | 2'793 | 5'473 | - 49.0 |
| Profit for the year | | 99'913 | 73'974 | 35.1 |
| Total liabilities | | 17'145'495 | 16'324'627 | 5.0 |

Off-balance sheet transactions

| in CHF thousands | Note | 31.12.2023 | 31.12.2022 | + / - % |
|--|------|------------|------------|---------|
| Contingent liabilities | 1/19 | 35'046 | 40'650 | - 13.8 |
| Liabilities resulting from guarantees and indemnity agreements as well as liability arising from the provision of collateral | | 35'046 | 40'650 | - 13.8 |
| Credit risks | | 401'072 | 359'787 | 11.5 |
| irrevocable commitments | 1 | 398'914 | 357'018 | 11.7 |
| call liabilities | 1 | 2'158 | 2'770 | - 22.1 |
| Derivative financial instruments | 20 | 23'492'418 | 23'568'641 | - 0.3 |
| Fiduciary transactions | 21 | 159'063 | 101'603 | 56.6 |

Income statement

| in CHF thousands | Note | 2023 | 2022 | + / - % |
|---|------|------------------|------------------|---------------|
| Interest income | | 294'041 | 101'659 | 189.2 |
| of which from fixed-interest securities | | 30'876 | 18'920 | 63.2 |
| of which from trading transactions | | 0 | - 0 | - 100.0 |
| Interest expenses | | - 236'562 | - 21'361 | |
| Net interest income | | 57'479 | 80'298 | - 28.4 |
| Shares and other non-fixed-interest securities | | 5'603 | 5'417 | 3.4 |
| of which from trading transactions | | 5'603 | 5'417 | 3.4 |
| Participations and associated companies | | 16'540 | 78'932 | - 79.0 |
| Income from securities | | 22'143 | 84'349 | - 73.7 |
| Credit-related commissions and fees | | 299 | 310 | - 3.7 |
| Commissions from securities and investment business | | 108'673 | 107'115 | 1.5 |
| Other commission and fee income | | 18'428 | 18'407 | 0.1 |
| Commission and fee expenses | | - 46'264 | - 45'189 | 2.4 |
| Net commission and fee income | | 81'136 | 80'644 | 0.6 |
| Income from financial transactions | | 186'997 | - 49'957 | |
| of which from trading business | 22 | 132'072 | 92'296 | 43.1 |
| Income from real estate holdings | | 1'275 | 864 | 47.6 |
| Sundry ordinary income | 25 | 36'035 | 32'515 | 10.8 |
| Other ordinary income | | 37'311 | 33'379 | 11.8 |
| Total operating income | | 385'066 | 228'713 | 68.4 |
| | | | | |
| Personnel expenses | 23 | - 136'071 | - 120'738 | 12.7 |
| Administrative expenses | 24 | - 68'797 | - 61'101 | 12.6 |
| Total operating expenses | | - 204'869 | - 181'839 | 12.7 |
| | | | | |
| Gross operating profit | | 180'197 | 46'874 | 284.4 |
| | | | | |
| Depreciation on intangible assets and fixed assets | | - 19'102 | - 18'842 | 1.4 |
| Sundry ordinary expenses | 26 | - 556 | - 2'175 | - 74.5 |
| Allowances on claims and allocations to provisions for contingent liabilities and lending risks | 10 | - 2'425 | - 5'755 | - 57.9 |
| Earnings from the release of allowances on claims and of provisions for contingent liabilities and lending risks | 10 | 6'146 | 4'833 | 27.2 |
| Write-downs to participations, shares in associated companies and securities treated as long-term investments | | - 1 | - 0 | 108.6 |
| Earnings from write-ups to participations, shares in associated companies and securities treated as long-term investments | | 4'000 | 34'000 | - 88.2 |
| | | | | |
| Result from normal business operations | | 168'259 | 58'935 | 185.5 |
| | | | | |
| Income taxes | | - 13'317 | 104 | |
| Other taxes | | - 29 | - 65 | - 55.4 |
| Releases / (Additions) to provisions for general banking risks | | - 55'000 | 15'000 | |
| | | | | |
| Profit for the year¹ | | 99'913 | 73'974 | 35.1 |

¹ The return on capital (annual profit in relation to balance sheet total) amounted to 0.58 per cent as at 31 December 2023 and to 0.45 per cent as at 31 December 2022 (pursuant to the Banking Ordinance, Art. 24e, Para. 1, Point 6).

Distribution of balance sheet profit

The Board of Directors proposes to the General Meeting of Shareholders on 19 April 2024 that the balance sheet profit as at 31 December 2023 be distributed as follows:

| in CHF thousands | 2023 | 2022 |
|---|----------------|---------------|
| Profit for the year | 99'913 | 73'974 |
| Balance brought forward | 2'793 | 5'473 |
| Balance sheet profit | 102'707 | 79'447 |
| Distribution of balance sheet profit | | |
| Allocation to other reserves | 10'000 | 0 |
| Allocation to corporate capital (common stock) ¹ | 82'598 | 76'654 |
| Balance carried forward ¹ | 10'108 | 2'793 |

¹ Shares eligible for dividends are all shares outstanding except for own shares as of record date. The amounts presented are based on the numbers of shares eligible for dividends as at 31 December 2023.

If this proposal is accepted, a dividend of CHF 2.70 per registered share will be paid out on 25 April 2024.

Notes on business operations

Liechtensteinische Landesbank Aktiengesellschaft with its registered office in Vaduz and two domestic branch offices is active as a full-service (universal) bank. LLB AG is one of the three largest banks in Liechtenstein and has subsidiaries in Liechtenstein, Austria and Switzerland, as well as a branch in Dubai and representative offices in Zurich, Geneva and Abu Dhabi. Adjusted for full-time equivalents, 749 people were employed as at 31 December 2023 (previous year: 678). The average headcount in 2023 amounted to 722 persons (previous year: 641) on a full-time equivalent basis.

As a universal bank, LLB AG is engaged in the commission and fees business, credit and lending business, money market and interbank business, as well as securities trading business.

Commissions and fees business

The major proportion of revenues from commissions and fees business is attributable to commissions earned in connection with securities trading for customers. Other important income streams are provided by securities safe custody business, asset management (incl. investment funds) and brokering fiduciary investments.

Credit and lending business

The largest proportion of loans comprises mortgages, Lombard loans and advances to public institutions. Mortgages are granted to finance properties in Liechtenstein and in the neighbouring areas of Switzerland. Real estate financing for the rest of Switzerland and Lombard loans are granted within the scope of the integrated asset management business. A major proportion of loans and advances to public authorities relates to credit facilities extended to cantons and municipalities in Switzerland. As regards international syndicated loans, the bank is active to only a very limited extent in this line of business.

Money market and interbank business

Domestic and international funds deposited with the bank, which in as far as they are not invested in lending business or held as liquid funds, are placed with first-class banks, predominantly in Switzerland and Western Europe.

Securities trading business

The bank offers its clients a full range of services in connection with the execution and settlement of securities trading transactions. It trades for its own account only to a moderate extent. Transactions with derivative financial instruments for the bank's own account are largely employed for hedging purposes.

Accounting policies and valuation principles

Basic principles

The accounting and valuation policies are drawn up in accordance with the provisions of the Liechtenstein Person and Company Law (PGR), as well as the Liechtenstein Banking Law and the accompanying Banking Ordinance.

Recording of business

All completed business transactions are valued and recorded in the balance sheet and the profit and loss account according to the specified valuation principles. The transactions are booked on the transaction date. Up to their date of settlement or the value date, futures transactions are recorded at their replacement value under other assets or other liabilities.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the foreign exchange middle rate prevailing on the balance sheet date. Bank note holdings for exchange business are translated at the bank note bid rate in effect on the balance sheet date. Exchange gains and losses arising from the valuation are booked to the profit and loss account. The following exchange rates were employed for foreign currency conversion:

| Closing Rate | 31.12.2023 | 31.12.2022 |
|--------------|------------|------------|
| 1 USD | 0.8380 | 0.9232 |
| 1 EUR | 0.9260 | 0.9847 |

| Average rate | 2023 | 2022 |
|--------------|--------|--------|
| 1 USD | 0.8996 | 0.9517 |
| 1 EUR | 0.9727 | 1.0041 |

Liquid funds, public authority debt instruments and bills approved for refinancing by central banks, balances due from banks and customers, liabilities

These items are shown in the balance sheet at nominal value minus any unearned discount on money market instruments.

Impaired due amounts, i.e. amounts due from debtors who probably will not repay them, are valued on an individual basis and their impairment is covered by specific allowances. Off-balance sheet transactions, such as commitments for loans, guarantees and derivative financial instruments, are also included in this valuation. Loans are regarded as overdue at the latest when interest and / or principal repayments are more than 90 days in arrears. Overdue and impaired interest payments are charged directly to allowances and provisions. Loans are put on a non-accrual basis if the interest due on them is deemed to be uncollectible and interest accrual is therefore no longer practical.

The impairment is measured on the basis of the difference between the book value of the claim and the probable recoverable amount taking into consideration counterparty risk and the net proceeds from the realisation of any collateral. If it is expected that the realisation process will take longer than one year, the estimated realisation proceeds are discounted on the balance sheet date. The specific allowances are deducted directly from the corresponding asset positions. A claim is reclassified as no longer endangered if the outstanding principal and interest are again repaid on time in accordance with the original contractual terms. To cover the risks in retail business, which are composed of numerous small claims, lump-sum individual allowances, calculated on the basis of empirical values,

are made for the unsecured loans and overdrawn limits for which individual allowances have not already been considered.

Debt instruments and other fixed-interest securities, equities and other non-fixed-interest securities as well as precious metals holdings

Trading portfolios of securities and precious metals are valued at the market value on the balance sheet date. LLB AG does not hold any precious metal positions in its trading portfolio, since the existing positions are used to cover obligations arising from precious metal accounts. Securities for which there is no regular, active market are carried at the lower of cost or market value. Holdings of securities and precious metals as current assets are valued at the lower of cost or market value. Interest earnings are credited to the item interest income, dividend income is carried under the item income from securities. Price gains are shown under the item income from financial transactions.

Fixed-interest securities that are intended to be held until final maturity are valued according to the accrual method. Accordingly, interest income, including amortisation of premiums and accretion of discounts, is recognised on an accrual basis until final maturity. Interest-related realised capital gains or losses arising from the premature sale or redemption of securities are recognised on an accrual basis over the remaining period to maturity, i.e. up to the original date of final maturity. Interest earnings are credited to the item interest income. Equities held as fixed assets are valued at the lower of cost or market value. Precious metals holdings as fixed assets are measured at fair value. Dividend income is carried under the item income from securities. Allowances are shown under the items write-downs to participations, shares in associated companies and securities treated as long-term investments and earnings from write-ups to participations, shares in associated companies and securities treated as long-term investments, respectively.

Participations

Participations comprises shares owned by LLB AG in companies which represent a minority participation and which are held as long-term investments. These items are valued at cost minus necessary allowances.

Shares in associated companies

LLB AG's existing majority participations are recorded as shares in associated companies. These items are valued at cost minus necessary allowances.

Intangible assets

Software development costs are capitalised when they meet certain criteria relating to identifiability, it is probable that economic benefits will flow to the company from them, and the costs can be measured reliably. Internally developed software meeting these criteria and purchased software are capitalised and subsequently amortised over three to ten years.

Low-cost acquisitions are charged directly to administrative expenses.

Tangible fixed assets

Real estate is valued at the acquisition cost plus any investment that increases the value of the property, less necessary depreciation. New buildings and refurbishments are depreciated over 33 years and building supplementary costs over 10 years. No depreciation is charged on undeveloped land unless an adjustment has to be made to allow for a reduction in its market value. Other physical assets include fixtures, furniture, machinery and IT equipment. They are capitalised and depreciated in full over their estimated economic life (3 to 6 years).

Low-cost acquisitions are charged directly to administrative expenses.

Treasury shares

Own shares (treasury shares) held by the Liechtensteinische Landesbank AG are recognised at market values up to the acquisition costs and are reported as treasury shares. The difference between the market value of treasury shares and the acquisition costs is reported in the income statement under income from financial transactions.

Allowances and provisions

In accordance with prudent accounting practice, specific allowances and provisions as well as general allowances are made for all risks existing on the balance sheet date. Allowances are offset directly with the corresponding asset position. Provisions are booked as such in the balance sheet.

Taxes

Accruals for taxes payable on the basis of the profits earned in the period under report are charged as expenses in the corresponding period. Provisions for deferred tax are formed in relation to allowances and provisions recognised only for tax purposes. The calculation is made on the basis of the estimated tax rates used for actual taxation.

Provisions for general banking risks

Provisions for general banking risks are precautionary reserves formed to hedge against latent risks in the bank's operating activities.

Derivative financial instruments

The gross replacement values of individual contracts in derivative financial instruments – positive and negative replacement values are not offset against each other – are stated in the balance sheet (under other assets or other liabilities) and in the notes to the financial statement. All replacement values for contracts concluded for the bank's own account are reported. In contrast, in the case of customer transactions only the replacement values for OTC contracts are reported, or for exchange-traded products if margin requirements are inadequate. The contract volumes are reported in the statement of off-balance sheet transactions and in the notes. Trading positions in financial derivatives are valued at market rates provided the contracts are listed on an exchange or a regular, active market exists. If this is not the case, the contracts are valued at the lower of cost or market value. If interest business positions are hedged with derivatives, the differential amount between the market value and the accrual method is recognised in the settlement account.

Off-balance sheet transactions

Off-balance sheet transactions are valued at nominal values. Provisions are made in the case of identifiable risks arising from contingent liabilities and other off-balance sheet transactions.

Statement of cash flows

On account of its obligation to prepare a consolidated financial statement, LLB AG is exempted from the necessity to provide a statement of cash flow. The consolidated statement of cash flow of the LLB Group is a part of the consolidated financial statement.

Notes to the balance sheet

1 Type of collateral a Types of cover

| in CHF thousands | Type of collateral | | | Total |
|---|---------------------|------------------|----------------|------------------|
| | Secured by mortgage | Other collateral | Unsecured | |
| Loans | | | | |
| Loans (excluding mortgage loans) | 33'320 | 521'227 | 693'979 | 1'248'526 |
| Mortgage loans | | | | |
| residential property | 5'384'562 | 14'403 | 106'901 | 5'505'865 |
| office and business property | 931'694 | 3'825 | 15 | 935'534 |
| commercial and industrial property | 290'452 | 0 | 25'000 | 315'452 |
| other | 253'768 | 0 | 0 | 253'768 |
| Total loans | 31.12.2023 | 6'893'795 | 539'455 | 8'259'145 |
| | 31.12.2022 | 6'247'889 | 749'785 | 7'549'756 |
| Off-balance sheet transactions | | | | |
| Contingent liabilities | 589 | 25'402 | 9'056 | 35'046 |
| Irrevocable commitments | 100'903 | 60'401 | 237'610 | 398'914 |
| Call liabilities | 0 | 0 | 2'158 | 2'158 |
| Total off-balance sheet transactions | 31.12.2023 | 101'492 | 85'802 | 436'118 |
| | 31.12.2022 | 121'713 | 98'351 | 400'438 |

b Claims at risk

| in CHF thousands | Gross outstanding amount | Estimated proceeds from realisation of collateral | Net outstanding amount | Specific allowances |
|-------------------|--------------------------|---|------------------------|---------------------|
| 31.12.2023 | 70'667 | 37'396 | 37'396 | 33'271 |
| 31.12.2022 | 68'464 | 30'676 | 30'676 | 37'788 |

2 Securities and precious metals holdings a Securities and precious metals trading positions

| in CHF thousands | Book value | | Cost | | Market value | |
|------------------------------|------------|------------|------------|------------|--------------|------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Equities | 11 | 10 | 68 | 67 | 11 | 10 |
| Total | 11 | 10 | 68 | 67 | 11 | 10 |
| of which eligible securities | 0 | 0 | 0 | 0 | 0 | 0 |

b Securities and precious metals holdings as current assets (excluding trading positions)

| in CHF thousands | Book value | | Cost | | Market value | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Debt securities | 2'092'912 | 2'423'924 | 2'165'449 | 2'558'091 | 2'114'833 | 2'431'347 |
| of which own bonds and medium-term notes | 0 | 0 | 0 | 0 | 0 | 0 |
| Equities | 13'263 | 10'217 | 13'523 | 11'812 | 14'014 | 10'299 |
| of which qualified participations (at least 10 % of the capital or votes) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2'106'175 | 2'434'141 | 2'178'972 | 2'569'903 | 2'128'847 | 2'441'646 |
| of which eligible securities | 1'170'831 | 1'460'943 | 1'215'479 | 1'534'601 | 1'182'013 | 1'463'421 |

c Securities and precious metals as fixed assets

| in CHF thousands | Book value | | Cost | | Market value | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Equities | 189'329 | 201'768 | 213'996 | 228'894 | 216'689 | 216'390 |
| of which qualified participations (at least 10 % of the capital or votes) | 10'530 | 16'609 | 15'167 | 23'028 | 13'819 | 19'333 |
| Precious metals | 68'331 | 35'247 | 68'331 | 35'247 | 68'331 | 35'247 |
| Total | 257'660 | 237'014 | 282'327 | 264'141 | 285'020 | 251'636 |
| of which eligible securities | 0 | 0 | 0 | 0 | 0 | 0 |

3 Participations and shares in associated companies

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|---|----------------|----------------|
| Participations | | |
| Without market value | 24 | 25 |
| Total participations | 24 | 25 |
| Shares in associated companies | | |
| Without market value | 653'495 | 649'495 |
| Total shares in associated companies | 653'495 | 649'495 |

4 Statement of fixed assets

| in CHF thousands | Cost | Accumulated depreciation | Book value 31.12.2022 | Investments | Dis-investments | Reclassifications | Additions | Depreciation | Book value 31.12.2023 |
|---|----------------|--------------------------|-----------------------|----------------|------------------|-------------------|--------------|-----------------|-----------------------|
| Total participations (non-controlling interests) | 37 | - 12 | 25 | 0 | 0 | 0 | 0 | - 1 | 24 |
| Total shares in associated companies | 651'864 | - 2'369 | 649'495 | 0 | 0 | 0 | 4'000 | 0 | 653'495 |
| Total securities and precious metals as fixed assets | 347'558 | - 110'544 | 237'014 | 403'277 | - 382'632 | 0 | 0 | 0 | 257'660 |
| Total intangible assets¹ | 147'396 | - 100'314 | 47'082 | 14'459 | 0 | 0 | 0 | - 10'584 | 50'958 |
| Real estate | | | | | | | | | |
| bank premises | 153'874 | - 106'132 | 47'742 | 10'653 | 0 | 0 | 0 | - 3'112 | 55'283 |
| other properties | 17'128 | - 2'128 | 15'000 | 0 | 0 | 0 | 0 | 0 | 15'000 |
| Other fixed assets | 62'130 | - 46'423 | 15'707 | 7'118 | 0 | 0 | 0 | - 5'406 | 17'419 |
| Total fixed assets | 233'131 | - 154'682 | 78'449 | 17'771 | 0 | 0 | 0 | - 8'518 | 87'703 |
| Fire insurance value of real estate | | | 174'845 | | | | | | 182'683 |
| Fire insurance value of other fixed assets | | | 31'116 | | | | | | 37'221 |
| Liabilities: future leasing installments from operational leasing | | | 67 | 71 | 0 | 0 | 0 | - 34 | 104 |
| Intended for resale | | | | | | | | | |
| Properties | | | 1'920 | 700 | 0 | 0 | 0 | 0 | 2'620 |
| Participations | | | 0 | | | | | | 0 |
| (not included in the statement of fixed assets) | | | | | | | | | |

¹ Solely licences and software

Depreciation is carried out according to prudent business criteria over the estimated service life. No undisclosed reserves exist.

5 Substantial participations and shares in associated companies

| Company name and registered office | Business activity | Currency | Share capital | % share of votes | % share of capital |
|---|-------------------------|------------|-------------------|------------------|--------------------|
| Participations | | | | | |
| Data Info Services AG, Vaduz | Service company | CHF | 50'000 | 50.0 | 50.0 |
| Shares in associated companies | | | | | |
| Liechtensteinische Landesbank (Österreich) AG, Vienna | Bank | EUR | 5'000'000 | 100.0 | 100.0 |
| LLB (Schweiz) AG, Uznach | Bank | CHF | 16'108'060 | 100.0 | 100.0 |
| LLB Asset Management AG, Vaduz | Asset management | CHF | 1'000'000 | 100.0 | 100.0 |
| LLB Fund Services AG, Vaduz | Fund management company | CHF | 2'000'000 | 100.0 | 100.0 |
| LLB Holding AG, Uznach | Holding company | CHF | 95'328'000 | 100.0 | 100.0 |
| LLB Swiss Investment AG, Zurich | Fund management company | CHF | 8'000'000 | 100.0 | 100.0 |
| Zukunftsstiftung der Liechtensteinischen Landesbank AG, Vaduz | Charitable foundation | CHF | 30'000 | 100.0 | 100.0 |
| Total amount from shares in associated banks and securities firms reported in shares in associated companies | | CHF | 32'108'060 | | |

6 Own shares included in current assets (excluding trading positions)

| Quantity / in CHF thousands | Quantity | | Book value | |
|-----------------------------|----------------|----------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| As at 1 January | 179'881 | 232'935 | 10'037 | 12'252 |
| Bought | 70'645 | 363'785 | 4'463 | 20'450 |
| Sold | - 42'471 | - 416'839 | - 2'624 | - 23'719 |
| Additions / (Impairments) | 0 | 0 | 1'210 | 1'054 |
| As at 31 December | 208'055 | 179'881 | 13'087 | 10'037 |

For information according to PGR Art. 1096 Para. 4 No. 4, please refer to [note 29 Treasury shares](#) in the LLB Group's consolidated financial statement.

7 Other assets and liabilities

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--|----------------|----------------|--------------|
| Precious metals holdings | 68'331 | 35'247 | 93.9 |
| Tax prepayments / Withholding tax | 4'466 | 2'288 | 95.2 |
| Positive replacement values ¹ | 300'960 | 358'906 | - 16.1 |
| Settlement account | 41'394 | 46'369 | - 10.7 |
| Clearing accounts | 1'674 | 2'256 | - 25.8 |
| Taken-over real estate | 2'620 | 1'920 | 36.5 |
| Deferred tax claim | 3'526 | 3'555 | - 0.8 |
| Total other assets | 422'971 | 450'541 | - 6.1 |
| Charge accounts | 4'427 | 4'707 | - 6.0 |
| Negative replacement values ¹ | 363'580 | 310'609 | 17.1 |
| Accounts payable | 34'267 | 20'099 | 70.5 |
| Settlement account | 72'727 | 104'505 | - 30.4 |
| Clearing accounts | 28'290 | 9'558 | 196.0 |
| Total other liabilities | 503'291 | 449'478 | 12.0 |

¹ Replacement values are shown gross.

8 Due from and due to associated companies and related parties

a Due from and due to participations and associated companies

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|-------------------------------|------------|------------|---------|
| Due from participations | 0 | 0 | |
| Due to participations | 0 | 0 | |
| Due from associated companies | 1'423'845 | 943'771 | 50.9 |
| Due to associated companies | 1'202'319 | 1'339'128 | - 10.2 |

b Due from and due to qualified participations and companies associated with the Principality of Liechtenstein

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|------------|------------|---------|
| Due from the Principality of Liechtenstein | 3'820 | 3'923 | - 2.6 |
| Due to the Principality of Liechtenstein | 388'976 | 351'845 | 10.6 |
| Due from companies associated with the Principality of Liechtenstein ¹ | 99'335 | 70'828 | 40.2 |
| Due to companies associated with the Principality of Liechtenstein ¹ | 175'867 | 222'945 | - 21.1 |

¹ Associated companies: Liechtensteinische Kraftwerke, Liechtensteinische Gasversorgung, Telecom Liechtenstein AG, Liechtensteinische Post AG, Verkehrsbetrieb LIECHTENSTEINmobil and AHV-IV-FAK-Anstalt.

The stated due from and due to are included in the balance sheet in the items loans and due to customers.

c Loans to corporate bodies

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|------------------------------------|------------|------------|---------|
| Members of the Board of Directors | 671 | 669 | 0.4 |
| Members of the Board of Management | 1'910 | 1'910 | 0.0 |

d Related party transactions

Transactions (e.g. securities transactions, payment transfers, lending facilities and interest on deposits) were made with related parties under the same terms and conditions as applicable to third parties. These exclude loans of up to CHF 1 million made to management, which are subject to the preferential interest rate for staff.

9 Bonds issued

| Year issued | Name | Currency | Maturity | Nominal interest rate in % | in CHF thousands | | |
|-------------|--|----------|------------|----------------------------|------------------|---------|---------|
| | | | | | Nominal value | 2023 | 2022 |
| 2019 | Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026 | CHF | 28.05.2026 | 0.125 % | 150'000 | 150'000 | 150'000 |
| 2019 | Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029 | CHF | 27.09.2029 | 0.000 % | 100'000 | 100'000 | 100'000 |
| 2020 | Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030 | CHF | 24.09.2030 | 0.300 % | 150'000 | 150'000 | 150'000 |
| 2023 | Liechtensteinische Landesbank AG 2.5 % Senior Non-Preferred Anleihe 2023 – 2030 | CHF | 22.11.2030 | 2.500 % | 150'000 | 150'000 | |

10 Allowances and provisions / provisions for general banking risks

| in CHF thousands | Total 31.12.2022 | Specific allowances | Recoveries, overdue interest, currency differences | New provisions charged to income statement | Provisions re- leased to in- come state- ment | Total 31.12.2023 |
|--|---------------------|------------------------|--|--|--|---------------------|
| Allowances for loan default risks | | | | | | |
| Specific allowances | 37'788 | - 606 | - 171 | 1'678 | - 5'417 | 33'271 |
| Provisions for contingent liabilities and credit risks | 20 | 0 | - 0 | 747 | - 729 | 38 |
| Provisions for other business risks | 2'690 | - 1'082 | 0 | 2'407 | 0 | 4'015 |
| Provisions for taxes and deferred taxes | 372 | - 0 | 0 | 13'311 | 0 | 13'683 |
| Other provisions | 2'350 | - 2'276 | 0 | 0 | - 74 | 0 |
| Total allowances and provisions | 43'220 | - 3'964 | - 171 | 18'143 | - 6'220 | 51'007 |
| Minus allowances | - 37'788 | | | | | - 33'271 |
| Total provisions according to balance sheet | 5'432 | | | | | 17'735 |
| Provisions for general banking risks | 295'000 | | | 55'000 | | 350'000 |

11 Share capital, significant shareholders and groups of shareholders linked by voting rights

| in CHF thousands | 31.12.2023 | | | 31.12.2022 | | |
|---------------------------|---------------------------|-------------------|------------------------------------|---------------------------|-------------------|------------------------------------|
| | Total nominal value | Quantity | Capital ranking for dividend | Total nominal value | Quantity | Capital ranking for dividend |
| Share capital | 154'000 | 30'800'000 | 152'960 | 154'000 | 30'800'000 | 153'101 |
| Total common stock | 154'000 | 30'800'000 | 152'960 | 154'000 | 30'800'000 | 153'101 |

No conditional or authorised capital exists.

| in CHF thousands | 31.12.2023 | | 31.12.2022 | |
|--|------------|--------------|------------|--------------|
| | Nominal | Holding in % | Nominal | Holding in % |
| With voting right: Principality of Liechtenstein | 86'681 | 56.3 | 86'681 | 56.3 |
| With voting right: shareholder group Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH | 9'025 | 5.9 | 9'025 | 5.9 |

12 Statement of shareholders' equity

| in CHF thousands | 2023 |
|--|------------------|
| Share capital | 154'000 |
| Share premium | 47'750 |
| Legal reserves | 390'550 |
| Reserve for own shares | 10'037 |
| Other reserves | 814'492 |
| Provisions for general banking risks | 295'000 |
| Balance sheet profit | 79'447 |
| Total shareholders' equity as at 1 January (before profit distribution) | 1'791'277 |
| Dividend and other distributions from previous year's profit | - 76'654 |
| Net profit for the year | 99'913 |
| Allocation to provisions for general banking risks | 55'000 |
| Total shareholders' equity as at 31 December (before profit distribution) | 1'869'536 |
| Of which: | |
| Share capital | 154'000 |
| Share premium | 47'750 |
| Legal reserves | 390'550 |
| Reserve for own shares | 13'087 |
| Other reserves | 811'443 |
| Provisions for general banking risks | 350'000 |
| Balance sheet profit | 102'707 |

13 Liabilities due to own pension funds

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|---|--------------|--------------|---------------|
| Current account, call money and time deposits | 4'396 | 9'688 | - 54.6 |
| Savings deposits | 21 | 38 | - 45.4 |
| Total | 4'416 | 9'726 | - 54.6 |

14 Breakdown of assets and liabilities by location

| in CHF thousands | 31.12.2023 | | 31.12.2022 | |
|--|-------------------|------------------|-------------------|------------------|
| | FL/CH | Abroad | FL/CH | Abroad |
| Assets | | | | |
| Cash and balances with central banks | 3'774'559 | 0 | 3'738'869 | 0 |
| Due from banks | 1'293'945 | 176'634 | 951'598 | 117'530 |
| Loans (excluding mortgages) | 882'494 | 366'032 | 860'832 | 388'451 |
| Mortgage loans | 7'010'619 | 0 | 6'300'473 | 0 |
| Bonds and other fixed-interest securities | 300'633 | 1'792'278 | 865'390 | 1'558'534 |
| Shares and other non-fixed-interest securities | 183'356 | 6'160 | 196'383 | 5'575 |
| Participations | 24 | 0 | 25 | 0 |
| Shares in associated companies | 284'036 | 369'459 | 280'036 | 369'459 |
| Intangible assets | 50'958 | 0 | 47'082 | 0 |
| Fixed assets | 87'703 | 0 | 78'449 | 0 |
| Own shares | 13'087 | 0 | 10'037 | 0 |
| Other assets | 220'257 | 202'714 | 278'679 | 171'863 |
| Accrued income and prepayments | 94'553 | 35'993 | 72'403 | 32'959 |
| Total assets | 14'196'224 | 2'949'272 | 13'680'256 | 2'644'371 |
| Liabilities | | | | |
| Due to banks | 378'727 | 1'126'332 | 515'540 | 1'584'017 |
| Due to customers (excluding savings deposits) | 7'321'828 | 3'521'864 | 6'481'762 | 2'900'108 |
| Savings deposits | 1'337'308 | 319'595 | 1'693'745 | 324'810 |
| Certified liabilities | 658'950 | 0 | 497'286 | 0 |
| Other liabilities | 334'011 | 169'280 | 337'386 | 112'092 |
| Accrued expenses and deferred income | 23'702 | 66'626 | 30'769 | 50'402 |
| Provisions | 17'735 | 0 | 5'432 | 0 |
| Provisions for general banking risks | 350'000 | 0 | 295'000 | 0 |
| Share capital | 154'000 | 0 | 154'000 | 0 |
| Share premium | 47'750 | 0 | 47'750 | 0 |
| Legal reserves | 390'550 | 0 | 390'550 | 0 |
| Reserves for own shares | 13'087 | 0 | 10'037 | 0 |
| Other reserves | 811'443 | 0 | 814'492 | 0 |
| Profit carried forward | 2'793 | 0 | 5'473 | 0 |
| Profit for the year | 99'913 | 0 | 73'974 | 0 |
| Total liabilities | 11'941'798 | 5'203'698 | 11'353'198 | 4'971'429 |

15 Geographical breakdown of assets by location

| | 31.12.2023 | | 31.12.2022 | |
|--|-------------------|--------------|-------------------|--------------|
| | Absolute value | % of total | Absolute value | % of total |
| Liechtenstein/Switzerland | 14'196'224 | 82.8 | 13'680'256 | 83.8 |
| Europe (excluding Liechtenstein/Switzerland) | 2'007'987 | 11.7 | 1'745'886 | 10.7 |
| North America | 545'885 | 3.2 | 423'031 | 2.6 |
| South America | 8'540 | 0.0 | 14'578 | 0.1 |
| Africa | 13'352 | 0.1 | 7'175 | 0.0 |
| Asia | 234'106 | 1.4 | 293'454 | 1.8 |
| Others | 139'401 | 0.8 | 160'247 | 1.0 |
| Total assets | 17'145'495 | 100.0 | 16'324'627 | 100.0 |

16 Breakdown of assets and liabilities by currency

| in CHF thousands | CHF | EUR | USD | Others | Total |
|--|-------------------|------------------|------------------|------------------|-------------------|
| Assets | | | | | |
| Cash and balances with central banks | 3'758'992 | 15'165 | 289 | 112 | 3'774'559 |
| Due from banks | 1'143'931 | 114'865 | 84'049 | 127'735 | 1'470'579 |
| Loans (excluding mortgages) | 799'122 | 240'327 | 167'421 | 41'656 | 1'248'526 |
| Mortgage loans | 7'010'619 | 0 | 0 | 0 | 7'010'619 |
| Bonds and other fixed-interest securities | 567'355 | 677'115 | 848'441 | 0 | 2'092'912 |
| Shares and other non-fixed-interest securities | 180'842 | 2'319 | 6'355 | 0 | 189'517 |
| Participations | 24 | 0 | 0 | 0 | 24 |
| Shares in associated companies | 653'495 | 0 | 0 | 0 | 653'495 |
| Intangible assets | 50'958 | 0 | 0 | 0 | 50'958 |
| Fixed assets | 87'703 | 0 | 0 | 0 | 87'703 |
| Own shares | 13'087 | 0 | 0 | 0 | 13'087 |
| Other assets | 383'646 | 27'664 | 10'842 | 818 | 422'971 |
| Accrued income and prepayments | 81'105 | 17'472 | 25'267 | 6'703 | 130'546 |
| Total on-balance sheet assets | 14'730'878 | 1'094'928 | 1'142'665 | 177'024 | 17'145'495 |
| Delivery claims from forex spot, forex futures and forex options transactions | 4'706'505 | 7'666'454 | 6'772'523 | 1'859'099 | 21'004'581 |
| Total assets | 19'437'384 | 8'761'381 | 7'915'188 | 2'036'124 | 38'150'077 |
| Liabilities | | | | | |
| Due to banks | 464'558 | 327'310 | 616'858 | 96'333 | 1'505'059 |
| Due to customers (excluding savings deposits) | 5'320'078 | 3'207'714 | 1'670'292 | 645'608 | 10'843'692 |
| Savings deposits | 1'654'099 | 2'804 | 0 | 0 | 1'656'903 |
| Certified liabilities | 655'196 | 3'754 | 0 | -0 | 658'950 |
| Other liabilities | 470'951 | 20'021 | 11'906 | 412 | 503'291 |
| Accrued expenses and deferred income | 35'998 | 15'519 | 28'174 | 10'637 | 90'328 |
| Provisions | 17'721 | 14 | 0 | 0 | 17'735 |
| Provisions for general banking risks | 350'000 | 0 | 0 | 0 | 350'000 |
| Share capital | 154'000 | 0 | 0 | 0 | 154'000 |
| Share premium | 47'750 | 0 | 0 | 0 | 47'750 |
| Legal reserves | 390'550 | 0 | 0 | 0 | 390'550 |
| Reserves for own shares | 13'087 | 0 | 0 | 0 | 13'087 |
| Other reserves | 811'443 | 0 | 0 | 0 | 811'443 |
| Profit carried forward | 2'793 | 0 | 0 | 0 | 2'793 |
| Profit for the year | 99'913 | 0 | 0 | 0 | 99'913 |
| Total on-balance sheet liabilities | 10'488'138 | 3'577'136 | 2'327'231 | 752'991 | 17'145'495 |
| Delivery liabilities from forex spot, forex futures and forex options transactions | 8'946'098 | 5'192'337 | 5'604'316 | 1'358'731 | 21'101'482 |
| Total liabilities | 19'434'236 | 8'769'473 | 7'931'547 | 2'111'721 | 38'246'977 |
| Net position per currency | 3'148 | - 8'092 | - 16'359 | - 75'597 | - 96'900 |

17 Pledged or assigned assets and assets subject to reservation of ownership

| in CHF thousands | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| Excluding lending transactions and pension transactions with securities | | |
| Book value of pledged and assigned (as collateral) assets | 182'570 | 198'850 |
| Actual commitments | 0 | 0 |
| Lending transactions and pension transactions with securities | | |
| Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements | 1'799 | 3'113 |
| of which capable of being resold or further pledged without restrictions | 1'799 | 3'113 |
| Securities received as collateral within the scope of securities lending or securities received in connection with reverse repurchase agreements, which are capable of being resold or further pledged without restrictions | 0 | 100'645 |
| of which resold or further pledged securities | 0 | 0 |

18 Maturity structure of assets, liabilities and provisions

| in CHF thousands | Sight deposits | Callable | Due within 3 months | Due between 3 months to 12 months | Due between 12 months to 5 years | Due after 5 years | Immo-bilised | Total | |
|---|-------------------|------------------|---------------------|-----------------------------------|----------------------------------|-------------------|------------------|---------------|-------------------|
| Assets | | | | | | | | | |
| Cash and balances with central banks | 3'774'559 | 0 | 0 | 0 | 0 | 0 | 0 | 3'774'559 | |
| Due from banks | 339'244 | 80'000 | 480'000 | | 171'011 | 400'324 | 0 | 1'470'579 | |
| Loans | 5'968 | 330'619 | 4'535'921 | 526'849 | 1'964'029 | 895'758 | 0 | 8'259'145 | |
| of which mortgage loans | 3'312 | 2'763 | 3'813'885 | 372'379 | 1'935'117 | 883'164 | 0 | 7'010'619 | |
| Securities and precious metals held for trading | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | |
| Securities and precious metals holdings as current assets (excluding trading positions) | 2'106'175 | 0 | 0 | 0 | 0 | 0 | 0 | 2'106'175 | |
| Securities and precious metals holdings as fixed assets | 68'331 | 189'329 | 0 | 0 | 0 | 0 | 0 | 257'660 | |
| Other assets | 819'601 | 3 | 173'988 | 79'974 | 42'120 | 71'358 | 90'323 | 1'277'366 | |
| Total assets | 31.12.2023 | 7'113'889 | 599'951 | 5'189'909 | 606'823 | 2'177'160 | 1'367'440 | 90'323 | 17'145'495 |
| | 31.12.2022 | 7'315'714 | 552'995 | 4'429'194 | 559'531 | 1'970'796 | 1'416'028 | 80'369 | 16'324'627 |
| Liabilities and provisions | | | | | | | | | |
| Due to banks | 603'000 | 0 | 745'422 | 156'638 | 0 | 0 | 0 | 1'505'059 | |
| Due to customers | 4'181'869 | 1'654'415 | 5'923'859 | 678'830 | 56'983 | 4'639 | 0 | 12'500'595 | |
| of which savings deposits | 0 | 1'646'380 | 9'208 | 1'315 | 0 | 0 | 0 | 1'656'903 | |
| of which other liabilities | 4'181'869 | 8'035 | 5'914'651 | 677'515 | 56'983 | 4'639 | 0 | 10'843'692 | |
| Certified liabilities | 0 | 0 | 2'042 | 44'563 | 197'721 | 414'623 | 0 | 658'950 | |
| of which medium-term notes | 0 | 0 | 2'042 | 44'563 | 47'721 | 14'623 | 0 | 108'950 | |
| of which bonds issued | 0 | 0 | 0 | 0 | 150'000 | 400'000 | 0 | 550'000 | |
| Provisions (excluding provisions for general banking risks) | 0 | 0 | 0 | 0 | 17'735 | 0 | 0 | 17'735 | |
| Other liabilities | 130'725 | | 270'068 | 81'624 | 41'990 | 69'213 | 0 | 593'619 | |
| Total liabilities and provisions | 31.12.2023 | 4'915'594 | 1'654'415 | 6'941'391 | 961'655 | 314'429 | 488'475 | 0 | 15'275'959 |
| | 31.12.2022 | 7'286'642 | 1'997'509 | 3'842'524 | 747'046 | 299'371 | 360'258 | 0 | 14'533'350 |

Bonds and other fixed-interest securities that are due in the following financial year

466'932

Notes to off-balance sheet transactions

19 Contingent liabilities

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--|---------------|---------------|---------------|
| Credit guarantees and similar instruments | 12'414 | 24'662 | - 49.7 |
| Performance guarantees and similar instruments | 14'461 | 8'294 | 74.4 |
| Other contingent liabilities | 8'172 | 7'695 | 6.2 |
| Total contingent liabilities | 35'046 | 40'650 | - 13.8 |

20 Open derivative contracts

| in CHF thousands | Trading instruments | | | Hedging instruments | | | |
|---|----------------------------|----------------------------|-----------------|----------------------------|----------------------------|-----------------|------------------|
| | Positive replacement value | Negative replacement value | Contract volume | Positive replacement value | Negative replacement value | Contract volume | |
| Interest rate instruments | | | | | | | |
| Swaps | 0 | 0 | 0 | 72'727 | 38'447 | 2'445'260 | |
| Foreign exchange contracts | | | | | | | |
| Forward contracts | 226'883 | 323'783 | 20'895'591 | 0 | 0 | 0 | |
| Options (OTC) | 1'052 | 1'052 | 96'811 | 0 | 0 | 0 | |
| Precious metals | | | | | | | |
| Options (OTC) | 269 | 269 | 12'180 | 0 | 0 | 0 | |
| Equity / Index contracts | | | | | | | |
| Options (OTC) | 28 | 28 | 42'577 | 0 | 0 | 0 | |
| Total excluding netting agreements | 31.12.2023 | 228'232 | 325'133 | 21'047'158 | 72'727 | 38'447 | 2'445'260 |
| | 31.12.2022 | 254'401 | 264'009 | 21'643'794 | 104'505 | 46'600 | 1'924'847 |

Liechtensteinische Landesbank AG has concluded no netting agreements.

21 Fiduciary transactions

| in CHF thousands | 31.12.2023 | 31.12.2022 | + / - % |
|--|----------------|----------------|-------------|
| Fiduciary deposits with other banks | 156'512 | 98'663 | 58.6 |
| Fiduciary loans and other fiduciary financial transactions | 2'551 | 2'940 | - 13.3 |
| Total fiduciary transactions | 159'063 | 101'603 | 56.6 |

Notes to the income statement

22 Income from trading operations

| in CHF thousands | 2023 | 2022 | + / - % |
|---------------------------------|----------------|---------------|-------------|
| Foreign exchange trading | 130'985 | 90'298 | 45.1 |
| Foreign note trading | - 926 | - 223 | 314.9 |
| Precious metals trading | 2'004 | 2'175 | - 7.9 |
| Securities trading | 9 | 46 | - 81.2 |
| Total net trading income | 132'072 | 92'296 | 43.1 |

23 Personnel expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|--|------------------|------------------|-------------|
| Salaries and compensations | - 108'604 | - 96'440 | 12.6 |
| Social benefits and retirement benefit plans | - 23'321 | - 20'258 | 15.1 |
| of which retirement benefit plans | - 15'852 | - 13'762 | 15.2 |
| Other personnel expenses | - 4'147 | - 4'040 | 2.6 |
| Total | - 136'071 | - 120'738 | 12.7 |

The compensation of the Board of Directors and the Board of Management are disclosed in the [consolidated financial statement](#).

24 Administrative expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|--|-----------------|-----------------|-------------|
| Occupancy expenses | - 4'401 | - 3'876 | 13.6 |
| Expenses for IT, machinery, vehicles and other equipment | - 26'131 | - 21'830 | 19.7 |
| Other business expenses | - 38'265 | - 35'395 | 8.1 |
| Total | - 68'797 | - 61'101 | 12.6 |

25 Sundry ordinary income

| in CHF thousands | 2023 | 2022 | + / - % |
|--|---------------|---------------|-------------|
| Non-period income | 142 | 100 | 41.9 |
| Realised gains from the sale of fixed assets | 3 | 4 | - 18.8 |
| Income from other services | 35'891 | 32'411 | 10.7 |
| Total sundry ordinary income | 36'035 | 32'515 | 10.8 |

26 Other ordinary expenses

| in CHF thousands | 2023 | 2022 | + / - % |
|--------------------------------------|--------------|----------------|---------------|
| Losses on receivables | - 67 | - 88 | - 24.0 |
| Operational risk | 0 | - 1'569 | - 100.0 |
| Sundry other ordinary expenses | - 489 | - 518 | - 5.6 |
| Total other ordinary expenses | - 556 | - 2'175 | - 74.5 |

Risk management

Overview

LLB AG's risk policy is governed, in legal and operative terms, by the Liechtenstein Banking Law, the corresponding Banking Ordinance and the principles of the Basel Committee for Banking Supervision as well as by the bank's own statutes and business regulations. The ultimate responsibility for basic risk policy and for continually monitoring the bank's risk exposure lies with the Board of Directors. In fulfilling this function, it is supported by the Risk Committee. The Board of Management has overall responsibility for risk management. It is supported by separate expert risk committees. An independent Group Credit & Risk Management monitors compliance with the issued regulations.

Market risks

On the basis of its business activity, LLB AG is exposed primarily to interest rate fluctuation, share price and currency risks. The Group Risk Management Committee is responsible for managing risks associated with trading activities, and the Asset & Liability Committee for controlling interest rate fluctuation risks. These bodies limit risk exposure using sensitivity and value-at-risk analyses. Aggregate risks are analysed and worst-case scenarios are simulated on a regular basis.

Credit default risks

Credit and lending facilities are extended primarily in interbank business, in private and corporate client business mainly on a secured basis, and in business transactions with public authorities. The Group Credit Risk Committee is responsible for credit risk management. The bank pursues a conservative collateral lending policy. Credits and loans are granted within the scope of strict credit approval procedures. An internal rating system is employed to determine risk-related terms and conditions. A limits system based on the creditworthiness of the individual country is used to control country risks.

In order to ensure responsible lending and to take account of the increasing regulatory requirements, each property must be valued and the loan-to-value ratio determined. The valuation is made in accordance with professionally recognised methods and techniques. The internal work manual "Real Estate Valuations" forms the basis for determining a market-conforming loan-to-value ratio for real estate in the Swiss and Liechtenstein markets of the LLB Group. The decisive factor for the valuation method and tool to be applied is always the predominant use or the predominant income measured by the rental value.

- ◆ Single-family houses and condominiums for own use are generally valued hedonically in Switzerland and by the tangible asset method in Liechtenstein.
- ◆ Rented single-family houses and condominiums that are held for yield purposes are generally valued hedonically in Switzerland. In Liechtenstein, the valuation is carried out using the tangible asset method.
- ◆ Income-producing and investment properties in Switzerland and in Liechtenstein, such as apartment buildings, residential and commercial buildings, commercial properties, etc., are, as a rule, valued using the capitalised earnings value method.
- ◆ In the case of commercially owner-occupied properties, the capitalised earnings value is decisive, which is determined and verified in advance on the basis of the space rent reported in the borrower's income statement.
- ◆ Agricultural properties in Switzerland are valued according to the Ordinance on rural land rights. In Liechtenstein, these are valued using the tangible asset method.
- ◆ Valuations of building land are based on current market conditions.

Operational and legal risks

Internal regulations and directives concerning organisation and controls are employed to limit exposure to operative and legal risks. In formulating these instructions, the Board of Management is supported by the Operational Risk Committee. Compliance with these regulations is regularly checked by the Group Compliance and Group Operational Risk / ICS departments and by Group Internal Audit. External legal experts are brought in on a case-by-case basis to control and manage legal risks.

Liquidity risks

Liquidity risks are monitored and managed in accordance with the provisions of banking law.

Business policy concerning the use of derivative financial instruments

Within the scope of balance sheet management, interest rate swaps are concluded to hedge interest rate fluctuation risks. Furthermore, derivative financial instruments are employed primarily within the context of transactions for clients. Both standardised and OTC derivatives are traded for the account of clients.



Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

**Statutory Auditor's Report
on the Financial Statements
to the General Meeting
2023 Financial Statements**



Statutory Auditor's Report

To the General Meeting of Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Liechtensteinische Landesbank Aktiengesellschaft (Company), which comprise the balance sheet as at 31 December 2023, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 243 to 263) give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



RECOVERABILITY OF LOANS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



RECOVERABILITY OF LOANS

Key Audit Matter

As at 31 December 2023, the Bank reports loans of CHF 8.2 billion, representing 48.2 % of total assets.

Loans are valued at amortized cost, taking into account any allowances. Allowances for credit risks are determined by applying judgement and assumptions. This applies particularly to the creation of individual allowances for loans at risk of default.

Due to the existence of considerable scope for judgement in the method of calculating and measuring any need for allowances and the high amount of the balance sheet position, we consider the recoverability of loans to be a key audit matter.

Our response

Our audit procedures included the verification of key controls relating to the approval, recording and monitoring of loans. In this regard, we performed effectiveness tests of key controls on a sample basis.

For a sample of loans with specific allowances, we assessed whether the allowances made by the bank were appropriate.

We also tested a sample of loans that were not identified by the bank as potentially impaired and assessed whether, taking into account respective collaterals, there was a need for allowance.

Finally, we verified the complete and correct disclosure of the information in the notes to the financial statements in connection with the loans.

For further information on loans, refer to the following pages in the notes to the financial statements:

- Pages 248 to 250: Accounting policies and valuation principles
- Page 251: Notes to the balance sheet: 1 Type of collateral
- Page 255: Notes to the balance sheet: 10 Allowances and provisions

Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Group Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Group Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Group Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 5 May 2023. We have been the statutory auditor of the Company without interruption since the financial year ending on 31 December 2021.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Group Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit according to the applicable requirements
- Tax services in accordance with Article 46 WPG as well as regulatory and other consulting services

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further Confirmations pursuant to Article 196 PGR

The management report (page 242) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Moreno Halter
Chartered Accountant
Auditor in Charge

Philipp Rickert
Chartered Accountant (CH)

Vaduz, 23 February 2024

Appendix: Detailed EU Taxonomy disclosure

Quantitative information on environmentally sustainable assets

The following pages contain detailed information on the LLB Group assets that are associated with environmentally sustainable economic activities (based on the Taxonomy). This information must be disclosed using the relevant templates in accordance with Art. 4 para. 2 of the Delegated Regulation (EU) 2021/2178. The relevant qualitative information can be found in the [EU Taxonomy](#) section.

Detailed information on economic activities in the area of nuclear energy and fossil gas

The following pages contain detailed information on the LLB Group assets that are associated with environmentally sustainable economic activities (based on the Taxonomy) in the areas of nuclear energy and fossil gas. The relevant qualitative information can be found in the [EU Taxonomy](#) section.

Proportion of the total GAR (revenue)

The following tables illustrate the proportion of taxonomy-aligned economic activities in the area of nuclear energy and fossil gas in the LLB Group's revenue-related total GAR (plus off-balance-sheet exposure). In each case, the proportion is shown separately for the denominator and numerator of the revenue-related GAR.

11 Taxonomy-aligned economic activities (denominator - revenue)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 4.77 | 5.33 | 4.77 | 5.33 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.05 | 0.05 | 0.05 | 0.05 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.02 | 0.02 | 0.02 | 0.02 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 87.69 | 94.59 | 84.63 | 94.59 | 1.03 | 100.00 |
| Total applicable KPI | 92.53 | 100.00 | 89.47 | 100.00 | 1.03 | 100.00 |

12 Taxonomy-aligned economic activities (numerator - revenue)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 11.08 | 12.39 | 11.08 | 12.39 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 81.44 | 87.60 | 78.37 | 87.60 | 1.03 | 100.00 |
| Total applicable KPI | 92.53 | 100.00 | 89.47 | 100.00 | 1.03 | 100.00 |

The following table illustrates the proportion of taxonomy-eligible economic activities in the area of nuclear energy and fossil gas in the LLB Group's revenue-related total GAR (plus off-balance-sheet exposure).

13 Taxonomy-eligible but not taxonomy-aligned economic activities (revenue)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.29 | 0.30 | 0.29 | 0.30 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.06 | 0.06 | 0.06 | 0.06 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 8.74 | 9.04 | 8.74 | 9.04 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 8.25 | 8.54 | 8.25 | 8.54 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 3.84 | 3.97 | 3.84 | 3.97 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 366.64 | 78.08 | 75.48 | 78.08 | 1.03 | 100.00 |
| Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI | 387.82 | 100.00 | 96.67 | 100.00 | 1.03 | 100.00 |

The following table illustrates the proportion of taxonomy non-eligible economic activities in the area of nuclear energy and fossil gas in the LLB Group's revenue-related total GAR (plus off-balance-sheet exposure).

14 Taxonomy non-eligible economic activities (revenue)

| Economic activities | Amount | Percentage |
|--|------------------|---------------|
| Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 1.75 | 0.02 |
| Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.16 | 0.00 |
| Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 10'553.72 | 99.98 |
| Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI' | 10'555.63 | 100.00 |

Proportion of the total GAR (CapEx)

The following tables illustrate the proportion of taxonomy-aligned economic activities in the area of nuclear energy and fossil gas in the LLB Group's investment-related total GAR (plus off-balance-sheet exposure). In each case, the proportion is shown separately for the denominator and numerator of the investment-related GAR.

15 Taxonomy-aligned economic activities (denominator - CapEx)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.70 | 0.39 | 0.70 | 0.39 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 5.94 | 3.30 | 5.94 | 3.30 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.09 | 0.05 | 0.09 | 0.05 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.08 | 0.04 | 0.08 | 0.04 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 193.89 | 96.21 | 173.21 | 96.21 | 1.71 | 100.00 |
| Total applicable KPI | 200.70 | 100.00 | 180.02 | 100.00 | 1.71 | 100.00 |

16 Taxonomy-aligned economic activities (numerator - CapEx)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 1.17 | 0.65 | 1.17 | 0.65 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 8.91 | 4.95 | 8.91 | 4.95 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.09 | 0.05 | 0.09 | 0.05 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.08 | 0.04 | 0.08 | 0.04 | 0.00 | 0.00 |
| Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 190.46 | 94.31 | 169.77 | 94.31 | 1.71 | 100.00 |
| Total applicable KPI | 200.70 | 100.00 | 180.02 | 100.00 | 1.71 | 100.00 |

The following table illustrates the proportion of taxonomy-eligible economic activities in the area of nuclear energy and fossil gas in the LLB Group's investment-related total GAR (plus off-balance-sheet exposure).

17 Taxonomy-eligible but not taxonomy-aligned economic activities (CapEx)

| Economic activities | Amount and proportion | | | | | |
|---|-----------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | CCM + CCA | | Climate change mitigation (CCM) | | Climate change adaptation (CCA) | |
| | Amount | % | Amount | % | Amount | % |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.03 | 0.01 | 0.03 | 0.01 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.06 | 0.03 | 0.06 | 0.03 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 5.77 | 3.09 | 5.77 | 3.09 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 7.88 | 4.21 | 7.88 | 4.21 | 0.00 | 0.00 |
| Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.25 | 0.13 | 0.25 | 0.13 | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 521.75 | 92.52 | 173.10 | 92.52 | 1.71 | 100.00 |
| Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI | 535.74 | 100.00 | 187.09 | 100.00 | 1.71 | 100.00 |

The following table illustrates the proportion of taxonomy non-eligible economic activities in the area of nuclear energy and fossil gas in the LLB Group's investment-related total GAR (plus off-balance-sheet exposure).

18 Taxonomy non-eligible economic activities (CapEx)

| Economic activities | Amount | Percentage |
|--|------------------|---------------|
| Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 5.16 | 0.05 |
| Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 1.07 | 0.01 |
| Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.14 | 0.00 |
| Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 1.66 | 0.02 |
| Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021 / 2139 in the denominator of the applicable KPI | 0.00 | 0.00 |
| Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI | 10'399.68 | 99.92 |
| Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI' | 10'407.72 | 100.00 |

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Exclusively for the purpose of better readability, the different gender-specific spelling has mostly been dispensed with in this document. The chosen masculine form is to be understood as gender-neutral in this sense.

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Due to rounding, there may be minor discrepancies in the totals and percentage calculations in this report.

To measure our performance we employ alternative financial key figures, which are not defined in the International Financial Reporting Standards (IFRS). Details can be found at <http://www.llb.li/investors-apm>.

