

Financial Report 2021

**ACT – 26**  
**Accelerate and**  
**Transform**

# Content

	Introduction
<b>3</b>	<b>The LLB Group in profile</b>
<b>4</b>	<b>Information for shareholders</b>
<b>5</b>	<b>Key figures</b>
	Consolidated financial statement of the LLB Group
<b>6</b>	<b>Consolidated management report</b>
<b>10</b>	<b>Consolidated income statement</b>
<b>11</b>	<b>Consolidated statement of comprehensive income</b>
<b>12</b>	<b>Consolidated balance sheet</b>
<b>13</b>	<b>Consolidated statement of changes in equity</b>
<b>14</b>	<b>Consolidated statement of cash flows</b>
	Notes to the consolidated financial statement
<b>15</b>	<b>Accounting principles</b>
<b>30</b>	<b>Segment reporting</b>
<b>32</b>	<b>Notes to the consolidated income statement</b>
<b>37</b>	<b>Notes to the consolidated balance sheet</b>
<b>58</b>	<b>Notes to the consolidated off-balance sheet transactions</b>
<b>59</b>	<b>Pension plans and other long-term benefits</b>
<b>64</b>	<b>Related party transactions</b>
<b>68</b>	<b>Scope of consolidation</b>
<b>69</b>	<b>Risk management</b>
<b>97</b>	<b>Assets under management</b>
<b>99</b>	<b>Report of the statutory auditor</b>
	Financial statement of LLB AG, Vaduz
<b>106</b>	<b>Management report</b>
<b>107</b>	<b>Balance sheet</b>
<b>109</b>	<b>Off-balance sheet transactions</b>
<b>110</b>	<b>Income statement</b>
<b>111</b>	<b>Distribution of balance sheet profit</b>
<b>112</b>	<b>Notes to the financial statement</b>
<b>129</b>	<b>Report of the statutory auditor</b>

Within the scope of its StepUp2020 strategy, the LLB Group successfully positioned itself as a universal bank with a strong private banking and institutional business.

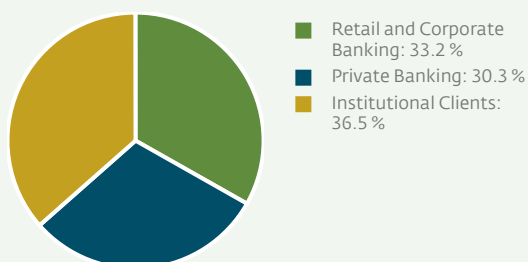
**First bank in Liechtenstein founded in 1861**

**Moody's Rating Aa2**

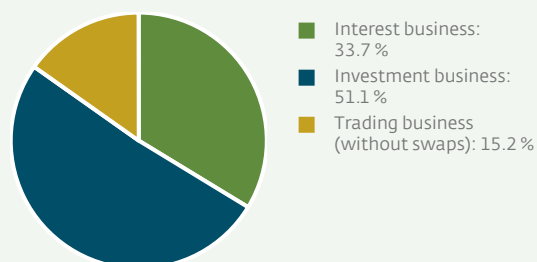
**Three banks:**  
Liechtenstein, Switzerland and Austria

**Two competence centres:**  
Asset Management and Fund Services

**Three high-earning market divisions**  
Operating profit before tax



**Diversified income structure**  
Earnings



**Strong in three home markets**

- ♦ Most important universal bank in Liechtenstein
- ♦ Leading asset management bank in Austria
- ♦ Largest regional bank in eastern Switzerland

**Outstanding investment competence**

- ♦ Over 45 awards since 2012
- ♦ Consistent adaptation of the product range to sustainability

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

# 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

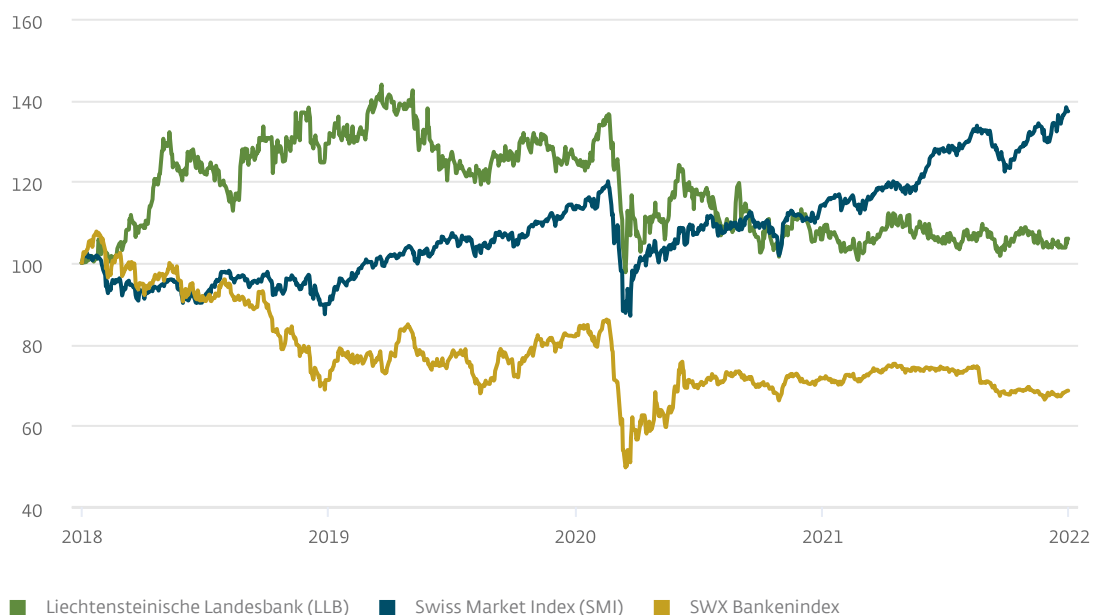
	31.12.2021	31.12.2020	+ / - %
Share capital (in CHF)	154'000'000	154'000'000	0.0
Total of registered shares issued (fully paid up)	30'800'000	30'800'000	0.0
Total shares outstanding, eligible for dividend	30'567'065	30'511'590	0.2
Weighted average shares outstanding	30'551'544	30'493'736	0.2

## Information per LLB share

	31.12.2021	31.12.2020	+ / - %
Nominal value (in CHF)	5.00	5.00	0.0
Share price (in CHF)	52.60	52.50	0.2
Basic earnings per share (in CHF)	4.25	3.39	25.2
Price / earnings ratio	12.37	15.46	
Dividend (in CHF)	2.30 <sup>1</sup>	2.20	

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 6 May 2022

## Comparison of LLB share Indexed from 1 January 2018



# Key figures

## Consolidated income statement

in CHF millions	2021	2020	+ / - %
<b>Income statement</b>			
Operating income	476.4	430.3	10.7
Operating expenses	- 313.0	- 306.7	2.1
Net profit	137.9	109.8	25.5
<b>Performance figures</b>			
Cost Income Ratio (in per cent) <sup>1</sup>	65.8	69.8	
Return on equity attributable to the shareholders of LLB (in per cent)	6.3	5.3	

<sup>1</sup> Definition available under [www.llb.li/investors-apm](http://www.llb.li/investors-apm)

## Consolidated balance sheet and capital management

in CHF millions	31.12.2021	31.12.2020	+ / - %
<b>Balance sheet</b>			
Total equity	2'240	2'138	4.8
Total assets	25'129	23'575	6.6
<b>Capital ratio</b>			
Tier 1 ratio (in per cent) <sup>1</sup>	20.3	21.6	
Risk-weighted assets	8'904	7'927	12.3

<sup>1</sup> Corresponds to the CET ratio 1 because the LLB Group has solely hard core capital

## Additional information

in CHF millions	2021	2020	+ / - %
Net new money <sup>1</sup>	7'212	3'274	120.3

in CHF millions	31.12.2021	31.12.2020	+ / - %
Business volume (in CHF millions) <sup>1</sup>	105'698	92'892	13.8
Assets under management (in CHF millions) <sup>1</sup>	91'892	79'662	15.4
Loans (in CHF millions)	13'805	13'230	4.3
Employees (full-time equivalents, in positions)	1'056	1'064	- 0.8

<sup>1</sup> Definition available under [www.llb.li/investors-apm](http://www.llb.li/investors-apm)

# Consolidated management report

## Income statement

Thanks to continuing dynamic growth, improved quality of earnings and strict cost discipline, in the 2021 business year the LLB Group achieved its best business result for over ten years, reporting a Group net profit of CHF 137.9 million. This is 25.5 per cent higher than in the previous year (2020: CHF 109.8 million).

The net profit attributable to the shareholders of Liechtensteinische Landesbank AG amounted to CHF 129.9 million (2020: CHF 103.5 million). Undiluted earnings per share stood at CHF 4.25 (2020: CHF 3.39).

Operating income in the 2021 business year rose by 10.7 per cent to CHF 476.4 million (2020: CHF 430.3 million).

Interest income remained virtually unchanged at CHF 154.0 million (2020: CHF 154.1 million). Income from business with clients benefitted from targeted growth with mortgage lending business, lower refinancing costs and an expansion of negative interest rates. This enabled the persisting pressure on margins, as well as the extension of fixed interest loans at lower conditions, to be compensated for. In other interest business, the LLB Group posted a fall, especially in interest income from debt instruments, due to the persisting low level of interest rates.

In the case of allowances for expected credit losses, successful recoveries in the 2021 business year led to a net release of provisions totalling CHF 2.5 million. In the previous year, on account of the corona pandemic, provisions amounting to net CHF 11.6 million were allocated for expected credit losses. After expected credit losses, interest income at CHF 156.5 million was therefore 9.9 per cent higher than in the previous year (2020: CHF 142.5 million).

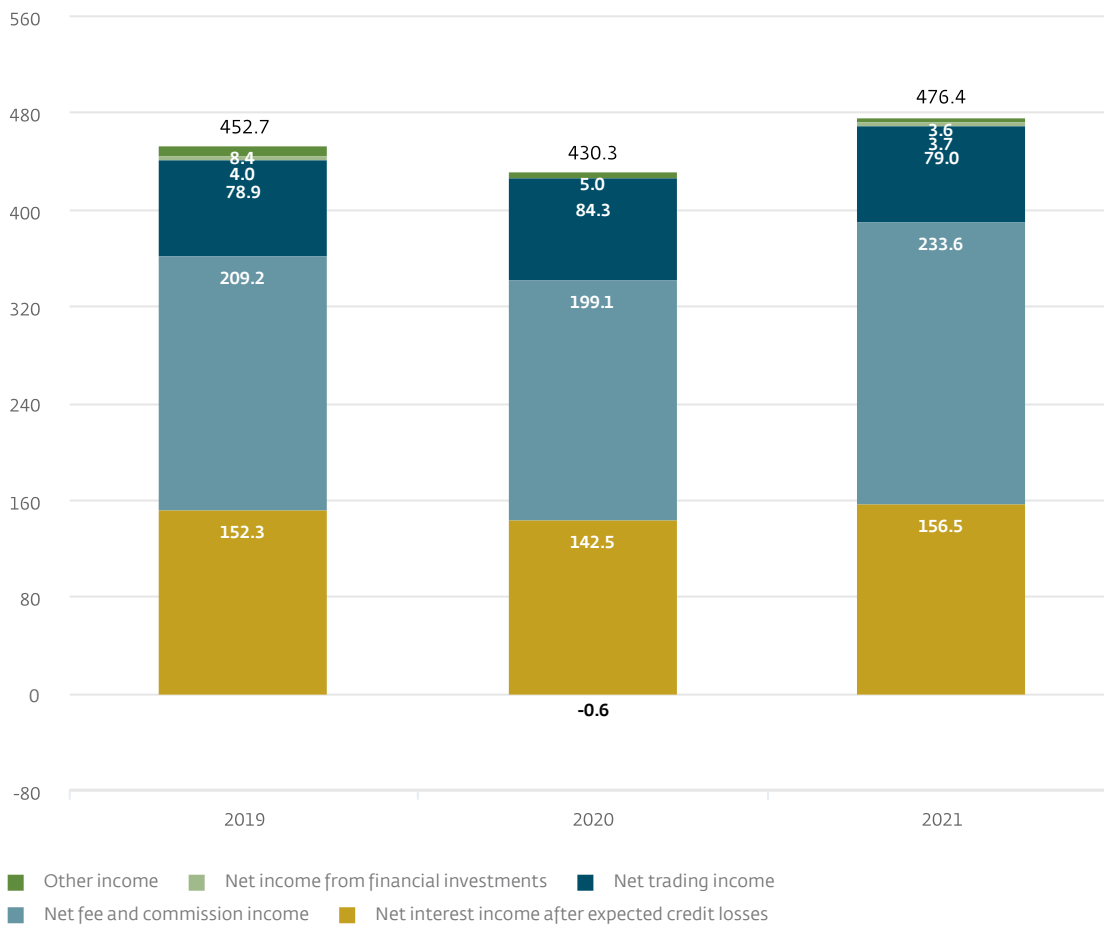
At CHF 233.6 million and an increase of 17.3 per cent, net fee and commission income significantly exceeded the previous year's result (2020: CHF 199.1 million). Higher volumes of client assets and larger margins led to a significant increase in portfolio-dependent revenues. Higher performance fees and increased earnings from investment funds were major contributors to this success.

Net trading income in the 2021 business year stood at CHF 79.0 million (2020: CHF 84.3 million). Trading in foreign exchange, foreign notes and precious metals fell year on year by 1.8 per cent to CHF 69.5 million. The valuation gains on interest rate hedging instruments, measured on the reporting date, amounted to CHF 9.4 million (2020: CHF 13.5 million).

Income from financial investments reached CHF 3.7 million (2020: minus CHF 0.6 million). Earnings from dividends posted a positive development at CHF 3.5 million (2020: CHF 2.4 million). Turbulence on the markets had caused book losses, measured on the reporting date, of CHF 2.9 million in the previous year. In the 2021 business year a small gain of CHF 0.2 million was attained.

Other income fell year on year by CHF 1.4 million to CHF 3.6 million (2020: CHF 5.0 million). The decrease was largely attributable to a one-time profit in the previous year from the sale of properties.

### Operating income (in CHF millions)



Operating expenses in the 2021 business year stood at CHF 313.0 million, 2.1 per cent higher than in the previous year (2020: CHF 306.7 million).

Personnel expenses increased by 4.9 per cent, or CHF 9.0 million, to CHF 190.0 million (2020: CHF 181.0 million). An important reason for the increase was the adjustment of the conversion rate of the LLB pension fund, which in accordance with IAS 19 led to a credit in favour of the income statement in the previous year. In addition, personnel expenses rose due to the strategic takeover of client advisors.

General and administrative expenses at CHF 83.4 million were unchanged compared with the previous year (2020: CHF 83.4 million). The reported business result includes a settlement payment in a legal case of CHF 2.7 million. In addition, net provisions of CHF 1.0 million (2020: release of CHF 2.0 million) were set aside for legal and litigation risks. In contrast, IT costs were lower.

Depreciation and amortisation fell by 6.4 per cent to CHF 39.6 million (2020: CHF 42.3 million).

The Cost Income Ratio improved to 65.8 per cent (2020: 69.8 %).

## Balance sheet

In comparison with 31 December 2020, the consolidated balance sheet total expanded by 6.6 per cent and stood at CHF 25.1 billion on 31 December 2021 (31.12.2020: CHF 23.6 billion).

Equity attributable to the shareholders of LLB amounted to CHF 2.1 billion on 31 December 2021 (31.12.2020: CHF 2.0 billion). The tier 1 ratio stood at 20.3 per cent (31.12.2020: 21.6 %). The return on equity attributable to shareholders of LLB amounted to 6.3 per cent (2020: 5.3 %).

## Business volume

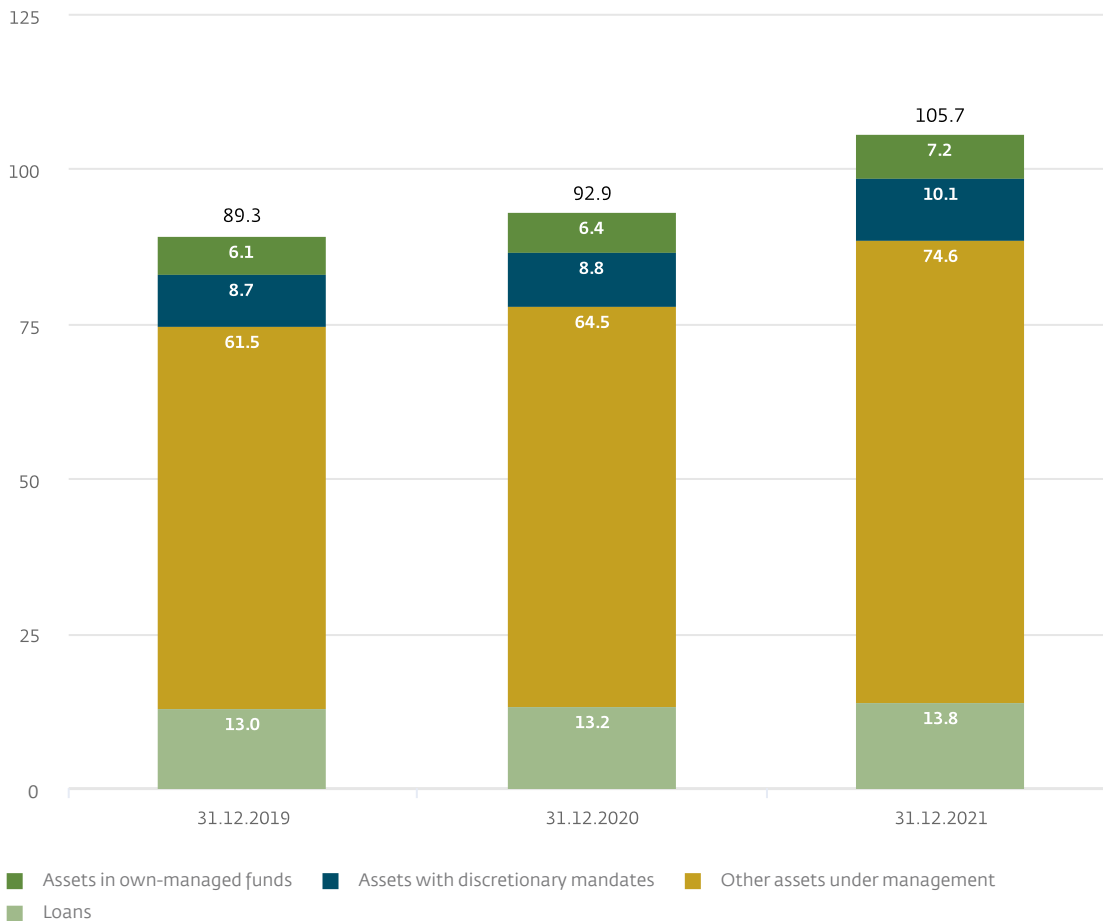
At 31 December 2021, the LLB Group achieved a new record business volume of CHF 105.7 billion (31.12.2020: CHF 92.9 billion) and therefore continued its dynamic growth.

In the 2021 business year, the LLB Group registered a net new money inflow of CHF 7'212 million (2020: CHF 3'274 million). At 9.1 per cent, this represents the highest inflow since the introduction of this indicator. All market divisions and booking centers were able to contribute to net new money growth. LLB Österreich's referral agreement with Credit Suisse also had a positive impact of CHF 0.8 billion on net new money inflow.

Combined with the good performance of the financial markets this led to an increase in client assets under management of 15.4 per cent to CHF 91.9 billion (31.12.2020: CHF 79.7 billion).

Loans to clients climbed by 4.3 per cent to CHF 13.8 billion in comparison with 31 December 2020 (31.12.2020: CHF 13.2 billion). Mortgage loans expanded by 4.3 per cent to CHF 12.2 billion (31.12.2020: CHF 11.7 billion).

## Business volume (in CHF billion)



## Outlook

The market environment remains challenging. Factors such as the Corona pandemic, the rising danger of inflation or uncertainties in the political situation pose a not inconsiderable risk to economic development in the coming months. Nevertheless, the LLB Group views the future with confidence and expects its dynamic development to continue over the next few years. It stands on a solid foundation and, with the new ACT-26 strategy, has a clear, forward-looking strategy whose implementation has already begun. For the year 2022, the LLB Group expects a solid result.

## Consolidated income statement

in CHF thousands	Note	2021	2020	+ / - %
Interest Income	1	197'850	208'384	- 5.1
Interest expenses	1	- 43'839	- 54'287	- 19.2
<b>Net interest income</b>	<b>1</b>	<b>154'010</b>	<b>154'097</b>	<b>- 0.1</b>
Expected credit losses		2'487	- 11'640	
<b>Net interest income after expected credit losses</b>		<b>156'497</b>	<b>142'457</b>	<b>9.9</b>
Fee and commission income	2	399'634	332'850	20.1
Fee and commission expenses	2	- 165'996	- 133'714	24.1
<b>Net fee and commission income</b>	<b>2</b>	<b>233'638</b>	<b>199'136</b>	<b>17.3</b>
Net trading income	3	78'966	84'294	- 6.3
Net income from financial investments	4	3'727	- 556	
Other income	5	3'574	4'975	- 28.2
<b>Total operating income</b>		<b>476'403</b>	<b>430'306</b>	<b>10.7</b>
Personnel expenses	6	- 189'991	- 181'040	4.9
General and administrative expenses	7	- 83'445	- 83'371	0.1
Depreciation	8	- 39'555	- 42'251	- 6.4
<b>Total operating expenses</b>		<b>- 312'991</b>	<b>- 306'663</b>	<b>2.1</b>
<b>Operating profit before tax</b>		<b>163'412</b>	<b>123'643</b>	<b>32.2</b>
Tax expenses	9	- 25'549	- 13'820	84.9
<b>Net profit</b>		<b>137'863</b>	<b>109'823</b>	<b>25.5</b>
Of which attributable to:				
Shareholders of LLB		129'907	103'524	25.5
Non-controlling interests	32	7'956	6'299	26.3
<b>Earnings per share attributable to the shareholders of LLB</b>				
Basic earnings per share (in CHF)	10	4.25	3.39	25.2
Diluted earnings per share (in CHF)	10	4.23	3.38	25.2

# Consolidated statement of comprehensive income

in CHF thousands	Note	2021	2020	+ / - %
Net profit		137'863	109'823	25.5
<b>Other comprehensive income (net of tax), which can be reclassified to the income statement</b>				
Foreign currency translation	31/32	- 14'433	- 1'265	
Changes in value of debt instruments, recognised at fair value through other comprehensive income		- 28'106	17'865	
Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income	4	- 865	- 2	
Tax effects	24	2'842	- 1'859	
<b>Total</b>		<b>- 40'562</b>	<b>14'738</b>	
<b>Other comprehensive income (net of tax), which cannot be reclassified to the income statement</b>				
Actuarial gains / (losses) of pension plans <sup>1</sup>		50'772	9'225	450.4
Changes in value of equity instruments, recognised at fair value through other comprehensive income		27'579	- 120	
Tax effects	24	- 6'386	- 854	647.8
<b>Total</b>		<b>71'964</b>	<b>8'251</b>	<b>772.2</b>
<b>Total other comprehensive income (after tax)</b>		<b>31'403</b>	<b>22'989</b>	<b>36.6</b>
<b>Comprehensive income for the period</b>		<b>169'266</b>	<b>132'811</b>	<b>27.4</b>
Of which attributable to:				
Shareholders of LLB		158'281	127'211	24.4
Non-controlling interests		10'985	5'601	96.1

1 In the 2021 business year this relates principally to income from plan assets (CHF 28.6 million net, i.e. after deduction of the interest credit rate) and the change in demographic assumptions (CHF 15.0 million).

# Consolidated balance sheet

in CHF thousands	Note	31.12.2021	31.12.2020	+ / - %
<b>Assets</b>				
Cash and balances with central banks	11	7'213'159	6'715'610	7.4
Due from banks	12	889'744	691'011	28.8
Loans	13	13'805'188	13'229'931	4.3
Derivative financial instruments	14	219'704	199'634	10.1
Financial investments	15	2'440'183	2'192'312	11.3
Property and equipment	16	142'076	148'895	- 4.6
Goodwill and other intangible assets	17	283'376	278'289	1.8
Current tax assets		29	1'290	- 97.7
Deferred tax assets	24	7'825	11'483	- 31.9
Accrued income and prepaid expenses		75'824	60'601	25.1
Other assets <sup>1</sup>	18	52'383	45'931	14.0
<b>Total assets</b>		<b>25'129'490</b>	<b>23'574'986</b>	<b>6.6</b>
<b>Liabilities</b>				
Due to banks	20	2'322'918	1'326'170	75.2
Due to customers	21	18'060'199	17'752'199	1.7
Derivative financial instruments	14	256'198	249'176	2.8
Debt issued	22	1'949'418	1'794'317	8.6
Current tax liabilities		24'644	13'525	82.2
Deferred tax liabilities	24	28'708	28'992	- 1.0
Accrued expenses and deferred income		73'047	63'398	15.2
Provisions	25	12'217	11'199	9.1
Other liabilities <sup>1</sup>	26	162'014	198'417	- 18.3
<b>Total liabilities</b>		<b>22'889'362</b>	<b>21'437'392</b>	<b>6.8</b>
<b>Equity</b>				
Share capital	27	154'000	154'000	0.0
Share premium	28	- 13'952	- 13'177	5.9
Treasury shares	29	- 15'073	- 18'663	- 19.2
Retained earnings	30	1'959'517	1'902'316	3.0
Other reserves	31	12'932	- 20'911	
<b>Total equity attributable to shareholders of LLB</b>		<b>2'097'423</b>	<b>2'003'565</b>	<b>4.7</b>
Non-controlling interests	32	142'704	134'029	6.5
<b>Total equity</b>		<b>2'240'128</b>	<b>2'137'594</b>	<b>4.8</b>
<b>Total liabilities and equity</b>		<b>25'129'490</b>	<b>23'574'986</b>	<b>6.6</b>

1 Reclassifications of a non-material nature were made. Details can be found in point 2.1.1 of the accounting principles.

# 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			
As at 1 January 2020		154'000	- 22'432	- 23'574	1'866'121	- 44'803	1'929'312	130'785	2'060'097
Comprehensive income for the period					103'524	23'688	127'211	5'601	132'812
Net profit					103'524		103'524	6'299	109'823
Other comprehensive income						23'688	23'688	- 699	22'989
Reclassification not affecting the income statement <sup>1</sup>	30/31				- 204	204	0		0
Net movements in treasury shares <sup>2</sup>	28/29		9'255	4'911			14'166		14'166
Dividend 2019, paid 2020	30/32				- 67'124		- 67'124	- 2'357	- 69'480
Increase / (Reduction) in non-controlling interests	30/32				0		0	0	0
<b>As at 31 December 2020</b>		<b>154'000</b>	<b>- 13'177</b>	<b>- 18'663</b>	<b>1'902'316</b>	<b>- 20'911</b>	<b>2'003'565</b>	<b>134'029</b>	<b>2'137'594</b>
As at 1 January 2021		154'000	- 13'177	- 18'663	1'902'316	- 20'911	2'003'565	134'029	2'137'594
Comprehensive income for the period					129'907	28'374	158'281	10'985	169'266
Net profit					129'907		129'907	7'956	137'863
Other comprehensive income						28'374	28'374	3'029	31'403
Reclassification not affecting the income statement <sup>1/3</sup>	30/31				- 5'469	5'469	0		0
Net movements in treasury shares <sup>2</sup>	28/29		- 775	3'590			2'815		2'815
Dividend 2020, paid 2021	30/32				- 67'237		- 67'237	- 2'345	- 69'583
Increase / (Reduction) in non-controlling interests	30/32				0		0	36	36
<b>As at 31 December 2021</b>		<b>154'000</b>	<b>- 13'952</b>	<b>- 15'073</b>	<b>1'959'517</b>	<b>12'932</b>	<b>2'097'423</b>	<b>142'704</b>	<b>2'240'128</b>

- 1 The reclassification reflects the transfer of a loss amounting to CHF thousands 80 (previous year loss of CHF thousands 204) from the sale of equity instruments recognised at fair value in other comprehensive income.
- 2 Contains change of reserves for security entitlements.
- 3 Reclassification of pension obligations (IAS 19) from other reserves in retained earnings.

# Consolidated statement of cash flows

in CHF thousands	Note	2021	2020
<b>Cash flow from / (used in) operating activities</b>			
Interest received		193'798	220'627
Dividends received from financial investments	4	3'512	2'360
Interest paid		- 43'046	- 56'016
Fees and commission received		388'403	335'285
Fees and commission paid		- 158'900	- 126'786
Trading income		67'693	57'343
Other income		3'052	3'369
Payments for personnel, general and administrative expenses		- 272'914	- 272'973
Income tax paid	9	- 11'863	- 14'572
Rent paid for short-term and low-value leases		- 382	- 508
Cash flow from operating activities, before changes in operating assets and liabilities		169'353	148'128
Net due from / to banks		782'195	264'284
Loans / due to customers		- 181'730	516'985
Other assets		- 5'788	29'270
Other liabilities		- 59	10'965
Changes in operating assets and liabilities		594'619	821'503
<b>Net cash flow from / (used in) operating activities</b>		<b>763'972</b>	<b>969'631</b>
<b>Cash flow from / (used in) investing activities</b>			
Purchase of property and equipment	16	- 9'163	- 10'007
Disposal of property and equipment		0	1'485
Purchase of other intangible assets	17	- 14'341	- 11'968
Purchase of financial investments		- 832'186	- 453'140
Disposal of financial investments		565'059	435'670
Sale of non-current assets held for sale		0	14'109
<b>Net cash flow from / (used in) investing activities</b>		<b>- 290'631</b>	<b>- 23'850</b>
<b>Cash flow from / (used in) financing activities</b>			
Dividends paid	30	- 67'237	- 67'124
Dividends paid to non-controlling interests	32	- 2'345	- 2'357
Increase in non-controlling interests	30/32	36	0
Repayment of lease liabilities	23	- 5'175	- 5'106
Issuance of debt	23	323'498	358'925
Repayment of debt	23	- 166'966	- 146'850
<b>Net cash flow from / (used in) financing activities</b>		<b>81'810</b>	<b>137'488</b>
Effects of foreign currency translation on cash and cash equivalents		- 74'338	- 10'488
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>480'813</b>	<b>1'072'781</b>
Cash and cash equivalents at beginning of the period		7'125'871	6'053'089
<b>Cash and cash equivalents at end of the period</b>		<b>7'606'684</b>	<b>7'125'871</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and balances with central banks	11	7'213'159	6'715'610
Due from banks (due daily)	12	393'524	410'261
<b>Total cash and cash equivalents</b>		<b>7'606'684</b>	<b>7'125'871</b>

# Accounting principles

## 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 24 February 2022 and approved it for publication.

## 2 Summary of significant accounting policies

The significant accounting and valuation methods employed in the preparation of this consolidated financial statement are described in the following. 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

The consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (IFRS). 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. The consolidated financial statement continues to include 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 substantial.

The LLB Group is continually working to improve the reporting of its financial statements. The LLB Group currently regards the following balance sheet positions

- ♦ Non-current assets held for sale
- ♦ Investment in associates and joint venture
- ♦ Investment property
- ♦ Non-current liabilities held for sale

as being not significant for the reader. They are therefore reported under [Other assets](#) or [Other liabilities](#). Moreover, a further specification was made of which items are to be reported under income from properties. This led to a reclassification of the income statement positions "Net income from properties" and "Other income" amounting to CHF thousands 1'797 for the 2020 business year in note 5 "[Other income](#)". The total amount reported in this note and in this income statement position remains unchanged.

#### 2.1.2 New IFRS, amendments and interpretations

##### 2.1.2.1 Changes to accounting policies effective from 1 January 2021

The following new or amended IFRS or interpretations were applied by the LLB Group for the first time from 1 January 2021. The LLB Group decided against the early adoption of amendments coming into effect at a later date. On account of their importance, only the amendments in connection with the IBOR Reform, Phase 2 are dealt with in more detail.

**IBOR Reform, Phase 2 – Amendments to IFRS 9 „Financial Instruments“, IAS 39 „Financial Instruments: Recognition and Measurement“, IFRS 7 “Financial Instruments: Disclosures“, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”**

Phase 2 of the reform deals with issues relating to financial reporting at the time of the replacement of an existing benchmark interest rate by a replacement interest rate. The amendments, applicable retrospectively, should mitigate the effects of the IBOR reform on financial reporting.

The LLB Group successfully completed the project concerning the changeover of interbank interest rates in December 2021. Therefore, the LLB Group is not exposed to any further risks arising from the IBOR reform due to the fact that the financial instruments concerned have been changed over to the new benchmark interest rates. For an overview of the financial instruments concerned, please refer to the [Interim Financial Reporting 2021](#) (chapter 1.3.1).

The changeover of the benchmark interest rates also led to an adjustment of the effective interest rate for variable interest financial instruments measured at cost. The hedge accounting documentation of interest rate swaps was updated. No further simplifications were implemented.

The Phase 2 amendments have no material effect on the consolidated financial statement of the LLB Group. The amendments to IFRS 4 and IFRS 16 were not implemented.

**Other standards and interpretations**

The extension of the period of application for the amendments to IFRS 16 “Leases” in connection with rental concessions affected by Covid-19 is not relevant for the LLB Group.

**2.1.2.2 Applicable for financial years beginning on 1 January 2022**

The following new or amended IFRS or interpretations are relevant for the LLB Group from 1 January 2022 or later. The LLB Group decided against an early adoption unless otherwise stated. On account of their importance, only the amendments relating to IAS 1 in connection with the disclosures initiative are dealt with in more detail.

**Amendments to IAS 1 – Material Accounting Policies**

The amendments to IAS 1 require that in future entities disclose their material accounting policy information rather than their significant accounting policies. The assessment of what is material depends on the usefulness of the information to the recipients of the financial statement for decision-making purposes. Guidelines were provided for this purpose. The aim of the amendments is to facilitate the provision in the accounting methods of more specific disclosures about the entity instead of general information. The amendments have no effect on the disclosure requirements of individual standards.

The amendments will have no material influence on the financial statement of the LLB Group; however, they will affect the presentation of the LLB Group’s accounting principles. These will be further streamlined and simplified. Preliminary analyses will commence in the 2022 financial year.

The amendments are to be applied prospectively for financial years, which commence on or after 1 January 2023. An earlier adoption is possible.

**Other standards and interpretations**

According to the preliminary analyses performed, the effects of the following new or amended standards and interpretations have no major influence on the accounting policies of the LLB Group:

- ♦ IAS 1 “Presentation of Financial Statements – Classification of Debt as Short or Long Term” (applicable for the first time for financial years starting from 1 January 2023)
- ♦ 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 (applicable for the first time for financial years starting from 1 January 2023)
- ♦ 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 (applicable for the first time for financial years starting from 1 January 2023)

- ♦ IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“ – Clarification of the Definition of obligation settlement costs (applicable for the first time for financial years starting from 1 January 2022)
- ♦ Annual adjustments within the scope of the Annual Improvements to IFRS 2018 – 2020 Cycle (applicable for the first time for financial years starting from 1 January 2022).

### **2.1.3 Use of estimates in the preparation of financial statements**

In preparing the financial statements in conformity with IFRS, the management is required to make estimates and assumptions, which 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**

There were no changes in the scope of consolidation.

## **2.3 General principles**

### **2.3.1 Income accrual**

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 Income accrual**

Interest and dividend income is subject to the provisions of IFRS 9. Interest income is recorded using the effective interest method and dividends are recorded at the time point when a legal claim comes into existence.

Income disclosed in [note 2](#) is subject to the provisions of IFRS 15 "Revenue from contracts with customers". For further information see point [2.7. "Recognition of revenues"](#).

### **2.3.3 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

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:

Reporting date rate	31.12.2021	31.12.2020
1 USD	0.9121	0.8803
1 EUR	1.0331	1.0802

Average rate	2021	2020
1 USD	0.9115	0.9373
1 EUR	1.0799	1.0720

## 2.5 Cash and cash equivalents

The cash reported in the consolidated statement of cash flows consist of Cash and balances with central banks, cash in hand, postal cheque balances, giro and sight deposits at the Swiss National Bank and foreign central banks, as well as clearing credit balances at recognised central savings and clearing banks, claims from money market instruments with an original maturity period of less than three months, as well as loans due from banks (due daily).

## 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

A financial asset or a financial liability is recognised when LLB or one of its subsidiaries becomes a contracting party. Financial assets and liabilities are always initially recognised at fair value. Provided no measurement at fair value through profit and loss is made, the transactions costs form an integral part of the fair value of the financial instrument.

### 2.6.1.1 Classification and measurement of financial assets

Under IFRS 9, there are three methods of measuring financial assets, which have an influence on subsequent valuations. How a financial asset is measured depends on the business model employed by the company and the cash flow characteristics of the financial asset.

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 - 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 meth- ods were not fulfilled

### Employment within the LLB Group

With regard to the classification of financial assets of the LLB Group, discretionary powers exist only in the case of financial investments and estimates are made with regard to the business model and SPPI conformity. In the case of financial investments, the management of the LLB Group determines the strategy and the respective business model for all Group companies. Two business models are employed: "Hold and Sell" and "Others". The allocation to the individual business model depends on the category to which the financial investment belongs. 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 Sell" business model. Basically – provided they fulfil SPPI criteria – they are recognised at fair value in other comprehensive income. In the case of investments in new issues, the internal assessment 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. 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 amortised cost using the effective interest method. As there is neither a premium nor a discount, the value corresponds to the nominal value.
- ♦ Due from banks and loans  
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 "Expected credit losses". Detailed information about expected credit loss and its calculation is provided in point 2.6.1.4 "Impairments". Further information can be found in "Risk management" chapter 3 "Credit risk". Interest and negative interest is recognised on an accrual basis and reported in interest income. The calculation basis is the gross carrying value for the financial instruments of stages 1 and 2, i.e. the value attained using the effective interest method before expected credit loss. In the case of stage 3 positions, the basis is the net carrying value. Basically, the LLB Group extends 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. First, they are measured at amortized 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 2.6.1.4 "Impairments". Further information can be found in the comments on risk management in Chapter 3 "Credit risks". Interest or negative interest is recognized 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 unrealized gains or losses accumulated in other comprehensive income are recycled to 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 income from financial investments.

#### **Financial assets at fair value through profit and loss**

- ♦ Receivables from precious metals  
These receivables are measured at fair value through profit or loss.
- ♦ Derivative financial instruments  
Derivative financial instruments are valued as positive or negative replacement values corresponding to fair value and are reported in the balance sheet. [Note 33](#) contains information about the calculation of fair value. 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. According to the guidelines governing fair value hedge accounting, income effects with

hedging transactions occur only if opposite earnings effects do not completely neutralise each other. They are reported in net interest income.

♦ 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 interest rate 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 recognised at fair value through profit and loss encompasses debt instruments and equity instruments. The 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. These financial assets are measured at fair value. [Note 33](#) contains information about the calculation of fair value. Non-realised gains or losses are reported in 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**

These liabilities are measured at amortised cost using the effective interest method.

Interest and negative interest is recognised on an accrual basis and reported in 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**

Derivative financial instruments are measured at fair value through profit and loss within the LLB Group. [Note 33](#) contains information about the calculation of fair value. Liabilities from precious metals are measured at fair value through profit or loss.

#### **2.6.1.3 Derecognition of financial assets and liabilities**

The derecognition of financial assets occurs if the contractual claim to payment streams expires or if the ownership of the financial assets with all pertaining rights and risks is transferred.

Financial liabilities are derecognised when they have been settled.

#### **2.6.1.4 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. In determining the portfolio probability of default, the only differentiation made is based on

the 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 micro- 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 term of the loans is defined in the individual credit agreements. In the case of loans with an unspecified term, a model is used to ascertain the term. The period of notice is used as a basis for the calculation. 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.

The credit quality determines the structure of the calculation.

- ♦ Credit quality level 1: No significant increase in the credit risk since initial recognition; the expected credit loss is calculated over one year.
- ♦ Credit quality level 2: Significant increase in the credit risk since initial recognition; the expected credit loss is calculated over the remaining term of the loan.
- ♦ Credit quality level 3: Default in accordance the Capital Requirements Regulation (CRR). Art. 178 CRR specifies that a default can be considered to have occurred when a) it is unlikely that the debtor can pay back his liabilities in the full amount unless measures such as, for example, the realisation of collateral have to be implemented, or b) a substantial liability is more than 90 days overdue. In the case of defaulted positions, a specific value allowance is determined. The expected credit loss is calculated over the remaining term of the loan.

The allocation to a credit quality level has a influence on the magnitude of the expected credit loss because in the case of level 2 and level 3 positions this can be substantially higher than with level 1 positions.

#### **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. 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 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 and accordingly calculates the expected credit loss for such positions over the remaining term of the loan.

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.

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 of 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 value, which is determined on the basis of a calculation of the present value, is lower than the carrying value. The difference between the present value and the carrying value 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 position „Expected credit losses“.

## 2.6.2 Balance sheet positions outside IFRS 9

### 2.6.2.1 Non-current assets and liabilities held for sale

Properties are classified as held for sale if these are to be disposed of in line with the business location or business strategy and the corresponding classification criteria are fulfilled.

Furthermore, within the scope of recovery measures, the LLB Group classifies the auctioned properties of its debtors as held for sale as soon as the corresponding classification criteria are fulfilled. A reclassification is made of investment property if it proves impossible to sell this property within the specified time period because the LLB Group does not itself utilise the auctioned properties of former recovery cases.

### 2.6.2.2 Property, investment property and other equipment

At the LLB Group, property encompasses real estate, buildings and additional building costs. It is valued at acquisition 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.

At the LLB Group, investment property is held for the purpose of capital appreciation and consists of real estate and buildings. A classification is made only on the basis of objective indications and not on the basis of an intention to change the use of a property. Its value is measured according to the fair value model on every reporting date. Changes in the fair value, based on the assessments made by experts, are only recognised in net income from properties if a certain fluctuation margin is exceeded in order to avoid insignificant value fluctuations as a result of possible estimate uncertainties.

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
Investment property	No depreciation
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 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 reduction in value is determined, the residual carrying value is depreciated over the new adjusted useful life and / or a new unplanned write-down is made. Any increases in value that occur after a reduction in value are only considered up to the amount, which would have been attained without the reduction in value.

### 2.6.2.3 Leasing

#### 2.6.2.3.1 Group companies as lessees

The measurement of a lease liability is based on the fixed lease payments over the basic term of the lease, as well as on the assessment of extension and / or termination options. Non-lease components, where identifiable, are measured in accordance with the prevailing standards. Currently, there are no contracts having special contents such as variable lease payments, purchase options or penalty payments. To calculate the present value, the LLB Group utilises, almost without exception, the lessee's incremental borrowing rate of interest, which corresponds to the duration of the lease.

The subsequent measurement for the right of use is made according to the acquisition cost model, and for the lease liability at amortised cost. The carrying value may change as a result of the reassessment of extension and / or termination options, as well as on account of a change in the amount to be paid periodically. These possible changes are monitored.

The LLB Group does not recognise leases having terms of up to twelve months, or of low-value leases, in the balance sheet. The payments are recognised in the income statement on a straight-line basis over the term of the lease as general and administrative expenses.

#### 2.6.2.3.2 Group companies as lessors

All leasing contracts qualify as operating leases. The leasing revenues earned are recognised on a monthly basis as an integral part of other income in the income statement. The underlying assets are subject to the provisions described in point 2.6.2.2 "Property, investment property and other equipment".

### 2.6.2.4 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 acquisition 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.

### 2.6.2.5 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.

The tax impact from time differentials due to different valuations arising from the values of assets and liabilities reported according to IFRS shown on the Group balance sheet and their taxable value are recorded on the balance sheet as accrued tax assets or, as the case may be, deferred tax liabilities. Deferred tax assets attributable to time differentials or accountable loss carry forwards are capitalised if there is a high probability that sufficient taxable profits will be available to offset such differentials of loss carry forwards. Accrued / deferred tax assets / liabilities are calculated at the tax rates that are likely to be applicable for the accounting period in which the tax assets are realised or the tax liabilities paid.

Current and deferred taxes are credited or charged directly to equity or other comprehensive income if the related tax pertains to items that have been credited or charged directly to equity or other comprehensive income in the same or some other accounting period.

#### **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.

For benefit-oriented plans, the period costs are determined by opinions obtained from external experts. The benefits provided by these plans are generally based on the number of insured years, the employee's age, covered salary and partly on the amount of capital saved. For benefit-oriented plans with segregated assets, the relevant funded status is recorded on the balance sheet as an asset or liability (in accordance with the Projected Unit Credit Method). An asset position is calculated according to the criteria of IFRIC 14.

For plans without segregated assets, the relevant funded status recorded on the balance sheet corresponds to the cash value of the claims. The cash value of the claims is calculated using the projected unit credit method, whereby the number of insured years accrued up to the valuation date are taken into consideration.

If changes, curtailments or settlements occur during the reporting period, the net debt is recalculated. In this case, the current service cost and the net interest, which have to be recalculated on the basis of new net debt, are to be newly determined for the remaining business year using the latest actuarial assumptions.

##### **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 market-adjusted performance indicator, which measures the performance achieved by means of comparison with a customised, relevant peer group. Executives receive a portion of their profit-related bonus in the form of entitlements to LLB shares. After a blocking period of three years, the shares are automatically transferred to them, provided there are no circumstances which enable 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.

##### **2.6.2.7 Provisions and contingent liabilities**

A provision is allocated, if the LLB Group bears a current liability on the reporting date arising from a past event, which will probably lead to an outflow of resources, the amount of which can be reliably estimated. 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, which may be adjusted accordingly at a later date to take into consideration new facts 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.

If liabilities do not fulfil the criteria applying to a provision, this could result in the formation of a contingent liability. 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.

#### **2.6.2.8 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 capital reserves.

#### **2.6.2.9 Securities lending and borrowing transactions**

Securities lending and borrowing transactions are generally entered into on a collateralised basis, with securities mainly being advanced or received as collateral.

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 shares are not transferred. Securities that are borrowed are not recognised in the balance sheet as long as the risks and rewards of ownership of the securities remain with the lender.

Fees and interest received or paid are recognised on an accrual basis and recorded under net fee and commission income.

## **2.7 Recognition of revenues**

### **2.7.1 Recognition of revenues**

Revenues are recognised when the obligation to provide the service has been fulfilled by the LLB Group and when it has been ensured that, at a time of uncertainty, no significant cancellations of previously recognised revenues can occur.

#### **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 probable 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.

### **3 Events after the balance sheet date**

On 27 October 2021, the LLB Group announced its new ACT-26 strategy. Starting from 1 January 2022, the LLB Group began rigorously implementing the strategic goals of ACT-26 in the organisation. The strategy focuses on clients and technological transformation. In going forward, the LLB Group has two clearly positioned market divisions, namely the Private and Corporate Clients, and the International Wealth Management Division. The Private and Corporate Clients Division takes care of locally orientated private banking clients (in Liechtenstein, Switzerland and Germany), as well as corporate and private clients in Liechtenstein and Switzerland. The International Wealth Management Division focuses on Austrian and international private banking clients, as well as institutional and investment fund clients. From 1 January 2022, segment reporting will be carried out according to these two market divisions.

In an advance announcement on 27 January 2022, LLB announced its intention of increasing its share stake in its subsidiary Bank Linth LLB AG to 100 per cent. It is offering the shareholders of Bank Linth an attractive premium and a free choice of either a partial exchange offer in LLB shares with a cash component, or a complete cash settlement. The Boards of Directors of LLB and Bank Linth have jointly reached the conclusion that Bank Linth should be delisted from the SIX Exchange. This public purchase offer is to be provisionally transacted in May 2022.

# Segment reporting

The business activities of the LLB Group are divided into the following three business areas. These form the basis for the segment reporting:

- Retail and Corporate Banking segment encompasses the universal banking business in the home markets of Liechtenstein and Switzerland.
- Private Banking segment encompasses all the private banking activities of the LLB Group.
- Institutional Clients segment encompasses the financial intermediary and investment fund business as well as the asset management activities of the LLB Group.

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, corporate development, as well as logistics and IT services.

Following the management approach of IFRS 8, 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 2020

in CHF thousands	Retail & Corporate Banking	Private Banking	Institutional Clients	Corporate Center	Total Group
Net interest income	91'216	25'739	14'943	22'199	154'097
Expected credit losses	- 4'120	- 4'365	- 3'155	0	- 11'640
Net interest income after expected credit losses	87'096	21'374	11'788	22'199	142'457
Net fee and commission income	33'059	81'102	98'088	- 13'112	199'136
Net trading income	10'092	11'906	14'620	47'676	84'294
Net income from financial investments	0	0	0	- 556	- 556
Other income	2'258	3	2	2'712	4'975
<b>Total operating income<sup>1</sup></b>	<b>132'504</b>	<b>114'384</b>	<b>124'499</b>	<b>58'919</b>	<b>430'306</b>
Personnel expenses	- 27'224	- 36'484	- 31'687	- 85'645	- 181'040
General and administrative expenses	- 1'572	- 2'478	- 6'568	- 72'753	- 83'371
Depreciation	0	- 128	- 381	- 41'742	- 42'251
Services (from) / to segments	- 56'252	- 38'087	- 27'309	121'648	0
<b>Total operating expenses</b>	<b>- 85'049</b>	<b>- 77'177</b>	<b>- 65'946</b>	<b>- 78'492</b>	<b>- 306'663</b>
<b>Operating profit before tax</b>	<b>47'455</b>	<b>37'207</b>	<b>58'553</b>	<b>- 19'573</b>	<b>123'643</b>
Tax expenses					- 13'820
<b>Net profit</b>					<b>109'823</b>

1 There were no substantial earnings generated between the segments so that income between the segments is not material.

## Financial year 2021

in CHF thousands	Retail & Corporate Banking	Private Banking	Institutional Clients	Corporate Center	Total Group
Net interest income	91'674	21'515	12'390	28'431	154'010
Expected credit losses	5'521	74	- 3'108	- 0	2'487
Net interest income after expected credit losses	97'195	21'589	9'282	28'431	156'497
Net fee and commission income	36'018	100'566	108'553	- 11'499	233'638
Net trading income	10'795	11'998	14'585	41'588	78'966
Net income from financial investments	0	0	0	3'727	3'727
Other income	2'014	2	2	1'557	3'574
<b>Total operating income<sup>1</sup></b>	<b>146'022</b>	<b>134'155</b>	<b>132'422</b>	<b>63'804</b>	<b>476'403</b>
Personnel expenses	- 28'099	- 38'973	- 32'586	- 90'333	- 189'991
General and administrative expenses	- 3'635	- 2'821	- 6'038	- 70'952	- 83'445
Depreciation	- 23	- 88	- 391	- 39'052	- 39'555
Services (from) / to segments	- 55'285	- 38'354	- 28'507	122'146	0
<b>Total operating expenses</b>	<b>- 87'042</b>	<b>- 80'236</b>	<b>- 67'522</b>	<b>- 78'190</b>	<b>- 312'991</b>
<b>Operating profit before tax</b>	<b>58'980</b>	<b>53'919</b>	<b>64'900</b>	<b>- 14'387</b>	<b>163'412</b>
Tax expenses					- 25'549
<b>Net profit</b>					<b>137'863</b>

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 2020

	Liechtenstein		Switzerland		Austria		Total Group	
		in %		in %		in %		in %
Operating income (in CHF thousands)	259'968	60.4	108'619	25.2	61'719	14.3	430'306	100.0
Total assets (in CHF millions)	12'817	54.4	8'403	35.6	2'355	10.0	23'575	100.0

### Financial year 2021

	Liechtenstein		Switzerland		Austria		Total Group	
		in %		in %		in %		in %
Operating income (in CHF thousands)	292'141	61.3	111'410	23.4	72'852	15.3	476'403	100.0
Total assets (in CHF millions)	13'926	55.4	8'679	34.5	2'524	10.0	25'129	100.0

# Notes to the consolidated income statement

## 1 Net interest income

in CHF thousands	2021	2020	+ / - %
Interest income from financial instruments measured at amortised cost			
Due from banks	731	5'684	- 87.1
Loans	147'643	153'546	- 3.8
Loan commissions with the character of interest	3'386	3'771	- 10.2
Received negative interest	27'923	19'951	40.0
<b>Total interest income from financial instruments measured at amortised cost</b>	<b>179'683</b>	<b>182'953</b>	<b>- 1.8</b>
Interest income from financial instruments, recognised at fair value through other comprehensive income			
Debt instruments	11'816	14'141	- 16.4
<b>Total interest income from financial instruments, recognised at fair value through other comprehensive income</b>	<b>11'816</b>	<b>14'141</b>	<b>- 16.4</b>
Interest income from financial instruments at fair value through profit and loss			
Debt instruments	2'810	5'193	- 45.9
Interest rate derivatives	3'540	6'097	- 41.9
<b>Total interest income from financial instruments at fair value through profit and loss</b>	<b>6'350</b>	<b>11'290</b>	<b>- 43.8</b>
<b>Total interest income</b>	<b>197'850</b>	<b>208'384</b>	<b>- 5.1</b>
Interest expenses from financial instruments measured at amortised cost			
Due to banks	- 1'921	- 3'830	- 49.8
Due to customers	- 3'679	- 10'215	- 64.0
Paid negative interest	- 20'392	- 15'255	33.7
Lease liabilities	- 273	- 308	- 11.2
Debt issued	- 4'509	- 6'204	- 27.3
<b>Total interest expenses from financial instruments measured at amortised cost</b>	<b>- 30'774</b>	<b>- 35'812</b>	<b>- 14.1</b>
Interest expenses from financial instruments measured at fair value			
Interest rate derivatives	- 13'065	- 18'475	- 29.3
<b>Total interest expenses from financial instruments measured at fair value</b>	<b>- 13'065</b>	<b>- 18'475</b>	<b>- 29.3</b>
<b>Total interest expenses</b>	<b>- 43'839</b>	<b>- 54'287</b>	<b>- 19.2</b>
<b>Total net interest income</b>	<b>154'010</b>	<b>154'097</b>	<b>- 0.1</b>

## 2 Net fee and commission income

in CHF thousands	2021	2020	+ / - %
Brokerage fees	54'382	53'293	2.0
Custody fees	54'576	44'830	21.7
Advisory and management fees	65'463	51'956	26.0
Investment fund fees	194'843	155'084	25.6
Credit-related fees and commissions	648	663	- 2.3
Commission income from other services	29'722	27'025	10.0
<b>Total fee and commission income</b>	<b>399'634</b>	<b>332'850</b>	<b>20.1</b>
Brokerage fees paid	- 11'180	- 11'161	0.2
Other fee and commission expenses	- 154'816	- 122'553	26.3
<b>Total fee and commission expenses</b>	<b>- 165'996</b>	<b>- 133'714</b>	<b>24.1</b>
<b>Total net fee and commission income</b>	<b>233'638</b>	<b>199'136</b>	<b>17.3</b>

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	2021	2020	+ / - %
<b>Total all-in-fees</b>	<b>40'599</b>	<b>29'642</b>	<b>37.0</b>
of which brokerage	15'126	12'525	20.8
of which securities administration	6'225	4'241	46.8
of which asset management	19'248	12'876	49.5

## 3 Net trading income

in CHF thousands	2021	2020	+ / - %
Foreign exchange trading	68'295	68'398	- 0.2
Foreign note trading	- 542	- 110	394.1
Precious metals trading	1'773	2'524	- 29.8
Interest rate instruments <sup>1</sup>	9'439	13'481	- 30.0
<b>Total net trading income</b>	<b>78'966</b>	<b>84'294</b>	<b>- 6.3</b>

<sup>1</sup> The LLB Group uses interest rate swaps for trading and hedging purposes. If the interest rate swaps do not fulfil the approval criteria according to IAS 39 in order to be booked as hedging transactions, they are treated as interest rate swaps for trading purposes.

#### 4 Net income from financial investments

in CHF thousands	2021	2020	+ / - %
<b>Financial investments at fair value through profit and loss</b>			
Dividend income	292	353	- 17.3
Price gains <sup>1</sup>	- 631	- 2'853	- 77.9
<b>Total net income from financial investments at fair value through profit and loss</b>	<b>- 338</b>	<b>- 2'500</b>	<b>- 86.5</b>
<b>Financial investments, recognised at fair value through other comprehensive income</b>			
Dividend income	3'219	2'006	60.5
of which from financial investments held on the balance sheet date	3'211	1'856	73.0
of which from financial investments sold during the reporting period <sup>2</sup>	9	150	- 94.3
Realised gain	865	2	
Expected credit loss on financial investments	- 18	- 65	- 71.5
<b>Total financial investments, recognised at fair value through other comprehensive income</b>	<b>4'066</b>	<b>1'944</b>	<b>109.2</b>
<b>Total net income from financial investments at fair value</b>	<b>3'727</b>	<b>- 556</b>	

1 The realised price gains for 2021 amounted to CHF thousands minus 157 (previous year: CHF thousands minus 1'587).

2 Further details are provided in note 15.

#### 5 Other income

in CHF thousands	2021	2020	+ / - %
Net income from properties <sup>1/2</sup>	2'207	3'592	- 38.5
Income from various services	488	905	- 46.2
Share of income from associated companies and joint venture	3	- 1	
Additional other income <sup>1</sup>	876	479	83.0
<b>Total other income</b>	<b>3'574</b>	<b>4'975</b>	<b>- 28.2</b>

1 Reclassifications of a non-material nature were made. Details can be found in point 2.1.1 of the accounting principles.

2 In the 2021 business year net income from properties consists principally of rental income and the revaluation of an investment property (2020: rental income and sale of properties).

## 6 Personnel expenses

in CHF thousands	2021	2020	+ / - %
Salaries <sup>1</sup>	- 149'184	- 146'591	1.8
Pension and other post-employment benefit plans <sup>2</sup>	- 17'106	- 11'135	53.6
Other social contributions	- 16'486	- 16'247	1.5
Training costs	- 1'383	- 1'348	2.6
Other personnel expenses	- 5'833	- 5'719	2.0
<b>Total personnel expenses</b>	<b>- 189'991</b>	<b>- 181'040</b>	<b>4.9</b>

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:

	2021	2020
<b>Employees</b>		
Number of employees (full-time equivalents)	1'055	1'076
Full-time employees	902	931
of which apprentices	28	32
of which young talents <sup>1</sup>	11	7
Part-time employees	317	306

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	2021	2020	+ / - %
Occupancy	- 6'630	- 6'712	- 1.2
Expenses for IT, machinery and other equipment	- 26'926	- 32'961	- 18.3
Information and communication expenses	- 19'305	- 18'725	3.1
Marketing and public relations	- 7'357	- 7'386	- 0.4
Consulting and audit fees	- 6'637	- 7'113	- 6.7
Provisions for legal and litigation risks <sup>1</sup>	- 952	1'987	
Litigation, legal and representation costs	- 4'940	- 1'772	178.8
Contributions to Deposit Protection Fund	- 2'661	- 2'766	- 3.8
Other general and administrative expenses	- 8'037	- 7'924	1.4
<b>Total general and administrative expenses</b>	<b>- 83'445</b>	<b>- 83'371</b>	<b>0.1</b>

1 See note 25 for details

## 8 Depreciation

in CHF thousands	2021	2020	+ / - %
Property	- 4'428	- 4'753	- 6.8
Other equipment	- 10'627	- 9'655	10.1
Intangible assets	- 18'531	- 22'977	- 19.4
Right of use assets	- 5'968	- 4'866	22.6
<b>Total depreciation</b>	<b>- 39'555</b>	<b>- 42'251</b>	<b>- 6.4</b>

## 9 Tax expenses

in CHF thousands	2021	2020	+ / - %
Current taxes	- 25'682	- 14'304	79.5
Deferred taxes <sup>1</sup>	133	484	- 72.5
<b>Total tax expenses</b>	<b>- 25'549</b>	<b>- 13'820</b>	<b>84.9</b>

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 11.9 million for the 2021 financial year (previous year: CHF 14.6 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	2021	2020	+ / - %
Operating profit before tax	163'412	123'643	32.2
<b>Assumed average income tax rate of 13.4 per cent (previous year: 12.6 %)</b>	<b>- 21'921</b>	<b>- 15'620</b>	<b>40.3</b>

### Increase / (Decrease) resulting from

Use of losses carried forward	0	506	- 100.0
Tax savings / (charges) from previous years	- 3'616	- 488	640.3
Non-tax deductible (expenses) / tax-exempt income	- 12	1'782	
<b>Total tax expenses</b>	<b>- 25'549</b>	<b>- 13'820</b>	<b>84.9</b>

The assumed average tax burden is based on the weighted average tax rates of the individual group companies.

The increase in average tax burden is attributable to the changed profit contributions of the Group companies. In particular, the increased relative profit contribution of LLB (Österreich) AG in 2021 led to a higher assumed average tax burden in comparison with the previous year.

As per 31 December 2021, there were losses carried forward amounting to CHF 84 million, which were not reported as deferred tax receivables (previous year: CHF 98 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

	2021	2020	+ / - %
Net profit attributable to the shareholders of LLB (in CHF thousands)	129'907	103'524	25.5
Weighted average shares outstanding	30'551'544	30'493'736	0.2
<b>Basic earnings per share (in CHF)</b>	<b>4.25</b>	<b>3.39</b>	<b>25.2</b>
Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands)	129'907	103'524	25.5
Weighted average shares outstanding for diluted earnings per share	30'723'923	30'665'525	0.2
<b>Diluted earnings per share (in CHF)</b>	<b>4.23</b>	<b>3.38</b>	<b>25.2</b>
Dividend (in CHF)	2.30 <sup>1</sup>	2.20	

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 6 May 2022

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

	31.12.2021	31.12.2020	+ / - %
Cash	54'289	61'959	- 12.4
Demand deposits with central banks	7'158'871	6'653'651	7.6
<b>Total cash and balances with central banks</b>	<b>7'213'159</b>	<b>6'715'610</b>	<b>7.4</b>

## 12 Due from banks

in CHF thousands	31.12.2021	31.12.2020	+ / - %
On demand	393'524	410'261	- 4.1
At maturity or callable	496'219	280'751	76.7
<b>Total due from banks</b>	<b>889'744</b>	<b>691'011</b>	<b>28.8</b>

## 13 Loans

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Mortgage loans	12'240'442	11'733'792	4.3
Public institutions	72'253	78'343	- 7.8
Fixed advances and loans	1'052'776	960'669	9.6
Other loans and advances	517'658	536'573	- 3.5
Expected credit losses	- 77'941	- 79'446	- 1.9
<b>Total loans</b>	<b>13'805'188</b>	<b>13'229'931</b>	<b>4.3</b>

Further information, especially regarding the expected credit loss, is provided in Risk management in 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		31.12.2021	31.12.2020
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>Derivative financial instruments in the trading portfolio</b>						
<b>Interest rate contracts</b>						
Interest rate swaps	3'118	0	11'633	20'299	2'285'000	565'000
Forward contracts	194	263	504	255	96'719	108'162
<b>Foreign exchange contracts</b>						
Forward contracts	198'660	188'688	226'465	199'761	23'562'245	20'209'099
Options (OTC)	2'377	5'975	2'377	5'975	74'362	617'520
<b>Precious metals contracts</b>						
Options (OTC)	131	46	131	46	5'534	2'704
<b>Equity / index contracts</b>						
Options (OTC)	2'312	469	2'312	469	255'345	25'287
<b>Total derivative financial instruments in the trading portfolio</b>	<b>206'792</b>	<b>195'441</b>	<b>243'421</b>	<b>226'805</b>	<b>26'279'204</b>	<b>21'527'771</b>
<b>Derivative financial instruments for hedging purposes</b>						
<b>Interest rate contracts</b>						
Interest rate swaps (fair value hedge)	12'912	4'193	12'777	22'371	1'410'331	1'481'604
<b>Total derivative financial instruments for hedging purposes</b>	<b>12'912</b>	<b>4'193</b>	<b>12'777</b>	<b>22'371</b>	<b>1'410'331</b>	<b>1'481'604</b>
<b>Total derivative financial instruments</b>	<b>219'704</b>	<b>199'634</b>	<b>256'198</b>	<b>249'176</b>	<b>27'689'535</b>	<b>23'009'375</b>

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 and medium-term notes 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.

## Notes to the consolidated balance sheet

in CHF thousands	Nominal value of hedging instrument	Carrying value of hedging instrument		Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
		Assets	Liabilities		
<b>31.12.2020</b>					
Fair value hedge					
Interest rate swaps	705'802	4'193		Derivative financial instruments	159
Interest rate swaps	775'802		- 22'371	Derivative financial instruments	- 6'029

in CHF thousands	Nominal value of hedging instrument	Carrying value of hedging instrument		Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
		Assets	Liabilities		
<b>31.12.2021</b>					
Fair value hedge					
Interest rate swaps	625'000	12'912		Derivative financial instruments	9'330
Interest rate swaps	785'331		- 12'777	Derivative financial instruments	9'643

in CHF thousands		Carrying value 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		
<b>31.12.2020</b>							
Fair value hedge							
Mortgage loans	11'733'792			14'685		Loans	3'751
Medium-term notes			1'392'978		- 350	Debt issued	- 87

in CHF thousands		Carrying value 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		
<b>31.12.2021</b>							
Fair value hedge							
Mortgage loans	12'240'442			- 3'610		Loans	- 18'295
Medium-term notes			1'548'220		497	Debt issued	847

in CHF thousands				Ineffectiveness recognised in the income statement	Income statement position
Fair value hedge					
Interest rate risk				- 2'206	Interest expenses
<b>31.12.2021</b>					
Fair value hedge					
Interest rate risk				1'524	Interest income

## 15 Financial investments

in CHF thousands	31.12.2021	31.12.2020	+ / - %
<b>Financial investments at fair value through profit and loss</b>			
<b>Debt instruments</b>			
listed	146'032	263'285	- 44.5
unlisted	44'985	29'602	52.0
<b>Total debt instruments</b>	<b>191'017</b>	<b>292'887</b>	<b>- 34.8</b>
<b>Equity instruments</b>			
listed	2	57	- 96.4
unlisted	2'315	2'245	3.1
<b>Total equity instruments</b>	<b>2'317</b>	<b>2'302</b>	<b>0.7</b>
<b>Total financial investments at fair value through profit and loss</b>	<b>193'334</b>	<b>295'189</b>	<b>- 34.5</b>
<b>Financial investments, recognised at fair value through other comprehensive income</b>			
<b>Debt instruments</b>			
listed	1'986'598	1'809'930	9.8
<b>Total debt instruments</b>	<b>1'986'598</b>	<b>1'809'930</b>	<b>9.8</b>
<b>Equity instruments</b>			
listed	229'300	57'041	302.0
unlisted	30'952	30'152	2.7
<b>Total equity instruments</b>	<b>260'251</b>	<b>87'193</b>	<b>198.5</b>
<b>Total financial investments, recognised at fair value through other comprehensive income</b>	<b>2'246'849</b>	<b>1'897'123</b>	<b>18.4</b>
<b>Total financial investments</b>	<b>2'440'183</b>	<b>2'192'312</b>	<b>11.3</b>

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.

During the reporting period, additional investments were made in securities that track the SMI. In addition, due to the departure of the Swatch Group from the SMI, there was a sale of these equity securities. The sale resulted in a loss of CHF thousands 80 (previous year: minus CHF thousands 215). The fair value of the transactions amounts to CHF thousands 752 (previous year: CHF thousands 6'645). The loss was recognised directly in retained earnings.

## 16 Property and other equipment

in CHF thousands	Property	Right of use assets <sup>1</sup>	Other equipment	Total
<b>Year ended December 2020</b>				
Cost as at 1 January	203'138	44'159	98'475	345'772
Additions	1'305	2'398	8'702	12'405
Disposals	- 2'240	- 1'901	- 3'304	- 7'444
Currency effects	0	- 95	- 31	- 126
<b>Cost as at 31 December</b>	<b>202'203</b>	<b>44'561</b>	<b>103'842</b>	<b>350'606</b>
Accumulated depreciation / impairments as at 1 January	- 117'424	- 4'667	- 64'757	- 186'848
Depreciation	- 4'753	- 4'866	- 9'655	- 19'274
Disposals / (Additions) from accumulated depreciation	955	383	3'071	4'409
Currency effects	0	- 9	11	2
<b>Accumulated depreciation / revaluation as at 31 December</b>	<b>- 121'222</b>	<b>- 9'160</b>	<b>- 71'329</b>	<b>- 201'712</b>
<b>Net book amount as at 31 December 2020</b>	<b>80'981</b>	<b>35'401</b>	<b>32'513</b>	<b>148'895</b>
<b>Year ended December 2021</b>				
Cost as at 1 January	202'203	44'561	103'842	350'606
Additions	2'027	5'650	7'136	14'813
Disposals	- 5'365	- 68	- 11'894	- 17'328
Currency effects	0	- 840	- 273	- 1'113
<b>Cost as at 31 December</b>	<b>198'865</b>	<b>49'303</b>	<b>98'811</b>	<b>346'979</b>
Accumulated depreciation / impairments as at 1 January	- 121'222	- 9'160	- 71'329	- 201'712
Depreciation	- 4'428	- 5'307	- 9'766	- 19'501
Impairments	0	- 662	- 861	- 1'523
Disposals / (Additions) from accumulated depreciation	5'365	174	11'861	17'401
Currency effects	0	223	208	432
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>- 120'285</b>	<b>- 14'731</b>	<b>- 69'887</b>	<b>- 204'903</b>
<b>Net book amount as at 31 December 2021</b>	<b>78'579</b>	<b>34'571</b>	<b>28'925</b>	<b>142'076</b>

1 The rights of use relate mainly to real estate. An immaterial proportion relates to the use of vehicles.

Impairments in the 2021 financial year are related to rental properties that are no longer used and whose leases cannot be terminated. Accordingly, the right of use is reduced, but the liability remains. The infrastructure associated with these properties, such as leasehold improvements, consequently lost their value and was also written down.

### 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	2021	2020	+ / - %
Short-term lease expenses	379	505	- 25.0
Low-value lease expenses	3	3	0.0
<b>Total expenses for unrecognised lease obligations</b>	<b>382</b>	<b>508</b>	<b>- 24.8</b>

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	31.12.2021	31.12.2020	+ / - %
Due within one year	1'364	1'628	- 16.2
Residual period to maturity between 1 and 2 years	1'258	1'314	- 4.2
Residual period to maturity between 2 and 3 years	1'166	1'253	- 6.9
Residual period to maturity between 3 and 4 years	1'114	1'161	- 4.1
Residual period to maturity between 4 and 5 years	1'114	1'109	0.4
Due in more than five years	2'364	3'473	- 31.9
<b>Total future net receivables from operating leases</b>	<b>8'380</b>	<b>9'939</b>	<b>- 15.7</b>

Income from operating leases is a part of other income and amounted to CHF thousands 1'687 (2020: CHF thousands 1'799). Properties are only leased.

## 17 Goodwill and other intangible assets

in CHF thousands	Goodwill	Client relationships	Software	Other intangible assets	Total
<b>Year ended December 2020</b>					
Cost as at 1 January	163'767	135'832	116'873	1'152	417'625
Additions	0	0	11'968	0	11'968
Disposals	0	0	- 87	0	- 87
Currency effects	- 462	- 314	- 18	0	- 794
<b>Cost as at 31 December</b>	<b>163'306</b>	<b>135'518</b>	<b>128'736</b>	<b>1'152</b>	<b>428'712</b>
Accumulated depreciation / impairments as at 1 January	0	- 57'320	- 69'859	- 344	- 127'523
Depreciation	0	- 8'889	- 13'872	- 215	- 22'977
Disposals / (Additions) from accumulated amortisation	0	0	87	0	87
Currency effects	0	- 26	16	- 1	- 11
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>0</b>	<b>- 66'235</b>	<b>- 83'628</b>	<b>- 560</b>	<b>- 150'423</b>
<b>Net book amount as at 31 December 2020</b>	<b>163'306</b>	<b>69'283</b>	<b>45'108</b>	<b>592</b>	<b>278'289</b>
<b>Year ended December 2021</b>					
Cost as at 1 January	163'306	135'518	128'736	1'152	428'712
Additions <sup>1</sup>	0	17'200	12'759	0	29'959
Disposals	0	0	- 1'401	0	- 1'401
Currency effects	- 4'181	- 2'125	- 870	- 12	- 7'189
<b>Cost as at 31 December</b>	<b>159'124</b>	<b>150'593</b>	<b>139'224</b>	<b>1'140</b>	<b>450'081</b>
Accumulated depreciation / impairments as at 1 January	0	- 66'235	- 83'628	- 560	- 150'423
Depreciation	0	- 9'211	- 9'106	- 213	- 18'531
Disposals / (Additions) from accumulated amortisation	0	0	1'401	0	1'401
Currency effects	0	247	600	0	847
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>0</b>	<b>- 75'198</b>	<b>- 90'733</b>	<b>- 774</b>	<b>- 166'705</b>
<b>Net book amount as at 31 December 2021</b>	<b>159'124</b>	<b>75'395</b>	<b>48'491</b>	<b>366</b>	<b>283'376</b>

1 Includes client relationships from the referral agreement of LLB Österreich with Credit Suisse. Payment will take place for the most part in the 2022 business year.

### Goodwill

The LLB Group carried goodwill for the following cash generating units:

in CHF thousands	31.12.2021	31.12.2020
Bank Linth LLB AG	55'620	55'620
Liechtensteinische Landesbank AG <sup>1</sup>	58'720	61'229
Liechtensteinische Landesbank (Österreich) AG <sup>1</sup>	36'892	38'564
LLB Swiss Investment AG	7'892	7'892
<b>Total</b>	<b>159'124</b>	<b>163'306</b>

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 at 31 December, and also as required. In order to determine a possible impairment, the recoverable amount of each cash generating unit which carries goodwill is compared with its balance sheet value. According to the calculations made, the recoverable amount of a cash generating unit always corresponds to the value in use. The balance sheet value or carrying value comprises equity before goodwill and intangible assets, as well as goodwill and intangible assets from the underlying purchase price allocation of this cash generating unit.

On the basis of the impairment testing carried out, management reached the conclusion that for the year ended on 31 December 2021, the total goodwill of CHF 159.1 million allocated to the cash generating units remains recoverable. No impairment of goodwill has to be recognised because the recoverable amount exceeds the carrying value.

### 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 of the functional currency of the tested cash generating unit. These are the inflation rates of Switzerland, Liechtenstein and Austria. 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 2021 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	
	2021	2020	2021	2020
Bank Linth LLB AG	1.0	1.0	5.5	5.8
Liechtensteinische Landesbank AG	1.0	1.0	6.0	6.5
Liechtensteinische Landesbank (Österreich) AG	2.0	2.0	8.0	8.5
LLB Swiss Investment AG	1.0	1.0	8.5	8.5

### 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 attributable to shareholders 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 16 million and CHF 160 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. In the 2021 business year, adjustments were made to the discount rate; LLB Swiss Investment AG was not affected by this. In essence, these adjustments were based on a reduced small cap premium. 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 challenging situation in the financial industry, 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 attributable to shareholders 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	
2022	7'016
2023	6'403
2024	6'403
2025	6'403
2026	6'403
2027 and thereafter	42'768
<b>Total</b>	<b>75'395</b>

## 18 Other assets

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Precious metals holdings	13'978	15'035	- 7.0
Settlement accounts	14'755	6'825	116.2
VAT and other tax receivables	2'135	2'227	- 4.1
Investment property	19'732	15'000	31.5
Non-current assets held for sale	1'750	6'813	- 74.3
Investment in associates and joint venture	33	30	9.2
<b>Total other assets</b>	<b>52'383</b>	<b>45'931</b>	<b>14.0</b>

## 19 Assets pledged

in CHF thousands	31.12.2021		31.12.2020	
	Carrying value	Actual liability	Carrying value	Actual liability
Due from banks	82'219	76'014	58'225	51'059
Mortgage loans	1'720'980	1'396'400	1'501'113	1'204'700
Financial investments	1'085'150	886'655	756'102	544'010
Loans	45'248	36'870	52'351	49'000
<b>Total pledged / assigned assets</b>	<b>2'933'597</b>	<b>2'395'939</b>	<b>2'367'791</b>	<b>1'848'769</b>

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.

The bridging loans granted in the course of the corona pandemic and guaranteed by the Swiss Confederation were pledged to the Swiss National Bank as loans and advances to customers for refinancing purposes.

## 20 Due to banks

in CHF thousands	31.12.2021	31.12.2020	+ / - %
On demand	387'362	252'062	53.7
At maturity or callable	1'935'556	1'074'108	80.2
<b>Total due to banks</b>	<b>2'322'918</b>	<b>1'326'170</b>	<b>75.2</b>

## 21 Due to customers

in CHF thousands	31.12.2021	31.12.2020	+ / - %
On demand	13'682'220	13'299'777	2.9
At maturity or callable	902'673	1'120'724	- 19.5
Savings accounts	3'475'307	3'331'698	4.3
<b>Total due to customers</b>	<b>18'060'199</b>	<b>17'752'199</b>	<b>1.7</b>

## 22 Debt issued

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Medium-term notes <sup>1</sup>	150'298	186'472	- 19.4
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions <sup>2</sup>	1'397'921	1'206'506	15.9
Bonds	401'198	401'339	- 0.0
<b>Total debt issued</b>	<b>1'949'418</b>	<b>1'794'317</b>	<b>8.6</b>

- 1 The average interest rate was 0.3 per cent as at 31 December 2021 and 0.4 per cent as at 31 December 2020.  
 2 The average interest rate was 0.4 per cent as at 31 December 2021 and 0.5 per cent as at 31 December 2020.

Year issued	Name	ISIN	Currency	Maturity	Effective annual interest rate in %	Nominal interest rate in %	in CHF thousands		
							Nominal value	31.12.2021	31.12.2020
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CH0419041204	CHF	28.05.2026	0.106 %	0.125 %	150'000	150'235	150'263
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CH0419041527	CHF	27.09.2029	- 0.133 %	0.000 %	100'000	101'039	101'173
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CH0536893255	CHF	24.09.2030	0.315 %	0.300 %	150'000	149'924	149'902

## 23 Changes to liabilities from financing activities

in CHF thousands	01.01.2020	Cash changes	Non-cash changes				Other	31.12.2020
			Changes in scope of consolidation	Changes in exchange rates	Changes in fair value			
Medium-term notes <sup>1</sup>	219'473	- 32'925	0	0	0	- 77	186'472	
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions <sup>1</sup>	1'111'918	95'000	0	0	0	- 412	1'206'506	
Bonds <sup>1</sup>	251'600	150'000	0	0	0	- 262	401'339	
Lease liabilities	39'677	- 5'106	0	0	0	1'158	35'729	
<b>Total liabilities from financing activities</b>	<b>1'622'669</b>	<b>206'969</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>407</b>	<b>1'830'045</b>	

in CHF thousands	01.01.2021	Cash changes	Non-cash changes				Other	31.12.2021
			Changes in scope of consolidation	Changes in exchange rates	Changes in fair value			
Medium-term notes <sup>1</sup>	186'472	- 35'168	0	0	- 847	- 159	150'298	
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions <sup>1</sup>	1'206'506	191'700	0	0	0	- 284	1'397'921	
Bonds <sup>1</sup>	401'339	0	0	0	0	- 141	401'198	
Lease liabilities	35'729	- 5'175	0	0	0	5'160	35'714	
<b>Total liabilities from financing activities</b>	<b>1'830'045</b>	<b>151'357</b>	<b>0</b>	<b>0</b>	<b>- 847</b>	<b>4'576</b>	<b>1'985'131</b>	

- 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 ef- fects (reclassi- fications)	As at 31 December
<b>Deferred tax assets</b>						
<b>2020</b>						
Recognised rights of use from leases	36	25	0			61
Property and equipment	4'334	- 254	0			4'080
Liability for pension plans	13'675	- 337	- 869			12'469
Intangible assets	13	- 13	0			- 0
Derivative financial instruments	2'685	- 1'169	0			1'516
Expected credit losses	1'258	- 557	4			705
<b>Total deferred tax assets</b>	<b>21'999</b>	<b>- 2'305</b>	<b>- 865</b>			<b>18'830</b>
Offsetting						- 7'346
<b>Total after offsetting</b>						<b>11'483</b>
<b>2021</b>						
Recognised rights of use from leases	61	21	0	0	0	82
Property and equipment	4'080	- 82	0	0	- 530	3'468
Specific allowance	0	0	0	- 11	530	519
Liability for pension plans	12'469	148	- 6'243	2	0	6'375
Intangible assets	- 0	0	0	0	0	- 0
Derivative financial instruments	1'516	- 969	0	0	297	844
Expected credit losses	705	- 86	0	0	0	619
<b>Total deferred tax assets</b>	<b>18'830</b>	<b>- 968</b>	<b>- 6'243</b>	<b>- 9</b>	<b>297</b>	<b>11'906</b>
Offsetting						- 4'081
<b>Total after offsetting</b>						<b>7'825</b>
<b>Deferred tax liabilities</b>						
<b>2020</b>						
Intangible assets	18'576	- 1'952	- 130			16'494
Financial investments	7'626	- 608	1'850			8'869
Property and equipment	229	- 229	0			0
Provisions	10'977	0	0			10'977
<b>Total deferred tax liabilities</b>	<b>37'407</b>	<b>- 2'789</b>	<b>1'720</b>			<b>36'338</b>
Offsetting						- 7'346
<b>Total after offsetting</b>						<b>28'992</b>
<b>2021</b>						
Intangible assets	16'494	- 1'974	0	- 456	0	14'063
Financial investments	8'869	- 143	- 2'700	- 67	0	5'959
Property and equipment	0	248	0	- 36	515	727
Provisions	10'977	768	0	0	297	12'042
<b>Total deferred tax liabilities</b>	<b>36'338</b>	<b>- 1'101</b>	<b>- 2'700</b>	<b>- 559</b>	<b>812</b>	<b>32'789</b>
Offsetting						- 4'081
<b>Total after offsetting</b>						<b>28'708</b>

As per 31 December 2021, 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 2021	Total 2020
As at 1 January	2'757	8'441	11'199	14'907
Provisions applied	- 34	- 3'877	- 3'911	- 4'158
Increase in provisions recognised in the income statement	952	4'473	5'425	4'654
Decrease in provisions recognised in the income statement	0	- 467	- 467	- 4'145
Changes due to foreign exchange differences	- 17	- 12	- 29	- 59
<b>As at 31 December</b>	<b>3'658</b>	<b>8'558</b>	<b>12'217</b>	<b>11'199</b>

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Short-term provisions	751	1'736	- 56.8
Long-term provisions	11'466	9'462	21.2
<b>Total</b>	<b>12'217</b>	<b>11'199</b>	<b>9.1</b>

Estimates and assumptions are made to assess the amount of provisions required. However, such estimates and assumptions can mean that substantial uncertainties could exist in relation to the occurrence of the events for which provisions were allocated.

### Provisions for other risks and restructuring measures

In the 2021 business year, the LLB Group allocated provisions for restructuring measures totalling net CHF 3.0 million, and CHF 1.8 million were utilised for this purpose. At 31.12.2021, the total amount of these provisions stood at CHF 4.5 million.

The provisions for a service agreement for the use of Tambas banking software, which is no longer used, were utilised fully for this purpose in the 2021 business year (effect in 2021: CHF 1.9 million).

There were no contingent liabilities in connection with legal and litigation risks.

## 26 Other liabilities

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Lease liabilities	35'714	35'729	- 0.0
Charge accounts	12'081	10'040	20.3
Accounts payable	19'420	17'730	9.5
Settlement accounts	34'835	23'619	47.5
Pension plans	51'642	101'140	- 48.9
Outstanding holidays / flexi-time	4'122	3'551	16.1
Other long-term benefits	4'199	4'358	- 3.6
Non-current liabilities held for sale	0	2'250	- 100.0
<b>Total other liabilities</b>	<b>162'014</b>	<b>198'417</b>	<b>- 18.3</b>

## 27 Share capital

	31.12.2021	31.12.2020	+ / - %
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
<b>Total nominal value (in CHF thousands)</b>	<b>154'000</b>	<b>154'000</b>	<b>0.0</b>

## 28 Share premium

in CHF thousands	2021	2020	+ / - %
As at 1 January	- 13'177	- 22'432	- 41.3
Net movements in treasury shares <sup>1</sup>	- 775	9'255	
<b>As at 31 December</b>	<b>- 13'952</b>	<b>- 13'177</b>	<b>5.9</b>

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 paid out in share entitlements. The variable component of compensation depends on individual target achievement and the relative equity performance of the LLB. The share component of the variable compensation of risk takers is at least 50 per cent, of the other employees at least 40 per cent.

In 2021, share entitlements of CHF 2.4 million (44'810 shares at an average price of CHF 52.47) were earned and recognised in personnel expenses. In the previous year, it was CHF 2.0 million (37'270 shares at an average price of CHF 53.80).

## 29 Treasury shares

	Quantity	in CHF thousands
As at 1 January 2020	364'295	23'574
Purchases	0	0
Disposals	- 75'885	- 4'911
<b>As at 31 December 2020</b>	<b>288'410</b>	<b>18'663</b>
Purchases	0	0
Disposals	- 55'475	- 3'590
<b>As at 31 December 2021</b>	<b>232'935</b>	<b>15'073</b>

The disposals were in connection with the transfer of share entitlements to the entitled employees of the LLB Group following a blocked period of three years. Only earned shares were transferred, no cash funds were paid out. The average price per share amounted to CHF 64.71 (previous year: CHF 64.71). The proportion of share capital represented by the transferred shares was 0.2 per cent (previous year: 0.2 %).

### 30 Retained earnings

in CHF thousands	2021	2020	+ / - %
As at 1 January	1'902'316	1'866'121	1.9
Net profit attributable to the shareholders of LLB	129'907	103'523	25.5
Dividends paid	- 67'237	- 67'124	0.2
Increase / (Reduction) in non-controlling interests	0	0	
Reclassification not affecting the income statement	- 5'469	- 204	
<b>As at 31 December</b>	<b>1'959'517</b>	<b>1'902'316</b>	<b>3.0</b>

### 31 Other reserves

in CHF thousands	2021	2020	+ / - %
As at 1 January	- 20'911	- 44'803	- 53.3
Foreign currency translation	- 14'372	- 1'258	
Actuarial gains / (losses) of pension plans	46'707	9'000	419.0
Value changes from financial investments measured at fair value through other comprehensive income	- 3'962	15'946	
Reclassification not affecting the income statement	5'469	204	
<b>As at 31 December</b>	<b>12'932</b>	<b>- 20'911</b>	

### 32 Non-controlling interests

in CHF thousands	2021	2020	+ / - %
As at 1 January	134'029	130'785	2.5
Foreign currency translation	- 61	- 7	
Non-controlling interests in net profit	7'956	6'299	26.3
(Dividends paid) / Reduction of nominal value in non-controlling interests	- 2'345	- 2'357	- 0.5
Increase / (Reduction) in non-controlling interests	36	0	
Actuarial gains / (losses) of pension plans	3'211	- 641	
Value changes from financial investments measured at fair value through other comprehensive income	- 120	- 51	134.5
<b>As at 31 December</b>	<b>142'704</b>	<b>134'029</b>	<b>6.5</b>

From the Group's perspective, the minorities are considered immaterial, so that no further disclosures are made in the annual report. From an individual company perspective, the minority interests of Bank Linth are of a certain relevance. For further information, see the [annual report of Bank Linth](#).

### 33 Fair value measurement

#### Measurement guidelines and classification in the fair value hierarchy

The fair value represents a market-based measurement and not an entity-specific valuation. It is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date on the principal market or the most advantageous market.

Various techniques and models are employed to determine the fair value. As far as possible, the LLB Group uses observable input factors from active markets accessible to the company on the measurement date. The fewer the number of observable input factors that can be employed, the more assumptions and estimates have to be utilised to enable an exit price on the measurement date to be determined from the perspective of the market participant. Such assumptions and estimates contain uncertainties, which at a later date can lead to substantial changes in the fair value of financial and non-financial assets and liabilities.

All financial and non-financial assets and liabilities, which possess a fair value, are assigned to one of the following three levels of fair value hierarchy. It is possible that the input factors, which are used to measure the fair value of individual financial and non-financial assets and liabilities, fall into different

levels of the fair value hierarchy. The classification of the financial or non-financial asset or liability in the fair value hierarchy is made to the lowest level, to which one of the significant input factors is assigned.

**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**

Valuation methods and models are employed to determine the fair value of financial and non-financial assets and liabilities if no market prices quoted on an active market are available. The LLB Group employs standardised and generally recognised valuation methods and models.

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
<b>Level 2</b>			
Derivative financial instruments (interest rate swaps)	Income approach, present value calculation	Market price of congruent SARON interest rates, spot rates	
Derivative financial instruments (forward contracts)	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	
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	
<b>Level 3</b>			
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

The measurement process to determine the fair value of recurring and non-recurring Level 3 assets and liabilities, especially the non-observable input factors, as shown in the previous table, are explained in the following. No explanation of the interrelationships between observable and non-observable inputs is provided because these have no material influence on the measurement of the fair value.

### 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

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.

Positions measured at fair value are recognised on a recurring basis in the balance sheet at fair value. As at 31 December 2021, the LLB Group had no assets or liabilities which were measured at fair value on a non-recurring basis in the balance sheet. In the 2021 financial year, there were no significant transfers between Level 1, Level 2 and Level 3 financial instruments.

in CHF thousands	31.12.2021	31.12.2020	+/- %
<b>Assets</b>			
<b>Level 1</b>			
Financial investments at fair value through profit and loss	146'034	263'342	- 44.5
Financial investments, recognised at fair value through other comprehensive income	2'215'897	1'866'971	18.7
Precious metal receivables	134'236	112'081	19.8
<b>Total financial instruments at fair value</b>	<b>2'496'167</b>	<b>2'242'393</b>	<b>11.3</b>
Precious metals	13'978	15'035	- 7.0
<b>Total other assets at fair value</b>	<b>13'978</b>	<b>15'035</b>	<b>- 7.0</b>
Cash and balances with central banks	7'213'159	6'715'610	7.4
<b>Total financial instruments not at fair value</b>	<b>7'213'159</b>	<b>6'715'610</b>	<b>7.4</b>
<b>Total Level 1</b>	<b>9'723'305</b>	<b>8'973'039</b>	<b>8.4</b>
<b>Level 2</b>			
Derivative financial instruments	219'704	199'634	10.1
of which for hedging purpose	12'912	4'193	208.0
Financial investments at fair value through profit and loss <sup>1</sup>	47'300	31'847	48.5
<b>Total financial instruments at fair value</b>	<b>267'003</b>	<b>231'481</b>	<b>15.3</b>
Due from banks	755'584	691'156	9.3
Loans	14'265'921	13'806'289	3.3
<b>Total financial instruments not at fair value</b>	<b>15'021'505</b>	<b>14'497'445</b>	<b>3.6</b>
<b>Total Level 2</b>	<b>15'288'509</b>	<b>14'728'926</b>	<b>3.8</b>
<b>Level 3</b>			
Financial investments, recognised at fair value through other comprehensive income <sup>2</sup>	30'952	30'152	2.7
<b>Total financial instruments at fair value</b>	<b>30'952</b>	<b>30'152</b>	<b>2.7</b>
Investment property	19'732	15'000	31.5
<b>Total other assets at fair value</b>	<b>19'732</b>	<b>15'000</b>	<b>31.5</b>
<b>Total Level 3</b>	<b>50'683</b>	<b>45'152</b>	<b>12.2</b>
<b>Total assets</b>	<b>25'062'498</b>	<b>23'747'117</b>	<b>5.5</b>

1 Investment funds and equities

2 Infrastructure title

in CHF thousands	31.12.2021	31.12.2020	+/- %
<b>Liabilities</b>			
<b>Level 1</b>			
Precious metal liabilities	147'908	126'807	16.6
<b>Total financial instruments at fair value</b>	<b>147'908</b>	<b>126'807</b>	<b>16.6</b>
Bonds	397'980	402'655	
<b>Total financial instruments not at fair value</b>	<b>397'980</b>	<b>402'655</b>	
<b>Total Level 1</b>	<b>545'888</b>	<b>529'462</b>	<b>3.1</b>
<b>Level 2</b>			
Derivative financial instruments	256'198	249'176	2.8
of which for hedging purpose	12'777	22'371	- 42.9
<b>Total financial instruments at fair value</b>	<b>256'198</b>	<b>249'176</b>	<b>2.8</b>
Due to banks	2'323'976	1'329'815	74.8
Due to customers	17'980'507	17'861'027	0.7
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'583'750	1'452'239	9.1
<b>Total financial instruments not at fair value</b>	<b>21'888'233</b>	<b>20'643'081</b>	<b>6.0</b>
<b>Total Level 2</b>	<b>22'144'431</b>	<b>20'892'257</b>	<b>6.0</b>
<b>Level 3</b>			
<b>Total Level 3</b>	<b>0</b>	<b>0</b>	
<b>Total liabilities</b>	<b>22'690'319</b>	<b>21'421'718</b>	<b>5.9</b>

### Reconciliation of assets and liabilities classified as Level 3

All Level 3 positions are measured by third parties and, due to their amount, are not material. The reconciliation is not therefore shown in tabular form.

The financial investments measured at fair value through other comprehensive income rose by CHF 0.8 million in the 2021 business year (previous year: CHF 2.0 million). The increase was attributable solely to a change in the fair value due to higher market prices.

The change in investment property was due to the acquisition of a property, which is now classified as investment property.

### 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	31.12.2021		31.12.2020	
	Book amount	Fair value	Book amount	Fair value
<b>Assets</b>				
Cash and balances with central banks	7'213'159	7'213'159	6'715'610	6'715'610
Due from banks <sup>1</sup>	755'508	755'584	578'930	579'075
Loans	13'805'188	14'265'921	13'229'931	13'806'289
<b>Liabilities</b>				
Due to banks	2'322'918	2'323'976	1'326'170	1'329'815
Due to customers <sup>1</sup>	17'912'291	17'980'507	17'625'392	17'734'220
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'548'220	1'583'750	1'392'978	1'452'239
Bonds	401'198	397'980	401'339	402'655

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

The LLB Group has concluded agreements with various counterparties which permit netting. These are mainly agreements in connection with securities lending and borrowing transactions, reverse-repurchase deals and over-the-counter transactions. The following table provides an overview of the financial assets and financial liabilities which are subject to an enforceable netting agreement or similar agreements. 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 satisfied. Accordingly, the table shows unnetted amounts on the balance sheet and therefore risks, which the bank has accepted with the individual executed transactions, and which existed on the balance sheet date. The information provided in the table does not represent the current credit risk in connection with the transactions conducted by the LLB Group.

in CHF thousands	On the balance sheet recognised amounts	Potential netting amounts		Amounts after potential netting
		Financial instruments	Financial collaterals	
<b>31.12.2020</b>				
<b>Financial assets subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Positive replacement values	199'634	54'577	96'375	48'682
<b>Total assets</b>	<b>199'634</b>	<b>54'577</b>	<b>96'375</b>	<b>48'682</b>
<b>Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Repurchase agreements	490'000	490'000	0	0
Negative replacement values	249'176	54'577	58'225	136'374
<b>Total liabilities</b>	<b>739'176</b>	<b>544'577</b>	<b>58'225</b>	<b>136'374</b>

in CHF thousands	On the balance sheet recog- nised amounts	Potential netting amounts		Amounts after potential net- ting
		Financial instruments	Financial collaterals	
<b>31.12.2021</b>				
<b>Financial assets subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Positive replacement values	219'704	79'294	34'444	105'965
<b>Total assets</b>	<b>219'704</b>	<b>79'294</b>	<b>34'444</b>	<b>105'965</b>
<b>Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Repurchase agreements	835'000	835'000	0	0
Negative replacement values	256'198	79'294	82'219	94'685
<b>Total liabilities</b>	<b>1'091'198</b>	<b>914'294</b>	<b>82'219</b>	<b>94'685</b>

# Notes to the consolidated off-balance sheet transactions

## 35 Contingent liabilities

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Collateral guarantees and similar instruments	24'845	26'164	- 5.0
Performance guarantees and similar instruments	35'247	36'253	- 2.8
<b>Total contingent liabilities</b>	<b>60'093</b>	<b>62'416</b>	<b>- 3.7</b>

## 36 Credit risks

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Irrevocable commitments	727'203	696'915	4.3
Deposit and call liabilities	13'639	15'036	- 9.3
<b>Total credit risks</b>	<b>740'842</b>	<b>711'952</b>	<b>4.1</b>

## 37 Fiduciary transactions

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Fiduciary deposits with other banks	58'425	202'772	- 71.2
Other fiduciary financial transactions	3'176	1'646	92.9
<b>Total fiduciary transactions</b>	<b>61'600</b>	<b>204'418</b>	<b>- 69.9</b>

## 38 Lending and pension transactions with securities

LLB has own securities which have been lent or pledged by it. 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	31.12.2021		31.12.2020	
	Carrying value	Actual liability	Carrying value	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	838'911	840'587	490'000	488'791
of which capable of being resold or further pledged without restrictions	833'431	835'000	490'000	488'791
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	0	0
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 2015) were used for all significant pension plans. The last actuarial valuations were performed on 31 December 2021. 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) and its implementing ordinance are to be observed. The minimum salary to be insured and the minimum pension savings balance sum are stipulated in the BPVG. On account of the pension plan structure and the legal provisions of the BPVG, 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 is

converted into a life-long pension at age 65 at a pension conversion rate of 5.32 per cent. The conversion rate will gradually decrease to 4.82 per cent at age 65 by 1 January 2028. This decision led to a profit from plan amendments, which was recognised immediately as a reduction of personnel expenses in the income statement. To calculate the effect of the plan amendment, in accordance with IAS 19, an interim financial statement was compiled for the pension fund. 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 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	
	2021	2020	2021	2020
<b>Defined benefit costs</b>				
<b>Service cost</b>				
Current service cost	-16'759	-16'495	-553	-570
Past service cost including effects of curtailment	613	6'697	0	0
<b>Total service cost</b>	<b>-16'146</b>	<b>-9'798</b>	<b>-553</b>	<b>-570</b>
<b>Net interest</b>				
Interest cost on defined benefit obligation	-1'390	-1'717	-9	-15
Interest income on plan assets	1'246	1'352	0	0
<b>Total net interest</b>	<b>-144</b>	<b>-365</b>	<b>-9</b>	<b>-15</b>
Administration expense	-616	-616	0	0
Net actuarial (losses) / gains recognised	0	0	-100	-185
<b>Total defined benefit cost</b>	<b>-16'906</b>	<b>-10'779</b>	<b>-662</b>	<b>-770</b>
of which personnel expenses	-16'906	-10'779	-662	-770
of which financial expense	0	0	0	0
<b>Contributions to defined contribution plans</b>	<b>-200</b>	<b>-356</b>	<b>0</b>	<b>0</b>
<b>Remeasurement of the defined benefit liability</b>				
<b>Actuarial (gains) / losses</b>				
Arising from changes in demographic assumptions	14'997	0	0	0
Arising from changes in economic assumptions	7'132	-2'540	0	0
Arising from experience	-15'480	-4'047	0	0
Return on plan assets (excl. amounts in interest income)	44'123	15'812	0	0
<b>Total defined benefit cost recognised in other comprehensive income</b>	<b>50'772</b>	<b>9'225</b>	<b>0</b>	<b>0</b>
<b>Total benefit cost</b>	<b>33'666</b>	<b>-1'910</b>	<b>-662</b>	<b>-770</b>

## Development of plan obligations

in CHF thousands	Pensions plans		Other long-term benefits	
	2021	2020	2021	2020
As at 1 January	600'460	588'661	4'359	4'325
Current service cost	16'759	16'495	553	570
Plan participation contributions	8'070	8'011	0	0
Interest costs	1'390	1'717	9	15
Benefits paid through pension assets	- 21'052	- 13'968	0	0
Benefits paid by employer	- 96	- 238	- 759	- 731
Actuarial (gains) / losses	- 6'649	6'587	101	185
Plan amendments	- 613	- 6'697	0	0
Exchange rate differences	13	- 108	- 63	- 5
<b>As at 31 December</b>	<b>598'282</b>	<b>600'460</b>	<b>4'200</b>	<b>4'359</b>
of which active employees	409'091	404'386		
of which pensioners	189'190	196'074		
Average term of obligation	15.1	15.8		

## Development of plan assets

in CHF thousands	Pension plans	
	2021	2020
As at 1 January	499'320	473'780
Plan participation contributions	8'070	8'011
Company contributions	15'550	14'949
Interest income on plan assets	1'246	1'352
Administration expense	- 616	- 616
Assets assumed in a business combination	0	0
Benefits paid through pension assets	- 21'052	- 13'968
Return on plan assets (excl. amounts in interest income)	44'123	15'812
<b>As at 31 December</b>	<b>546'641</b>	<b>499'320</b>

The pension fund assets as at 31 December 2021 include shares of LLB with a market value of CHF thousands 14 (31.12. 2020: CHF thousands 12). The expected Group contributions for the 2022 financial year amount to CHF thousands 14'730 for the pension plans and CHF thousands 705 for the other long-term benefits.

## Overview of net debt recognised in the balance sheet

in CHF thousands	Pension plans		Other long-term benefits	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Present value of funded obligations	596'723	598'909	0	0
Minus fair value of plan assets	546'641	499'320	0	0
<b>Under- / (Over-)funded</b>	<b>50'082</b>	<b>99'589</b>	<b>0</b>	<b>0</b>
Present value of unfunded obligations	1'559	1'551	4'199	4'358
<b>Net debt recognised in the balance sheet</b>	<b>51'641</b>	<b>101'140</b>	<b>4'199</b>	<b>4'358</b>

## Asset classes

in CHF thousands	31.12.2021	31.12.2020
	Share of total assets	Share of total assets
<b>Equities</b>		
listed market prices (Level 1)	187'993	157'862
other than listed market prices	0	0
<b>Bonds</b>		
listed market prices (Level 1)	173'299	180'567
other than listed market prices	0	0
<b>Real estate</b>		
listed market prices (Level 1)	12'003	5'367
other than listed market prices / direct investments	60'407	59'531
<b>Alternative financial investments</b>	48'332	45'945
<b>Qualified insurance policies</b>	40'808	35'840
<b>Other financial investments</b>	0	63
<b>Cash and cash equivalents</b>	23'799	14'145

## Weighted average of principal actuarial assumptions

in per cent	Pension plans		Other long-term benefits	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Discount rate	0.30	0.18	0.45	0.20
Future salary increases	1.30	1.00	1.70	1.33
Future pension indexations	0.00	0.00	0.00	0.00
Interest credit rate	0.49	0.41		
<b>Life expectancy at the age of 65</b>				
Year of birth	1976	1975	1976	1975
men	24.9	24.5	24.9	24.5
women	26.4	26.5	26.4	26.5
Year of birth	1956	1955	1956	1955
men	22.6	22.7	22.6	22.7
women	24.4	24.8	24.4	24.8

The demographic assumptions correspond to those for the year 2021 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			
	31.12.2021		31.12.2020	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Discount rate	- 22'272	23'800	- 23'434	25'097
Salary increase	1'930	- 1'885	1'942	- 1'896
Interest credit rate	5'231	- 5'114	5'312	- 5'193
in CHF thousands	+ 1 year	- 1 year	+ 1 year	- 1 year
Life expectancy	14'295	- 14'446	15'214	- 15'343

# Related party transactions

## Related parties

The LLB Group is controlled by the Principality of Liechtenstein, which holds 57.5 per cent of the registered shares of Liechtensteinische Landesbank AG, Vaduz. The shareholder group, consisting of the Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH, holds 5.9 per cent of the registered shares. At the end of the year under report, LLB held 0.9 per cent of its own shares and 0.4 per cent were held by members of the Board of Directors and the Board of Management. 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 <sup>1</sup>		Contribution to benefit plans and other social contributions		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Members of the Board of Directors</b>										
Georg Wohlwend, Chairman <sup>2</sup>	194	275	0	0	26	37	55	73	275	385
Gabriela Nagel-Jungo, Vice Chairwoman	190	154	0	0	33	32	43	14	266	200
Patrizia Holenstein, Member	70	70	0	0	20	20	0	7	90	97
Urs Leinhäuser, Member <sup>3</sup>	81	81	0	0	20	20	0	0	101	101
Thomas Russenberger, Member	71	71	0	0	20	20	5	5	96	96
Richard Senti, Member	76	76	0	0	20	20	6	6	102	102
Karl Sevelde, Member	61	56	0	0	20	20	0	0	81	76
<b>Total</b>	<b>743</b>	<b>783</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>168</b>	<b>109</b>	<b>105</b>	<b>1'011</b>	<b>1'057</b>
<b>Members of the Board of Management<sup>4</sup></b>										
Roland Matt, Group CEO since 26.01.2021 <sup>5</sup>		804		167		167		231		1'369
Gabriel Brenna, Group CEO since 01.03.2021	748		147		147		210		1'252	
Other members of the Board of Management	2'464	2'766	485	568	485	568	862	952	4'296	4'854
<b>Total</b>	<b>3'212</b>	<b>3'570</b>	<b>632</b>	<b>735</b>	<b>632</b>	<b>735</b>	<b>1'071</b>	<b>1'183</b>	<b>5'547</b>	<b>6'223</b>

- The members of the Board of Directors receive a portion of their fixed compensation in the form of share entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of share entitlements. The total compensation comprises the total of the fixed and variable compensation plus the share entitlements.
- Georg Wohlwend resigned from the Board of Directors on 3 November 2020. The task of chairing the Board of Directors until Georg Wohlwend's re-election at the Annual General Meeting on 7 May 2021 was taken over by Vice Chair Gabriela Nagel-Jungo.
- The compensation was paid to Adulco GmbH.
- Since the resignation of Roland Matt, the Executive Management consists of five members.
- On 26 January 2021, Roland Matt stepped down as Chairman of the Executive Board and left the company on 31 May 2021. During the period from 26 January 2021 to 28 February 2021, Deputy Chairman Urs Müller assumed the duties of Chairman of the Executive Board.

## Loans to key management personnel and related parties

in CHF thousands	Fixed mortgages		Variable mortgages		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
<b>Members of the Board of Directors</b>						
Georg Wohlwend, Chairman <sup>1</sup>	0		0		0	
Gabriela Nagel-Jungo, Vice Chairwoman	200	400	0	0	200	400
Patrizia Hostenstein, Member	0	0	0	0	0	0
Urs Leinhäuser, Member	0	0	0	0	0	0
Thomas Russenberger, Member	0	0	0	0	0	0
Richard Senti, Member	305	575	364	93	669	668
Karl Sevelde, Member	0	0	0	0	0	0
and related parties	0	0	0	0	0	0
<b>Total</b>	<b>505</b>	<b>975</b>	<b>364</b>	<b>93</b>	<b>869</b>	<b>1'068</b>
<b>Members of the Board of Management</b>						
Roland Matt, Group CEO until 26.01.2021 <sup>2</sup>		2'000		1'000		3'000
Gabriel Brenna, Group CEO since 01.03.2021	0	0	0	0	0	0
Other members of the Board of Management	1'560	1'560	0	0	1'560	1'560
and related parties	0	0	0	0	0	0
<b>Total</b>	<b>1'560</b>	<b>3'560</b>	<b>0</b>	<b>1'000</b>	<b>1'560</b>	<b>4'560</b>

- 1 Georg Wohlwend resigned from the Board of Directors on 3 November 2020. The task of chairing the Board of Directors until Georg Wohlwend's re-election at the Annual General Meeting on 7 May 2021 was taken over by Vice Chair Gabriela Nagel-Jungo.
- 2 On 26 January 2021, Roland Matt stepped down as Chairman of the Executive Board and left the company on 31 May 2021.

All mortgage loans to member of management in key positions and related parties are fully secured.

At 31 December 2021, the maturities of the fixed mortgages for the members of the Board of Directors and related parties ranged between 15 and 51 months (previous year: between 3 and 63 months) at standard market client interest rates of 0.75 to 1.25 per cent per annum (previous year: 0.95 to 1.65 %). Following its expiry, a mortgage was reissued at new market rates.

At 31 December 2021, the maturities of variable mortgages for members of the Board of Directors and related parties extended to a maximum of 1 month (previous year: 1 month) at standard market client interest rates of 0.80 to 0.95 per cent per annum (previous year: 0.95 %). Following expiry, these are extended for a further 3 months providing they are not revoked. One variable mortgage was reissued at market conditions.

At 31 December 2021, the maturities of fixed mortgages for members of the Board of Management ranged between 0 and 42 months (previous year: between 1 and 118 months) at interest rates of 1.05 to 1.80 per cent per annum. (previous year: 0.46 to 1.80 %).

The fair value of the collateral of the newly issued mortgages amounted to CHF thousands 1'055.

Of the total amount of mortgages for the members of the Board of Management, CHF thousands 500 (previous year: CHF thousands 1'500) 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 third party guarantees amounting to CHF thousands CHF 500 (previous year: CHF thousands 168) for management and related parties. In addition, LLB confirmed that it would extend two mortgages.

## Transactions with key management personnel and related parties

in CHF thousands	2021	2020	+ / - %
<b>Loans</b>			
As at 1 January	5'628	3'628	55.1
Loans issued / changes to management and related parties	270	2'000	- 86.5
Loan repayments / changes to management and related parties	- 3'470	0	
<b>As at 31 December</b>	<b>2'429</b>	<b>5'628</b>	<b>- 56.8</b>
<b>Deposits</b>			
As at 1 January	3'914	6'695	- 41.5
Change	3'782	- 2'780	
<b>As at 31 December</b>	<b>7'697</b>	<b>3'914</b>	<b>96.6</b>
<b>Income and expenses</b>			
Interest income	32	47	- 31.6
Interest expenses	- 0	- 2	- 76.8
Other income <sup>1</sup>	21	7	224.4
Other expenses	0	0	
<b>Total</b>	<b>53</b>	<b>51</b>	<b>3.0</b>

1 Mainly net fee and commission income

## Transactions with associated companies

in CHF thousands	2021	2020	+ / - %
<b>Loans</b>			
As at 1 January	10'003	1'502	566.2
Change	- 9'367	8'502	
<b>As at 31 December</b>	<b>636</b>	<b>10'003</b>	<b>- 93.6</b>
<b>Deposits</b>			
As at 1 January	29'757	13'063	127.8
Change	- 13'227	16'694	
<b>As at 31 December</b>	<b>16'530</b>	<b>29'757</b>	<b>- 44.4</b>
<b>Income and expenses</b>			
Interest income	49	87	- 43.4
Interest expenses	- 0	0	
Other income	64	20	211.8
Other expenses	- 154	- 153	0.5
<b>Total</b>	<b>- 41</b>	<b>- 45</b>	<b>- 10.0</b>

The LLB Group has not issued guarantees to third parties for related parties.

No company has currently unused credit limits (previous year: CHF 10 million).

## Transactions with own pension funds

in CHF thousands	2021	2020	+ / - %
<b>Loans</b>			
As at 1 January	0	0	
Change	0	0	
<b>As at 31 December</b>	<b>0</b>	<b>0</b>	
<b>Deposits</b>			
As at 1 January	10'976	17'868	- 38.6
Change	9'655	- 6'892	
<b>As at 31 December</b>	<b>20'631</b>	<b>10'976</b>	<b>88.0</b>
<b>Income and expenses</b>			
Interest income	0	0	- 100.0
Interest expenses	- 0	0	
Other income <sup>1</sup>	1'809	1'009	79.3
Other expenses	0	0	
<b>Total</b>	<b>1'809</b>	<b>1'009</b>	<b>79.3</b>

<sup>1</sup> Mainly earnings from derivative financial instruments as well as income from commissions and fees.

No guarantees have been granted by the LLB Group for third parties on behalf of own pension funds.

Claims exist from derivative financial instruments against the own pension fund totalling CHF thousands 22 (previous year: CHF thousands 133) and liabilities amounting to CHF thousands 957 (previous year: CHF thousands 370).

## Scope of consolidation

Company	Registered office	Business activity	Currency	Capital Stock	Equity interest (in %)	
					IFRS	Legal
<b>Fully consolidated companies</b>						
Bank Linth LLB AG	Uznach (CH)	Bank	CHF	16'108'060	74.9	74.9
Liechtensteinische Landesbank AG	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 Asset Management AG	Vaduz (FL)	Asset management company	CHF	1'000'000	100.0	100.0
LLB Berufliche Vorsorge AG in Liquidation	Lachen (CH)	Pension scheme	CHF	500'000	100.0	100.0
LLB Beteiligungs GmbH	Vienna (AT)	Investment company	EUR	35'000	100.0	100.0
LLB Fund Services AG	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	65.0	65.0
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 com- pany	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
<b>Associates</b>						
Gain Capital Management S.A.R.L.	Luxembourg	Fund management company	EUR	12'000	30.0	30.0
<b>Joint venture</b>						
Data Info Services AG	Vaduz (FL)	Service company	CHF	50'000	50.0	50.0

There were no disposals of companies or shares in companies in the reporting year. As at 31 December 2021 and as at 31 December 2020, 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 2021 and as at 31 December 2020, 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

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.

### Reputation risk

If risks are not recognized, reasonably controlled and monitored, this can lead to considerable financial losses and damage to the company's reputation.

### Risk categories

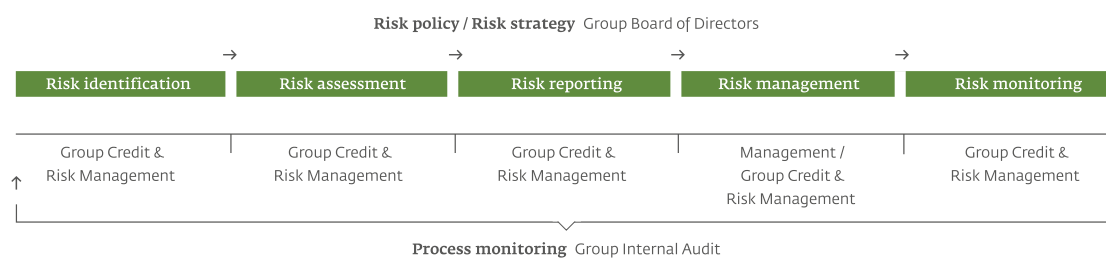


### Risk management process

The implementation of an efficient risk management process is essential to enable risks to be identified, assessed, controlled and monitored, and should create a culture of risk 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 the treatment of risk exposure. Depending on the type of risk, not only the stipulation of upper limits for losses may be required, but also a detailed set of regulations which stipulate which risks may be accepted under what conditions, and when measures to control risks are to be 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.

From the normative internal perspective, an assessment is made of the extent to which the LLB Group is in a position over the medium term to fulfil its quantitative regulatory and supervisory capital requirements and targets, as well as other external financial constraints.

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 (CRR). 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.

#### 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.

#### 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.

#### 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

#### 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.

#### 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](#)".

#### 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.

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.

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.

The equity price risks are measured assuming a price fluctuation of + / - 10 per cent on the equity market.

### Sensitivity of existing market risks

	31.12.2021	31.12.2020
in CHF thousands	Sensitivity	Sensitivity
<b>Currency risk</b>	<b>37'607</b>	<b>26'343</b>
of which affecting net income	1'757	324
of which not affecting net income	35'850	26'019
<b>Interest rate risk</b>	<b>100'644</b>	<b>72'066</b>
of which affecting net income	8'428	8'701
of which not affecting net income	92'216	63'365
<b>Equity price risk</b>	<b>26'257</b>	<b>8'949</b>
of which affecting net income	232	230
of which not affecting net income	26'025	8'719

Foreign exchange risk arises from the following currencies:

	31.12.2021	31.12.2020
in CHF thousands	Sensitivity	Sensitivity
<b>Currency risk</b>	<b>37'607</b>	<b>26'343</b>
of which USD	1'747	312
of which EUR	35'850	26'019
of which others	11	12

## 1.7 Currency risks

### Currency exposure as at 31 December 2020

in CHF thousands	CHF	USD	EUR	Others	Total
<b>Assets</b>					
Cash and balances with central banks	5'184'989	107	1'530'514	1	6'715'610
Due from banks	319'196	47'691	115'657	208'468	691'011
Loans	12'211'414	218'606	685'288	114'622	13'229'931
Derivative financial instruments	194'622	2'249	2'191	571	199'634
Financial investments	877'053	685'779	629'479	0	2'192'312
Property and equipment	130'586	0	18'309	0	148'895
Goodwill and other intangible assets	127'224	0	151'065	0	278'289
Current tax assets	0	0	1'290	0	1'290
Deferred tax assets	10'896	0	587	0	11'483
Accrued income and prepaid expenses	36'863	16'163	6'615	960	60'601
Other assets	20'018	320	10'584	15'009	45'931
<b>Total assets reported in the balance sheet</b>	<b>19'112'861</b>	<b>970'914</b>	<b>3'151'580</b>	<b>339'630</b>	<b>23'574'986</b>
Delivery claims from forex spot, forex futures and forex options transactions	4'439'307	7'302'542	6'459'225	1'993'412	20'194'486
<b>Total assets</b>	<b>23'552'169</b>	<b>8'273'456</b>	<b>9'610'805</b>	<b>2'333'042</b>	<b>43'769'472</b>
<b>Liabilities and equity</b>					
Due to banks	1'090'786	35'925	189'691	9'769	1'326'170
Due to customers	11'132'309	2'469'147	3'385'035	765'708	17'752'199
Derivative financial instruments	242'858	4'322	1'425	571	249'176
Debt issued	1'794'317	0	0	0	1'794'317
Current tax liabilities	10'090	0	3'435	0	13'525
Deferred tax liabilities	13'927	0	15'065	0	28'992
Accrued expenses and deferred income	28'232	17'871	16'226	1'068	63'398
Provisions	8'342	0	2'856	0	11'199
Other liabilities	147'902	5'957	44'329	229	198'417
Share capital	154'000	0	0	0	154'000
Share premium	- 13'177	0	0	0	- 13'177
Treasury shares	- 18'663	0	0	0	- 18'663
Retained earnings	1'902'316	0	0	0	1'902'316
Other reserves	- 20'911	0	0	0	- 20'911
Non-controlling interests	134'029	0	0	0	134'029
<b>Liabilities and equity reported in the balance sheet</b>	<b>16'606'357</b>	<b>2'533'222</b>	<b>3'658'062</b>	<b>777'345</b>	<b>23'574'986</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	7'219'009	5'737'116	5'692'554	1'555'577	20'204'255
<b>Total liabilities and equity</b>	<b>23'825'366</b>	<b>8'270'338</b>	<b>9'350'616</b>	<b>2'332'922</b>	<b>43'779'241</b>
<b>Net position per currency</b>	<b>- 273'197</b>	<b>3'119</b>	<b>260'189</b>	<b>120</b>	<b>- 9'769</b>

### Currency exposure as at 31 December 2021

in CHF thousands	CHF	USD	EUR	Others	Total
<b>Assets</b>					
Cash and balances with central banks	5'619'657	333	1'593'113	56	7'213'159
Due from banks	541'609	39'681	115'651	192'803	889'744
Loans	12'717'800	332'764	672'777	81'847	13'805'188
Derivative financial instruments	174'959	40'176	2'065	2'504	219'704
Financial investments	959'772	745'596	734'815	0	2'440'183
Property and equipment	120'739	0	21'337	0	142'076
Goodwill and other intangible assets	124'776	0	158'600	0	283'376
Current tax assets	0	0	29	0	29
Deferred tax assets	7'240	0	585	0	7'825
Accrued income and prepaid expenses	39'476	17'945	17'442	961	75'824
Other assets	25'576	623	12'209	13'975	52'383
<b>Total assets reported in the balance sheet</b>	<b>20'331'604</b>	<b>1'177'119</b>	<b>3'328'623</b>	<b>292'146</b>	<b>25'129'490</b>
Delivery claims from forex spot, forex futures and forex options transactions	4'479'286	8'595'587	7'723'010	2'511'490	23'309'374
<b>Total assets</b>	<b>24'810'890</b>	<b>9'772'706</b>	<b>11'051'633</b>	<b>2'803'636</b>	<b>48'438'865</b>
<b>Liabilities and equity</b>					
Due to banks	2'146'106	29'597	133'204	14'011	2'322'918
Due to customers	10'744'577	2'810'600	3'719'610	785'412	18'060'199
Derivative financial instruments	231'380	20'249	2'065	2'504	256'198
Debt issued	1'949'418	0	0	0	1'949'418
Current tax liabilities	16'224	0	8'420	0	24'644
Deferred tax liabilities	15'944	0	12'764	0	28'708
Accrued expenses and deferred income	29'602	19'707	22'298	1'440	73'047
Provisions	11'159	0	1'058	0	12'217
Other liabilities	99'951	4'501	57'434	128	162'014
Share capital	154'000	0	0	0	154'000
Share premium	- 13'952	0	0	0	- 13'952
Treasury shares	- 15'073	0	0	0	- 15'073
Retained earnings	1'959'517	0	0	0	1'959'517
Other reserves	12'932	0	0	0	12'932
Non-controlling interests	142'704	0	0	0	142'704
<b>Liabilities and equity reported in the balance sheet</b>	<b>17'484'489</b>	<b>2'884'654</b>	<b>3'956'853</b>	<b>803'495</b>	<b>25'129'490</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	7'691'952	6'870'585	6'736'283	2'000'035	23'298'855
<b>Total liabilities and equity</b>	<b>25'176'441</b>	<b>9'755'239</b>	<b>10'693'136</b>	<b>2'803'529</b>	<b>48'428'345</b>
<b>Net position per currency</b>	<b>- 365'551</b>	<b>17'467</b>	<b>358'497</b>	<b>107</b>	<b>10'520</b>

### 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
<b>31.12.2020</b>						
<b>Financial assets</b>						
Cash and balances with central banks	6'653'651	0	0	0	0	6'653'651
Due from banks	548'492	30'439	0	0	0	578'930
Loans	3'015'684	1'344'985	1'543'329	5'043'164	2'282'525	13'229'688
Financial investments	52'032	159'230	317'452	1'274'822	208'106	2'011'641
<b>Total financial assets</b>	<b>10'269'858</b>	<b>1'534'654</b>	<b>1'860'781</b>	<b>6'317'986</b>	<b>2'490'631</b>	<b>22'473'910</b>
Derivative financial instruments	110'802	545'000	1'035'802	355'000	0	2'046'604
<b>Total</b>	<b>10'380'660</b>	<b>2'079'654</b>	<b>2'896'583</b>	<b>6'672'986</b>	<b>2'490'631</b>	<b>24'520'514</b>
<b>Financial liabilities</b>						
Due to banks	817'160	59'500	265'500	184'010	0	1'326'170
Due to customers	7'964'308	1'467'578	2'998'198	5'108'648	14'150	17'552'882
Debt issued	33'878	43'607	97'083	521'773	1'097'976	1'794'317
<b>Total financial liabilities</b>	<b>8'815'346</b>	<b>1'570'685</b>	<b>3'360'781</b>	<b>5'814'431</b>	<b>1'112'126</b>	<b>20'673'368</b>
Derivative financial instruments	50'802	120'000	565'000	660'000	650'802	2'046'604
<b>Total</b>	<b>8'866'148</b>	<b>1'690'685</b>	<b>3'925'781</b>	<b>6'474'431</b>	<b>1'762'928</b>	<b>22'719'972</b>
<b>Interest rate repricing exposure</b>	<b>1'514'513</b>	<b>388'969</b>	<b>- 1'029'198</b>	<b>198'555</b>	<b>727'703</b>	<b>1'800'542</b>
<b>31.12.2021</b>						
<b>Financial assets</b>						
Cash and balances with central banks	7'158'915	0	0	0	0	7'158'915
Due from banks	755'508	0	0	0	0	755'508
Loans	2'622'438	2'130'662	1'508'973	4'967'405	2'575'672	13'805'149
Financial investments	39'329	90'954	241'905	1'410'520	322'126	2'104'834
<b>Total financial assets</b>	<b>10'576'189</b>	<b>2'221'616</b>	<b>1'750'877</b>	<b>6'377'925</b>	<b>2'897'798</b>	<b>23'824'405</b>
Derivative financial instruments	1'593'685	560'080	1'105'347	406'312	30'291	3'695'714
<b>Total</b>	<b>12'169'874</b>	<b>2'781'695</b>	<b>2'856'225</b>	<b>6'784'237</b>	<b>2'928'089</b>	<b>27'520'119</b>
<b>Financial liabilities</b>						
Due to banks	1'423'263	535'000	198'000	166'655	0	2'322'918
Due to customers	8'737'657	1'305'433	2'798'254	5'022'485	10'000	17'873'829
Debt issued	31'212	47'075	93'049	658'427	1'119'655	1'949'418
<b>Total financial liabilities</b>	<b>10'192'132</b>	<b>1'887'508</b>	<b>3'089'303</b>	<b>5'847'567</b>	<b>1'129'655</b>	<b>22'146'165</b>
Derivative financial instruments	1'119'003	405'019	1'055'193	485'472	630'354	3'695'040
<b>Total</b>	<b>11'311'135</b>	<b>2'292'527</b>	<b>4'144'495</b>	<b>6'333'039</b>	<b>1'760'009</b>	<b>25'841'205</b>
<b>Interest rate repricing exposure</b>	<b>858'739</b>	<b>489'168</b>	<b>- 1'288'271</b>	<b>451'198</b>	<b>1'168'080</b>	<b>1'678'914</b>

## 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 <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>
<b>31.12.2020</b>										
<b>Derivative financial instruments in the trading portfolio</b>										
<b>Interest rate contracts</b>										
Swaps	0	519	0	1'655	0	18'125	0	0	0	20'299
Forward contracts	175	172	71	83	17	0	0	0	263	255
<b>Foreign exchange contracts</b>										
Forward contracts	139'510	151'017	48'463	47'982	715	699	0	62	188'688	199'761
Options (OTC)	2'213	2'213	3'697	3'697	64	64	0	0	5'975	5'975
<b>Precious metals contracts</b>										
Options (OTC)	9	9	0	0	37	37	0	0	46	46
<b>Equity instruments / Index contracts</b>										
Options (OTC)	469	469	0	0	0	0	0	0	469	469
<b>Total derivative financial instruments in the trading portfolio</b>	<b>142'377</b>	<b>154'400</b>	<b>52'231</b>	<b>53'418</b>	<b>833</b>	<b>18'925</b>	<b>0</b>	<b>62</b>	<b>195'441</b>	<b>226'805</b>
<b>Derivative financial instruments for hedging purposes</b>										
<b>Interest rate contracts</b>										
Swaps (fair value hedge)	9	0	692	3	1'944	8'550	1'547	13'818	4'193	22'371
<b>Total derivative financial instruments for hedging purposes</b>	<b>9</b>	<b>0</b>	<b>692</b>	<b>3</b>	<b>1'944</b>	<b>8'550</b>	<b>1'547</b>	<b>13'818</b>	<b>4'193</b>	<b>22'371</b>
<b>Total derivative financial instruments</b>	<b>142'386</b>	<b>154'400</b>	<b>52'923</b>	<b>53'421</b>	<b>2'778</b>	<b>27'475</b>	<b>1'547</b>	<b>13'881</b>	<b>199'634</b>	<b>249'176</b>

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 <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV <sup>1</sup>	NRV <sup>1</sup>
<b>31.12.2021</b>										
<b>Derivative financial instruments in the trading portfolio</b>										
<b>Interest rate contracts</b>										
Swaps	976	2'258	2'104	4'937	39	4'437	0	0	3'118	11'633
Forward contracts	178	223	16	280	0	0	0	0	194	504
<b>Foreign exchange contracts</b>										
Forward contracts	135'875	164'033	59'839	59'425	2'677	2'740	269	266	198'660	226'465
Options (OTC)	159	159	1'770	1'770	448	448	0	0	2'377	2'377
<b>Precious metals contracts</b>										
Options (OTC)	0	0	106	106	25	25	0	0	131	131
<b>Equity instruments / Index contracts</b>										
Options (OTC)	2'312	2'312	0	0	0	0	0	0	2'312	2'312
<b>Total derivative financial instruments in the trading portfolio</b>	<b>139'500</b>	<b>168'987</b>	<b>63'834</b>	<b>66'518</b>	<b>3'189</b>	<b>7'650</b>	<b>269</b>	<b>266</b>	<b>206'792</b>	<b>243'421</b>
<b>Derivative financial instruments for hedging purposes</b>										
<b>Interest rate contracts</b>										
Swaps (fair value hedge)	44	0	52	48	999	6'957	11'817	5'772	12'912	12'777
<b>Total derivative financial instruments for hedging purposes</b>	<b>44</b>	<b>0</b>	<b>52</b>	<b>48</b>	<b>999</b>	<b>6'957</b>	<b>11'817</b>	<b>5'772</b>	<b>12'912</b>	<b>12'777</b>
<b>Total derivative financial instruments</b>	<b>139'544</b>	<b>168'987</b>	<b>63'886</b>	<b>66'566</b>	<b>4'188</b>	<b>14'607</b>	<b>12'086</b>	<b>6'038</b>	<b>219'704</b>	<b>256'198</b>

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
<b>31.12.2020</b>							
<b>Financial assets</b>							
Cash and balances with central banks	6'653'651	0	0	0	0	0	6'653'651
Due from banks	298'348	0	280'497	0	0	0	578'845
Loans	513'834	170'059	3'350'914	2'124'626	5'086'275	2'382'251	13'627'958
Financial investments	0	0	145'952	358'942	1'348'575	216'915	2'070'385
Accrued income and prepaid expenses	0	0	60'601	0	0	0	60'601
<b>Total financial assets</b>	<b>7'465'833</b>	<b>170'059</b>	<b>3'837'964</b>	<b>2'483'568</b>	<b>6'434'850</b>	<b>2'599'166</b>	<b>22'991'440</b>
<b>Financial liabilities</b>							
Due to banks	250'424	0	625'876	265'083	184'105	0	1'325'489
Due to customers	12'675'597	3'757'386	492'570	397'552	217'238	14'231	17'554'573
Lease liabilities	0	0	726	3'545	15'651	17'176	37'097
Debt issued	0	0	79'734	102'250	538'762	1'104'825	1'825'571
Accrued expenses and deferred income	0	0	63'398	0	0	0	63'398
<b>Total financial liabilities</b>	<b>12'926'021</b>	<b>3'757'386</b>	<b>1'262'304</b>	<b>768'430</b>	<b>955'756</b>	<b>1'136'232</b>	<b>20'806'129</b>
<b>Net liquidity exposure</b>	<b>- 5'460'188</b>	<b>- 3'587'327</b>	<b>2'575'660</b>	<b>1'715'138</b>	<b>5'479'093</b>	<b>1'462'934</b>	<b>2'185'311</b>
<b>Off-balance-sheet transactions</b>							
Contingent liabilities	62'416	0	0	0	0	0	62'416
Irrevocable commitments	696'915	0	0	0	0	0	696'915
Deposit and call liabilities	15'036	0	0	0	0	0	15'036
<b>31.12.2021</b>							
<b>Financial assets</b>							
Cash and balances with central banks	7'158'915	0	0	0	0	0	7'158'915
Due from banks	408'728	0	494'770	0	0	0	903'497
Loans	479'054	133'830	4'246'431	1'512'015	5'139'207	2'681'209	14'191'747
Financial investments	0	0	92'503	264'545	1'468'259	331'311	2'156'618
Accrued income and prepaid expenses	0	0	75'824	0	0	0	75'824
<b>Total financial assets</b>	<b>8'046'696</b>	<b>133'830</b>	<b>4'909'527</b>	<b>1'776'561</b>	<b>6'607'466</b>	<b>3'012'520</b>	<b>24'486'601</b>
<b>Financial liabilities</b>							
Due to banks	387'451	0	1'569'104	197'395	166'699	0	2'320'649
Due to customers	13'530'074	3'586'221	448'241	238'425	207'150	10'049	18'020'160
Lease liabilities	0	0	860	4'065	17'818	13'919	36'661
Debt issued	0	0	80'134	97'526	674'663	1'126'331	1'978'654
Accrued expenses and deferred income	0	0	73'047	0	0	0	73'047
<b>Total financial liabilities</b>	<b>13'917'525</b>	<b>3'586'221</b>	<b>2'171'386</b>	<b>537'410</b>	<b>1'066'330</b>	<b>1'150'299</b>	<b>22'429'172</b>
<b>Net liquidity exposure</b>	<b>- 5'870'829</b>	<b>- 3'452'391</b>	<b>2'738'141</b>	<b>1'239'151</b>	<b>5'541'137</b>	<b>1'862'221</b>	<b>2'057'429</b>
<b>Off-balance-sheet transactions</b>							
Contingent liabilities	60'093	0	0	0	0	0	60'093
Irrevocable commitments	727'203	0	0	0	0	0	727'203
Deposit and call liabilities	13'639	0	0	0	0	0	13'639

### 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 <sup>2</sup>
1 to 4	Investment grade	AAA, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3
5 to 8, not rated <sup>1</sup>	Standard monitoring	Ba1, Ba2, Ba3, B1, B2
9 to 10	Special monitoring	B3, Caa, Ca, C
11 to 14	Sub-standard	Default

<sup>1</sup> Non-rated loans are covered and subject to limits.

<sup>2</sup> 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 banks and 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. The LLB Group undertakes bank investments on both a secured and an unsecured basis. The risk of losses with loans to banks is restricted, on the one hand, through a broad distribution of risks and, on the other, by the strict minimum lending requirements applied to the counterparties.

### Maximal credit risk by region without considering collateral

in CHF thousands	Liechten- stein / Switzerland	Europe excl. FL / CH	North America	Asia	Others <sup>1</sup>	Total
<b>31.12.2020</b>						
<b>Credit risks from balance sheet transactions</b>						
Due from banks	509'958	132'660	13'579	26'880	8'009	691'086
Loans						
Mortgage loans	11'530'874	146'047	1'916	13'166	14'938	11'706'941
Loans to public institutions	78'343	1	0	0	0	78'343
Miscellaneous loans	722'797	314'520	302	179'895	231'384	1'448'898
Derivative financial instruments	56'125	141'590	2	1'346	571	199'634
Financial investments						
Debt instruments	520'162	907'544	518'190	97'230	59'692	2'102'817
<b>Total</b>	<b>13'418'258</b>	<b>1'642'361</b>	<b>533'990</b>	<b>318'516</b>	<b>314'594</b>	<b>16'227'718</b>
<b>Credit risks from off-balance sheet transactions</b>						
Contingent liabilities	41'305	7'575	0	332	13'204	62'416
Irrevocable commitments	429'332	166'476	300	9'774	91'033	696'915
Deposit and call liabilities	15'036	0	0	0	0	15'036
<b>Total</b>	<b>485'673</b>	<b>174'051</b>	<b>300</b>	<b>10'106</b>	<b>104'237</b>	<b>774'368</b>
<b>31.12.2021</b>						
<b>Credit risks from balance sheet transactions</b>						
Due from banks	754'216	118'340	5'311	8'897	2'986	889'751
Loans						
Mortgage loans	12'054'065	141'048	834	14'541	7'742	12'218'229
Loans to public institutions	72'253	0	0	0	0	72'253
Miscellaneous loans	692'720	348'100	0	231'747	245'467	1'518'034
Derivative financial instruments	112'981	104'588	0	243	1'892	219'704
Financial investments						
Debt instruments	551'882	991'934	465'935	104'239	63'624	2'177'615
<b>Total</b>	<b>14'238'115</b>	<b>1'704'010</b>	<b>472'080</b>	<b>359'668</b>	<b>321'712</b>	<b>17'095'585</b>
<b>Credit risks from off-balance sheet transactions</b>						
Contingent liabilities	46'431	7'342	0	1'475	4'845	60'093
Irrevocable commitments	446'950	216'759	236	4'715	58'544	727'203
Deposit and call liabilities	13'639	0	0	0	0	13'639
<b>Total</b>	<b>507'020</b>	<b>224'101</b>	<b>236</b>	<b>6'190</b>	<b>63'389</b>	<b>800'935</b>

<sup>1</sup> With contingent liabilities, in the previous year CHF 8 million of the total volume was attributable to the Central America region. With all the other positions under the item "Others", no individual region exceeded 10 per cent of the total volume in this and the previous business year.

### Maximal credit risk by sector without considering collateral

in CHF thousands	Financial services	Real estate	Private households	Others <sup>1</sup>	Total
<b>31.12.2020</b>					
<b>Credit risks from balance sheet transactions</b>					
Due from banks	691'086	0	0	0	691'086
Loans					
Mortgage loans	209'966	2'920'692	7'621'079	955'204	11'706'941
Loans to public institutions	0	0	0	78'343	78'343
Miscellaneous loans	463'679	93'041	525'020	367'157	1'448'898
Derivative financial instruments	190'170	5	8'126	1'333	199'634
Financial investments					
Debt instruments	2'097'595	0	0	5'222	2'102'817
<b>Total</b>	<b>3'652'496</b>	<b>3'013'738</b>	<b>8'154'225</b>	<b>1'407'259</b>	<b>16'227'718</b>

#### Credit risks from off-balance sheet transactions

Contingent liabilities	13'820	8'543	13'460	26'594	62'416
Irrevocable commitments	229'573	157'455	196'794	113'092	696'915
Deposit and call liabilities	15'036	0	0	0	15'036
<b>Total</b>	<b>258'429</b>	<b>165'998</b>	<b>210'254</b>	<b>139'686</b>	<b>774'368</b>

### 31.12.2021

#### Credit risks from balance sheet transactions

Due from banks	889'751	0	0	0	889'751
Loans					
Mortgage loans	201'600	3'307'950	7'742'168	966'512	12'218'229
Loans to public institutions	0	0	0	72'253	72'253
Miscellaneous loans	454'323	107'038	587'319	369'353	1'518'034
Derivative financial instruments	214'762	116	3'499	1'327	219'704
Financial investments					
Debt instruments	2'171'478	0	0	6'137	2'177'615
<b>Total</b>	<b>3'931'913</b>	<b>3'415'103</b>	<b>8'332'986</b>	<b>1'415'582</b>	<b>17'095'585</b>

#### Credit risks from off-balance sheet transactions

Contingent liabilities	13'356	9'612	12'333	24'792	60'093
Irrevocable commitments	211'808	111'275	274'157	129'964	727'203
Deposit and call liabilities	13'639	0	0	0	13'639
<b>Total</b>	<b>238'803</b>	<b>120'886</b>	<b>286'490</b>	<b>154'755</b>	<b>800'935</b>

<sup>1</sup> CHF 50 million (previous year: CHF 54 million) of the total volume of loans to public institutions relates to the energy supply sector and CHF 11 million (previous year: CHF 13 million) to public administration. 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
<b>31.12.2020</b>						
Due from banks	12	690'073	938	0	0	691'011
Loans	13	2'801'901	10'038'910	274'762	114'359	13'229'931
Financial investments						
Debt instruments measured at fair value through other comprehensive income	15	1'809'930	0	0	0	1'809'930
<b>Credit risks from balance sheet transactions</b>		<b>5'301'904</b>	<b>10'039'848</b>	<b>274'762</b>	<b>114'359</b>	<b>15'730'872</b>
Financial guarantees		365'380	397'716	6'234	5'037	774'368
<b>Credit risks from off-balance sheet transactions</b>		<b>365'380</b>	<b>397'716</b>	<b>6'234</b>	<b>5'037</b>	<b>774'368</b>
<b>31.12.2021</b>						
Due from banks	12	889'744	0	0	0	889'744
Loans	13	2'938'994	10'586'801	189'146	90'247	13'805'188
Financial investments						
Debt instruments measured at fair value through other comprehensive income	15	1'986'598	0	0	0	1'986'598
<b>Credit risks from balance sheet transactions</b>		<b>5'815'335</b>	<b>10'586'801</b>	<b>189'146</b>	<b>90'247</b>	<b>16'681'529</b>
Financial guarantees		352'903	426'361	16'689	4'981	800'935
<b>Credit risks from off-balance sheet transactions</b>		<b>352'903</b>	<b>426'361</b>	<b>16'689</b>	<b>4'981</b>	<b>800'935</b>

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	
<b>31.12.2020</b>				
<b>Due from banks</b>				
Investment grade	690'147	0	0	690'147
Standard monitoring	938	0	0	938
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total gross carrying value</b>	<b>691'086</b>	<b>0</b>	<b>0</b>	<b>691'086</b>
<b>Total value allowances</b>	<b>- 74</b>	<b>0</b>	<b>0</b>	<b>- 74</b>
<b>Total net carrying value</b>	<b>691'011</b>	<b>0</b>	<b>0</b>	<b>691'011</b>
<b>31.12.2021</b>				
<b>Due from banks</b>				
Investment grade	889'751	0	0	889'751
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total gross carrying value</b>	<b>889'751</b>	<b>0</b>	<b>0</b>	<b>889'751</b>
<b>Total value allowances</b>	<b>- 7</b>	<b>- 0</b>	<b>0</b>	<b>- 7</b>
<b>Total net carrying value</b>	<b>889'744</b>	<b>- 0</b>	<b>0</b>	<b>889'744</b>

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	
<b>31.12.2020</b>				
<b>Loans</b>				
Investment grade	2'779'437	23'214	0	2'802'651
Standard monitoring	9'708'845	333'349	0	10'042'194
Special monitoring	212'832	62'146	0	274'978
Sub-standard	0	0	189'554	189'554
<b>Total gross carrying value</b>	<b>12'701'114</b>	<b>418'709</b>	<b>189'554</b>	<b>13'309'377</b>
<b>Total value allowances</b>	<b>- 3'149</b>	<b>- 1'102</b>	<b>- 75'195</b>	<b>- 79'446</b>
<b>Total net carrying value</b>	<b>12'697'965</b>	<b>417'607</b>	<b>114'359</b>	<b>13'229'931</b>

<b>31.12.2021</b>				
<b>Loans</b>				
Investment grade	2'922'174	17'377	0	2'939'551
Standard monitoring	10'287'143	302'242	0	10'589'384
Special monitoring	125'044	64'290	0	189'334
Sub-standard	0	0	164'860	164'860
<b>Total gross carrying value</b>	<b>13'334'361</b>	<b>383'908</b>	<b>164'860</b>	<b>13'883'129</b>
<b>Total value allowances</b>	<b>- 2'336</b>	<b>- 991</b>	<b>- 74'613</b>	<b>- 77'941</b>
<b>Total net carrying value</b>	<b>13'332'024</b>	<b>382'917</b>	<b>90'247</b>	<b>13'805'188</b>

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	
<b>31.12.2020</b>				
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Investment grade	1'809'930	0	0	1'809'930
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total carrying value</b>	<b>1'809'930</b>	<b>0</b>	<b>0</b>	<b>1'809'930</b>
<b>Total value allowances</b>	<b>- 172</b>	<b>0</b>	<b>0</b>	<b>- 172</b>

<b>31.12.2021</b>				
<b>Debt instruments measured at fair value through other comprehensive income</b>				
Investment grade	1'986'598	0	0	1'986'598
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total carrying value</b>	<b>1'986'598</b>	<b>0</b>	<b>0</b>	<b>1'986'598</b>
<b>Total value allowances</b>	<b>- 187</b>	<b>0</b>	<b>0</b>	<b>- 187</b>

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	
<b>31.12.2020</b>				
<b>Financial guarantees</b>				
Investment grade	365'380	0	0	365'380
Standard monitoring	392'187	5'529	0	397'716
Special monitoring	5'863	371	0	6'234
Sub-standard	0	0	5'037	5'037
<b>Total credit risk</b>	<b>763'430</b>	<b>5'900</b>	<b>5'037</b>	<b>774'368</b>
<b>Total provisions</b>	<b>- 996</b>	<b>- 178</b>	<b>- 1'304</b>	<b>- 2'478</b>
<b>31.12.2021</b>				
<b>Financial guarantees</b>				
Investment grade	352'903	0	0	352'903
Standard monitoring	402'726	23'635	0	426'361
Special monitoring	16'525	165	0	16'689
Sub-standard	0	0	4'981	4'981
<b>Total credit risk</b>	<b>772'154</b>	<b>23'800</b>	<b>4'981</b>	<b>800'935</b>
<b>Total provisions</b>	<b>- 850</b>	<b>- 896</b>	<b>- 536</b>	<b>- 2'282</b>

### 3.9 Expected credit loss and value allowances

The development of expected credit loss and the value allowances made are shown in the following overview. The following table shows, on an aggregated basis, the values for all balance sheet and off-balance sheet positions for which a calculation of the expected credit loss was made, followed by a complete reconciliation for only the most important positions.

in CHF thousands	Note	Gross carrying value				Value allowances			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2020									
<b>Financial assets (balance sheet positions)</b>									
<b>Financial instruments measured at amortised cost</b>									
Due from banks	12	691'086	0	0	691'086	- 74	0	0	- 74
Loans	13	12'701'114	418'709	189'554	13'309'377	- 3'149	- 1'102	- 75'195	- 79'446
<b>Total</b>		<b>13'392'200</b>	<b>418'709</b>	<b>189'554</b>	<b>14'000'463</b>	<b>- 3'223</b>	<b>- 1'102</b>	<b>- 75'195</b>	<b>- 79'521</b>

in CHF thousands	Note	Carrying value				Value allowances			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2020									
<b>Financial instruments measured at fair value through other income<sup>1</sup></b>									
Debt instruments	15	1'809'930	0	0	1'809'930	- 172	0	0	- 172
<b>Total</b>		<b>1'809'930</b>	<b>0</b>	<b>0</b>	<b>1'809'930</b>	<b>- 172</b>	<b>0</b>	<b>0</b>	<b>- 172</b>

in CHF thousands	Note	Credit risk				Value allowance provision			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2020									
<b>Commitments and financial guarantees (off-balance sheet positions)<sup>2</sup></b>									
Financial guarantees		763'430	5'900	5'037	774'368	- 996	- 179	- 1'304	- 2'478
<b>Total</b>		<b>763'430</b>	<b>5'900</b>	<b>5'037</b>	<b>774'368</b>	<b>- 996</b>	<b>- 179</b>	<b>- 1'304</b>	<b>- 2'478</b>

1 The carrying value corresponds to fair value, no value allowance can be made. The value allowance is made through other comprehensive income.  
2 The value corresponds to the maximum credit risk. Value allowances are recognised as provisions.

in CHF thousands	Note	Gross carrying value				Value allowances			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2021									
<b>Financial assets (balance sheet positions)</b>									
<b>Financial instruments measured at amortised cost</b>									
Due from banks	12	889'751	0	0	889'751	-7	-0	0	-7
Loans	13	13'334'361	383'908	164'860	13'883'129	-2'336	-991	-74'613	-77'941
<b>Total</b>		<b>14'224'111</b>	<b>383'908</b>	<b>164'860</b>	<b>14'772'879</b>	<b>-2'343</b>	<b>-991</b>	<b>-74'613</b>	<b>-77'948</b>

in CHF thousands	Note	Carrying value				Value allowances			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2021									
<b>Financial instruments measured at fair value through other income<sup>1</sup></b>									
Debt instruments	15	1'986'598	0	0	1'986'598	-187	0	0	-187
<b>Total</b>		<b>1'986'598</b>	<b>0</b>	<b>0</b>	<b>1'986'598</b>	<b>-187</b>	<b>0</b>	<b>0</b>	<b>-187</b>

in CHF thousands	Note	Credit risk				Value allowance provision			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
31.12.2021									
<b>Commitments and financial guarantees (off-balance sheet positions)<sup>2</sup></b>									
Financial guarantees		772'154	23'800	4'981	800'935	-850	-896	-536	-2'282
<b>Total</b>		<b>772'154</b>	<b>23'800</b>	<b>4'981</b>	<b>800'935</b>	<b>-850</b>	<b>-896</b>	<b>-536</b>	<b>-2'282</b>

- 1 The carrying value corresponds to fair value, no value allowance can be made. The value allowance is made through other comprehensive income.  
2 The value corresponds to the maximum credit risk. Value allowances are recognised as provisions.

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	
<b>Loans</b>				
Gross carrying amount as at 1 January 2020	12'239'351	563'827	236'257	13'039'435
Transfers				
from Stage 1 to Stage 2	- 416'243	416'243	0	0
from Stage 2 to Stage 1	179'442	- 179'442	0	0
from Stage 2 to Stage 3	0	- 43'533	43'533	0
from Stage 3 to Stage 2	0	39'730	- 39'730	0
Additions from changes to scope of consolidation	0	0	0	0
Additions due to issuing loans / interest	5'031'968	57'788	6'034	5'095'789
Disposals due to redemption of loans / waiving of claims	- 4'331'803	- 435'903	- 56'481	- 4'824'187
Foreign currency influences	- 1'601	0	- 59	- 1'660
<b>Gross carrying amount as at 31 December 2020</b>	<b>12'701'114</b>	<b>418'709</b>	<b>189'554</b>	<b>13'309'377</b>

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	
<b>Loans</b>				
Valuation allowance as at 1 January 2020	- 5'191	- 2'126	- 71'594	- 78'911
Transfers				
from Stage 1 to Stage 2	960	- 960	0	0
from Stage 2 to Stage 1	- 980	980	0	0
from Stage 2 to Stage 3	0	47	- 47	0
from Stage 3 to Stage 2	0	- 1'230	1'230	0
Net revaluation effect	2'752	1'189	- 17'560	- 13'619
Additions from changes to scope of consolidation	0	0	0	0
Addition on account of new loans to customers / interest	- 2'336	- 170	- 3'771	- 6'278
Disposals due to redemption of loans / waiving of claims	1'646	1'168	15'318	18'132
Foreign currency influences	0	0	1'229	1'229
<b>Valuation allowance as at 31 December 2020</b>	<b>- 3'149</b>	<b>- 1'102</b>	<b>- 75'195</b>	<b>- 79'446</b>

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	
<b>Loans</b>				
Gross carrying amount as at 1 January 2021	12'701'114	418'709	189'554	13'309'377
Transfers				
from Stage 1 to Stage 2	- 121'061	121'061	0	0
from Stage 2 to Stage 1	150'359	- 150'359	0	0
from Stage 2 to Stage 3	0	- 12'056	12'056	0
from Stage 3 to Stage 2	0	11'617	- 11'617	0
Additions from changes to scope of consolidation	0	0	0	0
Additions due to issuing loans / interest	6'280'038	80'485	3'358	6'363'881
Disposals due to redemption of loans / waiving of claims	- 5'674'543	- 85'549	- 28'711	- 5'788'803
Foreign currency influences	- 1'546	- 0	220	- 1'327
<b>Gross carrying amount as at 31 December 2021</b>	<b>13'334'361</b>	<b>383'908</b>	<b>164'860</b>	<b>13'883'129</b>

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	
<b>Loans</b>				
Valuation allowance as at 1 January 2021	- 3'149	- 1'102	- 75'195	- 79'446
Transfers				
from Stage 1 to Stage 2	69	- 69	0	0
from Stage 2 to Stage 1	- 699	699	0	0
from Stage 2 to Stage 3	0	16	- 16	0
from Stage 3 to Stage 2	0	- 2'962	2'962	0
Net revaluation effect	350	2'234	- 8'765	- 6'182
Additions from changes to scope of consolidation	0	0	0	0
Addition on account of new loans to customers / interest	- 1'034	- 32	- 882	- 1'948
Disposals due to redemption of loans / waiving of claims	2'123	225	7'621	9'968
Foreign currency influences	4	0	- 337	- 334
<b>Valuation allowance as at 31 December 2021</b>	<b>- 2'336</b>	<b>- 991</b>	<b>- 74'613</b>	<b>- 77'941</b>

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	
<b>Financial guarantees</b>				
Credit risk as at 1 January 2020	584'203	8'847	808	593'859
Transfers				
from Stage 1 to Stage 2	- 3'147	3'147	0	0
from Stage 2 to Stage 1	2'062	- 2'062	0	0
from Stage 2 to Stage 3	0	- 2'285	2'285	0
from Stage 3 to Stage 2	0	56	- 56	0
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees	369'447	630	2'319	372'395
Disposal due to withdrawal of financial guarantees	- 187'885	- 2'432	- 319	- 190'636
Foreign currency influences	- 1'250	0	0	- 1'250
<b>Credit risk as at 31 December 2020</b>	<b>763'430</b>	<b>5'900</b>	<b>5'037</b>	<b>774'368</b>

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	
<b>Financial guarantees</b>				
Provision on 1 January 2020	- 1'058	- 572	- 808	- 2'437
Transfers				
from Stage 1 to Stage 2	8	- 8	0	0
from Stage 2 to Stage 1	- 231	231	0	0
from Stage 2 to Stage 3	0	0	- 0	0
from Stage 3 to Stage 2	0	- 56	56	0
Net revaluation effect	660	208	0	868
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees	- 695	- 6	- 871	- 1'572
Disposal due to withdrawal of financial guarantees	308	24	320	652
Foreign currency influences	11	0	0	11
<b>Provision as at 31 December 2020</b>	<b>- 996</b>	<b>- 179</b>	<b>- 1'304</b>	<b>- 2'478</b>

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	
<b>Financial guarantees</b>				
Credit risk as at 1 January 2021	763'430	5'900	5'037	774'368
Transfers				
from Stage 1 to Stage 2	- 18'880	18'880	0	0
from Stage 2 to Stage 1	283	- 283	0	0
from Stage 2 to Stage 3	0	- 1'853	1'853	0
from Stage 3 to Stage 2	0	941	- 941	0
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees	327'384	539	2'402	330'325
Disposal due to withdrawal of financial guarantees	- 298'734	- 324	- 3'371	- 302'428
Foreign currency influences	- 1'330	0	0	- 1'330
<b>Credit risk as at 31 December 2021</b>	<b>772'154</b>	<b>23'800</b>	<b>4'981</b>	<b>800'935</b>

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	
<b>Financial guarantees</b>				
Provision on 1 January 2021	- 990	- 178	- 1'304	- 2'472
Transfers				
from Stage 1 to Stage 2	2	- 2	0	0
from Stage 2 to Stage 1	- 22	22	0	0
from Stage 2 to Stage 3	0	3	- 3	0
from Stage 3 to Stage 2	0	- 291	291	0
Net revaluation effect	78	- 505	0	- 427
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees	- 200	- 30	- 93	- 324
Disposal due to withdrawal of financial guarantees	281	85	572	939
Foreign currency influences	1	0	0	1
<b>Provision as at 31 December 2021</b>	<b>- 850</b>	<b>- 896</b>	<b>- 536</b>	<b>- 2'282</b>

### 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 loans to clients and banks (see note 34).

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	31.12.2021	31.12.2020	+ / - %
Secured by properties	12'194'414	11'707'441	4.2
Other collateral	1'298'404	1'263'877	2.7
Unsecured	312'370	258'613	20.8
<b>Total</b>	<b>13'805'188</b>	<b>13'229'931</b>	<b>4.3</b>

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 value	Impaired creditworthiness	Net carrying value	Fair value of collateral held
<b>Financial assets of stage 3 on reporting date 31.12.2020</b>				
Loans to customers	189'554	- 75'195	114'359	114'359
<b>Financial assets of stage 3 on reporting date 31.12.2021</b>				
Loans to customers	164'860	- 74'613	90'247	90'247

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.

in CHF thousands	31.12.2021	31.12.2020
<b>Written-off financial assets in year under report, subject to an enforcement measure</b>		
Loans to customers	1'156	3'597

#### Changes to collateral policy

There were no substantial changes to the collateral policy or in the quality of collateral in the 2021 business year.

#### Types of cover for due from banks

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Other collateral	0	0	
Unsecured	889'744	691'011	28.8
<b>Total</b>	<b>889'744</b>	<b>691'011</b>	<b>28.8</b>

Expected credit loss of stage 1 exist only for claims due from banks.

### Taken-over collateral

in CHF thousands	2021		2020	
	Real estate / Properties	Total	Real estate / Properties	Total
As at 1 January	1'750	1'750	1'750	1'750
Additions / (Disposals)	0	0	0	0
(Value allowances) / Revaluations	0	0	0	0
<b>As at 31 December</b>	<b>1'750</b>	<b>1'750</b>	<b>1'750</b>	<b>1'750</b>

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 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.

### 7 Regulatory disclosures

As at 31 December 2021, the leverage ratio (LR) of the LLB Group stood at 7.0 per cent (31.12.2020: 7.1 %).

At the end of 2021, a regulatory liquidity coverage ratio (LCR) lower limit of 100 per cent was applicable for the LLB Group. With a value of 147.6 per cent, the LLB Group's ratio was substantially higher than the legal requirements (31.12.2020: 149.3 %).

As at the end of 2021, the LLB Group had CHF 2.2 billion in equity capital (31.12.2020: CHF 2.1 billion). At 20.3 per cent (31.12.2019: 21.6 %), its Tier 1 ratio is well above the regulatory requirement and above its target of 16 per cent.

Further information on regulatory disclosures can be found in the [Disclosure Report](#) in accordance with CRR.

## Assets under management

in CHF millions	31.12.2021	31.12.2020	+ / - %
Assets in own-managed funds	7'194	6'350	13.3
Assets with discretionary mandates	10'101	8'795	14.9
Other assets under management	74'597	64'517	15.6
<b>Total assets under management</b>	<b>91'892</b>	<b>79'662</b>	<b>15.4</b>
of which double counting	5'546	5'039	10.1

in CHF millions	2021	2020
Total assets under management as at 1 January <sup>1</sup>	79'662	76'322
Net new money	7'212	3'274
Market and currency effects <sup>2</sup>	5'018	65
Other effects (incl. reclassifications)	0	0
<b>Total assets under management as at 31 December<sup>1</sup></b>	<b>91'892</b>	<b>79'662</b>

- 1 Including double counting  
2 Including interest and dividend income

### Breakdown of assets under management

in per cent	31.12.2021	31.12.2020
<b>By asset class</b>		
Equities	24	22
Bonds	18	19
Investment funds	35	33
Liquidity	19	21
Precious metals / others	4	5
<b>Total</b>	<b>100</b>	<b>100</b>
<b>By currency</b>		
CHF	29	31
EUR	38	39
USD	26	24
Others	7	7
<b>Total</b>	<b>100</b>	<b>100</b>

### 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 year under report, no client / custody assets were reclassified.



Liechtensteinische Landesbank Aktiengesellschaft,  
Vaduz

**Statutory Auditor's Report**  
**on the Consolidated Financial Statements**  
**to the General Meeting**  
2021 Consolidated financial statements

KPMG (Liechtenstein) AG  
Vaduz, 24 February 2022



# 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 2021, 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 10 to 98) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (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 2021, the Group reports loans of CHF 13.8 billion, representing 54.9% 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 20: Accounting policies: Financial assets measured at amortized cost
- Pages 22 to 25: Accounting policies: Impairments
- Page 37: Notes to the consolidated balance sheet 13 loans
- Pages 81 to 96: Risk management: Credit Risk



## RECOVERABILITY OF GOODWILL

### Key Audit Matter

As at 31 December 2021, the Group recognizes goodwill of CHF 159.1 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 and key controls 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:

- Pages 26: Accounting policies: Goodwill and other intangible assets
- Pages 43 to 45: Notes to the consolidated balance sheet 17 Goodwill and other intangible assets

### Other matters

The consolidated financial statements of Group for the year ended on 31 December 2020 were audited by another auditor whose report, dated 9 March 2021, expressed an unmodified opinion on those statements.

### 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 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 7 May 2021. 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 6 to 9) 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, 24 February 2022

KPMG (Liechtenstein) AG, Aeulestrasse 2, LI-9490 Vaduz

© 2022 KPMG (Liechtenstein) AG, a Liechtenstein corporation, is a group company of KPMG Holding AG, which is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# Financial statement of LLB AG, Vaduz

106	Management report
107	Balance sheet
109	Off-balance sheet transactions
110	Income statement
111	Distribution of balance sheet profit
	Notes to the financial statement
112	Notes on business operations
113	Accounting policies and valuation principles
116	Notes to the balance sheet
125	Notes to off-balance sheet transactions
126	Notes to the income statement
127	Risk management
129	Report of the statutory auditor

# 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 232'935 registered shares (previous year: 288'410 shares). This corresponds to a share capital stake of 0.8 per cent (previous year: 0.9 %). 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 6 May 2022 that a dividend of CHF 2.30 per registered share be paid out.

In connection with important events since the balance sheet date, reference is made to the notes at the end of the accounting principles in the LLB Group report. No additional data and / or a correction of the 2021 financial statement were necessary because of this.

## Balance sheet

in CHF thousands	Note	31.12.2021	31.12.2020	+ / - %
<b>Assets</b>				
Cash and balances with central banks		3'895'515	3'535'790	10.2
Due from banks		2'141'100	1'787'999	19.7
due on a daily basis		528'234	652'467	- 19.0
other claims		1'612'866	1'135'532	42.0
Loans	1a	7'051'322	6'812'923	3.5
of which mortgages	1a	5'828'290	5'546'370	5.1
of which subordinated claims (gross)		0	0	
Bonds and other fixed-interest securities	2b	1'646'266	1'576'280	4.4
Money market instruments		53'283	47'042	13.3
Bonds		1'592'983	1'529'237	4.2
from public authority issuers		357'728	341'417	4.8
from other issuers		1'235'256	1'187'820	4.0
of which subordinated bonds		0	0	
Shares and other non-fixed-interest securities	2	220'997	62'392	254.2
Participations	3 / 4	25	26	- 0.3
Shares in associated companies	3 / 4	500'864	437'482	14.5
Intangible assets	4	46'526	43'851	6.1
Fixed assets	4	76'515	77'732	- 1.6
Own shares	6	12'252	15'142	- 19.1
Other assets	7	293'419	280'400	4.6
Accrued income and prepayments		71'253	54'770	30.1
<b>Total assets</b>		<b>15'956'054</b>	<b>14'684'786</b>	<b>8.7</b>

108  
Balance sheet

in CHF thousands	Note	31.12.2021	31.12.2020	+ / - %
<b>Liabilities</b>				
Due to banks		2'397'715	1'158'182	107.0
due on a daily basis		450'715	239'629	88.1
with agreed maturities or periods of notice		1'947'000	918'552	112.0
Due to customers		10'882'395	10'877'471	0.0
savings deposits		2'058'609	2'036'936	1.1
other liabilities		8'823'786	8'840'536	- 0.2
due on a daily basis		8'307'087	8'436'779	- 1.5
with agreed maturities or periods of notice		516'699	403'757	28.0
Certified liabilities		482'716	500'200	- 3.5
medium-term notes		82'716	100'200	- 17.4
Bonds issued	9	400'000	400'000	0.0
Other liabilities	7	323'600	307'737	5.2
Accrued expenses and deferred income		52'650	43'115	22.1
Provisions		14'250	6'522	118.5
tax provisions	10	8'143	2'853	185.4
other provisions	10	6'107	3'669	66.5
Provisions for general banking risks	10	310'000	310'000	0.0
Share capital	11	154'000	154'000	0.0
Share premium		47'750	47'750	0.0
Retained earnings		1'207'080	1'198'080	0.8
legal reserves		390'550	390'550	0.0
reserves for own shares		12'252	15'142	- 19.1
other reserves		804'277	792'388	1.5
Balance brought forward		5'491	4'346	26.3
Profit for the year		78'408	77'382	1.3
<b>Total liabilities</b>		<b>15'956'054</b>	<b>14'684'786</b>	<b>8.7</b>

## Off-balance sheet transactions

in CHF thousands	Note	31.12.2021	31.12.2020	+ / - %
Contingent liabilities	1 / 19	35'507	37'787	- 6.0
Credit risks		306'153	325'652	- 6.0
irrevocable commitments	1	302'625	320'726	- 5.6
call liabilities	1	3'529	4'926	- 28.4
Derivative financial instruments	20	30'512'441	24'319'919	25.5
Fiduciary transactions	21	61'600	204'418	- 69.9

# Income statement

in CHF thousands	Note	2021	2020	+ / - %
Interest income		73'612	90'197	- 18.4
of which from fixed-interest securities		16'134	18'779	- 14.1
of which from trading transactions		- 0	2	
Interest expenses		19'123	2'342	716.7
<b>Net interest income</b>		<b>92'736</b>	<b>92'538</b>	<b>0.2</b>
Shares and other non-fixed-interest securities		2'710	1'544	75.5
of which from trading transactions		2'710	1'544	75.5
Participations and associated companies		15'000	30'000	- 50.0
<b>Income from securities</b>		<b>17'710</b>	<b>31'544</b>	<b>- 43.9</b>
Credit-related commissions and fees		353	349	1.3
Commissions from securities and investment business		126'762	108'749	16.6
Other commission and fee income		17'966	17'493	2.7
Commission and fee expenses		- 49'667	- 47'200	5.2
<b>Net commission and fee income</b>		<b>95'414</b>	<b>79'390</b>	<b>20.2</b>
<b>Income from financial transactions</b>		<b>33'697</b>	<b>35'576</b>	<b>- 5.3</b>
of which from trading business	22	44'907	43'825	2.5
Income from real estate holdings		859	860	- 0.1
Sundry ordinary income		30'607	34'442	- 11.1
<b>Other ordinary income</b>		<b>31'466</b>	<b>35'302</b>	<b>- 10.9</b>
<b>Total operating income</b>		<b>271'023</b>	<b>274'351</b>	<b>- 1.2</b>
Personnel expenses	23	- 111'966	- 104'926	6.7
Administrative expenses	24	- 48'412	- 53'864	- 10.1
<b>Total operating expenses</b>		<b>- 160'377</b>	<b>- 158'790</b>	<b>1.0</b>
<b>Gross operating profit</b>		<b>110'646</b>	<b>115'561</b>	<b>- 4.3</b>
Depreciation on intangible assets and fixed assets		- 17'339	- 22'931	- 24.4
Sundry ordinary expenses	25	- 1'399	- 2'301	- 39.2
Allowances on claims and allocations to provisions for contingent liabilities and lending risks	10	- 4'205	- 12'400	- 66.1
Earnings from the release of allowances on claims and of provisions for contingent liabilities and lending risks	10	1'464	3'199	- 54.2
Write-downs to participations, shares in associated companies and securities treated as long-term investments		- 0	- 3	- 97.2
<b>Result from normal business operations</b>		<b>89'166</b>	<b>81'126</b>	<b>9.9</b>
Income taxes		- 10'525	- 3'500	200.7
Other taxes		- 234	- 243	- 3.7
<b>Profit for the year<sup>1</sup></b>		<b>78'408</b>	<b>77'382</b>	<b>1.3</b>

1 The return on capital (annual profit in relation to balance sheet total) amounted to 0.49 per cent as at 31 December 2021 and to 0.53 per cent as at 31 December 2020 (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 6 May 2022 that the balance sheet profit as at 31 December 2021 be distributed as follows:

in CHF thousands	2021	2020
Profit for the year	78'408	77'382
Balance brought forward	5'491	4'346
Balance sheet profit	83'899	81'729
<b>Distribution of balance sheet profit</b>		
Allocation to other reserves	8'000	9'000
Allocation to corporate capital (common stock) <sup>1</sup>	70'304	67'237
Balance carried forward *	5'595	5'491

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 2021.

If this proposal is accepted, a dividend of CHF 2.30 per registered share will be paid out on 12 May 2022.

# 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, 618 people were employed as of 31 December 2021 (previous year: 589). The average headcount in 2021 amounted to 607 persons (previous year: 591) 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:

Reporting date rate	31.12.2021	31.12.2020
1 USD	0.9121	0.8803
1 EUR	1.0331	1.0802

Average rate	2021	2020
1 USD	0.9115	0.9373
1 EUR	1.0799	1.0720

## 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		
<b>Loans</b>					
Loans (excluding mortgage loans)	14'241	779'720	429'071	1'223'032	
Mortgage loans					
residential property	4'458'890	14'797	26'588	4'500'274	
office and business property	879'558	685	2'776	883'019	
commercial and industrial property	207'106	0	0	207'106	
other	237'814	50	27	237'891	
<b>Total loans</b>	<b>31.12.2021</b>	<b>5'797'609</b>	<b>795'252</b>	<b>458'461</b>	<b>7'051'322</b>
	31.12.2020	5'533'621	795'208	484'094	6'812'923
<b>Off-balance sheet transactions</b>					
Contingent liabilities	1'344	30'435	3'728	35'507	
Irrevocable commitments	135'196	17'014	150'414	302'625	
Call liabilities	0	0	3'529	3'529	
<b>Total off-balance sheet transactions</b>	<b>31.12.2021</b>	<b>136'540</b>	<b>47'449</b>	<b>157'670</b>	<b>341'660</b>
	31.12.2020	147'047	69'973	146'418	363'438

## b Claims at risk

in CHF thousands	Gross outstanding amount	Estimated proceeds from realisation of collateral	Net outstanding amount	Specific allowances
<b>31.12.2021</b>	<b>67'059</b>	<b>30'190</b>	<b>30'190</b>	<b>36'869</b>
31.12.2020	64'923	32'137	32'137	32'786

## 2 Securities and precious metals holdings a Securities and precious metals trading positions

in CHF thousands	Book value		Cost		Market value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Equities	3	12	60	69	3	12
<b>Total</b>	<b>3</b>	<b>12</b>	<b>60</b>	<b>69</b>	<b>3</b>	<b>12</b>
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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Debt securities	1'646'266	1'576'280	1'661'049	1'584'887	1'667'666	1'617'614
of which own bonds and medium-term notes	0	0	0	0	0	0
Equities	12'295	15'163	15'146	18'720	12'323	15'192
of which qualified participations	0	0	0	0	0	0
<b>Total</b>	<b>1'658'562</b>	<b>1'591'443</b>	<b>1'676'195</b>	<b>1'603'606</b>	<b>1'679'989</b>	<b>1'632'806</b>
of which eligible securities	683'045	653'672	699'675	661'411	696'347	664'555

### c Securities and precious metals as fixed assets

in CHF thousands	Book value		Cost		Market value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Equities	220'951	62'358	228'631	69'135	258'555	70'297
of which qualified participations	22'731	8'771	27'359	13'337	27'969	12'064
Precious metals	13'972	15'014	13'972	15'014	13'972	15'014
<b>Total</b>	<b>234'923</b>	<b>77'373</b>	<b>242'603</b>	<b>84'150</b>	<b>272'527</b>	<b>85'312</b>
of which eligible securities	0	0	0	0	0	0

### 3 Participations and shares in associated companies

in CHF thousands	31.12.2021	31.12.2020
<b>Participations</b>		
Without market value	25	26
<b>Total participations</b>	<b>25</b>	<b>26</b>
<b>Shares in associated companies</b>		
Without market value	500'864	437'482
<b>Total shares in associated companies</b>	<b>500'864</b>	<b>437'482</b>

### 4 Statement of fixed assets

in CHF thousands	Cost	Accumulated depreciation	Book value 31.12.2020	Investments	Dis-investments	Reclassifications	Additions	Depreciation	Book value 31.12.2021
<b>Total participations (non-controlling interests)</b>	37	- 11	26	0	0	0	0	- 0	25
<b>Total shares in associated companies</b>	473'851	- 36'369	437'482	63'382	0	0	0	0	500'864
<b>Total securities and precious metals as fixed assets</b>	187'917	- 110'544	77'373	359'329	- 201'780	0	0	0	234'923
<b>Total intangible assets<sup>1</sup></b>	126'834	- 82'983	43'851	11'373	0	0	0	- 8'698	46'526
Real estate									
bank premises	151'946	- 105'486	46'460	1'931	0	0	0	- 2'968	45'423
other properties	17'128	- 2'128	15'000	0	0	0	0	0	15'000
Other fixed assets	56'265	- 39'993	16'272	5'493	- 1	0	0	- 5'672	16'092
<b>Total fixed assets</b>	<b>225'339</b>	<b>- 147'606</b>	<b>77'732</b>	<b>7'424</b>	<b>- 1</b>	<b>0</b>	<b>0</b>	<b>- 8'641</b>	<b>76'515</b>
Fire insurance value of real estate			172'646						172'646
Fire insurance value of other fixed assets			27'031						36'235
Liabilities: future leasing installments from operational leasing			33						21
Intended for resale									
Properties			1'750						1'750
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
<b>Participations</b>					
Data Info Services AG, Vaduz	Service company	CHF	50'000	50.0	50.0
<b>Shares in associated companies</b>					
Liechtensteinische Landesbank (Österreich) AG, Vienna	Bank	EUR	5'000'000	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 Swiss Investment AG, Zurich	Fund management company	CHF	8'000'000	100.0	100.0
LLB Holding AG, Uznach	Holding company	CHF	95'328'000	100.0	100.0
Zukunftsstiftung der Liechtensteinischen Landesbank AG, Vaduz	Charitable foundation	CHF	30'000	100.0	100.0

## 6 Own shares included in current assets (excluding trading positions)

Quantity / in CHF thousands	Quantity		Book value	
	2021	2020	2021	2020
As at 1 January	288'410	364'295	15'142	22'647
Bought	0	0	0	0
Sold	- 55'475	- 75'885	- 2'853	- 4'914
Additions / (Impairments)	0	0	- 36	- 2'592
<b>As at 31 December</b>	<b>232'935</b>	<b>288'410</b>	<b>12'252</b>	<b>15'142</b>

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	31.12.2021	31.12.2020	+ / - %
Precious metals holdings	13'972	15'014	- 6.9
Tax prepayments / Withholding tax	1'581	1'205	31.2
Positive replacement values <sup>1</sup>	245'180	217'466	12.7
Settlement account	24'519	39'265	- 37.6
Clearing accounts	2'796	1'846	51.4
Taken-over real estate	1'750	1'750	0.0
Deferred tax claim	3'620	3'854	- 6.1
<b>Total other assets</b>	<b>293'419</b>	<b>280'400</b>	<b>4.6</b>
Charge accounts	6'671	5'015	33.0
Negative replacement values <sup>1</sup>	263'564	252'046	4.6
Accounts payable	9'537	16'948	- 43.7
Settlement account	22'252	13'634	63.2
Clearing accounts	21'576	20'096	7.4
<b>Total other liabilities</b>	<b>323'600</b>	<b>307'737</b>	<b>5.2</b>

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	31.12.2021	31.12.2020	+ / - %
Due from participations	0	0	
Due to participations	0	0	
Due from associated companies	1'560'585	1'448'243	7.8
Due to associated companies	1'201'242	927'292	29.5

## b Due from and due to qualified participations and companies associated with the Principality of Liechtenstein

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Due from the Principality of Liechtenstein	1'598	1'824	- 12.4
Due to the Principality of Liechtenstein	208'515	474'802	- 56.1
Due from companies associated with the Principality of Liechtenstein <sup>1</sup>	50'466	54'023	- 6.6
Due to companies associated with the Principality of Liechtenstein <sup>1</sup>	185'886	206'285	- 9.9

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	31.12.2021	31.12.2020	+ / - %
Members of the Board of Directors	669	668	0.1
Members of the Board of Management	1'561	4'560	- 65.8

## 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.

## 9 Bonds issued

Year issued	Name	Currency	Maturity	Nominal interest rate in %	in CHF thousands		
					Nominal value	2021	2020
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CHF	27.09.2029	0.000 %	100'000	100'000	100'000
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CHF	28.05.2026	0.125 %	150'000	150'000	150'000
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CHF	24.09.2030	0.300 %	150'000	150'000	150'000

## 10 Allowances and provisions / provisions for general banking risks

in CHF thousands	Total 31.12.2020	Specific allowances	Recoveries, overdue interest, currency differences	New provisions charged to income statement	Provisions re- leased to in- come state- ment	Total 31.12.2021
<b>Allowances for loan default risks</b>						
Specific allowances	32'786	- 45	1'058	3'544	- 473	36'869
Lump-sum individual allowances (incl. those for country risks)	0	0	0	0	0	0
Provisions for contingent liabilities and credit risks	547	0	0	661	- 990	217
Provisions for other business risks	972	- 440	0	2'567	- 10	3'090
Provisions for taxes and deferred taxes	2'853	- 5'235	0	12'167	- 1'642	8'143
Other provisions	2'150	0	0	650	0	2'800
<b>Total allowances and provisions</b>	<b>39'307</b>	<b>- 5'719</b>	<b>1'058</b>	<b>19'589</b>	<b>- 3'116</b>	<b>51'119</b>
Minus allowances	- 32'786					- 36'869
<b>Total provisions according to balance sheet</b>	<b>6'522</b>					<b>14'250</b>
<b>Provisions for general banking risks</b>	<b>310'000</b>					<b>310'000</b>

## 11 Share capital, significant shareholders and groups of shareholders linked by voting rights

in CHF thousands	31.12.2021			31.12.2020		
	Total nominal value	Quantity	Capital ranking for dividend	Total nominal value	Quantity	Capital ranking for dividend
Share capital	154'000	30'800'000	152'835	154'000	30'800'000	152'558
<b>Total common stock</b>	<b>154'000</b>	<b>30'800'000</b>	<b>152'835</b>	<b>154'000</b>	<b>30'800'000</b>	<b>152'558</b>

No conditional or authorised capital exists.

in CHF thousands	31.12.2021		31.12.2020	
	Nominal	Holding in %	Nominal	Holding in %
With voting right: Principality of Liechtenstein	88'500	57.5	88'500	57.5
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	2021
Share capital	154'000
Share premium	47'750
Legal reserves	390'550
Reserve for own shares	15'142
Other reserves	792'388
Provisions for general banking risks	310'000
Balance sheet profit	81'729
<b>Total shareholders' equity as at 1 January (before profit distribution)</b>	<b>1'791'558</b>
Dividend and other distributions from previous year's profit	- 67'237
Net profit for the year	78'408
Allocation to provisions for general banking risks	0
<b>Total shareholders' equity as at 31 December (before profit distribution)</b>	<b>1'802'729</b>
Of which:	
Share capital	154'000
Share premium	47'750
Legal reserves	390'550
Reserve for own shares	12'252
Other reserves	804'277
Provisions for general banking risks	310'000
Balance sheet profit	83'899

## 13 Liabilities due to own pension funds

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Current account, call money and time deposits	20'588	10'934	88.3
Savings deposits	42	42	0.0
<b>Total</b>	<b>20'631</b>	<b>10'976</b>	<b>88.0</b>

## 14 Breakdown of assets and liabilities by location

in CHF thousands	31.12.2021		31.12.2020	
	FL/CH	Abroad	FL/CH	Abroad
<b>Assets</b>				
Cash and balances with central banks	3'895'515	0	3'535'790	0
Due from banks	1'988'882	152'218	1'556'714	231'285
Loans (excluding mortgages)	762'942	460'089	858'960	407'594
Mortgage loans	5'828'290	0	5'546'370	0
Bonds and other fixed-interest securities	288'901	1'357'365	273'557	1'302'723
Shares and other non-fixed-interest securities	215'071	5'926	61'995	397
Participations	25	0	26	0
Shares in associated companies	131'405	369'459	131'405	306'077
Intangible assets	46'526	0	43'851	0
Fixed assets	76'515	0	77'732	0
Own shares	12'252	0	15'142	0
Other assets	166'453	126'966	123'608	156'792
Accrued income and prepayments	40'978	30'275	27'972	26'797
<b>Total assets</b>	<b>13'453'756</b>	<b>2'502'298</b>	<b>12'253'122</b>	<b>2'431'664</b>
<b>Liabilities</b>				
Due to banks	953'361	1'444'353	298'573	859'609
Due to customers (excluding savings deposits)	6'073'441	2'750'345	6'160'176	2'680'359
Savings deposits	1'714'702	343'907	1'703'895	333'041
Certified liabilities	482'716	0	500'200	0
Other liabilities	188'783	134'817	192'151	115'586
Accrued expenses and deferred income	25'065	27'585	14'527	28'589
Provisions	14'250	0	6'522	0
Provisions for general banking risks	310'000	0	310'000	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	12'252	0	15'142	0
Other reserves	804'277	0	792'388	0
Profit carried forward	5'491	0	4'346	0
Profit for the year	78'408	0	77'382	0
<b>Total liabilities</b>	<b>11'255'047</b>	<b>4'701'007</b>	<b>10'667'602</b>	<b>4'017'184</b>

## 15 Geographical breakdown of assets by location

	31.12.2021		31.12.2020	
	Absolute value	% of total	Absolute value	% of total
Liechtenstein/Switzerland	13'453'756	84.3	12'253'122	83.4
Europe (excluding Liechtenstein/Switzerland)	1'537'730	9.6	1'460'430	9.9
North America	412'561	2.6	449'793	3.1
South America	15'668	0.1	14'600	0.1
Africa	13'409	0.1	10'361	0.1
Asia	304'695	1.9	287'688	2.0
Others	218'234	1.4	208'792	1.4
<b>Total assets</b>	<b>15'956'054</b>	<b>100.0</b>	<b>14'684'786</b>	<b>100.0</b>

## 16 Breakdown of assets and liabilities by currency

in CHF thousands	CHF	EUR	USD	Others	Total
<b>Assets</b>					
Cash and balances with central banks	3'886'126	8'999	333	56	3'895'515
Due from banks	1'775'844	133'073	39'590	192'593	2'141'100
Loans (excluding mortgages)	592'109	255'414	295'328	80'180	1'223'032
Mortgage loans	5'826'035	1'343	912	0	5'828'290
Bonds and other fixed-interest securities	415'251	583'630	647'386	0	1'646'266
Shares and other non-fixed-interest securities	209'576	4'212	7'209	0	220'997
Participations	25	0	0	0	25
Shares in associated companies	500'864	0	0	0	500'864
Intangible assets	46'526	0	0	0	46'526
Fixed assets	76'515	0	0	0	76'515
Own shares	12'252	0	0	0	12'252
Other assets	282'628	2'999	5'177	2'614	293'419
Accrued income and prepayments	34'900	13'893	21'484	975	71'253
<b>Total on-balance sheet assets</b>	<b>13'658'652</b>	<b>1'003'564</b>	<b>1'017'419</b>	<b>276'419</b>	<b>15'956'054</b>
Delivery claims from forex spot, forex futures and forex options transactions	5'748'206	8'444'468	8'762'814	2'639'650	25'595'138
<b>Total assets</b>	<b>19'406'858</b>	<b>9'448'032</b>	<b>9'780'233</b>	<b>2'916'069</b>	<b>41'551'192</b>
<b>Liabilities</b>					
Due to banks	2'197'564	88'566	56'330	55'254	2'397'715
Due to customers (excluding savings deposits)	4'577'684	1'767'692	1'913'903	564'507	8'823'786
Savings deposits	2'055'270	3'339	0	-0	2'058'609
Certified liabilities	482'716	0	0	0	482'716
Other liabilities	309'465	6'407	5'096	2'631	323'600
Accrued expenses and deferred income	21'022	12'390	17'711	1'527	52'650
Provisions	14'250	0	0	0	14'250
Provisions for general banking risks	310'000	0	0	0	310'000
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	12'252	0	0	0	12'252
Other reserves	804'277	0	0	0	804'277
Profit carried forward	5'491	0	0	0	5'491
Profit for the year	78'408	0	0	0	78'408
<b>Total on-balance sheet liabilities</b>	<b>11'460'700</b>	<b>1'878'394</b>	<b>1'993'041</b>	<b>623'920</b>	<b>15'956'054</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	7'960'155	7'564'342	7'777'732	2'306'459	25'608'688
<b>Total liabilities</b>	<b>19'420'855</b>	<b>9'442'736</b>	<b>9'770'773</b>	<b>2'930'379</b>	<b>41'564'742</b>
<b>Net position per currency</b>	<b>- 13'997</b>	<b>5'296</b>	<b>9'460</b>	<b>- 14'310</b>	<b>- 13'550</b>

## 17 Pledged or assigned assets and assets subject to reservation of ownership

in CHF thousands	31.12.2021	31.12.2020
<b>Excluding lending transactions and pension transactions with securities</b>		
Book value of pledged and assigned (as collateral) assets	219'911	246'385
Actual commitments	0	0
<b>Lending transactions and pension transactions with securities</b>		
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	600'623	228'242
of which capable of being resold or further pledged without restrictions	600'623	228'242
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
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
<b>Assets</b>									
Cash and balances with central banks		3'895'515	0	0	0	0	0	0	3'895'515
Due from banks		378'234	0	1'255'052	83'612	152'621	271'581	0	2'141'100
Loans		10'619	353'268	3'208'516	585'633	1'870'789	1'022'497	0	7'051'322
of which mortgage loans		6'722	45'021	2'520'050	514'264	1'734'136	1'008'096	0	5'828'290
Securities and precious metals held for trading		3	0	0	0	0	0	0	3
Securities and precious metals holdings as current assets (excluding trading positions)		1'658'562	0	0	0	0	0	0	1'658'562
Securities and precious metals holdings as fixed assets		13'972	220'951	0	0	0	0	0	234'923
Other assets		616'712	0	167'467	73'774	18'277	20'134	78'265	974'629
<b>Total assets</b>	<b>31.12.2021</b>	<b>6'573'617</b>	<b>574'219</b>	<b>4'631'035</b>	<b>743'019</b>	<b>2'041'687</b>	<b>1'314'212</b>	<b>78'265</b>	<b>15'956'054</b>
	31.12.2020	6'115'200	591'825	3'385'027	1'074'634	1'989'586	1'449'032	79'482	14'684'786
<b>Liabilities and provisions</b>									
Due to banks		450'715	0	1'947'000	0	0	0	0	2'397'715
Due to customers		8'186'804	2'139'782	432'882	120'928	2'000	0	0	10'882'395
of which savings deposits		0	2'020'214	36'675	1'720	0	0	0	2'058'609
of which other liabilities		8'186'804	119'569	396'206	119'207	2'000	0	0	8'823'786
Certified liabilities		0	0	4'865	13'506	198'923	265'422	0	482'716
of which medium-term notes		0	0	4'865	13'506	48'923	15'422	0	82'716
of which bonds issued		0	0	0	0	150'000	250'000	0	400'000
Provisions (excluding provisions for general banking risks)		0	0	0	0	14'250	0	0	14'250
Other liabilities		88'443	0	175'452	71'676	19'107	21'571	0	376'250
<b>Total liabilities and provisions</b>	<b>31.12.2021</b>	<b>8'725'961</b>	<b>2'139'782</b>	<b>2'560'198</b>	<b>206'110</b>	<b>234'280</b>	<b>286'993</b>	<b>0</b>	<b>14'153'325</b>
	31.12.2020	8'649'267	2'290'763	1'133'422	279'108	102'893	437'774	0	12'893'228
Bonds and other fixed-interest securities that are due in the following financial year									280'081

# Notes to off-balance sheet transactions

## 19 Contingent liabilities

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Credit guarantees and similar instruments	19'854	21'584	- 8.0
Performance guarantees and similar instruments	8'536	7'914	7.9
Other contingent liabilities	7'116	8'289	- 14.1
<b>Total contingent liabilities</b>	<b>35'507</b>	<b>37'787</b>	<b>- 6.0</b>

## 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	
<b>Interest rate instruments</b>							
Swaps	0	0	0	22'252	27'123	4'655'331	
Forward transactions	43	7	6'627	0	0	0	
<b>Foreign exchange contracts</b>							
Forward contracts	218'065	231'615	25'515'243	0	0	0	
Options (OTC)	2'377	2'377	74'362	0	0	0	
<b>Precious metals</b>							
Options (OTC)	131	131	5'534	0	0	0	
<b>Equity / Index contracts</b>							
Options (OTC)	2'312	2'312	255'345	0	0	0	
<b>Total excluding netting agreements</b>	<b>31.12.2021</b>	<b>222'928</b>	<b>236'441</b>	<b>25'857'110</b>	<b>22'252</b>	<b>27'123</b>	<b>4'655'331</b>
	31.12.2020	203'833	209'395	22'013'315	13'634	42'651	2'306'604

Liechtensteinische Landesbank AG has concluded no netting agreements.

## 21 Fiduciary transactions

in CHF thousands	31.12.2021	31.12.2020	+ / - %
Fiduciary deposits with other banks	58'425	202'772	- 71.2
Fiduciary loans and other fiduciary financial transactions	3'176	1'646	92.9
<b>Total fiduciary transactions</b>	<b>61'600</b>	<b>204'418</b>	<b>- 69.9</b>

# Notes to the income statement

## 22 Income from trading operations

in CHF thousands	2021	2020	+ / - %
Foreign exchange trading	43'607	41'437	5.2
Foreign note trading	- 454	- 86	430.3
Precious metals trading	1'743	2'464	- 29.3
Securities trading	10	9	14.3
<b>Total net trading income</b>	<b>44'907</b>	<b>43'825</b>	<b>2.5</b>

## 23 Personnel expenses

in CHF thousands	2021	2020	+ / - %
Salaries and compensations	- 88'567	- 84'145	5.3
Social benefits and retirement benefit plans	- 18'423	- 17'526	5.1
of which retirement benefit plans	- 12'453	- 12'016	3.6
Other personnel expenses	- 4'976	- 3'255	52.9
<b>Total</b>	<b>- 111'966</b>	<b>- 104'926</b>	<b>6.7</b>

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	2021	2020	+ / - %
Occupancy expenses	- 3'976	- 3'329	19.4
Expenses for IT, machinery, vehicles and other equipment	- 18'019	- 24'923	- 27.7
Other business expenses	- 26'416	- 25'613	3.1
<b>Total</b>	<b>- 48'412</b>	<b>- 53'864</b>	<b>- 10.1</b>

## 25 Other ordinary expenses

in CHF thousands	2021	2020	+ / - %
Losses on receivables	- 62	0	
Operational risk	- 650	- 1'757	- 63.0
Sundry other ordinary expenses	- 688	- 543	26.5
<b>Total other ordinary expenses</b>	<b>- 1'399</b>	<b>- 2'301</b>	<b>- 39.2</b>

# 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 internal directive "Real Estate Valuation" 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 at income value in Switzerland. In Liechtenstein, the valuation is carried out using the asset value method.
- ♦ Income-producing and investment properties in Switzerland, such as apartment buildings, residential and commercial buildings, commercial properties, etc., are 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 "farming land law" calculation. 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**  
**2021 Financial Statements**

KPMG (Liechtenstein) AG  
Vaduz, 24 February 2022



# 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 2021, 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 107 to 128) give a true and fair view of the financial position of the Company as at 31 December 2021 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 2021, the Bank reports loans of CHF 7.1 billion, representing 44.2 % 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 113 to 115: Accounting policies and valuation principles
- Page 116: Notes to the balance sheet

### Other matters

The financial statements of the Company for the year ended on 31 December 2020 were audited by another auditor whose report, dated 9 March 2021, expressed an unmodified opinion on those statements.

### 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 7 May 2021. 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 106) 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, 24 February 2022

# Locations and addresses

## Headquarters

**Liechtensteinische Landesbank AG**  
Städtle 44 · P.O. Box 384 · 9490 Vaduz ·  
Liechtenstein Telephone + 423 236 88 11  
Internet [www.llb.li](http://www.llb.li) · E-mail [llb@llb.li](mailto:llb@llb.li)

## Branches

### Balzers

Höfle 5 · 9496 Balzers · Liechtenstein  
Telephone + 423 388 22 11  
E-mail [balzers@llb.li](mailto:balzers@llb.li)

### Eschen

Essanestrasse 87 · 9492 Eschen ·  
Liechtenstein Telephone + 423 377 55 11  
E-mail [eschen@llb.li](mailto:eschen@llb.li)

## Representative and branch offices

### Zürich

Claridenstrasse 20 · 8002 Zürich ·  
Switzerland Telephone + 41 58 523 91 61  
E-mail [llb@llb.li](mailto:llb@llb.li)

### Genf

12 Place de la Fusterie · 1204 Geneva ·  
Switzerland Telephone + 41 22 737 32 11  
E-mail [llb@llb.li](mailto:llb@llb.li)

### Dubai

Unit C501 · Level 5 · Burj Daman DIFC  
P.O. Box 507136 · Dubai · V. A. E.  
Telephone + 971 4 383 50 00  
E-mail [llb@llb.li](mailto:llb@llb.li)

### Abu Dhabi

27th floor (CH) · H.E. Sheikh Sultan Bin  
Zayed Bld Corniche Rd. · P.O. Box 48230  
Abu Dhabi · U. A. E.  
Telephone + 971 2 665 56 66  
E-mail [llb@llb.li](mailto:llb@llb.li)

## Group companies

**Liechtensteinische Landesbank  
(Österreich) AG**  
Hessgasse 1, 1010 Vienna · Austria  
Telephone + 43 1 536 16-0  
Internet [www.llb.at](http://www.llb.at) · E-mail [llb@llb.at](mailto:llb@llb.at)

### Bank Linth LLB AG

Zürcherstrasse 3 · P.O. Box 168  
8730 Uznach · Switzerland  
Telephone + 41 844 11 44 11  
Internet [www.banklinth.ch](http://www.banklinth.ch)  
E-mail [info@banklinth.ch](mailto:info@banklinth.ch)

### LLB Asset Management AG

Städtle 7 · P.O. Box 201 · 9490 Vaduz ·  
Liechtenstein Telephone + 423 236 95 00  
Internet [www.llb.li/assetmanagement](http://www.llb.li/assetmanagement)  
E-mail [assetmanagement@llb.li](mailto:assetmanagement@llb.li)

### LLB Fund Services AG

Äulestrasse 80 · P.O. Box 1238  
9490 Vaduz · Liechtenstein  
Telephone + 423 236 94 00  
Internet [www.llb.li/fundservices](http://www.llb.li/fundservices)  
E-mail [fundservices@llb.li](mailto:fundservices@llb.li)

### LLB Swiss Investment AG

Claridenstrasse 20 · 8002 Zurich · Switzerland  
Telephone + 41 58 523 96 70  
Internet [www.llbswiss.ch](http://www.llbswiss.ch)  
E-mail [investment@llbswiss.ch](mailto:investment@llbswiss.ch)

# Imprint

## **Publisher**

Liechtensteinische Landesbank AG  
9490 Vaduz, Liechtenstein

## **Concept and design, system and programming**

NeidhartSchön AG,  
8037 Zürich, Schweiz

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.

Liechtensteinische Landesbank Aktiengesellschaft: hereafter also referred to as Liechtensteinische Landesbank AG, Liechtensteinische Landesbank, LLB AG, LLB and LLB parent bank. Liechtensteinische Landesbank (Österreich) AG: hereafter also referred to as LLB (Österreich) AG and LLB Österreich. Bank Linth LLB AG: hereafter also referred to as Bank Linth.

This annual report is published in German and English. The German edition is binding.

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>.

