



Liechtensteinische
Landesbank¹⁸⁶¹

Tradition meets Innovation.

ACT-

2026

Accelerate and
transform

Consolidated interim
financial reporting 2022

[hr2022.llb.li](https://www.hr2022.llb.li)

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The LLB Group in profile

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

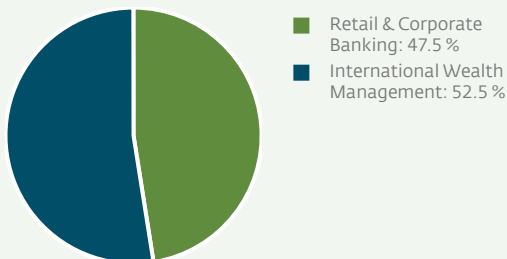
First bank in Liechtenstein founded in 1861

Moody's Rating Aa2

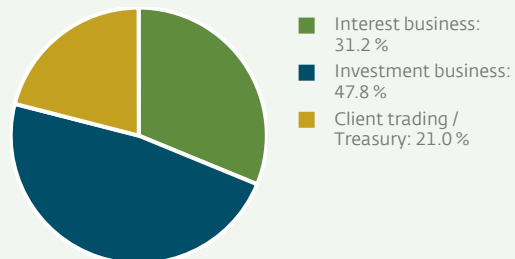
Three banks:
Liechtenstein, Switzerland and Austria

Two competence centres:
Asset Management and Fund Services

Two high-earning market divisions
Operating profit before tax



Diversified income structure
Earnings



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

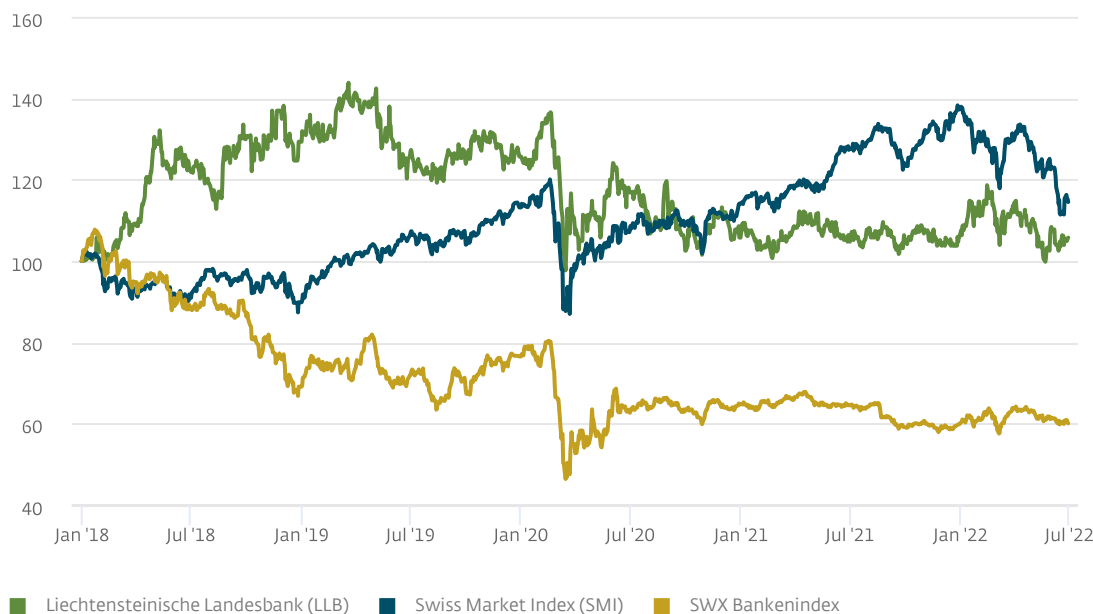
Capital structure

	30.06.2022	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	30'619'947	30'567'065	0.2
Weighted average shares outstanding	30'597'283	30'551'544	0.1

Information per LLB share

	30.06.2022	31.12.2021	+ / - %
Nominal value (in CHF)	5.00	5.00	0.0
Share price (in CHF)	52.50	52.60	- 0.2
	30.06.2022	30.06.2021	+ / - %
Basic earnings per share (in CHF)	2.42	2.20	10.2
Price / earnings ratio	10.84	12.01	

Comparison of LLB share Indexed from 1 January 2018



Key figures

Consolidated income statement

in CHF millions	First half 2022	First half 2021	+ / - %
Income statement			
Operating income	241.9	231.8	4.4
Operating expenses	- 154.5	- 150.7	2.5
Net profit	75.9	71.1	6.8
Performance figures			
Cost Income Ratio (in per cent) ¹	62.8	65.1	
Return on equity attributable to the shareholders of LLB (in per cent)	7.2	6.6	

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

Consolidated balance sheet and capital management

in CHF millions	30.06.2022	31.12.2021	+ / - %
Balance sheet			
Total equity	2'006	2'240	- 10.5
Total assets	26'138	25'129	4.0
Capital ratio			
Tier 1 ratio (in per cent) ¹	18.4	20.3	
Risk-weighted assets	9'028	8'904	1.4

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

Additional information

in CHF millions	First half 2022	First half 2021	+ / - %
Net new money ¹	2'509	2'748	- 8.7
Additional information			
Business volume (in CHF millions) ¹	98'393	105'698	- 6.9
Assets under management (in CHF millions) ¹	84'215	91'892	- 8.4
Loans (in CHF millions)	14'178	13'805	2.7
Employees (full-time equivalents, in positions)	1'065	1'056	0.9

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



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

LLB Group overcomes adverse environment

Dear shareholders

"The market environment is challenging." You have heard and read this sentence many times in the last few years. And not much has changed during the last few months. On the contrary, the basic situation has been exacerbated by the war in Ukraine, the tightening of monetary policy and the significant rise in inflation. Nevertheless, the LLB Group has made a dynamic start to the year.

Gratifying growth once again

2021 was an extremely successful year for the LLB Group, marked above all by robust growth. We have successfully maintained this positive momentum in 2022.

At CHF 75.9 million (+ 6.8 %), the net profit of the LLB Group exceeded the previous year's figure. Operating income grew more robustly than operating expenses, which led to this pleasing result.

Net new money inflows and higher loans to customers contributed to the positive business development. At the end of June, net new money stood at CHF 2.5 billion, representing an annualised growth rate of 5.5 per cent. Loans to customers were increased by CHF 0.4 billion (first half of 2021: CHF 0.3 billion).

Particularly pleasing is the fact that the LLB Group posted inflows in both market divisions and all three booking centres. Our growth is therefore broadly supported. However, the LLB Group was not immune to the negative sentiment on the markets over the last few months. This is especially apparent in the decline in business volume, which stood at CHF 98.4 billion at the end of June (31.12.2021: CHF 105.7 billion).

Implementation of the new strategy

Currently, the Group's operative focus lies squarely on the implementation of our new ACT-26 strategy, which encompasses three core elements: growth, efficiency and sustainability.

Growth

To enable us to achieve our ambitions in terms of organic growth, we have adopted a clear dual positioning on the market, i.e. to be the leading bank in Liechtenstein and the region, as well as being a secure and sustainable international private bank. Right at the beginning of the year we took a first significant step in attaining this objective by streamlining the organisational structure of the LLB Group to make it leaner and more efficient. The composition of the Group Executive Management was reduced from six to five members, and instead of the previous three, we now have only two equally important market divisions: Private and Corporate Clients and International Wealth Management. We are convinced that this clear positioning will generate additional synergies and enable faster decision-making, which will benefit our clients and facilitate growth. In addition, we are continuing with our acquisition activity. Here too, we can already announce an important success in 2022. Following a successful public purchase offer, LLB has increased its capital stake in Bank Linth to 99.9 per cent. This enables Bank Linth to further reduce complexity and, as a retail bank, to focus even more intensively on our clients and their requirements. We are particularly pleased that our purchase offer to the shareholders of Bank Linth was so well received and that, thanks to the partial exchange offer, we can now welcome many of them as LLB shareholders. This strengthens our conviction in the correct strategic course of Bank Linth and is a vote of confidence in the stability and security of the LLB Group. In a next step, the shares of Bank Linth are to be delisted from the Swiss Exchange.

Efficiency

Our digital transformation programme LLB.ONE stands at the centre of our efforts to improve efficiency. It will assist us in further developing innovative client interfaces, making internal processes faster and simpler and generally increasing the scalability of the LLB Group. The project has already taken clear form thanks to the passion and creativity of the highly motivated project team. In a first phase various processes were evaluated and selected for implementation. The robust growth of recent years coupled with very strong cost awareness have resulted in a further improvement in the Cost Income Ratio to 62.8 per cent (first half of 2021: 65.1 %).

Sustainability

We have set ourselves ambitious targets for our core element of sustainability over the next few years. Our aim is to substantially reduce our own, and our clients', carbon footprint so that by 2040 we attain net zero carbon emissions both in banking operations and with our products. We have made great progress in this direction over the last few months, particularly in further expanding our range of sustainable products and services. This expanded offer includes new dark green Impact Funds, as well as the purely digital, sustainable "wiLLBe" asset management app. Thanks to the complete compensation of the bank's own carbon emissions, we have been climate neutral already since 2021 – the first financial institute in Liechtenstein to be so. In pursuing this objective, we collaborate with the Swiss foundation "myclimate" in supporting regional and international projects to reduce CO₂. In addition, we will soon be publishing a report based on the standards of the Task Force on Climate-related Financial Disclosures for the first time. It will provide transparent information on the progress that we have made in implementing our climate goals. We also reaffirm our commitment to sustainability and climate protection through membership in the important international climate initiatives. The LLB Group has been an official partner of the "Climate Pledge" since March 2022. In this context, as the first bank in Liechtenstein, Switzerland and Austria to do so, we have committed to implementing the Paris climate agreement and reaching climate neutrality ten years earlier than agreed.

Remodelled bank branch in Vaduz

One of the key principles of our ACT-26 strategy launched in 2022 stipulates that everything we do must ultimately result in added value for our clients. We also took this principle into consideration when redesigning the new LLB and Bank Linth bank branches. Service, functionality and client experience stand at the centre of the new concept. The conversion of the two banks' branches took several years and was successfully completed in May with the inauguration of the remodelled LLB headquarters – much to the delight of our clients and employees.

Elections to the Board of Directors

Following the stepping down of Patrizia Holenstein, Leila Frick-Marxer, a Liechtenstein lawyer from Balzers, was elected as a new member of the Board of Directors at the 30th General Meeting of Shareholders. Leila Frick-Marxer is an acknowledged expert in banking and investment fund law. In addition, Dr. Karl Sevelde was re-elected for a second term of office of three years. Together with them and the other members of the Board of Directors we want to continue on our strategic course and chart a successful future for the LLB Group.

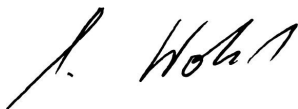
Outlook

The market environment is challenging, and will remain so. During the first six months of this year, we have again proven that we can master difficult business conditions. We are confident, therefore, that the LLB Group will continue its positive development. We expect to achieve a solid business result for the whole year.

A note of thanks

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

Yours sincerely



Georg Wohlwend
Chairman of the Board of
Directors



Gabriel Brenna
Group CEO

Retail & Corporate Banking

The Retail & Corporate Banking segment encompasses the universal banking business in the domestic markets of Liechtenstein and Switzerland and offers the entire spectrum of banking and financial services. Traditionally, savings and mortgage lending business have always played a very important role. This is supplemented by financial planning, corporate pension provisioning, as well as specific investment advice and asset management for clients having available assets of up to CHF 0.5 million. It also takes care of locally oriented private banking clients in the German-speaking region (Liechtenstein / Switzerland / Germany).

The Retail & Corporate Banking combines modern bank branches with mobile and web-based services. It has three LLB branches in Liechtenstein, as well as 17 Bank Linth branches in the Swiss regions of Linthgebiet, Zurichsee, Sarganserland, Ausserschwyz, Winterthur and Thurgau.

Business segment result

Interest income grew by over 6 per cent compared with the previous year. The increase was attributable to the continuing growth of mortgage lending business and higher USD interest rates. In contrast, larger risk provisions were allocated in the first half of 2022. Lower volumes of client assets had a negative impact on fee and commission income. However, increased trading activity meant that trading income climbed by 23.7 per cent to CHF 10.2 million. Operating expenses were down slightly by 1.2 per cent, resulting in a segment profit before tax of CHF 45.1 million.

Market turbulence led to a contraction of the business volume by 1.1 per cent to CHF 32.3 billion. In contrast, positive net new money inflows of CHF 716 million and growth in lending business of CHF 386 million were registered.

Segment reporting

in CHF thousands	First half 2022	First half 2021 ¹	+ / - %
Net interest income	54'126	50'914	6.3
Expected credit losses	- 3'373	897	
Net interest income after expected credit losses	50'753	51'812	- 2.0
Net fee and commission income	44'039	47'118	- 6.5
Net trading income	10'229	8'271	23.7
Other income	825	1'061	- 22.3
Total operating income	105'846	108'262	- 2.2
Personnel expenses	- 21'926	- 21'693	1.1
General and administrative expenses	- 2'409	- 2'024	19.0
Depreciation	- 17	- 23	- 24.3
Services (from) / to segments	- 36'364	- 37'724	- 3.6
Total operating expenses	- 60'716	- 61'464	- 1.2
Segment profit before tax	45'130	46'798	- 3.6

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

Performance figures

	First half 2022	First half 2021 ¹
Gross margin (in basis points) ²	66.8	68.3
Cost Income Ratio (in per cent) ²	55.6	57.2
Net new money (in CHF millions) ²	716	284
Growth of net new money (in per cent) ²	3.6	1.5

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

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

Additional information

	30.06.2022	31.12.2021 ¹	+ / - %
Business volume (in CHF millions) ²	32'253	32'620	- 1.1
Assets under management (in CHF millions) ²	19'133	19'887	- 3.8
Loans (in CHF millions)	13'119	12'733	3.0
Employees (full-time equivalents, in positions)	247	251	- 1.6

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

International Wealth Management

The International Wealth Management segment focuses on private banking clients as well as institutional and investment fund clients. In the private banking business area the emphasis lies on the Austrian and other Western Europe markets, as well as the growth markets in Central and Eastern Europe and the Middle East. This business segment offers international clients comprehensive services in investment advice, wealth management, asset structuring, financing facilities, as well as financial and retirement planning. The investment fund and institutional clients business areas encompass clients such as fiduciaries, asset managers, fund promoters, insurance companies, pension funds and public institutions. The focus lies on the home markets of Liechtenstein, Switzerland and Austria.

Business segment result

At CHF 49.9 million, the profit before tax of the International Wealth Management segment was almost 23 per cent higher than the previous year's result. Operating income rose by CHF 11.6 million to CHF 104.9 million. All income contributors developed positively. The largest growth was achieved with interest income, which climbed by 52.7 per cent relative to the previous year to CHF 16.6 million. This was attributable mainly to higher USD interest rates. Fee and commission earnings benefitted from higher growth plus increased real estate revenues in Austria. Operating expenses increased slightly to CHF 54.9 million.

Net new money inflows of CHF 1.8 billion confirmed the positive trend of recent years. The segment registered very pleasing inflows particularly in investment fund business. For market-related reasons, client assets under management contracted by 9.6 per cent to CHF 64.9 billion.

Segment reporting

in CHF thousands	First half 2022	First half 2021 ¹	+ / - %
Net interest income	16'604	10'875	52.7
Expected credit losses	- 56	61	
Net interest income after expected credit losses	16'548	10'936	51.3
Net fee and commission income	76'084	72'245	5.3
Net trading income	12'240	10'107	21.1
Other income	1	1	14.7
Total operating income	104'873	93'289	12.4
Personnel expenses	- 22'154	- 22'464	- 1.4
General and administrative expenses	- 2'723	- 2'475	10.0
Depreciation	- 197	- 222	- 11.2
Services (from) / to segments	- 29'871	- 27'429	8.9
Total operating expenses	- 54'945	- 52'590	4.5
Segment profit before tax	49'928	40'699	22.7

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

Performance figures

	First half 2022	First half 2021 ¹
Gross margin (in basis points) ²	29.9	28.3
Cost Income Ratio (in per cent) ²	52.4	56.4
Net new money (in CHF millions) ²	1'793	2'490
Growth of net new money (in per cent) ²	2.5	4.1

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

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

Additional information

	30.06.2022	31.12.2021 ¹	+ / - %
Business volume (in CHF millions) ²	66'055	72'904	- 9.4
Assets under management (in CHF millions) ²	64'857	71'760	- 9.6
Loans (in CHF millions)	1'198	1'144	4.8
Employees (full-time equivalents, in positions)	236	236	0.3

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

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

Corporate Center

The Corporate Center bundles central functions within the LLB Group and supports the market-oriented divisions in conducting their activities and implementing their strategies. The focus lies in the areas of communication, marketing, human resources, finance, risk and credit management, IT, trading, securities administration and payment services, as well as corporate development and legal and compliance services. In addition, it steers, coordinates and monitors groupwide business activities, processes and risks. It conducts the Group's corporate development and its digital transformation, as well as enhancing the efficiency and quality of the services the LLB Group delivers.

Business segment result

Under the Corporate Center, the LLB Group reports the structural contribution from interest business, the valuation of interest rate hedging instruments and income from financial investments. Operating income rose by CHF 0.9 million to CHF 31.2 million in comparison with the previous year. On the one hand, the structural contribution from interest business and income from financial investments decreased, while on the other, trading income increased as a result of treasury measures. Operating expenses rose on account of targeted investments in line with the new ACT-26 strategy by 6.1 per cent to CHF 38.8 million.

Segment reporting

in CHF thousands	First half 2022	First half 2021 ¹	+ / - %
Net interest income	2'704	14'828	- 81.8
Expected credit losses	- 18	- 71	- 74.3
Net interest income after expected credit losses	2'685	14'757	- 81.8
Net fee and commission income	- 7'425	- 10'742	- 30.9
Net trading income	30'751	19'197	60.2
Net income from financial investments	- 814	5'029	
Other income	5'979	2'008	197.7
Total operating income	31'176	30'250	3.1
Personnel expenses	- 52'121	- 49'807	4.6
General and administrative expenses	- 35'024	- 33'097	5.8
Depreciation	- 17'919	- 18'861	- 5.0
Services (from) / to segments	66'234	65'153	1.7
Total operating expenses	- 38'829	- 36'612	6.1
Segment profit before tax	- 7'653	- 6'362	20.3

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

Additional information

	30.06.2022	31.12.2021 ¹	+ / - %
Employees (full-time equivalents, in positions)	583	569	2.3

1 The figures for the first half of 2021 were carried over and adapted to the new segment structure.

Consolidated interim financial statement of the LLB Group (unaudited)

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Consolidated interim management report

Income statement

In the first half of 2022, the LLB Group earned a net profit of CHF 75.9 million, which is 6.8 per cent higher than in the same period of the previous year (first half of 2021: CHF 71.1 million).

The profit attributable to the shareholders of Liechtensteinische Landesbank AG amounted to CHF 74.1 million (first half of 2021: CHF 67.1 million). Undiluted earnings per share stood at CHF 2.42 (first half of 2021: CHF 2.20).

Operating income increased by 4.4 per cent to CHF 241.9 million in the first half of 2022 (first half of 2021: CHF 231.8 million).

In comparison with the previous year, interest income before expected credit losses decreased by 4.2 per cent or CHF 3.2 million to CHF 73.4 million (first half of 2021: CHF 76.6 million). Income from interest business with clients remained constant. This benefitted from specific, risk-conscious growth with mortgage loans and the broader implementation of negative interest rates which, in turn, enabled the persisting pressure on margins, as well as the extension of fixed-rate loans at lower conditions, to be compensated for. Other income from interest business was above the previous year's level. This was attributable to higher interest rates. In contrast, the reporting date-related valuation of interest rate derivatives led to a negative contribution in net interest income.

Due to the uncertain economic conditions, risk provisions were increased by CHF 3.4 million net in the first half of 2022 (first half of 2021: CHF 0.9 million net release).

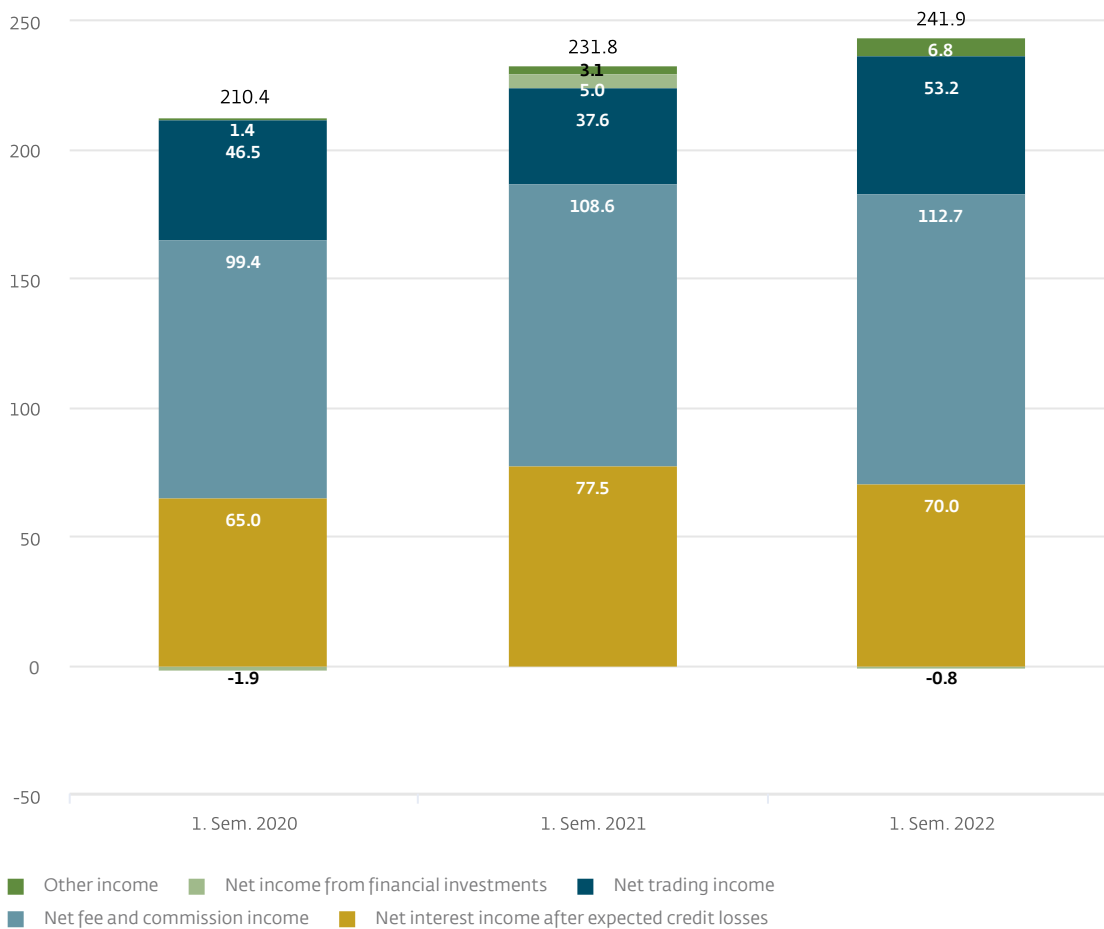
In comparison with the previous year, net fee and commission income climbed by CHF 4.1 million to CHF 112.7 million (first half of 2021: CHF 108.6 million). Portfolio-dependent revenues benefitted from higher average volumes, especially in investment fund business. At the same time, transaction-related revenues also increased.

Net trading income increased by 41.6 per cent in the first half of 2022 to CHF 53.2 million (first half of 2021: CHF 37.6 million). Foreign exchange business made a major contribution to this success, climbing by CHF 17.2 million to CHF 48.5 million (first half of 2021: CHF 31.4 million). Income from client trading also developed positively. In addition, thanks to higher USD interest rates, the treasury contribution was larger. The valuation gains on the reporting date with interest rate hedging instruments totalled CHF 3.7 million (first half of 2021: CHF 5.2 million).

Income from financial investments stood at minus CHF 0.8 million (first half of 2021: CHF 5.0 million). Developments on the financial markets led to book losses, measured on the reporting date, of minus CHF 6.5 million (first half of 2021: CHF 1.6 million). Revenues from dividends rose by CHF 2.3 million to CHF 5.7 million (first half of 2021: CHF 3.4 million).

Other income increased by CHF 3.7 million to CHF 6.8 million in comparison with the previous year (first half of 2021: CHF 3.1 million). This was mainly attributable to the sale of a value adjusted claim.

Operating income (in CHF millions)



At CHF 154.5 million, operating expenses in the first half of 2022 were 2.5 per cent higher than in the previous year (first half of 2021: CHF 150.7 million).

Personnel expenses rose by 2.4 per cent or CHF 2.2 million to CHF 96.2 million (first half of 2021: CHF 94.0 million).

At CHF 40.2 million, general and administrative expenses were 6.8 per cent up on the previous year (first half of 2021: CHF 37.6 million). The increase in both personnel and general expenses is in line with expectations and reflects the investments in the implementation of the ACT-26 strategy.

Depreciation and amortisation decreased by CHF 1.0 million to CHF 18.1 million (first half of 2021: CHF 19.1 million).

The Cost Income Ratio improved to 62.8 per cent (first half of 2021: 65.1 %).

Balance sheet

In comparison with 31 December 2021, the consolidated balance sheet total increased by 4.0 per cent and amounted to CHF 26.1 billion as at 30 June 2022 (31.12.2021: CHF 25.1 billion).

Equity attributable to the shareholders of LLB stood at CHF 2.0 billion as at 30 June 2022 (31.12.2021: CHF 2.1 billion). The tier 1 ratio stood at 18.4 per cent (31.12.2021: 20.3 %). The return on equity attributable to the shareholders of LLB amounted to 7.2 per cent (first half of 2021: 6.6 %).

Business volume

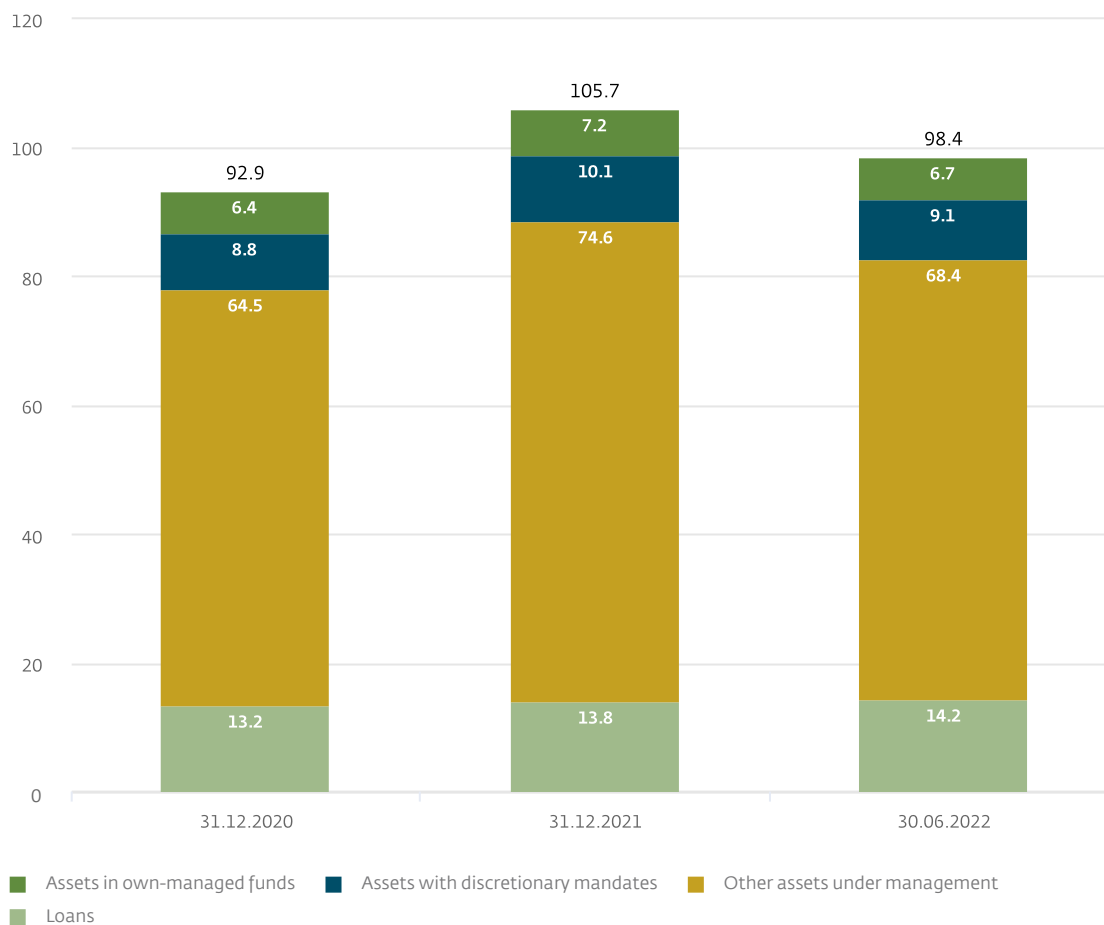
In the first half of 2022, the LLB Group posted a net new money inflow of CHF 2'509 million (first half of 2021: CHF 2'748 million). Thanks to intensive efforts and sales in the markets, positive new money inflows were attained in both market segments and all three booking centres.

In comparison with 31 December 2021, the business volume contracted by 6.9 per cent or CHF 7.3 billion to CHF 98.4 billion due to market-related factors (31.12.2021: CHF 105.7 billion).

On account of the negative market performance and currency effects, client assets under management decreased by 8.4 per cent to CHF 84.2 billion (31.12.2021: CHF 91.9 billion).

In comparison with 31 December 2021, loans to customers grew by 2.7 per cent to CHF 14.2 billion (31.12.2021: CHF 13.8 billion), whereby mortgage loans increased by 1.9 per cent to CHF 12.5 billion (31.12.2021: CHF 12.2 billion).

Business volume (in CHF billions)



Outlook

The market environment is not only currently difficult, but will remain so. In the first few months of this year, however, the LLB Group was once again able to prove that it can cope well with challenging conditions. It is therefore confident that the positive development of the LLB Group will continue. For the full year 2022, it expects a solid result.

Consolidated income statement

in CHF thousands	Note	First half 2022	First half 2021	+ / - %
Interest Income	1	108'387	97'874	10.7
Interest expenses	1	- 34'953	- 21'257	64.4
Net interest income	1	73'433	76'617	- 4.2
Expected credit losses		- 3'447	888	
Net interest income after expected credit losses		69'986	77'504	- 9.7
Fee and commission income	2	182'897	182'956	- 0.0
Fee and commission expenses	2	- 70'198	- 74'334	- 5.6
Net fee and commission income	2	112'699	108'622	3.8
Net trading income	3	53'219	37'575	41.6
Net income from financial investments	4	- 814	5'029	
Other income	5	6'804	3'071	121.6
Total operating income		241'895	231'801	4.4
Personnel expenses	6	- 96'201	- 93'964	2.4
General and administrative expenses	7	- 40'155	- 37'596	6.8
Depreciation		- 18'134	- 19'106	- 5.1
Total operating expenses		- 154'490	- 150'665	2.5
Operating profit before tax		87'405	81'135	7.7
Tax expenses	8	- 11'481	- 10'043	14.3
Net profit		75'925	71'092	6.8
Of which attributable to:				
Shareholders of LLB		74'119	67'143	10.4
Non-controlling interests		1'806	3'949	- 54.3
Earnings per share attributable to the shareholders of LLB				
Basic earnings per share (in CHF)	9	2.42	2.20	10.2
Diluted earnings per share (in CHF)	9	2.41	2.19	10.3

Consolidated statement of comprehensive income

in CHF thousands	Note	First half 2022	First half 2021	+ / - %
Net profit		75'925	71'092	6.8
Other comprehensive income (net of tax), which can be reclassified to the income statement				
Foreign currency translation		- 12'254	4'736	
Changes in value of debt instruments, recognised at fair value through other comprehensive income		- 111'907	- 11'266	893.3
Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income	4	- 88	- 461	- 80.9
Tax effects		15'067	1'281	
Total		- 109'182	- 5'710	
Other comprehensive income (net of tax), which cannot be reclassified to the income statement				
Actuarial gains / (losses) of pension plans ¹		30'771	40'945	- 24.8
Changes in value of equity instruments, recognised at fair value through other comprehensive income		- 37'656	13'331	
Tax effects		- 3'614	- 4'830	- 25.2
Total		- 10'499	49'447	
Total other comprehensive income (after tax)		- 119'681	43'738	
Comprehensive income for the period		- 43'757	114'830	
Of which attributable to:				
Shareholders of LLB		- 44'310	109'436	
Non-controlling interests		554	5'394	- 89.7

1 See the accounting principles in chapter 1.3 for further information

Consolidated balance sheet

in CHF thousands	Note	30.06.2022	31.12.2021	+ / - %
Assets				
Cash and balances with central banks		6'853'071	7'213'159	- 5.0
Due from banks		1'439'433	889'744	61.8
Loans		14'177'566	13'805'188	2.7
Derivative financial instruments		345'872	219'704	57.4
Financial investments	10	2'732'629	2'440'183	12.0
Property and equipment		134'433	142'076	- 5.4
Goodwill and other intangible assets		269'296	283'376	- 5.0
Current tax assets		8	29	- 73.8
Deferred tax assets		10'679	7'825	36.5
Accrued income and prepaid expenses		83'925	75'824	10.7
Other assets		90'809	52'383	73.4
Total assets		26'137'719	25'129'490	4.0
Liabilities				
Due to banks		2'663'961	2'322'918	14.7
Due to customers		18'785'547	18'060'199	4.0
Derivative financial instruments		371'893	256'198	45.2
Debt issued	11	2'037'620	1'949'418	4.5
Current tax liabilities		27'281	24'644	10.7
Deferred tax liabilities		22'378	28'708	- 22.0
Accrued expenses and deferred income		73'170	73'047	0.2
Provisions	12	10'202	12'217	- 16.5
Other liabilities		139'782	162'014	- 13.7
Total liabilities		24'131'834	22'889'362	5.4
Equity				
Share capital		154'000	154'000	0.0
Share premium		- 16'050	- 13'952	15.0
Treasury shares		- 11'651	- 15'073	- 22.7
Retained earnings		1'983'209	1'959'517	1.2
Other reserves		- 105'497	12'932	
Total equity attributable to shareholders of LLB		2'004'010	2'097'423	- 4.5
Non-controlling interests		1'876	142'704	- 98.7
Total equity		2'005'885	2'240'128	- 10.5
Total liabilities and equity		26'137'719	25'129'490	4.0

Consolidated statement of changes in equity

in CHF thousands	Attributable to shareholders of LLB						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total		
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				67'143	42'292	109'436	5'394	114'830
Net profit				67'143		67'143	3'949	71'092
Other comprehensive income					42'292	42'292	1'446	43'738
Reclassification not affecting the income statement ¹				- 5'389	5'389	0		0
Net movements in treasury shares ²		- 1'716	3'324			1'609		1'609
Dividend 2020, paid 2021				- 67'237		- 67'237	- 2'345	- 69'583
Increase / (Reduction) in non-controlling interests						0	27	27
As at 30 June 2021	154'000	- 14'893	- 15'339	1'896'833	26'771	2'047'372	137'105	2'184'476
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				74'119	- 118'429	- 44'310	554	- 43'757
Net profit				74'119		74'119	1'806	75'925
Other comprehensive income					- 118'429	- 118'429	- 1'252	- 119'681
Net movements in treasury shares ²		- 2'099	- 17'028			- 19'127		- 19'127
Dividend 2021, paid 2022				- 70'426		- 70'426	- 369	- 70'795
Increase / (Reduction) in non-controlling interests ³			20'450	19'999		40'449	- 141'013	- 100'564
As at 30 June 2022	154'000	- 16'050	- 11'651	1'983'209	- 105'497	2'004'010	1'876	2'005'885

1 Reclassification of pension obligations (IAS 19) from other reserves in retained earnings.

2 Contains change of reserves for security entitlements.

3 The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders. A proportion of the purchase price was serviced with treasury shares. For further information see the accounting principles in chapter 1.2.

Consolidated statement of cash flows

in CHF thousands	Note	First half 2022	First half 2021
Cash flow from / (used in) operating activities			
Interest received		96'033	95'434
Dividends received from financial investments	4	5'736	3'410
Interest paid		- 14'633	- 21'400
Fees and commission received		172'400	178'394
Fees and commission paid		- 64'326	- 75'653
Trading income		45'388	22'526
Other income		7'781	2'516
Payments for personnel, general and administrative expenses		- 143'932	- 141'047
Income tax paid		- 7'572	- 3'258
Rent paid for short-term and low-value leases		- 190	- 263
Cash flow from operating activities, before changes in operating assets and liabilities		96'685	60'658
Net due from / to banks		- 158'456	354'762
Loans / due to customers		378'941	149'195
Other assets		- 38'944	1'533
Other liabilities		30'042	- 954
Changes in operating assets and liabilities		211'582	504'536
Net cash flow from / (used in) operating activities		308'267	565'194
Cash flow from / (used in) investing activities			
Purchase of property and equipment		- 3'788	- 2'397
Disposal of property and equipment		1'070	0
Purchase of other intangible assets		- 14'075	- 3'031
Purchase of financial investments		- 592'738	- 534'125
Disposal of financial investments		151'910	260'859
Sale of non-current assets held for sale		825	232
Net cash flow from / (used in) investing activities		- 456'795	- 278'460

Consolidated statement of cash flows (unaudited)

in CHF thousands	Note	First half 2022	First half 2021
Cash flow from / (used in) financing activities			
Purchase of treasury shares ¹		- 20'450	0
Dividends paid		- 70'426	- 67'237
Dividends paid to non-controlling interests		- 369	- 2'345
Increase in non-controlling interests		0	27
Reduction in non-controlling interests ¹		- 100'564	0
Repayment of lease liabilities		- 2'644	- 2'619
Issuance of debt		190'828	126'084
Repayment of debt		- 97'973	- 95'690
Net cash flow from / (used in) financing activities		- 101'598	- 41'781
Effects of foreign currency translation on cash and cash equivalents		- 60'131	27'820
Net increase / (decrease) in cash and cash equivalents		- 310'257	272'773
Cash and cash equivalents at beginning of the period		7'606'684	7'125'871
Cash and cash equivalents at end of the period		7'296'426	7'398'644
Cash and cash equivalents comprise:			
Cash and balances with central banks		6'853'071	6'997'738
Due from banks (due daily)		443'355	400'906
Total cash and cash equivalents		7'296'426	7'398'644

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 1.2.

Accounting principles

1 Accounting principles

1.1 Basis for financial accounting

This interim financial reporting was prepared in accordance with the international accounting standard for interim financial reporting" (IAS 34 "Interim Financial Reporting"). The accounting and valuation principles employed in the unaudited consolidated interim financial report correspond to those used in the 2021 annual report, which was prepared in accordance with international financial reporting standards (IFRS) and the requirements stipulated in Article 17a of the Person and Company Law Ordinance of the Principality of Liechtenstein. In addition, the regulations valid since 1 January 2022 have been applied.

The unaudited interim financial reporting does not encompass all the data contained in the audited 2021 consolidated financial statement and should, therefore, be read together with the audited consolidated financial statement as at 31 December 2021.

1.2 Material events and business transactions since 31 December 2021

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 [Letter to shareholders](#) and the individual segment reports in the 2022 interim financial reporting. In this interim financial statement, financial reporting is made for the first time according to the new segment structure. The comparison periods have been adapted in line with the new segment structure.

On 18 May 2022, LLB made its public offer to the shareholders of Bank Linth for the purchase of their Bank Linth shares. Practically all the outstanding registered shares of the bank were acquired; LLB's current equity stake in Bank Linth amounts to 99.9 per cent (31.12.2021: 74.9%). The purchase price for the shares totalled CHF 114.0 million. The resulting positive effect on equity amounted to CHF 18.8 million. Accordingly, on account 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.

1.3 Use of estimates in the preparation of financial statements

Areas having large scope for estimate judgements, which could be of great significance for the financial statement, include estimates for expected credit losses, goodwill, provisions, fair value measurement, and liabilities for pension plans. Explanations regarding this point are shown under notes 12 and 13 in the 2022 consolidated interim financial statement and under notes 13, 17, 25 and 33, as well as in the chapter „[Pension plans and other long-term benefits](#)" in the 2021 consolidated financial statement.

The LLB Group updates the actuarial assumptions and parameters used for the calculation of pension obligations on every reporting date. In the first half of 2022 the increase in the discount interest rate from 0.3 to 2.1 per cent had a material impact. The impact from actuarial gains from pension plans on other comprehensive income amounted to CHF 30.8 million in the first half of 2022.

1.4 New IFRS, amendments and interpretations

New IFRS, as well as revisions and interpretations of existing IFRS, which are to be applied for financial years beginning on 1 January 2022 or later, were published, or came into effect. Should the LLB Group decide to adopt the standards and interpretations, which are to be applied for the first time from 1 January 2023 or later, at an earlier date, explicit reference will be made to this.

1.4.1 Changes to accounting policies effective from 1 January 2022

The following new or amended IFRS or interpretations are relevant to the LLB Group and will be applied 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 new or amended IFRS have no material influence on the financial statement of the LLB Group.

1.4.2 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“ – Clarification of the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies
- ♦ IAS 12 „Income Taxes“ – Clarification that deferred taxes are to be allocated for single transactions on initial recognition if equal amounts of deductible and taxable temporary differences arise from single transactions

Ongoing analyses have shown that the effects of these clarifications will have no material influence of the financial statement of the LLB Group.

2 Changes in the scope of consolidation

In the first half of 2022, the subsidiary „LLB Berufliche Vorsorge AG in Liquidation“ was withdrawn from the scope of consolidation. The deconsolidation had no material impact.

3 Foreign currency translation

Reporting date rate	30.06.2022	31.12.2021
1 USD	0.9589	0.9121
1 EUR	0.9960	1.0331

Average rate	First half 2022	First half 2021
1 USD	0.9402	0.9078
1 EUR	1.0258	1.0945

4 Risk management

Within the scope of its operative activity, the LLB Group is exposed to financial risks such as market, credit, liquidity and refinancing risks, as well as operational risks. The current situation has not changed substantially in comparison with the situation as at 31 December 2021. Therefore the 2022 consolidated interim financial reporting contains only qualitative disclosures regarding credit risks. For more detailed information, we refer to the risk management information in the [2021 annual report](#).

In terms of the value of its absolute loans, the credit portfolio of the LLB Group has not changed materially during the first half of 2022. In the case of stage 1 and stage 2 loans, there were no net changes in the expected credit losses (30.06.2021: CHF 0.0 million net change), for stage 3 positions a net allocation of CHF 3.4 million was made (30.06.2021: CHF 0.9 million net release). Across all stages the expected credit losses led to a total expense of CHF 3.4 million (30.06.2021: CHF 0.9 million gain). This is reported in the consolidated income statement.

5 Events after the balance sheet date

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

Segment reporting

The business activities of the LLB Group are divided into 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, marketing, asset management, corporate development, as well as logistics and IT services.

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group Executive Management (chief operating decision maker), which is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the LLB Group meet the definition of a reportable segment under IFRS 8.

In accordance with the principle of responsibility and based on the organisational structure, income and expenditure are allocated to the business divisions. Indirect costs resulting from services provided internally are accounted for according to the principle of causation and are recorded as a revenue increase for the service provider and as a cost increase for the service beneficiary. The remaining income and expenditure for overriding services which cannot be assigned to the segments are shown under Corporate Center. Furthermore, consolidation adjustments are reported under Corporate Center.

Transactions between the segments are executed at standard market conditions.

First half of 2021

in CHF thousands	Retail & Corporate Banking ¹	International Wealth Management ¹	Corporate Center ¹	Total Group
Net interest income	50'914	10'875	14'828	76'617
Expected credit losses	897	61	- 71	888
Net interest income after expected credit losses	51'812	10'936	14'757	77'504
Net fee and commission income	47'118	72'245	- 10'742	108'622
Net trading income	8'271	10'107	19'197	37'575
Net income from financial investments	0	0	5'029	5'029
Other income	1'061	1	2'008	3'071
Total operating income²	108'262	93'289	30'250	231'801
Personnel expenses	- 21'693	- 22'464	- 49'807	- 93'964
General and administrative expenses	- 2'024	- 2'475	- 33'097	- 37'596
Depreciation	- 23	- 222	- 18'861	- 19'106
Services (from) / to segments	- 37'724	- 27'429	65'153	0
Total operating expenses	- 61'464	- 52'590	- 36'612	- 150'665
Operating profit before tax	46'798	40'699	- 6'362	81'135
Tax expenses				- 10'043
Net profit				71'092

1 The figures for the first half of 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.

First half of 2022

in CHF thousands	Retail & Corporate Banking	International Wealth Management	Corporate Center	Total Group
Net interest income	54'126	16'604	2'704	73'433
Expected credit losses	- 3'373	- 56	- 18	- 3'447
Net interest income after expected credit losses	50'753	16'548	2'685	69'986
Net fee and commission income	44'039	76'084	- 7'425	112'699
Net trading income	10'229	12'240	30'751	53'219
Net income from financial investments	0	0	- 814	- 814
Other income	825	1	5'979	6'804
Total operating income¹	105'846	104'873	31'176	241'895
Personnel expenses	- 21'926	- 22'154	- 52'121	- 96'201
General and administrative expenses	- 2'409	- 2'723	- 35'024	- 40'155
Depreciation	- 17	- 197	- 17'919	- 18'134
Services (from) / to segments	- 36'364	- 29'871	66'234	0
Total operating expenses	- 60'716	- 54'945	- 38'829	- 154'490
Operating profit before tax	45'130	49'928	- 7'653	87'405
Tax expenses				- 11'481
Net profit				75'925

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

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

Notes to the consolidated income statement

1 Net interest income

in CHF thousands	First half 2022	First half 2021	+ / - %
Interest income from financial instruments measured at amortised cost			
Due from banks	147	499	- 70.5
Loans	74'663	73'124	2.1
Loan commissions with the character of interest	1'501	1'971	- 23.8
Received negative interest	15'252	13'228	15.3
Total interest income from financial instruments measured at amortised cost	91'563	88'821	3.1
Interest income from financial instruments, recognised at fair value through other comprehensive income			
Debt instruments	8'303	6'294	31.9
Total interest income from financial instruments, recognised at fair value through other comprehensive income	8'303	6'294	31.9
Interest income from financial instruments at fair value through profit and loss			
Debt instruments	386	1'386	- 72.1
Interest rate derivatives	8'134	1'373	492.5
Total interest income from financial instruments at fair value through profit and loss	8'521	2'759	208.8
Total interest income	108'387	97'874	10.7
Interest expenses from financial instruments measured at amortised cost			
Due to banks	- 500	- 449	11.2
Due to customers	- 4'454	- 2'239	98.9
Paid negative interest	- 9'358	- 9'826	- 4.8
Lease liabilities	- 122	- 139	- 12.4
Debt issued	- 2'101	- 2'463	- 14.7
Total interest expenses from financial instruments measured at amortised cost	- 16'534	- 15'116	9.4
Interest expenses from financial instruments measured at fair value			
Interest rate derivatives	- 18'419	- 6'142	199.9
Total interest expenses from financial instruments measured at fair value	- 18'419	- 6'142	199.9
Total interest expenses	- 34'953	- 21'257	64.4
Total net interest income	73'433	76'617	- 4.2

2 Net fee and commission income

in CHF thousands	First half 2022	First half 2021	+ / - %
Brokerage fees	25'234	29'141	- 13.4
Custody fees	27'340	26'252	4.1
Advisory and management fees	28'913	27'929	3.5
Investment fund fees	81'359	84'608	- 3.8
Credit-related fees and commissions	383	306	25.3
Commission income from other services	19'667	14'720	33.6
Total fee and commission income	182'897	182'956	- 0.0
Brokerage fees paid	- 5'349	- 6'502	- 17.7
Other fee and commission expenses	- 64'849	- 67'832	- 4.4
Total fee and commission expenses	- 70'198	- 74'334	- 5.6
Total net fee and commission income	112'699	108'622	3.8

The LLB offers its clients to pay an all-in-fee for various services. The all-in-fee is recognised in the line "Advisory and management fees". The following table shows what share of the income position the all-in-fee has and what proportion of which services is included in it.

in CHF thousands	First half 2022	First half 2021	+ / - %
Total all-in-fees	16'312	16'784	- 2.8
of which brokerage	4'385	5'073	- 13.6
of which securities administration	2'833	2'931	- 3.3
of which asset management	9'094	8'780	3.6

3 Net trading income

in CHF thousands	First half 2022	First half 2021	+ / - %
Foreign exchange trading	48'536	31'363	54.8
Foreign note trading	- 403	201	
Precious metals trading	1'415	847	67.1
Interest rate instruments ¹	3'672	5'164	- 28.9
Total net trading income	53'219	37'575	41.6

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	First half 2022	First half 2021	+ / - %
Financial investments at fair value through profit and loss			
Dividend income	318	287	10.8
Price gains ¹	- 6'638	1'158	
Total net income from financial investments at fair value through profit and loss	- 6'320	1'445	
Financial investments, recognised at fair value through other comprehensive income			
Dividend income	5'418	3'124	73.5
of which from financial investments held on the balance sheet date	5'418	3'124	73.5
Realised gain	88	461	- 80.9
Total net income from financial investments, recognised at fair value through other comprehensive income	5'506	3'585	53.6
Total net income from financial investments at fair value	- 814	5'029	

1 The realised price gains for the first half of 2022 amounted to minus CHF thousands 1'351 (first half of 2021: minus CHF thousands 1'334).

5 Other income

in CHF thousands	First half 2022	First half 2021	+ / - %
Net income from properties ¹	1'131	1'419	- 20.3
Net income from various services	- 79	1'030	
Share of income from associated companies and joint venture	2	1	86.5
Additional other income ²	5'751	621	825.9
Total other income	6'804	3'071	121.6

1 In the first half of 2022, net income from properties consisted mainly of rental income and the profit from the sale of properties (first half of 2021: rental income and revaluation of an investment property).

2 Contains the sale of a value-adjusted claim amounting to CHF 5.6 million

6 Personnel expenses

in CHF thousands	First half 2022	First half 2021	+ / - %
Salaries	- 76'812	- 75'617	1.6
Pension and other post-employment benefit plans	- 8'451	- 8'473	- 0.3
Other social contributions	- 8'552	- 8'284	3.2
Training costs	- 762	- 601	26.8
Other personnel expenses	- 1'623	- 989	64.2
Total personnel expenses	- 96'201	- 93'964	2.4

7 General and administrative expenses

in CHF thousands	First half 2022	First half 2021	+ / - %
Occupancy	- 2'940	- 3'031	- 3.0
Expenses for IT, machinery and other equipment	- 13'482	- 12'019	12.2
Information and communication expenses	- 9'675	- 9'683	- 0.1
Marketing and public relations	- 2'858	- 2'179	31.1
Consulting and audit fees	- 3'261	- 1'782	83.0
Provisions for legal and litigation risks ¹	- 521	- 302	72.3
Litigation, legal and representation costs	- 1'300	- 3'403	- 61.8
Contributions to Deposit Protection Fund	- 2'802	- 2'310	21.3
Other general and administrative expenses	- 3'317	- 2'886	14.9
Total general and administrative expenses	- 40'155	- 37'596	6.8

1 See note 12 for details

8 Tax expenses

in CHF thousands	First half 2022	First half 2021	+ / - %
Current taxes	- 18'346	- 10'437	75.8
Deferred taxes	6'865	394	
Total tax expenses	- 11'481	- 10'043	14.3

9 Earnings per share

	First half 2022	First half 2021	+ / - %
Net profit attributable to the shareholders of LLB (in CHF thousands)	74'119	67'143	10.4
Weighted average shares outstanding	30'597'283	30'540'889	0.2
Basic earnings per share (in CHF)	2.42	2.20	10.2
Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands)	74'119	67'143	10.4
Weighted average shares outstanding for diluted earnings per share	30'745'641	30'708'960	0.1
Diluted earnings per share (in CHF)	2.41	2.19	10.3

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 diluted earnings. There are no other factors that would lead to a dilution of earnings.

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

10 Financial investments

in CHF thousands	30.06.2022	31.12.2021	+ / - %
Financial investments at fair value through profit and loss			
Debt instruments			
listed	97'991	146'032	- 32.9
unlisted	40'236	44'985	- 10.6
Total debt instruments	138'228	191'017	- 27.6
Equity instruments			
listed	9	2	352.6
unlisted	2'126	2'315	- 8.2
Total equity instruments	2'136	2'317	- 7.8
Total financial investments at fair value through profit and loss	140'363	193'334	- 27.4
Financial investments, recognised at fair value through other comprehensive income			
Debt instruments			
listed	2'369'649	1'986'598	19.3
Total debt instruments	2'369'649	1'986'598	19.3
Equity instruments			
listed	191'392	229'300	- 16.5
unlisted	31'225	30'952	0.9
Total equity instruments	222'617	260'251	- 14.5
Total financial investments, recognised at fair value through other comprehensive income	2'592'266	2'246'849	15.4
Total financial investments	2'732'629	2'440'183	12.0

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 13](#)), as well as various instruments of the Swiss Market Index (SMI portfolio). Short-term profit-taking is not the focus with equity instruments recognised at fair value through other comprehensive income, rather they represent a long-term position which pursues the collection of dividends and a long-term appreciation in value. There were no disposals in the first half of 2022 (first half of 2021: no disposals).

11 Debt issued

in CHF thousands	30.06.2022	31.12.2021	+ / - %
Medium-term notes ¹	143'431	150'298	- 4.6
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions ²	1'492'932	1'397'921	6.8
Bonds	401'257	401'198	0.0
Total debt issued	2'037'620	1'949'418	4.5

1 The average interest rate was 0.3 per cent as at 30 June 2022 and 0.3 per cent as at 31 December 2021.

2 The average interest rate was 0.4 per cent as at 30 June 2022 and 0.4 per cent as at 31 December 2021.

The following table provides further details on the bonds issued.

Year issued	Name	ISIN	Currency	Maturity	Effective annual interest rate in %	Nominal interest rate in %	in CHF thousands		
							Nominal value	30.06.2022	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	150'127	150'235
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CH0419041527	CHF	27.09.2029	- 0.133 %	0.000 %	100'000	100'972	101'039
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CH0536893255	CHF	24.09.2030	0.315 %	0.300 %	150'000	150'158	149'924

12 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	- 1'393	- 847	- 2'240	- 3'911
Increase in provisions recognised in the income statement	521	162	682	5'425
Decrease in provisions recognised in the income statement	0	- 429	- 429	- 467
Changes due to foreign exchange differences	- 11	- 16	- 27	- 29
As at 30 June 2022 / 31 December 2021	2'775	7'427	10'202	12'217

Within the scope of its ordinary banking activity, the LLB Group is involved in various legal disputes and allocates provisions for them if the criteria for provisions are present. Estimates and assumptions are made to assess the amount of provisions required. However, such assumptions can mean that substantial uncertainties could exist in relation to the occurrence of the events for which provisions were allocated.

Provisions for other business risks and restructuring

In the first half of 2022, provisions for restructuring measures amounting to CHF 0.5 million were used for the intended purpose. As at 30 June 2022, provisions for restructuring measures amounting to CHF 4.3 million remained available.

Of the provisions for other business risks totalling CHF 3.1 million, an amount of CHF 2.2 million is allocated for expected credit losses which refer to off-balance-sheet credit commitments and guarantees.

13 Fair value measurement

Measurement guidelines

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

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

Various standard market techniques and models are employed to determine 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 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 on active markets for identical assets and liabilities 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 techniques 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 techniques and models to determine the fair value, which are not observable because they are not based on market prices.

Valuation techniques and models

Valuation techniques 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 techniques 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 fair value measurement. The present value technique 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 techniques 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, foreign currency curves, spot rates	
Investment funds	Market approach	Market prices of underlying assets	
Equities	Market approach	Market prices of underlying assets	
Due from banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Loans	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to customers	Income approach, present value calculation	Market price of congruent SARON interest rates	
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	Income approach, present value calculation	Market price of congruent SARON interest rates	
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

Valuation of assets and liabilities, classified as Level 3

The measurement process to determine the fair value of recurring and non-recurring Level 3 assets and liabilities, especially the non-observable input factors, as shown in the previous table, is 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 fair value.

Financial investments measured at fair value through other comprehensive income

These financial investments largely relate to non-listed shares in companies of an infrastructure nature, which offer the services necessary or beneficial 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 income expected in connection with it.

Measurement of fair values through active markets or valuation techniques

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

Positions measured at fair value are recognised on a recurring basis in the balance sheet at fair value. As at 30 June 2022, the LLB Group had no assets or liabilities which were measured at fair value on a non-recurring basis in the balance sheet. There were no significant transfers between Level 1, Level 2 and Level 3 financial instruments in the current financial year.

in CHF thousands	30.06.2022	31.12.2021	+/- %
Assets			
Level 1			
Financial investments at fair value through profit and loss	98'000	146'034	- 32.9
Financial investments, recognised at fair value through other comprehensive income	2'561'041	2'215'897	15.6
Precious metal receivables	108'690	134'236	- 19.0
Total financial instruments at fair value	2'767'732	2'496'167	10.9
Precious metals	52'839	13'978	278.0
Total other assets at fair value	52'839	13'978	278.0
Cash and balances with central banks	6'853'071	7'213'159	- 5.0
Total financial instruments not at fair value	6'853'071	7'213'159	- 5.0
Total Level 1	9'673'642	9'723'305	- 0.5
Level 2			
Derivative financial instruments	345'872	219'704	57.4
of which for hedging purpose	73'958	12'912	472.8
Financial investments at fair value through profit and loss ¹	42'363	47'300	- 10.4
Total financial instruments at fair value	388'235	267'003	45.4
Due from banks	1'329'573	755'584	76.0
Loans	14'224'320	14'265'921	- 0.3
Total financial instruments not at fair value	15'553'893	15'021'505	3.5
Total Level 2	15'942'127	15'288'509	4.3
Level 3			
Financial investments, recognised at fair value through other comprehensive income ²	31'225	30'952	0.9
Total financial instruments at fair value	31'225	30'952	0.9
Investment property	19'562	19'732	- 0.9
Total other assets at fair value	19'562	19'732	- 0.9
Total Level 3	50'786	50'683	0.2
Total assets	25'666'556	25'062'498	2.4

1 Investment funds and equities

2 Infrastructure title

in CHF thousands	30.06.2022	31.12.2021	+/- %
Liabilities			
Level 1			
Precious metal liabilities	158'332	147'908	7.0
Total financial instruments at fair value	158'332	147'908	7.0
Bonds	353'487	397'980	
Total financial instruments not at fair value	353'487	397'980	
Total Level 1	511'819	545'888	- 6.2
Level 2			
Derivative financial instruments	371'893	256'198	45.2
of which for hedging purpose	16'517	12'777	29.3
Total financial instruments at fair value	371'893	256'198	45.2
Due to banks	2'661'223	2'323'976	14.5
Due to customers	18'489'248	17'980'507	2.8
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'565'573	1'583'750	- 1.1
Total financial instruments not at fair value	22'716'044	21'888'233	3.8
Total Level 2	23'087'937	22'144'431	4.3
Level 3			
Total Level 3	0	0	
Total liabilities	23'599'756	22'690'319	4.0

Reconciliation of assets and liabilities classified as Level 3

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

The financial investments measured at fair value through other comprehensive income rose by CHF 0.3 million in the first half of 2022. The increase in the form of unrealised gains was attributable to changes in the fair value.

The change in investment property was due solely to the change in the exchange rate of the Euro to the Swiss franc. The differences from the conversion in the reporting currency are recognised directly in other comprehensive income.

Financial instruments not measured at fair value

The fair value hierarchy also includes details of financial assets and liabilities which are not measured on a fair value basis, but for which a fair value does exist. In addition to their inclusion in the fair value hierarchy, basically a comparison between the fair value and the carrying amount of the individual categories of financial assets and liabilities is to be disclosed.

The following table shows this comparison only for positions which are not measured at fair value, since for positions measured at fair value the carrying amount corresponds to the fair value. Due to the maturity of more than one year, the present value of certain positions is calculated on the basis of SARON interest rates with appropriate maturities. In the case of all other positions, the carrying amount represents a reasonable approximation of the fair value.

in CHF thousands	30.06.2022		31.12.2021	
	Book amount	Fair value	Book amount	Fair value
Assets				
Cash and balances with central banks	6'853'071	6'853'071	7'213'159	7'213'159
Due from banks ¹	1'330'742	1'329'573	755'508	755'584
Loans	14'177'566	14'224'320	13'805'188	14'265'921
Liabilities				
Due to banks	2'663'961	2'661'223	2'322'918	2'323'976
Due to customers ¹	18'627'215	18'489'248	17'912'291	17'980'507
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	1'636'363	1'565'573	1'548'220	1'583'750
Bonds	401'257	353'487	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.

14 Off-balance sheet transactions

in CHF thousands	30.06.2022	31.12.2021	+ / - %
Contingent liabilities	55'794	60'093	- 7.2
Credit risks	812'888	740'842	9.7
Contract volumes of derivative financial instruments	24'529'630	27'689'535	- 11.4
Fiduciary transactions	104'811	61'600	70.1

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Imprint

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

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

Due to rounding, there may be minor discrepancies in the totals and percentage calculations in this report.

To measure our performance we employ alternative financial key figures, which are not defined in the International Financial Reporting Standards (IFRS). Details can be found at <http://www.llb.li/investors-apm>.

