Liechtensteinische Landesbank 1861

Tradition meets Innovation.

Dual positioning

One more perspective

161th Annual Report 2022

ar2022.llb.li

Content

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

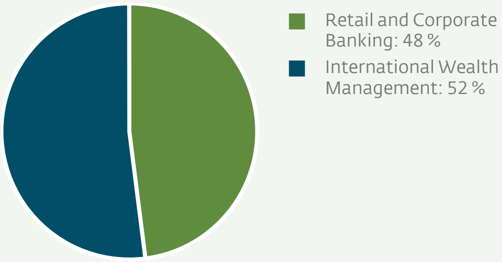
First bank in Liechtenstein founded in 1861

Moody's Rating Aa2

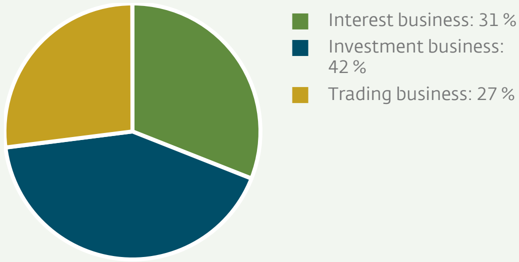
Three banks:
Liechtenstein, Switzerland and Austria

Two competence centres:
Asset Management and Fund Services

Two high-earning market divisions
Operating profit before tax



Diversified income structure
Earnings



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

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

	31.12.2022	31.12.2021	+ / – %
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	30'620'119	30'567'065	0.2
Weighted average shares outstanding	30'607'810	30'551'544	0.2

Information per LLB share

	31.12.2022	31.12.2021	+ / – %
Nominal value (in CHF)	5.00	5.00	0.0
Share price (in CHF)	55.80	52.60	6.1
Basic earnings per share (in CHF)	4.82	4.25	13.4
Price / earnings ratio	11.58	12.37	
Dividend (in CHF)	2.50[1]	2.30	

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 5 May 2023

Comparison of LLB share
Indexed from 1 January 2021

Key figures

Consolidated income statement

in CHF millions	2022	2021	+ / – %
Income statement			
Operating income	503.2	476.4	5.6
Operating expenses	– 328.2	– 313.0	4.9
Net profit	149.4	137.9	8.4
Performance figures			
Cost Income Ratio (in per cent) [1]	64.0	65.8	
Return on equity attributable to the shareholders of LLB (in per cent)	7.2	6.3	

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

Consolidated balance sheet and capital management

in CHF millions	31.12.2022	31.12.2021	+ / – %
Balance sheet			
Total equity	2'024	2'240	– 9.7
Total assets	25'216	25'129	0.3
Capital ratio			
Tier 1 ratio (in per cent) [1]	19.7	20.3	
Risk-weighted assets	8'512	8'904	– 4.4

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

Additional information

in CHF millions	2022	2021	+ / – %
Net new money [1]	3'609	7'212	– 50.0

in CHF millions	31.12.2022	31.12.2021	+ / – %
Business volume (in CHF millions) [1]	98'362	105'698	– 6.9
Assets under management (in CHF millions) [1]	83'926	91'892	– 8.7
Loans (in CHF millions)	14'435	13'805	4.6
Employees (full-time equivalents, in positions)	1'116	1'056	5.7

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

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

LLB Group continues on growth trajectory

Dear shareholders

2022 was a good, but very challenging year for the LLB Group. The corona pandemic, Russia's war against Ukraine, the critical energy situation, inflation, the return to a restrictive monetary policy and the stalling of the trend towards globalisation – all had repercussions. In this challenging environment, we have to manage the transformation to a sustainable, climate-friendly and digital business world. Nonetheless, the LLB Group is prepared for the challenges and stands firmly at the side of its clients, providing them with the highest level of stability and security. We are also inspired by our success in implementing our new ACT-26 corporate strategy.

Pleasing growth

The 2022 business result testifies anew to the LLB Group's success in growing sustainably and profitably while relying on its own resources. The pleasing development of recent years continued with both net new money inflows and loans to clients. Net new money inflow stood at CHF 3.6 billion, a rise of 3.9 per cent. Our growth is broadly supported: the LLB Group posted inflows in both its market divisions, "Retail and Corporate Banking" and "International Wealth Management", as well as in all three booking centres. Net new loans increased by CHF 0.8 billion or 5.5 per cent. Loans to clients rose to CHF 14.4 billion.

The LLB Group was not immune to the negative market sentiment during the year. As a result of corrections on the financial markets, client assets under management decreased by 8.7 per cent to CHF 83.9 billion. Robust organic growth ensured that the market-related contraction in business volume of 6.9 per cent was cushioned. It stood at CHF 98.4 billion (31.12.2021: CHF 105.7 billion).

The increase to CHF 149.4 million meant that we achieved the highest Group net profit since 2009, thereby surpassing the previous year's very good result by 8.4 per cent. This reflects the dynamic growth, the improved quality of earnings and the strict cost management of the LLB Group. The Cost Income Ratio was further reduced by 1.8 percentage points to 64.0 per cent. With a tier 1 ratio of 19.7 per cent and a Moody's rating of Aa2, the LLB Group stands for stability and security, especially in these turbulent times.

ACT-26 progressing as planned

In our endeavours to realise our full potential, we are consistently pursuing our **ACT-26** strategy. Until 20**26**, we shall focus fully on three core elements: growth, efficiency and sustainability. We want to speed up (**AC**celerate) our previous rate of growth by utilising the latest technologies while becoming even more client focused, efficient and sustainable (**T**ransform). In 2022, all aspects of the strategy implementation progressed as planned.

Clear, dual positioning

In 2022, we adopted a dual positioning in our operations on the market. As a universal bank, the LLB Group is the leader in Liechtenstein and the adjacent region while, at the same time, excelling as a secure, sustainable, international private bank. We attach great importance to a lean organisational structure and concentrate on supporting two equal market divisions: "Retail and Corporate Banking" and "International Wealth Management". With this clear positioning and sharp business focus, we aim at improving efficiency and shortening decision-making processes, which benefit both our clients and our growth.

Delisting of Bank Linth

Targeted acquisitions complement our organic growth. We also achieved an important success in this area in 2022. On 27 January 2022, Liechtensteinische Landesbank AG (LLB) announced a public purchase offer for all publicly held Bank Linth shares. The LLB's goal was to increase its 74.9 per cent stake in Bank Linth, which it had held since 2007, to 100 per cent. In a parallel step, LLB and Bank Linth announced their joint intention of delisting the shares of Bank Linth from the SIX Swiss Exchange. The public purchase offer was well received thus enabling LLB to increase its stake, following the completion of the corresponding legal procedure, to 100 per cent. Bank Linth was delisted from the SIX Swiss Exchange on 28 December 2022.

Many Bank Linth shareholders decided to take advantage of the partial exchange offer and are now LLB shareholders. We regard this as a testimony to the high degree of trust in the stability and security of the LLB Group. It confirms our belief in placing the strategic focus of Bank Linth on being a successful retail bank. The expansion of the shareholder base changes nothing for the existing LLB shareholders. LLB had acquired the additionally required LLB shares from its majority shareholder, the Principality of Liechtenstein. Its share participation in LLB decreased from 57.5 to 56.3 per cent.

Digital transformation

With the "LLB.ONE" programme, we are forging ahead with the digital transformation of the LLB Group. The programme will enable us to further develop client interfaces in line with their requirements, make internal processes faster and simpler, and make the whole LLB Group more scalable and therefore more efficient. A new technology-driven, hybrid advisory model will enable us to continue placing a special focus on the personal care of our clients. For this purpose, in 2022, we modernised the digital client platform and expanded our digital product and service offer. A highly motivated team has been set up to simplify, standardise and automate internal core processes. We intend to invest CHF 100 million in the digital transformation by 2026.

Transparent carbon footprint

As an official partner of the Climate Pledge, we have committed ourselves to achieve complete climate neutrality ten years earlier than specified in the Paris climate agreement. By 2040, the LLB Group intends to reduce emissions, both in banking operations and with its products, to net zero. In 2022, we made a great stride towards achieving this goal.

Since 1 August 2022, the investment advisory and asset management of the LLB Group have been aligned completely with sustainability criteria. New investment funds with a focus squarely on climate protection – so-called Impact Funds – have been added to complement our broad product range.

During the second half of 2022, we launched our "wiLLBe" app, the first digital asset management app for sustainable impact investments, in Liechtenstein, Switzerland and Germany. In addition to financial key figures, "wiLLBe" provides sustainability data for the individual portfolio such as global temperature increases, CO_2-emissions and energy consumption.

For the first time in October 2022, we published a TCFD report, which provides the largest possible transparency into how the LLB Group achieves CO_2 neutrality. Within the context of this report, which is based on the internationally accepted standards of the "Task Force on Climate-related Financial Disclosures", LLB completely discloses the extent of its current carbon footprint.

Modern bank branches

One dynamic element of the LLB Group's ACT-26 strategy is that positive steps mutually reinforce each other. This also applies to our modern bank branch concept, which differentiates us from our competitors. Close attention was paid to genuine client requirements in the redesigning of the network of Bank Linth branches and the three LLB bank branches in Liechtenstein. Since the reopening of the LLB headquarters branch in May 2022, we have been able to observe how positively people react to this attractive point of contact in Vaduz. Thanks to the seamless interaction between digital channels and personal advisory services, we are able to appeal to each individual bank visitor.

Elections to the Board of Directors

The success of the LLB Group depends on the people who bear responsibility for it. On 5 May 2023, the terms of office of Vice Chair of the Board of Directors, Prof. Dr. Gabriela Nagel-Jungo, and of the Board member, Urs Leinhäuser, come to an end due to the term of office limitation legally stipulated in the Landesbank Law. Both persons have made a significant contribution to the successful development of the LLB Group since 2014. They always provided our company with unwavering support, great enthusiasm and sound judgement.

At the 31th General Meeting of Shareholders, the Board of Directors will propose that Dr. Nicole Brunhart and Dr. Christian Wiesendanger be elected as new members for a term of office of three years. Dr. Nicole Brunhart works as the Head of Transformation on the executive board of a leading European investment fund distribution platform in Zurich. She possesses many years of experience in strategy consulting and asset management, as well as acknowledged expertise in sustainability issues. Furthermore, she maintains a broad network of contacts in the financial services industry in Switzerland and the rest of Europe. Dr. Christian Wiesendanger has many years of global experience in wealth management and is known as one of the best experts in Swiss wealth management business. He possesses a rich knowledge of the banking industry.

Attractive dividend policy

In acknowledgement of their trust in us, we ensure that our shareholders participate in our business success. We have pursued a long-term, attractive dividend policy for many years. The Board of Directors proposes to the General Meeting of Shareholders on 5 May 2023 that the dividend be increased from CHF 2.30 to CHF 2.50. Based on the closing price of the LLB share on 31 December 2022, this corresponds to a dividend yield of 4.5 per cent.

Outlook

An exceptional degree of uncertainty continues to cloud economic and business prospects. Russia's war against Ukraine continues unabated with the threat of further economic disruptions. Persisting high inflation and uncoordinated adjustments by the global financial markets to cope with the new interest rate environment represent important risk factors. Thanks to an effective mix of cost discipline, targeted investments in digitalisation and a rigorous implementation of the ACT-26 strategy, we are confident of remaining on a robust and sustainable path to growth in 2023.

A note of thanks

We want to thank our clients for their loyalty and trust in the LLB Group. A sincere note of thanks goes to our staff for their hard work and great dedication every day. And, of course, you our esteemed shareholders, for supporting us in shaping a successful future. We have set ourselves ambitious goals, and we know how we can achieve them.

Yours sincerely

Gabriel Brenna
Group CEO

Georg Wohlwend
Chairman of the Board of Directors

Strategy and organisation

With 160 years of history, LLB has a long tradition as the oldest bank in the Principality of Liechtenstein. A clear vision, an ambitious strategy and a values-based corporate culture make it a trusted partner for its clients, investors and employees.

ACT-26 strategy

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

The strategy is based on three core elements:

- **Growth:** Over the next five years, the LLB Group is aiming once again to significantly increase its business volume through a combination of accelerated organic growth and targeted acquisitions. The basis for this expansion is the security and stability of the LLB Group combined with award-winning investment expertise and investment performance for private and institutional clients. In retail and corporate banking business, we also want to expand our position in Liechtenstein and Switzerland.
- **Efficiency:** In future, LLB will again place special focus on providing personal advisory services to clients with the aid of a hybrid advisory model, supported by technology. For this purpose, the digital client platform will be modernised and the range of digital products and services will be expanded for all client groups. The LLB Group wants to take an agile approach in order to be able to react to the changing needs of its clients. At the same time, it will also be streamlining, standardising and automating its core processes in order to increase efficiency and make the bank more scalable. The LLB Group will therefore be investing CHF 100 million into its digital transformation in the strategy period.
- **Sustainability:** Sustainability has been an integral part of LLB's DNA for 160 years. In future, the LLB Group wants to play a leading role in this area and is therefore setting ambitious goals for itself. For example, the LLB Group's banking operations were already climate-neutral in 2021– making it the first bank in Liechtenstein and one of the first in Switzerland and Austria to reach this target. Furthermore, the LLB Group has set itself the goal of becoming completely climate-neutral by 2040 – ten years earlier than most competitors – and all of this in line with the UN's ambitious target to limit global warming to 1.5°C. To achieve this goal, the Group aims to significantly reduce the carbon emissions of its banking operations and those of its client portfolios. The bank will forge ahead with the process of making its own bank products sustainable and will continue adding innovative products to its range.

Ambitious growth and financial objectives

In implementing the core elements of the new ACT-26 corporate strategy, the LLB Group is pursuing ambitious goals:

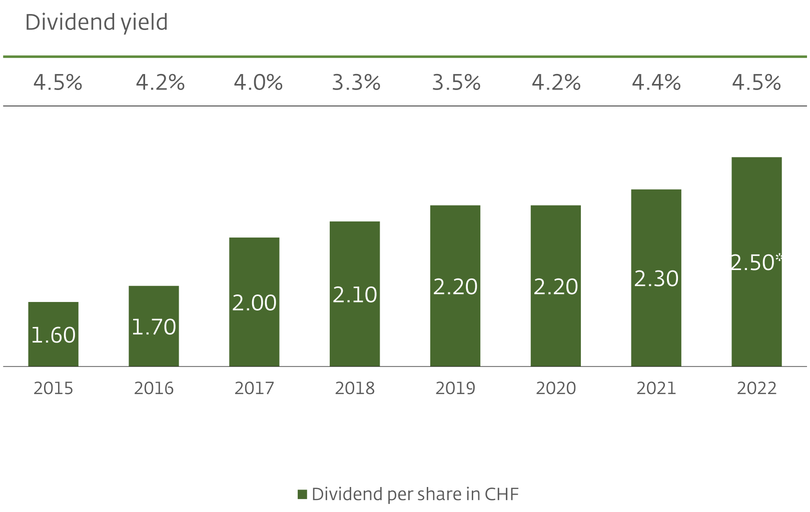
- **Growth:** Growth in terms of net new money and net new loans should be more than 3 per cent annually.
- **Efficiency:** In 2026, the Cost Income Ratio should not exceed 65 per cent.
- **Sustainability:** The net carbon emissions of the LLB Group should be reduced to zero by no later than 2040.

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

Core element	Objective		Actual status 2022	
Growth	Net new money	**> 3 % p.a.**	3.9 %	✓
	Net new loans	**> 3 % p.a.**	5.5 %	✓
Efficiency	Cost Income Ratio in 2026	**65 %**	64.0 %	✓
Sustainability	Net zero CO_2	**2040**	On course	✓
Security	Tier 1 ratio	**> 16 %**	19.7 %	✓

Attractive and sustainable dividend policy

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



* Proposal of the Board of Directors to the General Meeting of Shareholders of 5 May 2023

Structure and organisation of the LLB Group

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

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

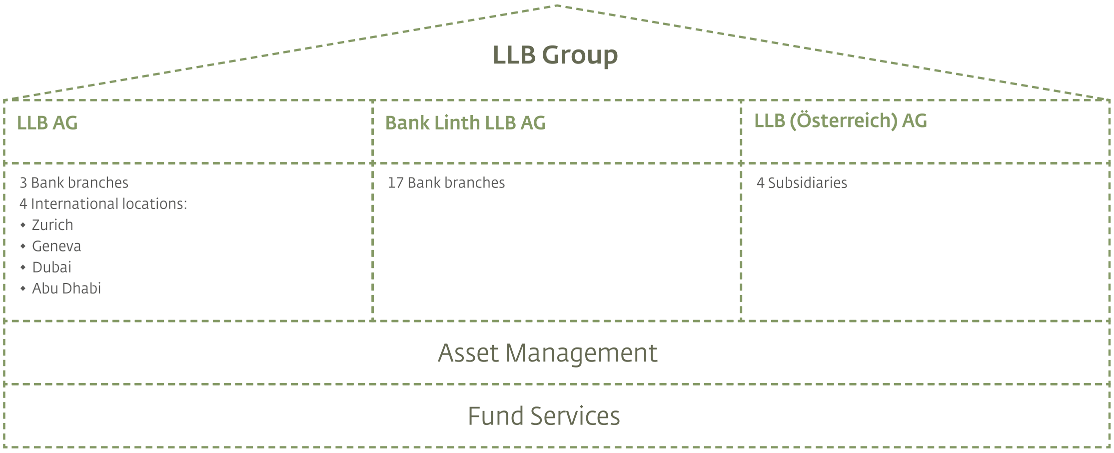
Dual positioning

The LLB Group intends to achieve its ambitious growth and financial objectives through clear dual positioning in the market: a universal bank with strong local ties on the one hand and a sustainable international private bank on the other.

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

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

Group structure



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

With Liechtensteinische Landesbank in Vaduz and Bank Linth in eastern Switzerland, the LLB Group already had two successful regional banks. We want to expand this strong position and establish ourselves as the market leader in Liechtenstein and in eastern Switzerland. In terms of wealth management, the LLB Group wants to expand its position as a leading asset management bank in Austria, a unique fund powerhouse in the German-speaking regions, a reliable partner in institutional business and an international private bank in Central and Eastern Europe and the Middle East.

Corporate culture

Vision and guiding principles

Besides strategy and structure, the culture of a company is one of the most important factors in its success. The LLB Group is committed to a concept of banking with a binding system of values. Our vision is thus encapsulated in the motto:

“We set standards for banking with values."

Our vision of banking is based on the idea of managing material values with a clearly defined system of principles. The LLB Group’s corporate culture is based on the following four values:
- **integrity** – We create clarity and stand by our word.
- **respectfulness** – We believe in partnership and hold both clients and colleagues in high esteem.
- **excellence** – We set standards through performance and passion.
- **pioneering** – We play an active role in creating a sustainable future.

We implement various measures to ensure that our vision and guiding principles are firmly established in the minds of employees and managers (see chapter “Values and corporate management”).

Finance and risk management

Accepting risk goes hand in hand with banking business. Sustainable and methodical finance and risk management is essential to ensure the risks remain calculable. Our integrated approach has proven itself.

Sustainable finance management and anticipatory risk management: we attach very great importance to these factors at all levels of the organisation. As part of an integrated approach, risk management at the LLB Group includes dealing with legal and compliance risks as well as information security. The competences for different areas of finance and risk management are bundled in the Group CFO division.

Expansion in line with ACT-26

The central task of the Group CFO division in to ensure growth, opportunities and risks are balanced. This includes the consistent implementation of rules and standards. A further expansion of finance and risk management is planned in line with the ACT-26 corporate strategy:

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

The Business Risk Management Department created in 2022 is responsible for the management of operational risks. This department encompasses the functions of information security, data protection, cyber defence and the internal control system.

Financial management

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

Financial management includes the preparation of the financial statements in accordance with local laws and International Financial Reporting Standards (IFRS), as well as regulatory reporting.

Risk management

The LLB Group has a prudent approach to risk, which is essential for protecting reputation, maintaining excellent financial strength and safeguarding sustainable profitability. Our risk management is based on risk policy and encompasses the systematic identification and assessment, reporting management and monitoring of credit risks, market risks, liquidity risks and operational risks, as well as asset liability management (ALM). The LLB Group applies an appropriate organisational and methodological framework for assessing and managing risk (see chapter "Risk management" in the financial section).

Combating money laundering and the financing of terrorist or criminal activities, as well as the minimising of regulatory risks, especially in cross-border business, are given the highest priority in the LLB Group as part of risk management.

Liquidity management

The LLB Group has in place robust strategies, policies, processes and systems that enable it to identify, measure, manage and monitor liquidity risk. The internal liquidity adequacy assessment process (ILAAP) is set down in internal regulations and guidelines and is reviewed annually (see chapter "Risk management" in the financial section). The reference figures relating to liquidity management are reported in the chapter "Regulatory disclosures".

The Group Treasury manages the risks in the banking book that arise from banking activities, especially liquidity, interest rate and foreign currency risks.

Capital management

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

Solid equity base

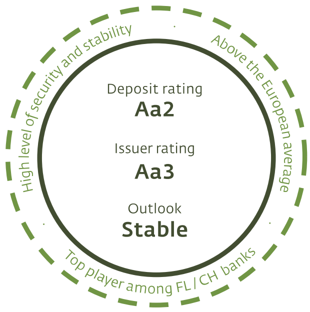
A good equity capital base not only protects its reputation, but is also part of the financial management and credibility of a bank. Having a sufficiently high-quality equity base at all times is part of the LLB Group's identity. Its financial strength shall remain, as far as possible, unaffected by fluctuations in the capital markets.

LLB is considered to be of systemic importance to the Liechtenstein economy and is subject to a regulatory minimum capital adequacy ratio of 13.7 per cent. We are targeting a tier 1 ratio of over 16 per cent as a strategic objective. The LLB's capital ratio is reported in the chapter "Regulatory disclosures".

Thanks to its solid equity base, which consists entirely of hard core capital, the LLB Group continues to enjoy a high level of financial stability and security. The comfortable capital situation provides it with plenty of scope to make acquisitions.

Rating confirms financial strength

Liechtensteinische Landesbank has a deposits rating of Aa2 from rating agency Moody's. According to Moody's, this means that it is one of the highest-rated banks in the world. It is among the top range of Liechtenstein and Swiss banks and ranks well above the average of European financial institutions. The rating underlines LLB's stability and financial strength and is proof of our prudent finance and risk management.



Credit management

We support private individuals, companies, small businesses and public institutions in financing their plans for the future.

At CHF 12.9 billion, the lion's share of loans made during the reporting year, namely 89.2 per cent (31.12.2021: 88.7 %), comprised loans secured by mortgages. We continued to successfully grow our market share of loans to clients. At the end of 2022, the volume of loans had increased to CHF 14.4 billion (31.12.2021: CHF 13.8 billion). We extend mortgages primarily in the market regions of Liechtenstein, north-eastern Switzerland and the region of Zurich.

Independent credit decisions

Within the LLB Group, credit competences are assigned according to the knowledge and experience of the decision-makers and the appropriate level and type of loan. With the exception of standard business transactions, the authority to grant credit lines lies with the back office, i.e. Group Credit Management and the superordinate Credit Committees. Credit decisions are thus made independently of market pressures and market targets. In this way, we are able to avoid conflicts of interest, and objectively and independently assess risks in individual cases.

High standards with lending

The LLB Group pursues a risk-conscious credit policy. It includes the differentiated and separate evaluation of loan applications, the conservative assessment of collateral values, the individual calculation of affordability, as well as compliance with standard equity requirements. The different control processes help us to reliably fulfil our performance mandate and to take proper consideration of risks (see chapter "Responsibilities for the economy, society and environment").

In the case of real estate financing, we observe the provisions of the Liechtenstein Banking Law and the Ordinance concerning banks and securities firms, which govern risk management. For mortgage financing in Switzerland, we observe the minimum requirements specified by the Swiss Bankers Association (SBA) and approved by the Swiss Financial Markets Authority (FINMA). We also apply the EU guidelines on assessing, evaluating and processing mortgage secured loans. Since mid-2021, the guidelines of the European Banking Authority (EBA Guidelines on loan origination and monitoring) have therefore been applied to new lending.

"At LLB, growth and risk management go hand in hand. The Group CFO division balances the opportunities and risks for the strategic development of the LLB Group."

Christoph Reich, CFO LLB Group

Compliance risks

As part of the risk management of the LLB Group, the compliance organisation focuses not only on dealing with legal risks but also on three areas in particular:

- Combating money laundering and financing of terrorism;
- Implementing tax compliance within the framework of international agreements;
- Complying with regulatory requirements and monitoring of employee transactions.

At the LLB Group, the compliance organisation is regarded as part of risk management. This is based on the internationally recognised three lines of defence model:

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

Combating money laundering and terrorist financing

The risks of money laundering and terrorist financing are addressed as part of a strict, IT-supported process when establishing new or monitoring existing business relationships. The monitoring of transactions is performed on a systematic and risk-oriented basis.

Besides activities in our domestic markets of Liechtenstein, Switzerland and Austria, we restrict our cross-border activities to markets that are strategically and economically significant to LLB. This means the markets of Germany and the rest of Western Europe, the growth markets of Central and Eastern Europe, as well as the Middle East.

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

Rules of conduct

We expect our corporate bodies and employees to comply with the applicable laws, regulations and guidelines, professional standards and our rules of conduct. This stipulates which transactions in financial instruments are not permitted for employees and corporate bodies. They also set out the general principles for employee transactions. How business relations are supported by employees and corporate bodies is also clearly regulated, as are the acceptance of inducements and the exercising of secondary employment.

Dealing with cyber risks

Protection against cyber attacks has a very high priority for the LLB Group and is ensured through IT systems and trained and aware employees. The principles and policies on information security are set out in directives that are binding throughout the Group. Our data is protected by robust processes and advanced systems. Specialists continually analyse new cyber threats and, depending on the risk, take appropriate defensive measures, In future, these analyses and defensive measures will be developed further by the LLB Group's Cyber Defence Center. Targeted vulnerability management and penetration tests ensure a consistently high and appropriate level of security.

Internal control system

As an integral part of our Group-wide risk management, the internal control system (ICS) contributes to increasing risk transparency within the company by monitoring the risks in the relevant business processes through effective control processes. The LLB Group applies standards that are customary in the banking industry to this sub-system of risk management.

Business continuity management (BCM)

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

Economic environment

The global economy has been subjected to intense pressure since Russian troops invaded Ukraine on 24 February 2022. A series of adverse factors affected the global economy in 2022 including the course of the war, the energy crisis, the rise in inflation and disruption of the supply chain.

International perspectives

USA

Driven by robust domestic consumption, US economic performance had already returned to pre-corona levels by the summer of 2021. Since then, however, economic growth has weakened for several reasons including the cessation of transfer payments to private households, the reduction in real income as a result of higher inflation and the weakening of the housing market due to the rise in interest rates. With an average increase of 8.0 per cent, consumer prices rose in 2022 at a rate not seen for 40 years. The increase can only be partly attributed to higher energy and food prices. Financial and monetary support measures implemented during the corona crisis caused the US economy to overheat. Therefore, the Federal Reserve (Fed) should have tightened the reins of its monetary policy much earlier.

As a result of the sharp rise in price increases, the Fed raised the key interest rate by 425 basis points to 4.5 per cent between March 2022 and the end of the year. Its goal in doing so was to restore the balance on the employment market. The high point of interest rates has probably not yet been attained due to the continuing backlog in demand. In view of the Biden administration's USD 1.2 trillion infrastructure package, which envisages enormous investments in highway and bridge construction, water management and airports, as well as the Chips and Science Act to provide subsidies for the domestic computer chip industry, a tighter monetary policy would be justified.

Euro zone

Real GDP growth in the EU came as a positive surprise in the first half of 2022. The effect was largely due to consumers spending more, especially for services, following the easing of Covid-19 restrictions. Subsequently, however, the rate of growth slowed as a result of the high inflation rate and the downturn in global demand. As the fall in gas and electricity prices shows, the expected energy crisis in winter 2022 / 2023 has probably been avoided. Nevertheless, a flat recession during the winter season cannot be completely excluded. Whether and how fast an economic recovery can occur will largely depend on the development on the energy market and the extent of global demand.

Consumer prices climbed by 8.4 per cent in the Euro zone in 2022. The inflation rate therefore reached its highest level since the birth of the monetary union. However, this figure conceals a substantial inflation differential between the member states. For example, the Baltic States recorded inflation rates of over 20 per cent. After an initial period of hesitation, the European Central Bank has raised the key interest rate by a total of 2.5 percentage points to 2 per cent since July 2022.

In spite of the challenging environment, the employment market has continued to develop positively. The rate of employment and labour market participation have not been so high for decades. Thanks to robust economic growth, a net two million additional jobs were created in the first half of 2022, pushing the number of persons employed in the EU to an all-time high of 213.4 million. The unemployment rate stood at a record low of 6.0 per cent in September.

Switzerland

In international comparison, the Swiss economy recovered very quickly from the effects of the corona pandemic. On account of the global fall in demand and higher consumer prices, the growth rate slowed during the second half year. The experts at the Swiss State Secretariat for Economic Affairs (SECO) therefore reduced the growth forecast for 2022 to 2 per cent. A sluggish economic development is probably to be expected in the first half of 2023. But, from the current perspective, a recession is less likely due to the high level of resistance in the economy.

In Switzerland too, higher energy prices contributed to a relatively high inflation rate of 2.8 per cent. This was considerably under the rate of price increases in other European countries, but still well above the inflation target of the Swiss National Bank (SNB). The appreciation of the Swiss franc, especially against the Euro, was also a factor in limiting inflation. Nevertheless, Swiss households experienced the highest rate of price increases since 2008.

The employment market developed very favourably during the second half of 2022. The total number of employed persons grew and in September 2022 the unemployment rate stood at just 1.9 per cent, lower than it had been for over 20 years. Many business sectors complained of a shortage of skilled workers. As a result, the generally expected economic slowdown should probably lead only to a slight increase in the unemployment rate.

The period of negative nominal money market interest rates, which lasted almost eight years, ended in Switzerland on 22 September when the National Bank raised the key interest rate by a further 75 basis points. It had previously increased interest rates during the summer by half a percentage point for the first time in 15 years. On 16 December, it tightened monetary policy again by increasing the key interest rate by 50 basis points to 1.0 per cent. The step was aimed at countering the increase in inflationary pressure caused by price rises.

Liechtenstein

Liechtenstein's economic activity slowed noticeably during 2022. The economic index of the "KonSens" Liechtenstein Institute fell in the third quarter by 0.7 index points to minus 1.2 points. Although the index value was still higher than during the financial crisis of 2008 / 2009 and the Covid-19 induced recession of 2020, it still lay in the negative zone, representing lower than average growth in historical comparison. Industry representatives and service providers still assessed the general situation as largely satisfactory at the end of the third quarter 2022 in spite of higher energy prices and supply chain bottlenecks. However, the business outlook had worsened at the majority of companies in comparison with the second quarter. The position probably remained fragile during the fourth quarter.

The Liechtenstein economy is very dependent on foreign sales and procurement markets. More than half of Liechtenstein's goods exports go to Switzerland, Germany and the USA. In the first half of 2022, direct goods exports were about 12 per cent lower than in the previous year. In contrast, the financial centre continued its growth trend. The turnover of the three largest banks rose by 15 per cent.

The employment market developed positively with total employment rising by 3.5 per cent. The unemployment rate remained low. The main issues confronting businesses were rising prices and uncertainties surrounding the procurement of base materials. The shortage of skilled labour remained unchanged.

China

China's economy grew by 3 per cent in 2022, substantially below the target of 5.5 per cent set by the party and state leadership, and was one of the weakest results for decades. Growth was only somewhat lower during the first year of the corona pandemic in 2020.

The world's second largest economy was confronted with several problems in 2022. The slowdown in the global economy led to a decline in demand for Chinese goods. On account of the strict zero Covid policy and lockdowns in mega cities such as Shanghai, Guangzhou, Tianjin and Shenzhen, key industrial centres were closed for weeks and months. The rigorous corona policy also dampened private consumption.

Figures released by the national statistics office clearly show how seriously the real estate sector has suffered. This sector was one of the strongest drivers of the Chinese economy in the years prior to the corona pandemic. Investors and buyers are cautious because many real estate companies are heavily indebted.

The situation is exacerbated by the high level of unemployment among young Chinese. In the 16 to 24 age group, the unemployment rate climbed to nearly 20 per cent in July 2022. According to official figures, the rate stood at 17 per cent in November. The sudden change of policy by the Chinese government in combating corona caused the number of infected persons to soar, which initially will probably slow the economic recovery.

Weak economic data from China caused the majority of Asian stock markets to head south. In December 2022, inflation stood at 1.8 per cent. The factors, which affected inflation in the US and Europe, had only a limited influence on the Chinese inflation rate. In recent years, the central bank in Beijing has acted with great restraint. Extremely high sea freight costs are not applicable if Chinese factories supply the domestic market. Although the war in Ukraine is also driving up energy prices in China, because Beijing has not joined the oil and gas boycott of Russian supplies, it can still procure oil and gas from Moscow relatively cheaply.

Bond markets

The inflationary and interest rate shocks led to a plunge in prices on the international bond markets that was not really dampened by lower coupon income. Both government and corporate bonds were equally affected. Although the prices of high-yield and emerging market bonds recovered somewhat towards the end of the year, losses were not recouped. On balance, it could be asserted that the bond markets experienced a once in a century crash.

Currencies

Monetary policy was a key price driver on the international foreign exchange markets in 2022. For example, following the large hikes in interest rates made by the Fed and the Russian partial mobilisation in September 2022, the US dollar climbed to a 20-year high. However, higher interest rates were not the only reason for the strength of the dollar. Stock market players point to the dollar’s attractiveness as a “safe investment haven”.

Furthermore, the euro suffered because of the ECB’s hesitant approach to dealing with the surge in inflation. The tide turned in favour of the euro only after the ECB had signalled its clear intent to take any steps necessary to return consumer prices to its target value of 2 per cent inflation in mid November 2022. The prospect of the US dollar losing some of its interest rate advantage probably also played a role here. By the end of the year, the euro had gained about 10 cents against the US dollar. The US dollar lost almost all of its gains from the beginning of the year against the Swiss franc.

As regards the euro/franc exchange rate, the Swiss National Bank made an about-turn in June when it stated for the first time that it no longer regarded the franc as being overvalued. Following the re-emergence of inflation on the world stage, there seemed to be only one direction for the euro/franc exchange rate with the franc gaining ground against the euro. Then in autumn 2022 a rebound occurred that continued to gain pace.

Stock markets

2022 on the stock markets was marked by the shock rises in interest rates, global uncertainties and high volatility. High-value tech stocks suffered most under these conditions with the Nasdaq index in the US posting big losses after years of outperformance. Indices, in which commodity and industrial companies had higher weightings, performed better in 2022.

Stock markets across the world suffered heavy losses with the Dow Jones Industrial losing 9 per cent, the Nasdaq Composite 34 per cent, the Nikkei 11 per cent and the Euro Stoxx 50 11 per cent. At the end of December 2022, the SMI leading index stood at 10'729.4 index points, about 17 per cent under the level at the beginning of the year. The MSCI World Index, which tracks the stocks of 23 developed countries, fell by 16.5 per cent.

Retail & Corporate Banking

Liechtensteinische Landesbank and Bank Linth maintain close business relations with their retail and corporate clients in Liechtenstein and Switzerland. As a universal bank offering private banking in all its domestic markets, the LLB Group counts on its personal advisory services and excellent investment competence. As a modern bank, it also promotes digital Innovation.

Universal bank offering private banking

The LLB Group has set itself the goal of being the clear leader in Liechtenstein and the adjacent region. This objective will form the basis of the operating guidelines of the new "Retail and Corporate Banking" division, enlarged in line with the ACT-26 corporate strategy. Over the next five years, we want to continue on our growth trajectory, improve efficiency and continue on the path to climate neutrality. To enable us to bundle our resources and exploit synergies, the client segments "Retail and Corporate Banking" and "Private Banking" in Liechtenstein and the region, were amalgamated in 2022. This has considerably improved the enlarged division's closeness to clients.

In enhancing its clients' banking experience, the LLB Group foresees broad potential to attain five objectives:

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

Regionally anchored

Founded in 1861, Liechtensteinische Landesbank (LLB), with its headquarters in Vaduz, is the longest established financial institute and largest universal bank in Liechtenstein. For many years, it has been the market leader in retail and corporate banking while at the same time fulfilling an important economic function. It is the only bank in the country with three branches and an extensive network of 19 cash machines for all bank transactions. LLB is regarded as the Liechtensteiners' bank; many clients are also LLB shareholders (see chapter "Economic value creation").

Bank Linth (BLL), founded in 1848, with headquarters in Uznach, can also look back on a long tradition. It has strong ties to the Linth and upper Lake Zurich regions of Switzerland. Since the end of 2022, it has been wholly owned by LLB; on 28 December 2022, all BLL shares were delisted from the SIX Swiss Exchange. This will enable Bank Linth, as a retail bank, to focus even more intensively on its retail and corporate clients and their requirements. As is the case at LLB, the client advisers at Bank Linth live in the market region and are trusted by local people and businesses (see chapter "Employees").

Bank branch and ATM network
LLB is the only bank having a business presence throughout Liechtenstein:

at its headquarters in Vaduz
at 2 bank branches (Balzers and Eschen)
at 19 ATM locations

Bank Linth LLB is the largest regional bank in eastern Switzerland, with a business presence:

at its headquarters in Uznach
at 17 branches in the six Swiss regions of the Linth district, Lake Zurich, Ausserschwyz, Sarganserland, Winterthur and Thurgau
at 23 ATM locations

Closeness to clients

In 2022, the LLB Group set up a dedicated Corporate Clients Business Area, responsible for Liechtenstein and Switzerland. The LLB and BLL bank branches, and their advisory centres, are integrated in the Retail Clients Business Area. The focus of the "Retail and Corporate Banking" division is squarely on the domestic markets of Liechtenstein, Switzerland and Austria, as well as the traditional cross-border markets of Germany and Italy.

Banking for retail and corporate clients comprises the deposits and financing business in the domestic markets of Liechtenstein and Switzerland. However, LLB is also the bank of choice for many cross-border workers from the neighbouring Austrian province of Vorarlberg. As the banking partners for small and medium-sized enterprises (SMEs), LLB and BLL are traditionally well thought of in Liechtenstein and eastern Switzerland. In local, regional and international private banking, the LLB Group convinces with its stability and security. Our clients have confidence in our extensive experience, in the quality of our services and in the good investment performance of our asset managers.

Reliable partners for business

2022 was a year, in which the economy had to struggle with supply chain problems, a shortage of skilled labour, inflation and high energy prices. The war in Ukraine hampered the recovery from the Covid-19 pandemic. Precisely in such challenging times, the LLB's support for small and medium-sized businesses is especially appreciated. Since 2016, we have been collaborating with the Liechtenstein Chamber of Commerce; another example of our strong sense of responsibility for the local economy. We offer all members of the Chamber preferential conditions with foreign exchange transactions and favoured status for our "SME-box" basic product.

Together with the Chamber of Commerce we launched the "LLB SME Award" in 2018 to promote the quality of the Principality of Liechtenstein as a centre for business. The LLB sponsors the award to honour companies, which, as pioneers, help to shape the future of Liechtenstein. The "SME of the Year" and the "Newcomer of the Year" awards will be presented the next time in 2024 at the Liechtenstein Industry, Trade and Commerce Exhibition in Schaan (LIHGA).

Products and services

In Liechtenstein, LLB is the leading bank in retail and corporate banking. For wealthy private clients the bank is an established name in the three domestic markets, and in the German private banking market it is increasingly in demand. LLB is distinguished by its professional competence; it creates genuine benefits with its products and services and enjoys an excellent reputation among members of business community, society and institutions. Part of its success is certainly attributable to it being one of the most secure, best capitalised, universal banks in the world (see chapter "Finance and risk management"). Bank Linth is the largest regional bank in eastern Switzerland and is represented in the six Swiss regions of the Linth area, Lake Zurich, Ausserschwyz, Sarganserland, Winterthur and Thurgau.

LLB is a bank that lives its values. Our employees stand by their word, they uphold our values of integrity and of respectfulness for others. They set standards of excellence in their work and in their passion for what they do, and they participate in shaping the future in a pioneering and sustainable manner (see chapter "Values and corporate management").

Payments and savings

In payment transfers and account management business, LLB is the acknowledged leader in Liechtenstein. Practically every resident has an account at the Landesbank. "LLB Combi" and "Bank Linth Combi" offer a whole range of account options, various payment transfer possibilities and supplementary services. An interactive online configurator helps our retail and corporate clients to design their own individual banking relationship themselves according to their wishes and needs. It also reveals the cost of every module to provide full transparency.

Investing / Private banking

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

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

Sustainable investing

Since 1 August 2022, the investment advisory and asset management products and services of the LLB Group have been fully aligned with sustainability criteria. New funds with the focus on climate protection – so-called impact funds – have been added to our extensive product range. Furthermore, at the end of July 2022, we launched our "wiLLBe" app, the first purely digital asset management for sustainable investments. This simple, professional and inexpensive app offers our clients in Liechtenstein, Switzerland and Germany the possibility, from a starting sum of only CHF or EUR 2'000.–, not only to generate returns, but also to make a contribution to a better world. "wiLLBe" enables investments to be made in seven selected areas, which are aligned with the seventeen UN objectives for sustainable development (UN SDGs). By making a donation, investors can also directly support selected non-profit organisations (see chapter "Sustainability in banking").

For individual portfolios, in addition to financial key figures, "wiLLBe" also supplies sustainability data such as global temperature increases, CO_2 emissions and energy consumption, thus making visible what measurable impact the investments are having.

Financing / Loans and mortgages

Lending business is an important activity for LLB. We pursue a prudent lending policy focused on affordability and creditworthiness (see chapter "Finance and risk management"). With a market share of 50 per cent, LLB is the leader in providing mortgages and construction loans in Liechtenstein. We offer individual financing possibilities in the form of flexible and transparent models: ranging from the variable basis mortgage to the money market flexible or fixed-rate mortgage. These instruments enable LLB and Bank Linth to support environmentally friendly construction in Liechtenstein and Switzerland. A Lombard loan (current account, fixed advance) also provides a flexible financing solution for retail and corporate clients and for comprehensive asset planning.

Retirement and financial planning

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

Corporate clients / SMEs

The provision of individual service and advice to corporate clients in all financial and banking matters has a long tradition at LLB and Bank Linth. With a market share of over 70 per cent, LLB is the market leader in Liechtenstein; Bank Linth is one of the largest providers in eastern Switzerland. Our care and service concept is based on the life cycle approach, in line with which we cover the whole of life cycle with a broad range of products and services adapted to suit the individual case from the founding of the company, the build-up phase through to the development and maturity phase, up to succession and estate planning. Companies and entrepreneurs especially appreciate our close attention and innovative flair.

As the leading universal bank in Liechtenstein and the adjacent region, we offer companies medium-light, medium and large basic product packages in the form of our "SME-Box". All the packages come with transparent benefits and conditions. They are supplemented by the "SME-Menu", which provides a range of services in five areas; accounts and payments, investing, financing, retirement and succession as well as additional services. We can also offer a comprehensive service in relation to the processing of financial transactions at home and abroad. Small and medium-sized companies also benefit from LLB and Bank Linth's made-to-measure solutions for the financing of investments.

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

Individual pension fund solutions

We are the only bank in Liechtenstein to offer SMEs individual pension fund solutions through the LLB Pension Fund Foundation for Liechtenstein (LVST). Founded in 2005, in the meantime, the LVST is – measured in terms of its balance sheet total – the largest collective foundation in the country and the only pension fund offering members the choice between two investment strategies. Following strong growth in 2020, the foundation continued to achieve solid organic growth in 2021 and 2022. At the end of the business year, it administered assets of CHF 1.15 billion. (2021: CHF 1.27 billion). At the end of 2022, the pension savings capital under administration for actively and passively insured participants stood at CHF 1.18 billion (2021: CHF 1.15 billion). The LVST counted 856 affiliated companies (2021: 808) having a total of 7'691 actively insured persons (2021: 7'757). The average coverage ratio stood at 99 per cent (2021: 115 %).

At the LLB Pension Foundation, security and stability play a major role. Particular focus is placed on digitalising services. As the first collective foundation in Liechtenstein, the LVST introduced a digital pension fund cockpit in 2021 for insured persons. In 2019, it was already possible for affiliated companies to efficiently prepare and process information via the LVST company portal. Liechtenstein's youngest collective foundation is a major pillar of the domestic market. It is a member of the supervisory board of the Liechtenstein Pension Fund Association, which has set itself the goal of further developing the Liechtenstein pension fund market.

Closeness to clients with digital and personal service

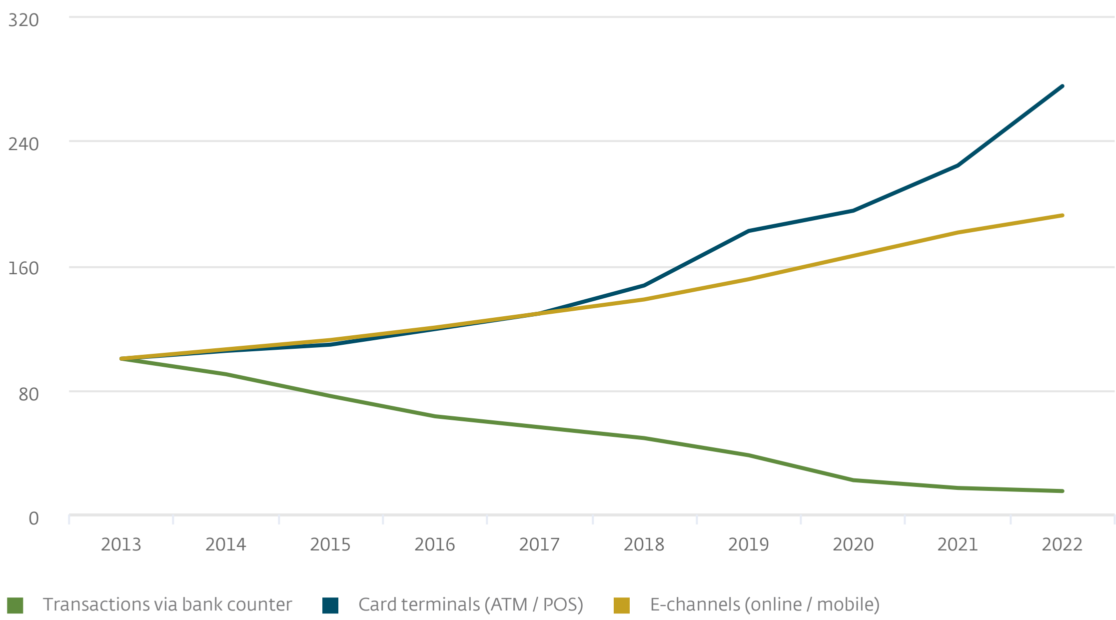
The pace of digital change at the LLB Group is picking up pace sharply. The new "LLB.ONE" programme is driving the digital transformation of key business processes across and throughout all client segments and markets (see chapter "Corporate Center"). This includes the comprehensive, Group-wide standardisation and automation of lending procedures and processes. We have already reached significant milestones with the "Credit for Future" Group project. In line with our ACT-26 corporate strategy, we will invest CHF 100 million in the digital transformation by 2026.

A large portion of our retail and corporate clients already contacts us at anytime from anywhere via our E-channels. In 2022, they carried out 3.2 million (2021: 3.0 million) transactions via our Online and

Mobile Banking systems. At the same time, transactions made using LLB bank cards also rose sharply to 5.0 million (2021: 4.1 million).

The digital transformation brings new, very important functions to our bank branches. They are venues for providing and receiving personal advice in an environment that creates a completely new banking experience. All our client advisers complete a certification programme in accordance with the standards of the Swiss Association for Quality (SAQ) (see chapter "Employees").

Number of transactions via bank counter, ATMs, card terminals (POS), E-channels (online and mobile)



E-Channels

LLB is one of the few banks to have structured its entire digital offering as a "one-stop shop". Designed in accordance with the latest security and technological standards, our digital offering is constantly being extended. In 2021, we expanded our Online and Mobile Banking programmes, enabling users to benefit from new functions and improved user-friendliness (see chapter "Corporate Center").

- **Online fund saving plan:** about sixty funds are available for selection from our fund savings plan. Clients can sign up to and manage fund savings plans independently, a very popular feature with them. Client advisers can provide support, if required, at any time via the system.
- **Online extension of fixed-term mortgages:** mortgage clients can extend existing fix-term mortgages using LLB Online Banking for periods up to ten years. LLB was the first bank in Liechtenstein to provide this mortgage option online.
- **"wiLLBe" app for sustainable investing:** "wiLLBe" enables savers and investors to invest sustainably with support from LLB's award-winning asset management team. The goal is to offer various investment possibilities having sustainable impact and returns (see paragraph "Sustainable investing").

Digitalisation of payment systems

By utilising various digital possibilities, the payment and issuing of invoices becomes more efficient, simple and clear:

- **LiPay:** LLB's own digital solution for cash-free and contactless payments is an innovative alternative for retail and corporate clients. In contrast to other instant payment systems, LiPay uses direct "account-to-account" payments, accelerated by instant push messages.
- **QR billing:** Since 1 October 2022, the former orange / red payment slips can no longer be used in Liechtenstein and Switzerland. On the new payment slips, all the relevant information is contained in the QR code, which simplifies the issuing and payment of invoices both for private individuals and

companies. Since 1 July 2020, LLB clients have been able to scan QR bills via LLB Mobile Banking and, via Online Banking, manually type in or scan, issue and pay them using PayEye.
- **eBill:** This programme makes it easier and faster for our clients to receive, check and release invoices for payment via LLB's Online Banking. Thanks to electronic and paperless processing, costs can be saved and a contribution made to sustainably protecting the environment.
- **LLB Connect:** This interface provides companies having a very large number of payment orders with an attractive and convenient solution. Payment, stock market and foreign exchange orders can be generated and submitted via the usual software environment to LLB quickly, securely and efficiently. The accounting system can be reconciled automatically with accounts receivable and accounts payable.
- **EBICS:** With EBICS (electronic banking internet communication standard), LLB offers corporate clients, in addition to Online Banking, a professional solution for the direct connection to the client's financial software. This enables corporate clients to conveniently manage their accounts from one app, independently of whether these accounts are held with LLB or other banks in Liechtenstein or abroad. EBICS has become established in various SEPA countries (single euro payment area) as a multi-client /bank communications standard that enables payment transfers to be executed in an encrypted and secure form via the internet.

Modern bank branches

Bank branches are the face of LLB and Bank Linth. Focusing on clients is an essential prerequisite for us, and is the reason why not only our digital banking systems are state of the art, but also our network of branches. LLB's clients can choose between obtaining personal advice online or personally in one of our modern branches.

Following the remodelling of our branches in Balzers and Eschen, the redesigned headquarters branch in Vaduz has also been a focal point for optimal client experiences and personal services since May 2022. Our unique "Bankorama" experience makes LLB banking products more simple, clear and interactive. We are also forging ahead with the digitalisation of processes in our bank branches so that the branch advisers have available all the tools and digital services they need.

On its way to becoming the "bank of the future", Bank Linth modernised its first branches in 2015. In the meantime, all seventeen branches have been remodelled in accordance with the new concept, which places the provision of advice at the forefront of branch activity. Thanks to mobile workplaces and adjustments to infrastructure, all Bank Linth branches can offer the choice of flexible appointment planning for client discussions.

"Our close relations with people and businesses are our great strength. As the leading universal bank in Liechtenstein and the region, it is our goal to exceed expectations in terms of both personal and digital services."

Urs Müller, Head "Retail & Corporate Banking"

Advisory centres / Experts on demand

For around 100'000 clients, the LLB and Bank Linth advisory centres are already the efficient interface and first-class point of contact between online and offline services. They offer a comprehensive service for all banking transactions and represent the first level of support for questions in relation to our digital channels. In 2022, our two advisory centre teams answered 153'000 telephone calls, responded to 27'000 e-mails and 18'100 bank messages.

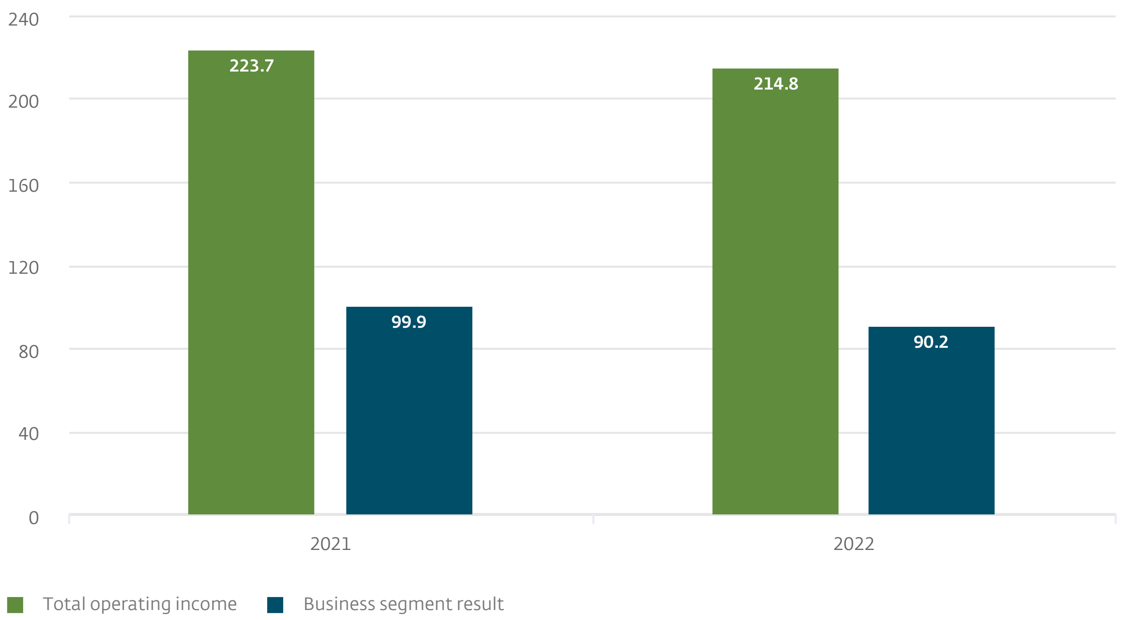
In recent years more and more demands have been made on our advisory centres, caused largely by the plethora of different regulatory requirements applying to our clients from around eighty countries. In future, our professional and experienced on-demand teams will play an even more important role. We intend to adapt the structure of our advisory centres and equip them with the latest technical infrastructure. So that even when contacting the bank remotely, clients can rely on receiving appropriate advice and situative support in solving problems.

Business segment result

Interest differential business, which comprises the largest proportion of earnings in the "Retail and Corporate Banking" division, posted an 8.0 per cent increase. The rise was attributable to the continual growth of mortgage lending business and higher interest rate levels. Higher risk provisions for expected credit losses were allocated. As expected, fee and commission income decreased as a result of lower volumes and fewer generated performance fees. In contrast, trading activities expanded, generating an18.6 per cent rise in trading income to CHF 20.8 million. Operating expenses remained stable resulting in a segment profit before taxes of CHF 90.2 million.

Growth continued to be pleasing with both the positive net new money inflow of CHF 1.0 billion and increased lending business of CHF 0.9 billion contributing equally to the increase. Accordingly, in spite of the negative market development, the business volume expanded to CHF 33.0 billion.

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



Segment reporting

in CHF thousands	2022	2021[1]	+ / – %
Net interest income	111'820	103'533	8.0
Expected credit losses	– 4'695	5'539	
Net interest income after expected credit losses	107'126	109'072	– 1.8
Net fee and commission income	85'010	95'096	– 10.6
Net trading income	20'806	17'544	18.6
Other income	1'845	2'016	– 8.5
Total operating income	**214'786**	**223'728**	**– 4.0**
Personnel expenses	– 43'974	– 43'216	1.8
General and administrative expenses	– 4'416	– 4'037	9.4
Depreciation	– 43	– 40	6.8
Services (from) / to segments	– 76'130	– 76'498	– 0.5
Total operating expenses	**– 124'563**	**– 123'790**	**0.6**
Segment profit before tax	**90'223**	**99'938**	**– 9.7**

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.

Performance figures

	2022	2021[1]
Gross margin (in basis points)[2]	67.1	68.4
Cost Income Ratio (in per cent)[2]	57.0	56.6
Net new money (in CHF millions)[2]	1'022	551
Growth of net new money (in per cent)[2]	5.1	2.9

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.
2 Definition available under www.llb.li/investors-apm

Additional information

	31.12.2022	31.12.2021[1]	+ / – %
Business volume (in CHF millions)[2]	33'003	32'620	1.2
Assets under management (in CHF millions)[2]	19'365	19'887	– 2.6
Loans (in CHF millions)	13'638	12'733	7.1
Employees (full-time equivalents, in positions)	248	251	– 1.0

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.
2 Definition available under www.llb.li/investors-apm

International Wealth Management

At the LLB Group, international wealth management means that, as a secure and sustainable, international private bank, we support wealthy private clients and professional clients in all market situations. We stand for stability and security, superb advisory services and outstanding investment performance.

International private bank

As formulated in the ACT-26 corporate strategy, the LLB Group will utilise its strength as one of the most stable banks in the world to position itself even more clearly as a secure and sustainable, international private bank. We are bundling our competences to facilitate accelerated growth, the highest level of efficiency and a climate-friendly financial services industry in the future. In 2022, we combined the former market divisions “Private Banking” (responsible for international business) and “Institutional Clients” to form the “International Wealth Management” division.

International private banking clients as well as professional investors and financial intermediaries have exacting demands. They expect asset management with proven investment performance on which they can rely, competent, long-term contact partners, as well as professionalism and efficiency in the handling of their financial affairs. For both our wealthy private clients and our institutional clients the stability and security of the LLB Group forms the foundation of a collaboration based on trust.

Building on its new complementary model, the LLB Group is pursuing five major objectives in the field of international wealth management:

- Strengthening of intermediary business in Liechtenstein, Switzerland, Austria and Germany;
- Expanding of position as leading wealth management bank in Austria;
- Further growth as a unique investment fund powerhouse in the German-speaking region;
- Continuing major marketing and sales efforts in the private banking growth markets of Central and Eastern Europe, as well as the Middle East;
- Consistent, sustainable investments according to ESG guidelines.

Stability and security

As the longest established financial institution in Liechtenstein, LLB has a long tradition as a private bank. Wealthy private clients, companies and financial intermediaries rely on this experience and appreciate the financial strength of the LLB Group. This distinguishing attribute acquired even more importance in 2022 due to the war in the Ukraine, incipient inflation trends and the return to a restrictive monetary policy. Our private and professional clients know that, for years, we have been one of the most secure, best capitalised universal banks in the world.

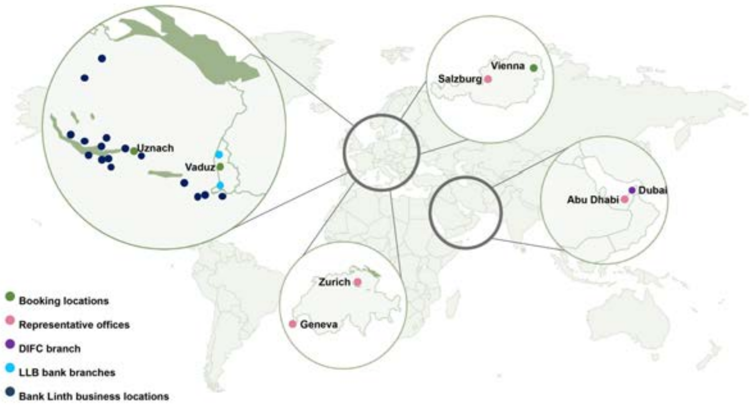
Since April 2016, and every year since then, Liechtensteinische Landesbank has been assigned a deposits rating of Aa2 by Moody’s the rating agency (see chapter “Finance and risk management”). This means that we are regarded as one of the highest-rated banks in the world. We are among the top range of Liechtenstein and Swiss banks, ranking well above the average of European financial institutions. At the same time, with the Principality of Liechtenstein as our majority shareholder, we have a very stable ownership structure. Liechtenstein is one of only a few countries in the world to be awarded an AAA rating by Standard & Poor’s and thus the highest financial standing.

International presence – strong local ties

Wealth management clients throughout the world can call on three booking centres at the LLB Group. We are represented with a bank each in the modern, stable financial centres of Liechtenstein, Switzerland and Austria. The LLB Group is internationally active and maintains strong local ties thanks to Liechtensteinische Landesbank and its three bank branches in Liechtenstein, to Bank Linth with its seventeen branches in eastern Switzerland and to Liechtensteinische Landesbank (Österreich) AG with business locations in Vienna and Salzburg. We care for our international clientele from our representative offices in Geneva, Zurich and Abu Dhabi, as well as from our branch in the Dubai International Financial Center (DIFC), Dubai.

The LLB Group attaches great importance to meeting tax compliance requirements and strictly observing prevailing local and international regulations. By providing intensive training and clear instructions to our employees we ensure that they fulfil the regulations of the target countries within the scope of their cross-border activities for the protection of our company and our clients.

Locations of the LLB Group



Three successful domestic markets

Our domestic markets, Liechtenstein, Switzerland and Austria, possess great potential to attract private and professional investors, who are seeking security and stability for their investments, as well as efficient, personal advisory services. Liechtenstein is a specialised and, at the same time, an internationally networked financial centre. Thanks to its membership of the EEA and its customs agreement with Switzerland, the LLB Group has unrestricted access from this business location to two economic areas: the EU single market and to Switzerland. These are two of the most important and competitive financial centres in the world. From its business base in the EU member state, Austria, the LLB Group is expanding its position as the leading wealth management bank in the German-speaking region and in the markets of Central and Eastern Europe.

Traditional cross-border markets

For us as a private bank, selected Western European markets traditionally play a key role. We benefit here from our extensive experience as a wealth manager, from our high service quality and from our proven investment performance. Germany, Europe's largest private banking market, in particular, is becoming increasingly important to the LLB Group. The growth that we achieved in this market in 2022 confirms that our clients appreciate our values and services. For this reason, we are intensifying our business activities in Germany from out of our domestic markets in Liechtenstein and Austria.

Private Banking International

We take care of our clients in Central and Eastern Europe (CEE) from our headquarters in Vaduz, from Vienna, and from our representative offices in Geneva and Zurich. Our clients in the United Arab Emirates and the Middle East (ME) are cared for from our branch in the Dubai DIFC (2008) and from our representative office in Abu Dhabi (since 2005). In 2022, the two business areas CEE and ME were organisationally amalgamated into Private Banking International in order to underline the importance of these growth markets and bundle our resources.

Fund powerhouse

As a secure, international private bank, new opportunities are emerging for the LLB Group as a sustainable asset manager and funds powerhouse. In 2022, investment fund business again proved to be a key earnings pillar of the LLB Group with uninterrupted growth potential, reporting another very good business result. The net new money inflow stood at CHF 1.8 billion (2021: CHF 3.1 billion). At the end of 2022, the LLB Group administered a fund volume CHF 38.9 billion (2021: CHF 44.0 billion); the decrease was due to market-related factors. With four investment fund companies in our three domestic markets and over 700 managed funds, we are among the most versatile fund vendors in Europe.

Fund powerhouse

	Liechtenstein	Austria		Switzerland
Investment fund companies	LLB Fund Services AG	LLB Invest KAG	LLB Immo KAG	LLB Swiss Investment AG
Custodian bank for funds	Liechtensteinische Landesbank AG	Liechtensteinische Landesbank (Österreich) AG		External depositaries

- Over 700 funds with a volume of CHF 38.9 billion
- Bundled know-how in three jurisdictions
- Specific location advantages for individual structuring solutions

Private label funds

The LLB Group's fund management companies attach great significance to private label fund solutions (known in Austria as "Special funds" or "Master-KAG" solutions). External asset managers and institutional investors frequently utilise private label funds tailored to suit their specific requirements. Family offices and wealthy private clients are also increasingly showing interest in these made-to-measure fund solutions, which are structured according to Liechtenstein, Swiss or EU law, and which enjoy the same investor protection as funds licensed for public distribution. They enable large volumes of assets to be efficiently managed and individually structured.

In its three domestic markets, the LLB Group offers all its products and services according to the "one-stop shop" concept. This creates the maximum degree of flexibility to enable us to fulfil clients' wishes. We plan and set up made-to-measure funds not only for our own corporate Group and private clients, but also for independent asset managers, family offices and other fund promoters. We structure and manage these vehicles and ensure modern, state-of-the-art risk management.

At our business locations in Vaduz and Zurich, we complement our services by acting as a representative for foreign funds. In Liechtenstein and Austria, we take over the function of custodian bank / depositary. In 2022, we intensified our sales and marketing efforts for the fund powerhouse and extended the range of fund services in our home markets. These measures have resulted in stronger growth. At all our fund locations, our modern, standardised investment fund platform forms the basis for further growth.

Liechtenstein and Switzerland

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

Since April 2018, the LLB Group has also been represented in the Swiss investment market. Through LLB Swiss Investment AG in Zurich, it offers clients tailor-made fund solutions according to Swiss law. This jurisdiction is ideal for large institutional investors or family office structures in order, for example, to set up funds with investments which are subject to withholding tax (for example, Swiss equities).

In 2022, with its fund business in Liechtenstein and Switzerland, the LLB Group registered an excellent net new money inflow of CHF 1.5 billion (2021: CHF 1.3 billion). On account of market-related factors, the book volume decreased to CHF 22.8 billion (2021: CHF 25.0 billion).

Austria

With its two capital investment companies, LLB Invest KAG and LLB Immo KAG, Liechtensteinische Landesbank (Österreich) AG is one of the leading vendors of investment funds and real estate funds in the Austrian market. In 2022, LLB Invest KAG administered over 300 funds (including public funds, large investor funds, special funds, multi-manager funds and alternative investment funds) and is therefore the top ranked investment company on the Austrian market. Over eighty domestic and international asset managers, banks and family offices trust LLB Invest KAG as a reliable partner.

LLB Immo KAG is the leader in innovation on the Austrian market, especially in relation to products for institutional investors. In the Austrian and German markets, it invests directly in real estate with the goal of generating attractive returns. It pays special attention to sustainability criteria in managing real estate funds. Some of its funds have already been awarded either the Austrian eco-label, the highest sustainability certification for real estate funds in Austria, or an ÖGUT assessment (Austrian Society for Environment and Technology). Real estate funds are regarded as a first-class, long-term diversification possibility for portfolios and as a stable earnings generator.

In 2022, the Institutional Banking Austria business segment posted a net new money inflow of CHF 465 million (2021: CHF 2'428 million). As at 31 December 2022, the business volume stood at CHF 21.9 billion (31.12.2021: CHF 25.9 billion). At the end of 2022, we managed or held in custody a total of 365 investment funds (31.12.2021: 360).

High level of service quality

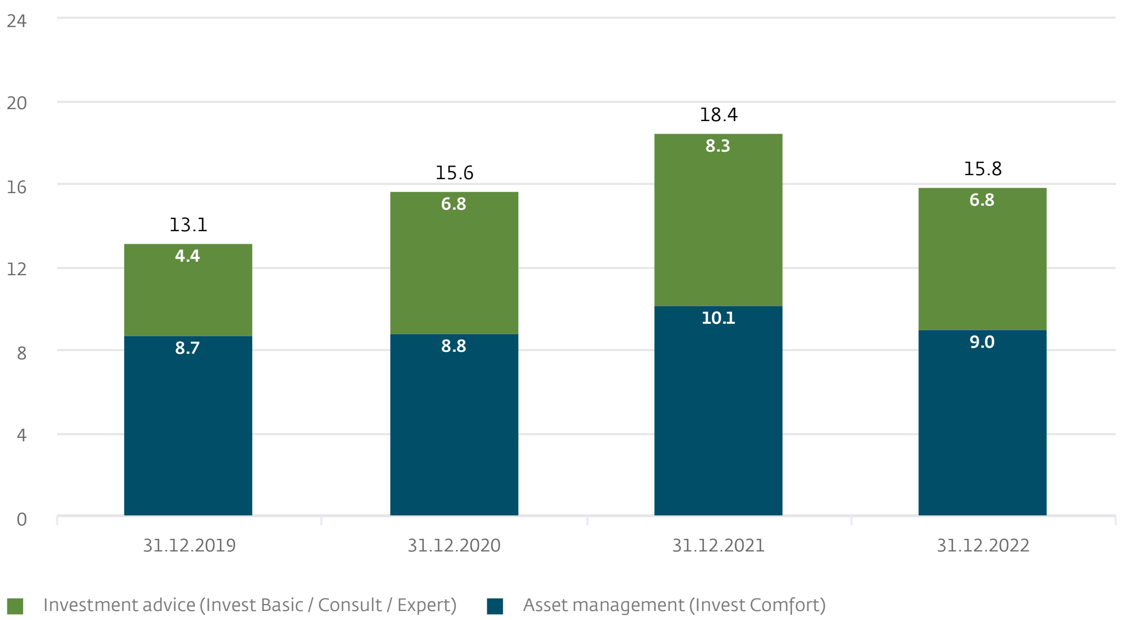
Wealthy private clients and professional clients attach great value to sound investment expertise, fair and transparent conditions, as well as individual and forward-looking investment solutions. However, they count on us as their bank partner to identify opportunities, open new perspectives and to take advantage of the possibilities that modern technology offers. Moreover, they rely on our networks and our knowledge in the areas of cross-border banking, compliance, risk management and sustainability. Long-term, personal care and advice is part of the LLB Group's identity, international wealth management clients take these qualities for granted.

Innovative wealth management

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

Our client advisers work hand in hand with our investment specialists, who have full access to the international financial markets and are supported by the latest technology. Using continual monitoring and optimisation of portfolios, they ensure the security of the investments and a performance in line with the selected strategy. In 2022, the volume of asset management and advisory mandates managed according to the "LLB Invest" model (see chart) contracted to CHF 15.8 billion as a result of market-related factors.

LLB Invest (in CHF billions)



Digital transformation

In 2022, the LLB Group forged ahead with the fundamental digital transformation of all its key business processes across and throughout all client segments and countries (see chapter “Corporate Center”). With the “LLB.ONE” programme it is driving forward with the innovative further development of client interfaces and its core processes. All the banks within the LLB Group use the common Avaloq core banking system, meaning that processes throughout the Group can be better automated.

With our Mobile and Online Banking they can conveniently and digitally transact numerous banking activities at any time and from anywhere. Our investments in digital systems make our private banking services even more efficient and convenient. The use of technology boosts the quality of our personal advisory services to a new level.

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

Group Business Compliance

The increasing density of regulatory requirements confronts financial intermediaries with growing challenges in relation to organisation, compliance, risk management and internal control systems. The LLB Group is therefore consistently enlarging the Group Business Compliance Department, which acts as a hub between clients, client advisors and compliance specialists. Our professional clients appreciate the support we provide them with from start to finish when opening complicated account relationships and in complex business cases. This enhances the collaboration and conforms more precisely with “know-your-customer” requirements, preventing duplication of work, thus saving valuable resources and making both our clients and ourselves more effective. Our client advisors from the “Retail and Corporate Banking” division call more and more often on the support of the internal Group Business Compliance Department because private individuals and corporate clients are also affected by regulatory provisions.

Fair and transparent pricing models

We believe in successful, partner-like collaboration as the key to long-term client relationships. This includes fair and transparent pricing models with numerous options. The tariff structures of Liechtensteinische Landesbank are simple and clear, costs are visible at a glance (see chapter "Sustainability in banking"). LLB and LLB Bank Linth forego retrocessions both in the provision of investment advisory and asset management services, i.e. we do not accept commissions from external fund vendors for the distribution of their products. We pass on 100 per cent of these payments to our clients. We employ performance-related fees with various asset management and investment advisory mandates, which are only payable if a positive return is achieved. Even when structuring pricing models, we think first of the requirements of our clients.

Networking and transfer of knowledge

We provide wealthy clients with access to the expertise of our investment specialists and to the universe of our investment solutions. In addition, we support professional investors through networking and a transfer of knowledge. For them it is extremely important to have unrestricted access to the capital markets and to be able to continually update their current level of knowledge. For many years therefore the LLB Group made available its "LLB Xpert Views" online platform to financial intermediaries to enable them to have a transparent and concise overview of current market developments.

"We are one of the most stable banks in the world. As a secure and sustainable, international private bank, we fulfil the high demands of private banking clients and professional investors – and also give impetus for a sustainable world."

Natalie Flatz, Head "International Wealth Management" division

This online platform is a central point of contact for insurance companies, family offices, pension funds, independent asset managers, investment fund managers and fund promoters. This enables us to make available exclusively to our stakeholders the expertise of our specialists in asset management. At the same time, we can brief our professional clients about the latest regulatory provisions. The personal exchange of views and experience is also very important to us. We ensure this takes place several times a year in the form of exclusive round-table discussions.

Memberships

The LLB Group is closely networked with various associations and bodies and therefore always aware of which themes and issues will be significant in the future. Furthermore, these memberships offer us the possibility of actively participating in shaping the framework conditions, which determine our business model:

- LLB Fund Services AG is a member of the executive board, and provides the vice chair, of the **Liechtenstein Investment Fund Association**. It actively promotes the attractiveness and competitiveness of the Liechtenstein fund centre.
- LLB Österreich is a member of the executive board of the **Association of Austrian Banks and Bankers**, an independent dialogue partner having contacts with national and international associations and institutions.
- The LLB Invest KAG and die LLB Immo KAG are represented on the executive board of the **Association of Austrian Investment Companies**, the umbrella association of Austrian administration companies and all Austrian real estate capital investment companies.
- The LLB Immo KAG is also a member and currently chair of the **Austrian Society for Sustainable Real Estate Business** and the **Association of Institutional Real Estate Investment Companies**.

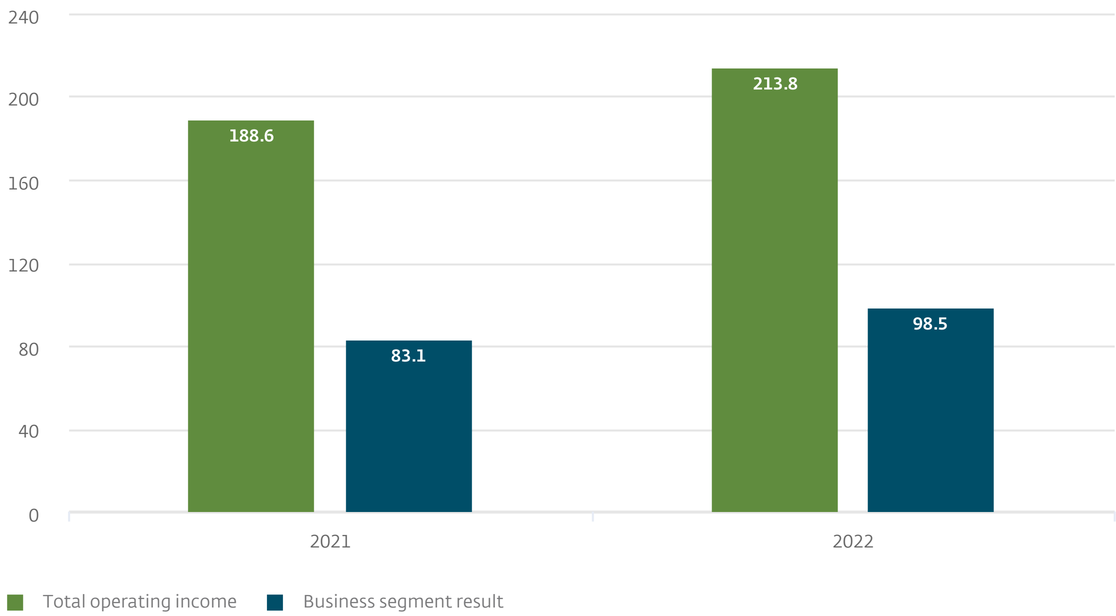
- In Zurich, LLB Swiss Investment AG is a member of the **Asset Management Association of Switzerland**. The goal of this organisation is to promote Switzerland as a leading asset management centre with high standards of quality, performance and sustainability.

Business segment result

The segment result before taxes of the International Wealth Management division totalled CHF 98.5 million. In comparison with the previous year, this represents an increase of almost 19 per cent. Operating income rose by CHF 25.2 million to CHF 213.8 million. A marked improvement was achieved in interest differential business with income more than doubling to CHF 51.2 million. This was largely attributable to the raising of interest rates. In the previous year, the segment benefitted from performance fees from fee and commission business as well as larger volumes of client assets. Operating expenses climbed to CHF 115.3 million. General and administrative expenses increased primarily due to the allocation of provisions for legal and litigation risks.

Net new money inflows of CHF 2.5 billion confirm the positive growth trend of recent years. Especially in investment fund business, the segment achieved gratifying inflows. On account of market-related corrections, the business volume decreased by 10.6 per cent to CHF 65.2 billion.

Segment reporting: International Wealth Management (in CHF millions)



Segment reporting

in CHF thousands	2022	2021[1]	+ / – %
Net interest income	51'173	22'096	131.6
Expected credit losses	1'994	– 3'052	
Net interest income after expected credit losses	53'167	19'044	179.2
Net fee and commission income	138'287	149'728	– 7.6
Net trading income	22'350	19'832	12.7
Other income	4	2	116.6
Total operating income	**213'808**	**188'606**	**13.4**
Personnel expenses	– 44'107	– 44'065	0.1
General and administrative expenses	– 11'274	– 6'047	86.4
Depreciation	– 391	– 444	– 11.9
Services (from) / to segments	– 59'549	– 54'976	8.3
Total operating expenses	**– 115'321**	**– 105'531**	**9.3**
Segment profit before tax	**98'487**	**83'074**	**18.6**

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.

Performance figures

	2022	2021[1]
Gross margin (in basis points)[2]	31.2	28.0
Cost Income Ratio (in per cent)[2]	52.0	54.8
Net new money (in CHF millions)[2]	2'463	6'721
Growth of net new money (in per cent)[2]	3.4	11.2

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.
2 Definition available under www.llb.li/investors-apm

Additional information

	31.12.2022	31.12.2021[1]	+ / – %
Business volume (in CHF millions)[2]	65'194	72'904	– 10.6
Assets under management (in CHF millions)[2]	64'214	71'760	– 10.5
Loans (in CHF millions)	980	1'144	– 14.3
Employees (full-time equivalents, in positions)	246	236	4.2

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.
2 Definition available under www.llb.li/investors-apm

Corporate Center

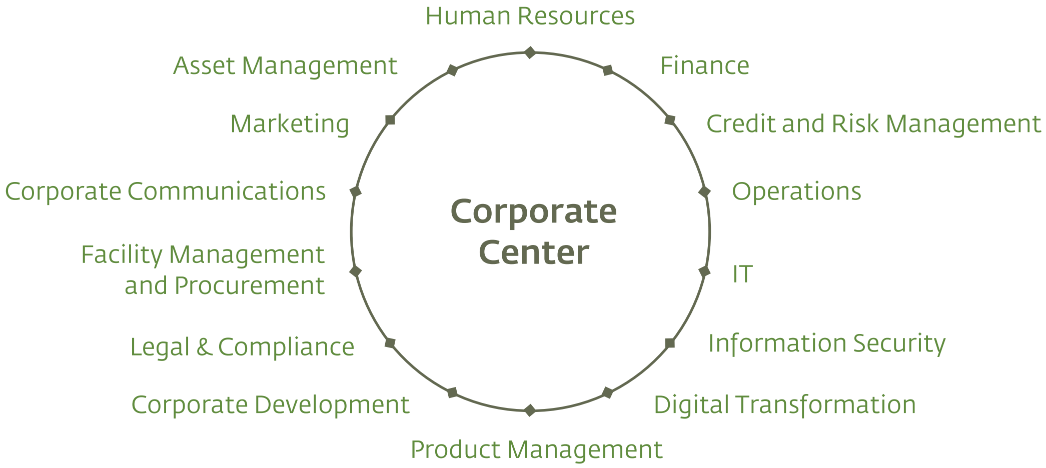
The Corporate Center steers, controls and combines the central functions within the LLB Group. It coordinates and monitors Group-wide business activities, processes and risks. At the same time, it drives forward the Group's corporate development. The Corporate Center plays a key role in the digital transformation of the Group. By 2026, the LLB Group intends to become more digital, more agile and more scalable.

Service provider and enabler

The Corporate Center contains the Group CEO (see chapter "Strategy and organisation"), Group CFO (see chapter "Finance and risk management") and Group CDO (Chief Digital and Operating Officer). All the organisational units, which coordinate, support and monitor Group-wide business activities, processes and risks are integrated in this segment. These include: Finances, Credit and Risk Management, Operations, IT, Information Security, Digital Transformation, Product Management, Corporate Development, Legal & Compliance, as well as Facility and Procurement Management. Other business areas such as Communications, Marketing, Asset Management and Human Resources (see chapter "Employees") are also integrated in the Corporate Center. It focuses completely on the requirements of the market divisions and thereby makes a direct contribution to the value added by the LLB Group.

The Corporate Center plays a vital role in implementing the ACT-26 corporate strategy. In this connection, expenditure totalling over CHF 250 million is planned up to 2026. In addition to CHF 100 million for the digital transformation, the LLB Group will invest in building infrastructure, hard and software, as well as in strategic projects.

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



Digital transformation

The Group CDO division is the principal driver of the digital transformation. All the resources for the comprehensive change process are bundled in this division. During the next four years, with its "LLB.ONE" programme, the LLB Group will initiate far reaching changes in refining and developing further digital offers, focusing even more sharply on clients and maximising process efficiency. The

Group Digital Transformation Department, which was set up in 2022, is responsible for implementing these changes.

In other areas too, the LLB Group is forging ahead with its transformation to the digital age. This means far more than simply introducing new technology. It requires a continual critical analysis and interpretation of the benefits and effects of digitalisation across and within all corporate levels coupled with a cultural transition.

Shared Service Centers

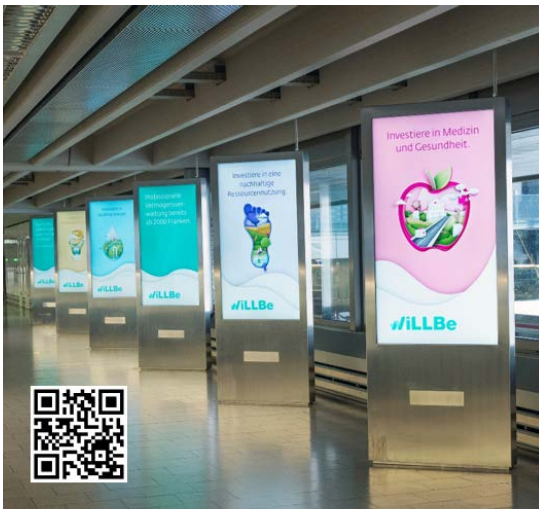
The LLB Group's digital transformation is also facilitated and supported by its Group shared services. The LLB Group's Shared Service Center can call on an extensive range of professional and process competences. Thanks to the systematic bundling of various operative services and the harmonisation of processes in the individual legal entities and business areas, synergy potentials can be exploited and efficiency stepped up. This applies especially to the maintenance of client master data and to payment transfer processes, as well as to foreign currency and securities transactions.

Digitalisation of banking business

Our clients expect a great deal from the systems and product portfolios provided by banks: very competitive conditions, personalised services, multiple functions and anytime, anywhere access. In recent years, the LLB Group has positioned itself as a modern, innovative, cost-transparent and, at the same time, personal bank. It has expanded its digital services and channels, investing CHF 30 million for this purpose during the last strategy period. Within the scope of the new ACT-26 strategy, a further CHF 100 million will be expended on realising the Group's digital transformation. And, of course, in doing so we shall continue to place our clients' needs and requirements at the forefront of all our activities.

Digital asset management

In 2022, the LLB Group reached a key milestone in its push to become fully digitalised. The launching of the "wiLLBe" app in Liechtenstein and Switzerland at the end of July introduced purely digital asset management for sustainable impact investing. The app was introduced in Germany in September. This innovation enables the active management of individual securities from amounts starting at CHF / EUR 2'000.– . In choosing the investment strategy, in addition to receiving the market opinion and expertise of our award-winning asset management specialists, the client's wishes can also be taken into consideration. Besides the financial key figures, the "wiLLBe" app also provides sustainability data for investments.



LLB.ONE

By 2026, the LLB Group intends to become more digital, more agile and therefore more scalable. Our "LLB.ONE" programme enables us to focus on increasing client benefits by utilising the latest technology in our interactions with clients. In future, our clients can decide themselves when and through which channels they want to receive the LLB Group's services. In addition, a highly motivated, creative team is engaged in analysing the Group's core processes and simplifying, standardising and automating them from start to finish. We take an agile and flexible approach to this transition so that we can react to changing client requirements by analysing existing procedures and adjusting them where required.

In 2022, we modernised and upgraded the digital client platform and the digital product and service offer, particularly in the areas of financing and client life cycle.

Digital Workplace

At the LLB Group, the digital transformation applies not only to client experiences, processes and products, but also to the employees who supply them. As part of the "team@work" Group project, we are working on the internal renewal of our digital work infrastructure and the optimisation of work processes. In 2022, we continued to make good progress with the development of the digital workplace and the introduction of the functionalities of Microsoft Cloud within the LLB Group. The existing Skype for Business communication system will be replaced by MS Teams throughout the LLB Group. MS Teams has been available to all staff for video conferencing and desktop sharing since the end of 2022. The changeover of all telephones to MS Teams will follow during 2023. In recent years, the LLB Group has also sharply expanded its WFH (working from home) capacity. The current WFH regulations stipulate that employees can spend up to 40 per cent of their working time working from home (see chapter "Employees").

"For us, digital transformation means a lot more than the digitalisation of clients' experiences, of processes and products. We critically analyse and redesign existing structures across and within all corporate levels."

Patrick Fürer, Group CDO

Sustainable investment products

The financial services industry plays an important role in the ongoing transition to a climate-friendly economy. At the LLB Group, Asset Management has attached a high priority to sustainable investing for many years. We offer sustainable asset management services both for individual securities and investment fund portfolios. Since 1 August 2022, the LLB Group's investment advisory and asset management services have been completely aligned with sustainability criteria. Furthermore, we have added two new impact funds (funds which meet the EU's definition of being ecologically sustainable) having their focus on climate protection to our range of products. The goal is to develop investment products and services, which generate returns as well as meeting high ecological, social and ethical criteria. Accordingly they contribute to cushioning the impact of climate change. We underline our efforts to attain greater sustainability through our membership in the UN's most important financial initiatives to protect the climate (see chapter "Responsibilities for the economy, society and environment").

To enable our client advisers to keep pace with these developments, since October 2020 we are offering an extensive range of sustainability training programmes. These include self-training sessions so that new employees can complete the training quickly. We also ensure that our staff stay right up to date with sustainability themes by providing them with specific information briefings such as industry updates or at focus meetings.

Sustainable investment approach

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

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

Our investment products have achieved top positions in industry-wide comparisons and competitions for many years. In 2022, the LLB Group again received several awards. For example, the LLB Strategy Total Return 2.0 fund in the category "Mixed Umbrella Funds Balanced – Conservative" was ranked in second place by the Austrian "GELD-Magazin".

Asset management

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

The volume of assets under management at the end of 2022 stood at CHF 9.0 billion (2021: CHF 10.1 billion). The year-on-year decrease was performance-related.

Business segment result

LLB Group reports the structural contribution from interest business, the value of interest rate hedging instruments and income from financial investments under the Corporate Center. In comparison with the previous year, operating income rose by CHF 10.5 million to CHF 74.6 million. Treasury measures, which were implemented due to the increase in US interest rates, led to an expansion of trading activities, partly to the detriment of interest business. In contrast, income from financial investments was lower. Operating expenses climbed by 5.6 per cent to CHF 88.3 million as a result of targeted investments in the ACT-26 strategy.

Segment reporting

in CHF thousands	2022	2021[1]	+ / – %
Net interest income	– 10'746	28'382	
Expected credit losses	– 17	0	
Net interest income after expected credit losses	– 10'763	28'382	
Net fee and commission income	– 12'350	– 11'186	10.4
Net trading income	92'994	41'590	123.6
Net income from financial investments	– 933	3'727	
Other income	5'650	1'557	262.9
Total operating income	**74'597**	**64'069**	**16.4**
Personnel expenses	– 108'067	– 102'711	5.2
General and administrative expenses	– 80'327	– 73'361	9.5
Depreciation	– 35'632	– 39'071	– 8.8
Services (from) / to segments	135'679	131'474	3.2
Total operating expenses	**– 88'347**	**– 83'670**	**5.6**
Segment profit before tax	**– 13'749**	**– 19'601**	**– 29.9**

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.

Additional information

	31.12.2022	31.12.2021[1]	+ / – %
Employees (full-time equivalents, in positions)	622	569	9.3

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.

Reporting on sustainability topics

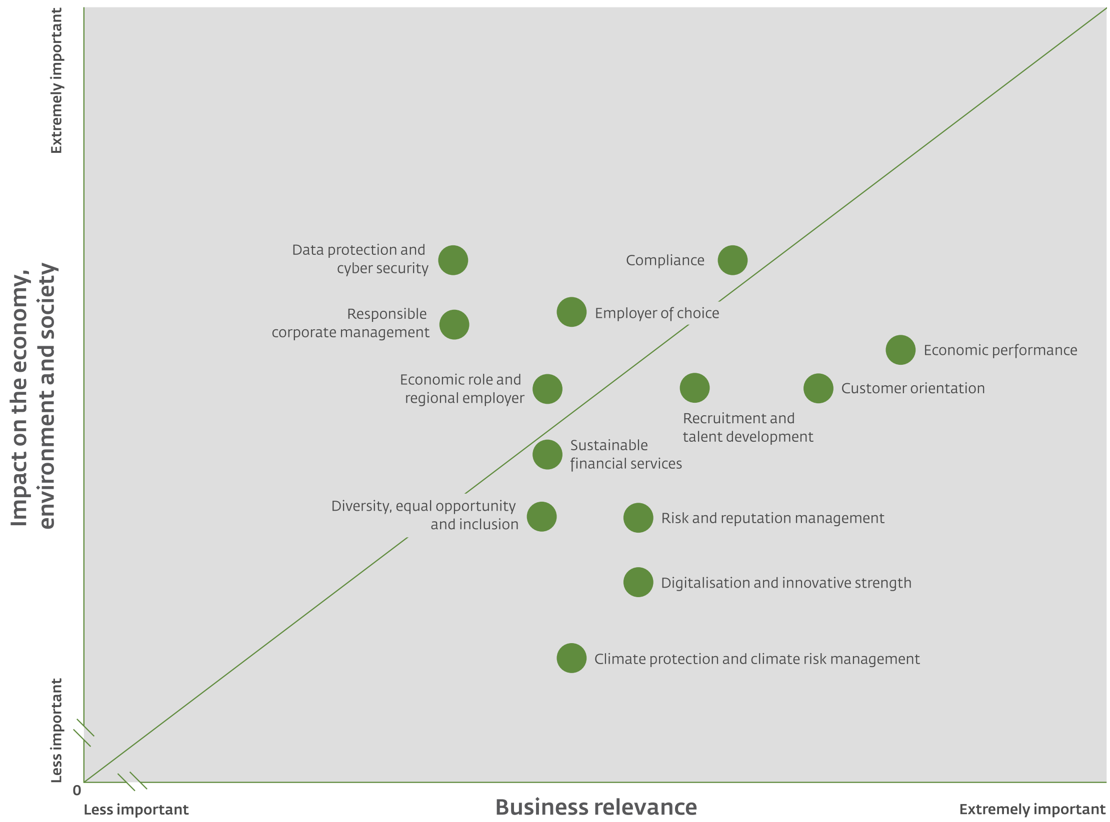
To the LLB Group, sustainability means that it creates long-term added value for its clients, shareholders, employees and other stakeholder groups. In order to provide the best possible transparency, our sustainability reporting is prepared in accordance with the internationally established Global Reporting Initiative (GRI) Standards. The thematic focus is based on a comprehensive materiality analysis.

Multi-step analysis process

LLB carried out a materiality analysis again in 2022 to meet the increasing regulatory requirements – from the EU and Switzerland. In the process, it also adapted the analysis to reflect the new ACT-26 corporate strategy.

To identify material topics, LLB adopted a strategic approach and created a materiality matrix based on the double-materiality concept, in accordance with legal requirements. Identified were those topics which are material for LLB's business activities and have the greatest impact on the economy, the environment and society on the one hand, and on the company's own success on the other. In an initial context analysis, we reviewed our value creation and supply chains again for any relevant influencing factors and identified our key stakeholder groups. Next, we compiled a detailed list of possible material topics that can have both positive and negative impacts and then evaluated and condensed it. The topics that resulted from this process were then ranked by relevance by our key stakeholder groups and the management using an online survey. After consolidating the results from the survey, we created a draft materiality matrix which was discussed, evaluated and, where necessary, adapted in a workshop attended by representatives from various departments at LLB. The materiality matrix and material topics are presented and discussed in the latest sustainability report. The topics which are material for LLB are listed in the matrix. The Board of Directors was informed about changes to the material topics as part of sustainability reporting. It subsequently reviewed and approved the sustainability report including the materiality matrix.

In accordance with the content requirement for a non-financial declaration requirement set out in Liechtenstein's Persons and Companies Act (PGR), at a minimum those topics from the areas of environmental, social and employee matters, anti-corruption and bribery matters as well as respect for human rights were identified in the analysis as report content that is material in the sense of having "double materiality". These are topics that have relevant impacts on society, the environment or the economy and are relevant for an understanding of LLB's development and performance.



In dialogue with stakeholder groups

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

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

The most significant stakeholder groups are in particular:

- Clients: Their needs are uppermost at every point of contact. Using various channels, we determine the needs and level of satisfaction of our clients.
- Principality of Liechtenstein: The Principality of Liechtenstein is our majority shareholder. We exchange views with representatives of the Landtag (Parliament) and the Government on a regular basis (see chapter "Corporate governance").
- The public: All our branding and communication measures are high-profile. A key trust-building element in this regard is an intensive exchange with media representatives (see sections "Public relations" and "Media relations").
- Partners and non-governmental organisations (NGOs): Through our membership of associations and organisations, we maintain a dialogue with partners and NGOs (see chapters "International Wealth Management" and "Responsibilities for the economy, society and environment").
- Employees: We reach our employees over our intranet, which is continuously updated, and through our "InSight" staff magazine. There are also various events where employees have the opportunity to personally meet and discuss with members of the Group Executive Board (see chapter "Employees").

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

Media relations
Irrespective of the ad hoc information and the annual media and analyst conference, we are in constant contact with the media and business journalists in our market regions. We make every effort to answer their questions in a transparent and timely manner. The LLB Group was the subject of around 860 media articles in 2022 (2021: 820).

Public affairs
Only by constantly seeking dialogue with different decision makers are we able to voice our opinion and be heard. LLB is therefore in regular contact with opinion leaders and selected representatives from the world of politics and economics. We are a member, too, of the key industry associations and organisations such as the Liechtenstein Chamber of Commerce and Industry and the Bankers Association (see chapter "International Wealth Management"). We exchange views with the Liechtenstein Financial Market Authority (FMA) on a regular basis. LLB is obliged to report to its majority shareholder, the Principality of Liechtenstein, on the course of business. Against this backdrop, there is a meeting twice a year of the senior management of the LLB Group and the Liechtenstein Head of Government. Once a year, the Group Board of Directors and the Group Executive Board invite the entire Government to a roundtable discussion.

Public relations
We use various channels to engage with the general public. With regular market commentaries and reports in local print media, we prove our expertise in financial matters. We strengthen our relationship with the local population by organising or sponsoring various events – and these became increasingly possible again after the coronavirus pandemic.

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

Responsibilities for the economy, society and environment

As a financial institution with a long-term orientation, the LLB Group is committed to leaving an environment that is as intact as possible and stable social conditions for the coming generations. With our new corporate strategy and even more ambitious goals, we are proceeding resolutely down this path.

Performance mandate and sustainability

As the oldest bank in Liechtenstein and steeped in tradition, LLB understands the special responsibility it has for taking a long-term approach. Sustainable business management is part of its performance mandate and its corporate identity. We have a legal obligation to our majority shareholder, the Principality of Liechtenstein, to promote Liechtenstein's economic development while at the same time taking ethical and environmental factors into account. We fulfil this special obligation by offering a diverse portfolio of products and services, applying sustainable standards to our offerings, our infrastructure and procurement, and engaging broadly in society.

Sustainability as a strategic goal

Sustainability is an integral part of our DNA. With our ACT-26 corporate strategy, we are going a step further: the LLB Group wants to play a pioneering role in the future. Sustainability is one of our three strategic core elements (see chapter "Strategy and organisation").

Our aim with ACT-26 is to be perceived as a bank that is stable, sustainable and innovative. We also want to differentiate ourselves from our competitors through it.

Overview of the sustainability strategy

Goals of the sustainability strategy

We have set ourselves the goal of reducing the net CO_2 emissions of the LLB Group to zero by 2040 – in line with the UN's ambitious target to limit global warming to 1.5°C. Our Board of Directors has adopted a sustainability strategy. Its implementation happens at the Group Executive Board level in close co-operation with our Sustainability Council (see section "Sustainability governance of the LLB Group").

Banking operations

As a first partial step in this direction, the LLB Group became climate neutral in the 2021 business year by fully offsetting its CO_2 emissions. In co-operation with the Swiss climate foundation "myclimate", we support various CO_2-reducing projects in the region and around the world. Among these is a reforestation initiative in western Uganda and a project for fertile soil as a CO_2 sink in the Lake Constance region.

myclimate
Engaged for Impact
Operations
myclimate.org/01-23-875681

At the same time, we have initiated measures (see chapter "Corporate environmental and climate protection") to ensure that emissions in our banking operations are net zero by 2040.

Bank products

In addition to adapting its day-to-day operations, the LLB Group also wants to support its clients on the way to climate neutrality: with expert advisory services and differentiated, sustainable products. Specifically, the Group has set itself here, too, the goal of reducing the CO_2 emissions of all bank products to net zero by 2040. This would mean the LLB Group becoming completely climate neutral across its banking operations and its products ten years earlier than defined in the Paris climate agreement.

Adapting our offerings is a key factor in achieving the targets that we have set for ourselves. Consequently, the LLB Group has greatly expanded its range of sustainable investment products. In addition to its well-established asset management and advisory services, it also offers a comprehensive selection of sustainable funds. Launched by LLB in 2022, the two dark green LLB Impact Climate funds, which have a discernible, positive impact on the environment and nature, have an investment volume already in excess of CHF 700 million.

The LLB Group is convinced that sustainability is not only indispensable for preserving an intact environment and society, but is also increasingly becoming a decisive competitive factor.

"The scope of our transparency is a measure of how seriously we take our responsibility for a climate-friendly economy and society. In the TCFD report we completely disclose the extent of our carbon footprint. And we make it possible for every investor to achieve lasting good through their financial commitments."

Gabriel Brenna, Group CEO

Transparency

We have used the Global Reporting Initiative (GRI) Standards as the framework for our sustainability reporting for many years. We published our first-ever TCFD report in October 2022. The report discloses in a transparent manner, and in accordance with the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD), an overview of the catalogue of measures adopted to implement the climate objectives, as well as where we stand on the path to climate neutrality.

Membership of international climate initiatives

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

- **The United Nations Net-Zero Banking Alliance:** The LLB Group has been a member of the United Nations Net-Zero Banking Alliance (NZBA) since August 2021. Its aim is to eliminate the most carbon-intensive sectors from credit and investment portfolios.
- **Race to Zero:** With its membership in the NZBA, the LLB Group is also part of the Race to Zero campaign – an initiative launched by the United Nations. The campaign brings together state and non-state actors from more than 90 nations. They recognise the importance and the urgency of working towards a decarbonised economy in order to create a healthier, safer, cleaner and more resilient world for future generations.
- **Principles for Responsible Banking:** In 2021, we also became a signatory to the United Nations Principles for Responsible Banking (PRB). The PRB is an initiative for responsible banking and provides a single framework for a sustainable banking industry. It was developed as part of an innovative partnership between banks around the world and the Finance Initiative of the United Nations Environment Programme.
- **The Climate Pledge:** The Climate Pledge is a voluntary commitment to implement the Paris climate agreement ten years earlier and be CO_2 neutral by 2040. The LLB Group has been an official partner since March 2022.
- **Principles for Responsible Investment:** The LLB Group has been a member of the Principles for Responsible Investment (PRI) Finance Initiative since 2020. As such, it supports the responsible management of securities.
- **Climate foundations:** LLB is a partner of the independent non-profit LIFE Climate Foundation Liechtenstein (since 2009) and the Swiss Climate Foundation (since 2012). It thus belongs to a group of partner firms that pool their resources to provide uncomplicated, efficient support to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein that contribute to climate protection. LLB refunds of CO_2 contributions from Liechtenstein made to the Climate Foundation are used to promote climate-friendly products and technological developments as well as energy-saving projects.
- **UN Global Compact:** As a United Nations initiative, the UN Global Compact pursues the vision of an inclusive, sustainable global economy that benefits all people, communities and markets. To make this happen, the UN Global Compact supports companies to do business responsibly by aligning with ten universal principles on human rights, labour standards, environmental protection and anti-corruption, as well as by incorporating the Sustainable Development Goals (SDGs).
- **Partnership for Carbon Accounting Financials:** PCAF is a global, industry-led initiative to assess and disclose the greenhouse gas emissions financed by loans and investments. Following PCAF recommendations on how to calculate CO_2 ensures that the CO_2 data that the LLB Group discloses are meaningful and comparable with other institutions.

Social and corporate governance

Sustainability encompasses not only the environmental but also the social and governance aspects. We are committed at the LLB Group to value-oriented management and transparent corporate governance. Through the LLB Future Foundation, we have been supporting non-profit projects in the region since 2011. On the occasion of the 10th anniversary of the Foundation, the Board of Trustees decided to present a new award, the Future Prize, for excellent sustainability commitment every two years (see chapter “Industry initiatives and corporate citizenship”).

Sustainability governance of the LLB Group

The LLB Group's organisational structure is made up of divisions. The management structure encompasses the two market divisions "Retail and Corporate Banking" and "International Wealth Management" as well as the functions of Group Chief Executive Officer (CEO), Group Chief Financial Officer (CFO) and Group Chief Digital & Operating Officer (CDO) (see chapter "Strategy and organisation").

LLB set up a new governance structure during the year to ensure that sustainability matters are addressed at all levels of the hierarchy.

Since the 2022 business year, a so-called Sustainability Council has been responsible within the LLB Group for coordinating our ambitious goals. It is a key governing body in our new governance structure and has five permanent members. The Group CEO acts as Chairman. The four other members are the CEOs of the subsidiaries LLB Österreich and Bank Linth as well as the Head of International Wealth Management and the Head of Group Corporate Communications & Sustainability. The Sustainability Council is tasked with overseeing the implementation of the sustainability strategy and making adjustments where necessary. The council generally convenes every three months. It informs the Group Executive Board about how climate risk management is progressing on a semi-annual basis. The Group Executive Board and the Sustainability Officer report to the Board of Directors on the implementation and progress of the sustainability strategy twice a year.

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

In 2021, we also formed what are called green teams and assigned them to the workstream of the Sustainability Officer. In these teams, employees can contribute their own ideas and take on project responsibility during regular working hours, thereby helping to actively shape the sustainable future of the LLB Group. We want in this way to tap into the creativity of each individual in order to find innovative solutions that would not be found otherwise through a top-down only approach. The Board of Directors is regularly informed about these activities.

As the highest governing body at the LLB Group, the Board of Directors regularly participates in related discussions and approves the sustainability and climate strategy as well as the sustainability report as part of the annual report. At a closed meeting in 2022, it was updated on the implementation status of the various strategic initiatives and on all sustainability topics relevant to LLB. The Board of Directors is otherwise kept informed of the progress being made when it convenes. At its meeting in February 2023, the current sustainability and climate strategy is up for discussion and review.

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

Overview of sustainability and climate governance structure

Focus topic: Governance in risk management

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

Organisational structure of risk management

Further development of staff competences

Financial institutions are facing a host of sustainability-related regulations driven primarily by the EU Commission, the overarching aims of which are to slow down global warming and to ensure compliance with social standards. In order to achieve these, global capital flows are being redirected towards more sustainable investments. The LLB Group is following developments closely and making the necessary adjustments in its areas of activity (see chapter "Values and corporate management").

Sustainability with high ambitions as part of the strategy

Our employees are an important factor for the success of our sustainability strategy. We offer them appropriate training or professional education so as to stay up to date with changing regulatory requirements as well as with our growing number of sustainable products (see chapters "Employees" and "Sustainability in banking").

Values and corporate management

The values of "integrity", "respectfulness", "excellence" and "pioneering" (see chapter "Strategy and organisation") form the basis for the corporate management of the LLB Group. Our Code of Conduct provides a reliable guiding framework for the value-based and forward-looking actions of all employees (see chapter "Employees").

Responsible corporate management

We plan to revise our Code of Conduct next year and to incorporate the issue of human rights to a greater extent. Similarly, we intend to draw up a code of conduct for our suppliers to encourage them to act more sustainably. We are guided by the concerns of our clients and pay particular attention to meeting their security needs and our data protection standards for the use of the various distribution channels at all times (see chapter "Finance and risk management"). Our aim is to win over clients with good products and services. As the bank for the country and the people, being able to offer attractive and innovative price models is important to LLB (see chapter "Sustainability in banking").

Corporate governance and corporate culture

The LLB Group promotes fairness, transparency and accountability as well as the ethically correct and legally compliant conduct of its employees. By doing so, we protect the interests of our stakeholders and ensure good, sustainable corporate management. And we can contribute to a more socially just society and economy.

As part of its corporate governance, LLB ensures responsible management, guarantees correct monitoring processes and promotes transparency. As a listed company, the SIX Exchange Regulation directive on Corporate Governance (DCG) forms the fundamental basis for corporate management. The Liechtenstein Law on the Control and Oversight of Public Enterprises (ÖUSG) and the Law on Liechtensteinische Landesbank (LLBG) provide a further framework. The Group Tax Compliance Department is responsible for ensuring implementation of the tax compliance strategy as well as compliance with the Automatic Exchange of Information (AEOI) and the FATCA agreement.

Besides strategy, corporate culture is also a key factor in our success. For this reason, LLB promotes the implementation of internal rules, processes and practices that foster ethical behaviour, fairness and transparency. Our Code of Conduct provides a reliable framework that offers guidance to all employees in acting in a value-driven and responsible manner. The principles it contains not only fulfil statutory requirements, but also meet ethical and social standards.

Compliance and legal risks

At the LLB Group, compliance and legal risks are defined as the risks of violations of legal and regulatory provisions as well as of standards, which can lead to sanctions and result, in particular, in financial losses or reputational damage. Ensuring good compliance is a challenging management task. LLB's Board of Directors defines the guidelines and receives a written report once a year from Group Legal & Compliance on compliance risks and measures taken to remedy them. The Group Legal & Compliance Business Area informs, supports and advises the Group Executive Board on the assessing and monitoring of compliance risks. Key compliance issues such as following regulatory changes, implementing new requirements, training employees and monitoring are dealt with by the appropriate departments. These include, for example, Group Regulatory Compliance, Group Financial Crimes Compliance and Group Tax Compliance.

A set of internal rules and regulations exist for all key issues, including whistleblowing. Anyone with information about improper conduct by any employee of the LLB Group which is not consistent with its compliance principles and could be detrimental to the bank has the option of contacting the bank's internal whistleblowing office either in writing, verbally or electronically. This can now also be done using a separate tool that enables anonymous reporting and communication with the bank. The whistleblowing office investigates reports made, determines whether there has been a possible violation of laws, rules and regulations, morality or the like, and classifies the information accordingly. The whistleblower is protected and must not suffer any disadvantage through making the report. If a compliance violation has occurred, it is then assessed in a regulated internal process and, if necessary, punished.

In the reporting year, no penalties or fines were imposed on LLB due to violations of legal or regulatory requirements. We expect all employees to observe the Code of Conduct, to act with integrity and to comply with professional standards as well as with the existing laws, regulations and directives.

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

Risk and reputation management

The LLB Group proactively manages opportunities and risks, and this enables it to identify and mitigate risks in good time. Risks can have a significant impact not only on LLB's standing in the market, with the public as well as with clients and staff, but also on the success of the business. By acting diligently and in compliance with the law, we can further mitigate risks and uphold our reputation along with the good name of the Liechtenstein financial centre. We are intent on identifying potential risks early so that appropriate measures can be taken promptly. In this way, we not only ensure the bank's continued existence, but also protect our clients and all other stakeholders.

To this end, LLB takes a holistic approach to risk and reputation management with organisational and independent control processes and authorities. The Board of Directors of the LLB Group determines the basic risk strategy, risk policy and risk tolerance with the support of the Group Risk Committee. The Group Executive Board is responsible for the implementation of the risk management processes within the intended scope. It is supported by the various risk committees.

The Group Credit & Risk Management Department identifies, assesses and monitors risks. It reports to the Board of Directors and the Group Executive Board on the LLB Group's key risks. The division is functionally and organisationally independent of the operative units and supports the Group Executive Board in the management of overall risk.

Digitalisation

For the LLB Group, digitalisation and innovative strength are of major importance. The banking business has been undergoing digital transformation for decades. Starting with settlement in the core banking system, successive processes were digitalised until finally the transformation also reached the client business. Apart from cash, there is no other financial service that is used exclusively in the physical world. With the growing penetration of technology into everyday life, interpersonal interaction such as in advisory meetings is being increasingly supported digitally.

To ensure our continued success, we are intent on using the opportunities that digitalisation brings to our processes and to the development of new products and services. Our innovative strength allows us to capitalise on competitive advantages that we reap from digitalisation. With our offerings, which reflect changing needs, we create customer experiences. Lower development costs and better scalability of products and services have a positive effect on LLB's profitability, which ultimately also benefits our stakeholders. At the same time, we are keen to actively counter any negative effects of digitalisation for our clients, employees and society. Digitalisation can lead at LLB to a change in internal job specifications. Other possible consequences are a reduction of service levels and anonymous services or even manipulative techniques in online distribution. We are aware of the negative effects and want to counteract them with our solutions: with our omni-channel advisory service, we continue to operate a physical channel; we set high data protection standards; and we promote honest, transparent communication.

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

“Sustainability” was centre stage in the area of digitalisation and innovation for LLB in 2022. Besides anchoring sustainability as one of the Group’s three strategic objectives, LLB followed through with an offering on the market: “wiLLBe” enables sustainable investment on the basis of personalised sustainability topics. “wiLLBe”, the LLB Group’s first fully digital offering, was launched in 2022. The sustainable investment app enables paperless onboarding within minutes and, for the first time, provides retail clients with an asset management service with individual securities at very competitive costs.

The greatest challenge for LLB as well as for the whole industry over the next few years will be, despite complexity in the regulatory banking environment, to integrate efficient and scalable digital solutions, while at the same time providing maximum benefits to clients.

Regulatory framework and developments

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

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

Our sustainability strategy focuses on tackling some of society’s biggest challenges but also addresses the concomitant regulatory and political requirements. Of specific importance here is Regulation (EU) 2020/852 (EU Taxonomy). As described in the following chapters, it has an impact on our core strategy, our product development and the way we deal with our clients and stakeholders. The customised implementation of the EU Taxonomy helps us to develop our own ambitions further and is coordinated and acted upon within the LLB Group.

Implementation of regulatory frameworks 2015–2022

2015
- 4th EU Anti-Money Laundering Directive
- Agreement on the Automatic Exchange of Information (AEOI) signed by Liechtenstein / EU

2016
- Undertakings for Collective Investment in Transferable Securities Directive V (UCITS V)
- Complete revision of the Investment Undertakings Act (IUA)
- Implementation of AEOI

2017
- Revision of Due Diligence Act (DDA)

2018
- Markets in Financial Instruments Directive II (MiFID II)
- EU General Data Protection Regulation (GDPR)
- EU Mutual Assistance Directive

2019
- Deposit Guarantee Schemes Directive (DGSD)
- EU Payment Services Directive (PSD2)

2020
- Implementation project for the Financial Services Act (FinSA) / Financial Institutions Act (FinIA) Switzerland

2021
- Adaptation to the Due Diligence Act (DDA) to implement the 5th EU Anti-Money Laundering Directive

2022
- Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation)
- Regulation on sustainability-related disclosures in the financial services sector (Disclosure Regulation) and Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation)
- Adaptation to the Liechtenstein Banking Act and to the Banking Ordinance to implement the Capital Requirements Directive V (CRD V)

Regulatory disclosure obligations under Article 8 of the EU Taxonomy Regulation

The aim of the EU Sustainable Finance Action Plan is to direct capital flows into environmentally sustainable economic activities. This requires a common understanding of what constitutes environmentally sustainable economic activities. This prerequisite was created with Regulation (EU) 2020/852 (EU Taxonomy), which entered into force in Liechtenstein on 1 May 2022. In addition to establishing the criteria for determining whether an economic activity qualifies as environmentally sustainable, the EU Taxonomy also lays down comprehensive reporting obligations for credit institutions.

In accordance with Article 3 of the EU Taxonomy, an economic activity qualifies as environmentally sustainable if it contributes substantially to any one of the environmental objectives below. At the same time, it must not adversely harm any of the other environmental objectives and must comply with the minimum safeguards laid down.

The following six environmental objectives provide a benchmark for assessing the environmental sustainability of an economic activity under the EU Taxonomy:
1 climate change mitigation
2 climate change adaptation
3 sustainable use of water resources
4 transition to a circular economy
5 pollution prevention, and
6 protection of ecosystems and biodiversity.

The conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and climate change adaptation and as causing no significant harm to any of the other environmental objectives are determined using the technical screening criteria laid down in Delegated Regulation No. (EU) 2021/2139. The technical screening criteria for the other environmental objectives are expected to be adopted in a delegated act during the course of 2023.

In accordance with Article 8 of the EU Taxonomy, the LLB Group is obliged to disclose information about the proportion of total assets of the LLB Group that is associated with economic activities that qualify as environmentally sustainable under the EU Taxonomy. The reporting obligations are specified in Delegated Regulation No. (EU) 2021/2178 and will enter into force gradually by the 2025 reporting year.

The reporting obligation for the 2022 reporting year covers, on the one hand, the proportion of exposures related to taxonomy-eligible economic activities. This corresponds to the proportion of total assets that is associated with economic activities described in Delegated Regulation No. (EU) 2021/2139. Neither compliance with the technical screening criteria nor compliance with the minimum safeguard standards is essential for this. For the 2022 reporting year, the proportion in total assets of exposures related to taxonomy non-eligible economic activities is also disclosed. The same applies to the proportion in total assets of exposures to supranational issuers, central banks and central governments, the proportion in total assets of derivatives, the proportion in total assets of exposures to entities that are not obliged to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU, the proportion in total assets of on-demand interbank loans and the proportion in total assets of the trading portfolio. The reporting obligation for the 2022 reporting year covers not only quantitative information but also qualitative information in accordance with Annex XI of Delegated Regulation No. (EU) 2021/2178.

The taxonomy eligibility analysis is an intermediate step in the reporting and corresponds to full compliance with the regulatory requirements under Article 8 of the EU Taxonomy until the full reporting obligations under Article 10 of Delegated Regulation No. (EU) 2021/2178 enter into force.

From the 2023 reporting year, the LLB Group is obliged to disclose the proportion of exposures related to taxonomy-aligned economic activities[1] of a defined portion of the assets. Known as the green asset ratio (GAR), it indicates the proportion of business volume of the LLB Group that is associated with economic activities that are environmentally sustainable under the EU Taxonomy.

To enable comparability over time, the calculation of the key figures for the 2022 reporting year corresponds to the specifications for the calculation of the GAR.

Total assets minus exposures to central governments, central banks and supranational issuers in the denominator were therefore used as the reference value for calculating the seven key figures below. In accordance with Article 7 and Annex V of Delegated Regulation No. (EU) 2021/2178, the following exposures were also excluded from the numerator for the calculation of the first two key figures:
- exposures to central governments, central banks and supranational issuers
- derivatives
- financial assets held for trading
- on-demand interbank loans.

The exclusion of exposures to entities that are not obliged to publish non-financial information under Article 19a or Article 29a of Directive 2013/34/EU was not made for the 2022 reporting year due to limited data availability.

The calculation of the key figures for the 2022 reporting year was based on regulatory financial reporting requirements and the scope of prudential consolidation. The table below summarises the results of the reporting obligations applicable for the 2022 reporting year.

1 An economic activity qualifies as taxonomy-aligned if it contributes substantially to any one of the environmental objectives, does not adversely harm any of the other environmental objectives and complies with all social minimum safeguards.

	Proportion in % of total assets[2]
Proportion of exposures related to taxonomy-eligible economic activities	**21 %**
Proportion of exposures related to non taxonomy-eligible economic activities	**76 %**
Other exposures	
Proportion of derivatives	2 %
Proportion of entities that are not obliged to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU	n/a
Proportion of trading portfolio	0 %
On-demand interbank loans[3]	1 %

Exposures excluded from the calculation	
Proportion in total assets of central governments, central banks and supranational issuers	33 %

2 Excluding exposures to central governments, central banks and supranational issuers
3 Term < 1 year

Financial centre strategy

In 2019, the Government published a comprehensive financial centre strategy designed to further enhance the competitiveness of the Liechtenstein financial centre. The path of tax compliance should continue to be pursued. The same applies to compliance with international rules and standards. The focus of the strategy is on unrestricted and equal access to markets and improving the framework conditions for innovative enterprises. In addition, the Government has set four strategic goals in order to meet international expectations in the area of combating money laundering and terrorist financing. Dialogue with key partner countries is to be intensified. Membership of international bodies such as the International Monetary Fund (IMF) will thus continue to be explored. The Government also attaches great importance to digitalisation and blockchain technology. With the Blockchain Act (Token and TT Service Providers Act, TVTG), Liechtenstein is the first country in the world to develop a legal basis for the token economy.

International tax topics

Disclosure of cross-border tax planning arrangements

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

International co-operation on tax topics

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

Plans for international group taxation

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

Access to the EU market

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

Data protection and cyber security

Due to increasing digitalisation, client data protection and information security play a fundamental role in banking practice. Sophisticated information processing systems, which guarantee confidentiality, availability and integrity, protect against dangers and threats and help to prevent damage as well as minimise risks. By taking appropriate technical precautions on information security and data protection, we can ensure the seamless operation of digital systems, engender trust among our clients and employees and promote economic activity in Liechtenstein. We also contribute to the protection of the country's critical infrastructure.

The Group Information Security Department bears primary responsibility for client data protection and information security. The laws and supervisory guidelines in Liechtenstein, Switzerland and Austria together with the specific regulations in our target markets (in particular, the Banking Act, the Data Protection Act, the GDPR as well as FINMA and FMA requirements) regulate, in a clear and binding manner, the responsibilities and measures for client data protection and information security. We process personal data in accordance with the General Data Protection Regulation. At the LLB Group, the principles and policies are set out in directives that are binding throughout the Group. Employees are regularly trained and sensitised in the responsible handling of client data and information.

Standards for cyber security are very high at the LLB Group. Specialists from the responsible data centre continuously analyse new cyber threats and, depending on the risk, take appropriate countermeasures. External comparisons and penetration tests guarantee a good level of security on a continuous basis.

In the reporting year, LLB registered no substantiated complaints regarding breaches of client privacy or losses of client data.

EU General Data Protection Regulation (EU GDPR)

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

Data protection laws in Switzerland and Dubai (DIFC)

The Swiss Data Protection Act was completely revised in 2020 and partially adapted to the EU GDPR. But it retains its own basic concept. It will come into force on 1 September 2023.

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

Protection against money laundering and terrorist financing

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

Compliance with international standards

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

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

Consumer protection

MiFID II / Liechtenstein

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

FinSA / Switzerland

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

Rules of the game in the EU payment systems market

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

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

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

Capital adequacy requirements

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

Transparency Regulation and Taxonomy (Regulation in the sustainability sector)
The EU Sustainable Finance Action Plan adopted by the European Commission in March 2018 aims, among other things, to improve the financial sector's contribution to sustainable and inclusive growth by financing society's long-term needs, as well as to strengthen financial stability by requiring environmental, social and governance (ESG) factors to be taken into account in investment decisions. This affects LLB AG and LLB Österreich, as well as other institutions in Liechtenstein and Switzerland. The background to this is the progressive tightening of requirements in the European Economic Area (EEA), efforts to secure EU market access for Swiss financial service providers and the growing expectations of all market participants. The LLB Group is following developments closely and taking the steps that are necessary to meet the new requirements.

Deposit guarantee schemes and investor compensation (DGSD)

The DGSD requires EEA member states to recognise at least one national guarantee scheme that is responsible for the implementation of the deposit guarantee scheme at banks. All banks must belong to a deposit guarantee scheme which is supervised by a national authority. In Liechtenstein, this function is assumed by the Financial Market Authority. The new Deposit Guarantee and Investor Compensation Act (DGICA) entered into force in 2019.

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

Recovery and resolution planning (RRA)

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

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

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

Economic value creation

LLB AG is firmly rooted in its three home markets of Liechtenstein, Switzerland and Austria: it is positioned as the most important universal bank in Liechtenstein, as a leading asset management bank in Austria and as the largest regional bank in eastern Switzerland. Through economic value creation, it creates stability and sustainable, profitable growth for itself as well as for the financial centres of Liechtenstein, Austria and eastern Switzerland.

Contribution to the State of Liechtenstein

The LLB Group makes a contribution through, among other things, dividends and direct taxes to the economic development of the country of Liechtenstein. Not only the State of Liechtenstein as the majority shareholder of LLB AG, the remaining shareholders and Bank Linth but, indirectly, other stakeholders – the employees and business partners as well as the local communities – also benefit from the distribution of profits and increase in value. In its investment strategy, the Liechtenstein Government sets out the expectation that the corporate value of LLB AG will increase over the long run. With this in mind, the latter must set medium-term targets for growth and cost and capital efficiency. Furthermore, the Liechtenstein Government expects that LLB consciously accepts the risks associated with the activities of a universal bank and manages them prudently. Against this background, it requires that the governing bodies of Liechtensteinische Landesbank AG also consider in particular the bank's economic significance to the country and its reputation. Further, corporate governance must take adequate account of ethical and ecological aspects. Operating profit is monitored on a monthly basis using budget versus actual comparisons. Regular discussions are held with the Liechtenstein Government to provide an update on the level of dividends and tax.

Stability

Liechtenstein is one of only eleven countries worldwide with an AAA rating. As part of its half-yearly review of country ratings, the international rating agency Standard & Poor's (S&P) reaffirmed its top AAA rating with a stable outlook for the country in its Research Update from 25 November 2022. In its report, it anticipates somewhat of a slowdown in the Liechtenstein economy due to the widening impact of the Russia-Ukraine conflict. Inflation is expected to be higher and foreign demand lower, as is likely to be the case in other European economies. Liechtenstein is nevertheless assumed to have the necessary flexibility to be able to respond appropriately. S&P notes in this connection its highly diversified economy, which allows Liechtenstein to stand out among other small nations and puts it into a position to rapidly adapt to changing conditions. The rating agency sees Liechtenstein's stable outlook supported by its strong budgetary position as well as its high policy effectiveness and prudent regulatory framework. What's more, being awarded the highest rating in the country ratings underlines Liechtenstein's reliability in these uncertain times.

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

The LLB share

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

Market capitalisation

The LLB share has been listed on the Swiss stock market, SIX Swiss Exchange, since 1993 under the symbol LLBN (security number: 35514757) and assigned to the "International Reporting Standard" segment. In 2022, around 2.1 million LLB shares (2021: 2.7 million) were traded, corresponding to 6.8 per cent (2021: 8.7 %) of total shares issued. With 30.8 million registered shares issued, the market capitalisation of Liechtensteinische Landesbank AG stood at CHF 1.7 billion as at 31 December 2022 (2021: CHF 1.6 billion). The LLB share had been listed in the MSCI World Small Cap Index since 2018, but was delisted with effect from 31 May 2022.

Shareholder structure

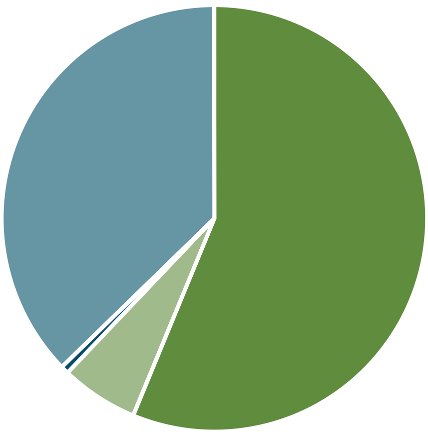
The Principality of Liechtenstein held 17’336’215 LLB shares, or 56.3 per cent of the share capital, as at the end of the reporting year. On 27 January 2022, LLB published an advance notice announcing its public tender offer to acquire outstanding Bank Linth shares. The shareholders had a free choice between a partial exchange offer into LLB shares with a cash component and a full cash settlement. On 18 May 2022, LLB successfully settled the offer. As part of the partial exchange offer with a cash component, 363’785 LLB shares accrued to the former Bank Linth shareholders, corresponding to 1.2 per cent of all outstanding LLB shares. LLB had acquired these shares from its majority shareholder, the Principality of Liechtenstein, on 13 May 2022. This reduced the Principality of Liechtenstein’s stake in LLB from 57.5 per cent to 56.3 per cent. Under the ownership strategy (www.llb.li/en/investors/llb-share) it adopted in 2011, the Liechtenstein Government explicitly supports the stock exchange listing of LLB and retains a majority stake of at least 51 per cent.

5.9 per cent of the shares were owned by the Haselsteiner Familien-Privatstiftung and the grosso Holding Gesellschaft mbH, both of which are domiciled in Austria, as at 31 December 2022 (see chapter “Corporate governance”).

LLB held 0.6 per cent (2021: 0.8 %) of its own shares as at the end of the reporting year. The remaining registered shares were in free float, whereby none of the other shareholders held more than 3 per cent of the share capital.

Overall 89.0 per cent of the 30.8 million total registered shares were entered in LLB AG’s share register at the end of 2022. 11.0 per cent, or 3’374’273 shares, were not registered.

Shareholder structure in per cent

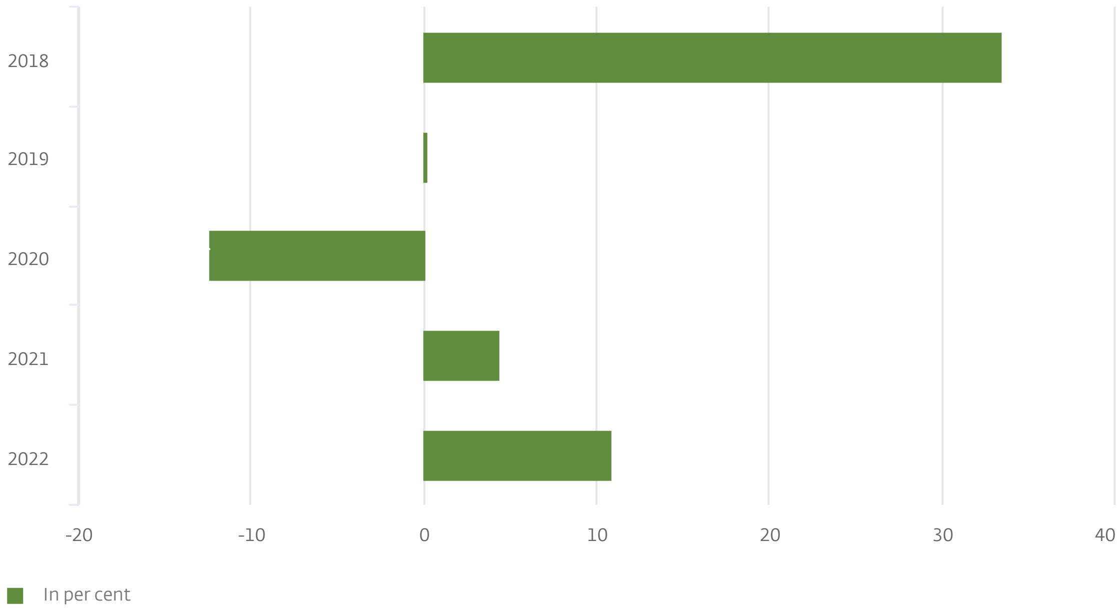


- Principiality of Liechtenstein: 56.3 %
- The shareholders group consisting of the Haselsteiner Familien-Privatstiftung (private family foundation) and grosso Holding Gesellschaft mbH (holding company): 5.9 %
- LLB: 0.6 %
- Free float: 37.3 %

Share price performance

2022 will be remembered for a long time. Record-high inflation prompted central banks to quickly tighten monetary policy. This led to big losses in the financial markets, for both bonds and equities. Measured by the Swiss Performance Index (SPI), shares listed on the Swiss stock exchange lost 16.5 per cent. In contrast to the SPI, shares in the Swiss SWX Banks Index rose. After ending in negative territory in 2021, it registered a gain of 10.4 per cent in 2022. The LLB share produced a total return of 10.8 per cent for the reporting year. It traded as high as CHF 58.90 and as low as CHF 49.55.

Total return on the LLB share

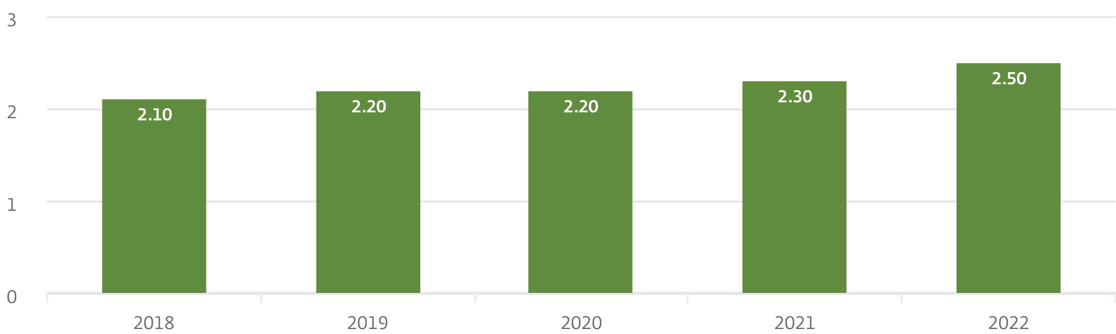


Dividend policy

Liechtensteinische Landesbank pursues an attractive, long-term-oriented dividend policy for the benefit of its shareholders. Furthermore, the LLB Group is committed to safeguarding its financial security and stability (see chapter "Strategy and organisation"). Under the ACT-26 strategy, it intends to keep risk-bearing capital at a tier 1 ratio of over 16 per cent in accordance with Basel III. LLB will maintain a sustainable and attractive dividend policy. The payout ratio should be more than 50 per cent. Continuous dividend development is also being strived for (see chapter "Strategy and organisation").

The Board of Directors will propose an increase in the dividend to CHF 2.50 (2021: CHF 2.30) per share at the 31st Ordinary General Meeting of Shareholders on 5 May 2023. Based on the share price as at the end of 2022, this corresponds to a dividend yield of 4.5 per cent. Total dividends to be paid out amount to CHF 76.6 million (2021: CHF 70.3 million). This represents a payout ratio of 51.2 per cent for 2022 (2021: 51.0 %).

Dividend per share (2018–2022[1] in CHF)



[1] The Board of Directors will propose a dividend increase to CHF 2.50 for the year 2022 at the Annual General Meeting on 5 May 2023.

Analysts' recommendations

In August 2022, Michael Klien, the Zürcher Kantonalbank analyst responsible for monitoring the LLB share, wrote: "The bank continues to enjoy good growth and to exercise cost discipline. The new strategy is still in its infancy but has got off to a good start." The LLB share continues to be rated "overweight".

Research Partners AG has been covering the LLB share since mid-2016. In his latest report, analyst Rainer Skierka confirmed his buy recommendation. He above all emphasised the positive position it is in. At the Group level, LLB has a diversified income structure made up of three pillars: net interest, investment and trading. The Cost Income Ratio is already within the range set out in the ACT-26 strategy, attesting to the steady gains in efficiency and high cost awareness at the LLB Group. The twelve-month price target was adjusted to CHF 69.00 (2021: CHF 77.00) and is based, according to Skierka, on the Gordon Growth Model (dividend growth model).

Communication with the capital market

The LLB Group publishes its annual and interim financial results (see chapter "Responsibilities for the economy, society and environment"). Normally, we hold a media and analyst conference on the annual results in Zurich. As in the previous year, it could not take place physically in 2022 due to the coronavirus pandemic. Instead there was a conference call for analysts, investors and the media – like we have for the interim financial results. Most importantly, the annual and interim reports are prepared in accordance with legal requirements. For several years now, the LLB Group has ranked among the companies with the best results in the overall rating category of the Swiss Annual Report Rating, underscoring the high quality of our information policy.

Also at the General Meetings of Shareholders, the Board of Directors and the Board of Management inform transparently about the course of business. Both in 2020 and 2021, these had to be held without shareholders being physically present due to COVID-19. Because the pandemic made planning difficult for so long, the Annual General Meeting took place again in 2022 without the personal participation of shareholders. In order to preserve their rights, shareholders were able to exercise their voting rights by post or electronically.

We also hold regular discussions with investors, provide information at roadshows and are represented at specialist conferences for financial analysts and investors. During the reporting year, we took part in three virtual roadshows and in the Investora event in Zurich.

All publicly accessible information about the LLB Group can be obtained from our website at www.llb.li. Anyone interested is welcome to register at www.llb.li/registration to receive price-relevant information about the LLB Group electronically. Additionally, we publish our information via our social media channels such as Facebook and Twitter. We publish the annual and interim financial reports in a comprehensive online version. The Annual Report 2022 in German can be accessed online at gb2022.llb.li and in English at ar2022.llb.li.

The LLB share: facts and figures

in CHF thousands	31.12.2022	31.12.2021
Total of registered shares issued (fully paid up)	30'800'000	30'800'000
Number of shares eligible for dividend	30'620'119	30'567'065
Free float (number of shares)	11'478'904	11'062'065
Free float (in per cent)	37.3	35.9
Year's high (15 February 2022 / 9 April 2021)	58.90	55.70
Year's low (23 May 2021 / 23 February 2021)	49.55	50.00
Year-end price	55.80	52.60
Total return LLB share (in per cent)	10.8	4.3
Performance SPI (in per cent)	– 16.5	23.4
Performance SWX Banking Index (in per cent)	10.4	– 4.2
Average trading volume (number of shares)	8'028	10'272
Market capitalization (in CHF billions)	1.72	1.62
Basic earnings per share attributable to the shareholders of LLB (in CHF)	4.82	4.25
Dividend per LLB share (in CHF)	2.50[1]	2.30
Payout ratio (in per cent)	51.2	51.0
Dividend yield at year-end price (in per cent)	4.5	4.4
Return on equity attributable to the shareholders of LLB (in per cent)	7.2	6.3
Eligible capital per LLB share (in CHF)	54.3	58.6

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 5 May 2023

Sustainability in banking

Since its establishment around 160 years ago, sustainability has been firmly rooted in Liechtensteinische Landesbank's DNA. The new ACT-26 strategy lends even more relevance to the topic. Sustainability is one of its three core elements. The LLB Group intends to play a pioneering role in the area of sustainability, with its range of products and services front and centre.

Sustainability as a core element of the strategy

Based on the conviction that it is doing the right thing, the LLB Group further strengthened its efforts on the sustainability front during the reporting year. We intend to keep up our efforts. Indeed, with the implementation of the new ACT-26 corporate strategy we have set ourselves ambitious sustainability goals. By 2040 at the latest, we – and this includes our product range – aim to be completely climate-neutral (see chapter "Strategy and organisation"). This is ten years earlier than foreseen by the Paris climate agreement and in line with the UN's ambitious 1.5°C target (see chapter "Responsibilities for the economy, society and environment").

Transparent implementation

As we work towards our sustainability goals, we will ensure maximum transparency. In October 2022, we therefore published our first-ever TCFD report based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD). In it, the LLB Group disclosed a catalogue of measures to achieve its climate goals. It also contains information on where it stands on them, as well as how it deals with climate-related risks and what opportunities it sees. Reporting will be on an annual basis.

Sustainable products and services

The LLB Group wants in future to play a pioneering role in the field of sustainable finance. By steering investment in and granting loans to companies that offer innovative technologies, products and services to combat social and ecological challenges and advance sustainable development, we can make a positive contribution to the environment and society. It is therefore important to the LLB Group to integrate **ESG** criteria, i.e. relating to the environment, society and corporate governance aspects, into its investment process.

LLB Asset Management AG is responsible for the classical and the sustainable investment processes. The aim is to develop a range of products that satisfies both regulatory requirements and client demand. Classical and sustainable investment guideline implementation is assessed by the Investment Compliance department as well as internal and external auditors. The dynamic nature of this topic means that we periodically need to review our approach and adapt it further as appropriate.

Introduction of the ESG+ approach

In addition to the existing ESG sustainability approach, where investment is primarily made in products in the "light green" category under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR), LLB has, since the 2022 reporting year, also offered its clients the ESG+ approach. Under this approach, a substantial part of any investment is made in products in the "dark green" category in accordance with Article 9 of the EU SFDR (see section "Sustainable investment approach"). All private client asset management mandates and all LLB strategy funds have been duly changed over to ESG or ESG+. Consequently, we already offer our clients only sustainable asset management and advisory mandates as standard.

Following the introduction of ESG+, we launched two dark green LLB Impact Climate funds in accordance with Article 9 of the EU SFDR. CHF 580 million has meanwhile been invested in the LLB Impact Climate Aktien Global Passiv Fund, which is aligned with the Paris climate goals, and CHF 135 million in the LLB Impact Climate Obligationen Global Fund, a green bond fund.

New investment app

We also want to be able to offer our clients a variety of sustainable investing options to suit their particular preference. With this mind, we introduced a purely digital asset management solution, among other things, in autumn 2022. Available in Switzerland, Liechtenstein and Germany, the wiLLBe app consistently implements the Sustainable Development Goals (SDGs) of the UN. Investors can invest in seven topics such as, for instance, education and equal opportunities, climate and environmental protection and clean energy. Investment experts at LLB identify companies that are particularly suitable for sustainably investing in and exert the biggest impact in the selected topic.

ESG integration in asset management

For the LLB Group, sustainability in asset management means adopting a responsible approach to investing that meets high ethical, social and environmental standards. Furthermore, looking at sustainability aspects brings an additional perspective to risk assessment and as such supports long-term value creation for our clients. As a member of the UN Principles for Responsible Investment (PRI) Finance Initiative, we are committed to responsible investment management. In this way we can contribute to meeting the UN's SDGs. We expect broadly diversified, sustainable investments to yield returns comparable to those from traditional investments.

We have opted to apply a methodologically comprehensive approach to the sustainable investment process. We consider various sustainability criteria at the individual analysis level and also offer balanced model portfolios for all relevant markets.

With investments that are based on our ESG and ESG+ sustainability approaches, mainly securities with a favourable ESG rating are considered when constructing a portfolio. Furthermore, companies with serious violations of important international norms or with substantial turnover in industries such as tobacco, gambling, nuclear energy or weapons are excluded from the portfolio altogether. Under the ESG investment strategy, a substantial part of the portfolio is invested in products in the "light green" category under Article 8 of the EU SFDR and at least 5 per cent is invested in products in the "dark green" category under Article 9 or in special impact topics such as climate and environmental protection and microfinance. Under the ESG+ approach, dark green products make up at least 45 per cent of the portfolio.

The individual securities and funds are subjected to additional analysis. Here we rely on our internal fund analysis as well as on the ESG expertise of renowned agencies such as MSCI and invest in companies and funds with a high ESG rating.

Sustainable investments

In line with its sustainable investment approach, the LLB Group solely offers its clients sustainable strategy funds and sustainable asset management mandates that are in accordance with ESG and ESG+ criteria (see section "Sustainable investment approach"). As demand for sustainable products grows, the investment process is being refined ever further. The inclusion of sustainability aspects is also possible for "LLB Invest" investment advisory packages.

Risk-conscious growth in the mortgage lending business

The development of the real estate and mortgage market plays a key role in the economy. In Liechtenstein, LLB has a leadership position in the mortgage lending business with a market share of around 50 per cent. Bank Linth extends mortgages in eastern Switzerland. This makes us an important partner for private individuals and businesses. For the LLB Group, the quality of the mortgage portfolio is key: growth must be sustainable and risk-conscious and in line with the type of property and the development of the market in the region. In 2022, mortgages accounted for 89.2 per cent (2021: 88.7 %) of loans granted by the LLB Group, corresponding to CHF 12.9 billion (2021: CHF 12.2 billion) (see chapter "Finance and risk management").

Sustainable building

The LLB Group supports its clients in their sustainability efforts. We promote passive houses, new builds and renovations with the Minergie or other comparable energy standard through specially tailored mortgages. Our clients benefit from particularly attractive preferential conditions for a five-year term.

Ongoing sustainability training for employees

In autumn 2020, we launched a multi-stage sustainability training programme aimed at our client advisers to help them stay up to date in the face of our growing sustainable product range and associated increased requirements from the clients' side as well as the legislators'. The programme was continued during the reporting year. Its attendance is mandatory for all new employees and client advisers. Some 470 employees have completed the programme since it was introduced. In 2022, a new programme for client advisers on the new client profiling system in accordance with MiFID II was set up. Some 380 employees have now successfully completed the programme.

Customer orientation

Banking as an experience for clients

"Integrity" and "respectfulness" are values that are also paramount in the communication and interaction with our clients. Famously, many emotions are associated with financial transactions. We therefore want to make banking an experience that is innovative and pioneering. Only when clients trust their bank, the staff, the products and the technological services and also understand its offerings, do they feel well looked after and respected. This basic philosophy affects all the points of contact with clients. The client's experience is placed centre stage and an emotional value proposition that creates proximity to the client is defined.

The success of the LLB Group is closely related to client satisfaction. By focusing on our clients, we can be rest assured that our financial products are aligned with their wishes. The challenge is being able to continually evolve our offering to satisfy new client needs in what is a fast-changing environment. For instance, our user figures show that over-the-counter transactions are steadily on the decrease, while the use of digital channels is sharply on the increase. Our aim is to achieve an ideal balance between physical and digital channels, whereby our clients are always central. Our omni-channel strategy therefore entails investing in digital channels on the one hand, and refurbishing our bank branches to accommodate the changed needs of our clients on the other. The classical transaction business is becoming less important and making way for personal services.

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

Client proximity through systematic surveys

Knowing the needs of clients is the basis for the further development of our channels and offerings. We regularly conduct surveys of clients for this purpose. In the last one, which was held in 2020, our clients gave us top marks for overall satisfaction as well as for willingness to recommend to others and satisfaction with e-banking.

The surveys are part of a client experience concept with which LLB wants to anchor client orientation even more systematically in the company. They are also a means to ensure permanent optimisation and improve client satisfaction. A survey that would have included Bank Linth and LLB Österreich had been planned for the reporting year, but was deferred because of the introduction of wiLLBe. We now plan to carry it out in 2023.

Excellent client advisory services

The LLB Group makes sure that, through continuous training and education, client advisers offer apt products and services during consultations with clients. All employees with client contact in Liechtenstein and Switzerland are certified in accordance with the standards of the Swiss Association for Quality (SAQ); in Austria, certification is based on the European Investment Practitioner (EIP) label, which is recognised throughout the EU.

In a personal consultation, a four-step process ensures that the clients and their situation, needs and goals are analysed in detail and that they are ultimately presented with a solution that is tailored to their profile. For our asset management and investment advisory services, clients can decide for themselves how comprehensively they want to be advised by their client adviser. When it comes to the investment strategy, too, various options ensure that the clients' interests are central. Our approach not only takes account of the applicable EU MiFID II directive, but also the Swiss FinSA regulation.

We also received a particularly good rating from our clients for competence in investment advice and asset management. This extremely positive verdict was also confirmed by external experts. For instance, Liechtensteinische Landesbank performed very well in an independent comparison test conducted by the Fuchs | Richter testing body in the reporting year: in the TOPS 2023 list, LLB Vaduz was placed 9th with 77 points out of a total of 79 banks and asset managers that were tested. On the all-time best list, it ranked 7th; LLB Österreich came in a splendid 3rd with 85 points. Also on the all-time best list of private banking providers in German-speaking regions, LBB can be found among the top players (see chapter "International Wealth Management").

Fair competition

As the bank for the country and the people, being able to offer attractive and innovative price models is important to us. Individual prices and flat-rate price models or on request also performance-dependent conditions underpin our claim to guarantee a fair and transparent tariff structure. For LLB funds, we forego retrocessions (portfolio maintenance commissions), which makes our funds significantly cheaper in comparison to the market. We pass retrocessions received on third-party fund holdings on to our clients in full. Thanks to our simple and easy-to-understand tariff structure, the fees and conditions for clients are visible at a glance.

We also have a very fair approach when it comes to fees for our LLB funds: we are one of the first banks to introduce a swap-based model for some fixed-income funds, with pricing being linked to the interest rate.

Financial planning for private individuals and entrepreneurs

The challenging geopolitical and economic environment is making it increasingly difficult for private individuals and entrepreneurs to make the right financial decisions. The need for comprehensive, professional advice is therefore continuing to grow. Our answer to this is the "LLB Compass – the 360° advice for your future". Our holistic financial planning highlights all the important topics such as budgeting, asset structuring, pension planning, real estate and financing as well as taxes and estates and provides our clients with a guide on how they can shape their financial future. In the case of entrepreneurs, our advice always takes account of the individual characteristics of the firm.

LLB Pension Fund Foundation for Liechtenstein

With the LLB Pension Fund Foundation, we are the only bank in Liechtenstein with a collective foundation for Liechtenstein SMEs and that since 2005. Owing to its solid financial position, it is gaining popularity. At the end of 2022, Liechtenstein's youngest collective foundation managed CHF 1.10 billion (2021: CHF 1.27 billion). The LLB Pension Fund Foundation thus manages one of the largest amounts of pension fund assets in Liechtenstein, making it an essential pillar of the domestic pension fund market. At the end of 2022, it had 856 affiliated companies (2021: 808) with a total of 7'691 active insured persons (2021: 7'757) as clients. The liquidity ratio stood at 94 per cent (2021: 110.1 %). The LLB Pension Fund Foundation has a very good structural ratio: for each pensioner there are eleven (2021: twelve) active insured contributors.

In order to be able to actively participate in shaping the legal framework, the LLB Pension Fund Foundation is represented on the Executive Board of the Liechtenstein Pension Scheme Association (LPKV). In this way, it is also instrumental in the expansion of the domestic market.

Risk management

The LLB Group's risk management process ensures that climate risks are appropriately identified, assessed, managed and monitored. The risk strategy, which is aligned with the climate goals of the LLB Group, provides the framework for this (see chapter "Responsibilities for the economy, society and environment"). Through the strategy we want to promote the transition to a low-emission economy and society and strengthen the robustness of our business strategy against climate risks.

Regulatory development in the context of sustainability

The EU promotes sustainable development of the economic system and is committed to the goals of the Paris climate agreement and those of the UN's Agenda 2030. With its "Action Plan for Financing Sustainable Growth", the EU aims – among other things, through incorporating sustainability into investment advice – to reorient capital flows towards a more sustainable economy. Integrating sustainability aspects into risk management and fostering transparency are key areas of the action plan. Achieving the EU's goal of climate neutrality by 2050 will require a significant reduction in CO_2 emissions, supported by "green" financing.

Various legislative initiatives following this action plan have been started in the EU. Particularly worthy of mention are:
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector;
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation);
- Delegated Regulation amending Delegated Regulations (EU) 2017/565 and (EU) 2017/593 in the MiFID II context;
- Delegated Regulations amending Delegated Regulations (EU) 231/2013 (AIFM) and 2010/43/EU (UCITS).

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

The LLB Group started work on the implementation of the upcoming legislation in the reporting year, so that the regulatory requirements could be gradually implemented. This includes, for example, applying the sustainability-related disclosure obligations, establishing clients' sustainability preferences, and paying increased attention to sustainability risks both in the bank's own risk management practices and in investment products under the sustainability approach of LLB Asset Management. Along with the expansion of the offering of sustainable investment solutions, we are concerned with providing maximum transparency to our clients on the sustainability classification of products. Courses on our sustainability approach and our sustainability offering, all the while taking into account clients' preferences, were held in 2022.

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

Employees

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

LLB as employer

As at the end of December 2022, the LLB Group had 1'318 employees (2021: 1'229), who together filled 1'116 full-time positions (2021: 1'056). This makes LLB one of the largest employers in Liechtenstein. LLB records these figures for employees only. Our systems cannot currently record workers who are not employees.

Well anchored in the region

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

To meet the demand for skilled employees, LLB relies on commuters who come every day from Switzerland (348; 2021: 287) and the Austrian state of Vorarlberg (105; 2021: 93) to Liechtenstein. This makes LLB a major regional employer in the Rhine Valley. Bank Linth recruits almost all of its professionals from the Swiss regions of Lake Zurich, Sarganserland and Winterthur.

Communicating with employees

A clear, consistent and transparent approach when addressing employees is essential for successful corporate management. During the reporting year, the repercussions of the corona pandemic continued to be felt and many employees chose to take up the offer of home office working. Internal communication thus assumed special relevance once again.

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

The main instrument for internal communication is LLB’s intranet, which was launched in 2021. The modernised version (SharePoint) offers an array of collaboration tools such as, for example, the comment function. These tools enable employees to engage in interactive dialogue – much like on other social platforms. Continual further training takes place as part of Workspace 4.0.

In accordance with the Group directive “Corporate communications”, employee communications is anchored in Group Corporate Communications. The Head of Group Corporate Communications periodically reports to the Group CEO and discusses key internal and external announcements with him. The Group CEO regularly addresses employees at all Group companies with video messages on ongoing projects as well as on new developments via the intranet. At least once a year, he invites all employees to the Group Forum, an internal information event, which is broadcast by livestream to all business locations. The event for 2022 was postponed to the beginning of January 2023. In future, the Group

Forum will be held as an annual kick-off event. If circumstances permit, there is also an annual Group Night, where the Group CEO addresses the staff but which is primarily a social gathering. An important internal communication channel is the "InSight" staff magazine, which is published four times a year.

The main focus of internal communication in 2022 was the ACT-26 strategy – and there were many narratives on the topics of sustainability, growth, efficiency and digitalisation that accompanied it. Through this project, video production has become increasingly important within the LLB Group.

Attractive work environment

It is getting more and more important for companies to position themselves in the market as a highly attractive employer in order to exert a special appeal to potential applicants and to retain existing employees. Against this backdrop, we continue to implement measures to improve the work environment. Here, we focus in particular on health promotion in the workplace, raising job quality and flexibility of working hours and location. In this way, the LLB Group can influence the creation of an employee-friendly work location in Liechtenstein through example.

As a universal bank, the LLB Group offers a greater level of job diversity and a wider range of subject areas. To attract and retain talent, it relies on a humane corporate culture that is characterised by partnership-based cooperation. The targeted development of employees and a modern compensation system also act as motivators. Through the use of staff turnover analysis, we want to understand the reasons and motives behind employees leaving their jobs and, based on this, come up with measures to improve the terms of employment and to reduce staff turnover and the costs that go along with it. The staff turnover rate at the LLB Group was 13.44 per cent in the reporting year (2021: 14.5 %). The staff turnover rate is collected monthly and collated quarterly for a qualitative evaluation of the reasons for the departures. The LLB Group surveys its employees, as a rule, every three years to get an idea of their opinions and their needs. In the last survey of 2020, we repeated our very good results in the main criteria of commitment, satisfaction and evaluation of the company as an employer (also see section "High employee satisfaction"). Liechtensteinische Landesbank and Bank Linth were honoured once again with the Swiss Employer Awards for this achievement.

Flexible work environment

Mobile working is now well up the list of priorities for jobseekers. In recent years, the LLB Group has responded to this development and ramped up its home office capacities. The corona pandemic has sharply accelerated this process. Since the autumn of 2020, almost all employees have been able to work from home. Modern home office regulations for the post-corona era were drawn up already in 2021 and came into effect during the reporting year. These provide that employees may work from home for up to 40 per cent of their workload, if their job duties permit it and the legal framework conditions allow it. The measures taken are in line with the Group's strong commitment to sustainability as defined in its new corporate strategy: after all, fewer days in the office reduces commuter traffic. The feedback on these regulations has largely been very positive.

Compatibility of work and life situation

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

In addition, employees can increase their holiday entitlement by five or ten days and forego a corresponding amount of pay in return. This "FreiZeit-Kauf" (purchase leisure time) scheme is highly valued: in the reporting year, 125 employees (2021: 105) purchased a total of 783 additional leave days (2021: 745).

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

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

Long-service employees are rewarded with a sabbatical. 54 employees (2021: 45) with long-service anniversaries of ten, twenty, thirty or forty years went on a sabbatical for up to four weeks in 2022.

Family-friendly company

In 2021, LLB AG was recognised by the Liechtenstein Government with the "Familienfreundliches Unternehmen" (Family-Friendly Company) award, which is presented every two years.

(Source: Liechtenstein government / IKR)

Over 50 domestic companies submitted their entry and were assessed and evaluated for their commitment to the compatibility of work and family life. An employee survey had been conducted internally in advance of the awards in 2021; for LLB, it revealed the following findings:

- A family-friendly environment is very important to our staff.
- Compared to the benchmark, our employees enjoy coming to work more than average and are more satisfied with the general conditions of work. More education, training and career development programmes are on offer than at other companies that took part in the survey.
- The compatibility of work and private life is very important and challenging for parents and carers.

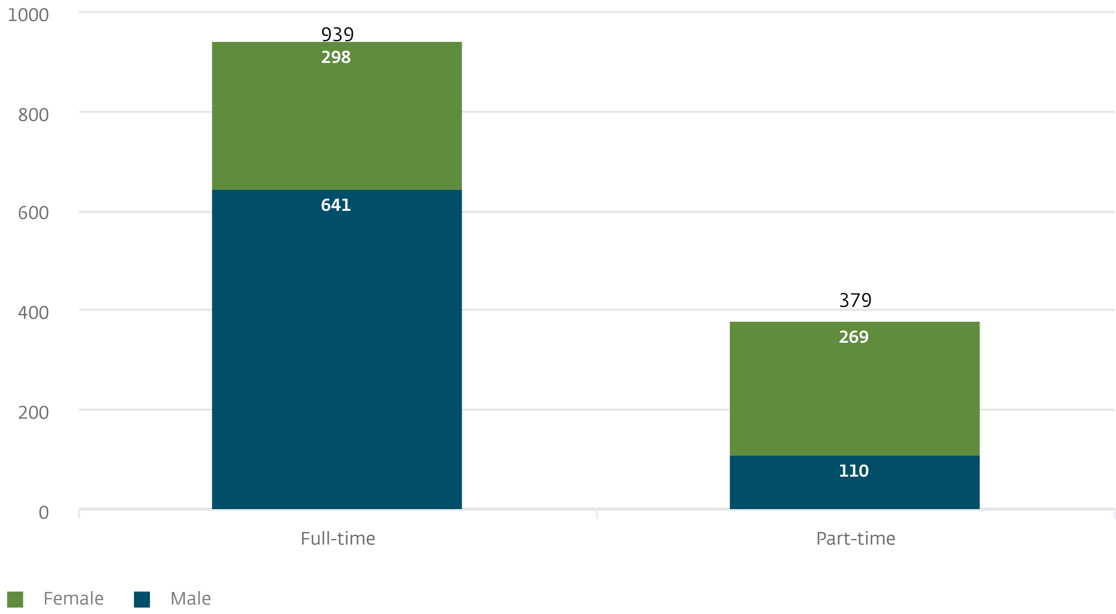
These topics all play a central role in our new HR strategy. The formulation of associated goals and measures is already underway.

Fair and performance-oriented compensation

The LLB Group offers attractive employment conditions. It spent CHF 196.1 million (2021: CHF 190.0 million) on salaries and social contributions in 2022.

We have a modern compensation system that is considered exemplary in the banking sector. For the majority of employees, it includes a variable remuneration component. We set great store by fair compensation that explicitly recognises skills and performance. Women and men in the same position and at the same performance level are in the same pay scale and wage model.

Breakdown by employment type [1]



1 Including permanent and temporary employees

In 2013, we decided to introduce the Market-Adjusted Performance Indicator (MAPI) so as to be able to make a careful and objective evaluation of the management's performance (see chapter "Compensation report"). The model was developed in conjunction with FehrAdvice & Partners AG, Zurich, and is based on the results of behavioural economics research carried out by Professor Ernst Fehr from the University of Zurich.

During the reporting year, the LLB Group disclosed the wage ratio for the first time; it stood at 11.13. Calculations for the whole LLB Group were performed in Swiss francs (conversion rates for EUR and AED as at 31 December 2022). The calculation was based on 100 per cent of total target compensation as at 31 December 2022. Neither the group of young talent employees nor hourly paid employees are included in the calculation.

High employee satisfaction

Employee satisfaction is an indicator of whether it is possible to retain motivated, high-achieving employees in the company. To understand where we stand in this respect, we regularly conduct in-depth employee surveys at the companies of the LLB Group. In the last survey of 2020, we repeated our very good results in the main criteria of commitment, satisfaction and evaluation of the company as an employer. As a result, Liechtensteinische Landesbank and Bank Linth repeated their success in the Swiss Employer Awards in the category of 250 to 999 employees. A glance at the last three employee surveys to be conducted is also encouraging: both banks scored above the average for the sector or achieved the Swiss Employer Awards average in all relevant points. The next survey is scheduled for 2023.

Initiative for employees 50+

Rapid digital developments and growing complexity are affecting the workplace, making job profiles more demanding. Staying motivated and up-to-date is a challenge – especially for people who have been in professional life for a long time. At our Liechtenstein location, 27 per cent of employees are over the age of 50. To ensure they remain fit for the working world of the future, we have a special programme available for them. It includes, among other things, offerings to strengthen personal, professional and methodological competence. Our courses for employees turning 50, namely an analysis of their financial position, and for those over 56 of regular progress meetings are actively used and much appreciated. And the "Skills 4.0" course from a leading centre of excellence for future-oriented learning in Switzerland provides further education training to meet the needs specifically of the 50+ age group. Two courses from the Liechtenstein Chamber of Commerce and Industry – one on looking at where they stand in life at age 50+ and the other on consciously entering a new stage of life – which we actively recommend to our employees, are also very well received.

Health and safety

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

We want to reduce the absenteeism rate, which indicates the incidence of accidents and long-term illnesses, and improve employee health and satisfaction through these and other measures. We were again able to meet our target of a maximum of 2.5 per cent in the reporting year: in 2022, we registered 137 absences (2021: 143), corresponding to a rate of 2.3 per cent (2021: 1.9 %).

Support at difficult times

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

Diversity of employees and managers

Productivity and innovation are key drivers of a company's success. Studies show that teams that are highly diverse are more likely to question existing processes and thought patterns as well as to develop and advance innovative ideas. A broad-based workforce where everyone is afforded equal opportunities ensures that LLB has a talent pool in which different experiences and expertise complement each other. Treating all employees the same, alongside other preventative measures, also helps reduce discrimination in the workplace. Group Human Resources (GHR) is the body to turn to in case of any dispute. In 2022, there were no cases of discrimination reported at LLB.

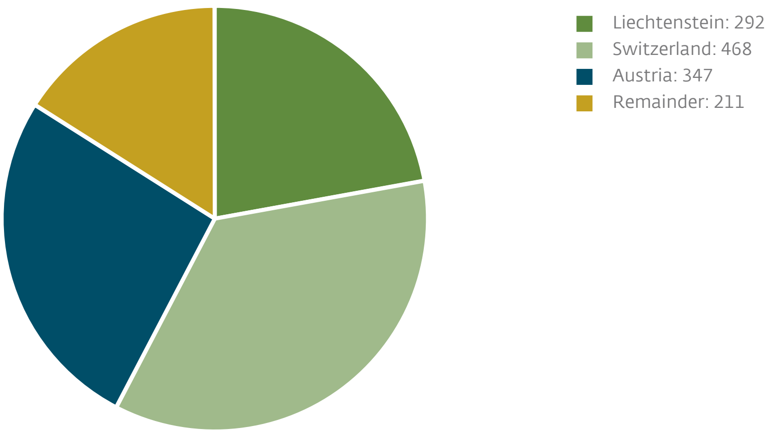
The LLB Group has long since stated its commitment to diversity among its employees and at all levels of management. The Board of Directors and management support teams that embrace cultural diversity. While we have no specific programme to promote diversity, creating diversity and equal opportunities are an intrinsic part of our recruitment process. When we fill positions we look for an ideal complement to the team as well as an appropriate balance in terms of gender, nationality and age. The LLB Group has special programmes designed to promote young talent and employees over the age of 50.

Further, the LLB Group 2020, together with the University of St. Gallen (HSG), analysed pay equality between men and women. The results from the analysis presented in 2021 confirmed that there is no statistically significant disadvantaging of women at LLB. Based on this, Liechtensteinische Landesbank received the "We pay fair" certificate. This is the highest possible award. Bank Linth similarly complies with the legal framework with its wage differential.

Since 2015, a Group Human Resources concept has been implemented with the aim of enhancing the LLB Group's profile as an attractive employer for men and women. Various measures have been introduced as a result: for example, the crèche in Vaduz for the children of all Liechtenstein bank employees to promote the compatibility of work and family life. Modern, attractive home office regulations for the post-corona era were developed during the reporting year. These provide that employees may work from home for up to 40 per cent of their workload, if their job duties permit it and the legal framework conditions allow it. In addition, the "FreiZeit-Kauf" (purchase leisure time) project enables employees to increase their holiday entitlement by five or ten days by foregoing a corresponding amount of pay in return. The LLB Group offers part-time work opportunities.

In 2022, 22 per cent (2021: 23 %) of our employees were Liechtenstein nationals, 36 per cent (2021: 36 %) Swiss nationals and 26 per cent (2021: 26 %) were Austrian nationals. All in all, people from 39 nations (2021: 38 nations) are employed at the LLB Group. We are committed to ensuring that our client base is reflected in our employee mix. This also applies to our traditional cross-border markets in Germany and the rest of Western Europe as well as to the growth markets of Central and Eastern Europe and the Middle East.

Breakdown by nationality [2]



2 Including permanent and temporary employees.

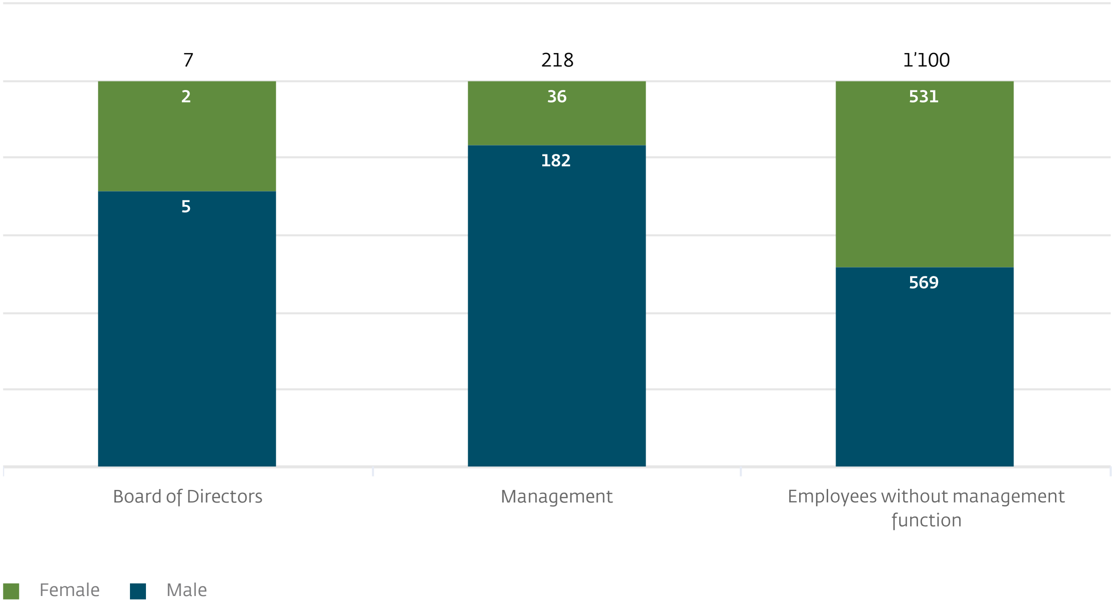
The proportion of women working for the LLB Group is relatively high at 43 per cent (2021: 43 %), though they are still under-represented in leadership positions. The first woman was appointed to the Group Executive Board in 2016 (see chapter "Corporate governance").

Women in management positions:
- Executive management: 4 men, 1 woman
- Senior management: 22 men, 2 women

The Board of Directors of LLB, which is publicly listed, has been characterised by an above-average proportion of women in 2014. At the end of 2022, with two out of the seven members women, they represented 29 per cent of the board members (see chapter "Corporate governance").

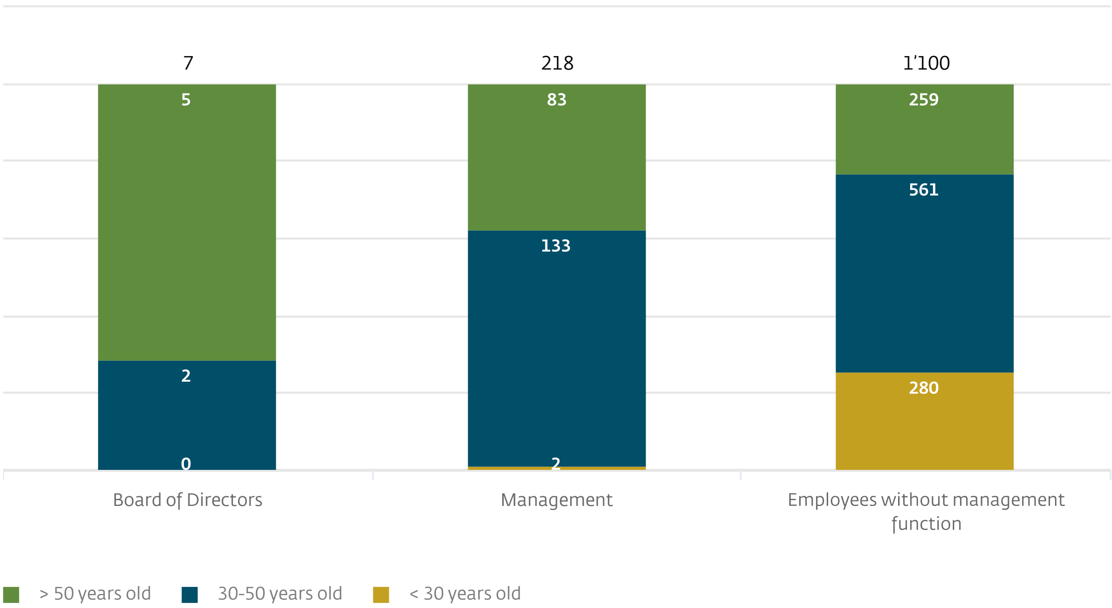
78 employees were assigned to the "Potential Pools", from which, among other things, future managers are recruited internally; of these, 29 were female.

Breakdown by gender [3]



3 Including permanent and temporary employees.

Breakdown by age group [4]



4 Including permanent and temporary employees.

Training as a main pillar of a company's success

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

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

The LLB Group has two uniform appraisal processes – the "Performance Management Process" (PMP) and the "People Development Process" (PDP) – to support the systematic development of its employees. For employees with above-average potential, so-called "Potential Pools" are created. Those talent who exhibit good performance and impeccable conduct are systematically developed. Our electronic portal eMap allows all employees to create a profile containing personal information. It also provides them with an overview of available courses and of any training they have completed or are planning to undertake. And via the Jam social learning platform, they can network on HR-related topics. The Group-wide training and education programmes are reviewed every year. LLB also draws on employee surveys, which are carried out regularly, to improve its offering.

In the reporting year, we invested a total of CHF 1.5 million (2021: CHF 1.5 million) in the targeted development of managers, talent and competences. By doing so, we were able to fill 69 per cent (2021: 76 %) of management positions that became vacant internally. In the "Career Planning" project, developmental intentions and perspectives were discussed with interested employees using a system-based process and with the aid of competence-oriented job profiles.

Digital learning

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

Since 2021, all LLB Group employees have enjoyed access to LinkedIn's entire e-learning offering. LinkedIn Learning provides expert-led practical courses that enable them to acquire or deepen specific skills. Greater flexibility is another advantage of e-learning: employees can learn at any time or place, according to their individual needs. LinkedIn Learning is therefore also an essential component of our Group-internal management training.

Client adviser certification

With mandatory SAQ client adviser certification, we are ensuring the outstanding advisory competence of the LLB Group for the long term according to uniform quality criteria. In 2022, some 55 employees with client contact started certification. The recertification catalogue had new training topics added, both in the online and in-person formats. Around 40 employees needing recertification in 2022 were able to extend their SAQ certificate for another three years. The SAQ certification also complies with the regulatory requirements arising from the European Markets in Financial Instruments Directive (MiFID II) and the Swiss Financial Services Act (FinSA). In 2022, we invested around CHF 220'000 (2021: CHF 198'000) in training programmes in accordance with the standards of the Swiss Association for Quality (SAQ).

Management development

The success of a strategy requires a thorough understanding of the goals and intentions as well as of the corporate culture. Just as important, however, is an individual's attitude towards the changes that are coming. In autumn 2021, shortly after launching the new ACT-26 corporate strategy, the LLB Group therefore kicked off the "Leading to success III" training course. It enables management to develop the content of the strategy and subsequently implement it in their teams. By June 2022, all our managers had gone through the training. It was rated extremely highly with a net promoter score of 48. Among the feedback was the following comment: "Inspiring and tangible results, very practical, and valuable to the work we do every day."

Professional training
Liechtensteinische Landesbank is one of the largest providers of training in Liechtenstein. In the reporting year, the LLB Group trained a total of 25 apprentices (2021: 34) in the fields of IT and commerce. These young adults benefit from high-quality dual vocational education and training. The traditional apprenticeship remains the main pillar of the development programme for our junior employees. We believe that the provision of a broad education is a key task, especially as through the Federal Vocational Baccalaureate (FVB) it allows young adults to keep their options open to go to a university of applied sciences or a traditional university.

Bachelor, work and study, and master programmes
The LLB Group focuses strongly on university graduates. There are three different programmes available for candidates:
- practical-based direct entry for graduates (2022: 4 participants);
- a work and study programme for postgraduates in the final phase of their studies (2022: 2 participants);
- and a trainee programme for postgraduates (2022: 6 participants) in the areas of general and relationship management.

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

The LLB Group continues to have a high demand for employees with a higher education. To enhance our profile as an attractive employer, we are regularly visibly present at both online and physical events at the Universities of Liechtenstein and St. Gallen, FHS St. Gallen University of Applied Sciences and Zurich University of Applied Sciences (ZHAW) in Winterthur. This is bearing fruit: the level of qualifications of new entrant employees and managers remained constant in the reporting year compared to 2021. At the end of 2021, 62 per cent of newly recruited employees had graduated from a university or a university of applied sciences or completed higher professional training. The exact figures were not updated for 2022.

Measuring the success of staff development
The LLB Group has established various processes in recent years to support the systematic further development of its staff and internal pool of specialists and experts. Based on regular assessments of performance and development potential as well as strategic staffing needs within the Group, concrete action plans can be developed and implemented for all employees. There are, among other things, so-called "Potential Pools". Some 78 individuals, or 8.9 per cent of employees (2021: 87 individuals; 8.9 %), were assigned to one of five pools in 2022.

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

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

Representation of Employees
As a fair and responsible employer, it is important to us that employees have a body to whom they can turn should they encounter problems at work and which represents their interests vis-à-vis the Group Executive Board. The Representation of Employees (Arbeitnehmervertretung) at LLB's parent bank holds a regular dialogue with the Group Executive Board. The former has a say in various issues such as staff pension plans, rationalisation projects and staff retrenchment. It also represents the viewpoint of the employees in working groups such as the Mobility Commission and the Working Atmosphere and

Health Commission. The Group Executive Board is obliged to inform the Representation of Employees of all matters that are relevant to employees. The Group CEO and the Head of Group Human Resources alternate this task on a quarterly basis. 19.3 per cent of LLB Group employees are covered by collective employment contracts.

Personnel Pension Fund Foundation

In the reporting year, 795 employees of our corporate Group who work in Liechtenstein were covered by the retirement, life and disability insurance plans of the autonomous Personnel Pension Fund Foundation of Liechtensteinische Landesbank (PVS LLB). The pension fund and its defined contribution scheme offer three attractive savings plans that go beyond the requirements of the law (Occupational Pension Act (OPA)). In addition, LLB's contributions as an employer amount to two-thirds of the financing of the fund.

2022 was a very eventful year – for global financial markets, too. This left its mark on PVS LLB's investment results. Net performance was minus 12.3 per cent, mainly due to the equity and bond asset classes. Directly held real estate had a positive impact on results. The rise in interest rates means that a return to much higher performance can be expected over the long term.

The sharp rise in interest rates prompted the Board of Trustees to raise the technical interest rate from 1.5 per cent to 1.75 per cent in a first step. If interest rates remain at this level over the longer term, further interest rate steps are possible.

In view of the negative return on assets, the Board of Trustees set the interest rate on the retirement assets at 0 per cent as at the end of 2022. Taking last year's rate of 4 per cent into account still gives an average of 2 per cent.

The liquidity ratio decreased as at the end of 2022 to 101.3 per cent (2021: 113.3 %). The fluctuation reserve amounted to CHF 4.5 million (2021: CHF 46.7 million). The target value for the fluctuation reserve remains unchanged at 118.0 per cent.

LLB Group headcount statistics

	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Employees					
Number of employees (full-time equivalents)	1'116	1'056	1'064	1'077	1'086
Full-time employees	939	903	918	930	953
of which Apprentices	24	27	30	34	33
of which Young talents [1]	25	17	10	9	13
Part-time employees	379	326	307	304	280
Employee retention					
Staff turnover rate in per cent	13.0	14.5	11.5	12.0	10.9
Average length of service in years	9	9	9	9	9
Average age in years	41	41	41	41	41
Diversity and equal opportunities					
Number of nations	39	38	36	38	38
Share of women in per cent	43	42	43	42	43
Training and professional education					
Training costs in CHF thousands	1'772	1'500	1'400	1'655	1'802
of which SAQ certification costs in CHF thousands	220	198	176	318	410

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.

Corporate environmental and climate protection

As a responsibly operating company, it is important to us to contribute to environmental and climate protection and to the conservation of natural resources. As such, we aim to fulfil our responsibility through a reduction in Scope 1 and Scope 2 emissions in our own operational locations, through our sustainable financial products and services as well as through our climate-related risk management. With our new ACT-26 corporate strategy, we also demonstrate our commitment to the quantitative targets of the Paris climate agreement.

Climate-neutral bank

The LLB Group's banking operations have been certified as climate-neutral by Swiss climate foundation "myclimate" since 2021. Initially, this has been achieved primarily through the purchase of climate certificates. Here, we solely finance environmental protection based projects where carbon dioxide is absorbed from the atmosphere – so-called carbon-removal projects (see chapter "Responsibilities for the economy, society and environment"). We intend to continue to proceed resolutely down this path in the future, too. Parallel to the certificates, we will implement additional measures to further reduce CO_2 emissions within the LLB Group. These include using regenerative energy sources, installing photovoltaic systems, increasing energy efficiency and promoting economical use of resources.

We aim to achieve complete climate neutrality, i.e. net zero CO_2 emissions, both in our banking operations and with our products by 2040. By reducing our CO_2 footprint and by identifying and managing climate-related risks, we are not only making our contribution to climate protection, but also protecting our business operations from damage and safeguarding our services for all of our stakeholders.

New sustainability governance

The LLB Group has set up a new governance structure, with effect from 2022, to ensure that sustainability concerns, including climate management, are addressed at all levels of the hierarchy. It enables decision makers and employees alike to take climate-related risks and opportunities into account and to include them in strategic and operational considerations (see section "Sustainability governance of the LLB Group"). Furthermore, climate risks are integrated into the LLB Group's regular risk management structure (see section "Governance in risk management").

Transparent reporting

We, as the LLB Group, are committed to open and transparent reporting. That is why in 2022 we went over and above the regulatory requirements and by measuring Scope 1, 2 and 3[1] (excluding bank products and own investments) determined all material emission factors for our banking operations. Doing so allows us to identify and compare many more emission sources.

We have provided information on Scope 3 emissions from bank products and own investments in our TCFD report, which was published for the first time in autumn 2022 and is based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures.

1 Emissions are grouped into so-called Scopes:
Scope 1 includes all direct emissions caused by combustion.
Scope 2 includes emissions caused by purchased energy (electricity, district heating).
Scope 3 includes emissions caused by purchased inputs and third-party services.

Development of CO_2 emissions

CO_2 emissions rose by almost 12 per cent in 2022 compared to 2021. This rise was due to the gradual return of commuter and business travel, which had declined sharply in the previous two years under COVID-19 restrictions. Measures taken to reduce Scope 1 and 2 emissions (Scope 1: –44 %; Scope 2: –7 %) – including energy savings through the use of target heating temperatures, the swap to LED lights and the switch from conventional gas to biogas – could not fully offset the rise in 2022. (See table below.)

CO_2 footprint within the LLB Group

At 70 per cent, the vast majority of our emissions in 2022 were attributable to LLB AG and its subsidiaries in Liechtenstein, with LLB Österreich and Bank Linth roughly splitting the other 30 per cent. As expected, in 2022, Scope 3 emissions (not including products and own investments) far exceeded the CO_2 emissions generated by the emissions captured in Scope 1 and 2.

Main sources of CO_2 emissions

Mobility is the biggest driver of emissions in the LLB Group's banking operations. In 2022, it was responsible for about two thirds of total CO_2 emissions. Commuting by employees accounted for about 80 per cent and business travel for about 20 per cent of these emissions.

There are, however, clear differences across the individual business units. While LLB AG and its subsidiaries in Liechtenstein produce an average of 3.4 t/CO_2 per employee (FTE), Bank Linth and LLB Österreich produce considerably less, namely 2.7 t/CO_2 and 1.9 t/CO_2 respectively. Emissions were significantly lower in 2021 due to the said one-off effects, but the uneven distribution of emissions remained unchanged. The reasons for this are the longer commuting distances to Liechtenstein, which employees from neighbouring countries often do using their own vehicle, as well as greater business travel activity at the Group's headquarters.

Measures set

As part of the new ACT-26 corporate strategy, the LLB Group has committed itself for the first time to quantitative targets that are in line with the Paris climate agreement and has conducted a thorough analysis of its ecological footprint. It has nevertheless taken significant measures in previous years to reduce CO_2 emissions, ranging from employee mobility to building management.

Corporate mobility management

The LLB Group is committed to keeping the environmental pollution caused by business and commuter traffic as low as possible. We have an incentive scheme at our locations in Liechtenstein to encourage our staff to use public or non-motorised transport or form car pools to get to work. Here, on the one hand, we subsidise the cost of season tickets on public transport and offer a bonus in return for foregoing a parking space. While, on the other hand, we levy parking charges – there are four charge bands and the charge levied depends on the distance to work. We promote the use of non-motorised transport by providing changing facilities and showers with towel services as well as company bicycles at our business locations. We also contribute CHF 50.00 towards the purchase of a bicycle helmet and motivate our employees to take part in the competition run by the Verkehrs-Club Liechtenstein (VCL)

“Radfahren für Ihre Gesundheit” (Cycling for your health) and the one by the Liechtenstein Chamber of Commerce and Industry (LCCI) “Mit dem Rad zur Arbeit” (Cycling to work).

These measures are having an effect: out of all LLB employees in Liechtenstein, 365 (2021: 355) now come to work by bus, bike or on foot; this corresponds to 48 per cent. We have installed nine electric charging points in all at six locations in Liechtenstein. They are primarily available for use by staff, but can also be used by our clients.

Numerous measures have already been taken in recent years to reduce CO_2 emissions within the LLB Group. For example, the LLB Group uses renewable energy sources whenever possible. Projects for the in-house production of electricity are also planned. In addition, great emphasis is placed on increasing energy efficiency and the economical use of resources.

Climate-conscious energy supply

The organisational unit Facility Management identifies potential energy savings and evaluates the effect of efficiency measures. Again in 2022, efforts were made to increase the efficiency of the facilities where possible. LLB also expects further savings from its preparations for power shortages. The parent bank managed to reduce its electricity consumption by 2.6 per cent, or 84’327 kWh, in the reporting year compared to 2021. LLB AG and LLB Österreich have already completely switched over to green electricity; at 93 per cent, Bank Linth has largely completed its switchover. We have also installed photovoltaic systems at our locations in Uznach and Eschen. In 2023, we plan to install another two systems, namely at the Haus Wuhr Ost and at the Haus Äule.

The LLB buildings that used natural gas were fully switched to biogas from 1 July 2022. As a result, gas consumption at LLB in Liechtenstein was 24.7 per cent lower in 2022 than in 2021. Bank Linth had undergone the switch back in 2021.

Energy consumption and greenhouse gas emissions LLB Group

	2022	2021	2020
Energy consumption (in MWh)	**5'874.9**	**6'781.5**	**6'497.5**
Electricity	4'308.1	4'701.8	4'361.0
District heating	320.1	436.3	581.7
Total heating fuels	988.8	1'215.8	1'030.6
Heating oil	128.2	136.2	126.3
Natural gas [1]	405.2	719.6	904.3
Biogas [1]	455.4	360.1	n. A.
Total motor fuels	257.9	427.6	524.2
Diesel	187.7	152.5	211.1
Petrol (vehicles) [2]	63.6	272.1	313.1
Electric vehicles [3]	6.6	3.0	n. A.
Hybrid vehicles [4]	0.0	25.3	n. A.
CO_2 emissions (in tCO_2e) [5]	**3'401.1**	**3'042.1**	**3'319.0**
Scope 1 total [6]	173.3	308.8	365.6
Heating fuels	111.9	175.4	208.9
Motor fuels	58.4	105.6	122.7
Volatile gases (refrigerants) [7]	2.9	27.8	34.1
Scope 2 total [8]	140.1	150.2	471.0
Electricity [9]	103.0	102.0	417.8
District heating	37.1	46.7	53.2
Scope 3 total	3'087.8	2'583.1	2'482.4
Purchased goods and services	331.3	321.1	315.6
Capital goods	132.3	154.1	298.6
Fuel and energy-related activities	206.9	263.0	322.7
Transports	51.5	59.0	54.0
Operational waste	27.5	25.0	26.5
Business trips	436.0	259.1	215.4
Commute employees	1'902.2	1'501.8	1'249.6

1 Increased utilisation of biogas alongside natural gas from 2021.
2 Since 2022, only business trips are reported. In previous years the use of vehicles for private purposes was also included.
3 Data collection from 2021
4 Since 2022, the consumption of energy with hybrid vehicles is reported in petrol consumption.
5 Greenhouse gas emissions were calculated in accordance with the guidelines of the Greenhouse Gas Protocol.
6 Greenhouse gas emissions from own heating boilers, fuels and air conditioning systems
7 Since 2022, the actual replenishment requirement is reported. In previous years assumptions were made for this requirement.
8 Greenhouse gas emissions resulting from the production of purchased electricity and district heating. The statement is prepared using a "market-based approach" in accordance with Greenhouse Gas Protocol Scope 2 guidance.
9 Emissions from the use of electric vehicles are also included here. Reported according to the "market-based approach" of the Greenhouse Gas Protocol Scope 2 Guidance.

Industry initiatives and corporate citizenship

The legal performance mandate of LLB defines the promotion of Liechtenstein as a workplace as its core task. The LLB Group is further committed, as part of various industry initiatives, to a sustainable banking centre and supports various ecological, social and cultural projects (see section "Sponsoring"). We contribute in this way actively to the prosperity of the population and to the sustainable development of Liechtenstein (see chapter "Retail and Corporate Banking").

Economic contribution

The LLB Group bases its business policy on market conditions and strives to generate a reasonable profit, all the while respecting ethical and ecological principles. It plays an important role in Liechtenstein's economy: its contribution – dividends and direct taxes – amounted to CHF 55.4 million in 2022 (2021: CHF 43.8 million). LLB receives no financial support for its banks or Group companies in Liechtenstein, Switzerland and Austria from any government. As a bank of systemic importance, it is subject to particularly strict financial market regulation and high capital adequacy requirements. With the implementation of the Capital Requirements Directive (CRD IV) and the establishment of the Deposit Guarantee and Investor Compensation Foundation (EAS), Liechtenstein has a modern guarantee system, which guarantees an adequate equity base and protection of client deposits (see chapter "Values and corporate management").

Major employer in the region

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

To meet the demand for skilled employees, LLB AG relies on commuters who come every day from eastern Switzerland and the Austrian state of Vorarlberg to Liechtenstein. This makes LLB a major regional employer in the Rhine Valley. Bank Linth recruits almost all of its professionals from the Swiss regions of Lake Zurich, Sarganserland and Winterthur.

Participation in industry initiatives

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

As an active member of the Liechtenstein Bankers Association (LBA), LLB AG is committed to making Liechtenstein a sustainable financial centre. It has long worked within the framework of the LBA towards making sustainable finance an important pillar of the banking centre's strategy. Behind this is the understanding that the financial industry is crucial in the transformation towards a more sustainable economy.

Moved by conviction to do the right thing, we joined the UN Net-Zero Banking Alliance in 2021. We became a member of both The Climate Pledge and the UN Global Compact in 2022. Following our membership in summer 2020 of the UN Principles for Responsible Investment Finance Initiative, we are also committed to responsible investment management. Social and ecological issues are central to this (see chapter "Responsibilities for the economy, society and environment"). And last but not least, its membership of the Principles for Responsible Banking initiative, which the LLB Group assumed in 2020, underlines its increased commitment to sustainability and climate protection.

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

Sponsoring

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

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

The focus of our sponsoring commitments is on the thematic areas of sports, culture and competence. In these areas, we support various projects and organisations. A particular highlight this year was our participation at the Liechtenstein Industry, Trade and Commerce Exhibition (LIHGA). LLB was the official financial partner and an exhibitor at Liechtenstein's largest trade fair. And in co-operation with the Association of Gardeners and Florists we embraced the topic of sustainability and transformed the outdoor area into an oasis – the LIHGArten. We were able to present ourselves to the visitors as a key financial service provider and, at the same time, position ourselves sustainably in line with our ACT-26 strategy. As part of a long-standing partnership, we continue to provide backing to the junior talent of FC Vaduz. As a partner to the Liechtenstein Olympic Committee, we are the main sponsor of the "LLB Nacht des Sports" (Night of Sports), at which the "LLB Sport Award" is also presented. And we are a presenting partner at the "Olympic Day", a sporting event held annually for all fourth- and fifth-grade school classes in Liechtenstein. To emphasise our strong links to the local economy, we present the "LLB SME Award" in co-operation with the Liechtenstein Chamber of Commerce. This award is normally presented every two years and supports small and medium-sized enterprises. This reporting year we could go ahead again as planned with the Business Day for Women in Vaduz. The "LLB Business Day Award" was presented at the event, which had sustainability as its main theme. Clarissa Steurer, an entrepreneur from Vorarlberg, managed to beat the competition with her unconventional label ClarissaKORK.

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

LLB Österreich makes donations to numerous organisations engaged in the areas of art, culture and community service. It is also a member of various friends or supporters associations, including those of the Burgtheater, the Leopold Museum and the Albertina. In 2022, the bank once again supported and targeted donations at local Austrian institutions (including the Vienna Boys' Choir) and traditional companies.

The charitable nature of sponsoring undertaken by the LLB Group is placed to the fore. The projects and institutions supported are independent in terms of content and organisation. In 2022, LLB made awards worth CHF 146'500.– (2021: CHF 335'000.–) in Liechtenstein, and Bank Linth awards worth around CHF 330'000.– (2021: CHF 350'000.–) in Switzerland. LLB Österreich spent around EUR 218'000.– (2021: EUR 110'000.–) on donations, membership and sponsoring fees in Austria.

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

The non-profit Future Foundation

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

Trust, responsibility and reliability are important to the LLB Group. The company is closely connected to the people as well as the economy of Liechtenstein and our other home markets. In addition to project-specific contributions amounting to CHF 45'000.–, the Future Foundation contributed to society by donating a total of CHF 88'500.– to 24 social organisations in 2022. The Future Foundation is a member of the network of the "Vereinigung liechtensteinischer gemeinnütziger Stiftungen" (Association of Liechtenstein Non-Profit Foundations), which aims to promote the idea of entrepreneurial philanthropy.

Projects in 2022

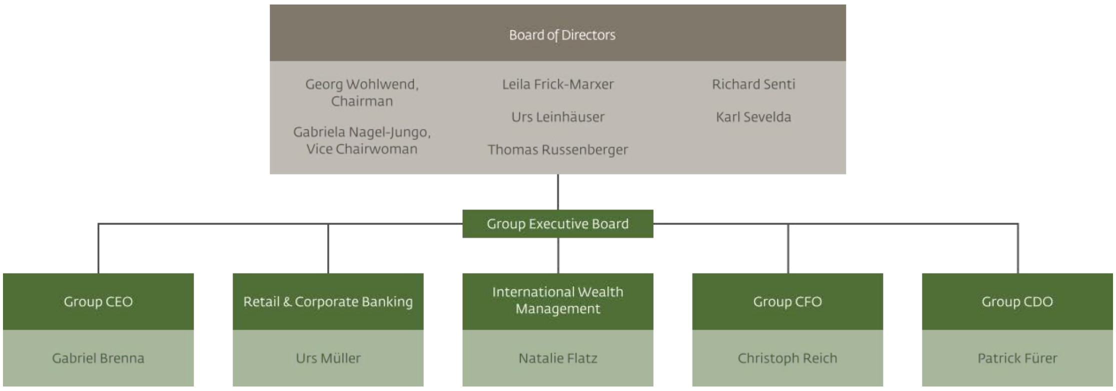
Through its annual donations to a set circle of social institutions in Liechtenstein, the Future Foundation helps to maintain healthy social structures in the country. Providing additional funding to individual projects helps innovative ideas in the area of social and ecological development in the LLB Group's market regions to be realised in practice.

Over the past twelve years, the Future Foundation has made over 210 donations and contributions to over 60 projects, in all totalling around CHF 1.6 million. The projects receiving funding contributions are targeted and located in the market regions of LLB and Bank Linth (Liechtenstein and eastern Switzerland) as well as LLB Österreich. Projects that in 2022 the Future Foundation supported or considered for a donation for the first time included:

- **Verein Ackerschaft:** With its public post-harvest campaign, the Ackerschaft association wants to put an end to vegetables being left behind in the field after conventional harvesting. Through its actions it is creating linkages between agriculture and consumers. Having received funding in the previous year, the Ackerschaft association was supported with a donation for the first time in 2022.
- **pepperMINT:** The MINT Initiative Liechtenstein is a social foundation that offers children and young people the chance to experience and learn mathematics, computer science, natural science and technology in a fun way.
- **Stiftung Lebenswertes Liechtenstein:** The foundation's aim is to promote the long-term healthy social, ecological and economic development of the Principality of Liechtenstein, creating a positive national and international appeal and impact.

Organisational structure

as at 31 December 2022



Direct subsidiaries LLB AG

as at 31 December 2022

Liechtensteinische Landesbank (Österreich) AG (100 %)

Supervisory Board

- Natalie Flatz, Chairwoman
- Christoph Reich, Vice Chairman
- Gabriel Brenna
- Patrick Fürer
- Bernd Moosmann
- Iris Ortner
- Bernhard Ramsauer
- Franz-Erwein Nostitz-Rieneck (delegated by the works council)
- Karin Leeb (delegated by the works council)
- Johanna Kleinowitz (delegated by the works council)

Board of Management

- Robert Löw, Chairman
- Harald Friedrich, Vice Chairman
- Gerd Scheider

LLB Asset Management AG (100 %)

Board of Directors

- Gabriel Brenna, Chairman
- Natalie Flatz, Vice Chairwoman
- Christoph Reich
- Urs Müller

Board of Management

- Markus Wiedemann, Managing Director
- Christian Zogg

Bank Linth LLB AG (100 %)

Board of Directors

- Urs Müller, Chairman
- Ralph Peter Siegl, Vice Chairman
- Gabriel Brenna
- Karin Lenzlinger Diedenhofen
- Christoph Reich

Board of Management

- David Sarasin, CEO
- Luc Schuurmans, Vice CEO
- Martin Kaindl, CFO

LLB Fund Services AG (100 %)

Board of Directors

- Natalie Flatz, Chairwoman
- Stefan Rein, Vice Chairman
- Thomas Vock

Board of Management

- Bruno Schranz, Managing Director
- Silvio Keller
- Patric Gysin

LLB Swiss Investment AG (100 %)

Board of Directors

- Natalie Flatz, Chairwoman
- Bruno Schranz, Vice Chairman
- Markus Fuchs

Board of Management

- Dominik Rutishauser, CEO
- Ferdinand Buholzer

Corporate governance

Corporate governance is an essential part of the LLB Group's corporate policy. It ensures efficient collaboration between the management bodies and a clear balance between responsibilities and controls.

Basis

Our responsibly minded management, which is focused on long-term added value, is characterised by efficient co-operation between the Group Executive Board and the Board of Directors, by transparent accounting and reporting as well as by good shareholder relations.

The principles and directives defining corporate governance are laid down in two laws: the law concerning the control and supervision of public companies (ÖUSG) of 19 November 2009 and the Law on Liechtensteinische Landesbank (LLBG) of 21 October 1992. In addition, they are laid down in the statutes and rules of procedure of the LLB. These documents are based on the directives and recommendations of the "Swiss Code of Best Practice for Corporate Governance" issued by the Swiss Business Federation (economiesuisse).

On 22 November 2011, the Liechtenstein Government as the representative of the principal shareholder, the Principality of Liechtenstein, adopted – with reference to the ÖUSG Law – a so-called participation strategy for Liechtensteinische Landesbank AG. This strategy defines how the Principality intends to deal with its majority shareholding in the medium and long term and therefore also provides minority shareholders with certainty in planning.

The Government commits itself to the stock exchange listing of LLB and a majority participation of at least 51 per cent. The Government represents the shareholder interest of the Principality at the General Meeting of Shareholders pursuant to the rights afforded to it by stock corporation law. It observes corporate autonomy as well as the rights and obligations resulting from the stock exchange listing. At the same time, as a shareholder it also respects the decision-making authority of the Board of Directors concerning corporate strategy and corporate policy. In accordance with Art. 16 of the ÖUSG Law, the participation strategy was adopted after consultation with LLB's Board of Directors. Further information can be found at www.llb.li/participation-strategy.

The following corporate governance report complies with the requirements of the Corporate Governance Directive (DCG) of the SIX Exchange Regulation, status 18 June 2021, as well as the fully revised guidelines of the Six Exchange Regulation regarding the DCG of 10 April 2017. If information required by the DCG is disclosed in the Notes to the financial statement, a corresponding reference is shown.

The corporate governance report represents the status as at 31 December 2022. Important changes, which occurred between the balance sheet date and the editorial deadline for the annual report, are clearly disclosed in the section "Important changes since the balance sheet date" or next to the respective point in the report.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Description of the operative structure

Liechtensteinische Landesbank is a public company ("Aktiengesellschaft") according to Liechtenstein law. It is the parent company of the LLB Group, which is based on a parent company structure.

The LLB Group has a divisional management structure that is organised into five divisions. Besides the two market divisions "Retail and Corporate Banking" and "International Wealth Management", the management structure encompasses the functions of Group Chief Executive Officer (Group CEO), Group Chief Financial Officer (Group CFO) and Group Chief Digital & Operating Officer (Group CDO) (see chapter "Strategy and organisation"). The rules of procedure adopted by the Board of Directors, in particular the functions diagram in the appendix, ensure the proper conduct of business, the appropriate organisation as well as the uniform management of the LLB Group. In accordance with the functions diagram, the Board of Directors, the Chairman of the Board of Directors, the committees of the Board of Directors, the Group CEO and the Group Executive Board are decision-making authorities.

The functions of the Board of Directors and the Group Executive Board of the LLB Group are combined with those of the Board of Directors and the Board of Management of the LLB parent company. Within the scope of the duties and powers defined by the rules of procedure and the functions diagram, the above-mentioned authorities can make decisions and issue rulings that are binding for both the parent company and the LLB Group companies – but taking into consideration the provisions of current local law applicable to the individual Group companies.

The members of the Group Executive Board are represented on the Boards of Directors of the consolidated companies. A member of the Group Executive Board serves as the Chairman of the Board of Directors.

The organisational structure of the LLB Group as at 31 December 2022 can be found here and the detailed segment reports here.

1.1.2 Listed companies included in the scope of consolidation
Liechtensteinische Landesbank AG, with its headquarters in Vaduz, is listed on the SIX Swiss Exchange. As at 31 December 2022, its market capitalisation stood at CHF 1'718.6 million (30'800'000 registered shares at a nominal value of CHF 5.00 at a year-end price of CHF 55.80).

Bank Linth LLB AG, with its headquarters in Uznach, was also listed on the SIX Swiss Exchange until 28 December 2022. On 27 January 2022, LLB published an advance notice announcing its public tender offer for publicly held Bank Linth shares. The offering prospectus was published on 25 February 2022. LLB's intention was to increase its 74.9 per cent shareholding in Bank Linth's share capital, which it had held since 2007, to 100 per cent. At the same time, LLB and Bank Linth communicated their joint intention to delist Bank Linth shares. The public tender offer met an extremely high level of acceptance. Almost all the shareholders tendered their shares to LLB, increasing its shareholding in Bank Linth to 99.9 per cent by 24 May 2022. Bank Linth applied to the SIX Swiss Exchange in early summer for the delisting of its shares. Following the conclusion of the legal proceedings, Bank Linth shares were definitively delisted from the SIX Swiss Exchange on 28 December 2022. The few remaining publicly held shares were cancelled earlier by court decision; the affected shareholders were compensated.

Company	Reg. office	Listed on	Market capitalisation (in CHF thousands)	Segment	Security number	ISIN number
Liechtensteinische Landesbank AG	Vaduz	SIX Swiss Exchange	1'718'640	International Reporting Standard	35514757	LI0355147575

1.1.3 Unlisted companies included in the scope of consolidation
Details of the unlisted companies included in the scope of consolidation (company, registered office, activities, share capital and equity interest) can be found in the Notes to the consolidated financial statement of the LLB Group in the table "Scope of consolidation".

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

At the end of 2022, the Principality's equity stake in the shares of Liechtensteinische Landesbank stood at 56.3 per cent. On 13 May 2022, Liechtensteinische Landesbank acquired 363'785 shares from the Principality of Liechtenstein, this in connection with its public tender offer to Bank Linth shareholders to purchase their Bank Linth shares. After this transaction, the Principality of Liechtenstein still holds 17'336'215 of the total 30'800'000 LLB shares. Detailed information about the development of this equity stake can be found at www.llb.li/capital+structure.

At 31 December 2022, the Haselsteiner Familien-Privatstiftung, Ortenburger Strasse 27, 9800 Spittal / Drau, Austria, and grosso Holding Gesellschaft mbH, Walfischgasse 5, 1015 Vienna, Austria, held 1'805'000 shares, or a share of 5.9 per cent of the capital and voting rights of LLB (https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/). The Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH constitute a shareholder group. The voting rights will be exercised in mutual agreement between the parties.

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

As at 31 December 2022, Liechtensteinische Landesbank AG held, directly or indirectly, a total of 179'881 of its own registered shares (0.6 % of the share capital). No shares were cancelled so that the capital structure remained the same. The repurchased shares are to be used for the purpose of future acquisitions or for treasury management purposes.

Less than 0.4 per cent of the share capital was held by members of the Board of Directors and the Group Executive Board. There are no binding shareholder agreements.

1.3 Cross participations

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

2 Capital structure

2.1 Capital

The share capital of Liechtensteinische Landesbank comprised 30'800'000 registered, fully paid shares with a nominal value of CHF 5.00 each and therefore amounted to CHF 154.0 million.

2.2 Conditional and approved capital

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

2.3 Changes to capital

The share capital amounts to CHF 154 million and has not changed during the last three years. The LLB Group's equity totalled CHF 2'138 million as at 31 December 2020, CHF 2'240 million as at 31 December 2021 and CHF 2'024 million as at 31 December 2022 (see table "Consolidated statement of changes in equity" for the composition and changes to capital during the last two reporting years).

in CHF thousands	31.12.2022	31.12.2021	31.12.2020
Share capital	154'000	154'000	154'000
Share premium	– 14'923	– 13'952	– 13'177
Treasury shares	– 11'640	– 15'073	– 18'663
Retained earnings	2'056'623	1'959'517	1'902'316
Other reserves	– 161'534	12'932	– 20'911
Total	2'022'525	2'097'423	2'003'565
Non-controlling interests	1'203	142'704	134'028
Total equity	2'023'728	2'240'128	2'137'593

2.4 Shares and participation certificates

As at 31 December 2022, the share capital amounted to 30'800'000 fully paid registered shares with a nominal value of CHF 5.00. With the exception of the LLB shares held by Liechtensteinische Landesbank and its subsidiaries (179'881 shares), all the shares are eligible for dividend. As at 31 December 2022, share capital eligible for dividend therefore amounted to CHF 153.1 million. In principle, all LLB shares are eligible for voting according to the principle of "one share, one vote". However, on account of the regulations concerning the purchase of own shares (Art. 306a ff. PGR / Liechtenstein Law on Persons and Companies), the shares held by Liechtensteinische Landesbank and its subsidiaries are not eligible for voting. There are no priority rights or similar entitlements. Shareholders have a subscription right with the issue of new shares, which entitles them to subscribe to new shares in proportion to the number of shares they already hold.

Liechtensteinische Landesbank AG has not issued participation certificates.

2.5 Profit-sharing certificates
Liechtensteinische Landesbank AG has no outstanding profit-sharing certificates.

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

Liechtensteinische Landesbank maintains a share register containing the names of the owners of registered shares. Upon request, the purchasers of registered shares are entered in the share register as shareholders having a voting right provided that they expressly render a declaration that they have purchased these shares in their own name for their own account. If the purchaser is not prepared to render such a declaration, the Board of Directors can refuse to enter the shares with voting rights in the register. Pursuant to Art. 5a of the statutes (www.llb.li/statutes), the Board of Directors has specified that nominee registrations without the above-mentioned declaration are generally to be made without a voting right. The legal refusal of registration in the share register on important grounds remains reserved.

2.7 Convertible bonds and options
As at 31 December 2022, Liechtensteinische Landesbank had no convertible bonds or options on its own shares outstanding.

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

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

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

3 Board of Directors

3.1 Members

a) Name, nationality, education and professional career

Name	Year of birth	Profession	Nationality
Georg Wohlwend	1963	Business economist	FL
Gabriela Nagel-Jungo	1969	Professor of financial management	CH
Leila Frick-Marxer	1984	Lawyer	FL
Urs Leinhäuser	1959	Business economist	CH
Thomas Russenberger	1975	Head of Group Human Resources	FL
Richard Senti	1964	Business economist	FL
Karl Sevelda	1950	Bank manager (ret.)	AT

On the basis of their education, their professional background and their experience, the seven members contribute various, complementary skills and abilities. With two women on the seven-member Board, the proportion of women was 29 per cent at the end of 2022.

b) Executive / non-executive members

All members of the Board of Directors of Liechtensteinische Landesbank AG are non-executive members. Pursuant to Art. 22 of the Liechtenstein Banking Law in connection with Art. 10 of the Law on Liechtensteinische Landesbank, various special bodies must be constituted for the overall direction, supervision and control of a bank, on the one hand, and for the Board of Management and Group Executive Board, on the other hand. No member of the Board of Directors is allowed to be a member of the Board of Management or Group Executive Board.

c) Independence

All members of the Board of Directors are independent within the context of the SIX Swiss Regulation "Directive Corporate Governance" concerning corporate governance information. In 2022, as well as in the three previous business years, no member of the Board of Directors was a member of the Group Executive Board or the Board of Management of Liechtensteinische Landesbank or a Group company. No member of the Board of Directors had significant business relationships with Liechtensteinische Landesbank or a Group company. In accordance with Art. 12 of the Liechtenstein law concerning the control and supervision of public companies, all contracts with the members of the Board of Directors must be in writing and they must be approved by the Board of Directors. The same conditions apply to contracts concluded with third parties.

Georg Wohlwend

Chairman, Business economist 1963, FL

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

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

Gabriela Nagel-Jungo

Vice Chairwoman, Professor of financial management 1969, CH

Education:
- Licentiate in economics, University of Zurich, 2001
- Teaching diploma in business subjects, 2004
- Dr. oec. publ., University of Zurich, 2007
- Professor of Financial Management, awarded by ZFH, 2011
- Dipl. Digital Transformation Officer, 2019

Professional career:
- Semester assistant at the Chair for Business Administration, Swiss Federal Institute of Technology (ETH) Zurich, 1998 – 1999
- Head Financial Accounting and Payroll, netto-netto AG, Wetzikon, 2002 – 2005
- Assistant at the Institute for Accounting and Controlling (Prof. Dr. C. Meyer), University of Zurich, 1999 – 2007
- Lecturer and project leader, Zurich University of Applied Sciences, since 2007
- Head of the Centre for Accounting & Controlling, Zurich University of Applied Sciences, since 2010 (2016 upgraded to Institute for Financial Management)
- Deputy Head of the Department of Banking, Finance, Insurance, Zurich University of Applied Sciences, since 2011

Leila Frick-Marxer
Lawyer
1984, FL

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

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

Urs Leinhäuser
Business economist
1959, CH

Education:
- Business economist HWV, 1983
- IMD Lausanne, SSE 1998

Professional career:
- Tax inspector, Tax Office of the Canton of Schaffhausen, 1983 – 1986
- Deputy Head, Tax Department, Refidar Moore Stephens AG, Zurich, 1986 – 1988
- Group Controller and Managing Director, Cerberus Denmark (1992), Cerberus AG, Männedorf, 1988 – 1994
- Head Group Controlling and CFO of Piping Systems division, Georg Fischer AG, Schaffhausen, 1995 – 1999
- CFO and Member of the Group Executive Board, Mövenpick Holding AG, Adliswil, 1999 – 2003
- CFO and Head Corporate Center and Member of Corporate Management, Rieter Holding AG, Winterthur, 2003 – 2011
- CFO and Deputy CEO and Member of Corporate Management, Autoneum Holding AG, Winterthur, 2011 – 2014
- Businessman, since 2014
- Managing Partner, ADULCO GmbH, Schaffhausen, since 2016

Thomas Russenberger
Personnel manager
1975, FL

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

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

Richard Senti
Business economist
1964, FL

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

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

Karl Sevelda
Bank manager (retired)
1950, AT

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

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

3.2 Other activities and commitments
- **Georg Wohlwend** is Chairman of the Board of Directors of Neutrik AG, Schaan, and Chairman of the Board of Directors of Alegra Capital AG, Vaduz.
- **Gabriela Nagel-Jungo** is a Member of the Board of Directors of GVZ Building Insurance Institute of the Canton of Zurich.
- **Urs Leinhäuser** is a Member of the Board of Directors of Burckhardt Compression Holding AG, Winterthur, of Ammann Group Holding AG, Berne, of Pensador Partner AG, Zurich, Vice Chairman of the Board of Directors of VAT Group AG, Haag, as well as Chairman of the Board of Directors of AVESCO AG, Langenthal.
- **Thomas Russenberger** is Chairman of the Foundation Board of the "Presta Stiftung" pension fund, Eschen.
- **Richard Senti** is Chairman of the Board of Directors of the Hoval Group, Vaduz.
- **Karl Sevelda** is a Member of the Supervisory Board of SIGNA Development Selection AG and SIGNA Prime Selection AG, Vienna / Innsbruck, a Member of the Board of Directors of RHI Magnesita NV, Arnhem (NL) / Vienna, and a partner in Andlinger & Company GmbH, Vienna. Furthermore, he is a

member of the Foundation Board of CUSTOS Privatstiftung, Graz, and Chairman of EcoAustria Economic Research Institute, Vienna.

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

3.3 The number of permitted activities

Liechtensteinische Landesbank AG is not subject to the Swiss ordinance against excessive compensation in listed public companies (OaEC). Liechtensteinische Landesbank AG has not issued any regulations on the number of permitted activities.

3.4 Election and term of office

3.4.1 Principles governing the election procedure

In accordance with the Law on Liechtensteinische Landesbank of 21 October 1992, the Board of Directors of Liechtensteinische Landesbank is composed of five to seven members, who are elected individually by the General Meeting of Shareholders for a three-year term of office; whereby a year corresponds to the period from one ordinary General Meeting of Shareholders to the next. Members can be re-elected for a further two terms. After three terms of office, the Chairman of the Board of Directors can – in justified cases – be re-elected for an extraordinary term of office of at most two years.

The Group regulation “Group Nomination & Compensation Committee” (see point 3.5.2 “Composition of all Board of Directors’ committees, their tasks and terms of reference”) stipulates that the Board of Directors aims at continuity through the planned renewal and succession as well as a reasonable staggering of terms of office (no complete renewal) pursuant to current corporate governance provisions.

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

Georg Wohlwend is Chairman of the Board of Directors; Gabriela Nagel-Jungo is Vice Chairwoman. Cyrill Sele is Secretary (recorder of the minutes).

3.4.2 First-time election and remaining term of office

Name	First-time appointment	Elected until
Georg Wohlwend	2017	2024
Gabriela Nagel-Jungo	2014	2023
Leila Frick-Marxer	2022	2025
Urs Leinhäuser	2014	2023
Thomas Russenberger	2018	2024
Richard Senti	2018	2024
Karl Sevelda	2019	2025

3.5 Internal organisation

3.5.1 Separation of tasks of the Board of Directors

Name	Function	Committee memberships
Georg Wohlwend	Chairman	Group Nomination & Compensation Committee Strategy Committee[1]
Gabriela Nagel-Jungo	Vice Chairwoman	Group Audit Committee[1] Strategy Committee
Leila Frick-Marxer	Member	Group Nomination & Compensation Committee Group Risk Committee
Urs Leinhäuser	Member	Group Audit Committee Group Risk Committee Strategy Committee
Thomas Russenberger	Member	Group Nomination & Compensation Committee[1]
Richard Senti	Member	Group Risk Committee[1] Group Audit Committee
Karl Sevelda	Member	Group Risk Committee Strategy Committee

1 Chair

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

In accordance with the statutes, the Board of Directors may appoint committees at its discretion. To support it in performing its tasks, the Board has implemented four committees: the Group Nomination & Compensation Committee, the Group Audit Committee, the Group Risk Committee and the Strategy Committee. The Board of Directors elects the committee members from among its members and appoints the chairmen. The Chairman of the Board of Directors cannot be elected to the Group Audit Committee or the Group Risk Committee. Each committee is composed of at least three members. As preparatory or advisory bodies, these committees deal in detail with the tasks assigned to them, submit the results of their work to the Board of Directors and make proposals if decisions are required.

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

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

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

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

Group Audit Committee

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

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

Name	Function
Gabriela Nagel-Jungo	Chairwoman
Urs Leinhäuser	Member
Richard Senti	Member

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

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

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

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

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

Name	Function
Richard Senti	Chairman
Leila Frick-Marxer	Member
Urs Leinhäuser	Member
Karl Sevelda	Member

The Group Risk Committee has the following risk-related tasks:
- The assessment and provision of advice on the current and future overall risk tolerance and strategy of the LLB Group.
- The assessment of the implementation of the risk strategy by the Group Executive Board.
- The monitoring of the integrity and suitability of risk management in the LLB Group, which is based on risk policy, in particular, in regard to market, credit, liquidity as well as operational risks.
- The assessment of the integrity and suitability of the internal control system in regard to the identification, measurement, limitation and monitoring of risks. In the areas of compliance and risk control this includes, in particular, the assessment of the precautions that are to ensure the observance of the legal (e.g. capital adequacy, liquidity and risk distribution regulations) and bank-internal (e.g. risk policy framework) provisions. In the area of operational risk management this encompasses, in particular, the annual review of the OpRisk Assessment of the LLB Group, which is based on the risk taxonomy.
- The supporting of the Board of Directors to formulate and implement the risk-relevant Group rulings and directives issued by it as well as the relevant guidelines and processes that are set down in these rulings and directives.
- The assessment, at least on an annual basis, of the Group-wide policy on risks (e.g. risk policy framework). In doing so, the concerned authorities are to be consulted and the suggestions and proposals of the Group Executive Board are to be considered. A proposal is then to be made to the Board of Directors as the approving authority. All risk-relevant Group rulings and directives that have to be approved by the Board of Directors are to be treated accordingly.
- The assessment of the results of the ICLAAP (internal capital / liquidity adequacy assessment process).
- The examination of the risk propensity within the scope of the risk-bearing capacity statement. This is performed both from the perspective of the going concern and also of the gone concern. Based on the

risk appetite, the Group Risk Committee can propose adjustments to the limits system to the Board of Directors.
- The assessment of the overall risk situation and supervising adherence to the limits set by the Board of Directors.
- The discussion and assessment of the Risk Report of the LLB Group and submission of a proposal to the Board of Directors as the approving authority.
- The discussion and assessment of the risk analysis and activity report of the LLB Group's Group Legal & Compliance and submission of a proposal to the Board of Directors as the approving authority.
- The examination of whether the pricing of the investments and liabilities takes into reasonable consideration the business model and the risk strategy of the LLB Group and, if this is not the case, the submission of a plan of appropriate measures.
- The examination of whether the incentives offered in the compensation system take into consideration risk, capital, liquidity, and the probability and timing of earnings.

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

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

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

On behalf of the Board of Directors and the Group Executive Board, the Group Nomination & Compensation Committee strives to achieve the following goals while complying with the applicable principles of corporate governance:
- A balanced composition of the bodies taking into consideration the professional knowledge and skills required for the bank, diversity and personal suitability of members;
- Continuity thanks to planned renewal and succession as well as a reasonable staggering of terms of office (no complete renewal);
- The smooth transfer of functions and official responsibilities thanks to a systematic introduction to the specific tasks and operations of the bank.

In addition, the Group Nomination & Compensation Committee is responsible for these tasks:
- The annual evaluation of the structure, size, composition and performance of the Board of Directors and the Group Executive Board, as well as recommending any changes, if necessary;
- The annual evaluation of the knowledge, abilities and experience of the individual members of the Board of Directors and the Group Executive Board as well as its bodies in their entirety. The submission of the evaluation to the Board of Directors and the Group Executive Board;
- Reviewing the course of the Board of Directors in the selection and appointment of the Group Executive Board and making recommendations to the Board of Directors;
- The ensuring that the decision-making process of the Group Executive Board and the Board of Directors cannot be influenced by an individual person or a group of persons in a manner detrimental of the LLB Group's interests;
- Review of the remuneration of the members of the Group Executive Board and senior executives in the areas of risk management and compliance;
- The review of the procedure adopted by the Board of Directors in selecting and appointing the Group Executive Board, as well as submission of recommendations to the Board of Directors;
- The formulating of compensation regulations for the parent bank and the LLB Group;

- The preparation of decisions regarding the compensation of the members of the Board of Directors and the Group Executive Board, as well as of other employees, in so far as their compensation is to be determined by the Board of Directors in accordance with the compensation regulations and taking into consideration the long-term interests of stakeholders, investors and other parties;
- The establishment of the guidelines for the human resources policy.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the nomination, election and re-election of the members of the Board of Directors. It has the following tasks in particular:
- The development of criteria for the selection, election and re-election of candidates;
- The selection and evaluation of candidates as well as the submission of election proposals to the Board of Directors for submission to the General Meeting of Shareholders in accordance with the developed criteria;
- The development of succession plans and their periodic review, both in the case of the end of a term of office and in the case of any member stepping down early;
- Ensuring the further training of the entire Board of Directors;
- Planning the introductory phase for new members.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the appointment of members of the Group Executive Committee and for the appraisal of their performance. It has the following tasks in particular:
- The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors;
- The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors in accordance with the developed criteria;
- The development and application of criteria for the performance appraisal of the Group Executive Board in corpore as well as of individual members;
- The development of succession plans and their periodic review, both in the case of members of the Group Executive Board stepping down for age-related or contingency reasons;
- Ensuring the further training of the members of the Group Executive Board.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the appointment of the Head of Group Internal Audit and for the appraisal of their performance. It has the following tasks in particular:
- The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors with the involvement of the Chairwoman of the Group Audit Committee;
- The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors in accordance with the developed criteria;
- The development and application of criteria for the performance appraisal of the Head of Group Internal Audit – in co-operation with the Chairman of the Board of Directors and the Chairwoman of the Group Audit Committee;
- The development of succession plans and the periodic review of them, both in the case of the age-related or contingency stepping down of the Head of Group Internal Audit, this in collaboration with the Chairman of the Board of Directors and the Chairwoman of the Group Audit Committee.

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

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

The Group Nomination & Compensation Committee has the following tasks, in particular, in relation to compensation:
- The formulation of recommendations for the stipulation of principles and the establishment of regulations for the compensation policy concerning the members of the Board of Directors, the

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

The Group Nomination & Compensation Committee has the following responsibilities in relation to strategic human resources management:
- The stipulation and periodic review of the principles of human resources policy;
- The review of the processes for the systematic development of employees and executives.

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

Name	Function
Georg Wohlwend	Chairman
Gabriela Nagel-Jungo	Member
Urs Leinhäuser	Member
Karl Sevelda	Member

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

3.5.3 Working methods of the Board of Directors and its committees
Board of Directors
The Chairman of the Board of Directors convenes meetings as often as business requires or when requested in writing by a member, but at least four times a year. Together with the written invitation, the members of the Board of Directors also receive the agenda for the meeting, the minutes of the last meeting and other important documentation required for the meeting at least five days prior to the date of the meeting. Meetings of the Board of Directors can also be called with a shorter period of notice if there is a pressing matter. It is within the discretion of the Chairman to determine the urgency of that matter. Board meetings are chaired by the Chairman. A quorum of the Board of Directors is constituted when a simple majority of the members is present. Resolutions shall be passed by a simple majority of votes. In the case of a tie, the Chairman shall have the casting vote. In urgent cases, resolutions may be passed by circular, provided no member requests a verbal discussion at a meeting within three work days or within the period specified by the Chairman of the Board of Directors in an individual case from receipt of the circular voting request. If no period is specified by the Chairman for the casting of a circular vote, the vote shall take place within a period of five work days from receipt of the circular voting request. A resolution taken by circular vote is just as binding as a resolution taken at a meeting of the Board of Directors. The Chairman shall inform the other members immediately about the result of the circular vote. Resolutions taken by circular shall be entered in the minutes at the next ordinary meeting of the Group Board of Directors.

Meetings of the Board of Directors can be held in the form of physical, telephone or video conferences. The meetings held in the form of telephone or video conferences shall be entered in the minutes in the same manner as at physical meetings of the Board.

The members of the Board of Directors are to exercise their tasks, competences and responsibilities with the necessary care and to regulate their personal and business matters in such a manner that, as far as possible, actual or potential conflicts of interest are avoided. The members of the Board of Directors are obliged to inform the Chairman in cases of real or potential conflicts of interest. This is regardless of whether the real or potential conflicts of interest are of a general nature or related to a matter to be discussed at a meeting. The Chairman informs the Board of Directors and decides how a recusal is dealt with. The following recusal options are possible:
- The member concerned may attend the discussion but may not be present at the passing of the resolution concerning the respective matter. He will receive the corresponding minutes.
- The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will receive the corresponding minutes.
- The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will not receive the corresponding minutes.

During the 2022 business year, the Board of Directors of Liechtensteinische Landesbank AG held a total of ten ordinary and two extraordinary meetings. The meetings lasted between 1.00 and 7.50 hours. A closed meeting lasting a day was conducted by the Board of Directors in collaboration with the Group Executive Board following the ordinary meeting in June 2022. The closed meeting focused on the strategy review. The subject of the extraordinary board meetings was the public tender offer to Bank Linth shareholders.

Date	Meeting	Attendance	Duration in hours
24 January 2022	extraordinary	all	2.00
26 January 2022	extraordinary	all	1.00
24 February 2022	ordinary	all	6.00
24 March 2022	ordinary	all	4.50
06 May 2022	ordinary	all	3.50
27 May 2022	ordinary	all	2.25
23 June 2022	ordinary	all	6.50
24 June 2022	closed meeting	all	7.00
22 August 2022	ordinary	all	6.00
23 September 2022	ordinary	all	4.75
28 October 2022	ordinary	all, excepting Urs Leinhäuser	5.50
25 November 2022	ordinary	all	7.50
16 December 2022	ordinary	all	7.00

Group Audit Committee

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

During the 2022 business year, the members of the Group Audit Committee met for five meetings. No external experts were called in during the business year.

Date	Attendance	Duration in hours
19 January 2022	all	1.00
23 February 2022	all	2.00
27 May 2022	all	2.25
19 August 2022	all	3.25
15 December 2022	all	3.30

Group Risk Committee

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

During the 2022 business year, the Group Risk Committee held five ordinary meetings. No external experts were called in during the business year.

Date	Attendance	Duration in hours
23 February 2022	all	2.30
27 May 2022	all	3.30
19 August 2022	all	2.30
21 November 2022	all	1.75
16 December 2022	all	1.75

Group Nomination & Compensation Committee

The Group Nomination & Compensation Committee convenes as often as business requires, but at least twice a year. The meetings are convened by the Chairman. He compiles an agenda prior to each meeting, which is sent together with the necessary information and the minutes of the last meeting to the meeting's participants at least five days prior to the date of the meeting.

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

During the 2022 business year, the members of the Group Nomination & Compensation Committee met for six meetings.

Date	Attendance	Duration in hours
04 February 2022	all	2.50
16 May 2022	all	2.75
04 July 2022	all	0.75
29 August 2022	all	2.75
11 November 2022	all	2.00
21 November 2022	all	2.25

Strategy Committee
The new ACT-26 corporate strategy (see chapter "Strategy and organisation") was developed in 2021 and adopted by the Board of Directors in October 2021. At the closed meeting on 24 June 2022, the Group Executive Board reported to the full Board of Directors on the start of implementation, which is why no additional meeting of the Strategy Committee was scheduled.

Resolutions at the committee meetings
The committees carry out solely preparatory or advisory tasks on behalf of the Board of Directors. Resolutions at the meetings are passed with an absolute majority of the members present. The attendance of more than half of the members is required for a quorum. Only the members of the committees are eligible to vote. In the case of a tie, the Chairman has the casting vote. The subjects dealt with and resolutions passed are recorded in the corresponding minutes. The minutes are circulated to the meeting's participants and the members of the Board of Directors. The Chairmen of the committees inform the Board of Directors about the agenda dealt with at the last committee meeting and submit proposals for those points requiring resolutions.

Self-evaluation
In general, the Board of Directors evaluates its own performance annually and also that of the committees. This evaluation serves to determine whether the Board of Directors and the committees are functioning appropriately. The results of the self-evaluation are recorded in writing.

In summer 2022, the Board of Directors carried out a self-evaluation on the basis of a questionnaire. As in previous years, the overall evaluation was very positive. The collaboration between the Board members is very good. The culture of open and frank discussions is constructive and effective. The interdisciplinary composition of the Board and the range of ages of the members are regarded as very positive. In addition to the many items on the agenda to be reviewed and assessed, in future the Board of Directors will deal more frequently with creative and formative elements, as well as place sharper focus on continual further training.

3.6 Definition of areas of responsibility
The Board of Directors is responsible for the direction, supervision and control of the LLB Group. It is ultimately responsible for the success of the LLB Group as well as for the sustained increase in the value of the company for the shareholders and the employees as well as for the protection of its reputation. It makes decisions concerning the LLB Group's corporate strategy and assumes final responsibility for monitoring the conduct of business. It stipulates the risk policy of the LLB Group and monitors compliance with it. Furthermore, the Board of Directors monitors compliance with applicable legal provisions and regulations. At the request of the Group Executive Board, the Board of Directors determines the financial and human resources required to implement the corporate strategy. The Board of Directors must keep itself informed in an appropriate manner about the financial and risk situation of the LLB Group. This also applies to the decisions made within the Group companies, which in practice have an effect on the business activity of the LLB Group.

Within the scope of the duties and responsibilities defined in the statutes, the Board of Directors has the following tasks:
- Strategy and management;
- Organisation;
- Financial management;
- Risk policy and management.

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

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

Concerning the ultimate responsibility for the organisation of accounting, financial control and financial planning of the LLB Group, the Board of Directors is, in particular, responsible for:
- The approval of the applicable accounting standards;
- The approval of medium-term planning and budgeting;
- The overall supervision of the complete equity and liquidity management system;
- The approval of the Consolidated Annual Report with the consolidated financial statement and the consolidated management report;
- The approval of the Consolidated Interim Report;
- The ensuring of regular reporting on the course of business and extraordinary occurrences;
- The stipulation of the competence to authorise expenditure;
- The supervision of the Group’s business development.

Concerning the ultimate responsibility for risk policy and management of the LLB Group, the Board of Directors is, in particular, responsible for:

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

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

The LLB Group conducts its business within a framework of the two market-oriented divisions "Retail and Corporate Banking" and "International Wealth Management" as well as the shared service functions of the Group CFO and Group CDO. The heads of the divisions are responsible for the operative management of the divisions.

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

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

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

In addition to the powers and duties set forth in the statutes, the Group Executive Board is responsible, in particular, for:
- Operative management;
- Implementation of the strategy;
- Risk management.

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

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

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

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

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

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

In principle, the Board of Directors, the individual committees of the Board of Directors and, in particular, their chairpersons are kept informed about the activities of the Group Executive Board by the Group CEO. The members of the Group Executive Board report to the Group CEO for the attention of the Board of Directors. The Group CEO ensures that the Chairman of the Board of Directors and the Board of Directors as well as its committees are informed in a timely and appropriate manner. The Group CEO regularly reports to the Board of Directors about current business developments and important business issues, including all matters that fall within the remit of the Board of Directors.

The Group CEO generally attends the meetings of the Board of Directors in an advisory capacity, informs it about the development of business as well as about extraordinary occurrences and provides additional information on request. The Group CFO regularly informs the Board of Directors about finances and risk management as well as about the proper implementation of the bank's risk policy. The other members of the Group Executive Board attend meetings when matters involving them are dealt with. The Group CEO and the Group CFO usually participate in the meetings of the Group Audit Committee and the Group Risk Committee in an advisory capacity.

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

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

Internal supervision and control
The LLB Group has standardised bank management systems that generate quantitative and qualitative data for the Group Executive Board and in a summarised form for the Board of Directors. This enables the Board of Directors to inform itself about significant business developments, such as the course of business, earnings situation, budget utilisation, balance sheet development, liquidity, risk situation and the fulfilment of equity requirements. The Board of Directors discusses and approves the annotated reports on finances and risk management on a quarterly basis.

In exercising its supervision and control functions, the Board of Directors is also assisted by Group Internal Audit, which is subordinate directly to the Chairman of the Board of Directors. Group Internal Audit has open, direct and unrestricted access to the Chairmen of the Boards of Directors of the LLB Group companies as well as to the Group Audit Committee and the Group Risk Committee. It is independent in its reporting and is not subject to any directive or other limitations, and within the LLB Group, it has an unrestricted right to peruse all information and documents. Group Internal Audit assumes the function of the internal auditor for all Group companies that are required to prepare a consolidated statement of accounts and submits the reasons for its decision to the Board of Directors or the respective Board of Directors of the Group company as to whether there exists an effective internal control system and whether risks are being adequately monitored. If a Group company has in place its own internal audit function, this is functionally subordinate to the Head of Group Internal Audit. Group Internal Audit provides independent, objective and systematic reporting services regarding:

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

The powers and duties of Group Internal Audit are stipulated in a special set of regulations. The planning of annual auditing is carried out on the basis of the evaluation of risks and controls and is guided by a long-term auditing plan.

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

The results of every examination are recorded in a written audit report. The audit reports of the parent bank and all LLB Group companies are sent to the Chairman of the Board of Directors, the members of the Group Audit Committee and the Group Risk Committee, the Group Executive Board, the Head of Group Credit & Risk Management as well as to the Head of Group Legal & Compliance and the external auditors. The Head of Group Internal Audit compiles a report on a quarterly basis for submission to the Group Audit Committee and the Group Executive Board as well as to the responsible committees of the other banks of the LLB Group. He also compiles a written activity report annually for submission to the Board of Directors. Particular findings that need to be dealt with immediately are communicated to the Chairman of the Board of Directors without delay by the Head of Group Internal Audit. In addition, Group Internal Audit regularly monitors the rectification of any deficiencies found and the implementation of its recommendations; it submits reports about this procedure to the Group Audit Committee.

Risk management

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

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

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

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

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

Compliance
The employees of the LLB Group are obliged to comply with all legal, regulatory and internal regulations as well as to observe common market standards and professional codes of conduct. The Board of Directors is responsible for organising and ensuring Group-wide compliance. For this purpose, it has issued detailed regulations in respect of the compliance rulings (in particular the compliance regulations of the Group) dealing with the essentials of compliance organisation for the purpose of creating and implementing a common understanding of the principles of compliance. The Group Executive Board is responsible for the implementation and observance of compliance. In doing so, it is supported by the compliance functions within the LLB Group. These functions are led by the Head of the Group Legal & Compliance Business Area and are independent of the operative business areas. The Head of Group Legal & Compliance acts as general counsel and has direct access to the Group Risk Committee. He compiles an annual written activity report for the Group Risk Committee and the Board of Directors and submits a risk analysis to them twice a year with an estimate of the most significant compliance risks and the measures and recommendations to be considered as a result. Outside the ordinary reporting periods, he promptly informs the Group Risk Committee about serious infringements of compliance regulations, and about issues of great economic or other significance, and supports it in implementing the appropriate instructions or measures (see chapter "Finance and risk management").

4 Group Executive Board

4.1 Members

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

Gabriel Brenna
Group Chief Executive Officer
1973, CH / I

Joined the Group Executive Board:
2012

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

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

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

Board of Directors mandates in Liechtensteinische Landesbank Group companies:
- Liechtensteinische Landesbank (Österreich) AG (Member of the Supervisory Board)
- Bank Linth LLB AG (Member)
- LLB Asset Management AG (Chairman)

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

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

Joined the Group Executive Board:
2012

Education:
- Federally qualified licentiate in economics, FHS St. Gallen, 1999
- Executive MBA, University of St. Gallen (HSG), 2009
- DAS Compliance Management, University of St. Gallen, 2021

Professional career:
- Commercial apprenticeship, St. Galler Kantonalbank, Buchs (SG), 1990 – 1993
- Investment adviser for private clients, St. Galler Kantonalbank, Wil (SG), 1994 – 1996
- Senior consultant, KPMG Consulting (from October 2002, Bearing Point), Zurich, 1999 – mid-2003
- Team manager Budget and Management Services, Asian Development Bank, Manila / Philippines, 2003 – 2006
- Partner at Syndeo AG, Head of Accounting and Controlling for Banks, Horgen (ZH), end of 2006 – October 2010

Liechtensteinische Landesbank:
- Head of Group Finance & Risk Department, November 2010 – 15 January 2012
- Member of the Group Executive Board and the Board of Management, since 16 January 2012
- Chief Financial Officer, January 2012 – June 2012
- Group Chief Financial Officer, since July 2012
- Vice Group Chief Executive Officer, since 2022

Board of Directors mandates in Liechtensteinische Landesbank Group companies:
- Liechtensteinische Landesbank (Österreich) AG (Vice Chairman of the Supervisory Board)
- Bank Linth LLB AG (Member)
- LLB Asset Management AG (Member)

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

Natalie Flatz

Head of “International Wealth Management” division
1977, AT

Joined the Group Executive Board:
2016

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

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

Liechtensteinische Landesbank:
- Head of Institutional Clients Business Unit, 2011 – June 2012
- Head of Fund Services Business Area, July 2012 – June 2016
- Member of the Group Executive Board and the Board of Management, since July 2016
- Head of Institutional Clients division, July 2016 – 2021
- Head of "International Wealth Management" division, since January 2022

Board of Directors mandates in Liechtensteinische Landesbank Group companies:
- Liechtensteinische Landesbank (Österreich) AG (Chairwoman of the Supervisory Board)
- LLB Fund Services AG (Chairwoman)
- LLB Swiss Investment AG (Chairwoman)
- LLB Asset Management AG (Vice Chairwoman)
- LLB Services (Schweiz) AG (Vice Chairwoman)
- LLB Invest AGmvK (Member)

Other functions:
- Member of the Board of Trustees of the “Future Foundation of Liechtensteinische Landesbank AG”

Patrick Fürer

Group Chief Digital & Operating Officer
1965, CH

Joined the Group Executive Board:
2019

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

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

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

Board of Directors mandates in Liechtensteinische Landesbank Group companies:
- Liechtensteinische Landesbank (Österreich) AG (Member)

Other functions:
- Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"

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

Joined the Group Executive Board:
2011

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

Professional career:
- Auditor, Unterrheintal District Court and Associate Court Clerk, Oberrheintal District Court, 1993 – 1995

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

Board of Directors mandates in Liechtensteinische Landesbank Group companies:
- Bank Linth LLB AG (Chairman)
- LLB Asset Management AG (Member)

Other functions:
- Member of the Board of Trustees of the “Future Foundation of Liechtensteinische Landesbank AG”

4.2 Other activities and commitments

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

4.3 Number of permitted activities

Liechtensteinische Landesbank AG is not subject to the Swiss ordinance against excessive compensation in listed public limited companies (OaEC). Liechtensteinische Landesbank AG has not issued any regulations on the number of permitted activities.

4.4 Management contracts

Liechtensteinische Landesbank has not concluded any management contracts.

5 Compensation, participations and loans

Details concerning compensation, participations and loans can be found in the "Compensation report".

6 Shareholders' participation rights

6.1 Voting right limitation and representation

At Liechtensteinische Landesbank's General Meeting of Shareholders, each share carries one vote. In accordance with Art. 306a ff. of the Law on Persons and Companies, LLB shares held by Liechtensteinische Landesbank itself and its subsidiaries (179'881 shares as at 31 December 2022) are not eligible to vote. Beyond that, there are no voting right limitations.

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

6.2 Statutory quorum

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

Provided that legal provisions do not stipulate to the contrary, the General Meeting passes its resolutions and decides its elections by an absolute majority of the votes cast.

6.3 Convening of the General Meeting of Shareholders

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

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

6.4 Agenda
The Board of Directors specifies the agenda for the General Meeting of Shareholders in accordance with Art. 14 of Liechtensteinische Landesbank's statutes (www.llb.li/statutes). The General Meeting can only deal with items which are listed in the agenda, with the exception of a proposal for the convening of an extraordinary General Meeting.

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

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

6.5 Registration in the company's share register
Liechtensteinische Landesbank has exclusively issued registered shares. It maintains a share register containing the names of the owners of registered shares. Upon request, the purchasers of registered shares are entered in the share register as shareholders having a voting right provided that they expressly render a declaration that they have purchased these shares in their own name for their own account. If the purchaser is not prepared to render such a declaration, the Board of Directors can refuse to enter the shares with voting rights in the register. Pursuant to Art. 5a of the statutes (www.llb.li/statutes), the Board of Directors has specified that nominee registrations without the above-mentioned declaration are generally to be made without a voting right. In order for the right to vote to be exercised at the General Meeting of Shareholders, entry in the share register must be made at the latest three working days prior to the date of the General Meeting. Accordingly, the deadline for entry in the share register for the General Meeting on Friday, 5 May 2023 was fixed at 5 p.m. on Monday, 1 May 2023. From 2 May to 5 May 2023 no entries will be made in the share register.

7 Change of control and defensive measures
Liechtensteinische Landesbank is a banking institute licensed under Liechtenstein law with its registered office in the Principality of Liechtenstein. As a Liechtenstein bank listed on the SIX Swiss Exchange, Liechtensteinische Landesbank AG must in addition to complying with Liechtenstein law also comply with various Swiss regulatory requirements. Since 1 January 2016, the provisions regarding the disclosure of significant shareholders are regulated in the Financial Market Infrastructure Law and in the Financial Market Infrastructure Ordinance and also apply to LLB.

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

Liechtensteinische Landesbank's statutes contain no regulations comparable with the Swiss provisions regarding opting out or opting up. Likewise, there are no change of control clauses in favour of the members of the Board of Directors and / or the members of the Group Executive Board or other senior executives.

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

8 Independent auditors

8.1 Duration of mandate and term of office of the auditor in charge

8.1.1 Date of acceptance of existing auditing mandate

Every year, the General Meeting of Shareholders appoints one or more natural or legal entities as the independent auditors in accordance with the legal provisions. The independent auditors examine the company's adherence to the legal provisions, the statutes and the other regulations.

KPMG Liechtenstein AG, Vaduz, has held the mandate as independent auditor, according to the Law on Persons and Companies and the Banking Law, since the General Meeting on 7 May 2021. KPMG was re-elected at the General Meeting on 6 May 2022 at the proposal of the Board of Directors for a period of one year.

8.1.2 Term of office of the auditor in charge of the current auditing mandate

Philipp Rickert has been the responsible auditor in charge since 2021. The auditor in charge changes every seven years.

8.2 Audit fees

In the 2022 business year, KPMG invoiced the companies of the LLB Group for CHF 1'172 (2021: CHF thousands 1'027) in respect of audit fees. These fees include the work carried out as required by the respective regulatory authorities. In addition, in the 2022 business year, KPMG received CHF thousands 123 (2021: CHF thousands 82) for services in connection with our own investment funds.

The Group Audit Committee oversees the fees paid to KPMG for their services.

8.3 Additional fees

For other services, KPMG invoiced the LLB Group companies CHF thousands 348 (2021: thousands CHF 268) in the 2022 business year.

Audit fees and additional fees

in CHF thousands	31.12.2022	31.12.2021
Audit fees	1'172	1'027
Additional fees	348	268
Taxation advice	273	172
Regulatory advice	43	60
Legal and other advice	33	36

8.4 Information instruments of the external auditors

The Group Audit Committee fulfils a supervisory, control and monitoring function, which also extends to the internal and external auditors. It is responsible, among other tasks, for:

- Discussing and taking note of the risk analysis made by the external auditors, the auditing strategy derived from it and the respective risk-oriented auditing plan;
- The discussion of major problems identified during the auditing process with the external auditors;
- The monitoring of the implementation of recommendations put forward by the external auditors and Group Internal Audit to eliminate problems;
- The evaluation of the audit reports submitted by the external auditors and Group Internal Audit to the Board of Directors;
- The assessment of the qualification, quality, independence, objectivity and performance of the external auditors and Group Internal Audit;
- The discussion of the annual activity report and the annual audit plan including a risk analysis of Group Internal Audit, with an evaluation of whether this function has adequate resources and competences, as well as the submission of requests for approval to the Board of Directors;
- The examination of the compatibility of external auditors' auditing activities with possible consulting mandates as well as the evaluation and discussion of their professional fees;
- The evaluation of the collaboration between the external auditors and Group Internal Audit;
- The submission of a proposal to the Board of Directors for the attention of the General Meeting regarding the appointment or dismissal of the external auditors (appointed according to the Banking

Law and the Law on Persons and Companies). The Group Audit Committee is responsible for defining the procedure to appoint new external auditors.

The external auditors perform their work in accordance with the legal provisions and according to the principles of the profession in the respective country of domicile of the Group company as well as according to the International Standards on Auditing. The independent auditors regularly report to the Board of Directors, the Group Audit Committee and the Group Executive Board about their findings and submit suggestions for improvements to them. The most important report is the audit report on the LLB Group required by banking law. This summarised report is submitted in writing to the Board of Directors once a year. The responsible auditor in charge of the external auditors makes its comments on the report at a meeting of the Group Audit Committee. All reports from the internal and external auditors concerning all Group companies are dealt with by the Group Audit Committee.

Important findings in the reports of the internal and external auditors since the last meeting and concerning all of the Group companies are addressed at the next meeting of the Group Audit Committee. The Head of Group Internal Audit is responsible for providing the relevant information and reports directly to the Group Audit Committee. He is appointed by the Board of Directors and is subordinate to the Board's Chairman.

Representatives of the external auditors participated in all five meetings of the Group Audit Committee but did not attend any meetings of the Board of Directors during the report period. The Head of Group Internal Audit attended all the meetings of the Group Audit Committee and also all the meetings of the Board of Directors. The external auditors submit periodic reports dealing with the audit planning based on risk analysis, the current audit reporting, the annual activity report as well as a comparison of actual with budgeted fees.

The Group Audit Committee annually evaluates the performance of the external and internal auditors in their absence. The following criteria are applied in assessing the performance of the external auditors and their professional fees (auditing and additional fees): comparison of fees and budgeted fees as well as the previous year's fees, feedback from the departments audited, quality of the auditors' findings, structured assessment of the auditors' expertise. The independence of the external auditors is evaluated on the basis of the information concerning independence provided in the annual report of KPMG Liechtenstein AG and an assessment of their conduct. The cost planning and its observance are also reviewed and discussed annually. Furthermore, the Group Audit Committee periodically reviews alternatives and submits a proposal to the full Board of Directors for the attention of the General Meeting regarding the appointment of the independent auditors and Group auditor.

Additional orders are placed on the basis of offers from competitors taking into consideration the level of expertise. The Group Audit Committee bases its assessment of the placing of orders for additional services on the periodic reports it receives from Group Internal Audit regarding reliability, scope and relation to audit fees.

The Group Audit Committee reports to the full Board of Directors once a year concerning the activities of the external auditors and the assessment of their performance.

The external auditors have direct access to the Board of Directors at all times. The Group Audit Committee is the primary contact partner for the external auditors. They hold regular discussions with the Chairman of the Board of Directors and the Chairman of the Group Audit Committee.

9 Information policy

Liechtensteinische Landesbank simultaneously, comprehensively and regularly provides its shareholders, clients, employees and the general public with information. This ensures that all stakeholder groups are treated equally. Equality of opportunity and transparency are ensured through institutionalising and nurturing these ties as well as establishing and preserving relationships that are based on trust with the financial community, on the one hand, and with the media and all other interested recipients of information, on the other.

The most important information media of Liechtensteinische Landesbank are its website (www.llb.li) as well as its annual and interim reports, media communiqués, its media and financial analysts conference and the conference call for media and analysts, and its General Meeting of Shareholders.

As a listed company, Liechtensteinische Landesbank is obliged to publish information about potential share-price-relevant facts (ad hoc publicity, Art. 53 of the exchange listing regulations). To receive ad hoc announcements in accordance with the directive for ad hoc publicity automatically, an interested party can register at www.llb.li/registration. Ad hoc announcements are published under the link www.llb.li/mediacommuniques.

If you have any questions, please contact the following person who is responsible for investor relations:

Dr. Cyrill Sele
Head Group Corporate Communications & Sustainability
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9490 Vaduz
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Date	Time	Event
	7.00 a.m.	Publishing of 2022 business result at www.llb.li;
27 February 2023	10.30 a.m.	Financial reporting and analyst conference
28 February 2023		2022 business result advertisement in the "Liechtensteiner Vaterland"
01 March 2023		2022 business result advertisement in the "Liechtensteiner Volksblatt"
23 March 2023		Release of online Annual Report 2022 at ar2022.llb.li
07 April 2023		Printed edition of short report 2022
05 May 2023	6.00 p.m.	General Meeting of Shareholders
09 May 2023		Ex-dividend date
10 May 2023		Dividend record date
11 May 2023		Dividend payment date
	7.00 a.m.	Publishing of interim financial statement 2023; release of online interim financial statement 2023 at hr2023.llb.li
24 August 2023	10.30 a.m.	Webcast
25 August 2023		2023 interim financial result advertisement in the "Liechtensteiner Vaterland"

10 Black-out periods

In connection with the preparation and publication of its annual and interim reports, the LLB Group has imposed black-out periods, the purpose of which is to prevent insider trading, or the appearance of insider trading, by the LLB Group or its employees. These black-out periods apply to persons and business areas, and parties related to them, who / which have access, or could have access, to insider information. These include, in particular, members of the Board of Directors, members of the Group Executive Board, and their assistants, as well as staff of the Group Finance, Group Credit & Risk Management, Group Corporate Development, Group Legal & Compliance, Group Corporate Communications & Sustainability and Group Internal Audit Business Areas.

During the periods from 1 June and 1 December up to the publication date of the interim financial reporting and the annual financial reporting the persons concerned may not carry out transactions in shares of LLB AG or financial instruments related to them.

11 Important changes since the balance sheet date

On account of the term of office limitation stipulated in the Landesbank law, the period of office of the Vice Chairwoman of the Board of Directors, Gabriela Nagel-Jungo, and of member of the Board of Directors, Urs Leinhäuser, come to an end at the 31st ordinary General Meeting of Shareholders on 5 May 2023. The Board of Directors proposes Nicole Brunhart and Christian Wiesendanger for election as new members of the Board of Directors for a three-year term of office.

Compensation report

The LLB Group has a progressive compensation system that has been recognised by the Swiss Institute of Directors. It is based on the results of behavioural economics research carried out by Prof. Ernst Fehr from the University of Zurich. It focuses, in particular, on sustainable, long-term-oriented action.

Introduction

Pursuant to the "Ordinance against Excessive Compensation with respect to Listed Stock Corporations" (OaEC), Swiss public companies whose shares are listed on an exchange in Switzerland or abroad must publish details about the compensation of the members of their governing bodies in a compensation report. The details to be reported are set out in Art. 13 to 16 of the OaEC.

According to the Regulatory Board Communiqué No. 2 / 2014 of 1 September 2014, No. II, all companies listed on the SIX Swiss Exchange shall have to disclose the same information on corporate governance. Issuers that are not subject to the regulations of the OaEC have, therefore, to publish details about the compensation of the members of the Board of Directors and the Board of Management in the same manner as Art. 14 to 16 of the OaEC. By publishing this compensation report, Liechtensteinische Landesbank AG is fulfilling this obligation.

The following report deals with the compensation policy, the basis and elements of the compensation as well as the responsibilities and methods of determining compensation. The compensation paid during the 2022 reporting year is also presented.

Compensation policy

On 18 August 2011, the Board of Directors issued the Group regulation "Compensation policy of the LLB Group" for Liechtensteinische Landesbank AG and its Group companies (revised on 1 February 2022). The Group regulation is based on: the current version of the Ordinance on Banks and Investment Firms (Banking Ordinance) of 22 February 1994, in particular Appendix 4.4; EU Directive 2013/36/EU (CRD IV) of 26 June 2013; Regulation No. 575/2013 (CRR) of 26 June 2013; Delegated Regulation No. 527/2014 of 12 March 2014; Delegated Regulation No. 2016/861 of 18 February 2016; Delegated Regulation No. 2021/923 of 25 March 2021; and EBA Guideline "EBA/GL/2015/22" of 27 June 2016. These legal provisions are applied to the LLB Group in a way and to a degree that is commensurate with its size and internal organisation as well as the type, scope and complexity of its business.

The Group regulation "Compensation policy of the LLB Group" regulates the framework for the Group-wide compensation policy, in particular in regard to its alignment to risk management. It stipulates the basis, values and objectives and sets out the minimum requirements for the design of the compensation systems. In addition, it regulates Group-internal and Group-external reporting as well as related responsibilities. The Group regulation "Compensation policy of the LLB Group" applies particularly to those persons who are identified as risk takers in a process that is carried out annually. For its implementation at Liechtensteinische Landesbank AG, the Board of Directors has also issued the separate Group regulation "Compensation standards of LLB & BLL & ASM" (revised on 1 February 2022).

As a company exempt from Art. 12, Para. 2 of the OaEC, Liechtensteinische Landesbank has not stipulated any regulations concerning compensation, participation and loans. The Group companies issue company-specific compensation guidelines that take into consideration the applicable (special) legal regulations. Deviations from the Group regulation are only permitted if they stem from prevailing law or special legal regulations.

The compensation policy is in line with the business strategy as well as with the targets and values of the LLB Group and is based on the following principles:

- **Sustainability and risk adjustment:** Compensation practices must contribute to long-term corporate development. They must support risk management and the pursuit of both sustainable increases in the company's value as well as long-term client and employee retention. Compensation policy has to offer incentives in a manner that allows for adequate risk behaviour by individual persons in order to counteract any conflicts of interest. In addition, compensation policy is so designed to be consistent with and promote sound and effective risk management with respect to sustainability risks. Specifically, the compensation structure does not encourage excessive risk-taking with respect to sustainability risks. This is ensured, among other things, by adequately addressing risks with regard to sustainability aspects and business performance. The LLB Group applies these principles also to corresponding target agreements with relevant persons.
- **Foundation of trust:** The design of the compensation regulations and processes is based on a mutual foundation of trust between employees and employers. This is necessary because there are time differences between the provision of the performance and the acceptance of responsibility on the one hand, and the payment of the compensation on the other. Furthermore, a performance appraisal has subjective elements. Accordingly, the voluntary nature of the payment of the variable component must be ensured and attention must be drawn to the scope of discretion in this respect.
- **Performance and success orientation:** Compensation practices also have to reward both individual performance and company-related performance. The focus on the Group's success promotes, and is in line with, the LLB Group's long-term interests. Acknowledging individual performance serves performance motivation, the management of individual performance contributions towards achieving company targets as well as the retention of top performers.
- **Simplicity, clarity and comprehensibility:** The compensation regulations and models are to be kept simple, clear and comprehensible. Employees as well as third parties should be able to easily understand the basic concepts.
- **Fair compensation in accordance with responsibilities and management level:** The determination of compensation also has to consider the workload as well as the degree of responsibility and reflect the different management level requirements in a clear and fair manner.
- **Group orientation:** Compensation has to promote Group orientation. It aims to further commitment towards Group success and increased identification with the Group through employee participation in the long-term development of value and in shared ownership by means of an appropriate share option scheme.
- **Freedom from discrimination:** All decisions concerning the employment relationship, including decisions on compensation, are based on the qualifications, the performance and the conduct of the individual or on other legitimate, objective corporate considerations.

The compensation policy sets out the objectives, processes and requirements for the design of the compensation. It also contains rules for the alignment between compensation and risk management. For employees who receive a variable component of compensation, the compensation model specifies the ratio between fixed and variable portions and the allocation mechanism for the variable portion.

Elements of compensation

The compensation model of the LLB Group

The LLB Group's compensation model aims at ensuring that compensation is performance-linked. Among other elements, this means that an above-average performance has a positive and a below-average performance a negative effect on the amount of compensation. In accordance with the compensation policy, the compensation model focuses on sustainable, long-term-oriented action.

The LLB Group's compensation model was developed in conjunction with FehrAdvice & Partners AG, Zurich. It is based on the results of behavioural economics research carried out by Prof. Ernst Fehr from the University of Zurich. A key performance indicator is the Market-Adjusted Performance Indicator (MAPI). The MAPI captures the company as holistically as possible, which means it reveals not only short-term successes but also long-term effects. The MAPI gives an undistorted, holistic view of management performance. This is done by comparing the long-term stock return of a company (total shareholder return, TSR) with the TSR of a tailored, relevant comparable group and allows external market effects to be factored out. The difference between the TSR of the company and that of the comparable group gives an indication of the actual performance of the company's management.

The compensation system of the LLB Group

The compensation system is essentially based on the following approaches:

- **Clear performance incentives, performance orientation and transparency:** A target compensation (total compensation or total target compensation) is defined for each employee. A bonus-malus logic ensures that employees earn more or less than their target compensation depending on whether they exceed or do not attain their objectives. Compensation depends on performance and not on corporate results that can be affected by market conditions. Acknowledging individual performance serves performance motivation, the management of individual performance contributions towards achieving company targets as well as the retention of top performers.
- **Uniform focus on the structure of the LLB Group:** The compensation system across the whole Group follows a uniform logic and is in accordance with the management structure.
- **Fair compensation in accordance with responsibilities and management level:** The determination of compensation considers the workload as well as the degree of responsibility and reflects the different requirements in a clear and fair manner.
- **Objective orientation:** The variable component of the target compensation depends on the salary model and the attainment of objectives, which are determined during the annual objectives-setting process and reflect the orientation of and change in the bank. The focus on the MAPI promotes, and is in line with, the LLB Group's long-term interests. The fulfilment of basic tasks is shown through the function level and thus in the assignment of the reference compensation curve.
- **Fairness and freedom to act:** The variable salary component is a significant part of the target compensation. Internal transfers and departures are possible at any time and calculated fairly on a pro rata basis.
- **Integrity and trust:** Mutual trust between employees and employers is necessary because there are time differences between the provision of the performance and the acceptance of responsibility on the one hand, and the payment of the compensation on the other. Furthermore, a performance appraisal always has subjective elements. As a reliable employer, the LLB Group also stands by its employees in difficult times.

These approaches should ensure the understanding of the functioning of the compensation system and fairness for the employees.

Target compensation

Around 38 per cent of employees receive a fixed compensation without a variable component. For around 62 per cent of employees, the target compensation (total target compensation) consists of a fixed and a variable component. The fixed component encompasses all contractually agreed or statutory compensation, which is already stipulated prior to the provision of any performance. The variable component includes, in particular, those elements of compensation which vary depending on various criteria, such as the business success of the company, the individual performance of the employee or the results attained by the organisational unit. In general, the amount and payment of the variable component is at the free discretion of the employer.

Fixed component of target compensation

The fixed component must be reasonably proportionate to the variable component. This is specified in the individual compensation guidelines of Liechtensteinische Landesbank AG and of the LLB Group companies. Depending on the salary model, it varies from 67 to 100 per cent of the target compensation.

Variable component of target compensation

The variable component of the target compensation is paid in cash and / or in the form of an entitlement to acquire LLB shares, which is subject to a blocked period of three years. Other financial instruments, such as options or bonds, are not considered. The variable component may not exceed 100 per cent of the fixed component of the total compensation for each person.

A clawback ruling applies to the blocked portion of the variable compensation, which is largely governed by the individually attained performance and the risks taken. If a significant change occurs in the assessment of performance and risks during the blocking period (for example, inadequate due diligence, untrustworthy business management or taking excessive risks), the acquired share entitlements are to be reduced accordingly. The body which determines the amount of the variable compensation during the annual compensation process will decide about the reduction of the share entitlements. Moreover, the share entitlement in the year concerned will be forfeited if the average Group net profit in the last three years is negative.

A guaranteed variable compensation, for example in the form of a minimum bonus, may only be promised in exceptional circumstances and must be limited to the first working year. As a basic principle, no severance compensation and no additional voluntary annuity payments will be made to employees who leave the company.

The fixed compensation component and the variable target compensation are insured in the staff pension scheme for old age, death and invalidity. The employees of the LLB Group receive fringe benefits in the form of preferential conditions on bank products as customary in the industry as well as a limited preferential interest rate for mortgage loans and on credit balances.

Group Internal Audit is responsible for reviewing the implementation of the Group regulation "Compensation policy of the LLB Group" once a year. The results of this review are reported to the Board of Directors in writing. The compensation of senior executives in the areas of risk management and compliance at the parent bank and at the LLB Group companies is reviewed once a year by the relevant Board of Directors or by the Compensation Committee (if such a body exists in the Group company). The Group Nomination & Compensation Committee carries out these tasks for the Group functions.

Compensation of the Board of Directors and the Group Executive Board

Board of Directors

The Board of Directors stipulates the amount of compensation of its members in accordance with their duties and responsibilities. The members of the Board of Directors receive a fixed compensation, which includes the participation in (ordinary and extraordinary) meetings and the General Meeting of Shareholders. Activities in committees are compensated by a fixed amount per committee per year; no additional attendance fees are paid. The compensation is paid out in cash and in the form of entitlements for the acquisition of LLB shares. The number of LLB shares for the entitlement is calculated on the basis of the average share price in the fourth quarter of the business year. The entitlement is subject to a blocked period of three years.

The members of the Board of Directors do not receive any variable compensation. They also do not profit from the additional benefits for staff (fringe benefits) or from their preferential conditions on bank products. Business relations with them are subject to the same conditions that apply to comparable transactions with third parties. On account of legal provisions, no severance payment may be made in the event of the termination of a mandate (Art. 21, Para. 2 of the law concerning the control and supervision of public companies).

Compensation in 2022 was determined on the basis of a compensation benchmark, which was comprised of 20 companies from the banking and investment services industry in Liechtenstein and Switzerland that have a comparable business model, carried out by Hostettler & Company in 2019. Their business performance, balance sheet total and employees (FTEs) are all within a range of about 50 to 250 per cent of the size of LLB. Applying equal weighting to the financial variables, LLB is positioned close to the market median of the defined comparable companies. The structure and the amount of compensation remained unchanged in 2022.

Group Executive Board

A target compensation is defined for each member of the Group Executive Board. It consists of a fixed compensation (67 %) and a variable target compensation (33 %). The target compensation corresponds to the compensation attributable to the member of the Group Executive Board if the TSR of the LLB share corresponds to the TSR of the peer group.

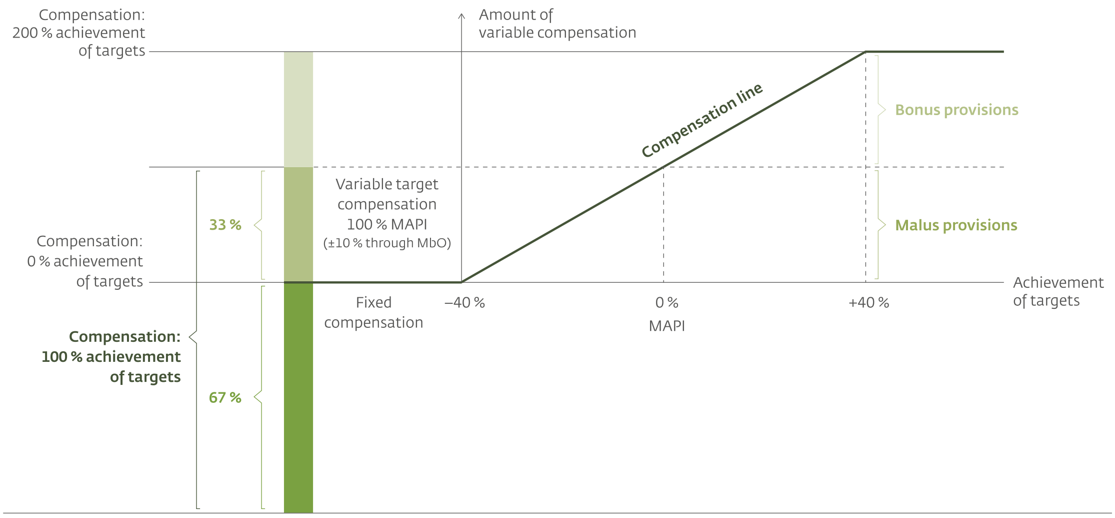
The compensation model also contains a bonus-malus provision. The members of the Group Executive Board receive more or less than their target compensation depending on whether they exceed, partly attain or do not attain the annual objectives. The maximum bonus possible is 200 per cent of the variable target compensation and the maximum malus possible is 0 per cent of the variable target compensation. This means that the variable compensation is limited to the total amount of the fixed compensation.

The fixed compensation in relation to the functions of the Group Executive Board in 2022 was determined on the basis of a compensation analysis carried out by the Kienbaum Consultants International company in 2020. It comprised between 20 and 24 comparable banks and between 24 and 31 comparable positions per function represented on the Group Executive Board. The comparable groups included in particular financial institutions that are of a similar size to LLB. This means that companies with a size of up to plus / minus 50 per cent were used in the comparison. Relevant for the determination of size was the number of people employed on the one hand, and the balance sheet total on the other. In the case of significantly larger companies, comparable positions with a similar scope of responsibility, which are typically found at lower hierarchical levels, were used. In addition, the determination of comparable functions was – where possible – based on the function value.

The amount of the variable compensation is determined by the Group performance. This is measured using relative total shareholder return (TSR), i.e. the Market-Adjusted Performance Indicator (MAPI). This is done by comparing the TSR of the LLB share in relation to the TSR of a peer group. The peer group is broadly diversified and comprises a group of 26 banks. These were selected on the basis of comprehensible decision criteria (size, business area, region and statistical correlation). Since the 2017 business year, the peer group has been composed exclusively of banks from the LLB Group's three home markets of Liechtenstein, Switzerland and Austria. Its composition is discussed and approved annually by the Group Nomination & Compensation Committee. A thorough empirical review is conducted every three years.

The Board of Directors can adjust the variable compensation, based on the individual performance within the framework of the Management by Objectives (MbO) process, by plus / minus 10 per cent of the variable target compensation.

Compensation model: Group Executive Board



The MAPI compares the management's performance to that of a comparable group of banks. Market effects can be eliminated from the performance indicator by comparing performance with a peer group. The MAPI is therefore free of external market effects. It is calculated annually by FehrAdvice & Partners AG.

Geographic distribution of the 26 banks in the peer group[1]

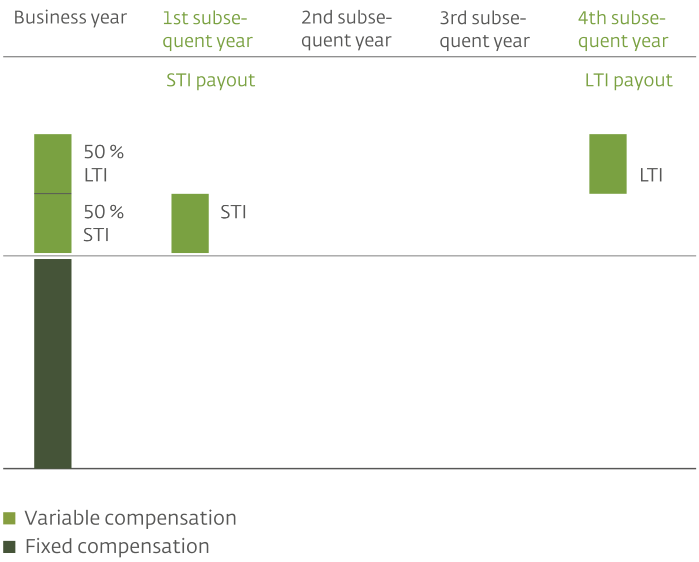
Liechtenstein	1
Switzerland	20
Austria	5

1 The peer group is generally reviewed every three years by FehrAdvice & Partners AG. The last review was carried out in summer 2019. It resulted in an increase of the peer group by two banks as of 1 January 2020. No review was performed in 2022 as a new salary model was being introduced in the 2023 business year.

If the MAPI is 0 per cent, which means that the TSR of the LLB share corresponds to the TSR of the peer group, the members of the Group Executive Board receive their variable target compensation. The variable compensation is linearly dependent on the MAPI. No variable compensation is paid if the MAPI is minus 40 per cent or less. If the MAPI is 40 per cent or more, the maximum variable compensation is paid, which is capped at 200 per cent of the variable target compensation.

The fixed compensation is paid out in cash every month, the variable component in the first quarter of the following year. The variable compensation comprises a short-term incentive (STI) and a long-term incentive (LTI). The STI is paid in cash and the LTI is paid in the form of an entitlement to acquire LLB shares. The distribution between the STI (50 %) and the LTI (50 %) is statutorily fixed. The number of LLB shares for the LTI is calculated on the basis of the average share price in the fourth quarter of the business year. The LTI is subject to a blocked period of three years. The three-year period remains in force even after termination of employment. After three years, the entitlement to acquire shares is transformed into a right to the transfer of the corresponding LLB shares. The share entitlement can be withdrawn or reduced if – during the three-year period – there are significant changes in the assessment of performance and / or risk behaviour of the member of the Group Executive Board. Moreover, the share entitlement in the year concerned will be forfeited if the average Group net profit in the last three years is negative. At the end of the three-year period, the Group Nomination & Compensation Committee examines whether the prerequisites for the entitlement have been met. The Committee submits its decision to the Board of Directors for approval. The latter makes the final decision.

LTI with clawback mechanism



The employment relationship of the members of the Group Executive Board is stipulated in individual employment contracts. The period of notice is generally four months. The contracts of employment do not contain any special clauses, such as, for example, severance compensation following the termination of employment or in the event of a change in control.

The fixed compensation component and the variable target compensation are insured in the staff pension scheme for old age, death and invalidity. The members of the Group Executive Board are subject to the same conditions in relation to fringe benefits as apply to other employees of the LLB Group. The preferential conditions on bank products as customary in the industry largely consist of a limited preferential interest rate for mortgage loans and on credit balances.

Responsibilities and methods of determining compensation

The Group Nomination & Compensation Committee (see section "Composition of all Board of Directors' committees, their tasks and terms of reference", chapter "Corporate governance") advises the Board of Directors in all aspects concerning compensation. Its tasks include:

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

The full Board of Directors approves the principles and regulations governing compensation and specifies annually the amount of the compensation for the members of the Board of Directors and the members of the Group Executive Board, which reflects their relevant professional experience and the organisational responsibility they bear in the company. The decision regarding the amount of the compensation of the members of the Board of Directors and the members of the Group Executive Board is made at the discretion of the Board of Directors and is based on their duties and responsibilities. The amount of variable compensation of the Board of Management is dependent on the individual fixed compensation from the compensation model. The Chairman of the Group Executive Board has a right of proposal concerning the compensation of the other members of the Board of Management. The members of the Group Executive Board are not present at the discussion and the decision concerning the amount of their compensation. Pursuant to Art. 12, Para. 2 of the Law on the Liechtensteinische Landesbank, the Board of Directors must inform the Government about the compensation ruling specified for it. Liechtensteinische Landesbank does not submit the total compensation of the Board of Directors and the Group Executive Board to the General Meeting of Shareholders for approval. It also does not hold an advisory vote on the question of compensation.

Compensation in 2022

For the 2022 business year, the members of the Board of Directors received a fixed compensation of CHF thousands 948. Contributions to benefit plans and other social contributions amounted to CHF thousands 113. The fixed compensation was paid in cash (CHF thousands 778) as well as in the form of an entitlement to acquire LLB shares (CHF thousands 170). The entitlement is subject to a blocked period of three years.

In comparison with the previous year, the total compensation of the members of the Board of Directors increased by CHF thousands 50 or 4.9 per cent. The higher compensation expense in 2022 was attributable mainly to the fact that up until the re-election of Georg Wohlwend at the General Meeting of 7 May 2021 the Board of Directors consisted of only six members.

For the 2022 business year, the members of the Group Executive Board received a fixed compensation of CHF thousands 3'199 and a variable compensation of CHF thousands 1'912. Contributions to benefit plans and other social contributions amounted to CHF thousands 1'037. The fixed compensation was paid in cash. The variable compensation was paid in cash (50 %) as well as in the form of an entitlement to acquire LLB shares (50 %), which is subject to a blocked period of three years. The number of shares for the share-based compensation is calculated from the average share price of the last quarter of 2022 (CHF 54.99). The variable compensation for the members of the Group Executive Board was, on average, approximately 59.8 per cent of the fixed compensation or 31.1 per cent of total compensation.

The total compensation of the members of the Group Executive Board in 2022 rose by CHF thousands 601 or 10.8 per cent. This rise was mainly due to the variable compensation, which increased by CHF thousands 648 or 51.3 per cent. The performance of the LLB share was better in the 2022 business year than the performance of the comparable group. The total shareholder return (TSR) of LLB was 9.4 per cent and thus above the TSR of the peer group (1.8 %). The relative MAPI was therefore plus 7.6 percentage points (previous year: minus 9.1 percentage points). Consequently, the degree of objective attainment for the variable target compensation is 119.0 per cent (previous year: 77.3 %).

The total compensation of the members of the Board of Directors and the members of the Group Executive Board for the 2022 business year is reported on an accrual basis. The variable compensation was charged to the 2022 income statement. Payment of the STI to the members of the Group Executive Board will be made in the first quarter of 2023. The share entitlements (LTI) of the Group Executive Board and the Board of Directors are subject to a blocked period of three years.

Details of the compensation and the participations of the members of the Board of Directors and the members of the Group Executive Board, as well as loans to them are shown in the following table.

Compensation of key management personnel

	Fixed compensation		Variable compensation		Entitlements[1]		Contribution to benefit plans and other social contributions		Total	
in CHF thousands	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Members of the Board of Directors										
Georg Wohlwend, Chairman	300	194	0	0	40	26	86	55	426	275
Gabriela Nagel-Jungo, Vice Chairwoman	124	190	0	0	30	33	11	43	165	266
Leila Frick-Marxer, Member since 6 May 2022[2]	42		0		13		3		58	
Patrizia Holenstein, Member until 6 May 2022[2]	24	70	0	0	7	20	0	0	31	90
Urs Leinhäuser, Member[3]	82	81	0	0	20	20	0	0	102	101
Thomas Russenberger, Member	70	71	0	0	20	20	6	5	96	96
Richard Senti, Member	72	76	0	0	20	20	7	6	99	102
Karl Sevelda, Member	64	61	0	0	20	20	0	0	84	81
Total	**778**	**743**	**0**	**0**	**170**	**159**	**113**	**109**	**1'061**	**1'011**
Members of the Board of Management										
Gabriel Brenna, Group CEO since 1 March 2021	870	748	261	147	261	147	234	210	1'626	1'252
Other members of the Board of Management	2'329	2'464	695	485	695	485	803	862	4'522	4'296
Total	**3'199**	**3'212**	**956**	**632**	**956**	**632**	**1'037**	**1'071**	**6'148**	**5'547**

1 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.
2 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.
3 The compensation was paid to Adulco GmbH.

Shareholdings of related parties

	Registered shares	
	31.12.2022	31.12.2021
Members of the Board of Directors		
Georg Wohlwend, Chairman	3'065	2'145
Gabriela Nagel-Jungo, Vice Chairwoman	2'448	2'038
Leila Frick-Marxer, Member since 6 May 2022 [1]	0	
Patrizia Holenstein, Member until 6 Mai 2022 [1]		2'339
Urs Leinhäuser, Member	2'363	2'053
Thomas Russenberger, Member	200	0
Richard Senti, Member	500	300
Karl Sevelda, Member	0	0
Total	**8'576**	**8'875**
Members of the Board of Management		
Gabriel Brenna, Group CEO since 1 March 2021	32'180	27'936
Christoph Reich, Vice Group CEO	21'810	18'678
Natalie Flatz	9'250	6'363
Patrick Fürer	8'000	8'000
Urs Müller	32'794	29'220
Total	**104'034**	**90'197**
Other related companies and parties		
Related parties	4'800	4'550
Total	**4'800**	**4'550**

1 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

No member of the Board of Directors or the Board of Management owns more than 0.2 per cent of the voting rights.

Loans to key management personnel

	Fixed mortgages		Variable mortgages		Total	
in CHF thousands	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Members of the Board of Directors						
Georg Wohlwend, Chairman	0	0	0	0	0	0
Gabriela Nagel-Jungo, Vice Chairwoman	200	200	0	0	200	200
Leila Frick-Marxer, Member since 6 May 2022 [1]	0		0		0	
Patrizia Holenstein, Member until 6 May 2022 [1]		0		0		0
Urs Leinhäuser, Member	0	0	0	0	0	0
Thomas Russenberger, Member	0	0	0	0	0	0
Richard Senti, Member	398	305	271	364	669	669
Karl Sevelda, Member	0	0	0	0	0	0
and related parties	0	0	0	0	0	0
Total	**598**	**505**	**271**	**364**	**869**	**869**
Members of the Board of Management						
Gabriel Brenna, Group CEO since 1 March 2021	0	0	0	0	0	0
Other members of the Board of Management	1'910	1'560	0	0	1'910	1'560
and related parties	0	0	0	0	0	0
Total	**1'910**	**1'560**	**0**	**0**	**1'910**	**1'560**

1 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

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

At 31 December 2022, the remaining term to maturity of the fixed mortgages for the members of the Board of Directors and related parties ranged between 3 and 49 months (previous year: between 15 and 51 months) at standard market client interest rates of 0.75 to 1.25 per cent per annum (previous year: 0.75 to 1.25 %). Following its expiry, one mortgage was renewed at the new market conditions.

At 31 December 2022, the remaining term to maturity of the variable mortgages for the members of the Board of Directors and related parties extended to a maximum of 3 months (previous year: 1 month) at standard market client interest rates of 1.28 per cent (previous year: 0.80 to 0.95 %). Following expiry, these are extended for a further 3 months providing they are not revoked.

At 31 December 2022, the remaining term to maturity of the fixed mortgages for the members of the Board of Management ranged between 18 and 112 months (previous year: between 0 and 42 months) at interest rates of 0.81 to 1.80 per cent per annum (previous year: 1.05 to 1.80 %). Two new mortgages were issued.

Of the total amount for mortgages for the members of the Board of Management, CHF thousands 1'000 (previous year: CHF thousands 500) was granted at the preferential interest rate for staff, the remainder was subject to standard market client interest rates. No other loans were issued to the members of the Board of Management (previous year: none).

No value allowances for loans and other credit lines to management were necessary. LLB granted no guarantees for management or related parties (previous year: CHF thousands 500).

Compensation, loans and credits to related parties pursuant to Art. 16, OaEC

Liechtensteinische Landesbank AG paid no compensation to persons pursuant to Art. 16, OaEC. Loans and credits to related parties pursuant to Art. 16, OaEC were granted at standard market conditions.

GRI Content Index

Liechtensteinische Landesbank has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 January 2022. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. This service was provided for the German version of the report. Liechtensteinische Landesbank publishes a sustainability report on an annual basis. This report was published on 23 March 2023. Any questions or comments regarding this report can be sent by e-mail (ir@llb.li) to Dr Cyrill Sele, Head Group Corporate Communications & Sustainability at Liechtensteinische Landesbank AG (headquartered in Vaduz, Liechtenstein).

The Annual Report includes all companies with a 100 per cent equity interest as well as Bank Linth LLB AG, unless explicitly noted otherwise.

If a new presentation, calculation method or optimised data collection has led to different results for the previous years for individual GRI disclosures, then this is noted under the respective statements.

Non-financial information and data has not been externally assured.

Find here Facts and figures highlighting the LLB Group's commitment to the environment, society and corporate governance (PDF).

Universal standards

GRI Standard	Disclosure	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		

	The organization and its reporting practices	
		Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 2: General Disclosures 2021	2-1 Organizational details	
	2-2 Entities included in the organization's sustainability reporting	
	2-3 Reporting period, frequency and contact point	
	2-4 Restatements of information	
	2-5 External assurance	

	Activities and workers	
		Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	
	2-7 Employees	
	2-8 Workers who are not employees	

	Governance	
		Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	

	Strategy, policies and practices	
		Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	
	2-23 Policy commitments	
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	
	2-28 Membership associations	

	Stakeholder engagement	
		Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	
	2-30 Collective bargaining agreements	

GRI 3: Material Topics 2021

	Disclosures on material topics
GRI 3: Material Topics 2021	3-1 Process to determine material topics
	3-2 List of material topics

Topic-specific standards

GRI 200 – Economic topics

Topic-specific Standards

Economic performance

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	

Responsible corporate management

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	

Compliance

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 205 Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	

Risk and reputation management

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	

Digitalisation and innovative strength

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	

Customer orientation

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	

Sustainable financial services

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	

GRI 300 – Environmental topics

	Climate protection and climate risk management	
	GRI Standards and Disclosures	**Omission (Requirements ommitted (RO), Reason (R), Explanation (E))**
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 302 Energy 2016	302-1 Energy consumption within the organization	
	302-4 Reduction of energy consumption	
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-5 Other indirect (Scope 3) GHG emissions	

GRI 400 – Social topics

Employer of choice

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9 Work-related injuries	
	403-10 Work-related ill health	

Recruitment and talent development

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 404 Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	

Diversity, equal opportunity and inclusion

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 405 Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	

Economic role and regional employer

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	

Data protection and cyber security

	GRI Standards and Disclosures	Omission (Requirements ommitted (RO), Reason (R), Explanation (E))
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

Consolidated financial statement of the LLB Group

Consolidated management report

Income statement

Thanks to continuing dynamic growth, improved quality of earnings and strict cost discipline, in the 2022 business year the LLB Group achieved its best business result for over ten years, reporting a Group net profit of CHF 149.4 million. This is 8.4 per cent higher than in the previous year (2021: CHF 137.9 million).

The net profit attributable to the shareholders of Liechtensteinische Landesbank AG amounted to CHF 147.5 million (2021: CHF 129.9 million). Undiluted earnings per share stood at CHF 4.82 (2021: CHF 4.25).

Operating income in the 2022 business year rose by 5.6 per cent to CHF 503.2 million (2021: CHF 476.4 million).

Interest income fell by 1.1 per cent to CHF 152.2 million (2021: CHF 154.0 million). As a result of the development of market interest rates coupled with interest adjustments to client deposits, interest expense on deposits increased. Accordingly, income from interest business with clients decreased in spite of targeted growth with mortgage lending business. In other interest business, thanks to the interest rate environment, the LLB Group increased earnings, especially from interest income from interest rate derivatives and debt instruments.

In the case of allowances for expected credit losses, recovery measures in the 2022 business year led to a net allocation of provisions amounting to CHF 2.7 million (2021: net release of CHF 2.5 million). After expected credit losses, interest income at CHF 149.5 million was 4.4 per cent down on the previous year (2021: CHF 156.5 million).

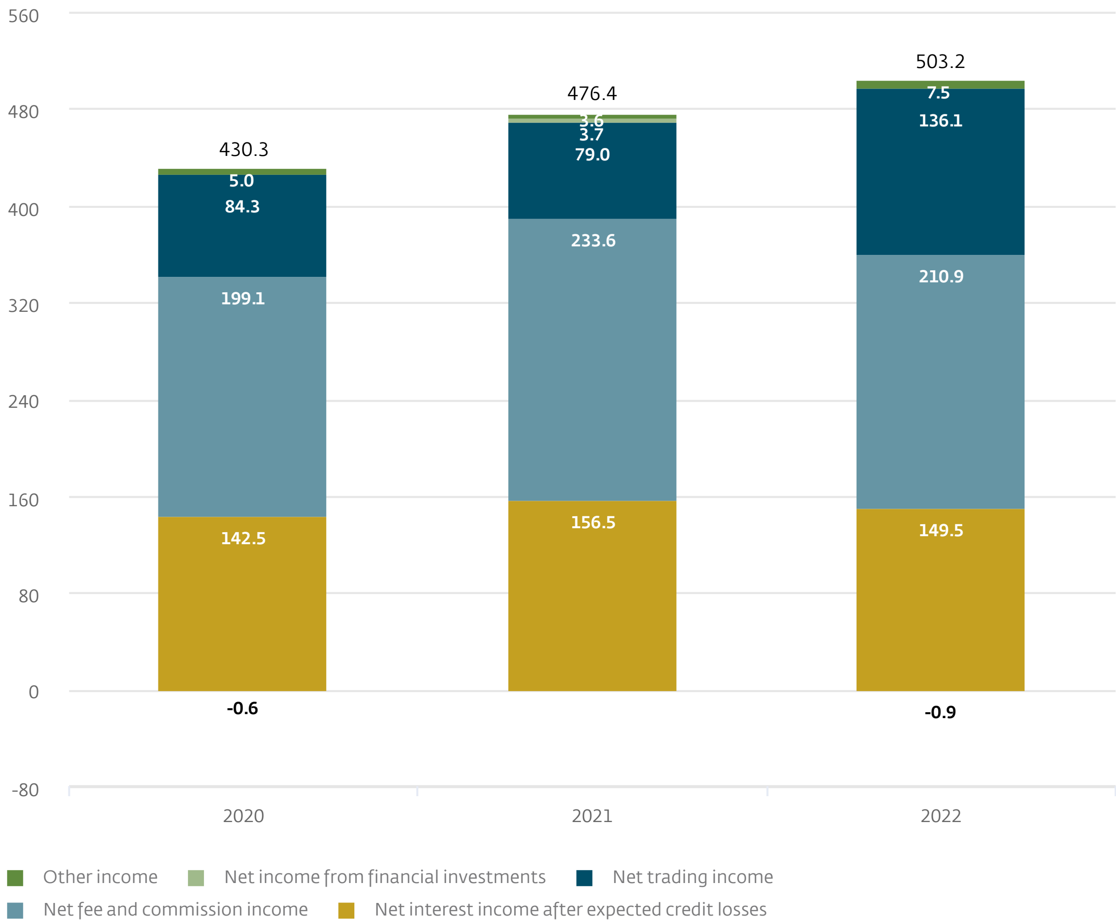
At CHF 210.9 million, net fee and commission income was 9.7 per cent under the very strong previous year's result (2021: CHF 233.6 million). As a result of the negative situation on the financial markets, portfolio-dependent revenues declined. In addition, the income generated by higher performance-dependent fees in the previous year did not materialise in the year under report.

Net trading income in the 2022 business year stood at CHF 136.1 million (2021: CHF 79.0 million). Trading in foreign exchange made an especially substantial contribution to this result, reaching CHF 129.3 million, CHF 61.0 million above the previous year's figure. This increase was driven by the positive development of USD interest rates. To benefit from the best investment opportunities, swap transactions were initiated as part of treasury activities. Income from client trading also developed positively. The valuation gains on interest rate hedging instruments, measured on the reporting date, amounted to CHF 5.0 million (2021: CHF 9.4 million).

Income from financial investments stood at minus CHF 0.9 million (2021: CHF 3.7 million). Earnings from dividends improved to CHF 6.3 million (2021: CHF 3.5 million). The situation on the financial markets caused book losses, measured on the reporting date, of minus CHF 7.2 million (2021: CHF 0.2 million).

Other income rose year on year by CHF 3.9 million to CHF 7.5 million (2021: CHF 3.6 million). The increase was largely attributable to the sale of an already value-adjusted receivable.

Operating income (in CHF millions)



Operating expenses in the 2022 business year stood at CHF 328.2 million, 4.9 per cent higher than in the previous year (2021: CHF 313.0 million).

Personnel expenses climbed by 3.2 per cent, or CHF 6.2 million, to CHF 196.1 million (2021: CHF 190.0 million). The increase was due to a selective expansion of personnel by around 60 full-time equivalent positions, particularly in the business areas of "Digital Transformation". General and administrative expenses at CHF 96.0 million were up 15.1 per cent, or CHF 12.6 million, on the previous year (2021: CHF 83.4 million). The increase in both personnel and general and administrative expenses was expected and reflects the investments in implementing the ACT-26 strategy. Depreciation and amortisation fell by 8.8 per cent to CHF 36.1 million (2021: CHF 39.6 million).

The Cost Income Ratio improved to 64.0 per cent (2021: 65.8 %).

Balance sheet

In comparison with 31 December 2021, the consolidated balance sheet total expanded by 0.3 per cent and stood at CHF 25.2 billion on 31 December 2022 (31.12.2021: CHF 25.1 billion).

Equity attributable to the shareholders of LLB amounted to CHF 2.0 billion on 31 December 2022 (31.12.2021: CHF 2.1 billion). The decrease is largely attributable to the valuation of financial investments on the reporting date. The tier 1 ratio stood at 19.7 per cent (31.12.2021: 20.3 %). The return on equity attributable to shareholders of LLB amounted to 7.2 per cent (2021: 6.3 %).

Business volume

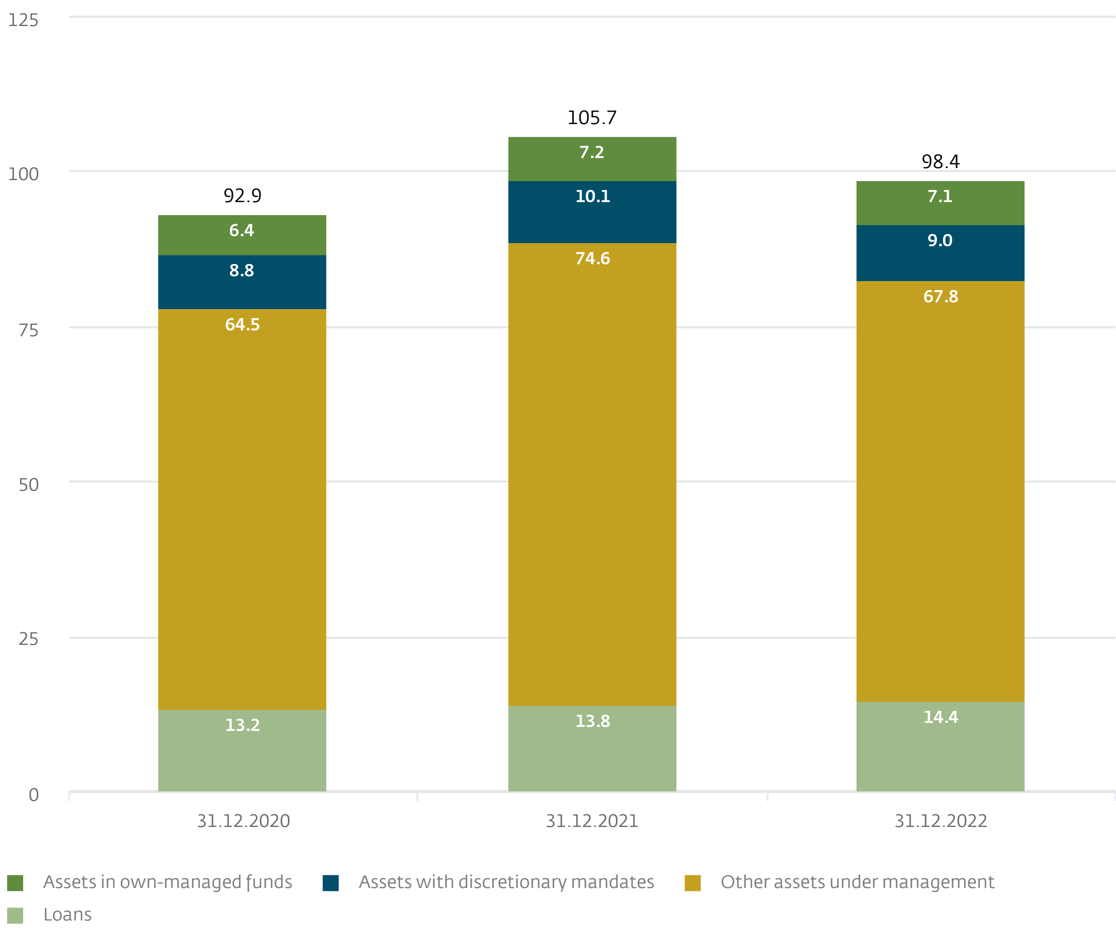
In the 2022 business year, the LLB Group registered a net new money inflow of CHF 3'609 million (2021: CHF 7'212 million). All market divisions and booking centers contributed to this positive new money growth.

At CHF 83.9 billion, client assets under management were 8.7 per cent below the previous year's level due to the situation on the financial markets (31.12.2021: CHF 91.9 billion).

Loans to clients rose by 4.6 per cent to CHF 14.4 billion (31.12.2021: CHF 13.8 billion). Mortgage loans expanded by 5.2 per cent above the market growth rate. They increased to CHF 12.9 billion (31.12.2021: CHF 12.2 billion).

Thanks to robust organic growth, the fall in business volume of 6.9 per cent to CHF 98.4 billion (31.12.2021: CHF 105.7 billion) due to market factors was cushioned to a major extent.

Business volume (in CHF billion)



Outlook

An exceptional amount of uncertainty clouds economic and business prospects. Russia's war against Ukraine continues bringing yet more potential for economic disruption. Persisting inflation and disorderly adjustments on the global financial markets in reaction to the new interest rate environment continue to represent risk factors. Thanks to an effective mix of cost discipline, targeted investments in digitalisation and a rigorous implementation of the ACT-26 strategy, the LLB Group is confident of remaining on a robust and sustainable path to growth in 2023. It expects to achieve a solid result for the business year.

Consolidated income statement

in CHF thousands	Note	2022	2021	+ / – %
Interest Income	1	241'771	197'850	22.2
Interest expenses	1	– 89'524	– 43'839	104.2
Net interest income	**1**	**152'247**	**154'010**	**– 1.1**
Expected credit losses		– 2'718	2'468	
Net interest income after expected credit losses		**149'529**	**156'479**	**– 4.4**
Fee and commission income	2	343'889	399'634	– 13.9
Fee and commission expenses	2	– 132'942	– 165'996	– 19.9
Net fee and commission income	**2**	**210'947**	**233'638**	**– 9.7**
Net trading income	3	136'149	78'966	72.4
Net income from financial investments	4	– 933	3'746	
Other income	5	7'499	3'574	109.8
Total operating income		**503'191**	**476'403**	**5.6**
Personnel expenses	6	– 196'148	– 189'991	3.2
General and administrative expenses	7	– 96'017	– 83'445	15.1
Depreciation	8	– 36'066	– 39'555	– 8.8
Total operating expenses		**– 328'231**	**– 312'991**	**4.9**
Operating profit before tax		**174'961**	**163'412**	**7.1**
Tax expenses	9	– 25'511	– 25'549	– 0.1
Net profit		**149'450**	**137'863**	**8.4**
Of which attributable to:				
Shareholders of LLB		147'543	129'907	13.6
Non-controlling interests	32	1'906	7'956	– 76.0
Earnings per share attributable to the shareholders of LLB				
Basic earnings per share (in CHF)	10	4.82	4.25	13.4
Diluted earnings per share (in CHF)	10	4.80	4.23	13.4

Consolidated statement of comprehensive income

in CHF thousands	Note	2022	2021	+ / – %
Net profit		149'450	137'863	8.4
Other comprehensive income (net of tax), which can be reclassified to the income statement				
Foreign currency translation	31/32	– 16'392	– 14'433	13.6
Changes in value of debt instruments, recognised at fair value through other comprehensive income		– 165'540	– 28'106	489.0
Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income	4	227	– 865	
Tax effects	24	22'414	2'842	688.5
Total		**– 159'291**	**– 40'562**	**292.7**
Other comprehensive income (net of tax), which cannot be reclassified to the income statement				
Actuarial gains / (losses) of pension plans		24'554	50'772	– 51.6
Changes in value of equity instruments, recognised at fair value through other comprehensive income		– 38'286	27'579	
Tax effects	24	– 2'856	– 6'386	– 55.3
Total		**– 16'587**	**71'964**	
Total other comprehensive income (after tax)		**– 175'878**	**31'403**	
Comprehensive income for the period		**– 26'429**	**169'266**	
Of which attributable to:				
Shareholders of LLB		– 27'064	158'281	
Non-controlling interests		635	10'985	– 94.2

Consolidated balance sheet

in CHF thousands	Note	31.12.2022	31.12.2021	+ / – %
Assets				
Cash and balances with central banks	11	6'264'269	7'213'159	– 13.2
Due from banks	12	395'499	889'744	– 55.5
Loans	13	14'435'257	13'805'188	4.6
Derivative financial instruments	14	342'355	219'704	55.8
Financial investments	15	3'187'458	2'440'183	30.6
Property and equipment	16	133'667	142'076	– 5.9
Goodwill and other intangible assets	17	269'762	283'376	– 4.8
Current tax assets		13	29	– 56.2
Deferred tax assets	24	10'620	7'825	35.7
Accrued income and prepaid expenses		101'026	75'824	33.2
Other assets	18	75'939	52'383	45.0
Total assets		**25'215'865**	**25'129'490**	**0.3**
Liabilities				
Due to banks	20	1'667'253	2'322'918	– 28.2
Due to customers	21	18'799'748	18'060'199	4.1
Derivative financial instruments	14	288'679	256'198	12.7
Debt issued	22	2'187'532	1'949'418	12.2
Current tax liabilities		17'746	24'644	– 28.0
Deferred tax liabilities	24	20'615	28'708	– 28.2
Accrued expenses and deferred income		81'567	73'047	11.7
Provisions	25	13'785	12'217	12.8
Other liabilities	26	115'212	162'014	– 28.9
Total liabilities		**23'192'137**	**22'889'362**	**1.3**
Equity				
Share capital	27	154'000	154'000	0.0
Share premium	28	– 14'923	– 13'952	7.0
Treasury shares	29	– 11'640	– 15'073	– 22.8
Retained earnings	30	2'056'623	1'959'517	5.0
Other reserves	31	– 161'534	12'932	
Total equity attributable to shareholders of LLB		**2'022'525**	**2'097'423**	**– 3.6**
Non-controlling interests	32	1'203	142'704	– 99.2
Total equity		**2'023'728**	**2'240'128**	**– 9.7**
Total liabilities and equity		**25'215'865**	**25'129'490**	**0.3**

Consolidated statement of changes in equity

		Attributable to shareholders of LLB							
in CHF thousands	Note	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves[5]	Total	Non-controlling interests	Total equity
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[1]	30/31				– 5'469	5'469	0		0
Net movements in treasury shares[2]	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
As at 31 December 2021		**154'000**	**– 13'952**	**– 15'073**	**1'959'517**	**12'932**	**2'097'423**	**142'704**	**2'240'128**
As at 1 January 2022		154'000	– 13'952	– 15'073	1'959'517	12'932	2'097'423	142'704	2'240'128
Comprehensive income for the period					147'543	– 174'607	– 27'064	635	– 26'429
Net profit					147'543		147'543	1'906	149'450
Other comprehensive income						– 174'607	– 174'607	– 1'271	– 175'878
Reclassification not affecting the income statement[3]	30/31				– 141	141	0		0
Net movements in treasury shares[2]	28/29		– 971	– 17'017			– 17'988		– 17'988
Dividend 2021, paid 2022	30/32				– 70'426		– 70'426	– 369	– 70'795
Increase / (Reduction) in non-controlling interests[4]	29/30/32			20'450	20'130		40'580	– 141'768	– 101'188
As at 31 December 2022		**154'000**	**– 14'923**	**– 11'640**	**2'056'623**	**– 161'534**	**2'022'525**	**1'203**	**2'023'728**

1 Reflects a reclassification of pension obligations (IAS 19) from other reserves in retained earnings and a transfer of a loss amounting to CHF thousands 80 from the sale of equity instruments recognised at fair value in other comprehensive income
2 Contains change of reserves for security entitlements
3 The reclassification reflects the transfer of the loss from the sale of financial investments in equity instruments, which was recognised at fair value in other comprehensive income (see also note 15).
4 The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders. A proportion of the purchase price was serviced with treasury shares. For further information see the accounting principles in chapter 2.1.1.
5 The reconciliation of currency translation differences amounted to minus CHF thousands 49'455 at 31 December 2022 (31 December 2021: minus CHF thousands 33'120). The difference reflects the change within the business year, which is reported in the statement of comprehensive income.

Consolidated statement of cash flows

in CHF thousands	Note	2022	2021
Cash flow from / (used in) operating activities			
Interest received		235'920	193'798
Dividends received from financial investments	4	6'259	3'512
Interest paid		– 78'515	– 43'046
Fees and commission received		310'040	388'403
Fees and commission paid		– 116'182	– 158'900
Trading income		129'634	67'693
Other income		7'156	3'052
Payments for personnel, general and administrative expenses		– 282'000	– 272'914
Income tax paid	9	– 26'530	– 11'863
Rent paid for short-term and low-value leases		– 301	– 382
Cash flow from operating activities, before changes in operating assets and liabilities		185'482	169'353
Net due from / to banks		– 261'979	782'195
Loans / due to customers		73'707	– 181'730
Other assets		– 21'558	– 5'788
Other liabilities		– 8'846	– 59
Changes in operating assets and liabilities		– 218'675	594'619
Net cash flow from / (used in) operating activities		**– 33'193**	**763'972**

Cash flow from / (used in) investing activities			
Purchase of property and equipment	16	– 11'761	– 9'163
Disposal of property and equipment		1'070	0
Purchase of other intangible assets [1]	17	– 24'652	– 14'341
Purchase of financial investments		– 840'069	– 832'186
Disposal of financial investments		414'543	565'059
Purchase of non-current assets held for sale		– 1'020	0
Sale of non-current assets held for sale		850	0
Net cash flow from / (used in) investing activities		**– 461'038**	**– 290'631**

1 The payment for the client relationships already acquired in the 2021 business year within the scope of the referral agreement between LLB Österreich and Credit Suisse was largely made in the 2022 business year.

in CHF thousands	Note	2022	2021
Cash flow from / (used in) financing activities			
Purchase of treasury shares [1]	29	– 20'450	0
Dividends paid	30	– 70'426	– 67'237
Dividends paid to non-controlling interests	32	– 369	– 2'345
Increase in non-controlling interests	32	0	36
Reduction in non-controlling interests [1]	29/30/32	– 101'188	0
Repayment of lease liabilities	23	– 5'287	– 5'175
Issuance of debt	23	416'134	323'498
Repayment of debt	23	– 172'628	– 166'966
Net cash flow from / (used in) financing activities		**45'787**	**81'810**
Effects of foreign currency translation on cash and cash equivalents		– 78'823	– 74'338
Net increase / (decrease) in cash and cash equivalents		**– 527'268**	**480'813**
Cash and cash equivalents at beginning of the period		7'606'684	7'125'871
Cash and cash equivalents at end of the period		**7'079'416**	**7'606'684**
Cash and cash equivalents comprise:			
Cash and balances with central banks	11	6'264'269	7'213'159
Due from banks (due daily)	12	295'210	393'524
Claims from money market instruments with an original maturity of no more than three months	15	519'935	0
Total cash and cash equivalents		**7'079'416**	**7'606'684**

1 The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders. A proportion of the purchase price was serviced with treasury shares. For further information see the accounting principles in chapter 2.1.1.

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 2023 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 furthermore includes 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.

With the introduction of ACT-26, the new corporate strategy for the business years 2022 to 2026, on 1 January 2022, an adjustment of the segments was made. The new segment structure encompasses the "Retail and Corporate Banking" segment, the "International Wealth Management" segment and the "Corporate Center" segment. For further information, please refer to the chapter "Segment reporting". The comparison periods have been adapted in line with the new segment structure.

In the 2022 business year, LLB purchased all outstanding minority shares of Bank Linth LLB AG. The purchase price for the shares totalled CHF 114.6 million. The resulting effect on equity amounted to CHF 18.9 million. From a Group perspective, LLB's current stake in Bank Linth amounts to 100.0 per cent (31.12.2021: 74.9%). Accordingly, as a result of the transaction, the Principality of Liechtenstein's equity stake in LLB was reduced from 57.5 to 56.3 per cent; the free float increased to 37.3 per cent. Further information is given in the consolidated statement of changes in equity.

2.1.2 New IFRS, amendments and interpretations

2.1.2.1 Changes to accounting policies effective from 1 January 2022

The following new or amended IFRS or interpretations were applied by the LLB Group for the first time from 1 January 2022:

- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Clarification of the definition of the costs of fulfilling contracts
- Annual adjustments within the scope of the Annual Improvements to the IFRS 2018 – 2020 Cycle

The amendments have no material effect on the consolidated financial statement of the LLB Group.

2.1.2.2 Applicable for financial years beginning on 1 January 2023
The following new or amended IFRS or interpretations are relevant for the LLB Group from 1 January 2023 or later:
- Amendments to IAS 1 "Material Accounting Policies" – Clarification that in future entities disclose their material accounting policy information and not their significant accounting policies
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – The amendments introduced the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies
- IAS 12 "Income Taxes" – The amendment clarifies that deferred taxes are to be allocated for single transactions on initial recognition if equal amounts of deductable and taxable temporary differences arise from the single transaction

All three amendments are to be applied for the first time for financial years beginning on or after 1 January 2023. An earlier adoption of the amendments is permissible but will not occur. These amendments will have no material influence on the financial statement of the LLB Group.

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
In the first half of 2022, the subsidiary "LLB Berufliche Vorsorge AG in Liquidation" was removed from the scope of consolidation. The deconsolidation had no material impact.

2.3 General principles
2.3.1 Recording of business
Sales and purchases from trading assets, derivative financial instruments and financial investments are booked on the transaction date. Loans, including those to clients, are recorded in that period of time in which the funds flow to the borrower.

2.3.2 Income accrual
Interest and dividend income is subject to the provisions of IFRS 9 "Financial instruments". 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	31.12.2022	31.12.2021
1 USD	0.9232	0.9121
1 EUR	0.9847	1.0331

Average rate	2022	2021
1 USD	0.9517	0.9115
1 EUR	1.0041	1.0799

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, loans due from banks (due daily) as well as claims from money market instruments measured at amortised cost with an original maturity period of less than three months.

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	Financial investments - Debt instruments - Equity instruments	Financial investments - Debt instruments - Equity instruments Derivative financial instruments Precious metal receivables
Conditions	"Hold" business model SPPI ability	Debt instruments - "Hold to Collect and Sell" business model - SPPI ability Equity instruments - Designation - Not held for trading purposes - No contingent consideration resulting from business combinations	"Others" business model The conditions of other valuation methods were not fulfilled

Employment within the LLB Group

Only in the case of financial investments does the management of the LLB Group determine the strategy and the respective business model for all Group companies. The business models "Hold", "Hold and Sell" and "Others" are employed. The allocation to the individual business model depends on the the category to which the financial investment belongs and whether it should be held until final maturity. The LLB Group divides financial investments into two categories: "Asset & Liability Management" and "Strategic Participations".

Debt instruments in the "Asset & Liability Management" category are assigned to the "Hold" and "Hold and Sell" business models. Debt instruments in the business model "Hold" primarily collect income from interest payments. They are only disposed of if the risk of default rises significantly, if sustainability criteria are no longer fulfilled, or if scenarios occur, which, after a reasonable assessment, were not expected. Debt instruments in the business model "Hold and Sell" serve primarily to manage liquidity and therefore to control the liquidity ratio (LR), the liquidity coverage ratio (LCR) and the tier 1 ratio. In the case of investments in new issues, the internal assessment of the SPPI criteria is compared downstream with the external assessment from Bloomberg. Where assumptions diverge and there is no conformity with SPPI criteria according to Bloomberg, management is informed accordingly. It then decides about the further treatment of the debt instruments. An external assessment is utilised in the case of instruments which are traded on a market. Old holdings, i.e. debt instruments that under IAS 39 "Financial Instruments: Recognition and Measurement" were recognised at fair value through profit and loss, will continue to be measured according to this method. 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, loans and debt instruments
  These claims are measured at amortised cost using the effective interest method and taking into consideration an expected credit loss (ECL). The value stated in the balance sheet therefore corresponds to a net carrying amount because the expected credit loss is recognised in the balance sheet as a reduction of the carrying amount of a receivable. For off-balance sheet items, such as a commitment, however, a provision for credit loss is reported. The off-balance sheet total is not reduced. The impairments are recognised in the income statement and reported under line item "Expected credit losses". Detailed information about expected credit loss and its calculation is provided in point 2.6.1.4 Impairments. Further information can be found in the comments on risk management in risk management chapter 3 Credit risk. Interest and negative interest is recognised on an accrual basis and reported in net 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 risk. 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 through the income statement and recognised in net income from financial investments.
- Equity instruments
  Equity instruments are measured at fair value. Value changes and the corresponding gains / losses are recognised in other comprehensive income. Note 33 contains information about the calculation of fair value. In the case of the disposal of the equity instruments, the unrealised gains reported in the consolidated statement of comprehensive income are not reclassified in the income statement. These are reclassified in retained earnings without affecting the income statement. Dividend earnings are recognised in the income statement under net income from financial investments.

Financial assets at fair value through profit and loss

- Receivables from precious metals
  These receivables are measured at fair value through profit and loss and reported in net trading income.
- 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. 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 net income from financial investments.

2.6.1.2 Classification and measurement of financial liabilities

Basically, the LLB Group's financial liabilities are classified at amortised cost. Exceptions are derivative financial instruments and liabilities from precious metals, which are classified at fair value through profit and loss.

The following table provides an overview of the individual measurement methods and the financial liabilities with which they are employed at the LLB Group.

	Valuation method	
	Amortised cost	At fair value through profit and loss
Liabilities	Due to banks	Derivative financial instruments
	Due to customers	Precious metal liabilities
	Commitments for leases	
	Debt issued	

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 net interest income. Effects which arise as a result of the early disposal of the financial liability are recognised in the income statement.

Financial liabilities at fair value through profit and loss
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 and loss. The changes in fair value are recognised in net trading income with the exception of the derivatives, which are linked to hedge accounting.

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. A differentiation is made only between the above-mentioned credit segments in determining the portfolio probability of default. The probabilities of default are based on internal historical default rates. A common factor with all ratings is that the probability of default in all cases is determined on a through-the-cycle basis, which is adjusted within the scope of macro-scenarios to take into consideration the expected economic conditions (point in time). For this purpose, in the case of private and corporate clients, the LLB Group estimates the development of interest rates as well as gross domestic product and models the impact of the expected economic development on the probability of default. In the case of bank and financial investments having ratings from Moody's, this agency's outlook of their future development is considered in the calculation.
- Exposure at default: Exposure at default is determined on the basis of the average amortised cost in the individual monthly period. The development of amortised cost is calculated on the basis of the initial credit exposure compounded with the effective interest, plus or minus additional inflows or outflows of resources such as amortisation payments. The average amortised cost of the individual period is extrapolated from the development resulting from integration and division by the length of the periods. The duration of the credits is in accordance with the conditions specified in the credit agreement. In the case of credits having an unspecified duration, a model is used as basis for the calculation. The period of notice is used as a basis. Cash inflows (loan repayments) are defined on the basis of the planned amortisation payments. Cash outflows (loan increases) are dependent on the type of loan and the agreed-but-not-yet-utilised credit limit. Internal experts estimate a credit conversion factor, which is approved by the Board of Management, and is then employed to define the expected credit utilisation.
- Loss given default: Basically, there are three approaches for determining the loss given default: internal loss given default models (loans with real estate collateral), estimates made by internal experts (Lombard loans) and external studies from Moody's (bank and financial deposits). In the case of loss given default models, the LGD of loans secured by mortgages is calculated on the basis of workout procedures at the position level, taking into consideration the collateral provided. In this case, all the expected future cash flows are estimated and discounted. In addition, the value of the collateral provided is modelled on the basis of the expected development of real estate prices given various scenarios.

The expected credit loss is calculated as the sum of probability of default, exposure at default and loss given default.

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 an 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 and the Risk Management Department of the LLB Group, whereby the macro-factors are also regularly submitted to the Board of Management for its approval.

Definition of default, determination of creditworthiness and write-off policy
The LLB Group bases its definition of default, according to IFRS 9, on the Capital Requirements Regulation (Art. 178 CRR) in order to ensure a uniform definition for regulatory and accounting policy purposes. On the one hand, claims which are more than 90 days past due are regarded as defaulted and, on the other, indications that a debt is unlikely to be paid can also lead to a claim being classified as in default.

The LLB Group regards the creditworthiness of a financial asset as being impaired when its recoverable amount, which is determined on the basis of a calculation of the present value, is lower than the carrying amount. The difference between the present value and the carrying amount is recognised as a specific allowance.

A debt is written off only when, in accordance with the enforcement order, there is no reasonable expectation of recovery in the future, where agreement has been reached with the debtor that LLB or a subsidiary within the LLB Group irrevocably waives a part of the debt, or where a pledge default certificate has been submitted, which enables, in spite of the write-off, the remaining debt or a part of the remaining debt to be claimed in the future. The pledge default certificate is only relevant in the case of private individuals because, following liquidation, insolvent legal entities no longer exist. A collection agency is commissioned to recover the debt.

Reporting of impairments
The LLB Group reports all impairments in the line item "Expected credit losses".

2.6.2 Balance sheet positions outside IFRS 9

2.6.2.1 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 into 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 measured at cost less any impairment and depreciation necessary for operational reasons. The LLB Group owns only a few properties, which it does not use entirely itself. The part of the property it does not use itself is rented out. This part property is always immaterial and cannot be separately sold. Accordingly, the properties are not classified as investment property but rather as tangible assets.

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 necessity for an impairment is identified, the residual carrying amount is depreciated over the new adjusted useful life and / or an impairment is made. Any reversal of an impairment is only considered up to the amount which would have been attained without impairment.

2.6.2.3 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 cost model, and for the lease liability at amortised cost. The carrying amount 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 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 present value of the claims. The present 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 and whose amount 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 share premium.

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 will 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 probably that no significant cancellation will occur with the recognised revenues. At the LLB Group, this situation can only arise in connection with performance-related fees (e.g. performance fees). The recognition period is generally a maximum of one year.

Costs incurred in providing a service are generally recognised at the time the service is provided.

2.7.2 Recognition
The revenues recognised from fees and services are based on the service obligations specified in the contract and the payment to be made by the client for them. The payment may contain both fixed and variable components, whereby variable payments only occur in connection with asset management and are influenced by certain threshold values. The client may have to make an additional payment if, for example, a specified return is attained or he has decided to pay a previously stipulated percentage on his assets on a previously determined date as a fee.

If discounts have been granted within the scope of combinations of several products, these can be assigned to the individual service obligations.

2.7.3 All-in fee
Clients have the possibility of paying an all-in fee in the form of a lump sum or a percentage fee of assets for a range of different services. This all-in fee is reported in note 2 in a separate table. No reclassification into the corresponding line items of the individual revenue types containing the all-in fee is made because the all-in fee is assigned to the asset management and investment business line item on account of its business model. The additional table provides greater transparency of how these revenues are broken down in their entirety.

3 Events after the balance sheet date
No material events occurred after the balance sheet date which would have a significant influence on the financial position and financial performance of the LLB Group.

Segment reporting

The business activities of the LLB Group are divided into the following two business areas. These form the basis for the segment reporting:
- The Retail and Corporate Banking segment services locally oriented private banking clients in Liechtenstein, Switzerland and Germany, as well as corporate and private clients in Liechtenstein and Switzerland.
- The International Wealth Management segment cares for Austrian and international private banking clients, as well as institutional and investment fund clients.

The segments receive comprehensive support from the Corporate Center. It comprises the following functions: finance, credit and risk management, legal and compliance matters, trading and securities administration, payment services, human resources management, communication and marketing, asset management, corporate development, as well as logistics and IT services.

Following the management approach of IFRS 8 "Operating segments", operating segments are reported in accordance with the internal reporting provided to the Group Executive Management (chief operating decision maker), which is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the LLB Group meet the definition of a reportable segment under IFRS 8.

In accordance with the principle of responsibility and based on the organisational structure, income and expenditure are allocated to the business divisions. Indirect costs resulting from services provided internally are accounted for according to the principle of causation and are recorded as a revenue increase for the service provider and as a cost increase for the service beneficiary. The remaining income and expenditure for overriding services which cannot be assigned to the segments are shown under Corporate Center. Furthermore, consolidation adjustments are reported under Corporate Center.

Transactions between the segments are executed at standard market conditions.

Financial year 2021

in CHF thousands	Retail & Corporate Banking[1]	International Wealth Management[1]	Corporate Center[1]	Total Group
Net interest income	103'533	22'096	28'382	154'010
Expected credit losses	5'539	– 3'052	0	2'487
Net interest income after expected credit losses	109'072	19'044	28'382	156'497
Net fee and commission income	95'096	149'728	– 11'186	233'638
Net trading income	17'544	19'832	41'590	78'966
Net income from financial investments	0	0	3'727	3'727
Other income	2'016	2	1'557	3'574
Total operating income[2]	**223'728**	**188'606**	**64'069**	**476'403**
Personnel expenses	– 43'216	– 44'065	– 102'711	– 189'991
General and administrative expenses	– 4'037	– 6'047	– 73'361	– 83'445
Depreciation	– 40	– 444	– 39'071	– 39'555
Services (from) / to segments	– 76'498	– 54'976	131'474	0
Total operating expenses	**– 123'790**	**– 105'531**	**– 83'670**	**– 312'991**
Operating profit before tax	**99'938**	**83'074**	**– 19'601**	**163'412**
Tax expenses				– 25'549
Net profit				**137'863**

1 The figures for the financial year 2021 were carried over and adapted to the new segment structure.
2 There were no substantial earnings generated between the segments so that income between the segments is not material.

Financial year 2022

in CHF thousands	Retail & Corporate Banking	International Wealth Management	Corporate Center	Total Group
Net interest income	111'820	51'173	– 10'746	152'247
Expected credit losses	– 4'695	1'994	– 17	– 2'718
Net interest income after expected credit losses	107'126	53'167	– 10'763	149'529
Net fee and commission income	85'010	138'287	– 12'350	210'947
Net trading income	20'806	22'350	92'994	136'149
Net income from financial investments	0	0	– 933	– 933
Other income	1'845	4	5'650	7'499
Total operating income[1]	**214'786**	**213'808**	**74'597**	**503'191**
Personnel expenses	– 43'974	– 44'107	– 108'067	– 196'148
General and administrative expenses	– 4'416	– 11'274	– 80'327	– 96'017
Depreciation	– 43	– 391	– 35'632	– 36'066
Services (from) / to segments	– 76'130	– 59'549	135'679	0
Total operating expenses	**– 124'563**	**– 115'321**	**– 88'347**	**– 328'231**
Operating profit before tax	**90'223**	**98'487**	**– 13'749**	**174'961**
Tax expenses				– 25'511
Net profit				**149'450**

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

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 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

Financial year 2022

	Liechtenstein		Switzerland		Austria		Total Group	
		in %		in %		in %		in %
Operating income (in CHF thousands)	315'084	62.6	107'829	21.4	80'278	16.0	503'191	100.0
Total assets (in CHF millions)	14'651	58.1	8'174	32.4	2'391	9.5	25'216	100.0

Notes to the consolidated income statement

1 Net interest income

in CHF thousands	2022	2021	+ / – %
Interest income from financial instruments measured at amortised cost			
Due from banks	14'794	731	
Loans	162'406	147'643	10.0
Debt instruments	977		
Loan commissions with the character of interest	2'913	3'386	– 14.0
Received negative interest	22'654	27'923	– 18.9
Total interest income from financial instruments measured at amortised cost	**203'745**	**179'683**	**13.4**
Interest income from financial instruments, recognised at fair value through other comprehensive income			
Debt instruments	18'679	11'816	58.1
Total interest income from financial instruments, recognised at fair value through other comprehensive income	**18'679**	**11'816**	**58.1**
Interest income from financial instruments at fair value through profit and loss			
Debt instruments	1'083	2'810	– 61.5
Interest rate derivatives	18'264	3'540	415.9
Total interest income from financial instruments at fair value through profit and loss	**19'347**	**6'350**	**204.7**
Total interest income	**241'771**	**197'850**	**22.2**
Interest expenses from financial instruments measured at amortised cost			
Due to banks	– 7'362	– 1'921	283.2
Due to customers	– 37'837	– 3'679	928.5
Paid negative interest	– 13'729	– 20'392	– 32.7
Lease liabilities	– 240	– 273	– 12.3
Debt issued	– 5'187	– 4'509	15.0
Total interest expenses from financial instruments measured at amortised cost	**– 64'354**	**– 30'774**	**109.1**
Interest expenses from financial instruments measured at fair value			
Interest rate derivatives	– 25'170	– 13'065	92.6
Total interest expenses from financial instruments measured at fair value	**– 25'170**	**– 13'065**	**92.6**
Total interest expenses	**– 89'524**	**– 43'839**	**104.2**
Total net interest income	**152'247**	**154'010**	**– 1.1**

2 Net fee and commission income

in CHF thousands	2022	2021	+ / – %
Brokerage fees	44'524	54'382	– 18.1
Custody fees	52'327	54'576	– 4.1
Advisory and management fees	55'290	65'463	– 15.5
Investment fund fees	157'251	194'843	– 19.3
Credit-related fees and commissions	736	648	13.6
Commission income from other services	33'761	29'722	13.6
Total fee and commission income	**343'889**	**399'634**	**– 13.9**
Brokerage fees paid	– 10'298	– 11'180	– 7.9
Other fee and commission expenses	– 122'644	– 154'816	– 20.8
Total fee and commission expenses	**– 132'942**	**– 165'996**	**– 19.9**
Total net fee and commission income	**210'947**	**233'638**	**– 9.7**

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	2022	2021	+ / – %
Total all-in-fees	**31'974**	**40'599**	**– 21.2**
of which brokerage	11'626	15'126	– 23.1
of which securities administration	2'958	6'225	– 52.5
of which asset management	17'391	19'248	– 9.6

3 Net trading income

in CHF thousands	2022	2021	+ / – %
Foreign exchange trading	129'319	68'295	89.4
Foreign note trading	– 350	– 542	– 35.5
Precious metals trading	2'211	1'773	24.7
Interest rate instruments [1]	4'969	9'439	– 47.4
Total net trading income	**136'149**	**78'966**	**72.4**

1 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	2022	2021	+ / – %
Financial investments at fair value through profit and loss			
Dividend income	566	292	93.5
Price gains [1]	– 6'965	– 631	
Total net income from financial investments at fair value through profit and loss	**– 6'399**	**– 338**	
Financial investments, recognised at fair value through other comprehensive income			
Dividend income	5'693	3'219	76.8
of which from financial investments held on the balance sheet date	5'514	3'211	71.7
of which from financial investments sold during the reporting period [2]	179	9	
Realised gain	– 227	865	
Total net income from financial investments, recognised at fair value through other comprehensive income	**5'466**	**4'084**	**33.8**
Total net income from financial investments at fair value	**– 933**	**3'746**	

1 The realised price gains for 2022 amounted to minus CHF thousands 1'347 (2021: minus CHF thousands 157).
2 Further details are provided in note 15.

5 Other income

in CHF thousands	2022	2021	+ / – %
Net income from properties [1]	2'014	2'207	– 8.7
Income from various services	– 554	488	
Share of income from associated companies and joint venture	3	3	– 2.5
Additional other income [2]	6'036	876	588.9
Total other income	**7'499**	**3'574**	**109.8**

1 In the 2022 business year, net income from properties consisted of rental income and the profit from the sale of properties (2021: rental income and revaluation of an investment property).
2 Contains the sale of a value-adjusted claim amounting to CHF 5.6 million in 2022

6 Personnel expenses

in CHF thousands	2022	2021	+ / – %
Salaries [1]	– 156'237	– 149'184	4.7
Pension and other post-employment benefit plans [2]	– 16'935	– 17'106	– 1.0
Other social contributions	– 17'259	– 16'486	4.7
Training costs	– 1'772	– 1'383	28.2
Other personnel expenses	– 3'945	– 5'833	– 32.4
Total personnel expenses	**– 196'148**	**– 189'991**	**3.2**

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:

	2022	2021
Employees		
Number of employees (full-time equivalents)	1'080	1'055
Full-time employees	918	902
of which apprentices	26	28
of which young talents [1]	14	11
Part-time employees	353	317

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	2022	2021	+ / – %
Occupancy	– 6'265	– 6'630	– 5.5
Expenses for IT, machinery and other equipment	– 30'436	– 26'926	13.0
Information and communication expenses	– 20'955	– 19'305	8.5
Marketing and public relations	– 11'334	– 7'357	54.0
Consulting and audit fees	– 9'488	– 6'637	43.0
Provisions for legal and litigation risks [1]	– 4'503	– 952	373.0
Litigation, legal and representation costs	– 2'376	– 4'940	– 51.9
Contributions to Deposit Protection Fund	– 3'231	– 2'661	21.4
Other general and administrative expenses	– 7'430	– 8'037	– 7.6
Total general and administrative expenses	**– 96'017**	**– 83'445**	**15.1**

1 See note 25 for details

8 Depreciation

in CHF thousands	2022	2021	+ / – %
Property	– 4'485	– 4'428	1.3
Other equipment	– 9'032	– 10'627	– 15.0
Intangible assets	– 17'313	– 18'531	– 6.6
Right of use assets	– 5'236	– 5'968	– 12.3
Total depreciation	**– 36'066**	**– 39'555**	**– 8.8**

9 Tax expenses

in CHF thousands	2022	2021	+ / – %
Current taxes	– 31'504	– 25'682	22.7
Deferred taxes	5'993	133	
Total tax expenses	**– 25'511**	**– 25'549**	**– 0.1**

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 26.5 million for the 2022 financial year (previous year: CHF 11.9 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	2022	2021	+ / – %
Operating profit before tax	174'961	163'412	7.1
Assumed average income tax rate of 14.2 per cent (previous year: 13.4 %)	**– 24'760**	**– 21'921**	**12.9**
Increase / (Decrease) resulting from			
Use of losses carried forward	822	0	
Tax savings / (charges) from previous years	104	– 3'616	
Non-tax deductible (expenses) / tax-exempt income [1]	– 1'678	– 12	
Total tax expenses	**– 25'511**	**– 25'549**	**– 0.1**

1 These were mainly attributable to losses with equities, which were not tax deductible.

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 2022 led to a higher assumed average tax burden in comparison with the previous year.

As at 31 December 2022, there were losses carried forward amounting to CHF 38 million, which were not reported as deferred tax receivables (previous year: CHF 84 million). They expire within the next six 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

	2022	2021	+ / – %
Net profit attributable to the shareholders of LLB (in CHF thousands)	147'543	129'907	13.6
Weighted average shares outstanding	30'607'810	30'551'544	0.2
Basic earnings per share (in CHF)	**4.82**	**4.25**	**13.4**
Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands)	147'543	129'907	13.6
Weighted average shares outstanding for diluted earnings per share	30'766'678	30'723'923	0.1
Diluted earnings per share (in CHF)	**4.80**	**4.23**	**13.4**
Dividend (in CHF)	2.50 [1]	2.30	

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 5 May 2023

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

	31.12.2022	31.12.2021	+ / – %
Cash	123'684	54'289	127.8
Demand deposits with central banks	6'140'585	7'158'871	– 14.2
Total cash and balances with central banks	**6'264'269**	**7'213'159**	**– 13.2**

12 Due from banks

in CHF thousands	31.12.2022	31.12.2021	+ / – %
On demand [1]	295'210	393'524	– 25.0
At maturity or callable	100'289	496'219	– 79.8
Total due from banks	**395'499**	**889'744**	**– 55.5**

1 Of which receivables from precious metals measured at fair value through profit and loss amounting to CHF 138.9 million (previous year: CHF 134.2 million)

13 Loans

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Mortgage loans	12'882'020	12'240'442	5.2
Public institutions	90'077	72'253	24.7
Fixed advances and loans	1'093'063	1'052'776	3.8
Other loans and advances	444'088	517'658	– 14.2
Expected credit losses	– 73'990	– 77'941	– 5.1
Total loans	**14'435'257**	**13'805'188**	**4.6**

Further information, especially regarding the expected credit loss, is provided in risk management chapter 3 Credit risk.

14 Derivative financial instruments

Interest rate swaps are concluded to hedge against interest rate fluctuation risks. In addition, derivative financial instruments are employed primarily within the scope of client business. In this case, both standardised and OTC derivatives are traded. International banks having a high creditworthiness serve as counterparties. LLB does not assume a market-maker role on the interbank market. The tables in this note contain information about the nominal value (contract volume), about the replacement values and about the hedge accounting positions.

	Total					
in CHF thousands	Positive replacement values		Negative replacement values		Total contract volume	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**
Derivative financial instruments in the trading portfolio						
Interest rate contracts						
Interest rate swaps	313	3'118	2'582	11'633	190'000	2'285'000
Forward contracts	17	194	3'416	504	103'367	96'719
Foreign exchange contracts						
Forward contracts	242'773	198'660	257'803	226'465	20'621'915	23'562'245
Options (OTC)	1'892	2'377	1'892	2'377	61'121	74'362
Precious metals contracts						
Options (OTC)	256	131	256	131	16'519	5'534
Equity / index contracts						
Options (OTC)	1'426	2'312	1'426	2'312	109'776	255'345
Total derivative financial instruments in the trading portfolio	**246'677**	**206'792**	**267'376**	**243'421**	**21'102'699**	**26'279'204**
Derivative financial instruments for hedging purposes						
Interest rate contracts						
Interest rate swaps (fair value hedge)	95'678	12'912	21'303	12'777	1'359'847	1'410'331
Total derivative financial instruments for hedging purposes	**95'678**	**12'912**	**21'303**	**12'777**	**1'359'847**	**1'410'331**
Total derivative financial instruments	**342'355**	**219'704**	**288'679**	**256'198**	**22'462'546**	**27'689'535**

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.

in CHF thousands	Nominal value of hedging instrument	Carrying amount of hedging instrument: Assets	Carrying amount of hedging instrument: Liabilities	Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
31.12.2021					
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	Nominal value of hedging instrument	Carrying amount of hedging instrument: Assets	Carrying amount of hedging instrument: Liabilities	Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
31.12.2022					
Fair value hedge					
Interest rate swaps	974'847	95'678		Derivative financial instruments	81'494
Interest rate swaps	385'000		– 21'303	Derivative financial instruments	– 8'938

in CHF thousands	Carrying amount of underlying transaction: Assets	Carrying amount of underlying transaction: Liabilities	Cumulative total from fair value adjustments of the underlying transaction: Assets	Cumulative total from fair value adjustments of the underlying transaction: Liabilities	Balance sheet position of underlying transaction	Fair value change to measurement of ineffective hedge
31.12.2021						
Fair value hedge						
Mortgage loans	12'240'442		– 3'610		Loans	– 18'295
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions		1'548'220		497	Debt issued	847

in CHF thousands	Carrying amount of underlying transaction: Assets	Carrying amount of underlying transaction: Liabilities	Cumulative total from fair value adjustments of the underlying transaction: Assets	Cumulative total from fair value adjustments of the underlying transaction: Liabilities	Balance sheet position of underlying transaction	Fair value change to measurement of ineffective hedge
31.12.2022						
Fair value hedge						
Mortgage loans	12'882'020		– 76'505		Loans	– 72'895
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions		1'786'475		6'096	Debt issued	5'599

in CHF thousands	Ineffectiveness recognised in the income statement	Income statement position
31.12.2021		
Fair value hedge		
Interest rate risk	1'524	Interest income
31.12.2022		
Fair value hedge		
Interest rate risk	5'260	Interest income

15 Financial investments

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Financial investments at amortised cost			
Debt instruments			
listed	0		
unlisted	519'935		
Total debt instruments	**519'935**		
Total financial investments at amortised cost	**519'935**		
Financial investments at fair value through profit and loss			
Debt instruments			
listed	47'781	146'032	– 67.3
unlisted	41'894	44'985	– 6.9
Total debt instruments	**89'676**	**191'017**	**– 53.1**
Equity instruments			
listed	9	2	335.0
unlisted	263	2'315	– 88.6
Total equity instruments	**272**	**2'317**	**– 88.3**
Total financial investments at fair value through profit and loss	**89'947**	**193'334**	**– 53.5**
Financial investments, recognised at fair value through other comprehensive income			
Debt instruments			
listed	2'353'022	1'986'598	18.4
Total debt instruments	**2'353'022**	**1'986'598**	**18.4**
Equity instruments			
listed	191'256	229'300	– 16.6
unlisted	33'297	30'952	7.6
Total equity instruments	**224'553**	**260'251**	**– 13.7**
Total financial investments, recognised at fair value through other comprehensive income	**2'577'576**	**2'246'849**	**14.7**
Total financial investments	**3'187'458**	**2'440'183**	**30.6**

The equity instruments recognised at fair value through other comprehensive income consist of strategic investments of an infrastructure nature, which are not exchange-listed (see note 33), as well as various equities of the Swiss Market Index (SMI). Short-term profit-taking is not the focus with equity instruments recognised at fair value through other comprehensive income, rather they represent a long-term position which pursues the collection of dividends and a long-term appreciation in value.

During the reporting period, adjustments were made in the portfolio of SMI equities because the weighting of individual SMI securities had changed. The disposals resulted in a loss of CHF thousands 141 (previous year: minus CHF thousands 80). The fair value of the transactions amounted to CHF thousands 6'955 (previous year: CHF thousands 752). The loss was recognised directly in retained earnings.

16 Property and other equipment

in CHF thousands	Property	Right of use assets[1]	Other equipment	Total
Year ended December 2021				
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
Cost as at 31 December	**198'865**	**49'303**	**98'811**	**346'979**
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
Accumulated depreciation / revaluation as at 31 December	**– 120'285**	**– 14'731**	**– 69'887**	**– 204'903**
Net book amount as at 31 December 2021	**78'579**	**34'571**	**28'925**	**142'076**
Year ended December 2022				
Cost as at 1 January	198'865	49'303	98'811	346'979
Additions	5'397	993	6'364	12'754
Disposals	– 1'385	– 959	– 4'276	– 6'620
Additions from changes to scope of consolidation	0	0	– 15	– 15
Currency effects	0	– 909	– 294	– 1'203
Cost as at 31 December	**202'876**	**48'428**	**100'591**	**351'896**
Accumulated depreciation / impairments as at 1 January	– 120'285	– 14'731	– 69'887	– 204'903
Depreciation	– 4'485	– 5'236	– 9'032	– 18'753
Disposals / (Additions) from accumulated depreciation	674	0	4'256	4'930
Disposals / (Additions) from accumulated depreciation from changes to scope of consolidation	0	0	15	15
Currency effects	0	278	204	482
Accumulated depreciation / impairments as at 31 December	**– 124'096**	**– 19'689**	**– 74'443**	**– 218'229**
Net book amount as at 31 December 2022	**78'780**	**28'739**	**26'148**	**133'667**

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

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	2022	2021	+ / – %
Short-term lease expenses	298	379	– 21.3
Low-value lease expenses	3	3	– 7.3
Total expenses for unrecognised lease obligations	**301**	**382**	**– 21.2**

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	31.12.2022	31.12.2021	+ / – %
Due within one year	1'336	1'364	– 2.0
Residual period to maturity between 1 and 2 years	1'188	1'258	– 5.6
Residual period to maturity between 2 and 3 years	1'135	1'166	– 2.7
Residual period to maturity between 3 and 4 years	1'135	1'114	1.9
Residual period to maturity between 4 and 5 years	1'135	1'114	1.9
Due in more than five years	1'286	2'364	– 45.6
Total future net receivables from operating leases	**7'216**	**8'380**	**– 13.9**

Income from operating leases is a part of other income and amounted to CHF thousands 1'676 (2021: CHF thousands 1'687). Properties are only leased.

17 Goodwill and other intangible assets

in CHF thousands	Goodwill	Client relationships	Software	Other intangible assets	Total
Year ended December 2021					
Cost as at 1 January	163'306	135'518	128'736	1'152	428'712
Additions	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
Cost as at 31 December	**159'124**	**150'593**	**139'224**	**1'140**	**450'081**
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
Accumulated depreciation / impairments as at 31 December	**0**	**– 75'198**	**– 90'733**	**– 774**	**– 166'705**
Net book amount as at 31 December 2021	**159'124**	**75'395**	**48'491**	**366**	**283'376**
Year ended December 2022					
Cost as at 1 January	159'124	150'593	139'224	1'140	450'081
Additions	0	0	12'636	0	12'636
Disposals	0	– 1'719	– 1'111	0	– 2'830
Currency effects	– 4'297	– 3'529	– 432	0	– 8'258
Cost as at 31 December	**154'828**	**145'345**	**150'318**	**1'140**	**451'630**
Accumulated depreciation / impairments as at 1 January	0	– 75'198	– 90'733	– 774	– 166'705
Depreciation	0	– 6'678	– 10'430	– 204	– 17'313
Disposals / (Additions) from accumulated amortisation	0	0	1'135	0	1'135
Currency effects	0	894	128	– 7	1'015
Accumulated depreciation / impairments as at 31 December	**0**	**– 80'983**	**– 99'900**	**– 985**	**– 181'868**
Net book amount as at 31 December 2022	**154'828**	**64'362**	**50'417**	**155**	**269'762**

Goodwill

With the introduction of ACT-26, from 1 January 2022, the goodwill reported in earlier years of cash generating units was reallocated to the newly created segment structure. The reallocation was necessary in order for impairment testing to be carried out at the lowest level at which goodwill is now monitored by management following the adjustment of the segment structure. The reallocation was made in accordance with IAS 36 "Impairment of Assets", according to which the new cash generating units are to correspond to the lowest level at which impairment testing can be performed. The following table shows the reallocation of existing goodwill to the new cash generating units, as well as the amount of individual goodwill on the relevant reporting dates.

in CHF thousands	01.01.2022	Re-allocation	31.12.2021
Bank Linth LLB AG		– 55'620	55'620
Segment Retail & Corporate Banking	55'620		
Segment International Wealth Management			
Liechtensteinische Landesbank AG		– 58'720	58'720
Segment Retail & Corporate Banking			
Segment International Wealth Management	58'720		
Liechtensteinische Landesbank (Österreich) AG		– 36'892	36'892
Segment Retail & Corporate Banking			
Segment International Wealth Management	36'892		
LLB Swiss Investment AG		– 7'892	7'892
Segment Retail & Corporate Banking			
Segment International Wealth Management	7'892		
Total	**159'124**		**159'124**

in CHF thousands	31.12.2022	01.01.2022
Segment Retail & Corporate Banking	55'620	55'620
Segment International Wealth Management [1]	99'208	103'504
Total	**154'828**	**159'124**

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.

Following the reallocation of goodwill to the new cash generating units, an impairment test was performed on the reporting date 1 January 2022. This confirmed the intrisic value of the goodwill.

On the basis of the impairment testing carried out, management reached the conclusion that for the year ended on 31 December 2022, the total goodwill of CHF 154.8 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. These are the inflation rates of Switzerland and Liechtenstein. Under certain circumstances, the growth rates may vary for the individual cash generating units because the probable developments and conditions in the respective markets are taken into account.

Assumptions

As far as possible, and when available, the parameters on which the valuation model is based are coordinated with external market information. In this context, the value in use of a cash generating unit reacts in the most sensitive manner to changes in the forecasted earnings, changes to the discount rate and changes in the long-term growth rate. The forecasted earnings are based on an economic scenario, whose input factors are the projected interest rate, currency and stock market developments, as well as the sales planning of the individual market divisions. The discount rate is determined on the basis of the capital asset pricing model (CAPM), which contains a risk-free interest rate, a market risk premium, a small cap premium, as well as factor for the systematic market risk, i.e. the beta factor.

The long-term growth rate outside the five-year planning period (terminal value), on which the impairment tests for the annual report as at 31 December 2022 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.

	Growth rate		Discount rate	
in per cent	2022	2021	2022	2021
Bank Linth LLB AG		1.0		5.5
Liechtensteinische Landesbank AG		1.0		6.0
Liechtensteinische Landesbank (Österreich) AG		2.0		8.0
LLB Swiss Investment AG		1.0		8.5
Segment Retail & Corporate Banking	1.0		5.5	
Segment International Wealth Management	1.0		8.0	

Sensitivities

All the parameters and assumptions, on which the testing of the individual cash generating units are based, are reviewed and, if necessary, adjusted during the periodic preparation and conducting of impairment tests. In order to check the effects of parameter adjustments on the value in use of the individual cash generating units, the parameters and assumptions used with the valuation model are subjected to an individual sensitivity analysis. For this purpose, the forecasted free cash flow is changed by 10 per cent, the discount rate by 10 per cent and the long-term growth rates also by 10 per cent. According to the results of the impairment tests performed, and based on the assumptions described, an amount of between CHF 379.1 million and CHF 630.6 million in excess of the balance sheet value is obtained for all cash generating units. A reduction of the free cash flow by 10 per cent, or an increase in the discount rate of 10 per cent, or a reduction in the long-term growth rate of 10 per cent would not result in any impairment of the goodwill.

Over the last five years, the parameters have remained very constant. Since a constant development of the parameters is also expected in the future, the sensitivities of 10 per cent for each of the three parameters are regarded as reasonable.

In view of the uncertain economic situation, which is expected to persist in the future, an impairment of goodwill in the coming financial years can not be ruled out. However, thanks to measures to increase earnings, improve efficiency and cut costs as well as the further planned growth, a positive development is expected over the medium to long term.

If the estimated earnings and other assumptions in future financial years deviate from the current outlook due to political or global risks in the banking industry (for example, due to uncertainty in connection with the implementation of regulatory provisions and the introduction of certain legislation, or a decline in general economic performance) this could result in an impairment of goodwill in the future. This would lead to a reduction in the income statement of the LLB Group and a decrease in the equity 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	
2023	6'066
2024	6'066
2025	6'066
2026	6'066
2027	6'066
2028 and thereafter	34'031
Total	**64'362**

18 Other assets

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Precious metals holdings	35'255	13'978	152.2
Settlement accounts	16'479	14'755	11.7
VAT and other tax receivables	2'740	2'135	28.3
Investment property	19'510	19'732	– 1.1
Non-current assets held for sale	1'920	1'750	9.7
Investment in associates and joint venture	36	33	7.8
Total other assets	**75'939**	**52'383**	**45.0**

19 Assets pledged

	31.12.2022		31.12.2021	
in CHF thousands	Carrying amount	Actual liability	Carrying amount	Actual liability
Due from banks	17'223	10'128	82'219	76'014
Mortgage loans	1'963'489	1'596'500	1'720'980	1'396'400
Financial investments	404'649	250'000	1'085'150	886'655
Loans	36'788	34'418	45'248	36'870
Total pledged / assigned assets	**2'422'148**	**1'891'046**	**2'933'597**	**2'395'939**

The mortgage loans are pledged as collateral for shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions.

The financial assets are pledged for repurchase agreements, stock exchange deposits, lombard limits at national and central banks and to secure other business activities.

20 Due to banks

in CHF thousands	31.12.2022	31.12.2021	+ / – %
On demand	587'372	387'362	51.6
At maturity or callable	1'079'881	1'935'556	– 44.2
Total due to banks	**1'667'253**	**2'322'918**	**– 28.2**

21 Due to customers

in CHF thousands	31.12.2022	31.12.2021	+ / – %
On demand [1]	13'035'538	13'682'220	– 4.7
At maturity or callable	2'442'876	902'673	170.6
Savings accounts	3'321'334	3'475'307	– 4.4
Total due to customers	**18'799'748**	**18'060'199**	**4.1**

1 Of which liabilities from precious metals measured at fair value through profit and loss amounting to CHF 173.2 million (previous year: CHF 147.9 million)

22 Debt issued

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Medium-term notes [1]	188'152	150'298	25.2
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions [2]	1'598'323	1'397'921	14.3
Bonds	401'057	401'198	– 0.0
Total debt issued	**2'187'532**	**1'949'418**	**12.2**

1 The average interest rate was 0.6 per cent as at 31 December 2022 and 0.3 per cent as at 31 December 2021.
2 The average interest rate was 0.5 per cent as at 31 December 2022 and 0.4 per cent as at 31 December 2021.

The following table contains further information on the bonds issued:

							in CHF thousands		
Year issued	Name	ISIN	Currency	Maturity	Effective annual interest rate in %	Nominal interest rate in %	Nominal value	31.12.2022	31.12.2021
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CH0419041204	CHF	28.05.2026	0.106 %	0.125 %	150'000	150'207	150'235
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CH0419041527	CHF	27.09.2029	– 0.133 %	0.000 %	100'000	100'904	101'039
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CH0536893255	CHF	24.09.2030	0.315 %	0.300 %	150'000	149'946	149'924

23 Changes to liabilities from financing activities

			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	31.12.2021
Medium-term notes [1]	186'472	– 35'168	0	0	– 847	– 159	150'298
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions [1]	1'206'506	191'700	0	0	0	– 284	1'397'921
Bonds [1]	401'339	0	0	0	0	– 141	401'198
Lease liabilities	35'729	– 5'175	0	0	0	5'160	35'714
Total liabilities from financing activities	**1'830'045**	**151'357**	**0**	**0**	**– 847**	**4'576**	**1'985'131**

			Non-cash changes				
in CHF thousands	01.01.2022	Cash changes	Changes in scope of consolidation	Changes in exchange rates	Changes in fair value	Other	31.12.2022
Medium-term notes [1]	150'298	43'406	0	0	– 5'599	46	188'152
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions [1]	1'397'921	200'100	0	0	0	302	1'598'323
Bonds [1]	401'198	0	0	0	0	– 141	401'057
Lease liabilities	35'714	– 5'287	0	0	0	– 585	29'843
Total liabilities from financing activities	**1'985'131**	**238'219**	**0**	**0**	**– 5'599**	**– 378**	**2'217'374**

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
Deferred tax assets						
2021						
Tax losses carried forward	– 0	0	0	0	0	– 0
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
Total deferred tax assets	**18'830**	**– 968**	**– 6'243**	**– 9**	**297**	**11'906**
Offsetting						– 4'081
Total after offsetting						**7'825**
2022						
Tax losses carried forward	0	5'208	0	0	0	5'208
Recognised rights of use from leases	82	33	0	0	0	115
Property and equipment	3'469	– 217	0	0	0	3'252
Specific allowance	519	– 512	0	– 8	0	0
Liability for pension plans	6'374	79	– 2'830	11	0	3'635
Intangible assets	– 0	23	0	0	0	22
Derivative financial instruments	844	– 1'081	– 233	0	0	– 470
Expected credit losses	619	56	0	0	0	675
Total deferred tax assets	**11'906**	**3'589**	**– 3'062**	**3**	**0**	**12'436**
Offsetting						– 1'816
Total after offsetting						**10'620**

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
Deferred tax liabilities						
2021						
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
Total deferred tax liabilities	**36'338**	**– 1'101**	**– 2'700**	**– 559**	**812**	**32'789**
Offsetting						– 4'081
Total after offsetting						**28'708**
2022						
Intangible assets	14'063	– 1'411	0	– 513	0	12'140
Financial investments	5'959	– 927	– 7'494	85	0	– 2'377
Property and equipment	727	0	0	– 34	0	692
Provisions	12'042	– 66	0	0	0	11'976
Total deferred tax liabilities	**32'789**	**– 2'404**	**– 7'494**	**– 462**	**0**	**22'431**
Offsetting						– 1'816
Total after offsetting						**20'615**

As per 31 December 2022, 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 2022	Total 2021
As at 1 January	3'658	8'558	12'217	11'199
Provisions applied	– 2'042	– 963	– 3'005	– 3'911
Increase in provisions recognised in the income statement	5'184	517	5'701	5'425
Decrease in provisions recognised in the income statement	– 681	– 352	– 1'033	– 467
Changes due to foreign exchange differences	– 72	– 21	– 93	– 29
As at 31 December	**6'047**	**7'738**	**13'785**	**12'217**

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Short-term provisions	6'677	751	789.5
Long-term provisions	7'109	11'466	– 38.0
Total	**13'785**	**12'217**	**12.8**

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 legal and litigation risks

In the 2022 business year, the LLB Group utilised provisions for legal and litigation risks totalling CHF 2.0 million and released CHF 0.7 milllion for the purpose of settling two legal disputes. As a result of two new legal cases in Liechtenstein and Austria, the LLB Group allocated new provisions for legal and litigation risks totalling CHF 5.2 million.

Provisions for other risks and restructuring measures

In the 2022 business year, the LLB Group utilised provisions amounting to CHF 0.5 million and released a net CHF 0.3 million for the purpose of restructuring measures. At 31 December 2022, the total amount of these provisions stood at CHF 3.7 million.

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

26 Other liabilities

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Lease liabilities	29'843	35'714	– 16.4
Charge accounts	6'395	12'081	– 47.1
Accounts payable	9'231	19'420	– 52.5
Settlement accounts	34'381	34'835	– 1.3
Pension plans	27'461	51'642	– 46.8
Outstanding holidays / flexi-time	4'168	4'122	1.1
Other long-term benefits	3'734	4'199	– 11.1
Total other liabilities	**115'212**	**162'014**	**– 28.9**

27 Share capital

	31.12.2022	31.12.2021	+ / – %
Number of registered shares (fully paid up)	30'800'000	30'800'000	0.0
Nominal value per registered share (in CHF)	5	5	0.0
Total nominal value (in CHF thousands)	**154'000**	**154'000**	**0.0**

28 Share premium

in CHF thousands	2022	2021	+ / – %
As at 1 January	– 13'952	– 13'177	5.9
Net movements in treasury shares[1]	– 971	– 775	25.4
As at 31 December	**– 14'923**	**– 13'952**	**7.0**

1 Contains a change to reserves for security entitlements and realised price gains on treasury shares.

Share entitlements at the LLB

Risk takers whose decisions have a significant impact on the bank's risk profile and other employees in selected salary models receive part of their variable salary component 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 2022, share entitlements of CHF 2.5 million (45'534 shares at an average price of CHF 54.99) were earned and recognised in personnel expenses. In the previous year, it was CHF 2.4 million (44'810 shares at an average price of CHF 52.47).

29 Treasury shares

	Quantity	in CHF thousands
As at 1 January 2021	288'410	18'663
Purchases	0	0
Disposals	– 55'475	– 3'590
As at 31 December 2021	**232'935**	**15'073**
Purchases	363'785	20'450
Disposals	– 416'839	– 23'883
As at 31 December 2022	**179'881**	**11'640**

Within the scope of the acquisition of non-controlling interests in Bank Linth LLB AG, Liechtensteinische Landesbank AG purchased its own shares because a portion of the purchase price was to be compensated with treasury shares. Details can be seen in the accounting principles in chapter 2.1.1 and in the consolidated statement of changes to equity.

The remaining portion of disposals of around 53'000 shares relates to the transfer of acquired share entitlements to the eligible employees of the LLB Group following the blocking 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 transferred to employees was 0.2 per cent (previous year: 0.2 %).

30 Retained earnings

in CHF thousands	2022	2021	+ / – %
As at 1 January	1'959'517	1'902'316	3.0
Net profit attributable to the shareholders of LLB	147'543	129'907	13.6
Dividends paid	– 70'426	– 67'237	4.7
Increase / (Reduction) in non-controlling interests	20'130	0	
Reclassification not affecting the income statement	– 141	– 5'469	– 97.4
As at 31 December	**2'056'623**	**1'959'517**	**5.0**

31 Other reserves

in CHF thousands	2022	2021	+ / – %
As at 1 January	12'932	– 20'911	
Foreign currency translation	– 16'335	– 14'372	13.7
Actuarial gains / (losses) of pension plans	21'720	46'707	– 53.5
Value changes from financial investments measured at fair value through other comprehensive income	– 179'993	– 3'962	
Reclassification not affecting the income statement	141	5'469	– 97.4
As at 31 December	**– 161'534**	**12'932**	

32 Non-controlling interests

in CHF thousands	2022	2021	+ / – %
As at 1 January	142'704	134'029	6.5
Foreign currency translation	– 57	– 61	– 6.7
Non-controlling interests in net profit	1'906	7'956	– 76.0
(Dividends paid) / Reduction of nominal value in non-controlling interests	– 369	– 2'345	– 84.3
Increase / (Reduction) in non-controlling interests	– 141'768	36	
Actuarial gains / (losses) of pension plans	4	3'211	– 99.9
Value changes from financial investments measured at fair value through other comprehensive income	– 1'218	– 120	912.2
As at 31 December	**1'203**	**142'704**	**– 99.2**

The reduction in non-controlling interests and the accompanying effects are related to the acquisition of minority interests in Bank Linth LLB AG. The remaining minorities are considered to be immaterial so that no further disclosures are made in the annual report.

33 Fair value measurement

Measurement guidelines and classification in the fair value hierarchy

The 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 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
Level 2			
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	
SNB-Bills	Income approach, present value calculation	The underlying interest rate for the contract	
Due from banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Loans	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to customers	Income approach, present value calculation	Market price of congruent SARON interest rates	
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	Income approach, present value calculation	Market price of congruent SARON interest rates	
Level 3			
Infrastructure title	Market approach	Audited financial statements	Illiquidity, special micro-economic conditions
Investment property	External expert opinions, present value calculation	Prices of comparable properties	Assessment of special property factors, expected expenses and earnings for the property

Measurement of assets and liabilities, classified as Level 3

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 2022, 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 2022 financial year, there were no significant transfers between Level 1, Level 2 and Level 3 financial instruments.

in CHF thousands	31.12.2022	31.12.2021	+/– %
Assets			
Level 1			
Financial investments at fair value through profit and loss	47'790	146'034	– 67.3
Financial investments, recognised at fair value through other comprehensive income	2'544'278	2'215'897	14.8
Precious metal receivables	138'905	134'236	3.5
Total financial instruments at fair value	**2'730'973**	**2'496'167**	**9.4**
Precious metals	35'255	13'978	152.2
Total other assets at fair value	**35'255**	**13'978**	**152.2**
Cash and balances with central banks	6'264'269	7'213'159	– 13.2
Total financial instruments not at fair value	**6'264'269**	**7'213'159**	**– 13.2**
Total Level 1	**9'030'497**	**9'723'305**	**– 7.1**
Level 2			
Derivative financial instruments	342'355	219'704	55.8
of which for hedging purpose	95'678	12'912	641.0
Financial investments at fair value through profit and loss [1]	42'157	47'300	– 10.9
Total financial instruments at fair value	**384'512**	**267'003**	**44.0**
Due from banks	255'904	755'584	– 66.1
Loans	14'319'169	14'265'921	0.4
Financial investments at amortised cost	519'935		
Total financial instruments not at fair value	**15'095'008**	**15'021'505**	**0.5**
Total Level 2	**15'479'520**	**15'288'509**	**1.2**
Level 3			
Financial investments, recognised at fair value through other comprehensive income [2]	33'297	30'952	7.6
Total financial instruments at fair value	**33'297**	**30'952**	**7.6**
Investment property	19'510	19'732	– 1.1
Total other assets at fair value	**19'510**	**19'732**	**– 1.1**
Total Level 3	**52'807**	**50'683**	**4.2**
Total assets	**24'562'824**	**25'062'498**	**– 2.0**

1 Investment funds and equities
2 Infrastructure title

in CHF thousands	31.12.2022	31.12.2021	+/– %
Liabilities			
Level 1			
Precious metal liabilities	173'163	147'908	17.1
Total financial instruments at fair value	**173'163**	**147'908**	**17.1**
Bonds	348'905	397'980	– 12.3
Total financial instruments not at fair value	**348'905**	**397'980**	**– 12.3**
Total Level 1	**522'068**	**545'888**	**– 4.4**
Level 2			
Derivative financial instruments	288'679	256'198	12.7
of which for hedging purpose	21'303	12'777	66.7
Total financial instruments at fair value	**288'679**	**256'198**	**12.7**
Due to banks	1'664'934	2'323'976	– 28.4
Due to customers	18'374'068	17'980'507	2.2
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'679'779	1'583'750	6.1
Total financial instruments not at fair value	**21'718'781**	**21'888'233**	**– 0.8**
Total Level 2	**22'007'460**	**22'144'431**	**– 0.6**
Level 3			
Total Level 3	**0**	**0**	
Total liabilities	**22'529'528**	**22'690'319**	**– 0.7**

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 2.3 million in the 2022 business year (previous year: CHF 0.8 million). The gain is attributable to an increase in the number of infrastructure securities amounting to CHF 2.4 million. The difference results from unrealised losses from a revaluation.

The change in investment properties is due solely to the change in the exchange rate of the Euro to the Swiss franc. The difference resulting from the conversion into the reporting currency were recognised directly in other comprehensive income.

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	31.12.2022 Book amount	Fair value	31.12.2021 Book amount	Fair value
Assets				
Cash and balances with central banks	6'264'269	6'264'269	7'213'159	7'213'159
Due from banks [1]	256'594	255'904	755'508	755'584
Loans	14'435'257	14'319'169	13'805'188	14'265'921
Financial investments at amortised cost	519'935	519'935		
Liabilities				
Due to banks	1'667'253	1'664'934	2'322'918	2'323'976
Due to customers [1]	18'626'585	18'374'068	17'912'291	17'980'507
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'786'475	1'679'779	1'548'220	1'583'750
Bonds	401'057	348'905	401'198	397'980

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: Financial instruments	Financial collaterals	Amounts after potential netting
31.12.2021				
Financial assets subject to off-setting, enforceable netting agreements or similar arrangements				
Positive replacement values	219'704	79'294	34'444	105'965
Total assets	**219'704**	**79'294**	**34'444**	**105'965**
Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements				
Repurchase agreements	835'000	835'000	0	0
Negative replacement values	256'198	79'294	82'219	94'685
Total liabilities	**1'091'198**	**914'294**	**82'219**	**94'685**

in CHF thousands	On the balance sheet recognised amounts	Potential netting amounts Financial instruments	Financial collaterals	Amounts after potential netting
31.12.2022				
Financial assets subject to off-setting, enforceable netting agreements or similar arrangements				
Reverse repurchase agreements	100'005	100'005	0	0
Positive replacement values	342'355	91'788	197'715	52'852
Total assets	**442'360**	**191'793**	**197'715**	**52'852**
Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements				
Repurchase agreements	250'100	250'100	0	0
Negative replacement values	288'679	91'788	16'216	180'675
Total liabilities	**538'779**	**341'888**	**16'216**	**180'675**

Notes to the consolidated off-balance sheet transactions

35 Contingent liabilities

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Collateral guarantees and similar instruments	22'622	24'845	– 8.9
Performance guarantees and similar instruments	39'818	35'247	13.0
Total contingent liabilities	**62'440**	**60'093**	**3.9**

36 Credit risks

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Irrevocable commitments	782'745	727'203	7.6
Deposit and call liabilities	13'891	13'639	1.8
Total credit risks	**796'636**	**740'842**	**7.5**

37 Fiduciary transactions

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Fiduciary deposits with other banks	98'663	58'425	68.9
Other fiduciary financial transactions	2'940	3'176	– 7.4
Total fiduciary transactions	**101'603**	**61'600**	**64.9**

38 Lending and pension transactions with securities

The LLB has lent or pledged securities from its own possession. These are recognised in LLB's balance sheet and recorded in the table below. Furthermore, securities owned by third parties which LLB received as collateral and in some cases has repledged or resold are reported in the table. These are not recognised in LLB's balance sheet.

	31.12.2022		31.12.2021	
in CHF thousands	Carrying amount	Actual liability	Carrying amount	Actual liability
Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements	250'677	258'712	838'911	840'587
of which capable of being resold or further pledged without restrictions	250'677	258'712	833'431	835'000
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	100'645	100'005	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 2020) were used for all significant pension plans. The last actuarial valuations were performed on 31 December 2022. The actuarial gains and losses are included in other comprehensive income.

Joint committees are set up for pension plans, which are administered via collective foundations. The foundation board of the autonomous pension foundation is also composed of an equal number of employee and employer representatives. On the basis of the legal provisions and the pension plan regulations, the foundation board is obligated to act solely in the interest of the foundation and the actively insured persons and pensioners. Consequently, in this pension plan the employer itself may not decide on benefits and their financing, rather decisions must be taken on equal terms.

The foundation board is responsible for determining the investment strategy, for amendments to the pension plan regulations, and especially for the financing of the pension plan benefits. The foundation board members of the pension plans specify investment guidelines for the investment of the pension plan assets, which contain the tactical asset allocation and the benchmarks for the comparison of performance with a general investment universe. The assets of the pension plans are well diversified. With regard to diversification and security, the legal provisions of the BPVG Pension Law apply to pension plans in Liechtenstein, and the legal provisions of the BVG Pension Law apply to pension plans in Switzerland. The foundation board members continually monitor whether the selected investment strategy is suitable for the provision of the pension plan benefits and whether the risk budget corresponds to the demographic structure. The observance of the investment guidelines and the investment performance of the investment advisers are reviewed on a quarterly basis. In addition, the investment strategy and its suitability and effectiveness are periodically checked by an external consultant.

The pension plan is designed as a defined contribution plan, i.e. a savings account is maintained for all the retirement benefits of each employee. The annual savings contributions and interest (no negative interest is possible) are credited to the pension savings account annually. At the time of retirement, the insured person may choose between a life-long pension, which includes a reversionary spouse pension, or the withdrawal of the savings capital. In addition to the retirement benefits, the pension plan also includes invalidity and partner pensions. These are calculated on the basis of the insured annual salary (defined benefit plan). Furthermore, the insured employee may purchase improvements to his pension plan up to a maximum sum specified in the regulations. If the employee leaves the company, the savings credit balance is transferred to the new employer's pension plan or to a blocked pension savings account. When determining the benefits, the minimum provisions of the Professional Pension Plans Law (BPVG) for Liechtenstein, as well as the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) for Switzerland and their implementing ordinances are to be observed. The minimum salary to be insured and the minimum pension savings balance sum are stipulated in the BPVG and BVG. On account of the pension plan structure and the legal provisions of the BPVG and BVG, the employer is subject to actuarial risks. The most important of these are investment risk, interest rate risk and longevity risk. The risks of death and invalidity are congruently re-insured. Currently, the individually accumulated pension capital is converted into a life-long pension at age 65 at a pension conversion rate of 5.22 per cent. The conversion rate will gradually decrease to 4.82 per cent at age 65 by 1 January 2028. Amendments to the contribution payments made by the bank, the associated companies, or the employees require, in accordance with the regulations, the approval of the bank, the associated companies and a majority of the foundation board. The pension plans are financed through contributions made by the employer and the employees. The amount of the contributions is specified in the pension plan regulations. The employer must bear at least half of the contributions. In the event of underfunding, financial recovery contributions may be charged to both the employer and the employee to eliminate the shortfall in coverage.

The following amounts were recognised in the income statement and in equity as pension costs:

Benefit expenses

	Pensions plans		Other long-term benefits	
in CHF thousands	**2022**	**2021**	**2022**	**2021**
Defined benefit costs				
Service cost				
Current service cost	– 15'467	– 16'759	– 563	– 553
Past service cost including effects of curtailment	0	613	0	0
Total service cost	**– 15'467**	**– 16'146**	**– 563**	**– 553**
Net interest				
Interest cost on defined benefit obligation	– 1'740	– 1'390	– 17	– 9
Interest income on plan assets	1'620	1'246	0	0
Total net interest	**– 120**	**– 144**	**– 17**	**– 9**
Administration expense	– 615	– 616	0	0
Net actuarial (losses) / gains recognised	0	0	446	– 100
Total defined benefit cost	**– 16'202**	**– 16'906**	**– 134**	**– 662**
of which personnel expenses	– 16'202	– 16'906	– 134	– 662
of which financial expense	0	0	0	0
Contributions to defined contribution plans	**– 733**	**– 200**	**0**	**0**
Remeasurement of the defined benefit liability				
Actuarial (gains) / losses				
Arising from changes in demographic assumptions	0	14'997	0	0
Arising from changes in economic assumptions	119'448	7'132	0	0
Arising from experience	– 18'944	– 15'480	0	0
Return on plan assets (excl. amounts in interest income)	– 75'950	44'123	0	0
Total defined benefit cost recognised in other comprehensive income	**24'554**	**50'772**	**0**	**0**
Total benefit cost	**7'619**	**33'666**	**– 134**	**– 662**

Development of plan obligations

in CHF thousands	Pensions plans 2022	Pensions plans 2021	Other long-term benefits 2022	Other long-term benefits 2021
As at 1 January	598'282	600'460	4'200	4'359
Current service cost	15'467	16'759	563	553
Plan participation contributions	8'585	8'070	0	0
Interest costs	1'740	1'390	17	9
Benefits paid through pension assets	– 17'246	– 21'052	0	0
Benefits paid by employer	– 22	– 96	– 536	– 759
Actuarial (gains) / losses	– 100'504	– 6'649	– 446	101
Plan amendments	0	– 613	0	0
Exchange rate differences	– 22	13	– 61	– 63
As at 31 December	**506'280**	**598'282**	**3'736**	**4'200**
of which active employees	345'578	409'091		
of which pensioners	160'701	189'190		
Average term of obligation	12.7	15.1		

Development of plan assets

in CHF thousands	Pension plans 2022	Pension plans 2021
As at 1 January	546'641	499'320
Plan participation contributions	8'585	8'070
Company contributions	15'784	15'550
Interest income on plan assets	1'620	1'246
Administration expense	– 615	– 616
Assets assumed in a business combination	0	0
Benefits paid through pension assets	– 17'246	– 21'052
Return on plan assets (excl. amounts in interest income)	– 75'950	44'123
As at 31 December	**478'819**	**546'641**

The pension fund assets as at 31 December 2022 include shares of LLB with a market value of CHF thousands 18 (31.12. 2021: CHF thousands 14). The expected Group contributions for the 2023 financial year amount to CHF thousands 15'712 for the pension plans and CHF thousands 270 for the other long-term benefits.

Overview of net debt recognised in the balance sheet

in CHF thousands	Pension plans 31.12.2022	Pension plans 31.12.2021	Other long-term benefits 31.12.2022	Other long-term benefits 31.12.2021
Present value of funded obligations	504'764	596'723	0	0
Minus fair value of plan assets	478'819	546'641	0	0
Under- / (Over-)funded	**25'945**	**50'082**	**0**	**0**
Present value of unfunded obligations	1'516	1'559	3'734	4'199
Net debt recognised in the balance sheet	**27'461**	**51'641**	**3'734**	**4'199**

Asset classes

in CHF thousands	Share of total assets 31.12.2022	Share of total assets 31.12.2021
Equities		
listed market prices (Level 1)	162'476	187'993
other than listed market prices	0	0
Bonds		
listed market prices (Level 1)	170'205	173'299
other than listed market prices	0	0
Real estate		
listed market prices (Level 1)	12'908	12'003
other than listed market prices / direct investments	61'913	60'407
Alternative financial investments	31'120	48'332
Qualified insurance policies	25'679	40'808
Other financial investments	0	0
Cash and cash equivalents	14'518	23'799
Total plan assets	**478'819**	**546'641**

Weighted average of principal actuarial assumptions

	Pension plans		Other long-term benefits	
in per cent	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Discount rate	2.24	0.30	2.69	0.45
Future salary increases	2.25	1.30	2.59	1.70
Future pension indexations	0.00	0.00	0.00	0.00
Interest credit rate	2.24	0.49		

Life expectancy at the age of 65		
Year of birth	1977	1976
men	25.0	24.9
women	26.5	26.4
Year of birth	1957	1956
men	22.7	22.6
women	24.5	24.4

The demographic assumptions correspond to those for the year 2022 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.

	Pension plans			
	31.12.2022		31.12.2021	
in CHF thousands	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Discount rate	– 15'783	16'962	– 22'272	23'800
Salary increase	1'464	– 1'440	1'930	– 1'885
Interest credit rate	4'311	– 4'195	5'231	– 5'114

in CHF thousands	+ 1 year	- 1 year	+ 1 year	- 1 year
Life expectancy	9'009	– 9'187	14'295	– 14'446

Related party transactions

Related parties

The LLB Group is controlled by the Principality of Liechtenstein, which holds 56.3 per cent of the registered shares of Liechtensteinische Landesbank AG, Vaduz (previous year: 57.5 %). The shareholder group, consisting of the Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH, holds 5.9 per cent of the registered shares (previous year: 5.9 %). At the end of the year under report, LLB held 0.6 per cent of its own shares (previous year: 0.8 %) and 0.4 per cent were held by members of the Board of Directors and the Board of Management (previous year: 0.3 %). 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

	Fixed compensation		Variable compensation		Entitlements[1]		Contribution to benefit plans and other social contributions		Total	
in CHF thousands	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Members of the Board of Directors										
Georg Wohlwend, Chairman	300	194	0	0	40	26	86	55	426	275
Gabriela Nagel-Jungo, Vice Chairwoman	124	190	0	0	30	33	11	43	165	266
Leila Frick-Marxer, Member since 6 May 2022[2]	42		0		13		3		58	
Patrizia Holenstein, Member until 6 May 2022[2]	24	70	0	0	7	20	0	0	31	90
Urs Leinhäuser, Member[3]	82	81	0	0	20	20	0	0	102	101
Thomas Russenberger, Member	70	71	0	0	20	20	6	5	96	96
Richard Senti, Member	72	76	0	0	20	20	7	6	99	102
Karl Sevelda, Member	64	61	0	0	20	20	0	0	84	81
Total	**778**	**743**	**0**	**0**	**170**	**159**	**113**	**109**	**1'061**	**1'011**
Members of the Board of Management										
Gabriel Brenna, Group CEO since 1 March 2021	870	748	261	147	261	147	234	210	1'626	1'252
Other members of the Board of Management	2'329	2'464	695	485	695	485	803	862	4'522	4'296
Total	**3'199**	**3'212**	**956**	**632**	**956**	**632**	**1'037**	**1'071**	**6'148**	**5'547**

1 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.
2 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.
3 The compensation was paid to Adulco GmbH.

Loans to key management personnel and related parties

in CHF thousands	Fixed mortgages		Variable mortgages		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Members of the Board of Directors						
Georg Wohlwend, Chairman	0	0	0	0	0	0
Gabriela Nagel-Jungo, Vice Chairwoman	200	200	0	0	200	200
Leila Frick-Marxer, Member since 6 May 2022 [1]	0		0		0	
Patrizia Holenstein, Member until 6 May 2022 [1]		0		0		0
Urs Leinhäuser, Member	0	0	0	0	0	0
Thomas Russenberger, Member	0	0	0	0	0	0
Richard Senti, Member	398	305	271	364	669	669
Karl Sevelda, Member	0	0	0	0	0	0
and related parties	0	0	0	0	0	0
Total	**598**	**505**	**271**	**364**	**869**	**869**
Members of the Board of Management						
Gabriel Brenna, Group CEO since 1 March 2021	0	0	0	0	0	0
Other members of the Board of Management	1'910	1'560	0	0	1'910	1'560
and related parties	0	0	0	0	0	0
Total	**1'910**	**1'560**	**0**	**0**	**1'910**	**1'560**

1 On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

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

At 31 December 2022, the maturities of the fixed mortgages for the members of the Board of Directors and related parties ranged between 3 and 49 months (previous year: between 15 and 51 months) at standard market client interest rates of 0.75 to 1.25 per cent per annum (previous year: 0.75 to 1.25 %). Upon expiry, one mortgage was extended at new conditions.

At 31 December 2022, the maturities of variable mortgages for members of the Board of Directors and related parties extended to a maximum of 3 month (previous year: 1 month) at standard market client interest rates of 1.28 per cent per annum (previous year: 0.80 to 0.95 %). Following expiry, these are extended for a further 3 months providing they are not revoked.

At 31 December 2022, the maturities of fixed mortgages for members of the Board of Management ranged between 18 and 112 months (previous year: between 0 and 42 months) at interest rates of 0.81 to 1.80 per cent per annum (previous year: 1.05 to 1.80 %). Two new mortgages were issued.

Of the total amount of mortgages for the members of the Board of Management, CHF thousands 1'000 (previous year: CHF thousands 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 no guarantees to management or related parties (previous year: CHF thousands 500).

Transactions with key management personnel and related parties

in CHF thousands	2022	2021	+ / – %
Loans			
As at 1 January	2'429	5'628	– 56.8
Loans issued / changes to management and related parties	443	270	63.8
Loan repayments / changes to management and related parties	– 93	– 3'470	– 97.3
As at 31 December	**2'779**	**2'429**	**14.4**
Deposits			
As at 1 January	7'697	3'914	96.6
Change	5'352	3'782	41.5
As at 31 December	**13'049**	**7'697**	**69.5**
Income and expenses			
Interest income	33	32	2.0
Interest expenses	– 3	– 0	485.2
Other income [1]	22	21	4.6
Other expenses	0	0	
Total	**52**	**53**	**– 1.0**

1 Mainly net fee and commission income

Transactions with associated companies

in CHF thousands	2022	2021	+ / – %
Loans			
As at 1 January	636	10'003	– 93.6
Change	866	– 9'367	
As at 31 December	**1'503**	**636**	**136.1**
Deposits			
As at 1 January	16'530	29'757	– 44.4
Change	– 6'913	– 13'227	– 47.7
As at 31 December	**9'617**	**16'530**	**– 41.8**
Income and expenses			
Interest income	74	49	50.8
Interest expenses	– 0	– 0	– 2.6
Other income	5	64	– 91.8
Other expenses	– 89	– 154	– 42.2
Total	**– 9**	**– 41**	**– 77.7**

The LLB Group has not issued guarantees to third parties for related parties. However, one irrevocable credit commitment exists amounting to CHF 10 million (previous year: CHF 10 million). As a result of transacted foreign currency swaps, claims continue to exist from derivative financial instruments totalling CHF thousands 3.

Transactions with own pension funds

in CHF thousands	2022	2021	+ / – %
Loans			
As at 1 January	0	0	
Change	0	0	
As at 31 December	**0**	**0**	
Deposits			
As at 1 January	20'631	10'976	88.0
Change	– 10'905	9'655	
As at 31 December	**9'726**	**20'631**	**– 52.9**
Income and expenses			
Interest income	0	0	
Interest expenses	– 0	– 0	– 13.2
Other income[1]	855	1'809	– 52.8
Other expenses	0	0	
Total	**855**	**1'809**	**– 52.7**

1 Mainly earnings from commissions and fees.

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

The LLB pension fund has transacted swaps to hedge against interest rate and currency risks. Claims exist from derivative financial instruments against the own pension fund totalling CHF thousands 63 (previous year: CHF thousands 22) and liabilities amounting to CHF thousands 1'179 (previous year: CHF thousands 957).

Scope of consolidation

Company	Registered office	Business activity	Currency	Capital Stock	Equity interest (in %)	
					IFRS	Legal
Fully consolidated companies						
Bank Linth LLB AG	Uznach (CH)	Bank	CHF	16'108'060	100.0	100.0
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 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 company	CHF	100'000	100.0	100.0
PREMIUM Spitalgasse 19A GmbH & Co KG	Vienna (AT)	Real estate company	EUR	1'370'060	80.0	80.0
Zukunftsstiftung der Liechtensteinischen Landesbank AG	Vaduz (FL)	Charitable foundation	CHF	30'000	100.0	100.0
Associates						
Gain Capital Management S.A.R.L.	Luxembourg	Fund management company	EUR	12'000	30.0	30.0
Joint venture						
Data Info Services AG	Vaduz (FL)	Service company	CHF	50'000	50.0	50.0
Companies removed from the scope of consolidation						
LLB Berufliche Vorsorge AG in Liquidation	Lachen (CH)	Pension scheme	CHF	500'000	100.0	100.0

In the year under report, Liechtensteinische Landesbank AG acquired all the non-controlling interests in its subsidiary Bank Linth LLB AG. The company LLB Berufliche Vorsorge in Liquidation was liquidated in the first half of 2022. There were no disposals of companies or shares in companies in the reporting year.

As at 31 December 2022 and as at 31 December 2021, 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 2022 and as at 31 December 2021, there were no participations in consolidated structured companies.

Risk management

Principles of risk management

One of the core competences of a financial institute is to consciously accept risks and manage them profitably. In its risk policy, the LLB Group defines qualitative and quantitative standards of risk responsibility, risk management and risk control. Furthermore, the organisational and methodical parameters for the identification, measurement, control and monitoring of risks are specified. The proactive management of risk is an integral part of corporate policy and safeguards the LLB Group's ability to bear and accept risk.

Organisation and responsibilities

Group Board of Directors

The Board of Directors of the LLB Group is responsible for stipulating risk management principles, as well as for specifying responsibilities and procedures for approving business transactions entailing risk. In fulfilling its tasks and duties, the Group Board of Directors is supported by the Group Risk Committee.

Group Executive Board

The Group Executive Board is responsible for the overall management of risk readiness within the parameters defined by the Group Board of Directors and for the implementation of the risk management processes. It is supported in this task by various risk committees.

Group Credit & Risk Management

Group Credit & Risk Management identifies, assesses, monitors and reports on the principal risk exposure of the LLB Group and is functionally and organisationally independent of the operative units. It supports the Group Executive Board in the overall management of risk exposure.

Risk categories

The LLB Group is exposed to various types of risks. It differentiates between the following risk categories:

Market risk

The risk of losses arises from unfavourable changes in interest rates, exchange rates, security prices and other relevant market parameters.

Liquidity and refinancing risk

Represents the risk of not being able to fulfil payment obligations on time or not being able to obtain refinancing funds on the market at a reasonable price to fulfil current or future payment liabilities.

Credit risk

Credit or counterparty risk includes the danger that a client or a counterparty cannot or cannot completely fulfil their obligations vis à vis the LLB Group or an individual Group company. This can result in a financial loss for the LLB Group.

Operational risk

Is the danger of losses due to the unsuitability or failure of internal procedures, people or systems, or as a result of external events.

Strategic risk

Arises as a result of decisions taken by the Group Executive Board which have a negative influence on the survival, development ability or independence of the LLB Group.

Sustainability risk

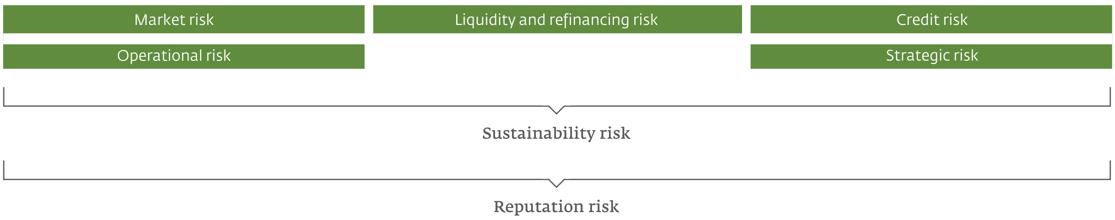
Sustainability risks encompass events, conditions or developments in relation to ESG factors which, if they occur, can have significant negative effects on the value of the assets, or the asset, financial or earnings situation, or the reputation of the company. ESG factors include:

- climate and environmental protection (environment),
- social aspects such as human rights and employment standards (corporate social responsibility),
- responsible management (corporate governance).

Reputation risk

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 II (CRR II). A limits system is in operation to ensure compliance and is monitored by Group Risk Management. Due to the lack of materiality, the trading book is no longer explained in detail.

Banking book

In general, the holdings in the banking book are employed to pursue long-term investment goals. These holdings include assets, liabilities, and off-balance sheet positions, which are the result, on the one hand, of classical banking business and, on the other, are held to earn revenue over their life.

Market risks with the banking book mainly involve interest rate fluctuation risk, exchange rate risk and equity price risk.

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

in CHF thousands	31.12.2022 Sensitivity	31.12.2021 Sensitivity
Currency risk	**33'989**	**37'607**
of which affecting net income	835	1'757
of which not affecting net income	33'154	35'850
Interest rate risk	**87'833**	**100'644**
of which affecting net income	5'857	8'428
of which not affecting net income	81'976	92'216
Equity price risk	**22'482**	**26'257**
of which affecting net income	27	232
of which not affecting net income	22'455	26'025

Foreign exchange risk arises from the following currencies:

in CHF thousands	31.12.2022 Sensitivity	31.12.2021 Sensitivity
Currency risk	**33'989**	**37'607**
of which USD	2'002	1'747
of which EUR	33'154	35'850
of which others	– 1'167	11

1.7 Currency risks

Currency exposure as at 31 December 2021

in CHF thousands	CHF	USD	EUR	Others	Total
Assets					
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
Total assets reported in the balance sheet	**20'331'604**	**1'177'119**	**3'328'623**	**292'146**	**25'129'490**
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
Total assets	**24'810'890**	**9'772'706**	**11'051'633**	**2'803'636**	**48'438'865**
Liabilities and equity					
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
Liabilities and equity reported in the balance sheet	**17'484'489**	**2'884'654**	**3'956'853**	**803'495**	**25'129'490**
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
Total liabilities and equity	**25'176'441**	**9'755'239**	**10'693'136**	**2'803'529**	**48'428'345**
Net position per currency	**– 365'551**	**17'467**	**358'497**	**107**	**10'520**

Currency exposure as at 31 December 2022

in CHF thousands	CHF	USD	EUR	Others	Total
Assets					
Cash and balances with central banks	4'678'770	987	1'584'346	165	6'264'269
Due from banks	121'944	58'816	40'525	174'214	395'499
Loans	13'475'946	296'814	588'760	73'737	14'435'257
Derivative financial instruments	330'538	8'457	2'404	956	342'355
Financial investments	1'484'072	869'481	833'654	251	3'187'458
Property and equipment	136'255	0	18'842	0	155'097
Goodwill and other intangible assets	123'397	0	146'365	0	269'762
Current tax assets	0	0	13	0	13
Deferred tax assets	10'444	0	176	0	10'620
Accrued income and prepaid expenses	50'556	20'192	26'903	3'376	101'026
Other assets	4'707	6'307	8'244	35'252	54'509
Total assets reported in the balance sheet	**20'416'628**	**1'261'054**	**3'250'232**	**287'951**	**25'215'865**
Delivery claims from forex spot, forex futures and forex options transactions	4'053'062	7'281'154	6'981'395	2'095'124	20'410'736
Total assets	**24'469'690**	**8'542'208**	**10'231'627**	**2'383'075**	**45'626'600**
Liabilities and equity					
Due to banks	1'499'979	25'627	131'407	10'241	1'667'253
Due to customers	11'026'694	2'823'375	4'042'195	907'484	18'799'748
Derivative financial instruments	261'198	24'121	2'404	956	288'679
Debt issued	2'187'532	0	0	0	2'187'532
Current tax liabilities	8'510	0	9'237	0	17'747
Deferred tax liabilities	13'435	0	7'181	0	20'615
Accrued expenses and deferred income	34'476	21'246	21'947	3'897	81'567
Provisions	10'224	0	3'561	0	13'785
Other liabilities	77'863	17'933	34'398	– 14'981	115'212
Share capital	154'000	0	0	0	154'000
Share premium	– 14'923	0	0	0	– 14'923
Treasury shares	– 11'640	0	0	0	– 11'640
Retained earnings	2'056'623	0	0	0	2'056'623
Other reserves	– 161'534	0	0	0	– 161'534
Non-controlling interests	1'203	0	0	0	1'203
Liabilities and equity reported in the balance sheet	**17'143'638**	**2'912'301**	**4'252'330**	**907'596**	**25'215'865**
Delivery liabilities from forex spot, forex futures and forex options transactions	7'725'934	5'609'888	5'647'756	1'487'145	20'470'724
Total liabilities and equity	**24'869'572**	**8'522'190**	**9'900'086**	**2'394'741**	**45'686'588**
Net position per currency	**– 399'882**	**20'019**	**331'541**	**– 11'666**	**– 59'988**

1.8 Interest rate repricing balance sheet

In the fixed-interest-rate repricing balance sheet, asset and liability surpluses from fixed-interest rate positions as well as from interest- rate-sensitive derivative positions in the balance sheet are calculated and broken down into maturity ranges (cycle times). The positions with an unspecified duration of interest rate repricing are allocated to the corresponding maturity ranges (cycle times) on the basis of a replication.

Interest commitments of financial assets and liabilities (nominal)

in CHF thousands	Within 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
31.12.2021						
Financial assets						
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
Total financial assets	**10'576'189**	**2'221'616**	**1'750'877**	**6'377'925**	**2'897'798**	**23'824'405**
Derivative financial instruments	1'593'685	560'080	1'105'347	406'312	30'291	3'695'714
Total	**12'169'874**	**2'781'695**	**2'856'225**	**6'784'237**	**2'928'089**	**27'520'119**
Financial liabilities						
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
Total financial liabilities	**10'192'132**	**1'887'508**	**3'089'303**	**5'847'567**	**1'129'655**	**22'146'165**
Derivative financial instruments	1'119'003	405'019	1'055'193	485'472	630'354	3'695'040
Total	**11'311'135**	**2'292'527**	**4'144'495**	**6'333'039**	**1'760'009**	**25'841'205**
Interest rate repricing exposure	**858'739**	**489'168**	**– 1'288'271**	**451'198**	**1'168'080**	**1'678'914**
31.12.2022						
Financial assets						
Cash and balances with central banks	6'136'100	0	0	0	0	6'136'100
Due from banks	256'305	0	0	0	0	256'305
Loans	4'198'276	1'623'386	1'428'689	4'757'698	2'501'318	14'509'367
Financial investments	588'144	209'753	419'177	1'417'401	427'942	3'062'418
Total financial assets	**11'178'826**	**1'833'139**	**1'847'866**	**6'175'099**	**2'929'260**	**23'964'190**
Derivative financial instruments	1'116'167	81	55'337	351'008	30'177	1'552'769
Total	**12'294'992**	**1'833'220**	**1'903'203**	**6'526'106**	**2'959'437**	**25'516'959**
Financial liabilities						
Due to banks	951'872	191'251	493'000	30'000	0	1'666'123
Due to customers	8'944'511	1'849'498	3'172'640	4'610'288	10'610	18'587'546
Debt issued	2'470	2'433	109'469	941'184	1'134'856	2'190'412
Total financial liabilities	**9'898'852**	**2'043'182**	**3'775'109**	**5'581'471**	**1'145'466**	**22'444'081**
Derivative financial instruments	435'553	70'023	172	575'293	469'847	1'550'887
Total	**10'334'405**	**2'113'205**	**3'775'280**	**6'156'764**	**1'615'313**	**23'994'968**
Interest rate repricing exposure	**1'960'587**	**– 279'985**	**– 1'872'077**	**369'342**	**1'344'124**	**1'521'990**

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 PRV[1]	NRV[1]	Term to maturity 4 to 12 months PRV[1]	NRV[1]	Term to maturity 1 to 5 years PRV[1]	NRV[1]	Term to maturity after 5 years PRV[1]	NRV[1]	Total PRV[1]	NRV[1]
31.12.2021										
Derivative financial instruments in the trading portfolio										
Interest rate contracts										
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
Foreign exchange contracts										
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
Precious metals contracts										
Options (OTC)	0	0	106	106	25	25	0	0	131	131
Equity instruments / Index contracts										
Options (OTC)	2'312	2'312	0	0	0	0	0	0	2'312	2'312
Total derivative financial instruments in the trading portfolio	**139'500**	**168'987**	**63'834**	**66'518**	**3'189**	**7'650**	**269**	**266**	**206'792**	**243'421**
Derivative financial instruments for hedging purposes										
Interest rate contracts										
Swaps (fair value hedge)	44	0	52	48	999	6'957	11'817	5'772	12'912	12'777
Total derivative financial instruments for hedging purposes	**44**	**0**	**52**	**48**	**999**	**6'957**	**11'817**	**5'772**	**12'912**	**12'777**
Total derivative financial instruments	**139'544**	**168'987**	**63'886**	**66'566**	**4'188**	**14'607**	**12'086**	**6'038**	**219'704**	**256'198**

1 PRV: Positive replacement values; NRV: Negative replacement values

in CHF thousands	Term to maturity within 3 months PRV[1]	NRV[1]	Term to maturity 4 to 12 months PRV[1]	NRV[1]	Term to maturity 1 to 5 years PRV[1]	NRV[1]	Term to maturity after 5 years PRV[1]	NRV[1]	Total PRV[1]	NRV[1]
31.12.2022										
Derivative financial instruments in the trading portfolio										
Interest rate contracts										
Swaps	0	680	0	0	313	1'902	0	0	313	2'582
Forward contracts	1	2'355	0	859	16	202	0	0	17	3'416
Foreign exchange contracts										
Forward contracts	203'360	218'150	37'637	37'616	1'776	2'037	0	0	242'773	257'803
Options (OTC)	51	51	1'314	1'314	527	527	0	0	1'892	1'892
Precious metals contracts										
Options (OTC)	1	1	197	197	59	59	0	0	256	256
Equity instruments / Index contracts										
Options (OTC)	1'426	1'426	0	0	0	0	0	0	1'426	1'426
Total derivative financial instruments in the trading portfolio	**204'838**	**222'662**	**39'148**	**39'987**	**2'690**	**4'727**	**0**	**0**	**246'677**	**267'376**
Derivative financial instruments for hedging purposes										
Interest rate contracts										
Swaps (fair value hedge)	0	0	0	873	26'941	17'096	68'737	3'335	95'678	21'303
Total derivative financial instruments for hedging purposes	**0**	**0**	**0**	**873**	**26'941**	**17'096**	**68'737**	**3'335**	**95'678**	**21'303**
Total derivative financial instruments	**204'838**	**222'662**	**39'148**	**40'859**	**29'630**	**21'823**	**68'737**	**3'335**	**342'355**	**288'679**

1 PRV: Positive replacement values; NRV: Negative replacement values

Maturity structure of non-derivative financial instruments and off-balance sheet transactions

in CHF thousands	Demand deposits	Callable	Due within 3 months	Due between 3 months to 12 months	Due between 12 months to 5 years	Due after 5 years	Total
31.12.2021							
Financial assets							
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
Total financial assets	**8'046'696**	**133'830**	**4'909'527**	**1'776'561**	**6'607'466**	**3'012'520**	**24'486'601**
Financial liabilities							
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
Total financial liabilities	**13'917'525**	**3'586'221**	**2'171'386**	**537'410**	**1'066'330**	**1'150'299**	**22'429'172**
Net liquidity exposure	**– 5'870'829**	**– 3'452'391**	**2'738'141**	**1'239'151**	**5'541'137**	**1'862'221**	**2'057'429**
Off-balance-sheet transactions	**800'935**	**0**	**0**	**0**	**0**	**0**	**800'935**
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
31.12.2022							
Financial assets							
Cash and balances with central banks	6'142'548	0	0	0	0	0	6'142'548
Due from banks	330'476	0	100'024	0	0	0	430'500
Loans	419'153	84'462	4'826'662	1'509'607	5'515'399	2'604'295	14'959'577
Financial investments	0	0	787'223	435'443	1'478'882	437'317	3'138'866
Accrued income and prepaid expenses	0	0	101'026	0	0	0	101'026
Total financial assets	**6'892'177**	**84'462**	**5'814'935**	**1'945'050**	**6'994'282**	**3'041'612**	**24'772'517**
Financial liabilities							
Due to banks	587'372	0	556'411	495'740	30'015	0	1'669'537
Due to customers	11'243'017	5'093'381	1'400'286	844'912	203'640	10'743	18'795'979
Lease liabilities	0	0	859	3'718	16'411	10'377	31'365
Debt issued	0	0	6'829	117'734	973'724	1'158'374	2'256'661
Accrued expenses and deferred income	0	0	81'567	0	0	0	81'567
Total financial liabilities	**11'830'389**	**5'093'381**	**2'045'952**	**1'462'105**	**1'223'790**	**1'179'493**	**22'835'109**
Net liquidity exposure	**– 4'938'212**	**– 5'008'919**	**3'768'982**	**482'945**	**5'770'492**	**1'862'119**	**1'937'407**
Off-balance-sheet transactions	**859'076**	**0**	**0**	**0**	**0**	**0**	**859'076**
Contingent liabilities	62'440	0	0	0	0	0	62'440
Irrevocable commitments	782'745	0	0	0	0	0	782'745
Deposit and call liabilities	13'891	0	0	0	0	0	13'891

3 Credit risk

Within the scope of credit risk management, vital importance is attached to the avoidance of credit losses and the early identification of default risks. In addition to systematic risk / return management at the individual loan level, the LLB Group proactively manages its credit risks at the credit portfolio level. The primary objective is to reduce the overall level of risk through diversification and a stabilisation of expected returns.

3.1 Credit risk management

Processes and organisational structures ensure that credit risks are identified, uniformly evaluated, controlled, monitored and included in risk reporting.

Basically, the LLB Group conducts its lending business for private and corporate clients on a secured basis. The process of granting a loan is based on a thorough evaluation of the borrower's creditworthiness, the possible impairment and the legal existence of collateral, as well as risk classification in a rating process performed by experienced credit specialists. The granting of loans is subject to a specified assignment of authority. A major characteristic of the credit approval process is the separation between front and back office functions.

In addition, the LLB Group conducts lending business with banks on a secured and unsecured basis, whereby individual risk limits are approved for every counterparty.

3.2 Evaluation of credit risks

The consistent evaluation of credit risks represents an essential prerequisite of successful risk management. The credit risk can be broken down into the components: probability of default, loss given default and the expected exposure at the time point of the default.

Probability of default

The LLB Group assesses the probability of default of individual counterparties by means of an internal rating system. The different rating procedures are adapted to suit the different characteristics of borrowers. The credit risk management ratings employed for banks and debt instruments are based on external ratings from recognised rating agencies.

The reconciliation of the internal rating with the external rating is carried out in accordance with the following master scale.

LLB rating	Description	External rating[2]
1 to 4	Investment grade	AAA, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3
5 to 8, not rated[1]	Standard monitoring	Ba1, Ba2, Ba3, B1, B2
9 to 10	Special monitoring	B3, Caa, Ca, C
11 to 14	Sub-standard	Default

1 Non-rated loans are covered and subject to limits.
2 For the securitisation of credit risks in the standard approach, the LLB Group employs solely the external ratings of the recognised rating agency Moody's (for the segments: due from banks, finance companies and securities firms, due from companies and due from international organisations).

Loss given default

The loss given default is influenced by the amount of collateralisation and the costs of realising the collateral. It is expressed as a percentage of the individual commitment.

The potential loss at portfolio level is broken down as follows at the LLB Group:

- Expected loss – Expected loss is a future-related, statistical concept that permits the LLB Group to estimate the average annual costs. It is calculated on the basis of the default probability of a counterparty, the expected credit commitment made to this counterparty at the time of the default, and the magnitude of the loss given default. The concept of expected loss is also applied within the scope of IFRS 9 / ECL. See chapter "Accounting principles".
- Scenario analysis – The modelling of external credit losses is performed on the basis of stress scenarios, which enable us to evaluate the effects of fluctuations in the default rates of the assets pledged as collateral taking into consideration the existing risk concentration in every portfolio.

3.3 Controlling credit risk

Credit risk management has the task of actively influencing the risk situation of the LLB Group. This is carried out using a limits system, risk-adjusted pricing, through the possibility of using risk hedging instruments and the specific repayment of credit commitments. Risk management is conducted both at the individual loan and at the portfolio level.

Risk restriction

The LLB Group has in place a comprehensive limits system to restrict credit risk exposure. In addition to the limitation of individual credit risks, to prevent risk concentrations, the LLB Group assigns limits for regions and sectors.

Risk mitigation

To mitigate credit risk exposure, the LLB Group takes security mainly in the form of pledged assets and financial collateral. In the case of financial collateral in the form of marketable securities, we determine their collateral value by applying a schedule of reductions, the size of which is based on the quality, liquidity, volatility and complexity of the separate instruments.

Derivatives

The LLB Group may employ credit derivatives to reduce risks. This possibility has not been utilised in recent years.

3.4 Monitoring and reporting of credit risks

The organisational structure of the LLB Group ensures that departments which cause the risks (front office) and those that evaluate, manage and monitor them (back office) are completely separated.

Individual credit risks are monitored by means of a comprehensive limits system. Infringements are immediately reported to the senior officer responsible.

3.5 Risk provisioning

Overdue claims

A claim is deemed to be overdue if a substantial liability from a borrower to the bank is outstanding. The overdraft begins on the date when a borrower exceeds an approved limit, has not paid interest or amortisation, or has utilised an unauthorised credit facility.

For claims that are more than 90 days overdue, individual value allowances are made in the amount of the expected credit loss.

Default-endangered claims

Claims are regarded as being in danger of default if, on the basis of the client's creditworthiness, a loan default can no longer be excluded in the near future.

Impairments

Basically, an impairment is calculated and a provision set aside for all positions which are subject to a credit risk. Essentially, the credit quality determines the scope of the impairment. If the credit risk has not risen significantly since initial recognition, the expected credit loss is calculated over a year (credit quality level 1). However, if a significant increase in the credit risk has occurred since initial recognition, the expected loss is calculated over the remaining term to maturity (credit quality level 2). In the case of defaulted credit positions – a default in accordance with the Capital Requirements Regulation (CRR) Art. 178 – a specific value allowance is determined and recognised by the Group Recovery Department. The expected credit loss is calculated over the loan's remaining term to maturity (credit quality level 3).

3.6 Country risks

A country risk arises if specific political or economic conditions in a country affect the value of a foreign position. Country risk is composed of transfer risk (e.g. restrictions on the free movement of money and capital) and other country risks (e.g. country-related liquidity, market and correlation risks).

Country risks are controlled on the basis of a limits system and are continually monitored. Ratings provided by a recognised rating agency are utilised for certain individual countries.

3.7 Risk concentration

The largest credit risk for the LLB Group arises from loans made to customers. In the case of loans to customers, the majority of loans are secured by mortgages, which are granted to clients having first-class creditworthiness within the scope of the LLB Group's lending policy. Thanks to the diversified nature of the collateral portfolio, containing properties primarily in the Principality of Liechtenstein and in Switzerland, the risk of losses is reduced to a minimum.

Maximal credit risk by region without considering collateral

in CHF thousands	Liechten-stein / Switzerland	Europe excl. FL / CH	North America	Asia	Others[1]	Total
31.12.2021						
Credit risks from balance sheet transactions						
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
Total	**14'238'115**	**1'704'010**	**472'080**	**359'668**	**321'712**	**17'095'585**
Credit risks from off-balance sheet transactions						
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
Total	**507'020**	**224'101**	**236**	**6'190**	**63'389**	**800'935**
31.12.2022						
Credit risks from balance sheet transactions						
Due from banks	305'471	58'198	21'484	6'689	3'656	395'499
Loans						
Mortgage loans	12'694'227	143'652	794	15'582	8'161	12'862'416
Loans to public institutions	90'077	0	0	0	0	90'077
Miscellaneous loans	797'623	317'773	1	206'305	164'406	1'486'108
Derivative financial instruments	177'453	164'416	0	175	311	342'355
Financial investments						
Debt instruments	1'106'079	1'198'310	473'658	115'851	68'736	2'962'634
Total	**15'170'930**	**1'882'350**	**495'937**	**344'602**	**245'270**	**18'139'089**
Credit risks from off-balance sheet transactions						
Contingent liabilities	51'941	5'425	0	745	4'329	62'440
Irrevocable commitments	512'173	195'133	2	3'776	71'660	782'745
Deposit and call liabilities	13'891	0	0	0	0	13'891
Total	**578'005**	**200'558**	**2**	**4'522**	**75'989**	**859'076**

1 None of the categories summarised in the position "Others" exceeds 10 per cent of the total volume.

Maximal credit risk by sector without considering collateral

in CHF thousands	Financial services	Real estate	Private households	Others[1]	Total
31.12.2021					
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]	1'430'379	18'591	0	728'645	2'177'615
Total	**3'190'815**	**3'433'694**	**8'332'986**	**2'138'090**	**17'095'585**
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
Total	**238'803**	**120'886**	**286'490**	**154'755**	**800'935**
31.12.2022					
Credit risks from balance sheet transactions					
Due from banks	395'499	0	0	0	395'499
Loans					
Mortgage loans	229'384	3'712'749	7'922'430	997'853	12'862'416
Loans to public institutions	0	0	0	90'077	90'077
Miscellaneous loans	405'616	133'141	564'328	383'022	1'486'108
Derivative financial instruments	336'779	33	4'084	1'458	342'355
Financial investments					
Debt instruments	2'136'547	17'210	0	808'878	2'962'634
Total	**3'503'825**	**3'863'133**	**8'490'843**	**2'281'288**	**18'139'089**
Credit risks from off-balance sheet transactions					
Contingent liabilities	12'503	7'894	13'092	28'951	62'440
Irrevocable commitments	227'524	81'100	284'583	189'538	782'745
Deposit and call liabilities	13'891	0	0	0	13'891
Total	**253'918**	**88'994**	**297'675**	**218'489**	**859'076**

1 CHF 71 million (previous year: CHF 50 million) of the total volume of loans to public institutions relates to the energy supply sector and CHF 9 million (previous year: CHF 11 million) to public administration. With contingent liabilities, CHF 10 million was attributable to the sector "Trade" (previous year: CHF 4 million). With all other positions under the item "Others", no individual sector exceeds 10 per cent of the total volume.
2 In the 2022 business year, the granularity of the base data for the allocation of debt instruments according to sectors was improved. For reasons of comparability, this made it necessary to adjust the previous year's figures.

3.8 Risk of default for financial instruments not measured at fair value through profit and loss according to the creditworthiness of the borrower

The following tables show the creditworthiness of borrowers with financial instruments, which are measured at amortised cost or at fair value through other comprehensive income, as well as for credit commitments and financial guarantees.

The carrying value of financial instruments, which are measured at fair value through other comprehensive income, is not corrected by means of a value allowance because the impairment is charged directly to other comprehensive income. In the case of credit commitments and financial guarantees, a corresponding provision is set aside.

in CHF thousands	Note	Investment Grade	Standard Monitoring	Special Monitoring	Sub-standard	Total
31.12.2021						
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	15	1'986'598	0	0	0	1'986'598
Credit risks from balance sheet transactions		**5'815'335**	**10'586'801**	**189'146**	**90'247**	**16'681'529**
Financial guarantees		352'903	426'361	16'689	4'981	800'935
Credit risks from off-balance sheet transactions		**352'903**	**426'361**	**16'689**	**4'981**	**800'935**
31.12.2022						
Due from banks	12	395'499	0	0	0	395'499
Loans	13	2'677'822	11'434'115	193'710	129'610	14'435'257
Financial investments						
Debt instruments	15	2'872'959	0	0	0	2'872'959
Credit risks from balance sheet transactions		**5'946'280**	**11'434'115**	**193'710**	**129'610**	**17'703'715**
Financial guarantees		452'968	395'827	9'408	873	859'076
Credit risks from off-balance sheet transactions		**452'968**	**395'827**	**9'408**	**873**	**859'076**

	Stage 1	Stage 2	Stage 3	
in CHF thousands	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	Total
31.12.2021				
Due from banks				
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
Total gross carrying amount	**889'751**	**0**	**0**	**889'751**
Total value allowances	**–7**	**–0**	**0**	**–7**
Total net carrying amount	**889'744**	**–0**	**0**	**889'744**
31.12.2022				
Due from banks				
Investment grade	395'499	0	0	395'499
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
Total gross carrying amount	**395'499**	**0**	**0**	**395'499**
Total value allowances	**0**	**0**	**0**	**0**
Total net carrying amount	**395'499**	**0**	**0**	**395'499**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
31.12.2021				
Loans				
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
Total gross carrying amount	**13'334'361**	**383'908**	**164'860**	**13'883'129**
Total value allowances	**– 2'336**	**– 991**	**– 74'613**	**– 77'941**
Total net carrying amount	**13'332'024**	**382'917**	**90'247**	**13'805'188**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
31.12.2022				
Loans				
Investment grade	2'666'136	12'262	0	2'678'398
Standard monitoring	11'225'276	211'513	0	11'436'789
Special monitoring	153'508	40'297	0	193'804
Sub-standard	0	0	200'256	200'256
Total gross carrying amount	**14'044'919**	**264'072**	**200'256**	**14'509'247**
Total value allowances	**– 2'935**	**– 409**	**– 70'647**	**– 73'990**
Total net carrying amount	**14'041'985**	**263'662**	**129'610**	**14'435'257**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
31.12.2021				
Debt instruments				
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
Total carrying amount	**1'986'598**	**0**	**0**	**1'986'598**
Total value allowances	**– 187**	**0**	**0**	**– 187**
31.12.2022				
Debt instruments [1]				
Investment grade	2'872'959	0	0	2'872'959
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
Total (gross) carrying amount [2]	**2'872'959**	**0**	**0**	**2'872'959**
Total value allowances [2]	**– 202**	**0**	**0**	**– 202**

1 The valuation basis is not relevant in relation to the default risk. For this reason debt instruments, which are measured at amortised cost and also at fair value through other comprehensive income, are disclosed together in this table. In the previous year, all debt instruments were measured at fair value in other comprehensive income.
2 The gross carrying value of debt instruments, which are measured at amortised cost, amounted to CHF thousands 519'936, the related value allowance minus CHF thousands 1, the net carrying value CHF thousands 519'935.

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
31.12.2021				
Financial guarantees				
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
Total credit risk	**772'154**	**23'800**	**4'981**	**800'935**
Total provisions	**– 850**	**– 896**	**– 536**	**– 2'282**
31.12.2022				
Financial guarantees				
Investment grade	452'968	0	0	452'968
Standard monitoring	386'259	9'568	0	395'827
Special monitoring	9'312	96	0	9'408
Sub-standard	0	0	873	873
Total credit risk	**848'539**	**9'664**	**873**	**859'076**
Total provisions	**– 1'623**	**– 744**	**– 299**	**– 2'666**

3.9 Expected credit loss and value allowances

In the following, the development of expected credit losses and the value adjustments made are disclosed only for material positions.

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
Loans				
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
Valuation allowance as at 31 December 2021	**– 2'336**	**– 991**	**– 74'613**	**– 77'941**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
Loans				
Valuation allowance as at 1 January 2022	– 2'336	– 991	– 74'613	– 77'941
Transfers				
from Stage 1 to Stage 2	2	– 2	0	0
from Stage 2 to Stage 1	– 176	176	0	0
from Stage 2 to Stage 3	0	17	– 17	0
from Stage 3 to Stage 2	0	– 601	601	0
Net revaluation effect	209	807	– 8'080	– 7'064
Additions from changes to scope of consolidation	0	0	0	0
Addition on account of new loans to customers / interest	– 2'036	– 4	– 4'001	– 6'041
Disposals due to redemption of loans / waiving of claims	1'400	190	15'463	17'053
Foreign currency influences	3	0	0	3
Valuation allowance as at 31 December 2022	**– 2'935**	**– 409**	**– 70'647**	**– 73'990**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
Financial guarantees				
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
Provision as at 31 December 2021	**– 850**	**– 896**	**– 536**	**– 2'282**

in CHF thousands	Stage 1 Expected 12-month credit loss	Stage 2 Credit losses expected over the period without impairment of creditworthiness	Stage 3 Credit losses expected over the period with impairment of creditworthiness	Total
Financial guarantees				
Provision on 1 January 2022	– 850	– 896	– 536	– 2'282
Transfers				
from Stage 1 to Stage 2	0	– 0	0	0
from Stage 2 to Stage 1	– 1	1	0	0
from Stage 2 to Stage 3	0	0	0	0
from Stage 3 to Stage 2	0	0	0	0
Net revaluation effect	8	23	0	32
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees	– 1'089	– 25	0	– 1'114
Disposal due to withdrawal of financial guarantees	308	153	237	698
Foreign currency influences	1	0	0	1
Provision as at 31 December 2022	**– 1'623**	**– 744**	**– 299**	**– 2'666**

3.10 Collateral and positions with impaired credit rating

Chapter 3.7 Risk concentration shows the maximum credit risk without considering possible collateral. The LLB Group pursues the goal of reducing credit risks where possible. This is achieved by obtaining collateral from the borrower. The LLB Group predominantly holds collateral against derivatives (see note 34) as well as against loans to clients and banks.

The types of cover for loans to clients and due from banks are shown in the following tables.

Types of cover for loans

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Secured by properties	12'840'023	12'194'414	5.3
Other collateral	1'146'181	1'298'404	– 11.7
Unsecured	449'053	312'370	43.8
Total	**14'435'257**	**13'805'188**	**4.6**

Loans to clients secured by properties are predominantly secured by residential properties in Switzerland and the Principality of Liechtenstein. In the category "Other collateral" client loans secured by securities (money market instruments, equities, bonds, investment fund units, hedge fund units, structured products, as well as other traditional and alternative financial investments) are reported. To ensure the adequate quality and liquidity of the pledged collateral, the LLB Group pursues a strict collateral quality and lending value system.

The table above shows the types of cover for net client loans, i.e. after deduction of expected credit loss. If value allowances are made for client loans, the amount of the allowance largely depends on the collateral provided by the client. The maximum value allowance may only correspond to the expected liquidation value of the collateral held and is shown in the following table.

in CHF thousands	Gross carrying amount	Impaired creditworthi-ness	Net carrying amount	Fair value of col-lateral held
Financial assets of stage 3 on reporting date 31.12.2021				
Loans to customers	164'860	– 74'613	90'247	90'247
Financial assets of stage 3 on reporting date 31.12.2022				
Loans to customers	200'256	– 70'647	129'610	129'610

Write-offs are made only on a very restrictive basis. The following table shows to what extent the LLB Group can also legally recover written- off claims in future.

Written-off financial assets in year under report, subject to an enforcement measure	Contractually outstanding amount	
in CHF thousands	31.12.2022	31.12.2021
Loans to customers	183	1'156

Changes to collateral policy

There were no material changes to the collateral policy or in the quality of collateral in the 2022 business year.

Types of cover for due from banks

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Other collateral	100'005	0	
Unsecured	295'494	889'744	– 66.8
Total	**395'499**	**889'744**	**– 55.5**

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

Taken-over collateral

in CHF thousands	2022 Real estate / Properties	2022 Total	2021 Real estate / Properties	2021 Total
As at 1 January	1'750	1'750	1'750	1'750
Additions / (Disposals)[1]	170	170	0	0
(Value allowances) / Revaluations	0	0	0	0
As at 31 December	**1'920**	**1'920**	**1'750**	**1'750**

1 Two properties were acquired and one property was sold.

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 Climate risks

Climate risks are an integral part of sustainability risks. The LLB Group does not regard these as a separate risk category, but rather as the threat of additional losses from the risk categories concerned. Accordingly, climate risks can cause losses in all risk categories, or lead to such losses.

6.1 Climate risk management

The effects of climate risks on the financial sector can be varied. The LLB Group assumes that, over the short to medium term, transaction risks will occur since governments and regulatory bodies will introduce climate goals and regulations. At the same time, society is changing so that investors will increasingly want to invest in carbon-friendly companies and sectors. In contrast, physical risks are mainly expected in the long term. For this reason, climate risks were integrated in the LLB Group's risk management process. This ensures that climate risks are properly identified, assessed, managed and supervised.

6.2 Assessment of climate risks

Consistent climate risk management requires the best possible quantification of all relevant information. For this purpose, the LLB Group utilises external sources as a basis for the measurement of risks in relation to sustainability for its investment and mortgage portfolios. The LLB Group believes that a high quality of data represents a major success factor. The current limited availability of data is being remedied by continually developing data procurement, metrics and models. The LLB Group is convinced that by this means the quality of data can be successively and sustainably improved.

6.3 Management of climate risks

The management of climate risks is aligned with the pursuit of climate objectives. This includes the reduction of the LLB Group's CO_2e-emissions to net zero by 2040 at the latest. This will necessitate reducing the CO_2e-emissions by at least 30 per cent by 2026 and 55 per cent by 2030. Decarbonisation measures include the restructuring of portfolios, new impact products, customised client advisory services and the exercising of voting rights in favour of sustainability.

6.4 Monitoring and reporting of climate risks

Measures as part of the quarterly risk reporting cycle ensure that the Group Board of Directors, as well as all other relevant units of the LLB Group, are kept promptly, comprehensively and accurately informed about climate risks in the future. Detailed and comprehensive analyses and appraisals of climate risks are to be carried out and provided to management and the relevant sub-committees as a basis for sound decision-making. Appropriate analyses and evaluations are currently being set up. Group Credit & Risk Management is responsible for the reporting of climate risks.

7 Reputational risk

If risks are not identified, adequately managed and monitored, this can lead not only to substantial financial losses, but also to reputational damage. The LLB Group does not regard reputational risk as an independent risk category, but rather as the danger of additional losses stemming from the categories concerned. To this extent, a reputational risk can cause and also result in losses in all risk categories, such as market or credit risks.

Reputational risks are regularly reviewed by the Group Risk Committee and by the Group Board of Directors.

8 Regulatory disclosures

Regulatory measures

As at the end of 2022, the LLB Group had CHF 2.0 billion in equity capital (31.12.2021: CHF 2.2 billion). At 19.7 per cent (31.12.2021: 20.3 %), its Tier 1 ratio is well above the regulatory requirement and above its target of 16 per cent.

As at 31 December 2022, the leverage ratio (LR) of the LLB Group stood at 6.4 per cent (31.12.2021: 7.0 %). From 1 May 2022, the minimum leverage ratio amounts to 3.0 per cent.

At the end of 2022, a regulatory liquidity coverage ratio (LCR) lower limit of 100 per cent was applicable for the LLB Group. With a value of 162.2 per cent, the LLB Group's ratio was substantially higher than the legal requirements (31.12.2021: 147.6 %).

With a ratio of 161.3 per cent, the regulatory requirement for the fulfillment of the net stable funding ratio (NSFR) amounting to 100 per cent, in effect since 1 May 2022, was also substantially exceeded.

Further information on regulatory disclosures can be found in the Disclosure Report in accordance with CRR.

Assets under management

in CHF millions	31.12.2022	31.12.2021	+ / – %
Assets in own-managed funds	7'059	7'194	– 1.9
Assets with discretionary mandates	9'043	10'101	– 10.5
Other assets under management	67'824	74'597	– 9.1
Total assets under management	**83'926**	**91'892**	**– 8.7**
of which double counting	5'239	5'546	– 5.5

in CHF millions	2022	2021
Total assets under management as at 1 January[1]	91'892	79'662
Net new money	3'609	7'212
Market and currency effects[2]	– 11'574	5'018
Other effects (incl. reclassifications)	0	0
Total assets under management as at 31 December[1]	**83'926**	**91'892**

1 Including double counting
2 Including interest and dividend income

Breakdown of assets under management

in per cent	31.12.2022	31.12.2021
By asset class		
Equities	22	24
Bonds	17	18
Investment funds	33	35
Liquidity	22	19
Precious metals / others	5	4
Total	**100**	**100**
By currency		
CHF	31	29
EUR	38	38
USD	24	26
Others	7	7
Total	**100**	**100**

Calculation method

Assets under management comprise all client assets managed or held for investment purposes. Basically, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets.

Also included are other types of client assets which can be deduced from the principle of the investment purpose. Custody assets (assets held solely for transaction and safekeeping purposes) are not included in assets under management.

Assets in own-managed funds

This item comprises the assets of the LLB Group's own managed, collective investment funds.

Assets with discretionary mandates

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

Other assets under management

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

Double counting

This item comprises fund units in own-managed, collective investment funds which are contained in client portfolios with discretionary mandates and in other client safekeeping accounts.

Net new money

This position is composed of the acquisition of new clients, lost client accounts and inflows or outflows from existing clients. Performance related asset fluctuations, e.g. price changes, interest and dividend payments including interest, commissions and expenses charged to client accounts, are not regarded as inflows or outflows. Acquisition related changes to assets will also not be considered.

Other effects

In the 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

2022 Consolidated financial statements

KPMG (Liechtenstein) AG

Vaduz, 24 February 2023

KPMG

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 2022, 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 145 to 230) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 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.

KPMG

RECOVERABILITY OF LOANS

Key Audit Matter

As at 31 December 2022, the Group reports loans of CHF 14.4 billion, representing 57.2% 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 155: Accounting policies: Financial assets measured at amortized cost
- Pages 157 to 160: Accounting policies: Impairments
- Page 172: Notes to the consolidated balance sheet: 13 Loans
- Pages 217 to 227: Risk management: Credit Risk

RECOVERABILITY OF GOODWILL

Key Audit Matter

As at 31 December 2022, the Group recognizes goodwill of CHF 154.8 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:

- Page 161: Accounting policies: Goodwill and other intangible assets
- Pages 178 to 181: Notes to the consolidated balance sheet: 17 Goodwill and other intangible assets

Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 6 May 2022. 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 141 to 144) 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	Moreno Halter
Chartered Accountant (CH)	Chartered Accountant
Engagement Leadpartner	Auditor in Charge

Vaduz, 24 February 2023

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

Financial statement of LLB AG, Vaduz

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 179'881 own registered shares (previous year: 232'935 shares). This corresponds to a share capital stake of 0.6 per cent (previous year: 0.8 %). 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 5 May 2023 that a dividend of CHF 2.50 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 2022 financial statement were necessary because of this.

Balance sheet

in CHF thousands	Note	31.12.2022	31.12.2021	+ / – %
Assets				
Cash and balances with central banks		3'738'869	3'895'515	– 4.0
Due from banks		1'069'128	2'141'100	– 50.1
due on a daily basis		306'040	528'234	– 42.1
other claims		763'087	1'612'866	– 52.7
Loans	1a	7'549'756	7'051'322	7.1
of which mortgages	1a	6'300'473	5'828'290	8.1
Bonds and other fixed-interest securities	2b	2'423'924	1'646'266	47.2
Money market instruments		628'942	53'283	
from public authority issuers		109'024	53'283	104.6
from other issuers		519'919	0	
Bonds		1'794'982	1'592'983	12.7
from public authority issuers		376'815	357'728	5.3
from other issuers		1'418'167	1'235'256	14.8
Shares and other non-fixed-interest securities	2	201'958	220'997	– 8.6
Participations	3 / 4	25	25	– 1.8
Shares in associated companies	3 / 4	649'495	500'864	29.7
Intangible assets	4	47'082	46'526	1.2
Fixed assets	4	78'449	76'515	2.5
Own shares	6	10'037	12'252	– 18.1
Other assets	7	450'541	293'419	53.5
Accrued income and prepayments		105'362	71'253	47.9
Total assets		**16'324'627**	**15'956'054**	**2.3**

in CHF thousands	Note	31.12.2022	31.12.2021	+ / – %
Liabilities				
Due to banks		2'099'558	2'397'715	– 12.4
due on a daily basis		707'994	450'715	57.1
with agreed maturities or periods of notice		1'391'564	1'947'000	– 28.5
Due to customers		11'400'424	10'882'395	4.8
savings deposits		2'018'555	2'058'609	– 1.9
other liabilities		9'381'870	8'823'786	6.3
due on a daily basis		8'081'267	8'307'087	– 2.7
with agreed maturities or periods of notice		1'300'602	516'699	151.7
Certified liabilities		497'286	482'716	3.0
bonds issued, of which:		497'286	482'716	3.0
medium-term notes		97'286	82'716	17.6
Bonds issued	9	400'000	400'000	0.0
Other liabilities	7	449'478	323'600	38.9
Accrued expenses and deferred income		81'172	52'650	54.2
Provisions		5'432	14'250	– 61.9
tax provisions	10	372	8'143	– 95.4
other provisions	10	5'060	6'107	– 17.1
Provisions for general banking risks	10	295'000	310'000	– 4.8
Share capital	11	154'000	154'000	0.0
Share premium		47'750	47'750	0.0
Retained earnings		1'215'080	1'207'080	0.7
legal reserves		390'550	390'550	0.0
reserves for own shares		10'037	12'252	– 18.1
other reserves		814'492	804'277	1.3
Balance brought forward		5'473	5'491	– 0.3
Profit for the year		73'974	78'408	– 5.7
Total liabilities		**16'324'627**	**15'956'054**	**2.3**

Off-balance sheet transactions

in CHF thousands	Note	31.12.2022	31.12.2021	+ / – %
Contingent liabilities	1 / 19	40'650	35'507	14.5
Credit risks		359'787	306'153	17.5
irrevocable commitments	1	357'018	302'625	18.0
call liabilities	1	2'770	3'529	– 21.5
Derivative financial instruments	20	23'568'641	30'512'441	– 22.8
Fiduciary transactions	21	101'603	61'600	64.9

Income statement

in CHF thousands	Note	2022	2021	+ / – %
Interest income		101'659	73'612	38.1
of which from fixed-interest securities		18'920	16'134	17.3
of which from trading transactions		– 0	– 0	0.0
Interest expenses		– 21'361	19'123	
Net interest income		**80'298**	**92'736**	**– 13.4**
Shares and other non-fixed-interest securities		5'417	2'710	99.9
of which from trading transactions		5'417	2'710	99.9
Participations and associated companies		78'932	15'000	426.2
Income from securities		**84'349**	**17'710**	**376.3**
Credit-related commissions and fees		310	353	– 12.1
Commissions from securities and investment business		107'115	126'762	– 15.5
Other commission and fee income		18'407	17'966	2.5
Commission and fee expenses		– 45'189	– 49'667	– 9.0
Net commission and fee income		**80'644**	**95'414**	**– 15.5**
Income from financial transactions		**– 49'957**	**33'697**	
of which from trading business	22	92'296	44'907	105.5
Income from real estate holdings		864	859	0.6
Sundry ordinary income		32'515	30'607	6.2
Other ordinary income		**33'379**	**31'466**	**6.1**
Total operating income		**228'713**	**271'023**	**– 15.6**
Personnel expenses	23	– 120'738	– 111'966	7.8
Administrative expenses	24	– 61'101	– 48'412	26.2
Total operating expenses		**– 181'839**	**– 160'377**	**13.4**
Gross operating profit		**46'874**	**110'646**	**– 57.6**
Depreciation on intangible assets and fixed assets		– 18'842	– 17'339	8.7
Sundry ordinary expenses	25	– 2'175	– 1'399	55.4
Allowances on claims and allocations to provisions for contingent liabilities and lending risks	10	– 5'755	– 4'205	36.9
Earnings from the release of allowances on claims and of provisions for contingent liabilities and lending risks	10	4'833	1'464	230.2
Write-downs to participations, shares in associated companies and securities treated as long-term investments		– 0	– 0	515.0
Earnings from write-ups to participations, shares in associated companies and securities treated as long-term investments		34'000	0	
Result from normal business operations		**58'935**	**89'166**	**– 33.9**
Income taxes		104	– 10'525	
Other taxes		– 65	– 234	– 72.2
Releases / (Additions) to provisions for general banking risks		15'000	0	
Profit for the year [1]		**73'974**	**78'408**	**– 5.7**

1 The return on capital (annual profit in relation to balance sheet total) amounted to 0.45 per cent as at 31 December 2022 and to 0.49 per cent as at 31 December 2021 (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 5 May 2023 that the balance sheet profit as at 31 December 2022 be distributed as follows:

in CHF thousands	2022	2021
Profit for the year	73'974	78'408
Balance brought forward	5'473	5'491
Balance sheet profit	79'447	83'899
Distribution of balance sheet profit		
Allocation to other reserves	0	8'000
Allocation to corporate capital (common stock) [1]	76'550	70'426
Balance carried forward *	2'897	5'473

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 2022.

If this proposal is accepted, a dividend of CHF 2.50 per registered share will be paid out on 11 May 2023.

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, 678 people were employed as at 31 December 2022 (previous year: 618). The average headcount in 2022 amounted to 641 persons (previous year: 607) 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	31.12.2022	31.12.2021
1 USD	0.9232	0.9121
1 EUR	0.9847	1.0331

Average rate	2022	2021
1 USD	0.9517	0.9115
1 EUR	1.0041	1.0799

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: Secured by mortgage	Other collateral	Unsecured	Total
Loans					
Loans (excluding mortgage loans)		34'148	733'762	481'373	1'249'283
Mortgage loans					
residential property		5'030'598	14'680	70'708	5'115'987
office and business property		740'732	873	0	741'605
commercial and industrial property		204'016	0	0	204'016
other		238'394	470	0	238'864
Total loans	**31.12.2022**	**6'247'889**	**749'785**	**552'081**	**7'549'756**
	31.12.2021	5'797'609	795'252	458'461	7'051'322
Off-balance sheet transactions					
Contingent liabilities		2'324	34'600	3'726	40'650
Irrevocable commitments		119'389	63'750	173'879	357'018
Call liabilities		0	0	2'770	2'770
Total off-balance sheet transactions	**31.12.2022**	**121'713**	**98'351**	**180'374**	**400'438**
	31.12.2021	136'540	47'449	157'670	341'660

b Claims at risk

in CHF thousands	Gross outstanding amount	Estimated proceeds from realisation of collateral	Net outstanding amount	Specific allowances
31.12.2022	**68'464**	**30'676**	**30'676**	**37'788**
31.12.2021	67'059	30'190	30'190	36'869

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

	Book value		Cost		Market value	
in CHF thousands	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Equities	10	3	67	60	10	3
Total	**10**	**3**	**67**	**60**	**10**	**3**
of which eligible securities	0	0	0	0	0	0

b Securities and precious metals holdings as current assets (excluding trading positions)

	Book value		Cost		Market value	
in CHF thousands	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities	2'423'924	1'646'266	2'558'091	1'661'049	2'431'347	1'667'666
of which own bonds and medium-term notes	0	0	0	0	0	0
Equities	10'217	12'295	11'812	15'146	10'299	12'323
of which qualified participations	0	0	0	0	0	0
Total	**2'434'141**	**1'658'562**	**2'569'903**	**1'676'195**	**2'441'646**	**1'679'989**
of which eligible securities	1'460'943	683'045	1'534'601	699'675	1'463'421	696'347

c Securities and precious metals as fixed assets

	Book value		Cost		Market value	
in CHF thousands	**31.12.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**
Equities	201'768	220'951	228'894	228'631	216'390	258'555
of which qualified participations	16'609	22'731	23'028	27'359	19'333	27'969
Precious metals	35'247	13'972	35'247	13'972	35'247	13'972
Total	**237'014**	**234'923**	**264'141**	**242'603**	**251'636**	**272'527**
of which eligible securities	0	0	0	0	0	0

3 Participations and shares in associated companies

in CHF thousands	31.12.2022	31.12.2021
Participations		
Without market value	25	25
Total participations	**25**	**25**
Shares in associated companies		
Without market value	649'495	500'864
Total shares in associated companies	**649'495**	**500'864**

4 Statement of fixed assets

in CHF thousands	Cost	Accumulated depreciation	Book value 31.12.2021	Investments	Disinvestments	Reclassifications	Additions	Depreciation	Book value 31.12.2022
Total participations (non-controlling interests)	**37**	**– 12**	**25**	**0**	**0**	**0**	**0**	**– 0**	**25**
Total shares in associated companies	**537'233**	**– 36'369**	**500'864**	**114'631**	**0**	**0**	**34'000**	**0**	**649'495**
Total securities and precious metals as fixed assets	**345'467**	**– 110'544**	**234'923**	**415'428**	**– 413'336**	**0**	**0**	**0**	**237'014**
Total intangible assets[1]	**136'805**	**– 90'280**	**46'526**	**10'591**	**0**	**0**	**0**	**– 10'034**	**47'082**
Real estate									
bank premises	148'511	– 103'088	45'423	5'362	0	0	0	– 3'043	47'742
other properties	17'128	– 2'128	15'000	0	0	0	0	0	15'000
Other fixed assets	57'557	– 41'465	16'092	5'379	0	0	0	– 5'764	15'707
Total fixed assets	**223'197**	**– 146'681**	**76'515**	**10'741**	**0**	**0**	**0**	**– 8'808**	**78'449**
Fire insurance value of real estate			172'646						174'845
Fire insurance value of other fixed assets			27'462						31'116
Liabilities: future leasing installments from operational leasing			21	65	0	0	0	– 20	67
Intended for resale									
Properties			1'750	1'020	– 850	0	0	0	1'920
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	Cur-rency	Share capital	% share of votes	% share of capital
Participations					
Data Info Services AG, Vaduz	Service company	CHF	50'000	50.0	50.0
Shares in associated companies					
Bank Linth LLB AG, Uznach[1]	Bank	CHF	16'108'060	100.0	100.0
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 Holding AG, Uznach	Holding company	CHF	95'328'000	100.0	100.0
LLB Swiss Investment AG, Zurich	Fund management company	CHF	8'000'000	100.0	100.0
Zukunftsstiftung der Liechtensteinischen Landesbank AG, Vaduz	Charitable foundation	CHF	30'000	100.0	100.0

1 In the 2022 business year, within the scope of a public purchase offer, LLB AG acquired 190'229 shares, or 23.6 per cent, of Bank Linth LLB AG. Accordingly, together with LLB Holding AG, LLB AG is now the sole shareholder of Bank Linth LLB AG.

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

	Quantity		Book value	
Quantity / in CHF thousands	2022	2021	2022	2021
As at 1 January	232'935	288'410	12'252	15'142
Bought	363'785	0	20'450	0
Sold	– 416'839	– 55'475	– 23'719	– 2'853
Additions / (Impairments)	0	0	1'054	– 36
As at 31 December	**179'881**	**232'935**	**10'037**	**12'252**

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	31.12.2022	31.12.2021	+ / – %
Precious metals holdings	35'247	13'972	152.3
Tax prepayments / Withholding tax	2'288	1'581	44.7
Positive replacement values [1]	358'906	245'180	46.4
Settlement account	46'369	24'519	89.1
Clearing accounts	2'256	2'796	– 19.3
Taken-over real estate	1'920	1'750	9.7
Deferred tax claim	3'555	3'620	– 1.8
Total other assets	**450'541**	**293'419**	**53.5**
Charge accounts	4'707	6'671	– 29.4
Negative replacement values [1]	310'609	263'564	17.8
Accounts payable	20'099	9'537	110.8
Settlement account	104'505	22'252	369.6
Clearing accounts	9'558	21'576	– 55.7
Total other liabilities	**449'478**	**323'600**	**38.9**

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	31.12.2022	31.12.2021	+ / – %
Due from participations	0	0	
Due to participations	0	0	
Due from associated companies	943'771	1'560'585	– 39.5
Due to associated companies	1'339'128	1'201'242	11.5

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

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Due from the Principality of Liechtenstein	3'923	1'598	145.5
Due to the Principality of Liechtenstein	351'845	208'515	68.7
Due from companies associated with the Principality of Liechtenstein [1]	70'828	50'466	40.3
Due to companies associated with the Principality of Liechtenstein [1]	222'945	185'886	19.9

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	31.12.2022	31.12.2021	+ / – %
Members of the Board of Directors	669	669	0.0
Members of the Board of Management	1'910	1'561	22.3

d Related party transactions

Transactions (e.g. securities transactions, payment transfers, lending facilities and interest on deposits) were made with related parties under the same terms and conditions as applicable to third parties. These exclude loans of up to CHF 1.0 million made to management, which are subject to the preferential interest rate for staff.

9 Bonds issued

Year issued	Name	Currency	Maturity	Nominal interest rate in %	in CHF thousands Nominal value	2022	2021
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CHF	28.05.2026	0.125 %	150'000	150'000	150'000
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CHF	27.09.2029	0.000 %	100'000	100'000	100'000
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CHF	24.09.2030	0.300 %	150'000	150'000	150'000

10 Allowances and provisions / provisions for general banking risks

in CHF thousands	Total 31.12.2021	Specific allowances	Recoveries, overdue interest, currency differences	New provisions charged to income statement	Provisions released to income statement	Total 31.12.2022
Allowances for loan default risks						
Specific allowances	36'869	– 1'242	1'047	5'552	– 4'439	37'788
Lump-sum individual allowances (incl. those for country risks)	0	0	0	0	0	0
Provisions for contingent liabilities and credit risks	217	0	– 6	203	– 394	20
Provisions for other business risks	3'090	– 388	0	100	– 112	2'690
Provisions for taxes and deferred taxes	8'143	– 7'666	0	0	– 104	372
Other provisions	2'800	– 2'019	0	2'750	– 1'181	2'350
Total allowances and provisions	**51'119**	**– 11'315**	**1'041**	**8'605**	**– 6'231**	**43'220**
Minus allowances	– 36'869					– 37'788
Total provisions according to balance sheet	**14'250**					**5'432**
Provisions for general banking risks	**310'000**				**– 15'000**	**295'000**

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

	31.12.2022			31.12.2021		
in CHF thousands	Total nominal value	Quantity	Capital ranking for dividend	Total nominal value	Quantity	Capital ranking for dividend
Share capital	154'000	30'800'000	153'101	154'000	30'800'000	152'835
Total common stock	**154'000**	**30'800'000**	**153'101**	**154'000**	**30'800'000**	**152'835**

No conditional or authorised capital exists.

	31.12.2022		31.12.2021	
in CHF thousands	Nominal	Holding in %	Nominal	Holding in %
With voting right: Principality of Liechtenstein	86'681	56.3	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	2022
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
Total shareholders' equity as at 1 January (before profit distribution)	**1'802'729**
Dividend and other distributions from previous year's profit	– 70'426
Net profit for the year	73'974
Allocation to provisions for general banking risks	– 15'000
Total shareholders' equity as at 31 December (before profit distribution)	**1'791'277**

Of which:	
Share capital	154'000
Share premium	47'750
Legal reserves	390'550
Reserve for own shares	10'037
Other reserves	814'492
Provisions for general banking risks	295'000
Balance sheet profit	79'447

13 Liabilities due to own pension funds

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Current account, call money and time deposits	9'688	20'588	– 52.9
Savings deposits	38	42	– 11.1
Total	**9'726**	**20'631**	**– 52.9**

14 Breakdown of assets and liabilities by location

	31.12.2022		31.12.2021	
in CHF thousands	FL/CH	Abroad	FL/CH	Abroad
Assets				
Cash and balances with central banks	3'738'869	0	3'895'515	0
Due from banks	951'598	117'530	1'988'882	152'218
Loans (excluding mortgages)	860'832	388'451	762'942	460'089
Mortgage loans	6'300'473	0	5'828'290	0
Bonds and other fixed-interest securities	865'390	1'558'534	288'901	1'357'365
Shares and other non-fixed-interest securities	196'383	5'575	215'071	5'926
Participations	25	0	25	0
Shares in associated companies	280'036	369'459	131'405	369'459
Intangible assets	47'082	0	46'526	0
Fixed assets	78'449	0	76'515	0
Own shares	10'037	0	12'252	0
Other assets	278'679	171'863	166'453	126'966
Accrued income and prepayments	72'403	32'959	40'978	30'275
Total assets	**13'680'256**	**2'644'371**	**13'453'756**	**2'502'298**
Liabilities				
Due to banks	515'540	1'584'017	953'361	1'444'353
Due to customers (excluding savings deposits)	6'481'762	2'900'108	6'073'441	2'750'345
Savings deposits	1'693'745	324'810	1'714'702	343'907
Certified liabilities	497'286	0	482'716	0
Other liabilities	337'386	112'092	188'783	134'817
Accrued expenses and deferred income	30'769	50'402	25'065	27'585
Provisions	5'432	0	14'250	0
Provisions for general banking risks	295'000	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	10'037	0	12'252	0
Other reserves	814'492	0	804'277	0
Profit carried forward	5'473	0	5'491	0
Profit for the year	73'974	0	78'408	0
Total liabilities	**11'353'198**	**4'971'429**	**11'255'047**	**4'701'007**

15 Geographical breakdown of assets by location

	31.12.2022		31.12.2021	
	Absolute value	% of total	Absolute value	% of total
Liechtenstein/Switzerland	13'680'256	83.8	13'453'756	84.3
Europe (excluding Liechtenstein/Switzerland)	1'745'886	10.7	1'537'730	9.6
North America	423'031	2.6	412'561	2.6
South America	14'578	0.1	15'668	0.1
Africa	7'175	0.0	13'409	0.1
Asia	293'454	1.8	304'695	1.9
Others	160'247	1.0	218'234	1.4
Total assets	**16'324'627**	**100.0**	**15'956'054**	**100.0**

16 Breakdown of assets and liabilities by currency

in CHF thousands	CHF	EUR	USD	Others	Total
Assets					
Cash and balances with central banks	3'720'814	17'687	203	165	3'738'869
Due from banks	768'104	68'004	58'806	174'214	1'069'128
Loans (excluding mortgages)	685'539	247'648	242'740	73'355	1'249'283
Mortgage loans	6'299'550	0	923	– 0	6'300'473
Bonds and other fixed-interest securities	1'056'444	641'872	725'608	0	2'423'924
Shares and other non-fixed-interest securities	191'215	4'412	6'330	0	201'958
Participations	25	0	0	0	25
Shares in associated companies	649'495	0	0	0	649'495
Intangible assets	47'082	0	0	0	47'082
Fixed assets	78'449	0	0	0	78'449
Own shares	10'037	0	0	0	10'037
Other assets	426'833	6'117	16'088	1'504	450'541
Accrued income and prepayments	54'259	22'693	25'011	3'399	105'362
Total on-balance sheet assets	**13'987'846**	**1'008'434**	**1'075'708**	**252'638**	**16'324'627**
Delivery claims from forex spot, forex futures and forex options transactions	4'539'494	7'643'745	7'258'824	2'091'956	21'534'019
Total assets	**18'527'340**	**8'652'179**	**8'334'532**	**2'344'594**	**37'858'645**
Liabilities					
Due to banks	833'508	915'029	260'324	90'697	2'099'558
Due to customers (excluding savings deposits)	4'814'415	2'012'902	1'897'138	657'415	9'381'870
Savings deposits	2'015'136	3'419	0	0	2'018'555
Certified liabilities	495'870	1'416	0	0	497'286
Other liabilities	444'968	7'692	11'013	– 14'195	449'478
Accrued expenses and deferred income	27'263	19'965	25'777	8'167	81'172
Provisions	5'432	0	0	0	5'432
Provisions for general banking risks	295'000	0	0	0	295'000
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	10'037	0	0	0	10'037
Other reserves	814'492	0	0	0	814'492
Profit carried forward	5'473	0	0	0	5'473
Profit for the year	73'974	0	0	0	73'974
Total on-balance sheet liabilities	**10'427'869**	**2'960'423**	**2'194'252**	**742'084**	**16'324'627**
Delivery liabilities from forex spot, forex futures and forex options transactions	7'986'281	5'739'085	6'164'044	1'654'217	21'543'628
Total liabilities	**18'414'150**	**8'699'508**	**8'358'296**	**2'396'301**	**37'868'254**
Net position per currency	**113'190**	**– 47'329**	**– 23'764**	**– 51'707**	**– 9'609**

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

in CHF thousands	31.12.2022	31.12.2021
Excluding lending transactions and pension transactions with securities		
Book value of pledged and assigned (as collateral) assets	198'850	219'911
Actual commitments	0	0
Lending transactions and pension transactions with securities		
Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements	3'113	600'623
of which capable of being resold or further pledged without restrictions	3'113	600'623
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	100'645	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	Immobilised	Total
Assets									
Cash and balances with central banks		3'738'869	0	0	0	0	0	0	3'738'869
Due from banks		306'040	0	340'400	0	161'521	261'166	0	1'069'128
Loans		4'380	351'227	3'867'985	513'630	1'751'875	1'060'659	0	7'549'756
of which mortgage loans		3'550	38'049	3'141'593	402'590	1'667'291	1'047'401	0	6'300'473
Securities and precious metals held for trading		10	0	0	0	0	0	0	10
Securities and precious metals holdings as currents assets (excluding trading positions)		2'434'141	0	0	0	0	0	0	2'434'141
Securities and precious metals holdings as fixed assets		35'247	201'768	0	0	0	0	0	237'014
Other assets		797'026	0	220'809	45'901	57'400	94'202	80'369	1'295'708
Total assets	**31.12.2022**	**7'315'714**	**552'995**	**4'429'194**	**559'531**	**1'970'796**	**1'416'028**	**80'369**	**16'324'627**
	31.12.2021	6'573'617	574'219	4'631'035	743'019	2'041'687	1'314'212	78'265	15'956'054
Liabilities and provisions									
Due to banks		707'990	4	1'051'977	327'771	11'816	0	0	2'099'558
Due to customers		6'475'545	1'997'505	2'558'193	367'041	2'140	0	0	11'400'424
of which savings deposits		0	1'988'824	26'972	2'759	0	0	0	2'018'555
of which other liabilities		6'475'545	8'682	2'531'221	364'282	2'140	0	0	9'381'870
Certified liabilities		0	0	2'728	6'995	221'508	266'055	0	497'286
of which medium-term notes		0	0	2'728	6'995	71'508	16'055	0	97'286
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	5'432	0	0	5'432
Other liabilities		103'107	0	229'626	45'238	58'475	94'203	0	530'650
Total liabilities and provisions	**31.12.2022**	**7'286'642**	**1'997'509**	**3'842'524**	**747'046**	**299'371**	**360'258**	**0**	**14'533'350**
	31.12.2021	8'725'961	2'139'782	2'560'198	206'110	234'280	286'993	0	14'153'325

Bonds and other fixed-interest securities that are due in the following financial year	1'081'806

Notes to off-balance sheet transactions

19 Contingent liabilities

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Credit guarantees and similar instruments	24'662	19'854	24.2
Performance guarantees and similar instruments	8'294	8'536	– 2.8
Other contingent liabilities	7'695	7'116	8.1
Total contingent liabilities	**40'650**	**35'507**	**14.5**

20 Open derivative contracts

		Trading instruments			Hedging instruments		
in CHF thousands		Positive replace-ment value	Negative replace-ment value	Contract volume	Positive replace-ment value	Negative replace-ment value	Contract volume
Interest rate instruments							
Swaps		0	0	0	104'505	46'600	1'924'847
Foreign exchange contracts							
Forward contracts		250'827	260'435	21'456'378	0	0	0
Options (OTC)		1'892	1'892	61'121	0	0	0
Precious metals							
Options (OTC)		256	256	16'519	0	0	0
Equity / Index contracts							
Options (OTC)		1'426	1'426	109'776	0	0	0
Total excluding netting agreements	**31.12.2022**	**254'401**	**264'009**	**21'643'794**	**104'505**	**46'600**	**1'924'847**
	31.12.2021	222'928	236'441	25'857'110	22'252	27'123	4'655'331

Liechtensteinische Landesbank AG has concluded no netting agreements.

21 Fiduciary transactions

in CHF thousands	31.12.2022	31.12.2021	+ / – %
Fiduciary deposits with other banks	98'663	58'425	68.9
Fiduciary loans and other fiduciary financial transactions	2'940	3'176	– 7.4
Total fiduciary transactions	**101'603**	**61'600**	**64.9**

Notes to the income statement

22 Income from trading operations

in CHF thousands	2022	2021	+ / – %
Foreign exchange trading	90'298	43'607	107.1
Foreign note trading	– 223	– 454	– 50.8
Precious metals trading	2'175	1'743	24.8
Securities trading	46	10	348.1
Total net trading income	**92'296**	**44'907**	**105.5**

23 Personnel expenses

in CHF thousands	2022	2021	+ / – %
Salaries and compensations	– 96'440	– 88'567	8.9
Social benefits and retirement benefit plans	– 20'258	– 18'423	10.0
of which retirement benefit plans	– 13'762	– 12'453	10.5
Other personnel expenses	– 4'040	– 4'976	– 18.8
Total	**– 120'738**	**– 111'966**	**7.8**

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	2022	2021	+ / – %
Occupancy expenses	– 3'876	– 3'976	– 2.5
Expenses for IT, machinery, vehicles and other equipment	– 21'830	– 18'019	21.1
Other business expenses	– 35'395	– 26'416	34.0
Total	**– 61'101**	**– 48'412**	**26.2**

25 Other ordinary expenses

in CHF thousands	2022	2021	+ / – %
Losses on receivables	– 88	– 62	43.1
Operational risk	– 1'569	– 650	141.4
Sundry other ordinary expenses	– 518	– 688	– 24.7
Total other ordinary expenses	**– 2'175**	**– 1'399**	**55.4**

Risk management

Overview

LLB AG's risk policy is governed, in legal and operative terms, by the Liechtenstein Banking Law, the corresponding Banking Ordinance and the principles of the Basel Committee for Banking Supervision as well as by the bank's own statutes and business regulations. The ultimate responsibility for basic risk policy and for continually monitoring the bank's risk exposure lies with the Board of Directors. In fulfilling this function, it is supported by the Risk Committee. The Board of Management has overall responsibility for risk management. It is supported by separate expert risk committees. An independent Group Credit & Risk Management monitors compliance with the issued regulations.

Market risks

On the basis of its business activity, LLB AG is exposed primarily to interest rate fluctuation, share price and currency risks. The Group Risk Management Committee is responsible for managing risks associated with trading activities, and the Asset & Liability Committee for controlling interest rate fluctuation risks. These bodies limit risk exposure using sensitivity and value-at-risk analyses. Aggregate risks are analysed and worst-case scenarios are simulated on a regular basis.

Credit default risks

Credit and lending facilities are extended primarily in interbank business, in private and corporate client business mainly on a secured basis, and in business transactions with public authorities. The Group Credit Risk Committee is responsible for credit risk management. The bank pursues a conservative collateral lending policy. Credits and loans are granted within the scope of strict credit approval procedures. An internal rating system is employed to determine risk-related terms and conditions. A limits system based on the creditworthiness of the individual country is used to control country risks.

In order to ensure responsible lending and to take account of the increasing regulatory requirements, each property must be valued and the loan-to-value ratio determined. The valuation is made in accordance with professionally recognised methods and techniques. The internal work manual "Real Estate Valuations" forms the basis for determining a market-conforming loan-to-value ratio for real estate in the Swiss and Liechtenstein markets of the LLB Group. The decisive factor for the valuation method and tool to be applied is always the predominant use or the predominant income measured by the rental value.

- Single-family houses and condominiums for own use are generally valued hedonically in Switzerland and by the tangible asset method in Liechtenstein.
- Rented single-family houses and condominiums that are held for yield purposes are generally valued hedonically in Switzerland. In Liechtenstein, the valuation is carried out using the tangible asset method.
- Income-producing and investment properties in Switzerland and in Liechtenstein, such as apartment buildings, residential and commercial buildings, commercial properties, etc., are, as a rule, valued using the capitalised earnings value method.
- In the case of commercially owner-occupied properties, the capitalised earnings value is decisive, which is determined and verified in advance on the basis of the space rent reported in the borrower's income statement.
- Agricultural properties in Switzerland are valued according to the Ordinance on rural land rights. In Liechtenstein, these are valued using the tangible asset method.
- Valuations of building land are based on current market conditions.

Operational and legal risks

Internal regulations and directives concerning organisation and controls are employed to limit exposure to operative and legal risks. In formulating these instructions, the Board of Management is supported by the Operational Risk Committee. Compliance with these regulations is regularly checked by the Group Compliance and Group Operational Risk / ICS departments and by Group Internal Audit. External legal experts are brought in on a case-by-case basis to control and manage legal risks.

Liquidity risks

Liquidity risks are monitored and managed in accordance with the provisions of banking law.

Business policy concerning the use of derivative financial instruments

Within the scope of balance sheet management, interest rate swaps are concluded to hedge interest rate fluctuation risks. Furthermore, derivative financial instruments are employed primarily within the context of transactions for clients. Both standardised and OTC derivatives are traded for the account of clients.

KPMG

Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

Statutory Auditor's Report

on the Financial Statements

to the General Meeting

2022 Financial Statements

KPMG (Liechtenstein) AG
Vaduz, 24 February 2023

KPMG

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 2022, 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 239 to 260) give a true and fair view of the financial position of the Company as at 31 December 2022 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.

KPMG

RECOVERABILITY OF LOANS

Key Audit Matter

As at 31 December 2022, the Bank reports loans of CHF 7.5 billion, representing 46.2 % 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 245 to 247: Accounting policies and valuation principles
- Page 248: Notes to the balance sheet: 1 Type of collateral
- Page 252: Notes to the balance sheet: 10 Allowances and provisions

Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Group Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Group Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Group Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

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 6 May 2022. 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 238) 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 2023

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

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Imprint

Publisher
Liechtensteinische Landesbank AG
9490 Vaduz, Liechtenstein

Concept and design, system and programming
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Exclusively for the purpose of better readability, the different gender-specific spelling has mostly been dispensed with in this document. The chosen masculine form is to be understood as gender-neutral in this sense.

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.