Liechtensteinische
Landesbank 1861

Tradition meets Innovation.

Going forward sustainably

Consolidated interim
financial reporting 2021

hr2021.llb.li

Content

The LLB Group in profile

The LLB Group successfully positions 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

- Retail & Corporate Banking: 31.7 %
- Private Banking: 29.2 %
- Institutional Clients: 39.1 %

Diversified income structure
Earnings

- Interest business: 35.2 %
- Investment business: 49.9 %
- Client trading / Treasury: 14.9 %

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 40 awards since 2012
- Consistent adaptation of the product range to sustainability

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

	30.06.2021	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	30'562'964	30'511'590	0.2

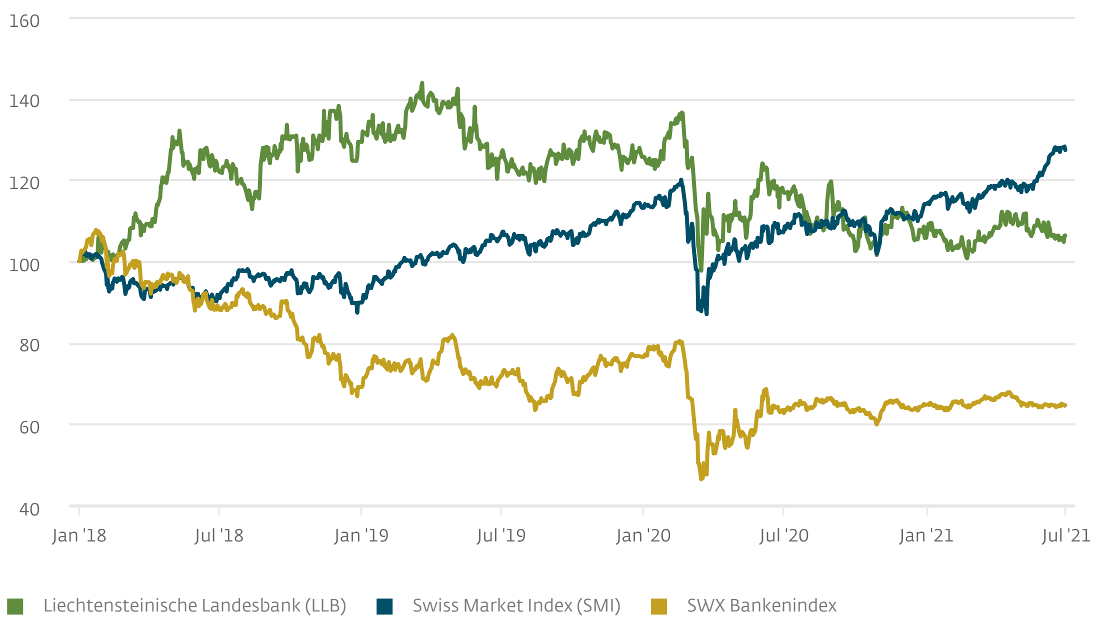
	30.06.2021	30.06.2020	+ / – %
Weighted average shares outstanding	30'540'889	30'478'678	0.2

Information per LLB share

	30.06.2021	31.12.2020	+ / – %
Nominal value (in CHF)	5.00	5.00	0.0
Share price (in CHF)	52.80	52.50	0.6

	30.06.2021	30.06.2020	+ / – %
Basic earnings per share (in CHF)	2.20	1.87	17.4
Price / earnings ratio	12.01	15.54	

Comparison of LLB share
Indexed from 1 January 2018



Key figures

Consolidated income statement

in CHF millions	First half 2021	First half 2020	+ / – %
Income statement			
Operating income	231.8	210.4	10.2
Operating expenses	– 150.7	– 143.1	5.3
Net profit	71.1	60.2	18.2
Performance figures			
Cost Income Ratio (in per cent) * / **	65.1	65.5	
Return on equity attributable to the shareholders of LLB (in per cent)	6.6	5.9	

* Definition available under www.llb.li/investors-apm
** Adjusted to consider market effects (interest rate swaps and price gains) the Cost Income Ratio for the first half 2021 stood at 67.1 per cent, and for the first half 2020 at 66.7 per cent.

Consolidated balance sheet and capital management

in CHF millions	30.06.2021	31.12.2020	+ / – %
Balance sheet			
Total equity	2'184	2'138	2.2
Total assets	24'824	23'575	5.3
Capital ratio			
Tier 1 ratio (in per cent) *	20.8	21.6	
Risk-weighted assets	8'424	7'927	6.3

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

Additional information

in CHF millions	First half 2021	First half 2020	+ / – %
Net new money *	2'748	1'028	167.3

	30.06.2021	31.12.2020	+ / – %
Business volume (in CHF millions) *	101'857	92'892	9.7
Assets under management (in CHF millions) *	88'335	79'662	10.9
Loans (in CHF millions)	13'522	13'230	2.2
Employees (full-time equivalents, in positions)	1'048	1'064	– 1.5

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

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

We're shaping the future

Dear shareholders

For us, as the LLB Group, the prime objective is to establish banking with values – for you as shareholders, for our clients, our employees and, just as importantly, for society and the Principality of Liechtenstein. And to do so sustainably! Accordingly, it's not simply a question of keeping an eye on the here and now, but rather having our sights firmly set on tomorrow and the day after. Because the future is not just about accepting what happens and facing what confronts us, but rather it's about what we make of it. And over recent months we have worked hard and successfully to shape a positive future for you and for us.

Milestones of growth

How can we as a forward-looking company act? In answering this question we defined four core elements in our StepUp2020 strategy, which guide us going forward. One of these core elements is growth. And we can report solid growth for the first half year of 2021. An important yardstick of growth is our business volume. Here we exceeded the 100-billion benchmark for the first time. This represents a significant milestone in the 160-year history of the LLB Group. Currently, we can report a business volume of CHF 101.9 billion, or 9.7 per cent higher than the previous year.

It is particularly pleasing that the LLB Group can again report new money inflows in all three market divisions and booking centres. Our growth is therefore very broad based.

Loans to clients rose by 2.2 per cent to CHF 13.5 billion. Net new money inflows of CHF 2.7 billion coupled with good performance on the financial markets led to an increase in client assets under management. At CHF 88.3 billion, these were 10.9 per cent above the equivalent period in the previous year. This growth is also reflected in the net profit of the LLB Group which, at CHF 71.1 million (+18.2 %), was substantially above the previous year's value. Our fee and commission business benefitted in particular, posting a plus of 9 per cent. Once again we were able to improve the quality of earnings.

As expected, operating expenses increased to CHF 150.7 million (+5.3 %): In the previous year, one-time effects amounting to CHF 10 million had had a positive impact. Adjusted to consider these non-recurring effects, operating expenses were CHF 5.7 million lower than in the previous year. This was also attributable to strict cost and personnel management as well as the exploitation of synergies with business processes.

Expansion in Austria

Our primary focus is geared towards organic growth and therefore towards a profitable development based on our own efforts. In addition, however, we were able to conclude a referral deal in March 2021 with Credit Suisse. The aim of this deal is for us to take over private banking clients in Austria up to a level of one billion euros in client assets under management. This enables us to expand our client base in private banking and consolidate our position as the leading wealth management bank in Austria.

We also took a further step in this direction by opening a second business base in Austria for the first time. Starting in autumn, in addition to our headquarters in Vienna, we shall also have a business presence in Salzburg. The new branch office offers us an advantageous strategic and geographical location from which to achieve additional growth in western Austria and southern Germany.

Going forward sustainably

We are also committed to contributing to sustainable development outside and beyond the confines of the LLB. For us, it is clear that sustainability represents the future. Therefore, it is extremely important to us to integrate social and ecological aspects in our business dealings. To promote and advance this concept, the LLB Group appointed its own sustainability expert at the beginning of April.

Over recent months we have sharply expanded our range of sustainable investments for our clients. In addition to our already well-established range of sustainable asset management and advisory services, we are now offering a complete series of sustainable investment funds. A good example of this is our emerging markets bond fund in Austria. This is managed in accordance with our bank's own ESG concept and is a very attractive option both for institutional as well as private clients. The sustainable Liechtenstein gold fund launched by LLB in spring has already exceeded the 100-million USD mark. Further sustainable products are being planned or are about to be launched.

We attach great importance to supporting our employees through this development and enabling them to enhance their sustainability skills. For this purpose we offer them comprehensive training courses. So far 300 client advisers have already successfully completed the relevant training and professional education courses.

We are extremely pleased that both LLB AG and Bank Linth are represented in the recently launched sustainability index of the Swiss SIX stock exchange. This is further confirmation for us that we are on the right course.

Corona pandemic

Again in the first half year of 2021, the pandemic continued to confront us both personally and professionally with a heavy burden and major challenge. However, thanks to the experience gained in 2020, we have successfully met and mastered these obstacles. In the past eighteen months we have proven ourselves to be a resilient and reliable partner in times of crisis – for our clients, employees, shareholders, as well as for the economies of Liechtenstein and Switzerland.

Nevertheless, we hope, of course, that the corona situation will continue to ease and that we can soon return to normal. We look forward with pleasure to being able to greet our clients personally again and talking to them without the aid of bits and bytes.

A future based on stability

Reliability, which our stakeholders can depend on, is of immense value especially in times like these when we face the greatest health crisis in decades and when economic and geopolitical turbulence causes major uncertainty.

In spring this year, Moody's again confirmed our Aa2 rating. We are therefore among the most stable and secure banks in the world.

Security and stability create trust. We can offer both – thanks to our good financial position, our broadly based business model, our solid capital base and the stable political situation in the Principality of Liechtenstein, which is our majority shareholder.

A future based on trust

During the Annual General Meeting in May, you, our esteemed shareholders, once again demonstrated your trust in us. You approved all the proposals put forward by the Board of Directors and also approved its proposed election candidates. By an overwhelming majority, you approved the re-election of the two existing Board members, Thomas Russenberger and Richard Senti, for a further term of office of three years, as well as the re-election of Georg Wohlwend as Chairman of the Board. This clear demonstration of your trust in us strengthens our resolve and gives us the confidence to meet and master the coming challenges and decisions.

Outlook

The operating environment continues to be challenging. On account of the numerous economic and geopolitical uncertainties it is difficult to make forecasts. In spite of this tense situation, the LLB Group continues to be confident as regards the full 2021 business year. Our business model is valid, the LLB Group is growing, and we have clearly demonstrated that we have the ability and the skills to meet and overcome difficult challenges. We are striving therefore, once again, to achieve a solid business result for the full year.

We also have confidence in the future for another reason, over recent months we have worked intensively on the successor strategy to StepUp2020. The process has been very open and constructive, and is almost complete. We are looking forward to presenting our new corporate strategy to you in the autumn.

Thank you

We would like to thank our clients for their loyalty and trust, as well as our employees for their competence and commitment to our clients and our company. And, of course, you our esteemed shareholders, for supporting us in shaping the future – for which we are now well prepared.

Yours sincerely

Gabriel Brenna
Group CEO

Georg Wohlwend
Chairman of the Board of Directors

Retail & Corporate Banking

The Retail & Corporate Banking Division of the LLB Group offers the entire spectrum of banking and financial services for private and corporate clients in Liechtenstein and Switzerland at all phases of the life and business cycle. Traditionally, savings and mortgage lending business have always played a very important role. This is supplemented by financial planning and corporate pension provisioning.

In addition, the Retail & Corporate Banking Division provides specific investment advice and asset management to clients having available assets of up to CHF 0.5 million. At the same time, the LLB Group offers services for small and medium-sized enterprises (SMEs).

Retail & Corporate Banking combines modern bank branches with mobile and web-based services. It has three LLB branches in Liechtenstein as well as 19 Bank Linth branches in the Swiss regions of Linthgebiet, Zurichsee, Sarganserland, Ausserschwyz, Winterthur and Thurgau.

Business segment result

Interest differential business, which comprises the largest part of earnings in private and corporate client business, developed positively in spite of the persisting pressure on margins and, at CHF 45.0 million, attained the same level as in the previous year. In contrast to the allocation of provisions in the previous year, provisions for expected credit losses were written back this year. In addition, fee and commission income rose by 12.0 per cent. The segment profit before taxes at CHF 26.9 million was 33.4 per cent above the level of the previous year.

The business volume expanded by 2.4 per cent to CHF 21.3 billion. This was largely attributable to net new money inflows of CHF 308 million, as well as continued growth in mortgage lending business. The segment attained the net new money inflows and the growth in lending business in both the home markets of Switzerland and Liechtenstein.

Segment reporting

in CHF thousands	First half 2021	First half 2020	+ / – %
Net interest income	45'044	45'324	– 0.6
Expected credit losses	897	– 6'173	
Net interest income after expected credit losses	45'941	39'152	17.3
Net fee and commission income	18'805	16'783	12.0
Net trading income	4'915	4'879	0.7
Other income	1'061	1'076	– 1.5
Total operating income	**70'722**	**61'890**	**14.3**
Personnel expenses	– 14'550	– 13'323	9.2
General and administrative expenses	– 1'935	– 791	144.7
Depreciation	– 11	0	
Services (from) / to segments	– 27'322	– 27'602	– 1.0
Total operating expenses	**– 43'819**	**– 41'716**	**5.0**
Segment profit before tax	**26'903**	**20'175**	**33.4**

Performance figures

	First half 2021	First half 2020
Gross margin (in basis points) *	66.4	68.0
Cost Income Ratio (in per cent) *	62.8	61.3
Net new money (in CHF millions) *	308	422
Growth of net new money (in per cent) *	3.1	4.5

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

Additional information

	30.06.2021	31.12.2020	+ / – %
Business volume (in CHF millions) *	21'305	20'800	2.4
Assets under management (in CHF millions) *	10'189	9'912	2.8
Loans (in CHF millions)	11'115	10'888	2.1
Employees (full-time equivalents, in positions)	184	183	0.2

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

Private Banking

The Private Banking Division of the LLB Group combines advisory quality and investment competence with the latest technology. The focus lies on the onshore markets of Liechtenstein, Switzerland and Austria, the traditional cross-border markets of Germany and Western Europe, as well as the growth markets in Central and Eastern Europe and the Middle East. In addition, the Private Banking Division is responsible for groupwide product management.

The Private Banking Division offers international clients investment advice, wealth management, asset structuring, financing facilities, as well as financial and retirement planning. These services are provided at its three banks in Liechtenstein (Vaduz), Switzerland (Uznach) and Austria (Vienna), as well as at the bank branches of LLB AG in Liechtenstein and at the business locations of Bank Linth in eastern Switzerland. In addition, the Private Banking Division is represented through branches in Zurich-Erlenbach, Geneva, Abu Dhabi and Dubai. In addition, from autumn 2021, for the first time with Salzburg, we are opening a second business base in Austria.

Business segment result

At CHF 24.8 million, the profit before tax of the Private Banking Segment was almost 30 per cent higher than the previous year's result. Operating income rose by CHF 7.2 million to CHF 64.4 million. Fee and commission business developed positively thanks to the higher volume of client assets under management, climbing by 20.6 per cent to CHF 47.8 million. In the previous year, the higher provisions for credit risks had had an adverse effect on the segment business result. Operating expenses rose slightly to CHF 39.6 million. In the previous year the adjustment of the conversion rate for the LLB pension fund had provided a positive one-time impact on personnel expenses.

The net new money inflows of CHF 969 million confirmed the positive growth trend and, in combination with the good market performance, led to an increase in client assets to CHF 19.0 billion. The business volume expanded to CHF 21.0 billion.

Segment reporting

in CHF thousands	First half 2021	First half 2020	+ / – %
Net interest income	10'471	15'648	– 33.1
Expected credit losses	110	– 4'406	
Net interest income after expected credit losses	10'581	11'242	– 5.9
Net fee and commission income	47'828	39'656	20.6
Net trading income	5'961	6'283	– 5.1
Other income	1	1	– 51.3
Total operating income	**64'371**	**57'182**	**12.6**
Personnel expenses	– 19'477	– 18'623	4.6
General and administrative expenses	– 1'200	– 1'065	12.7
Depreciation	– 48	– 64	– 25.6
Services (from) / to segments	– 18'895	– 18'252	3.5
Total operating expenses	**– 39'619**	**– 38'005**	**4.2**
Segment profit before tax	**24'752**	**19'177**	**29.1**

Performance figures

	First half 2021	First half 2020
Gross margin (in basis points) *	65.3	69.5
Cost Income Ratio (in per cent) *	61.7	61.7
Net new money (in CHF millions) *	969	171
Growth of net new money (in per cent) *	5.6	1.0

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

Additional information

	30.06.2021	31.12.2020	+ / – %
Business volume (in CHF millions) *	21'006	19'289	8.9
Assets under management (in CHF millions) *	19'047	17'401	9.5
Loans (in CHF millions)	1'960	1'887	3.8
Employees (full-time equivalents, in positions)	193	186	4.1

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

Institutional Clients

The Institutional Clients Division encompasses the intermediary and investment fund business, as well as asset management services. The LLB Group unites four investment fund management companies under one corporate roof. In its three home markets of Liechtenstein, Austria and Switzerland, it operates as a dynamic, versatile fund powerhouse. The focus lies on providing private label fund solutions. Our team of experts for the care of fiduciaries, external asset managers, insurance companies and public institutions are characterised by their holistic, partner-like client focus. LLB Asset Management AG fulfils a central role within the LLB Group. Its award-winning, outstanding investment competence is one of the Group's great strengths.

Business segment result

At CHF 33.2 million, the profit before tax of the Institutional Clients Segment was higher than in the equivalent period of the previous year. Operating expenses remained at the same level while operating income rose by 4.8 per cent to CHF 66.6 million. Interest income was adversely influenced by the persisting low level of interest rates. Fee and commission income benefitted significantly from the higher volume of client assets, increasing to CHF 52.9 million.

With net new money inflows of CHF 1.5 billion, the Segment substantially exceeded the inflows of the previous year, especially in investment fund business. The business volume increased by 12.7 per cent to CHF 59.6 million.

Segment reporting

in CHF thousands	First half 2021	First half 2020	+ / – %
Net interest income	6'249	9'430	– 33.7
Expected credit losses	– 49	– 3'198	– 98.5
Net interest income after expected credit losses	6'200	6'232	– 0.5
Net fee and commission income	52'891	49'293	7.3
Net trading income	7'504	8'023	– 6.5
Other income	1	1	– 26.7
Total operating income	**66'596**	**63'549**	**4.8**
Personnel expenses	– 16'489	– 15'989	3.1
General and administrative expenses	– 2'289	– 2'694	– 15.0
Depreciation	– 195	– 190	2.4
Services (from) / to segments	– 14'403	– 14'501	– 0.7
Total operating expenses	**– 33'375**	**– 33'374**	**0.0**
Segment profit before tax	**33'220**	**30'175**	**10.1**

Performance figures

	First half 2021	First half 2020
Gross margin (in basis points) *	23.4	28.3
Cost Income Ratio (in per cent) *	50.1	50.0
Net new money (in CHF millions) *	1'470	435
Growth of net new money (in per cent) *	2.8	0.9

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

Additional information

	30.06.2021	31.12.2020	+ / – %
Business volume (in CHF millions) *	59'556	52'836	12.7
Assets under management (in CHF millions) *	59'074	52'348	12.8
Loans (in CHF millions)	482	488	– 1.3
Employees (full-time equivalents, in positions)	170	179	– 4.7

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

Corporate Center

The Corporate Center bundles central functions within the LLB Group and supports the market-oriented divisions in conducting their activities and implementing their strategies. The focus lies on functions in the areas of communication, marketing, human resources, finance, risk and credit management, IT, trading, securities administration and payment services, corporate development, as well as legal and compliance services.

The Corporate Center of the LLB Group steers, coordinates and monitors groupwide business activities, processes and risks. It conducts the Group's corporate development and its digital transformation, as well as enhancing the efficiency and quality of the services the LLB Group delivers.

Business segment result

Under the Corporate Center, the LLB Group reports the structural contribution from interest business, the valuation of interest rate hedging instruments and income from financial investments. Operating income rose by CHF 2.3 million to CHF 30.1 million. The increase was mainly attributable to the higher structural contribution in interest business, as well as the increased income from financial investments. In contrast, income from trading decreased as a result of the lower valuation of interest rate hedging instruments measured on the reporting date. Operating expenses increased to CHF 33.9 million. In the previous year, the Segment had benefitted from one-time effects such as the adjustment of the conversion rate for the LLB pension fund and the release of provisions for a legal case.

Segment reporting

in CHF thousands	First half 2021	First half 2020	+ / – %
Net interest income	14'853	8'385	77.1
Expected credit losses	0	0	
Net interest income after expected credit losses	14'853	8'385	77.1
Net fee and commission income	– 10'903	– 6'301	73.0
Net trading income	19'195	27'324	– 29.7
Net income from financial investments	4'959	– 1'905	
Other income	2'008	300	570.2
Total operating income	**30'112**	**27'802**	**8.3**
Personnel expenses	– 43'448	– 41'275	5.3
General and administrative expenses	– 32'172	– 28'333	13.6
Depreciation	– 18'852	– 20'798	– 9.4
Services (from) / to segments	60'620	60'356	0.4
Total operating expenses	**– 33'852**	**– 30'050**	**12.6**
Segment profit before tax	**– 3'740**	**– 2'248**	**66.3**

Additional information

	30.06.2021	31.12.2020	+ / – %
Employees (full-time equivalents, in positions)	501	517	– 3.0

Consolidated interim financial statement of the LLB Group
(unaudited)

Consolidated interim management report
(unaudited)

Income statement

In the first half of 2021, the LLB Group earned a net profit of CHF 71.1 million, a Group business result that was substantially higher than in the equivalent period in the previous year (first half of 2020: CHF 60.2 million). The record business volume, the improved earnings quality in client business and the positive development with risk provisioning all contributed to the gratifying result. Operating expenses increased in comparison with the previous year, largely as a result of one-time effects. Adjusted for these effects, operating expenses were slightly lower than in the previous year.

The profit attributable to the shareholders of Liechtensteinische Landesbank AG amounted to CHF 67.1 million (first half of 2020: CHF 57.1 million). Earnings per share stood at CHF 2.20 (first half of 2020: CHF 1.87).

Operating income rose in the first half of 2021 by 10.2 per cent to CHF 231.8 million (first half of 2020: CHF 210.4 million).

In comparison with the previous year, interest income before expected credit losses decreased by 2.8 per cent or CHF 2.2 million to CHF 76.6 million (first half of 2020: CHF 78.8 million). Income from interest business with clients rose slightly. The pressure on margins in mortgage lending business continues to be high. Thanks to targeted growth with mortgage loans, lower refinancing costs and the implementation of negative interest rates, this trend was to some extent compensated for. In contrast, income from interest business with banks was marginally lower, particularly on account of lower USD interest rates.

Whereas, on account of higher risk provisioning, allowances for expected credit losses of CHF 13.8 million were allocated in the first half of 2020, provisions of CHF 1.0 million were released in favour of the income statement in the first half of 2021.

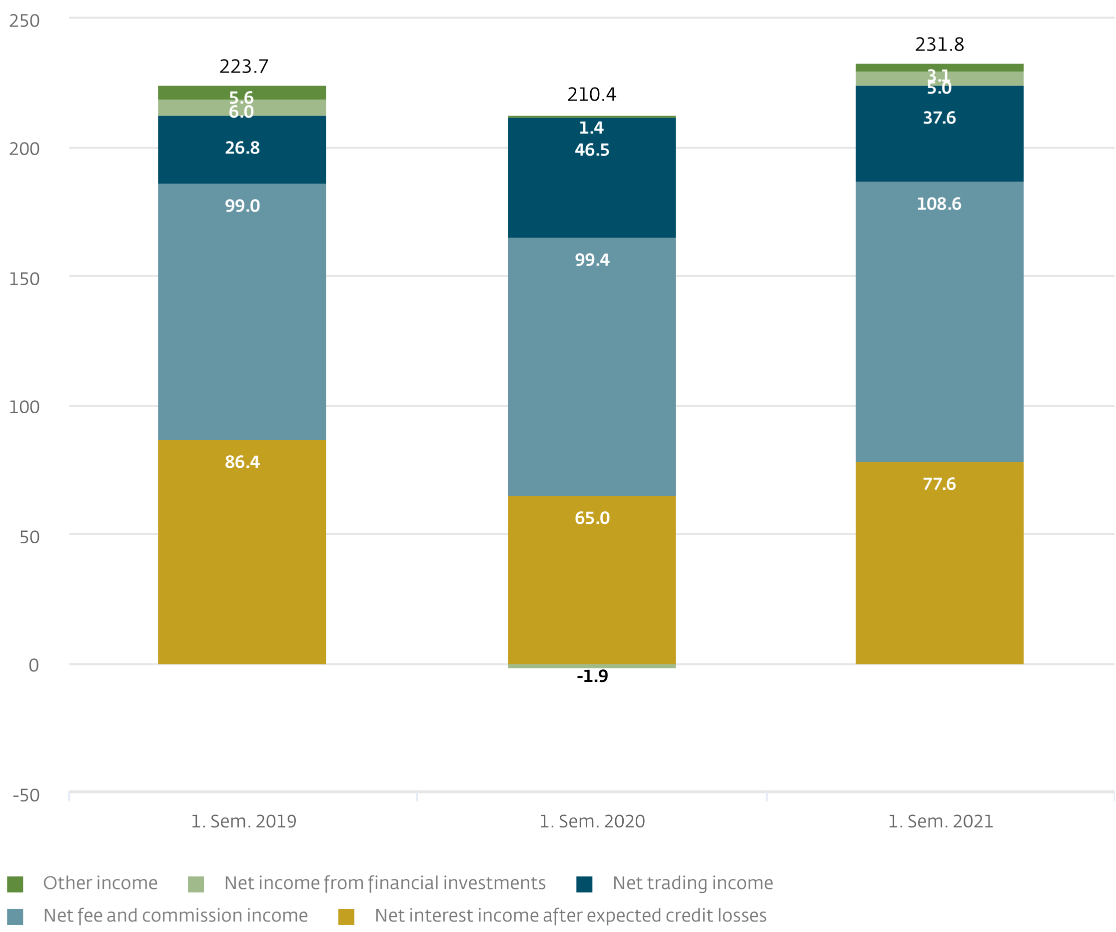
In comparison with the previous year, net fee and commission income climbed to CHF 108.6 million (first half of 2020: CHF 99.4 million). Portfolio-dependent revenues increased largely on account of the substantially higher volume of client assets and much higher earnings with LLB Invest advisory mandates. The proportion of income dependent on transactions remained stable in spite of the exceptional level of trading activity during the first half of the previous year.

Net trading income stood at CHF 37.6 million in the first half of 2021(first half of 2020: CHF 46.5 million). In the previous year, trading in foreign exchange, foreign notes and precious metals had benefitted especially from the high volume of trading activity and at times posted record turnover. As was expected, in the first half of 2021 income was 15.4 per cent lower than in the previous year and stood at CHF 32.4 million. Accordingly, foreign exchange business was CHF 6.0 million or 16.1 per cent lower than in the previous year. The valuation gains on the reporting date with interest rate hedging instruments amounted to CHF 5.2 million (first half of 2020: CHF 8.2 million).

Income from financial investments totalled CHF 5.0 million (first half of 2020: minus CHF 1.9 million). The positive development on the financial markets led to book gains, measured on the reporting date, of CHF 1.2 million. In the equivalent period of the previous year this position had posted a loss of CHF 3.7 million. Revenues from dividends grew to CHF 3.4 million (first half of 2020: CHF 2.2 million).

Other income rose by CHF 1.7 million to CHF 3.1 million in comparison with the previous year. This was mainly attributable to changes in the value of book gains with investment property.

Operating income (in CHF millions)



At CHF 150.7 million, operating expenses in the first half of 2021 were 5.3 per cent higher than in the previous year (first half of 2020: CHF 143.1 million).

Personnel expenses rose by 5.3 per cent or CHF 4.8 million to CHF 94.0 million (first half of 2020: CHF 89.2 million). This was mainly the result of the adjustment of the conversion rate of the LLB's pension fund in the equivalent period of the previous year. Adjusted for this one-time effect, personnel expenses were CHF 1.9 million lower than in the previous year. On the one hand this was due to synergies being exploited in operational functions, and on the other, to a more efficient distribution organisation.

At CHF 37.6 million, general and administrative expenses were 14.3 per cent up on the previous year (first half of 2020: CHF 32.9 million). This interim result includes a settlement payment in a legal case of CHF 2.7 million, whereas in the previous year net provisions for legal and litigation risks totalling CHF 3.8 million were released. Adjusted for these two effects, general and administrative expenses were CHF 1.8 million lower than in the previous year.

Depreciation and amortisation decreased to CHF 19.1 million (first half of 2020: CHF 21.1 million).

The Cost Income Ratio remained constant at 65.1 per cent (first half of 2020: 65.5 %). Without the market effects, i.e. without income from interest rate swaps and price gains from financial investments, the Cost Income Ratio stood at 67.1 per cent (first half of 2020: 66.7 %).

Balance sheet

In comparison with 31 December 2020, the consolidated balance sheet total increased by 5.3 per cent and amounted to CHF 24.8 billion as at 30 June 2021 (31.12.2020: CHF 23.6 billion).

Equity attributable to the shareholders of LLB stood at CHF 2.0 billion as at 30 June 2021. The tier 1 ratio amounted to 20.8 per cent (31.12.2020: 21.6 %). The return on equity attributable to the shareholders of LLB amounted to 6.6 per cent (first half of 2020: 5.9 %).

Business volume

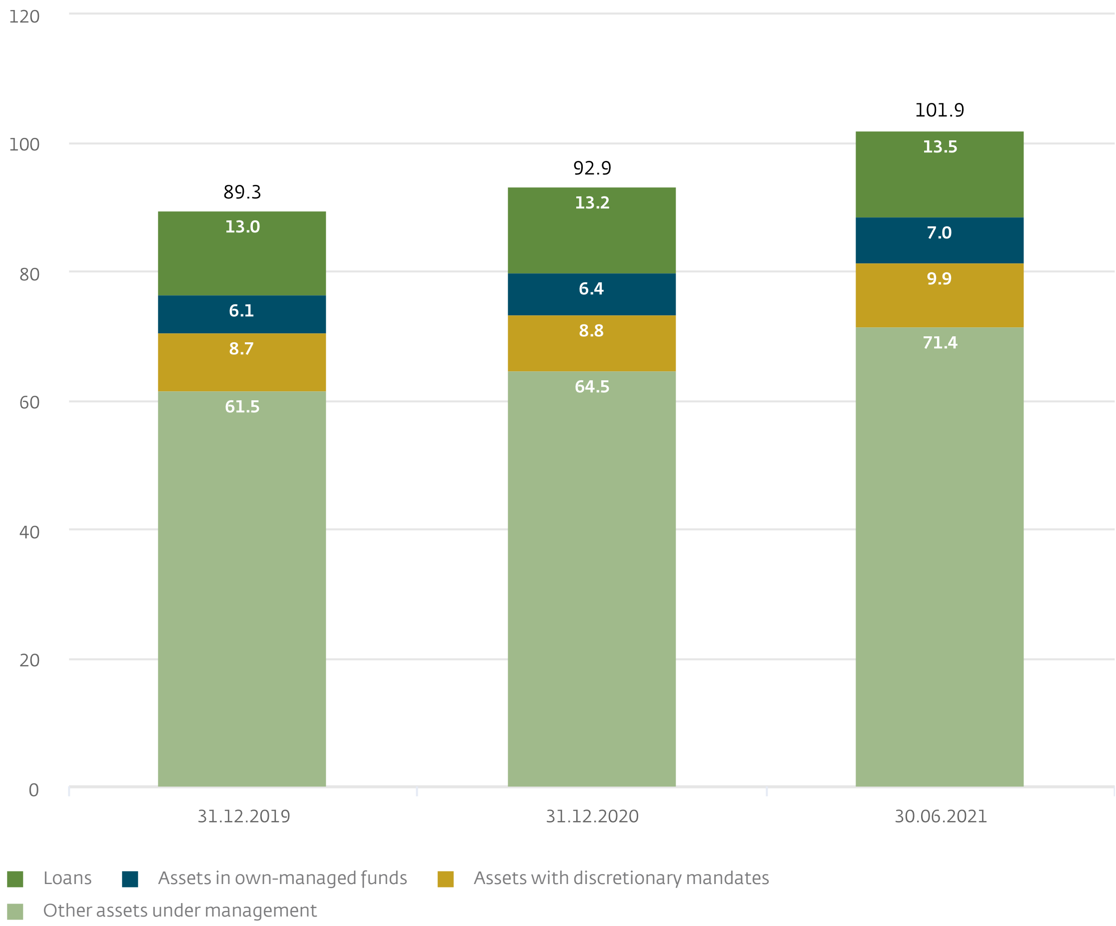
In the first half of 2021 the LLB Group achieved a net new money inflow of CHF 2'748 million (first half of 2020: CHF 1'028 million). Thanks to intensive efforts and sales in the markets, positive new money inflows were attained in all three market segments and all booking centres.

In comparison with 31 December 2020, the business volume expanded by 9.7 per cent or CHF 9.0 billion to a new record of CHF 101.9 billion.

Client assets under management rose by 10.9 per cent to CHF 88.3 billion (31.12.2020: CHF 79.7 billion).

In comparison with 31 December 2020, loans to customers grew by 2.2 per cent to CHF 13.5 billion (31.12.2020: CHF 13.2 billion). Mortgage loans climbed by 2.0 per cent to CHF 12.0 billion.

Business volume (in CHF billions)



Outlook

In spite of the challenging environment, the LLB Group views the future with optimism. The LLB Group expects to achieve a solid business result for the full 2021 business year. Thanks to its focused business model, ambitious growth targets and its ability to overcome difficult circumstances, the LLB Group has put in place the essentials to enable it to develop successfully.

Consolidated income statement

(unaudited)

in CHF thousands	Note	First half 2021	First half 2020	+ / – %
Interest Income	1	97'874	108'083	– 9.4
Interest expenses	1	– 21'257	– 29'296	– 27.4
Net interest income	**1**	**76'617**	**78'786**	**– 2.8**
Expected credit losses		958	– 13'777	
Net interest income after expected credit losses		**77'575**	**65'010**	**19.3**
Fee and commission income	2	182'956	159'209	14.9
Fee and commission expenses	2	– 74'334	– 59'777	24.4
Net fee and commission income	**2**	**108'622**	**99'432**	**9.2**
Net trading income	3	37'575	46'509	– 19.2
Net income from financial investments	4	4'959	– 1'905	
Other income	5	3'071	1'379	122.7
Total operating income		**231'801**	**210'424**	**10.2**
Personnel expenses	6	– 93'964	– 89'210	5.3
General and administrative expenses	7	– 37'596	– 32'882	14.3
Depreciation		– 19'106	– 21'053	– 9.2
Total operating expenses		**– 150'665**	**– 143'145**	**5.3**
Operating profit before tax		**81'135**	**67'279**	**20.6**
Tax expenses	8	– 10'043	– 7'113	41.2
Net profit		**71'092**	**60'166**	**18.2**
Of which attributable to:				
Shareholders of LLB		67'143	57'059	17.7
Non-controlling interests		3'949	3'107	27.1
Earnings per share attributable to the shareholders of LLB				
Basic earnings per share (in CHF)	9	2.20	1.87	17.4
Diluted earnings per share (in CHF)	9	2.19	1.86	17.4

Consolidated statement of comprehensive income

(unaudited)

in CHF thousands	Note	First half 2021	First half 2020	+ / – %
Net profit		71'092	60'166	18.2
Other comprehensive income (net of tax), which can be reclassified to the income statement				
Foreign currency translation		4'736	– 5'224	
Changes in value of debt instruments, recognised at fair value through other comprehensive income		– 11'266	13'851	
Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income	4	– 461	418	
Tax effects		1'281	– 1'111	
Total		**– 5'710**	**7'934**	
Other comprehensive income (net of tax), which cannot be reclassified to the income statement				
Actuarial gains / (losses) of pension plans *		40'945	– 15'087	
Changes in value of equity instruments, recognised at fair value through other comprehensive income		13'331	– 3'588	
Tax effects		– 4'830	1'892	
Total		**49'447**	**– 16'783**	
Total other comprehensive income (after tax)		**43'738**	**– 8'849**	
Comprehensive income for the period		**114'830**	**51'317**	**123.8**
Of which attributable to:				
Shareholders of LLB		109'436	49'645	120.4
Non-controlling interests		5'394	1'672	222.7

* Largely relates to income from plan assets (CHF 19.8 million) and a change of the demographic assumptions within the scope of the revised BVG law 2020 (CHF 14.1 million).

Consolidated balance sheet

(unaudited)

in CHF thousands	Note	30.06.2021	31.12.2020	+ / – %
Assets				
Cash and balances with central banks		6'997'738	6'715'610	4.2
Due from banks		1'111'719	691'011	60.9
Loans		13'522'161	13'229'931	2.2
Derivative financial instruments		165'225	199'634	– 17.2
Financial investments	10	2'479'050	2'192'312	13.1
Non-current assets held for sale		1'750	6'813	– 74.3
Investment in associates and joint venture		32	30	3.6
Property and equipment		145'514	148'895	– 2.3
Investment property		20'029	15'000	33.5
Goodwill and other intangible assets		275'759	278'289	– 0.9
Current tax assets		8	1'290	– 99.3
Deferred tax assets		7'908	11'483	– 31.1
Accrued income and prepaid expenses		62'869	60'601	3.7
Other assets		33'766	24'087	40.2
Total assets		**24'823'528**	**23'574'986**	**5.3**
Liabilities				
Due to banks		2'111'903	1'326'170	59.2
Due to customers		18'266'369	17'752'199	2.9
Derivative financial instruments		158'161	249'176	– 36.5
Debt issued	11	1'824'067	1'794'317	1.7
Non-current liabilities held for sale		0	2'250	– 100.0
Current tax liabilities		20'736	13'525	53.3
Deferred tax liabilities		29'338	28'992	1.2
Accrued expenses and deferred income		57'843	63'398	– 8.8
Provisions	13	9'575	11'199	– 14.5
Other liabilities		161'059	196'167	– 17.9
Total liabilities		**22'639'051**	**21'437'392**	**5.6**
Equity				
Share capital		154'000	154'000	0.0
Share premium		– 14'893	– 13'177	13.0
Treasury shares		– 15'339	– 18'663	– 17.8
Retained earnings		1'896'833	1'902'316	– 0.3
Other reserves		26'771	– 20'911	
Total equity attributable to shareholders of LLB		**2'047'372**	**2'003'565**	**2.2**
Non-controlling interests		137'105	134'029	2.3
Total equity		**2'184'476**	**2'137'594**	**2.2**
Total liabilities and equity		**24'823'528**	**23'574'986**	**5.3**

Consolidated statement of changes in equity

(unaudited)

in CHF thousands	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
As at 1 January 2020	154'000	– 22'432	– 23'574	1'866'121	– 44'803	1'929'312	130'785	2'060'097
Net profit				57'059		57'059	3'107	60'166
Other comprehensive income					– 7'413	– 7'413	– 1'436	– 8'849
Reclassification not affecting the income statement *				157	– 157	0		0
Net movements in treasury shares **		– 1'784	4'876			3'092		3'092
Dividend 2019, paid 2020				– 67'124		– 67'124	– 2'357	– 69'480
As at 30 June 2020	**154'000**	**– 24'216**	**– 18'698**	**1'856'213**	**– 52'373**	**1'914'926**	**130'100**	**2'045'026**
As at 1 January 2021	154'000	– 13'177	– 18'663	1'902'316	– 20'911	2'003'565	134'029	2'137'594
Net profit				67'143		67'143	3'949	71'092
Other comprehensive income					42'292	42'292	1'446	43'738
Reclassification not affecting the income statement ***				– 5'389	5'389	0		0
Net movements in treasury shares **		– 1'716	3'324			1'609		1'609
Dividend 2020, paid 2021				– 67'237		– 67'237	– 2'345	– 69'583
Increase / (Reduction) in non-controlling interests						0	27	27
As at 30 June 2021	**154'000**	**– 14'893**	**– 15'339**	**1'896'833**	**26'771**	**2'047'372**	**137'105**	**2'184'476**

* The reclassification reflects the transfer of the profit from the sale of financial investments in equity instruments, which was recognised at fair value in other comprehensive income.
** Contains change of reserves for security entitlements.
*** Reclassification of pension obligations (IAS 19) from other reserves in retained earnings.

Consolidated statement of cash flows

(unaudited)

in CHF thousands	Note	First half 2021	First half 2020
Cash flow from / (used in) operating activities			
Interest received		95'434	114'301
Dividends received from financial investments	4	3'410	2'229
Interest paid		– 21'400	– 29'447
Fees and commission received		178'394	171'544
Fees and commission paid		– 75'653	– 72'992
Trading income		22'526	34'134
Other income		2'516	1'384
Payments for personnel, general and administrative expenses		– 141'047	– 138'966
Income tax paid		– 3'258	– 3'841
Rent paid for short-term and low-value leases		– 263	– 141
Cash flow from operating activities, before changes in operating assets and liabilities		60'658	78'205
Net due from / to banks		354'762	430'765
Loans / due to customers		149'195	951'297
Other assets		1'533	27'925
Other liabilities		– 954	18'102
Changes in operating assets and liabilities		504'536	1'428'089
Net cash flow from / (used in) operating activities		**565'194**	**1'506'295**
Cash flow from / (used in) investing activities			
Purchase of property and equipment		– 2'397	– 5'853
Purchase of other intangible assets		– 3'031	– 7'426
Purchase of financial investments		– 534'125	– 287'441
Disposal of financial investments		260'859	174'982
Sale of non-current assets held for sale		232	0
Net cash flow from / (used in) investing activities		**– 278'460**	**– 125'738**
Cash flow from / (used in) financing activities			
Dividends paid		– 67'237	– 67'124
Dividends paid to non-controlling interests		– 2'345	– 2'357
Increase in non-controlling interests		27	0
Repayment of lease liabilities	12	– 2'619	– 2'198
Issuance of debt	12	126'084	116'614
Repayment of debt	12	– 95'690	– 75'822
Net cash flow from / (used in) financing activities		**– 41'781**	**– 30'887**
Effects of foreign currency translation on cash and cash equivalents		27'820	– 36'120
Net increase / (decrease) in cash and cash equivalents		**272'773**	**1'313'550**
Cash and cash equivalents at beginning of the period		7'125'871	6'053'089
Cash and cash equivalents at end of the period		**7'398'644**	**7'366'639**
Cash and cash equivalents comprise:			
Cash and balances with central banks		6'997'738	6'563'099
Due from banks (due daily)		400'906	803'540
Total cash and cash equivalents		**7'398'644**	**7'366'639**

Accounting principles

(unaudited)

1 Accounting principles

1.1 Basis for financial accounting

The interim financial reporting was prepared in accordance with the international accounting standard for interim financial reporting (IAS 34 "Interim Financial Reporting"). The accounting and valuation principles employed in the unaudited consolidated interim management report correspond to those used in the 2020 annual report, which was prepared in accordance with international financial reporting standards (IFRS). In addition, the regulations valid since 1 January 2021 have been applied.

The unaudited financial reporting does not encompass all the data contained in the audited 2020 consolidated financial statement and should, therefore, be read together with the audited consolidated financial statement as at 31 December 2020.

1.2 Use of estimates in the preparation of financial statements

Areas having large scope for estimate judgements, which could be of great significance for the financial statement, include estimates for expected credit losses, goodwill, intangible assets, provisions for legal and litigation risks, fair value conditions for financial instruments classified as Level 3 and liabilities for pension plans. Explanations regarding this point are shown under notes 13 and 14 in the 2021 consolidated interim financial statement and under notes 13, 18, 26 and 34, as well as in the chapter "Pension plans and other long-term benefits" in the 2020 consolidated financial statement.

The LLB Group periodically reviews the actuarial assumptions and parameters used for the calculation of pension obligations. The actuarial assumptions and parameters used for the calculation of pension obligations in the 2020 annual financial statement were adjusted accordingly in the 2021 interim financial reporting. Furthermore, the new technical provisions of the Federal Law on Occupational Old-age, Survivor's and Disability Insurance (BVG) 2020 were applied.

1.3 New IFRS, amendments and interpretation

New IFRS, as well as revisions and interpretations of existing IFRS, which must be applied for financial years beginning on 1 January 2021 or later, were published, or came into effect.

1.3.1 Changes to accounting principles from 1 January 2021

The following new or amended IFRS or interpretations will be applied by the LLB Group for the first time beginning 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 an alternative interest rate. The amendments, applicable retrospectively, should mitigate the effects of the IBOR reform on financial reporting.

Within the LLB Group, the project concerning the changeover of interbank interest rates to new benchmark interest rates enjoys a high priority. The smooth transition to the new benchmark interest rates is being ensured within the scope of a groupwide project headed by the Group Treasury Department. Group Treasury regularly reports to the decision-making bodies about the status of the changeover; this is running according to plan.

In the second half of 2021, the changeover of benchmark interest rates for financial instruments affected by the IBOR reform will take place.

The following financial instruments are affected by the changeover:

in CHF thousands	Transfer of CHF-LIBOR to SARON	Transfer of EUR-LIBOR to EURIBOR	Transfer of EONIA to €STR	Transfer of USD-LIBOR to SOFR	Transfer of GBP-LIBOR to SONIA	Transfer of JYP-LIBOR to TONA
Assets						
Due from banks			9'140			
Loans	24'927	43'618	20'208	102'515	2	335
Interest rate swaps						
Hedge accounting *	8'493					
No hedge accounting **	38					
Liabilities						
Due to banks			17'070			
Due to customers	42'535	22'551	734'855	501'079	23'804	9'189
Interest rate swaps						
Hedge accounting *	15'972					
No hedge accounting **	9'813					

* The corresponding contract volume amounts to CHF 575 million for positive replacement values and CHF 765 million for negative replacement values.
** The corresponding contract volume amounts to CHF 20 million for positive replacement values and CHF 265 million for negative replacement values.

The changeover of the benchmark interest rates will lead to an adjustment of the effective interest rate with loans to customers and amounts due to customers; the nominal interest rate remains unchanged thanks to the simplification in Phase 2.

The IBOR reform could have an influence on the LLB Group's hedge accounting. As long as the retrospective effectiveness of the hedging relationships, which are affected by the IBOR reform, remains outside the range of 80 to 125 per cent, the LLB Group will not end the hedge accounting relationship provided the IBOR reform is the reason for it. Up to the present date, all hedge accounting relationships continue to be assessed as highly effective; the simplification was not adopted.

According to the provisions of Phase 2, the changeover to the new benchmark interest rate necessitates that the hedge accounting documentation of the interest rate swaps concerned be updated by the end of the reporting period at the latest. This adjustment will not lead to an ending of the hedge accounting relationship. Rather this means that the provisions of IAS 39 are to be subsequently applied as they were prior to the IBOR reform.

The LLB Group is aware that the IBOR reform can create risks. Essentially, these are operative risks, which are periodically evaluated. Thanks to active risk management, the probability of these risks occurring is assessed as being low. Furthermore, no other transactions for financial instruments will be concluded if they are not based on the new benchmark interest rates.

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

Other standards and interpretations

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

1.3.2 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 streamlined and simplified. A preliminary analysis will commence in the second half of 2021.

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. They concern merely new issues, which were not already dealt with in the 2020 annual report:

- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – The amendments introduced the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies.
- IAS 12 "Income Taxes" – The amendment clarifies that deferred taxes are to be allocated for single transactions on initial recognition if equal amounts of deductible and taxable temporary differences arise from the single transaction.

2 Changes in the scope of consolidation

In the first half of 2021 no changes occurred in the scope of consolidation. The subsidiary LLB Berufliche Vorsorge AG is currently in liquidation and will be withdrawn from the scope of consolidation as per 31 December 2021.

3 Foreign currency translation

Reporting date rate	30.06.2021	31.12.2020
1 USD	0.9239	0.8803
1 EUR	1.0980	1.0802

Average rate	First half 2021	First half 2020
1 USD	0.9078	0.9645
1 EUR	1.0945	1.0668

4 Risk management

Within the scope of its operative activity, the LLB Group is exposed to financial risks such as market, credit, liquidity and refinancing risks, as well as operational risks. The current situation has not changed substantially in comparison with the situation on 31 December 2020. Therefore the 2021 consolidated interim financial reporting contains only qualitative disclosures regarding credit risks. For more detailed information, we refer to the risk management information in the 2020 annual report.

With regard to the value of its absolute loans, the credit portfolio of the LLB Group has not changed materially during the first half of 2021. In the case of Stage 1 and Stage 2 loans, there were no significant changes in the expected credit losses (30.06.2020: CHF 1.4 million net release), for Stage 3 positions a net release of CHF 0.9 million (30.06.2020: CHF 15.2 million net increase). Across all stages the expected credit losses led to a total gain of CHF 1.0 million (30.06.2020: CHF 13.8 million charge). This is reported in the consolidated income statement.

In comparison with the reporting date 31 December 2020, the models and scenarios for the calculation of expected credit losses were not adjusted. In this respect, LLB continued to follow the recommendations of the regulatory authorities not to consider the effects of short-term economic shocks too strongly in the models. In order to consider the risks and developments on the markets in the calculation of expected credit risks, however, within the scope of its governance process, the LLB Group has updated the input factors, as well as the assumptions and estimates incorporated in its models.

On the basis of an analysis of business transactions, rating adjustments were made for individual business partners. The increase in probability of default led in some cases to a change in classification from Stage 1 to Stage 2. Payment deferments continued to be granted for credits of Stages 1 and 2 where necessary. LLB assesses the effects of the individual adjustments and measures as not being substantial.

At the LLB Group, the bridging loans granted to companies badly affected by the corona pandemic totalled CHF 68 million (31.12.2020: CHF 71 million). This volume is secured almost completely by the State; the LLB Group is exposed to no significant risk as a result of this activity. The loans were classified as being in conformance with the market.

5 Events after the balance sheet date

No material events occurred after the balance sheet date which would have a significant influence on the asset, financial and earnings position of the LLB Group.

Segment reporting
(unaudited)

The business activities of the LLB Group are divided into three business areas. These form the basis for the segment reporting:
- Retail & 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 and wealth structuring 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, 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.

First half of 2021

in CHF thousands	Retail & Corporate Banking	Private Banking	Institutional Clients	Corporate Center	Total Group
Net interest income	45'044	10'471	6'249	14'853	76'617
Expected credit losses	897	110	– 49	0	958
Net interest income after expected credit losses	45'941	10'581	6'200	14'853	77'575
Net fee and commission income	18'805	47'828	52'891	– 10'903	108'622
Net trading income	4'915	5'961	7'504	19'195	37'575
Net income from financial investments	0	0	0	4'959	4'959
Other income	1'061	1	1	2'008	3'071
Total operating income *	**70'722**	**64'371**	**66'596**	**30'112**	**231'801**
Personnel expenses	– 14'550	– 19'477	– 16'489	– 43'448	– 93'964
General and administrative expenses	– 1'935	– 1'200	– 2'289	– 32'172	– 37'596
Depreciation	– 11	– 48	– 195	– 18'852	– 19'106
Services (from) / to segments	– 27'322	– 18'895	– 14'403	60'620	0
Total operating expenses	**– 43'819**	**– 39'619**	**– 33'375**	**– 33'852**	**– 150'665**
Operating profit before tax	**26'903**	**24'752**	**33'220**	**– 3'740**	**81'135**
Tax expenses					– 10'043
Net profit					**71'092**

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

First half of 2020

in CHF thousands	Retail & Corporate Banking	Private Banking	Institutional Clients	Corporate Center	Total Group
Net interest income	45'324	15'648	9'430	8'385	78'786
Expected credit losses	– 6'173	– 4'406	– 3'198	0	– 13'777
Net interest income after expected credit losses	39'152	11'242	6'232	8'385	65'010
Net fee and commission income	16'783	39'656	49'293	– 6'301	99'432
Net trading income	4'879	6'283	8'023	27'324	46'509
Net income from financial investments	0	0	0	– 1'905	– 1'905
Other income	1'076	1	1	300	1'379
Total operating income *	**61'890**	**57'182**	**63'549**	**27'802**	**210'424**
Personnel expenses	– 13'323	– 18'623	– 15'989	– 41'275	– 89'210
General and administrative expenses	– 791	– 1'065	– 2'694	– 28'333	– 32'882
Depreciation	0	– 64	– 190	– 20'798	– 21'053
Services (from) / to segments	– 27'602	– 18'252	– 14'501	60'356	0
Total operating expenses	**– 41'716**	**– 38'005**	**– 33'374**	**– 30'050**	**– 143'145**
Operating profit before tax	**20'175**	**19'177**	**30'175**	**– 2'248**	**67'279**
Tax expenses					– 7'113
Net profit					**60'166**

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

There was no income from transactions with a single external client, which amounted to 10 per cent or more of the total earnings of the LLB Group.

Notes to the consolidated income statement

(unaudited)

1 Net interest income

in CHF thousands	First half 2021	First half 2020	+ / – %
Interest income from financial instruments measured at amortised cost			
Due from banks	499	3'122	– 84.0
Loans	73'124	78'112	– 6.4
Loan commissions with the character of interest	1'971	2'065	– 4.6
Financial liabilities	13'228	9'882	33.9
Total interest income from financial instruments measured at amortised cost	**88'821**	**93'181**	**– 4.7**
Interest income from financial instruments, recognised at fair value through other comprehensive income			
Debt instruments	6'294	7'991	– 21.2
Total interest income from financial instruments, recognised at fair value through other comprehensive income	**6'294**	**7'991**	**– 21.2**
Interest income from financial instruments at fair value through profit and loss			
Debt instruments	1'386	2'611	– 46.9
Interest rate derivatives	1'373	4'300	– 68.1
Total interest income from financial instruments at fair value through profit and loss	**2'759**	**6'911**	**– 60.1**
Total interest income	**97'874**	**108'083**	**– 9.4**
Interest expenses from financial instruments measured at amortised cost			
Due to banks	– 449	– 894	– 49.8
Due to customers	– 2'239	– 6'932	– 67.7
Financial assets	– 9'826	– 7'545	30.2
Lease liabilities	– 139	– 156	– 10.9
Debt issued	– 2'463	– 3'297	– 25.3
Total interest expenses from financial instruments measured at amortised cost	**– 15'116**	**– 18'823**	**– 19.7**
Interest expenses from financial instruments measured at fair value			
Interest rate derivatives	– 6'142	– 10'473	– 41.4
Total interest expenses from financial instruments measured at fair value	**– 6'142**	**– 10'473**	**– 41.4**
Total interest expenses	**– 21'257**	**– 29'296**	**– 27.4**
Total net interest income	**76'617**	**78'786**	**– 2.8**

2 Net fee and commission income

in CHF thousands	First half 2021	First half 2020	+ / – %
Brokerage fees	29'141	29'557	– 1.4
Custody fees	26'252	21'910	19.8
Advisory and management fees	27'929	23'627	18.2
Investment fund fees	84'608	70'629	19.8
Credit-related fees and commissions	306	309	– 1.2
Commission income from other services	14'720	13'176	11.7
Total fee and commission income	**182'956**	**159'209**	**14.9**
Brokerage fees paid	– 6'502	– 6'068	7.2
Other fee and commission expenses	– 67'832	– 53'709	26.3
Total fee and commission expenses	**– 74'334**	**– 59'777**	**24.4**
Total net fee and commission income	**108'622**	**99'432**	**9.2**

The LLB and its subsidiaries offer clients the possibility of paying an all-in-fee for various services. The all-in-fee 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	First half 2021	First half 2020	+ / – %
Total all-in-fees	**16'784**	**13'768**	**21.9**
of which brokerage	5'073	4'786	6.0
of which securities administration	2'931	3'068	– 4.5
of which asset management	8'780	5'914	48.5

3 Net trading income

in CHF thousands	First half 2021	First half 2020	+ / – %
Foreign exchange trading	31'363	37'397	– 16.1
Foreign note trading	201	– 287	
Precious metals trading	847	1'195	– 29.1
Interest rate instruments *	5'164	8'204	– 37.1
Total net trading income	**37'575**	**46'509**	**– 19.2**

* 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	First half 2021	First half 2020	+ / – %
Financial investments at fair value through profit and loss			
Dividend income	287	330	– 13.1
Price gains *	1'158	– 3'697	
Total net income from financial investments at fair value through profit and loss	**1'445**	**– 3'367**	
Financial investments, recognised at fair value through other comprehensive income			
Dividend income	3'124	1'899	64.5
of which from financial investments held on the balance sheet date	3'124	1'838	69.9
of which from financial investments sold during the reporting period	0	61	– 100.0
Realised gain	461	– 418	
Expected credit loss on financial investments	– 71	– 19	272.7
Total financial investments, recognised at fair value through other comprehensive income	**3'514**	**1'462**	**140.4**
Total net income from financial investments at fair value	**4'959**	**– 1'905**	

* The realised price gains for the first half of 2020 amounted to minus CHF thousands 1'334 (first half of 2019: minus CHF thousands 309).

5 Other income

in CHF thousands	First half 2021	First half 2020	+ / – %
Net income from properties	866	931	– 7.0
Income from various services	1'030	323	218.6
Share of income from associated companies and joint venture	1	– 2	
Additional other income	1'174	127	825.7
Total other income	**3'071**	**1'379**	**122.7**

6 Personnel expenses

in CHF thousands	First half 2021	First half 2020	+ / – %
Salaries	– 75'617	– 75'671	– 0.1
Pension and other post-employment benefit plans *	– 8'473	– 2'230	279.9
Other social contributions	– 8'284	– 8'401	– 1.4
Training costs	– 601	– 609	– 1.3
Other personnel expenses	– 989	– 2'299	– 57.0
Total personnel expenses	**– 93'964**	**– 89'210**	**5.3**

* The lower benefit cost in the first half of 2020 was largely attributable to the reduction of the LLB pension conversion rate. This effect was considered in IAS 19 as an expense reduction.

7 General and administrative expenses

in CHF thousands	First half 2021	First half 2020	+ / – %
Occupancy	– 3'031	– 3'033	– 0.1
Expenses for IT, machinery and other equipment	– 12'019	– 12'376	– 2.9
Information and communication expenses	– 9'683	– 9'685	– 0.0
Marketing and public relations	– 2'179	– 2'961	– 26.4
Consulting and audit fees	– 1'782	– 1'863	– 4.4
Provisions for legal and litigation risks *	– 302	3'791	
Litigation, legal and representation costs	– 3'403	– 790	330.5
Contributions to Deposit Protection Fund	– 2'310	– 2'391	– 3.4
Other general and administrative expenses	– 2'886	– 3'574	– 19.2
Total general and administrative expenses	**– 37'596**	**– 32'882**	**14.3**

* See note 13 for details

8 Tax expenses

in CHF thousands	First half 2021	First half 2020	+ / – %
Current taxes	– 10'437	– 7'183	45.3
Deferred taxes	394	70	463.8
Total tax expenses	**– 10'043**	**– 7'113**	**41.2**

9 Earnings per share

	First half 2021	First half 2020	+ / – %
Net profit attributable to the shareholders of LLB (in CHF thousands)	67'143	57'059	17.7
Weighted average shares outstanding	30'540'889	30'478'678	0.2
Basic earnings per share (in CHF)	**2.20**	**1.87**	**17.4**
Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands)	67'143	57'059	17.7
Weighted average shares outstanding for diluted earnings per share	30'708'960	30'642'195	0.2
Diluted earnings per share (in CHF)	**2.19**	**1.86**	**17.4**

Notes to the consolidated balance sheet and off-balance sheet transactions

(unaudited)

10 Financial investments

in CHF thousands	30.06.2021	31.12.2020	+ / – %
Financial investments at fair value through profit and loss			
Debt instruments			
listed	227'683	263'285	– 13.5
unlisted	49'588	29'602	67.5
Total debt instruments	**277'270**	**292'887**	**– 5.3**
Equity instruments			
listed	64	57	12.5
unlisted	2'328	2'245	3.7
Total equity instruments	**2'392**	**2'302**	**3.9**
Total financial investments at fair value through profit and loss	**279'662**	**295'189**	**– 5.3**
Financial investments, recognised at fair value through other comprehensive income			
Debt instruments			
listed	2'048'982	1'809'930	13.2
Total debt instruments	**2'048'982**	**1'809'930**	**13.2**
Equity instruments			
listed	119'451	57'041	109.4
unlisted	30'955	30'152	2.7
Total equity instruments	**150'406**	**87'193**	**72.5**
Total financial investments, recognised at fair value through other comprehensive income	**2'199'387**	**1'897'123**	**15.9**
Total financial investments	**2'479'050**	**2'192'312**	**13.1**

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 14), as well as various instruments of the Swiss Market Index (SMI portfolio). 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.

The SMI portfolio was expanded in the first half of 2021. No disposals were made (business year 2020: CHF thousands 6'645). During the expansion of the portfolio due consideration was paid to the need for rebalancing on account of the shifting of the weighting of individual securities in the SMI.

11 Debt issued

in CHF thousands	30.06.2021	31.12.2020	+ / – %
Medium-term notes *	151'342	186'472	– 18.8
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions **	1'271'327	1'206'506	5.4
Bonds	401'398	401'339	0.0
Total debt issued	**1'824'067**	**1'794'317**	**1.7**

* The average interest rate was 0.4 per cent as at 30 June 2021 and 0.4 per cent as at 31 December 2020.
** The average interest rate was 0.5 per cent as at 30 June 2021 and 0.5 per cent as at 31 December 2020.

The following table provides further details on the bonds issued.

							in CHF thousands		
Year issued	Name	ISIN	Currency	Maturity	Effective annual interest rate in %	Nominal interest rate in %	Nominal value	30.06.2021	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	150'155	150'263
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CH0419041527	CHF	27.09.2029	– 0.133 %	0.000 %	100'000	101'106	101'173
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CH0536893255	CHF	24.09.2030	0.315 %	0.300 %	150'000	150'136	149'902

12 Changes in financial liabilities arising from financing activity

			Non-cash changes				
in CHF thousands	01.01.2020	Cash changes	Changes in scope of consolidation	Changes in exchange rates	Changes in fair value	Other	30.06.2020
Medium-term notes *	219'473	– 19'208				– 196	200'069
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions *	1'111'918	60'000				– 290	1'171'628
Bonds *	251'600					– 176	251'424
Lease liabilities	39'677	– 2'198		380		156	38'015
Total liabilities from financing activities	**1'622'669**	**38'594**	**0**	**380**	**0**	**– 506**	**1'661'136**

			Non-cash changes				
in CHF thousands	01.01.2021	Cash changes	Changes in scope of consolidation	Changes in exchange rates	Changes in fair value	Other	30.06.2021
Medium-term notes *	186'472	– 34'606				– 524	151'342
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions *	1'206'506	65'000				– 178	1'271'327
Bonds *	401'338					59	401'398
Lease liabilities	35'729	– 2'619		260		3'914	37'284
Total liabilities from financing activities	**1'830'044**	**27'775**	**0**	**260**	**0**	**3'272**	**1'861'351**

* Part of the balance sheet position "Debt issued"

13 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	– 26	– 2'249	– 2'274	– 4'158
Increase in provisions recognised in the income statement	302	2'506	2'808	4'654
Decrease in provisions recognised in the income statement	0	– 2'201	– 2'201	– 4'145
Changes due to foreign exchange differences	1	43	44	– 59
As at 30 June 2021 / 31 December 2020	**3'035**	**6'540**	**9'575**	**11'199**

Provisions for other business risks and restructuring

In the first half of 2021, provisions for restructuring measures in the amount of CHF 1.2 million were used for the intended purpose. As at 30 June 2021, provisions for restructuring measures totalling CHF 2.0 million remained available.

In addition, there are provisions for a service agreement for the use of the Tambas banking software, which will be used for the intended purpose until the end of 2021. The banking software is no longer being used; however, the service agreement only expires at the end of 2021.

The new allocation and release of provisions for other business risks are attributable to the adjustments made for expected off-balance-sheet credit losses. These relate to unrecognised credit commitments and guarantees.

14 Fair value measurement

Measurement guidelines

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 at the measurement date on the principal market or the most advantageous market.

As far as possible, the fair value is determined on the basis of the quoted market prices in active markets accessible to the company on the measurement date. An active, accessible market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value is determined using significant and observable inputs. These are basically available in the case of quoted assets or liabilities. If a market for financial or non-financial assets or liabilities is inactive, or if no observable inputs, or insufficient observable inputs, are available, the LLB Group must employ techniques or processes (valuation methods or models) to determine the fair value. The valuation techniques contain assumptions, including estimates, to enable an exit price on the measurement date from the perspective of the market participant to be determined. However, 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. In the case of financial and non-financial assets and liabilities for which a valuation technique involving non-observable market data is used to determine the fair value, these are measured at transaction price on initial recognition. This fair value can differ from the fair value determined on the basis of valuation techniques.

All financial and non-financial assets and liabilities, which possess a fair value are classified in one of the three following fair value hierarchy levels:

Level 1
The fair value of listed debt and equity securities contained in the trading portfolio and financial investments is determined on the basis of market price quotes on an active market.

Level 2
If no market price quotes are available, 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
For the remaining financial instruments, neither market price quotes nor valuation methods or models based on market prices are available. Valuation models or methods having non-observable input factors are utilised for these instruments.

Valuation methods
Valuation methods and techniques are employed to determine the fair value of financial and non-financial assets and liabilities for which no observable market prices on an active market are available. These include, in particular, illiquid financial investments. If available, the LLB Group uses market-based assumptions and inputs as the basis for valuation techniques. If such information is not available, assumptions and inputs from comparable assets and liabilities are employed. In the case of complex and very illiquid financial and non-financial assets and liabilities, the fair value is determined using a combination of observable transaction prices and market information.

The LLB Group employs standardised and accepted valuation techniques, or uses the fair values of third parties, to determine the fair value of financial and non-financial assets and liabilities, which are not actively traded or listed. In general, the LLB Group uses the following valuation methods and techniques as well as the following input factors:

	Valuation model / technique	Inputs	Significant, non-observable inputs
Level 2			
Derivative financial instruments (interest rate swaps)	Present value calculation	Market price of congruent LIBOR interest rates	
Derivative financial instruments (forward contracts)	Present value calculation	Market price of congruent LIBOR interest rates	
Own investment funds	Market to model	Market prices of underlying assets	
Equities	Market to model	Market prices of underlying assets	
Due from banks	Present value calculation	Market price of congruent LIBOR interest rates	
Due to banks	Present value calculation	Market price of congruent LIBOR interest rates	
Loans	Present value calculation	Market price of congruent LIBOR interest rates	
Due to customers	Present value calculation	Market price of congruent LIBOR interest rates	
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	Present value calculation	Market price of congruent LIBOR interest rates	
Non-current liabilities held for sale	Amortised cost		
Level 3			
Infrastructure title	Market to model	Audited financial statements	Illiquidity, special micro-economic conditions
Investment property	External expert opinions, relative values in market comparison	Prices of comparable properties	Assessment of special property factors, expected expenses and earnings for the property

Valuation 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 significant non-observable inputs, as shown in the previous table, are explained in the following. The interrelationships between observable and non-observable inputs are not explained in the following because such interrelationships have no material influence on the measurement of fair value.

Financial investments measured at fair value through other comprehensive income

These financial investments consist principally of non-listed shares in companies of an infrastructure nature, which offer the services that are required or beneficial for the operation of a bank. The major part of the portfolio relates to shares on the SIX Swiss Exchange and the Mortgage Bond Bank of Swiss Mortgage Institutions. The financial investments are periodically revalued on the basis of current company data or by third parties utilising valuation models.

Investment property

Investment property is periodically valued by external experts or is valued on the basis of relative values in market comparison. If no corresponding values for comparable properties are available, on which to base a reliable calculation of the fair value, assumptions are made. These assumptions contain assessments and considerations of such circumstances as the location and condition of the property, as well as the expected costs and revenues with it.

Investment properties do not diverge to highest or best use.

Measurement of fair values through active markets or valuation techniques

The following tables show the classification of financial and non-financial assets and liabilities of the LLB Group within the fair value hierarchy.

Positions measured at fair value are recognised on a recurring basis in the balance sheet at fair value. As at 30 June 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 first half year of 2021, there were no significant transfers between Level 1, Level 2 and Level 3 financial instruments.

in CHF thousands	30.06.2021	31.12.2020	+/– %
Assets			
Level 1			
Financial investments at fair value through profit and loss	227'747	263'342	– 13.5
Financial investments, recognised at fair value through other comprehensive income	2'168'433	1'866'971	16.1
Total financial instruments at fair value	**2'396'179**	**2'130'312**	**12.5**
Cash and balances with central banks	6'997'738	6'715'610	4.2
Total financial instruments not at fair value	**6'997'738**	**6'715'610**	**4.2**
Total Level 1	**9'393'917**	**8'845'922**	**6.2**
Level 2			
Derivative financial instruments	165'225	199'634	– 17.2
of which for hedging purpose	8'644	4'193	106.2
Financial investments at fair value through profit and loss *	51'916	31'847	63.0
Total financial instruments at fair value	**217'141**	**231'481**	**– 6.2**
Due from banks	1'111'854	691'156	60.9
Loans	14'037'135	13'806'289	1.7
Total financial instruments not at fair value	**15'148'989**	**14'497'445**	**4.5**
Total Level 2	**15'366'130**	**14'728'926**	**4.3**
Level 3			
Financial investments, recognised at fair value through other comprehensive income **	30'955	30'152	2.7
Total financial instruments at fair value	**30'955**	**30'152**	**2.7**
Investment property	20'029	15'000	33.5
Total other assets at fair value	**20'029**	**15'000**	**33.5**
Total Level 3	**50'984**	**45'152**	**12.9**
Total assets	**24'811'031**	**23'620'000**	**5.0**

* Own investment funds and equities
** Infrastructure title

in CHF thousands	30.06.2021	31.12.2020	+/– %
Liabilities			
Level 1			
Total financial instruments at fair value	**0**	**0**	
Bonds	400'622	402'655	
Total financial instruments not at fair value	**400'622**	**402'655**	
Total Level 1	**400'622**	**402'655**	**– 0.5**
Level 2			
Derivative financial instruments	158'161	249'176	– 36.5
of which for hedging purpose	16'772	22'371	– 25.0
Total financial instruments at fair value	**158'161**	**249'176**	**– 36.5**
Due to banks	2'114'180	1'329'815	59.0
Due to customers	18'355'073	17'861'027	2.8
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'465'274	1'452'239	0.9
Non-current liabilities held for sale	0	2'250	– 100.0
Total financial instruments not at fair value	**21'934'527**	**20'645'331**	**6.2**
Total Level 2	**22'092'688**	**20'894'507**	**5.7**
Level 3			
Total Level 3	**0**	**0**	
Total liabilities	**22'493'310**	**21'297'162**	**5.6**

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 therefore not shown in table form.

The financial investments measured at fair value through other comprehensive income rose by CHF 0.8 million in the first half of 2021. The increase was attributable to changes in the fair value.

The changes in the value of investment property were caused by the reclassification of a property as investment property. Previously it had been classified as available for sale.

Financial instruments 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 disclosed.

The following table shows this comparison only for positions which are 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 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	30.06.2021 Book amount	30.06.2021 Fair value	31.12.2020 Book amount	31.12.2020 Fair value
Assets				
Cash and balances with central banks	6'997'738	6'997'738	6'715'610	6'715'610
Due from banks	1'111'719	1'111'854	691'011	691'156
Loans	13'522'161	14'037'135	13'229'931	13'806'289
Liabilities				
Due to banks	2'111'903	2'114'180	1'326'170	1'329'815
Due to customers	18'266'369	18'355'073	17'752'199	17'861'027
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'422'669	1'465'274	1'392'978	1'452'239
Bonds	401'398	400'622	401'339	402'655
Non-current liabilities held for sale	0	0	2'250	2'250

15 Off-balance sheet transactions

in CHF thousands	30.06.2021	31.12.2020	+ / – %
Contingent liabilities	61'048	62'416	– 2.2
Credit risks	721'351	711'952	1.3
Contract volumes of derivative financial instruments	26'123'412	23'009'375	13.5
Fiduciary transactions	152'953	204'418	– 25.2
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	303'126	284'080	6.7

Locations and addresses

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Imprint

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 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.