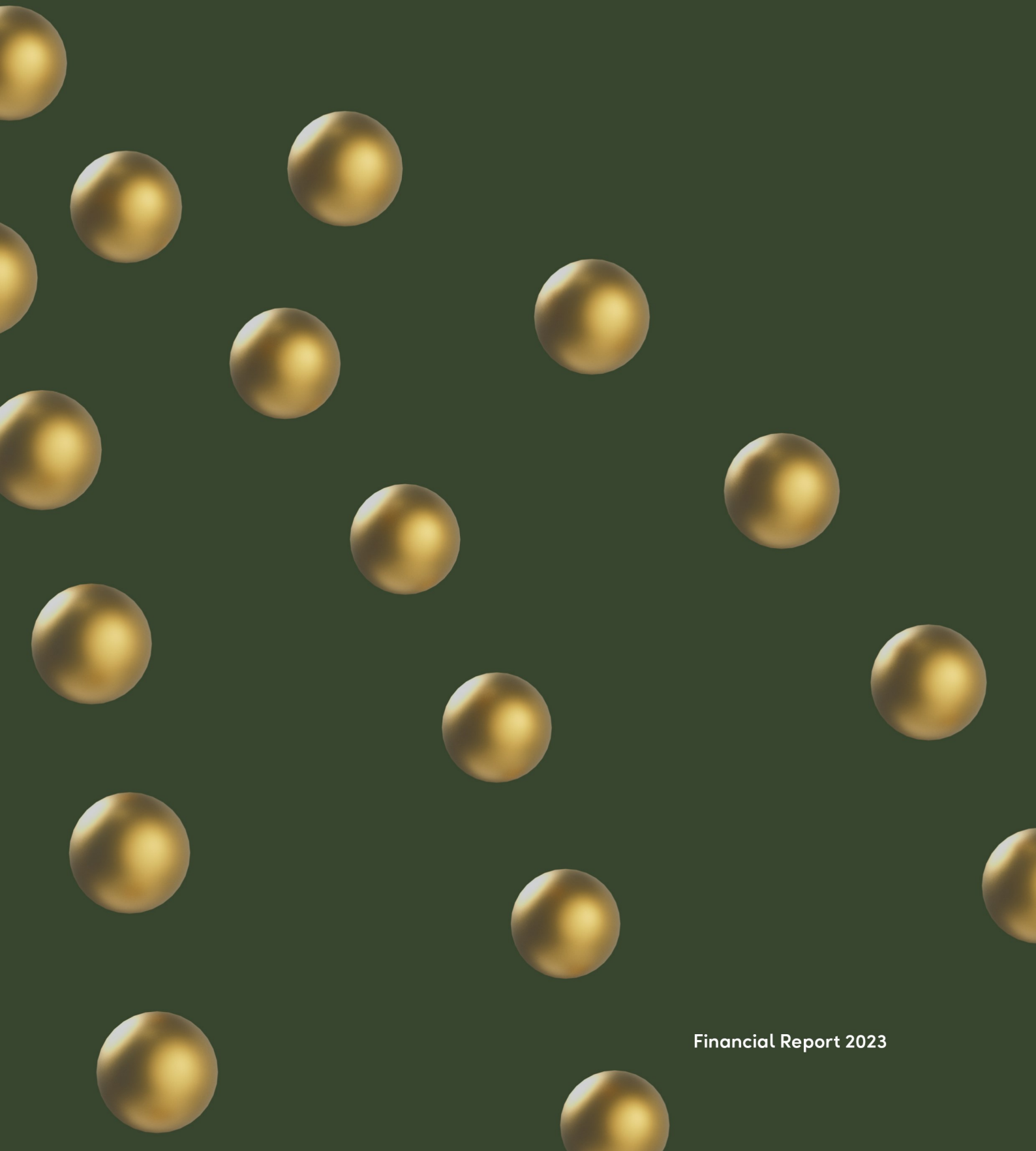


# One over many



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# The LLB Group in profile

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

**First bank in Liechtenstein founded in 1861**

**Moody's Rating Aa2**

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

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

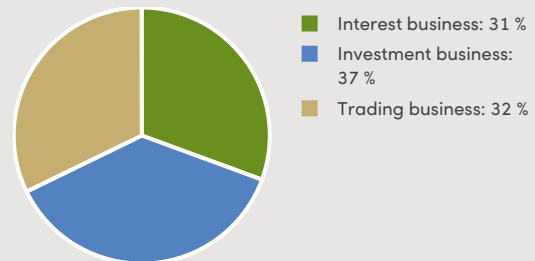
## Two high-earning market divisions

### Operating profit before tax



## Diversified income structure

### Earnings



## Target Markets

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

## Security and stability

- ◆ Stable ownership situation
- ◆ Solid equity base

# Information for shareholders

## The LLB share

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

## Capital structure

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

## Information per LLB share

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

<sup>1</sup> Proposal of the Board of Directors to the General Meeting of Shareholders on 19 April 2024

## Comparison of LLB share Indexed from 1 January 2022



# Key figures

## Consolidated income statement

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

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

## Consolidated balance sheet and capital management

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

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

## Additional information

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

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

# Consolidated management report

## Income statement

In the 2023 business year, the LLB Group earned a net profit of CHF 164.7 million, a Group business result that was 10.2 per cent higher than in the previous year (2022: CHF 149.4 million). Undiluted earnings per share stood at CHF 5.37 (2022: CHF 4.82).

Operating income in 2023 rose by 7.7 per cent to CHF 541.8 million (2022: CHF 503.2 million).

Net interest income before expected credit losses rose by 8.0 per cent or CHF 12.1 million year-on-year to CHF 164.4 million (2022: CHF 152.2 million). Interest income increased by 89.6 per cent to CHF 458.4 million (2022: CHF 241.8 million). In addition to the generally higher interest rate level, the LLB Group benefited from its risk-conscious growth. It also generated additional income in balance sheet management. The rise in interest rates is also reflected in higher interest on investments with central banks. Thanks to the rise in interest rates, the LLB Group can once again offer its clients attractive investment opportunities in fixed-term deposits and savings deposits, which is reflected in the interest expense of CHF 294.0 million (2022: CHF 89.5 million).

Risk provisions for expected credit loss in the 2023 business year amounted to net CHF 0.2 million (2022: CHF 2.7 million net allocation).

In comparison with the previous year, net fee and commission income fell by CHF 10.9 million to CHF 200.0 million (2022: CHF 210.9 million). The effects of the interest rate turnaround are also noticeable here. In the previous year, exceptionally high income was generated in the property business in Austria. Interest-bearing investments have become more attractive again due to the rise in interest rates. This has led to a noticeable reduction in trading activity on the part of customers, resulting in lower brokerage income.

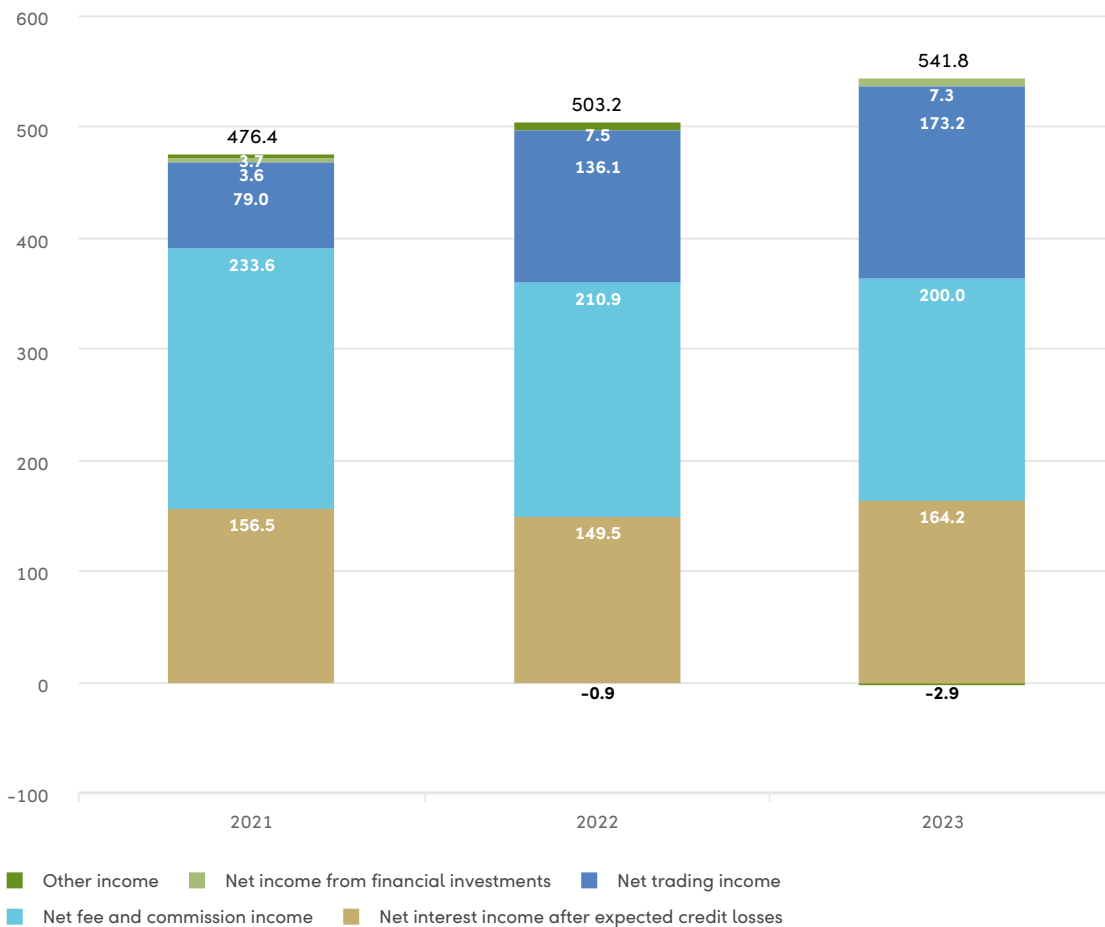
Portfolio-related fees remained stable at CHF 143.1 million (2022: CHF 143.9 million) despite the positive development of performance related fees. The average custody account volume was lower overall than in the previous year. The volume only recovered towards the end of the year.

Net trading income rose by 27.2 per cent to CHF 173.2 million in the 2023 (2022: CHF 136.1 million). Foreign exchange business made the largest contribution to this success, which at CHF 171.7 million was CHF 42.3 million above the figure in the previous year (2022: CHF 129.3 million). The LLB Group benefitted here from the expansion of the interest differential between foreign currencies and the Swiss franc. Thanks to the active management of excess client funds in foreign currencies – predominantly in euros and US dollars – income from trading business was higher.

Income from financial investments stood at CHF 7.3 million (2022: minus CHF 0.9 million). Developments on the financial markets led to a book gain, measured on the reporting date, of CHF 0.7 million (2022: minus CHF 7.2 million). Earnings from dividends grew by CHF 0.3 million to CHF 6.5 million (2022: CHF 6.3 million).

Other income fell by CHF 10.4 million to minus CHF 2.9 million in comparison with the previous year (2022: CHF 7.5 million). The higher result in the previous year was mainly attributable to the sale of a claim. In 2023, income decreased due to market-related valuation adjustments on properties.

### Operating income (in CHF millions)



At CHF 348.4 million, operating expenses in 2023 were 6.1 per cent higher than in the previous year (2022: CHF 328.2 million). The increase in both personnel and general expenses was in line with expectations and reflects the investments made in the implementation of the ACT-26 strategy.

Personnel expenses rose by 6.8 per cent or CHF 13.3 million to CHF 209.5 million (2022: CHF 196.1 million). In accordance with its strategy, the LLB Group created around one hundred new jobs, particularly in the digital transformation business area and in the two market divisions. Personnel expenses also increased due to inflation related wage adjustments.

At CHF 99.9 million, general and administrative expenses were 4.1 per cent higher than in the previous year (2022: CHF 96.0 million). This development is due to investments made as part of the new strategy, particularly in IT and marketing.

In addition to operating expenses, investments in digitalisation are also reflected in depreciation and amortisation. Depreciation and amortisation also increased due to one-off write-downs in connection with the Swiss location strategy. Overall, this results in an increase of CHF 2.9 million to CHF 39.0 million (2022: CHF 36.1 million).

The Cost Income Ratio remained stable at 64.3 per cent (2022: 64.0 %).

## Balance sheet

In comparison with 31 December 2022, the consolidated balance sheet total expanded mainly due to the increase in customer loans by 1.9 per cent and stood at CHF 25.7 billion on 31 December 2023 (31.12.2022: CHF 25.2 billion).

Equity capital amounted to CHF 2.1 billion on 31 December 2023 (31.12.2022: CHF 2.0 billion). The Tier 1 ratio stood at 19.8 per cent (31.12.2022: 19.7 %). The return on equity amounted to 7.9 per cent (2022: 7.2 %).

## Business volume

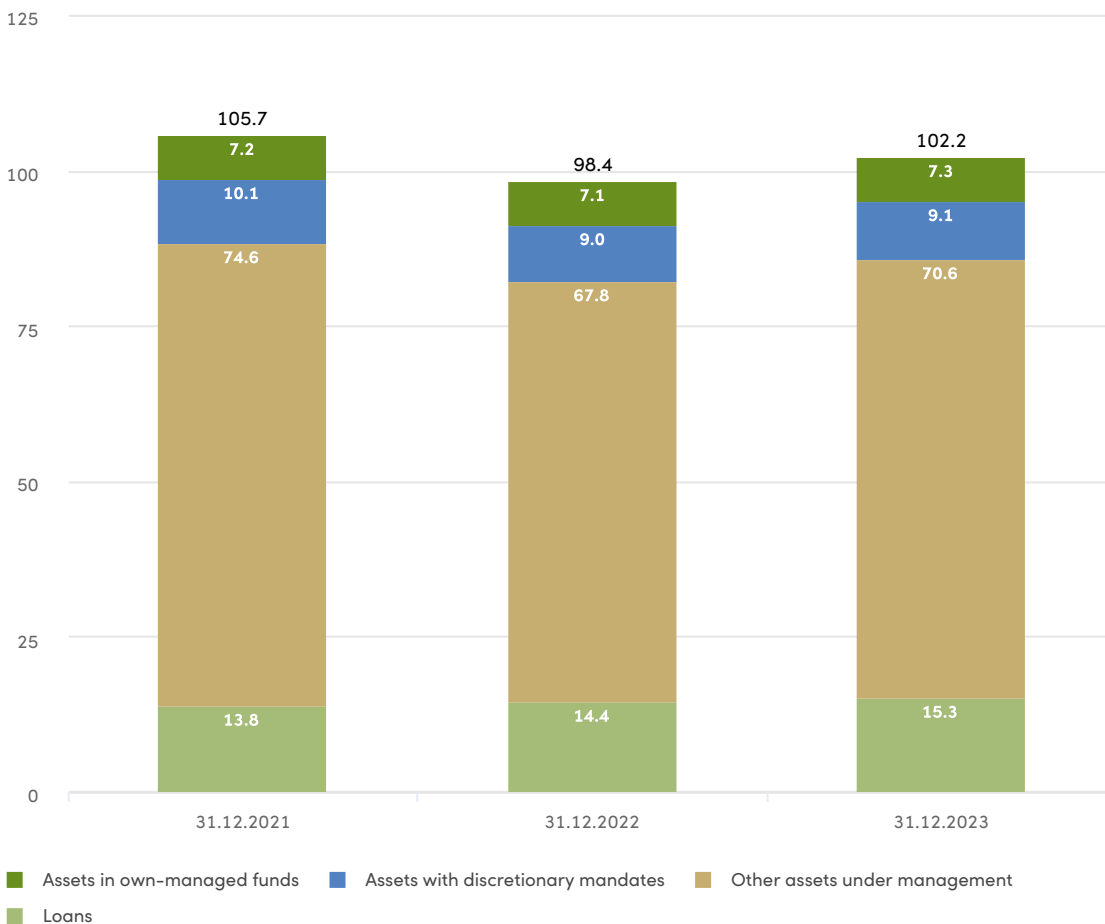
Compared to 31 December 2022, the business volume increased by 3.9 per cent or CHF 3.9 billion to CHF 102.2 billion (31.12.2022: CHF 98.4 billion) and therefore again exceeded the 100 billion mark.

Loans to customers climbed by 5.9 per cent to CHF 15.3 billion compared with the previous year (31.12.2022: CHF 14.4 billion), whereby mortgage loans grew by 7.2 per cent to CHF 13.8 billion (31.12.2022: CHF 12.9 billion). Further gratifying growth was achieved especially with residential investment properties in Switzerland.

In the 2023 business year, the LLB Group registered a net new money inflow of CHF 1'381 million (2022: CHF 3'609 million). Robust inflows were recorded especially in the Retail and Corporate Clients Division and with the digital willBe product offer. By contrast, outflows were recorded in the cyclical fund business.

On account of the positive market performance and new money inflows, client assets under management climbed by 3.6 per cent to CHF 86.9 billion (31.12.2022: CHF 83.9 billion).

### Business volume (in CHF billion)





## Outlook

Uncertainty will continue to be a part of normality in the coming years. Nevertheless, the LLB Group remains optimistic because rapidly adapting to changing basic conditions is one of its great strengths. In 2024, the LLB Group will continue to pursue its ambitious growth and earnings objectives, as well as its strategic priorities. Accordingly, it expects to achieve a solid result for the 2024 business year.

# Consolidated income statement

in CHF thousands	Note	2023	2022	+ / - %
Interest Income	1	458'383	241'771	89.6
Interest expenses	1	- 293'991	- 89'524	228.4
<b>Net interest income</b>	<b>1</b>	<b>164'393</b>	<b>152'247</b>	<b>8.0</b>
Expected credit losses		- 199	- 2'718	- 92.7
<b>Net interest income after expected credit losses</b>		<b>164'193</b>	<b>149'529</b>	<b>9.8</b>
Fee and commission income	2	327'242	343'889	- 4.8
Fee and commission expenses	2	- 127'197	- 132'942	- 4.3
<b>Net fee and commission income</b>	<b>2</b>	<b>200'045</b>	<b>210'947</b>	<b>- 5.2</b>
Net trading income	3	173'171	136'149	27.2
Net income from financial investments	4	7'262	- 933	
Other income	5	- 2'904	7'499	
<b>Total operating income</b>		<b>541'768</b>	<b>503'191</b>	<b>7.7</b>
Personnel expenses	6	- 209'463	- 196'148	6.8
General and administrative expenses	7	- 99'936	- 96'017	4.1
Depreciation	8	- 39'006	- 36'066	8.2
<b>Total operating expenses</b>		<b>- 348'405</b>	<b>- 328'231</b>	<b>6.1</b>
<b>Operating profit before tax</b>		<b>193'363</b>	<b>174'961</b>	<b>10.5</b>
Tax expenses	9	- 28'630	- 25'511	12.2
<b>Net profit</b>		<b>164'733</b>	<b>149'450</b>	<b>10.2</b>
Of which attributable to:				
Shareholders of LLB		164'570	147'543	11.5
Non-controlling interests	32	163	1'906	- 91.5
<b>Earnings per share attributable to the shareholders of LLB</b>				
Basic earnings per share (in CHF)	10	5.37	4.82	11.4
Diluted earnings per share (in CHF)	10	5.34	4.80	11.4

# Consolidated statement of comprehensive income

in CHF thousands	Note	2023	2022	+ / - %
Net profit		164'733	149'450	10.2
<b>Other comprehensive income (after tax), which can be reclassified to the income statement</b>				
Foreign currency translation	31/32	- 20'483	- 16'392	25.0
Changes in value of debt instruments, recognised at fair value through other comprehensive income		68'389	- 165'540	
Reclassified (profit) / loss with debt instruments, recognised at fair value through other comprehensive income	4	157	227	- 31.0
Tax effects	24	- 9'689	22'414	
<b>Total</b>		<b>38'374</b>	<b>- 159'291</b>	
<b>Other comprehensive income (after tax), which cannot be reclassified to the income statement</b>				
Actuarial gains / (losses) of pension plans		- 27'127	24'554	
Changes in value of equity instruments, recognised at fair value through other comprehensive income		6'586	- 38'286	
Tax effects	24	3'150	- 2'856	
<b>Total</b>		<b>- 17'390</b>	<b>- 16'587</b>	<b>4.8</b>
<b>Total other comprehensive income (after tax)</b>		<b>20'984</b>	<b>- 175'878</b>	
<b>Comprehensive income for the period</b>		<b>185'717</b>	<b>- 26'429</b>	
Of which attributable to:				
Shareholders of LLB		185'614	- 27'064	
Non-controlling interests		103	635	- 83.7

# Consolidated balance sheet

in CHF thousands	Note	31.12.2023	31.12.2022	+ / - %
<b>Assets</b>				
Cash and balances with central banks	11	6'389'870	6'264'269	2.0
Due from banks	12	317'014	395'499	- 19.8
Loans	13	15'286'758	14'435'257	5.9
Derivative financial instruments	14	286'374	342'355	- 16.4
Financial investments	15	2'786'987	3'187'458	- 12.6
Property and equipment	16	134'016	133'667	0.3
Goodwill and other intangible assets	17	259'684	269'762	- 3.7
Current tax assets		7	13	- 44.5
Deferred tax assets	24	7'450	10'620	- 29.8
Accrued income and prepaid expenses		105'995	101'026	4.9
Other assets	18	117'417	75'939	54.6
<b>Total assets</b>		<b>25'691'573</b>	<b>25'215'865</b>	<b>1.9</b>
<b>Liabilities</b>				
Due to banks	20	950'541	1'667'253	- 43.0
Due to customers	21	19'368'333	18'799'748	3.0
Derivative financial instruments	14	337'165	288'679	16.8
Debt issued	22	2'581'977	2'187'532	18.0
Current tax liabilities		37'266	17'746	110.0
Deferred tax liabilities	24	20'948	20'615	1.6
Accrued expenses and deferred income		76'332	81'567	- 6.4
Provisions	25	15'445	13'785	12.0
Other liabilities	26	172'913	115'212	50.1
<b>Total liabilities</b>		<b>23'560'921</b>	<b>23'192'137</b>	<b>1.6</b>
<b>Equity</b>				
Share capital	27	154'000	154'000	0.0
Share premium	28	- 15'066	- 14'923	1.0
Treasury shares	29	- 13'356	- 11'640	14.7
Retained earnings	30	2'140'361	2'056'623	4.1
Other reserves	31	- 136'250	- 161'534	- 15.7
<b>Total equity attributable to shareholders of LLB</b>		<b>2'129'690</b>	<b>2'022'525</b>	<b>5.3</b>
Non-controlling interests	32	962	1'203	- 20.0
<b>Total equity</b>		<b>2'130'652</b>	<b>2'023'728</b>	<b>5.3</b>
<b>Total liabilities and equity</b>		<b>25'691'573</b>	<b>25'215'865</b>	<b>1.9</b>

# Consolidated statement of changes in equity

in CHF thousands	Note	Attributable to shareholders of LLB					Total	Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Retained earnings	Other reserves <sup>5</sup>			
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 <sup>1</sup>	30/31				- 141	141	0		0
Net movements in treasury shares <sup>2</sup>	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 <sup>3</sup>	29/30/32			20'450	20'130		40'580	- 141'768	- 101'188
<b>As at 31 December 2022</b>		<b>154'000</b>	<b>- 14'923</b>	<b>- 11'640</b>	<b>2'056'623</b>	<b>- 161'534</b>	<b>2'022'525</b>	<b>1'203</b>	<b>2'023'728</b>
As at 1 January 2023		154'000	- 14'923	- 11'640	2'056'623	- 161'534	2'022'525	1'203	2'023'728
Comprehensive income for the period					164'570	21'043	185'614	103	185'717
Net profit					164'570		164'570	163	164'733
Other comprehensive income						21'043	21'043	- 60	20'984
Reclassification not affecting the income statement <sup>1</sup>	30/31				- 4'241	4'241	0		0
Net movements in treasury shares <sup>2/4</sup>	28/29		- 143	- 1'715			- 1'858		- 1'858
Dividend 2022, paid 2023	30/32				- 76'654		- 76'654	- 280	- 76'934
Increase / (Reduction) in non-controlling interests	29/30/32				63		63	- 63	0
<b>As at 31 December 2023</b>		<b>154'000</b>	<b>- 15'066</b>	<b>- 13'356</b>	<b>2'140'361</b>	<b>- 136'250</b>	<b>2'129'690</b>	<b>962</b>	<b>2'130'652</b>

1 The reclassification reflects the transfer of the loss from the sale of financial investments in equity instruments, which was recognised at fair value in other comprehensive income (see also note 15).

2 Contains change of reserves for security entitlements

3 The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders. A proportion of the purchase price was serviced with treasury shares. For further information see the annual report 2022.

4 Contains changes due to the share repurchase programme (see note 29)

5 The reconciliation of currency translation differences amounted to minus CHF thousands 69'875 at 31 December 2023 (31 December 2022: minus CHF thousands 49'455). The difference reflects the change within the business year, which is reported in the statement of comprehensive income.

# Consolidated statement of cash flows

in CHF thousands	Note	2023	2022
<b>Cash flow from / (used in) operating activities</b>			
Interest received		436'572	235'920
Dividends received from financial investments	4	6'535	6'259
Interest paid		- 272'659	- 78'515
Fees and commission received		328'852	310'040
Fees and commission paid		- 131'764	- 116'182
Trading income		172'117	129'634
Other income		1'856	7'156
Payments for personnel, general and administrative expenses		- 313'804	- 282'000
Income tax paid	9	- 10'999	- 26'530
Rent paid for short-term and low-value leases		- 463	- 301
Cash flow from operating activities, before changes in operating assets and liabilities		216'243	185'482
Net due from / to banks		- 615'687	- 261'979
Loans / due to customers		- 82'073	73'707
Other assets		- 36'213	- 21'558
Other liabilities		33'797	- 8'846
Changes in operating assets and liabilities		- 700'176	- 218'675
<b>Net cash flow from / (used in) operating activities</b>		<b>- 483'933</b>	<b>- 33'193</b>
<b>Cash flow from / (used in) investing activities</b>			
Purchase of property and equipment	16	- 18'829	- 11'761
Disposal of property and equipment		0	1'070
Purchase of other intangible assets	17	- 15'193	- 24'652
Purchase of financial investments		- 933'000	- 840'069
Disposal of financial investments		895'430	414'543
Purchase of non-current assets held for sale		- 10'528	- 1'020
Sale of non-current assets held for sale		1'509	850
<b>Net cash flow from / (used in) investing activities</b>		<b>- 80'611</b>	<b>- 461'038</b>
<b>Cash flow from / (used in) financing activities</b>			
Purchase of treasury shares <sup>1</sup>	29	- 4'463	- 20'450
Dividends paid	30	- 76'654	- 70'426
Dividends paid to non-controlling interests	32	- 280	- 369
Reduction in non-controlling interests <sup>1</sup>	29/30/32	- 0	- 101'188
Repayment of lease liabilities	23	- 5'644	- 5'287
Issuance of debt	23	354'942	416'134
Repayment of debt	23	- 123'098	- 172'628
	23	150'000	0
<b>Net cash flow from / (used in) financing activities</b>		<b>294'802</b>	<b>45'787</b>
Effects of foreign currency translation on cash and cash equivalents		- 102'789	- 78'823
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>- 372'530</b>	<b>- 527'268</b>
Cash and cash equivalents at beginning of the period		7'079'416	7'606'684
<b>Cash and cash equivalents at end of the period</b>		<b>6'706'886</b>	<b>7'079'416</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and balances with central banks	11	6'389'870	6'264'269
Due from banks (due daily)	12	317'014	295'210
Claims from money market instruments with an original maturity of no more than three months		0	519'935
<b>Total cash and cash equivalents</b>		<b>6'706'886</b>	<b>7'079'416</b>

<sup>1</sup> The purchase of non-controlling interests of Bank Linth was largely carried out by means of a public purchase offer to Bank Linth shareholders in the business year 2022. A proportion of the purchase price was serviced with treasury shares.

# Accounting principles

## 1 Principles of accounting

### 1.1 Basic information

The LLB Group offers a broad spectrum of financial services. Of particular importance are asset management and investment advisory for private and institutional clients, as well as retail and corporate client businesses.

The Liechtensteinische Landesbank Aktiengesellschaft, founded in and with its registered office located in Vaduz, Principality of Liechtenstein, is the parent company of the LLB Group. It is listed on the SIX Swiss Exchange.

The Board of Directors reviewed this consolidated annual statement at its meeting on 23 February 2024 and approved it for publication.

### 1.2 Events during the business year

On 28 August 2023, LLB started a public share repurchase programme that will continue until 27 August 2026 at the latest. The repurchase of up to 400'000 own registered shares corresponds to 1.3 per cent of the share capital and will be carried out via the ordinary trading line of the SIX Swiss Exchange. No shares are to be destroyed. For further information, please visit the website <https://llb.li/en/llb/investors/llb-share/shares-repurchase>.

### 1.3 Events after the balance sheet date

LLB strengthens its presence in Germany with the opening of its branch offices in Munich, Düsseldorf and Frankfurt from 1 January 2024.

On 30 January 2024, the Liechtenstein Government adapted its participation strategy for its holding in Liechtensteinische Landesbank AG. This defines the role of the Principality of Liechtenstein as majority shareholder of LLB. Even in the revised version, the Government emphasises that it shall safeguard the shareholder interests of the State within the scope of the competences of the General Meeting of Shareholders under stock corporation law, and in doing so, that it recognises the concept of entrepreneurial autonomy, as well as the rights and obligations arising from the stock market listing. At the same time, the participation strategy defines the majority shareholder's expectations of LLB and offers minority interests planning security. Further information can be found at [www.llb.li/beteiligungsstrategie](http://www.llb.li/beteiligungsstrategie)

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

## 2 Summary of material accounting policies

This chapter contains the material accounting and valuation methods employed in the preparation of this consolidated financial statement. The described methods have been consistently employed for the reporting periods shown, provided no statement to the contrary is specified.

### 2.1 Basis for financial accounting

#### 2.1.1 General points

Except for the revaluation of certain financial assets and liabilities, as well as of investment property, the consolidated financial statement was prepared on the basis of the historical acquisition or production cost in conformance with the International Financial Reporting Standards employed in the European Union (EU-IFRS). In addition, it meets the requirements stipulated in Article 17a of the Person and Company Law Ordinance of the Principality of Liechtenstein.

On account of detailed definitions in its presentation, the consolidated financial statement of the comparison period may contain reclassifications. These reclassifications are reported, if they are regarded as material.

## 2.1.2 New IFRS, amendments and interpretations

### 2.1.2.1 Changes to accounting policies effective since 1 January 2023

The following new or amended EU-IFRS or interpretations are relevant and were applied by the LLB Group for the first time from 1 January 2023:

- ♦ Amendments to IAS 1 “Material Accounting Policies” – Clarification that in future entities disclose their material accounting policy information and not their significant accounting policies
- ♦ IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – The amendments introduced the definition of accounting estimates to distinguish changes in accounting estimates from changes in accounting policies
- ♦ IAS 12 “Income Taxes” – The amendment clarifies that deferred taxes are to be allocated for single transactions on initial recognition if equal amounts of deductible and taxable temporary differences arise from the single transaction

These amendments will have no material influence on the financial statement of the LLB Group.

The amendments to IAS 12 “Income Taxes” in relation to the global minimum taxation of multinational groups with gross revenue of at least EUR 750 million include the temporary exemption from recognising deferred taxes and additional disclosure requirements. The LLB Group is expected to be affected by the Pillar 2 international tax reform from 2025. Initial analyses of the type and extent to which the LLB Group will be affected will begin in the 2024 business year.

### 2.1.2.2 Applicable for financial years beginning on 1 January 2024

Currently, there are no new or amended EU-IFRS or interpretations which are of relevance for the LLB Group.

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

Management is required to make estimates and assumptions in preparing the financial statement in conformity with IFRS. These can contain significant uncertainties. These assumptions can affect individual items in income, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities. The estimates and assumptions are based on the best information available at the time and are continually adjusted to take into consideration the latest facts and circumstances. Actual results in the future could differ substantially from such estimates and assumptions.

Significant estimates and assumptions are found principally in the following areas of the consolidated financial statement, and are dealt with partly in the explanations concerning the valuation of balance sheet positions and / or partly in the corresponding notes to the consolidated income statement in [Expected credit losses](#), [Goodwill](#), [Provisions](#), [Fair value measurement](#), as well as [Pension plans and other long-term benefits](#).

## 2.2 Consolidation policies

The presentation of the consolidated financial statement adopts a business perspective. The consolidation period corresponds to the calendar year.

### 2.2.1 Subsidiaries

LLB Group companies, in which Liechtensteinische Landesbank AG holds, directly or indirectly, the majority of the voting rights or otherwise exercises control, are fully consolidated. The chapter [Scope of consolidation](#) contains an overview of the companies, which the consolidated statement encompasses.

The capital consolidation is carried out according to the purchase method.

### 2.2.2 Participation in associated companies

Associated companies are recognised according to the equity method.



### 2.2.3 Investment in joint venture

Joint ventures, i.e. companies in which LLB has a 50 per cent participation, are recognised according to the equity method.

### 2.2.4 Changes to the scope of consolidation

Changes in the scope of consolidation are disclosed in the note [Scope of consolidation](#). The changes described there had no material impact.

## 2.3 General principles

### 2.3.1 Recording of business

Sales and purchases from trading assets, derivative financial instruments and financial investments are booked on the transaction date. Loans, including those to clients, are recorded in that period of time in which the funds flow to the borrower.

### 2.3.2 Inland versus abroad

"Inland" encompasses the Principality of Liechtenstein and Switzerland.

## 2.4 Foreign currency translation

### 2.4.1 Functional currency and reporting currency

The items contained in the financial accounts of each Group company are valued in the currency which is used in the primary business environment in which the company operates (functional currency).

The reporting currency of the LLB Group is the Swiss franc.

### 2.4.2 Group financial statement

Items of Group companies which report their financial accounts in a functional currency other than the Group's reporting currency are translated as follows: all assets and liabilities are converted at the relevant exchange rate valid on the balance sheet date. All individual items in the income statement and statement of cash flows are converted at the average exchange rate for the accounting period. All resulting exchange differences are booked individually to equity and other comprehensive income, respectively.

### 2.4.3 Separate financial statements

Foreign currency transactions are translated on the day of the transaction at spot rates into the functional currency. Foreign currency differences with financial assets and financial liabilities occur if the exchange rate prevailing on the reporting date differs from the spot rate on the transaction date. In the case of monetary items, the resulting foreign currency differences are recognised in the income statement in the position foreign exchange trading under net trading income. The same applies to non-monetary items, which are recognised at fair value. In the case of non-monetary items, whose fair value changes are recognised directly in equity and in other comprehensive income without affecting net income, respectively, the foreign currency difference is a part of the change in fair value. If material, the foreign currency difference is reported. The following exchange rates were employed for foreign currency conversion:

Closing Rate	31.12.2023	31.12.2022
1 USD	0.8380	0.9232
1 EUR	0.9260	0.9847

Average rate	2023	2022
1 USD	0.8996	0.9517
1 EUR	0.9727	1.0041

## 2.5 Cash and cash equivalents

Cash and cash equivalents include the items listed in the consolidated statement of cash flows. These largely consist of cash (see [note 11](#)), loans from banks, due daily (see [note 12](#)), as well as other cash equivalents reported in the [consolidated statement of cash flows](#).

## 2.6 Measurement of balance sheet positions

Depending on the basis on which they are measured, balance sheet positions can be assigned to two groups: IFRS 9 relevant and IFRS 9 non-relevant. The major portion of the LLB Group's balance sheet total is composed of balance sheet items that are measured according to IFRS 9.

### 2.6.1 Balance sheet positions measured according to IFRS 9 and portfolio hedge accounting according to IAS 39

#### 2.6.1.1 Classification and measurement of financial assets

The following table provides an overview of the individual measurement methods and the assets associated with them at the LLB Group:

	Valuation method		
	Amortised cost	At fair value through other comprehensive income	At fair value through profit and loss
Assets	Cash and balances with central banks Due from banks Loans Financial investments - Debt instruments	Financial investments - Debt instruments - Equity instruments	Financial investments - Debt instruments - Equity instruments Derivative financial instruments Precious metal receivables
Conditions	"Hold" business model SPPI ability	Debt instruments - "Hold to Collect and Sell" business model - SPPI ability  Equity instruments - Designation - Not held for trading purposes - No contingent consideration resulting from business combinations	"Others" business model The conditions of other valuation methods were not fulfilled

#### Employment within the LLB Group

Only in the case of financial investments does the management of the LLB Group determine the strategy and the respective business model for all Group companies. The business models "Hold", "Hold and Sell" and "Others" are employed. The allocation to the individual business model depends on the the category to which the financial investment belongs and whether it should be held until final maturity. The LLB Group divides financial investments into two categories: "Asset & Liability Management" and "Strategic Participations".

Debt instruments in the "Asset & Liability Management" category are assigned to the "Hold" and "Hold and Sell" business models. Debt instruments in the business model "Hold" primarily collect income from interest payments. They are only disposed of if the risk of default rises significantly, if sustainability criteria are no longer fulfilled, or if scenarios occur, which, after a reasonable assessment, were not expected. Debt instruments in the business model "Hold and Sell" serve primarily to manage liquidity and therefore to control the liquidity ratio (LR), the liquidity coverage ratio (LCR) and the Tier 1 ratio. In the case of investments in new issues, the internal assessment of the SPPI criteria is compared downstream with the external assessment from Bloomberg. Where assumptions diverge and there is no conformity with SPPI criteria according to Bloomberg, management is informed accordingly. It then decides about the further treatment of the debt instruments. An external assessment is utilised in the case of instruments which are traded on a market. Old holdings, i.e. debt instruments that under IAS 39 "Financial Instruments: Recognition and Measurement" were recognised at fair value through profit and loss will continue to be measured according to this method until their disposal. These serve primarily as economic hedging instruments and therefore do not fulfil the criteria of the business models "Hold" or "Hold and Sell". They are assigned to the business model "Others".

Financial investments of the strategic participations category encompass equity instruments and investment fund units. They do not fulfil the SPPI criteria and are therefore recognised at fair value

through profit and loss. In the case of some equity instruments that comply with the definition of equity capital securities, they are designated irrevocably for measurement at fair value in other comprehensive income. Consequently, if the instruments are sold, the unrealised gains accrued in other comprehensive income cannot be recycled. Further information is provided in [note 15](#).

The decision regarding the allocation to a business model or the appropriate designation is made at the product level.

#### Financial assets measured at amortised cost

- ◆ Cash and balances with central banks  
These are measured at nominal value.
- ◆ Due from banks, loans and debt instruments  
These claims are measured at amortised cost using the effective interest method and taking into consideration an expected credit loss (ECL). The value stated in the balance sheet therefore corresponds to a net carrying amount because the expected credit loss is recognised in the balance sheet as a reduction of the carrying amount of a receivable. For off-balance sheet items, such as a commitment, however, a provision for credit loss is reported. The off-balance sheet total is not reduced. The impairments are recognised in the income statement and reported under line item "Expected credit losses". Detailed information about expected credit loss and its calculation is provided in point [2.6.1.3 Impairments](#). Further information can be found in the comments on risk management in risk management chapter [3 Credit risk](#). Interest is recognised on an accrual basis and reported in Net interest income. In general, the LLB Group grants loans only on a collateralised basis, or only to counterparties having very high credit worthiness.

#### Financial assets recognised at fair value through other comprehensive income

- ◆ Debt instruments  
The debt instruments (corporate bonds) are measured in a two-step process. In a first step, these are measured at amortised cost using the effective interest method. Subsequently, this value is adjusted to fair value. [Note 33](#) provides information on the determination of fair value. Debt instruments are exposed to credit risk. To account for this, an expected credit loss is calculated. Unlike for assets measured at amortized cost, this is equity-neutral. Detailed information on expected credit losses and their calculation is disclosed in point [2.6.1.3 Impairments](#). Further information can be found in the comments on risk management in chapter [3 Credit risk](#). Interest or negative interest is recognised on an accrual basis and reported in [net interest income](#). The basis of calculation is the value calculated using the effective interest method before adjustment to fair value. If the debt instrument matures or is sold before maturity, the unrealised gains or losses accumulated in other comprehensive income are recycled through the income statement and recognised in [net income from financial investments](#).
- ◆ Equity instruments  
Equity instruments are measured at fair value. Value changes and the corresponding gains / losses are recognised in other comprehensive income. [Note 33](#) contains information about the calculation of fair value. In the case of the disposal of the equity instruments, the unrealised gains reported in the consolidated statement of comprehensive income are not reclassified in the income statement. These are reclassified in retained earnings without affecting the income statement. Dividend earnings are recognised in the income statement under [net income from financial investments](#).

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

- ◆ Receivables from precious metals  
These are measured at market value through profit and loss and reported in [net trading income](#). [Note 33](#) provides information about the calculation of fair value.
- ◆ Derivative financial instruments  
Derivative financial instruments are recognised as positive or negative replacement values in the balance sheet. The replacement value corresponds to the fair value. [Note 33](#) contains information about its calculation. Derivative financial instruments are held within the LLB Group for hedging and trading purposes. If the derivative financial instruments held for hedging purposes do not fulfil

the strict IFRS hedge accounting criteria, changes in fair value are recognised, as with derivative financial instruments held for trading purposes, in [net trading income](#). For further information regarding hedge accounting, see the following section “Hedging transactions” and [note 14](#).

◆ Hedge accounting

Within the scope of risk management at the LLB Group, derivative financial instruments are employed principally to manage interest rate risk and only with counterparties having very high credit worthiness within predetermined limits. The management of interest rate risks is based on the requirements of the limits system. If these transactions fulfil the IFRS-specific hedge accounting criteria, and if these were employed as hedging instruments from a risk management perspective, they can be shown according to hedge accounting guidelines. If these transactions do not fulfil the IFRS-specific hedge accounting criteria, they are not presented according to hedge accounting guidelines, even if from an economic point of view they represent hedging transactions and are consistent with the risk management principles of the LLB Group. The LLB Group employs portfolio fair value hedge accounting (PFVH) for fixed-interest rate interest instruments. In this case, the interest rate risks of the underlying transaction (e.g. a fixed-rate mortgage) are hedged by means of hedging instruments (e.g. an interest rate swap). The PFVH portfolios consist of a sub portfolio of hedging transactions, which is compared with a sub portfolio of underlying transactions. The interest rate risk profile of the sub portfolios is determined using an optimisation algorithm in order to achieve an optimum hedge allocation. The portfolios are designated over a hedge period of one month and are measured both retrospectively and prospectively. The effect on the income statement of the change in fair value of the hedging instrument is recognised under the same position in the income statement as the respective effect of the change in fair value of the hedged basic transaction. In the case of the hedging of interest rate risks at the portfolio level, the fair value change in the hedged item is recognised in the same balance sheet position as the underlying item. If fair value hedge accounting is employed for reasons other than the derecognition of the hedged transaction, the amount, which is reported in the same balance sheet position as the underlying transaction, is amortised over the residual term of the underlying transaction in the income statement.

◆ Financial investments

Within the LLB Group, the portfolio of financial investments encompasses debt instruments and equity instruments. Debt instruments include both corporate bonds and investment fund units. The fund units represent callable instruments, which do not meet the criteria for equity instruments. [Note 33](#) provides information about the calculation of fair value. Non-realised gains or losses are reported in [net income from financial investments](#). Interest is recognised on an accrual basis and reported in [net interest income](#). Dividends are reported directly in [net income from financial investments](#).

### 2.6.1.2 Classification and measurement of financial liabilities

Basically, the LLB Group’s financial liabilities are classified at amortised cost. Exceptions are derivative financial instruments and liabilities from precious metals, which are classified at fair value through profit and loss.

The following table provides an overview of the individual measurement methods and the financial liabilities with which they are employed at the LLB Group.

	Valuation method	
	Amortised cost	At fair value through profit and loss
Liabilities	Due to banks Due to customers Commitments for leases Debt issued	Derivative financial instruments Precious metal liabilities

#### Financial liabilities measured at amortised cost

Interest is recognised on an accrual basis and reported in [net interest income](#). Effects, which arise as a result of the early disposal of the financial liability are recognised in the income statement.

### Financial liabilities at fair value through profit and loss

Note 33 contains information about the calculation of fair value. The changes in fair value are recognised in [net trading income](#); with the exception of derivatives, which are related to hedge accounting. For information regarding hedge accounting see the chapter “Hedging transactions” and [note 14](#).

#### 2.6.1.3 Impairments

In line with IFRS 9, the LLB Group has developed and implemented an impairment model in order to quantify expected credit losses.

#### Governance in relation to input factors, assumptions and estimation procedures

The impairment model for the determination of the expected credit loss requires a range of input factors, assumptions and estimation procedures that are specific to the individual institute. This, in turn, necessitates the establishment of a governance process. The regular review, stipulation and approval of input factors, assumptions and estimation procedures is the responsibility of Group Management and is carried out on an ad hoc basis, but at least once a year. In addition, internal control systems at the LLB Group ensure the correct quantification of the expected loss as well as the conformance with IFRS.

#### Segmentation of the credit portfolio

The LLB Group segments its credit portfolio according to two criteria: by type of credit and by customer segment. The following types of credit are considered for the modelling of probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- ◆ Mortgage loans
- ◆ Lombard loans
- ◆ Unsecured loans
- ◆ Financial guarantees
- ◆ Credit cards
- ◆ Bank deposits, secured
- ◆ Bank deposits, unsecured
- ◆ Financial investments
- ◆ SIC (Swiss National Bank)

In the case of the first five listed types of credit, a further differentiation is made between the customer segments private clients, corporate clients and public sector debtors. There are therefore 19 segments, which differ from each other in the modelling of the calculation parameters, to enable the LLB Group’s credit portfolio to be segregated into risk groups that are as homogenous as possible.

#### Modelling principles and calculation parameters of expected credit loss

The calculation of the expected credit loss is based on the components probability of default, exposure at default and loss given default, whereby specific scenarios are used to determine these criteria. The most important differences in the modelling of the calculation parameters are shown in the following.

- ◆ Probability of default: The probability of default is determined differently depending on the segment. In the case of corporate clients, the ratings are based on an external scoring model where the financial statements of the corporate clients serve as a basis for the calculation of the respective ratings and probability of default. With bank and financial deposits, the ratings and probability of default are obtained from external sources (Moody’s). Basically, the probability of default is calculated at the position level. One exception is the private client segment, where a global probability of default is applied for the entire private client segment. A differentiation is made only between the above-mentioned credit segments in determining the portfolio probability of default. The probabilities of default are based on internal historical default rates. A common factor with all ratings is that the probability of default in all cases is determined on a through-the-cycle basis, which is adjusted within the scope of macro-scenarios to take into consideration the expected economic conditions (point in time). For this purpose, in the case of private and corporate

clients, the LLB Group estimates the development of interest rates as well as gross domestic product and models the impact of the expected economic development on the probability of default. In the case of bank and financial investments having ratings from Moody's, this agency's outlook of their future development is considered in the calculation.

- ◆ Exposure at default: Exposure at default is determined on the basis of the average amortised cost in the individual monthly period. The development of amortised cost is calculated on the basis of the initial credit exposure compounded with the effective interest, plus or minus additional inflows or outflows of resources such as amortisation payments. The average amortised cost of the individual period is extrapolated from the development resulting from integration and division by the length of the periods. The duration of the credits is in accordance with the conditions specified in the credit agreement. In the case of credits having an unspecified duration, a model is used as basis for the calculation. The period of notice is used as a basis. Cash inflows (loan repayments) are defined on the basis of the planned amortisation payments. Cash outflows (loan increases) are dependent on the type of loan and the agreed-but-not-yet-utilised credit limit. Internal experts estimate a credit conversion factor, which is approved by the Board of Management, and is then employed to define the expected credit utilisation.
- ◆ Loss given default: Basically, there are three approaches for determining the loss given default: internal loss given default models (loans with real estate collateral), estimates made by internal experts (Lombard loans) and external studies from Moody's (bank and financial deposits). In the case of loss given default models, the LGD of loans secured by mortgages is calculated on the basis of workout procedures at the position level, taking into consideration the collateral provided. In this case, all the expected future cash flows are estimated and discounted. In addition, the value of the collateral provided is modelled on the basis of the expected development of real estate prices given various scenarios.

The expected credit loss is calculated as the sum of probability of default, exposure at default and loss given default.

#### **Credit quality level, monitoring of significant increase in credit risk (SICR) and cure period**

Loans are allocated to a credit quality level. In addition to historical analysis, forward-looking factors are taken into consideration.

Historical analysis at the LLB Group considers, for example, whether the credit risk with a position has significantly increased since the beginning of the contractual term, or whether there are already payment arrears. In the event of an increase of one percentage point in the default probability, the LLB Group assumes there will be a significant increase in the credit risk. Payments more than 30 days past due are assigned to credit quality level 2; payments more than 90 days past due are assigned to credit quality level 3.

In a forward-looking test, based on the development of a customer's cash flows, it is examined whether a deterioration in the credit worthiness of the customer is to be expected in the future. Furthermore, in the case of bank and financial deposits, for example, the expectations of the rating agencies with respect to the future development of the ratings are considered in the assignment of a credit quality level for a loan. In addition, if it is unlikely that the debtor can repay his liabilities in full unless such measures as, for example, the realisation of collateral have to be implemented, the loan is assigned to the credit quality level 3.

During initial recognition, all risk-bearing positions are allocated to level 1 because no financial assets having an adverse effect on credit quality are purchased or generated.

Loans in credit quality level 2 are only reassigned to credit quality level 1 following a sustained improvement in their credit quality. The LLB Group defines a sustained improvement in credit quality as being the fulfilment of the criteria for credit quality level 1 for at least three months.

In the case of loans in credit quality level 3, the Group Recovery Department is responsible for estimating the extent of a sustained improvement in credit quality. This decision is largely guided by whether the default, as defined by the LLB Group, still exists or not. Here too, in order for a position to

be returned to credit quality level 2, the criteria governing the credit quality level must have been fulfilled for at least three months.

#### Macro-scenarios

Three scenarios are utilised for the measurement of the expected credit loss: a basic scenario as well as a negative and a positive scenario. The probability of a credit loss occurring is the same with all three scenarios. The average value derived from these scenarios represents the final expected credit loss.

In determining the expected credit loss on the basis of the various scenarios, the LLB Group utilises the following three macro-factors, which have an influence on the creditworthiness of a debtor as well as on the value of the collateral provided for the loan:

- ◆ Gross domestic product
- ◆ Interest rate development
- ◆ Real estate price development

The impact of the macro-factors is based on estimates made by the Asset Management Division and the Risk Management Department of the LLB Group, whereby the macro-factors are also regularly submitted to the Board of Management for its approval.

#### Definition of default, determination of creditworthiness and write-off policy

The LLB Group bases its definition of default, according to IFRS 9, on the Capital Requirements Regulation (Art. 178 CRR) in order to ensure a uniform definition for regulatory and accounting policy purposes. On the one hand, claims which are more than 90 days past due are regarded as defaulted and, on the other, indications that a debt is unlikely to be paid can also lead to a claim being classified as in default.

The LLB Group regards the creditworthiness of a financial asset as being impaired when its recoverable amount, which is determined on the basis of a calculation of the present value, is lower than the carrying amount. The difference between the present value and the carrying amount is recognised as a specific allowance.

A debt is written off only when, in accordance with the enforcement order, there is no reasonable expectation of recovery in the future, where agreement has been reached with the debtor that LLB or a subsidiary within the LLB Group irrevocably waives a part of the debt, or where a pledge default certificate has been submitted, which enables, in spite of the write-off, the remaining debt or a part of the remaining debt to be claimed in the future. The pledge default certificate is only relevant in the case of private individuals because, following liquidation, insolvent legal entities no longer exist. A collection agency is commissioned to recover the debt.

#### Reporting of impairments

The LLB Group reports all impairments in the line item "Expected credit losses".

### 2.6.2 Balance sheet positions outside IFRS 9

#### 2.6.2.1 Property, investment property and other equipment

At the LLB Group, property encompasses real estate, buildings and additional building costs. It is measured at cost less any impairment and depreciation necessary for operational reasons. The LLB Group owns only a few properties, which it does not use entirely itself. The part of the property it does not use itself is rented out. This part property is always immaterial and cannot be separately sold. Accordingly, the properties are not classified as investment property but rather as tangible assets.

Other equipment encompasses fixtures, furnishings, machinery and IT equipment. These items are recognised in the accounts at amortised cost.

Depreciation is carried out on a straight-line basis over the estimated useful life:

Buildings	33 years
Building supplementary costs	10 years
Fixtures, furnishings, machinery	5 years
IT equipment	3-6 years
Land	No depreciation

Small value purchases are charged directly to general and administrative expenses. In general, maintenance and renovation expenditures are booked to general and administrative expenses. If the related cost is substantial and results in an increase in value, such expenditures are capitalised and depreciated over their useful life. Profits from the sale of other equipment are reported as net income from properties in [other income](#).

Property and other equipment are reviewed for impairment on every balance sheet reporting date. If, as a result of the review, a change in the useful life and / or a necessity for an impairment is identified, the residual carrying amount is depreciated over the new adjusted useful life and / or an impairment is made. Any reversal of an impairment is only considered up to the amount which would have been attained without impairment.

#### 2.6.2.2 Goodwill and other intangible assets

Goodwill is recognised in the balance sheet at acquisition cost in the functional currency of the taken over company on the date of acquisition and the value is reviewed and converted at the closing prices on the balance sheet reporting date. Goodwill is tested for impairment annually in the third quarter, or when events make this necessary. If impairment has occurred, an appropriate value allowance is made.

Other intangible assets are composed of client relationships, software and other intangible assets. They are recognised at cost minus necessary operating depreciation and impairments. They are reviewed for impairment on every balance sheet reporting date.

Intangible assets from acquisitions are amortised in a straight-line over an estimated useful life of five to fifteen years. In general, software is amortised over a period of three to six years. Core banking system software is amortised in a straight line over a period of up to 10 years.

Cloud computing activities are recognised by the LLB Group in the balance sheet only when certain conditions are fulfilled. In doing so, the LLB Group differentiates between licenses, service agreements and service agreements including system modifications. A license in relation to a cloud computing agreement is only recognised if a contractual right exists to take possession of the software during the hosting period without incurring a significant contractual penalty, or to install the software on LLB's own hardware, or if an external third party can be commissioned to host the software. The LLB Group recognises a cloud computing service in the balance sheet only if this qualifies as a leasing asset or as an intangible asset. System modifications are only recognised if a power of disposition exists in the cloud environment.

#### 2.6.2.3 Current and deferred taxes

Current income tax is calculated on the basis of the tax law applicable in the individual country and recorded as expense for the accounting period in which the related income was earned. These are reported in the balance sheet as tax liabilities. If uncertainty exists about whether a tax issue will be recognised by the tax authorities, the LLB Group contacts the tax authority concerned at an early date. If a tax issue cannot be conclusively clarified before the reporting date, the LLB Group makes assumptions regarding the amount that the tax authorities will accept. In this case, the amount reported in the IFRS statement can differ from the amount shown in the income tax return.

#### 2.6.2.6 Employee benefits

##### Retirement benefit plans

The LLB Group has pension plans for its employees, which are defined according to IFRS as defined benefit plans. In addition, there are long-term service awards which qualify as other long-term



employee benefits. The period costs are determined by external experts using the projected unit credit method.

#### **Variable salary component and share-based compensation**

The valuation procedure for the variable salary component is based on the degree of individual target attainment and a weighting of the Group business result over the last three years, as well as a qualitative assessment made by the Group Board of Directors, which represents the basis for the bonus pool. Depending on the management level, the weighting varies between the individual target attainment and the bonus pool.

Certain executives receive a portion of their profit-related bonus in the form of entitlements to LLB shares. Allocation is made over a period of five or six years, beginning in the subsequent year, by the transfer every year of 25 or 20 per cent of the share entitlements, provided there are no circumstances which necessitate a reclaiming of the shares.

Share-based compensation with equity instruments represents an equity transaction. The change in the inventory of entitlement shares is recognised under share premium, whereby personnel expenses serve as the off-setting item. The calculation of the fair value of the earned share entitlements at the end of the year is made on the basis of an estimate as part of the variable salary component. The number of share entitlements granted is calculated on the basis of the average of all share prices in the fourth quarter of a year.

The LLB Group holds shares in order to operate a share-based compensation system with treasury shares. The difference between the market value on the acquisition date and the market value on the date of grant is recognised in share premium.

At the same time, part of the variable cash component for the Board of Management is subject to a vesting period of up to six years. This represents a residual obligation for the LLB Group; personnel expenses serve as an offsetting item. The cash settlement is regulated in such a way that it is not readjusted within the vesting period. Payment is made pro rata temporis, analogous to the vested benefits.

#### **2.6.2.5 Provisions and contingent liabilities**

In assessing whether the allocation of a provision and its amount are reasonable, the best possible estimates and assumptions available on the balance sheet reporting date are utilised. If necessary, these are adjusted at a later date to reflect new information and circumstances.

For legal proceedings in cases where the facts are not specifically known, the claimant has not quantified the alleged damages, the proceedings are at an early stage, or where sound and substantial information is lacking, the LLB Group is not in a position to estimate reliably the approximate financial implication.

In addition, provisions are allocated for expected credit losses with off-balance-sheet positions. This is due to the fact that there is no corresponding asset within the balance sheet which could be reduced in value by means of a value allowance. The expected credit loss is reported in the income statement under "expected credit losses". Credit loss forms an integral part of other business risks.

Guarantees issued lead to contingent liabilities if indeed LLB can be made jointly and severally liable for liabilities towards third parties, but it can be assumed that these liabilities will not be paid by the LLB Group. If, on the basis of the current evaluation of contingent liabilities, an outflow of economic resources in the future is probable, a provision is allocated for this position which was previously treated as a contingent liability.

#### **2.6.2.6 Treasury shares**

Shares of Liechtensteinische Landesbank AG held by the LLB Group are valued at cost of acquisition and reported as a reduction in equity. The difference between the sale proceeds and the corresponding cost of acquisition of treasury shares is recorded under share premium.

### 2.6.2.7 Securities lending and borrowing transactions

In the case of securities lending and borrowing transactions, the LLB Group acts only as a principal. Such transactions are undertaken only on a collateralised basis, whereby cash or securities are received or advanced as collateral (see also [note 34](#)).

Cash collateral is entered in the balance sheet as a liability to, or a claim against banks. Securities lent out remain in the trading portfolio or in the financial investments portfolio as long as the risks and rewards of ownership of the securities are retained. The securities are valued according to their classification. Borrowed securities are not recognised in the balance sheet as long as the risks and rewards of ownership remain with the lender.

Fees received or paid are accrued and recognised in net commission income.

## 2.7 Recognition of revenues

### 2.7.1 Recognition of revenues

#### 2.7.1.1 Recognition of revenues over a specified period

Fees for securities administration which do not include variable components are typical revenues earned from fees and services that are recognised over a period at the LLB Group.

On account of the nature of the contracts at the LLB Group, a time period exists between the provision of the service and the payment by the client for it, which generally amounts to a maximum of one year. The payments made by clients are made on specific dates, usually at the end of a quarter.

The costs incurred in the provision of the service are recognised continually over the period because these are the same services that are required every day.

#### 2.7.1.2 Recognition of revenues on a specific date

Typical revenues earned from fees and services that are recognised on a specific date include brokerage or processing fees for Visa debit cards used abroad.

In the case of services that are only delivered over a period, but the payment for them is variable and a large degree of uncertainty exists concerning the amount of the revenues, recognition of the revenues occurs only at that time when it is highly probably that no significant cancellation will occur with the recognised revenues. At the LLB Group, this situation can only arise in connection with performance-related fees (e.g. performance fees). The recognition period is generally a maximum of one year.

Costs incurred in providing a service are generally recognised at the time the service is provided.

### 2.7.2 Recognition

The revenues recognised from fees and services are based on the service obligations specified in the contract and the payment to be made by the client for them. The payment may contain both fixed and variable components, whereby variable payments only occur in connection with asset management and are influenced by certain threshold values. The client may have to make an additional payment if, for example, a specified return is attained or he has decided to pay a previously stipulated percentage on his assets on a previously determined date as a fee.

If discounts have been granted within the scope of combinations of several products, these can be assigned to the individual service obligations.

### 2.7.3 All-in fee

Clients have the possibility of paying an all-in fee in the form of a lump sum or a percentage fee of assets for a range of different services. This all-in fee is reported in [note 2](#) in a separate table. No reclassification into the corresponding line items of the individual revenue types containing the all-in fee is made because the all-in fee is assigned to the asset management and investment business line item on account of its business model. The additional table provides greater transparency of how these revenues are broken down in their entirety.

# Segment reporting

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

- ♦ The Retail and Corporate Banking segment services locally oriented private banking clients in Liechtenstein, Switzerland and Germany, as well as corporate and private clients in Liechtenstein and Switzerland.
- ♦ The International Wealth Management segment cares for Austrian and international private banking clients, as well as institutional and investment fund clients.

The segments receive comprehensive support from the Corporate Center. It comprises the following functions: finance, credit and risk management, legal and compliance matters, trading and securities administration, payment services, human resources management, communication and marketing, asset management, corporate development, as well as logistics and IT services.

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

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

Transactions between the segments are executed at standard market conditions.

## Financial year 2022

in CHF thousands	Retail & Corporate Banking	International Wealth Management	Corporate Center	Total Group
Net interest income	111'820	51'173	- 10'746	152'247
Expected credit losses	- 4'695	1'994	- 17	- 2'718
Net interest income after expected credit losses	107'126	53'167	- 10'763	149'529
Net fee and commission income	85'010	138'287	- 12'350	210'947
Net trading income	20'806	22'350	92'994	136'149
Net income from financial investments	0	0	- 933	- 933
Other income	1'845	4	5'650	7'499
<b>Total operating income<sup>1</sup></b>	<b>214'786</b>	<b>213'808</b>	<b>74'597</b>	<b>503'191</b>
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
<b>Total operating expenses</b>	<b>- 124'563</b>	<b>- 115'321</b>	<b>- 88'347</b>	<b>- 328'231</b>
<b>Operating profit before tax</b>	<b>90'223</b>	<b>98'487</b>	<b>- 13'749</b>	<b>174'961</b>
Tax expenses				- 25'511
<b>Net profit</b>				<b>149'450</b>

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

## Financial year 2023

in CHF thousands	Retail & Corporate Banking	International Wealth Management	Corporate Center	Total Group
Net interest income	163'145	102'632	- 101'384	164'393
Expected credit losses	166	- 321	- 45	- 199
Net interest income after expected credit losses	163'311	102'311	- 101'429	164'193
Net fee and commission income	89'542	125'184	- 14'681	200'045
Net trading income	18'590	18'448	136'133	173'171
Net income from financial investments	0	0	7'262	7'262
Other income	1'876	- 4'749	- 30	- 2'904
<b>Total operating income<sup>1</sup></b>	<b>273'319</b>	<b>241'194</b>	<b>27'255</b>	<b>541'768</b>
Personnel expenses	- 45'430	- 47'801	- 116'232	- 209'463
General and administrative expenses	- 5'432	- 6'357	- 88'147	- 99'936
Depreciation	- 56	- 346	- 38'603	- 39'006
Services (from) / to segments	- 79'127	- 64'133	143'260	0
<b>Total operating expenses</b>	<b>- 130'046</b>	<b>- 118'637</b>	<b>- 99'722</b>	<b>- 348'405</b>
<b>Operating profit before tax</b>	<b>143'273</b>	<b>122'557</b>	<b>- 72'467</b>	<b>193'363</b>
Tax expenses				- 28'630
<b>Net profit</b>				<b>164'733</b>

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

There were no revenues deriving from transactions with a single external customer that amounted to ten per cent or more of the Group's revenues.

## Segment reporting by geographic location

The geographic analysis of operating income and assets is based on the location of the company in which the transactions and assets are recorded.

### Financial year 2022

	Liechtenstein		Switzerland		Austria		Total Group	
		in %		in %		in %		in %
Operating income (in CHF thousands)	315'084	62.6	107'829	21.4	80'278	16.0	503'191	100.0
Total assets (in CHF millions)	14'651	58.1	8'174	32.4	2'391	9.5	25'216	100.0

### Financial year 2023

	Liechtenstein		Switzerland		Austria		Total Group	
		in %		in %		in %		in %
Operating income (in CHF thousands)	324'419	59.9	108'040	19.9	109'310	20.2	541'768	100.0
Total assets (in CHF millions)	15'030	58.5	8'496	33.1	2'166	8.4	25'692	100.0

# Notes to the consolidated income statement

## 1 Net interest income

in CHF thousands	2023	2022	+ / - %
<b>Interest income from financial instruments measured at amortised cost</b>			
Due from banks	136'936	14'794	825.6
Loans	275'959	162'406	69.9
Debt instruments	14'652	977	
Loan commissions with the character of interest	3'085	2'913	5.9
Received negative interest	2'528	22'654	- 88.8
<b>Total interest income from financial instruments measured at amortised cost</b>	<b>433'160</b>	<b>203'745</b>	<b>112.6</b>
<b>Interest income from financial instruments, recognised at fair value through other comprehensive income</b>			
Debt instruments	19'178	18'679	2.7
<b>Total interest income from financial instruments, recognised at fair value through other comprehensive income</b>	<b>19'178</b>	<b>18'679</b>	<b>2.7</b>
<b>Interest income from financial instruments at fair value through profit and loss</b>			
Debt instruments	452	1'083	- 58.3
Interest rate derivatives	5'594	18'264	- 69.4
<b>Total interest income from financial instruments at fair value through profit and loss</b>	<b>6'045</b>	<b>19'347</b>	<b>- 68.8</b>
<b>Total interest income</b>	<b>458'383</b>	<b>241'771</b>	<b>89.6</b>
<b>Interest expenses from financial instruments measured at amortised cost</b>			
Due to banks	- 26'300	- 7'362	257.3
Due to customers	- 251'166	- 37'837	563.8
Paid negative interest	- 2'126	- 13'729	- 84.5
Lease liabilities	- 284	- 240	18.5
Debt issued	- 11'295	- 5'187	117.8
<b>Total interest expenses from financial instruments measured at amortised cost</b>	<b>- 291'170</b>	<b>- 64'354</b>	<b>352.4</b>
<b>Interest expenses from financial instruments measured at fair value</b>			
Interest rate derivatives	- 2'821	- 25'170	- 88.8
<b>Total interest expenses from financial instruments measured at fair value</b>	<b>- 2'821</b>	<b>- 25'170</b>	<b>- 88.8</b>
<b>Total interest expenses</b>	<b>- 293'991</b>	<b>- 89'524</b>	<b>228.4</b>
<b>Total net interest income</b>	<b>164'393</b>	<b>152'247</b>	<b>8.0</b>

## 2 Net fee and commission income

in CHF thousands	2023	2022	+ / - %
Brokerage fees	38'218	44'524	- 14.2
Custody fees	46'203	52'327	- 11.7
Advisory and management fees	62'551	55'290	13.1
Investment fund fees	152'065	157'251	- 3.3
Credit-related fees and commissions	758	736	2.9
Commission income from other services	27'448	33'761	- 18.7
<b>Total fee and commission income</b>	<b>327'242</b>	<b>343'889</b>	<b>- 4.8</b>
Brokerage fees paid	- 9'380	- 10'298	- 8.9
Other fee and commission expenses	- 117'817	- 122'644	- 3.9
<b>Total fee and commission expenses</b>	<b>- 127'197</b>	<b>- 132'942</b>	<b>- 4.3</b>
<b>Total net fee and commission income</b>	<b>200'045</b>	<b>210'947</b>	<b>- 5.2</b>

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

in CHF thousands	2023	2022 <sup>1</sup>	+ / - %
<b>Total all-in fees</b>	<b>41'499</b>	<b>31'974</b>	<b>29.8</b>
of which brokerage	16'343	15'466	5.7
of which securities administration	5'874	3'934	49.3
of which asset management	19'282	12'574	53.4

<sup>1</sup> The all-in fee was adjusted for the 2022 business year. The total does not change. The adjustment does not change the amount in the line item "Advisory and management fees" nor does it directly affect the income statement.

## 3 Net trading income

in CHF thousands	2023	2022	+ / - %
Foreign exchange trading	171'658	129'319	32.7
Foreign note trading	- 1'018	- 350	191.2
Precious metals trading	2'031	2'211	- 8.2
Interest rate instruments <sup>1</sup>	500	4'969	- 89.9
<b>Total net trading income</b>	<b>173'171</b>	<b>136'149</b>	<b>27.2</b>

<sup>1</sup> The LLB Group employs interest rate swaps to hedge interest rate risks. The interest rate swaps reported here do not fulfil the approval criteria for booking as hedging transactions in accordance with IAS 39 (see also note 14).

## 4 Net income from financial investments

in CHF thousands	2023	2022	+ / - %
<b>Financial investments at fair value through profit and loss</b>			
Dividend income	589	566	4.1
Price gains <sup>1</sup>	884	- 6'965	
<b>Total net income from financial investments at fair value through profit and loss</b>	<b>1'472</b>	<b>- 6'399</b>	
<b>Financial investments, recognised at fair value through other comprehensive income</b>			
Dividend income	5'947	5'693	4.5
of which from financial investments held on the balance sheet date	5'787	5'514	5.0
of which from financial investments sold during the reporting period <sup>2</sup>	160	179	- 11.0
Realised gain	- 157	- 227	- 31.0
<b>Total net income from financial investments, recognised at fair value through other comprehensive income</b>	<b>5'790</b>	<b>5'466</b>	<b>5.9</b>
<b>Total net income from financial investments at fair value</b>	<b>7'262</b>	<b>- 933</b>	

<sup>1</sup> The realised price gains for 2023 amounted to minus CHF thousands 2'305 (2022: minus CHF thousands 1'347).

<sup>2</sup> Further details are provided in note 15.

## 5 Other income

in CHF thousands	2023	2022	+ / - %
Net income from properties <sup>1</sup>	- 1'104	2'014	
Income from various services	- 768	- 554	38.7
Share of income from associated companies and joint venture	0	3	- 93.3
Additional other income <sup>2</sup>	- 1'032	6'036	
<b>Total other income</b>	<b>- 2'904</b>	<b>7'499</b>	

1 In the 2023 business year, net income from properties consisted of rental income and market-related revaluation adjustments of property (2022: rental income and profit from the sale of properties).

2 Contains the sale of a value-adjusted claim amounting to CHF 5.6 million in 2022

## 6 Personnel expenses

in CHF thousands	2023	2022	+ / - %
Salaries <sup>1</sup>	- 170'546	- 156'237	9.2
Pension and other post-employment benefit plans <sup>2</sup>	- 13'362	- 16'935	- 21.1
Other social contributions	- 19'042	- 17'259	10.3
Training costs	- 1'955	- 1'772	10.3
Other personnel expenses	- 4'559	- 3'945	15.5
<b>Total personnel expenses</b>	<b>- 209'463</b>	<b>- 196'148</b>	<b>6.8</b>

1 Contains the variable compensation of the management, which is disclosed in note "Related party transactions".

2 See note "Pension plans and other long-term benefits" for details

An overview of the employees and their employment relationship is shown in the following table:

	2023	2022
<b>Employees</b>		
Number of employees (full-time equivalents)	1'175	1'080
Full-time employees	963	918
of which apprentices	23	26
of which young talents <sup>1</sup>	13	14
Part-time employees	388	353

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

## 7 General and administrative expenses

in CHF thousands	2023	2022	+ / - %
Occupancy	- 6'246	- 6'265	- 0.3
Expenses for IT, machinery and other equipment	- 35'011	- 30'436	15.0
Information and communication expenses	- 19'379	- 20'955	- 7.5
Marketing and public relations	- 14'610	- 11'334	28.9
Consulting and audit fees	- 10'594	- 9'488	11.7
Provisions for legal and litigation risks <sup>1</sup>	18	- 4'503	
Litigation, legal and representation costs	- 1'325	- 2'376	- 44.3
Contributions to Deposit Protection Fund	- 3'096	- 3'231	- 4.2
Other general and administrative expenses	- 9'695	- 7'430	30.5
<b>Total general and administrative expenses</b>	<b>- 99'936</b>	<b>- 96'017</b>	<b>4.1</b>

1 See note 25 for details

## 8 Depreciation

in CHF thousands	2023	2022	+ / - %
Property	- 4'537	- 4'485	1.2
Right of use assets	- 7'530	- 5'236	43.8
Other equipment	- 10'142	- 9'032	12.3
Intangible assets	- 16'797	- 17'313	- 3.0
<b>Total depreciation</b>	<b>- 39'006</b>	<b>- 36'066</b>	<b>8.2</b>

## 9 Tax expenses

in CHF thousands	2023	2022	+ / - %
Current taxes	- 24'258	- 31'504	- 23.0
Deferred taxes <sup>1</sup>	- 4'372	5'993	
<b>Total tax expenses</b>	<b>- 28'630</b>	<b>- 25'511</b>	<b>12.2</b>

<sup>1</sup> For further details, see note 24

The actual net payments made by the LLB Group for domestic and foreign corporate profit taxes amounted to CHF 11.0 million for the 2023 financial year (previous year: CHF 26.5 million).

The tax on pre-tax Group profit deviates from the theoretical amount, calculated on the basis of the weighted average Group tax rate on profit before tax, as follows:

in CHF thousands	2023	2022	+ / - %
Operating profit before tax	193'363	174'961	10.5
<b>Assumed average income tax rate of 13.7 per cent (previous year: 14.2 %)</b>	<b>- 26'501</b>	<b>- 24'760</b>	<b>7.0</b>

### Increase / (Decrease) resulting from

Use of losses carried forward	0	822	- 100.0
Tax savings / (charges) from previous years	- 260	104	
Non-tax deductible (expenses) / tax-exempt income	- 1'869	- 1'678	11.4
<b>Total tax expenses</b>	<b>- 28'630</b>	<b>- 25'511</b>	<b>12.2</b>

The assumed average tax burden is based on the weighted average tax rates of the individual Group companies. The decrease in the average tax burden is mainly due to the reduction in the assumed tax rate of LLB (Österreich) AG.

As at 31 December 2023, there were losses carried forward amounting to CHF 32 million, which were not reported as deferred tax receivables (previous year: CHF 38 million). They expire within the next five years. In general, tax losses can be carried forward for seven years in Switzerland, and indefinitely in the Principality of Liechtenstein and in Austria.

## 10 Earnings per share

	2023	2022	+ / - %
Net profit attributable to the shareholders of LLB (in CHF thousands)	164'570	147'543	11.5
Weighted average shares outstanding	30'638'158	30'607'810	0.1
<b>Basic earnings per share (in CHF)</b>	<b>5.37</b>	<b>4.82</b>	<b>11.4</b>

Net profit for diluted earnings per share attributable to the shareholders of LLB (in CHF thousands)	164'570	147'543	11.5
Weighted average shares outstanding for diluted earnings per share	30'798'660	30'766'678	0.1
<b>Diluted earnings per share (in CHF)</b>	<b>5.34</b>	<b>4.80</b>	<b>11.4</b>

Dividend (in CHF)	2.70 <sup>1</sup>	2.50	
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<sup>1</sup> Proposal of the Board of Directors to the General Meeting of Shareholders on 19 April 2024

The weighted average number of shares outstanding for the calculation of the undiluted and diluted result differs in that the share entitlements are included in the calculation of the diluted earnings. There are no other factors that would lead to a dilution of earnings.



# Notes to the consolidated balance sheet

## 11 Cash and balances with central banks

	31.12.2023	31.12.2022	+ / - %
Cash	69'556	123'684	- 43.8
Demand deposits with central banks	6'320'315	6'140'585	2.9
<b>Total cash and balances with central banks</b>	<b>6'389'870</b>	<b>6'264'269</b>	<b>2.0</b>

## 12 Due from banks

in CHF thousands	31.12.2023	31.12.2022	+ / - %
On demand <sup>1</sup>	317'014	295'210	7.4
At maturity or callable	0	100'289	- 100.0
<b>Total due from banks</b>	<b>317'014</b>	<b>395'499</b>	<b>- 19.8</b>

1 Of which receivables from precious metals measured at fair value through profit and loss amounting to CHF 66.6 million (previous year: CHF 138.9 million)

## 13 Loans

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Mortgage loans	13'805'657	12'882'020	7.2
Public institutions	115'201	90'077	27.9
Fixed advances and loans	1'024'609	1'093'063	- 6.3
Other loans and advances	414'401	444'088	- 6.7
Expected credit losses	- 73'112	- 73'990	- 1.2
<b>Total loans</b>	<b>15'286'758</b>	<b>14'435'257</b>	<b>5.9</b>

Further information, especially regarding the expected credit loss, is provided in risk management chapter 3 [Credit risk](#).

## 14 Derivative financial instruments

Interest rate swaps are concluded to hedge against interest rate fluctuation risks. In addition, derivative financial instruments are employed primarily within the scope of client business. In this case, both standardised and OTC derivatives are traded. International banks having a high creditworthiness serve as counterparties. LLB does not assume a market-maker role on the interbank market. The tables in this note contain information about the nominal value (contract volume), about the replacement values and about the hedge accounting positions.

in CHF thousands	Total					
	Positive replacement values		Negative replacement values		Total contract volume	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Derivative financial instruments in the trading portfolio</b>						
<b>Interest rate contracts</b>						
Interest rate swaps	460	313	1'088	2'582	135'000	190'000
Forward contracts	0	17	0	3'416	0	103'367
<b>Foreign exchange contracts</b>						
Forward contracts	26'317	30'492	50'847	36'059	3'006'154	2'717'580
Combined interest rate / currency swaps	192'447	212'281	270'382	221'744	17'498'885	17'904'336
Options (OTC)	1'052	1'892	1'059	1'892	96'811	61'121
<b>Precious metals contracts</b>						
Options (OTC)	269	256	269	256	12'180	16'519
<b>Equity / index contracts</b>						
Options (OTC)	28	1'426	28	1'426	42'577	109'776
<b>Total derivative financial instruments in the trading portfolio</b>	<b>220'574</b>	<b>246'677</b>	<b>323'674</b>	<b>267'376</b>	<b>20'791'607</b>	<b>21'102'699</b>
<b>Derivative financial instruments for hedging purposes</b>						
<b>Interest rate contracts</b>						
Interest rate swaps (fair value hedge)	65'800	95'678	13'491	21'303	1'637'260	1'359'847
<b>Total derivative financial instruments for hedging purposes</b>	<b>65'800</b>	<b>95'678</b>	<b>13'491</b>	<b>21'303</b>	<b>1'637'260</b>	<b>1'359'847</b>
<b>Total derivative financial instruments</b>	<b>286'374</b>	<b>342'355</b>	<b>337'165</b>	<b>288'679</b>	<b>22'428'867</b>	<b>22'462'546</b>

Within the scope of fair value hedge accounting, the LLB Group employs interest rate swaps for interest rate risks on fixed-rate instruments. Ineffectiveness in highly effective hedge accounting positions occurs as a result of small mismatches in the risk profile, for example, differing payment dates or divergences in the term of the instruments amounting to a few days. Furthermore, different sensitivities in the underlying transactions and hedging instruments play a role, for example, major changes in the value of the front leg of the swap, for which there is no corresponding sensitivity in the underlying transaction. There are basic risks, which could have an influence on the effectiveness, such as different benchmark curves for the underlying and hedging transactions. In general, the LLB Group uses identical benchmark curves, however special situations such as the IBOR changeover could mean that a different approach is taken. Since the LLB Group utilises a macro hedge accounting concept, mortgage loans, medium-term notes and mortgage bonds loans represent the whole population of possible hedge accounting transactions. The population corresponds to the carrying amounts of the balance sheet items of the hedged items. Of these, only a portion is designated in the hedge accounting relationship. The designation between underlying transaction and hedging instrument is carried out with the aid of an optimisation algorithm, which determines the interest risk profile of the sub-portfolios in order to attain an optimal hedge allocation.

in CHF thousands	Nominal value of hedging instrument	Carrying amount of hedging instrument		Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
		Assets	Liabilities		
<b>31.12.2022</b>					
Fair value hedge					
Interest rate swaps	974'847	95'678		Derivative financial instruments	81'494
Interest rate swaps	385'000		- 21'303	Derivative financial instruments	- 8'938

in CHF thousands	Nominal value of hedging instrument	Carrying amount of hedging instrument		Balance sheet position of hedging instrument	Fair value change to measurement of ineffective hedge
		Assets	Liabilities		
<b>31.12.2023</b>					
Fair value hedge					
Interest rate swaps	1'217'260	65'800		Derivative financial instruments	- 34'266
Interest rate swaps	420'000		- 13'491	Derivative financial instruments	8'882

in CHF thousands		Carrying amount of underlying transaction		Cumulative total from fair value adjustments of the underlying transaction		Balance sheet position of underlying transaction	Fair value change to measurement of ineffective hedge
		Assets	Liabilities	Assets	Liabilities		
		<b>31.12.2022</b>					
Fair value hedge							
Mortgage loans	12'882'020			- 76'505		Loans	- 72'895
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions			1'786'475		6'096	Debt issued	5'599

in CHF thousands		Carrying amount of underlying transaction		Cumulative total from fair value adjustments of the underlying transaction		Balance sheet position of underlying transaction	Fair value change to measurement of ineffective hedge
		Assets	Liabilities	Assets	Liabilities		
		<b>31.12.2023</b>					
Fair value hedge							
Mortgage loans	13'805'657			- 37'507		Loans	38'998
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions			2'030'887		- 4'187	Debt issued	- 10'283

in CHF thousands						Ineffectiveness recognised in the income statement	Income statement position

Fair value hedge							
Interest rate risk						5'260	Interest income

<b>31.12.2023</b>							
Fair value hedge							
Interest rate risk						3'331	Interest income

## 15 Financial investments

in CHF thousands	31.12.2023	31.12.2022	+ / - %
<b>Financial investments at amortised cost</b>			
<b>Debt instruments</b>			
listed	813'599	0	
unlisted	20'507	519'935	- 96.1
<b>Total debt instruments</b>	<b>834'106</b>	<b>519'935</b>	<b>60.4</b>
<b>Total financial investments at amortised cost</b>	<b>834'106</b>	<b>519'935</b>	<b>60.4</b>
<b>Financial investments at fair value through profit and loss</b>			
<b>Debt instruments</b>			
listed	24'109	47'781	- 49.5
unlisted	32'326	41'894	- 22.8
<b>Total debt instruments</b>	<b>56'435</b>	<b>89'676</b>	<b>- 37.1</b>
<b>Equity instruments</b>			
listed	10	9	15.2
unlisted	263	263	0.2
<b>Total equity instruments</b>	<b>274</b>	<b>272</b>	<b>0.7</b>
<b>Total financial investments at fair value through profit and loss</b>	<b>56'709</b>	<b>89'947</b>	<b>- 37.0</b>
<b>Financial investments, recognised at fair value through other comprehensive income</b>			
<b>Debt instruments</b>			
listed	1'663'993	2'353'022	- 29.3
<b>Total debt instruments</b>	<b>1'663'993</b>	<b>2'353'022</b>	<b>- 29.3</b>
<b>Equity instruments</b>			
listed	199'062	191'256	4.1
unlisted	33'116	33'297	- 0.5
<b>Total equity instruments</b>	<b>232'179</b>	<b>224'553</b>	<b>3.4</b>
<b>Total financial investments, recognised at fair value through other comprehensive income</b>	<b>1'896'172</b>	<b>2'577'576</b>	<b>- 26.4</b>
<b>Total financial investments</b>	<b>2'786'987</b>	<b>3'187'458</b>	<b>- 12.6</b>

The equity instruments recognised at fair value through other comprehensive income consist of strategic investments of an infrastructure nature, which are not exchange-listed (see [note 33](#)), as well as various equities of the Swiss Market Index (SMI). Short-term profit-taking is not the focus with equity instruments recognised at fair value through other comprehensive income, rather they represent a long-term position which pursues the collection of dividends and a long-term appreciation in value.

Within the scope of the reweighting of the SMI, LLB adjusted its portfolio of equities recognised in other comprehensive income. The disposals resulted in a loss of CHF thousands 4'241 (previous year: minus CHF thousands 141). The fair value of the transactions amounted to CHF thousands 9'607 (previous year: CHF thousands 6'955). The loss was recognised directly in retained earnings.

## 16 Property and other equipment

in CHF thousands	Property	Right of use assets <sup>1</sup>	Other equipment	Total
<b>Year ended December 2022</b>				
Cost as at 1 January	198'865	49'303	98'811	346'979
Additions	5'397	993	6'364	12'754
Disposals	- 1'385	- 959	- 4'276	- 6'620
Disposals from changes to scope of consolidation	0	0	- 15	- 15
Currency effects	0	- 909	- 294	- 1'203
<b>Cost as at 31 December</b>	<b>202'876</b>	<b>48'428</b>	<b>100'591</b>	<b>351'896</b>
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
<b>Accumulated depreciation / revaluation as at 31 December</b>	<b>- 124'096</b>	<b>- 19'689</b>	<b>- 74'443</b>	<b>- 218'229</b>
<b>Carrying amount as at 31 December 2022</b>	<b>78'780</b>	<b>28'739</b>	<b>26'148</b>	<b>133'667</b>
<b>Year ended December 2023</b>				
Cost as at 1 January	202'876	48'428	100'591	351'896
Additions	10'656	8'824	8'173	27'653
Disposals	- 10'306	- 9'094	- 11'770	- 31'170
Currency effects	0	- 1'132	- 301	- 1'433
<b>Cost as at 31 December</b>	<b>203'226</b>	<b>47'027</b>	<b>96'693</b>	<b>346'947</b>
Accumulated depreciation / impairments as at 1 January	- 124'096	- 19'689	- 74'443	- 218'229
Depreciation	- 4'537	- 5'390	- 10'142	- 20'069
Impairments	0	- 2'140	0	- 2'140
Disposals / (Additions) from accumulated depreciation	10'306	4'784	11'770	26'860
Currency effects	0	403	244	648
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>- 118'327</b>	<b>- 22'032</b>	<b>- 72'571</b>	<b>- 212'930</b>
<b>Carrying amount as at 31 December 2023</b>	<b>84'899</b>	<b>24'995</b>	<b>24'123</b>	<b>134'016</b>

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

The impairment losses in the 2023 financial year relate to rental properties that are no longer used and whose tenancy agreements cannot be terminated. The right of use is reduced accordingly, but the liability remains. The LLB is currently endeavouring to find successor solutions for these tenancies. This may lead to a reversal of impairment losses in the future. The infrastructure associated with these properties, such as leasehold improvements, was not impaired, but the useful lives were reassessed.

### The LLB Group as lessee

Further details regarding leases, besides this note, are provided for the repayment of leasing liabilities (see [Statement of cash flows](#) and [note 23](#)) as well as their amounts ([note 26](#)), maturities (see [Risk management, chapter 2](#)) and interest expenses (see [note 1](#)).

### Leasing relationships not recognised in the balance sheet

in CHF thousands	2023	2022	+ / - %
Short-term lease expenses	460	298	54.2
Low-value lease expenses	4	3	34.6
<b>Total expenses for unrecognised lease obligations</b>	<b>463</b>	<b>301</b>	<b>54.0</b>

Expenses from unrecognised leases are included in general and administrative expenses.

### Further information

Within the scope of its strategy, the LLB Group evaluates which business locations are relevant in its target markets, and whether properties should be purchased or rented at these locations. If the LLB Group decides against the purchase of properties, leasing contracts are concluded. These frequently contain termination and extension options. The assessment of these options is considered at the time of initial recognition. They are reassessed only if a significant event occurs.

The recognised liabilities from leasing contracts and the corresponding rights of use contain extension options. These reflect the current assumptions relating to durations. The off-balance sheet leasing contracts encompass office premises with short contract periods, as well as parking places, which contain reciprocal short-term termination options. These are basically classified as short-term leases provided there is substitutability for them.

### The LLB Group as lessor

#### Future claims from operating leases

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Due within one year	1'255	1'336	- 6.1
Residual period to maturity between 1 and 2 years	1'112	1'188	- 6.4
Residual period to maturity between 2 and 3 years	1'112	1'135	- 2.1
Residual period to maturity between 3 and 4 years	1'112	1'135	- 2.1
Residual period to maturity between 4 and 5 years	1'079	1'135	- 4.9
Due in more than five years	3'028	1'286	135.5
<b>Total future net receivables from operating leases</b>	<b>8'697</b>	<b>7'216</b>	<b>20.5</b>

Income from operating leases is a part of other income and amounted to CHF thousands 2'073 (2022: CHF thousands 1'676). Properties are only leased.

## 17 Goodwill and other intangible assets

in CHF thousands	Goodwill	Client relationships	Software	Other intangible assets	Total
<b>Year ended December 2022</b>					
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
<b>Cost as at 31 December</b>	<b>154'828</b>	<b>145'345</b>	<b>150'318</b>	<b>1'140</b>	<b>451'630</b>
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
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>0</b>	<b>- 80'983</b>	<b>- 99'900</b>	<b>- 985</b>	<b>- 181'868</b>
<b>Carrying amount as at 31 December 2022</b>	<b>154'828</b>	<b>64'362</b>	<b>50'417</b>	<b>155</b>	<b>269'762</b>
<b>Year ended December 2023</b>					
Cost as at 1 January	154'828	145'345	150'318	1'140	451'630
Additions	0	0	15'193	0	15'193
Disposals	0	0	- 2'506	0	- 2'506
Currency effects	- 5'211	- 4'419	- 335	- 2	- 9'968
<b>Cost as at 31 December</b>	<b>149'617</b>	<b>140'926</b>	<b>162'669</b>	<b>1'138</b>	<b>454'349</b>
Accumulated depreciation / impairments					
as at 1 January	0	- 80'983	- 99'900	- 985	- 181'868
Depreciation	0	- 5'803	- 10'848	- 130	- 16'782
Impairments	0	0	- 15	0	- 15
Disposals / (Additions) from accumulated amortisation	0	0	2'506	0	2'506
Currency effects	0	1'369	124	0	1'494
<b>Accumulated depreciation / impairments as at 31 December</b>	<b>0</b>	<b>- 85'416</b>	<b>- 108'133</b>	<b>- 1'116</b>	<b>- 194'665</b>
<b>Carrying amount as at 31 December 2023</b>	<b>149'617</b>	<b>55'509</b>	<b>54'535</b>	<b>22</b>	<b>259'684</b>

### Goodwill

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

in CHF thousands	31.12.2023	31.12.2022
Segment Retail & Corporate Banking	55'620	55'620
Segment International Wealth Management <sup>1</sup>	93'997	99'208
<b>Total</b>	<b>149'617</b>	<b>154'828</b>

<sup>1</sup> Fluctuations in goodwill are attributable to conversion of the functional currency into the reporting currency.

### Goodwill impairment testing

Goodwill is tested for impairment annually in the third quarter as a basis for the annual financial reporting, and also as required. The test to determine a possible impairment compares the recoverable amount of each cash generating unit, which carries goodwill, with its balance sheet value.

On the basis of the impairment testing carried out, management reached the conclusion that for the year ended 31 December 2023, the total goodwill of CHF 149.6 million assigned to the cash generating units remains recoverable.

### Recoverable amount

For determining the value in use, which corresponds to the recoverable amount of the respective cash generating units, the LLB Group employs a discounted cash flow (DCF) valuation model. It takes into consideration the special characteristics of the banking business and the financial services sector, as well as the regulatory environment. With the aid of the model, and on the basis of the financial planning approved by management, the cash value of estimated free cash flow is calculated. If regulatory capital requirements exist for the cash generating unit, these capital requirements are deducted from the estimated free cash flows for the respective period. This amount, adjusted for regulatory capital requirements, then corresponds to the theoretical sum that could be paid out to the shareholders. For the assessment of the forecasted earnings, management employs approved financial plans covering a period of five years. The results for all periods after the fifth year are extrapolated from the forecasted result and the free cash flows of the fifth year with a long-term growth rate, which corresponds to the long-term inflation rate. These are the inflation rates of Switzerland and Liechtenstein. Under certain circumstances, the growth rates may vary for the individual cash generating units because the probable developments and conditions in the respective markets are taken into account.

### Assumptions

As far as possible, and when available, the parameters on which the valuation model is based are coordinated with external market information. In this context, the value in use of a cash generating unit reacts in the most sensitive manner to changes in the forecasted earnings, changes to the discount rate and changes in the long-term growth rate. The forecasted earnings are based on an economic scenario, whose input factors are the projected interest rate, currency and stock market developments, as well as the sales planning of the individual market divisions. The discount rate is determined on the basis of the capital asset pricing model (CAPM), which contains a risk-free interest rate, a market risk premium, a small cap premium, as well as factor for the systematic market risk, i.e. the beta factor.

The long-term growth rate outside the five-year planning period (terminal value), on which the impairment tests for the annual report as at 31 December 2023 were based and which were used for extrapolation purposes, as well as the discount rate for the cash generating units are shown in the table below.

in per cent	Growth rate		Discount rate	
	2023	2022	2023	2022
Segment Retail & Corporate Banking	1.5	1.0	5.5	5.5
Segment International Wealth Management	1.5	1.0	8.0	8.0

### Sensitivities

All the parameters and assumptions, on which the testing of the individual cash generating units are based, are reviewed and, if necessary, adjusted during the periodic preparation and conducting of impairment tests. In order to check the effects of parameter adjustments on the value in use of the individual cash generating units, the parameters and assumptions used with the valuation model are subjected to an individual sensitivity analysis. For this purpose, the forecasted free cash flow is changed by 10 per cent, the discount rate by 10 per cent and the long-term growth rates also by 10 per cent. According to the results of the impairment tests performed, and based on the assumptions described, an amount of between CHF 366 million and CHF 931 million in excess of the balance sheet value is obtained for all cash generating units. A reduction of the free cash flow by 10 per cent, or an increase in the discount rate of 10 per cent, or a reduction in the long-term growth rate of 10 per cent would not result in any impairment of the goodwill.

Over the last five years, the parameters have remained very constant. Since a constant development of the parameters is also expected in the future, the sensitivities of 10 per cent for each of the three parameters are regarded as reasonable.

In view of the uncertain economic situation, which is expected to persist in the future, an impairment of goodwill in the coming financial years can not be ruled out. However, thanks to measures to



increase earnings, improve efficiency and cut costs as well as the further planned growth, a positive development is expected over the medium to long term.

If the estimated earnings and other assumptions in future financial years deviate from the current outlook due to political or global risks in the banking industry (for example, due to uncertainty in connection with the implementation of regulatory provisions and the introduction of certain legislation, or a decline in general economic performance) this could result in an impairment of goodwill in the future. This would lead to a reduction in the income statement of the LLB Group and a decrease in the equity and net profit. Such an impairment would not, however, have an impact on cash flows or on the Tier 1 ratio because, in accordance with the Liechtenstein Capital Adequacy Ordinance, goodwill must be deducted from capital.

### Client relationships

Client relationships are assets, which are acquired and capitalised within the scope of an acquisition. These are amortised over a period of 15 years on a straight-line basis. Estimated aggregated amortisation amounts to:

in CHF thousands	
2024	5'802
2025	5'802
2026	5'802
2027	5'802
2028	5'802
2029 and thereafter	26'500
<b>Total</b>	<b>55'509</b>

## 18 Other assets

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Precious metals holdings	68'335	35'255	93.8
Settlement accounts	16'065	16'479	- 2.5
VAT and other tax receivables	4'932	2'740	80.0
Investment property <sup>1</sup>	19'241	19'510	- 1.4
Non-current assets held for sale <sup>2</sup>	8'808	1'920	358.8
Investment in associates and joint venture	35	36	- 1.8
<b>Total other assets</b>	<b>117'417</b>	<b>75'939</b>	<b>54.6</b>

- Facilitate value appreciation and include properties and buildings. They are valued according to the fair value model on every balance sheet reporting date. Changes to the fair value, based on expert analyses carried out, are recognised in net income from property.
- Several apartments were acquired within the scope of a residential construction project. In some cases, value adjustments were made for the apartments. Expenses incurred with this are part of net income from properties in other income (see note 5).

## 19 Assets pledged

in CHF thousands	31.12.2023		31.12.2022	
	Carrying amount	Actual liability	Carrying amount	Actual liability
Cash and balances with central banks	13'599	27'198	0	0
Due from banks	22'389	24'437	17'223	10'128
Mortgage loans	2'452'711	1'809'600	1'963'489	1'596'500
Financial investments	270'893	160'000	404'649	250'000
Receivables from customers	34'171	38'802	36'788	34'418
<b>Total pledged / assigned assets</b>	<b>2'793'763</b>	<b>2'060'037</b>	<b>2'422'148</b>	<b>1'891'046</b>

The mortgage loans are pledged as collateral for shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions.

The financial assets are pledged for repurchase agreements, stock exchange deposits, lombard limits at national and central banks and to secure other business activities.

## 20 Due to banks

in CHF thousands	31.12.2023	31.12.2022	+ / - %
On demand	552'284	587'372	- 6.0
At maturity or callable	398'258	1'079'881	- 63.1
<b>Total due to banks</b>	<b>950'541</b>	<b>1'667'253</b>	<b>- 43.0</b>

## 21 Due to customers

in CHF thousands	31.12.2023	31.12.2022	+ / - %
On demand <sup>1</sup>	11'844'235	13'035'538	- 9.1
At maturity or callable	4'756'722	2'442'876	94.7
Savings accounts	2'767'376	3'321'334	- 16.7
<b>Total due to customers</b>	<b>19'368'333</b>	<b>18'799'748</b>	<b>3.0</b>

1 Of which liabilities from precious metals measured at fair value through profit and loss amounting to CHF 134.6 million (previous year: CHF 173.2 million)

## 22 Debt issued

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Medium-term notes <sup>1</sup>	217'704	188'152	15.7
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions <sup>2</sup>	1'813'184	1'598'323	13.4
Bonds	551'090	401'057	37.4
<b>Total debt issued</b>	<b>2'581'977</b>	<b>2'187'532</b>	<b>18.0</b>

1 The average interest rate was 0.8 per cent as at 31 December 2023 and 0.6 per cent as at 31 December 2022.

2 The average interest rate was 0.8 per cent as at 31 December 2023 and 0.5 per cent as at 31 December 2022.

The following table contains further information on the bonds issued:

Year issued	Name	ISIN	Currency	Maturity	Effective annual interest rate in %	Nominal interest rate in %	in CHF thousands		
							Nominal value	31.12.2023	31.12.2022
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CH0419041204	CHF	28.05.2026	0.106 %	0.125 %	150'000	150'179	150'207
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CH0419041527	CHF	27.09.2029	- 0.133 %	0.000 %	100'000	100'769	100'904
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CH0536893255	CHF	24.09.2030	0.315 %	0.300 %	150'000	149'968	149'946
2023	Liechtensteinische Landesbank AG 2.5 % Senior Non-Preferred Anleihe 2023 – 2030	CH1306117040	CHF	22.11.2030	2.522 %	2.500 %	150'000	150'174	

## 23 Changes to liabilities from financing activities

in CHF thousands	01.01.2022	Cash changes	Non-cash changes				31.12.2022
			Changes in scope of consolidation	Changes in exchange rates	Changes in fair value	Other	
Medium-term notes <sup>1</sup>	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 <sup>1</sup>	1'397'921	200'100	0	0	0	302	1'598'323
Bonds <sup>1</sup>	401'198	0	0	0	0	- 141	401'057
Lease liabilities	35'714	- 5'287	0	0	0	- 585	29'843
<b>Total liabilities from financing activities</b>	<b>1'985'131</b>	<b>238'219</b>	<b>0</b>	<b>0</b>	<b>- 5'599</b>	<b>- 378</b>	<b>2'217'374</b>

in CHF thousands	01.01.2023	Cash changes	Non-cash changes				31.12.2023
			Changes in scope of consolidation	Changes in exchange rates	Changes in fair value	Other	
Medium-term notes <sup>1</sup>	188'152	18'744	0	0	10'283	525	217'704
Shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions <sup>1</sup>	1'598'323	213'100	0	0	0	1'761	1'813'184
Bonds <sup>1</sup>	401'057	150'000	0	0	0	33	551'090
Lease liabilities	29'843	- 5'644	0	0	0	3'726	27'925
<b>Total liabilities from financing activities</b>	<b>2'217'374</b>	<b>376'200</b>	<b>0</b>	<b>0</b>	<b>10'283</b>	<b>6'045</b>	<b>2'609'902</b>

1 Part of the balance sheet position "Debt issued"

## 24 Deferred taxes

in CHF thousands	As at 1 January	Amount recognised in the income statement	Amount recognised in other comprehen- sive income	Currency effects	From other effects (re- classifica- tions)	As at 31 December
<b>Deferred tax assets</b>						
<b>2022</b>						
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
<b>Total deferred tax assets</b>	<b>11'906</b>	<b>3'589</b>	<b>- 3'062</b>	<b>3</b>	<b>0</b>	<b>12'436</b>
Offsetting						- 1'816
<b>Total after offsetting</b>						<b>10'620</b>
<b>2023</b>						
Tax losses carried forward	5'208	- 5'208	0	0	0	0
Recognised rights of use from leases	115	- 42	0	0	0	73
Property and equipment	3'252	73	0	0	0	3'325
Specific allowance	0	0	0	0	0	0
Liability for pension plans	3'635	- 494	2'930	- 1	0	6'070
Intangible assets	22	2	0	0	0	25
Derivative financial instruments	- 470	- 307	0	0	0	- 777
Expected credit losses	675	125	0	0	0	800
<b>Total deferred tax assets</b>	<b>12'436</b>	<b>- 5'849</b>	<b>2'930</b>	<b>- 1</b>	<b>0</b>	<b>9'515</b>
Offsetting						- 2'065
<b>Total after offsetting</b>						<b>7'450</b>
<b>Deferred tax liabilities</b>						
<b>2022</b>						
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
<b>Total deferred tax liabilities</b>	<b>32'789</b>	<b>- 2'404</b>	<b>- 7'494</b>	<b>- 462</b>	<b>0</b>	<b>22'431</b>
Offsetting						- 1'816
<b>Total after offsetting</b>						<b>20'615</b>
<b>2023</b>						
Intangible assets	12'140	- 1'946	0	- 518	0	9'675
Financial investments	- 2'377	561	2'379	237	0	800
Property and equipment	692	- 55	0	- 38	0	599
Provisions	11'976	- 36	0	0	0	11'939
<b>Total deferred tax liabilities</b>	<b>22'431</b>	<b>- 1'477</b>	<b>2'379</b>	<b>- 319</b>	<b>0</b>	<b>23'013</b>
Offsetting						- 2'065
<b>Total after offsetting</b>						<b>20'948</b>

As per 31 December 2023, there were no temporary differences which were not reported as deferred taxes and which in future could be offset with potential tax allowances (previous year: CHF thousands 0).

## 25 Provisions

in CHF thousands	Provisions for legal and litigation risks	Provisions for other business risks and restructuring	Total 2023	Total 2022
As at 1 January	6'047	7'738	13'785	12'217
Provisions applied	- 2'557	- 1'361	- 3'918	- 3'005
Increase in provisions recognised in the income statement	59	6'049	6'108	5'701
Decrease in provisions recognised in the income statement	- 76	- 266	- 343	- 1'033
Currency effects	- 170	- 17	- 187	- 93
<b>As at 31 December</b>	<b>3'302</b>	<b>12'143</b>	<b>15'445</b>	<b>13'785</b>

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Short-term provisions	9'011	6'677	35.0
Long-term provisions	6'434	7'109	- 9.5
<b>Total</b>	<b>15'445</b>	<b>13'785</b>	<b>12.0</b>

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

### Provisions for legal and litigation risks

In the 2023 business year, the LLB Group was able to reach a settlement in several legal cases with various parties. For this purpose, provisions for legal and litigation risks amounting to CHF 2.6 million were utilised.

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

### Provisions for other risks and restructuring measures

In the 2023 business year, provisions for other business risks and restructuring measures totalling CHF 6.0 million were allocated. These related mainly to expenses in fee and commission business in recent years, the business location strategy in Switzerland, as well as real estate business.

## 26 Other liabilities

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Lease liabilities	27'925	29'843	- 6.4
Charge accounts	11'314	6'395	76.9
Accounts payable	27'569	9'231	198.7
Settlement accounts	48'115	34'381	39.9
Pension plans	49'326	27'461	79.6
Outstanding holidays / flexi-time	4'499	4'168	7.9
Other long-term benefits	4'166	3'734	11.6
<b>Total other liabilities</b>	<b>172'913</b>	<b>115'212</b>	<b>50.1</b>

## 27 Share capital

	31.12.2023	31.12.2022	+ / - %
Number of registered shares (fully paid up)	30'800'000	30'800'000	0.0
Nominal value per registered share (in CHF)	5	5	0.0
<b>Total nominal value (in CHF thousands)</b>	<b>154'000</b>	<b>154'000</b>	<b>0.0</b>

## 28 Share premium

in CHF thousands	2023	2022	+ / - %
As at 1 January	- 14'923	- 13'952	7.0
Net movements in treasury shares <sup>1</sup>	- 143	- 971	- 85.3
<b>As at 31 December</b>	<b>- 15'066</b>	<b>- 14'923</b>	<b>1.0</b>

1 Contains a change to reserves for security entitlements and realised price gains on treasury shares.

### Share entitlements at the LLB

Risk takers whose decisions have a significant impact on the bank's risk profile and other employees in selected salary models receive part of their variable salary component in form of share entitlements. The share component of the variable compensation of these employees amounts to at least 50 per cent. The variable component of compensation depends on individual target achievement and the bonus pool available.

In 2023, share entitlements of CHF 2.5 million (38'824 shares at an average price of CHF 63.68) were earned and recognised in personnel expenses. In the previous year, it was CHF 2.5 million (45'534 shares at an average price of CHF 54.99).

## 29 Treasury shares

	Quantity	in CHF thousands
As at 1 January 2022	232'935	15'073
Purchases	363'785	20'450
Disposals	- 416'839	- 23'883
<b>As at 31 December 2022</b>	<b>179'881</b>	<b>11'640</b>
Purchases	70'645	4'463
Disposals	- 42'471	- 2'748
<b>As at 31 December 2023</b>	<b>208'055</b>	<b>13'356</b>

The comparison year included transactions in connection with the acquisition of non-controlling interests in Bank Linth LLB AG, now called LLB (Schweiz) AG.

The purchases in 2023 relate to the [share repurchase programme](#) launched on 28 August 2023.

Sales of treasury shares represent the transfer of acquired entitlements to eligible employees of the LLB Group after a blocking period of up to six years; no cash was received. The average price per share totalled CHF 64.70 (previous year: CHF 64.71). The proportion of the total share capital transferred to employees was 0.1 per cent (previous year: 0.2 %).

## 30 Retained earnings

in CHF thousands	2023	2022	+ / - %
As at 1 January	2'056'623	1'959'517	5.0
Net profit attributable to the shareholders of LLB	164'570	147'543	11.5
Dividends paid	- 76'654	- 70'426	8.8
Increase / (Reduction) in non-controlling interests	63	20'130	- 99.7
Reclassification not affecting the income statement	- 4'241	- 141	
<b>As at 31 December</b>	<b>2'140'361</b>	<b>2'056'623</b>	<b>4.1</b>

## 31 Other reserves

in CHF thousands	2023	2022	+ / - %
As at 1 January	- 161'534	12'932	
Foreign currency translation	- 20'420	- 16'335	25.0
Actuarial gains / (losses) of pension plans	- 24'196	21'720	
Value changes from financial investments measured at fair value through other comprehensive income	65'659	- 179'993	
Reclassification not affecting the income statement	4'241	141	
<b>As at 31 December</b>	<b>- 136'250</b>	<b>- 161'534</b>	<b>- 15.7</b>

## 32 Non-controlling interests

in CHF thousands	2023	2022	+ / - %
As at 1 January	1'203	142'704	- 99.2
Foreign currency translation	- 63	- 57	9.5
Non-controlling interests in net profit	163	1'906	- 91.5
(Dividends paid) / Reduction of nominal value in non-controlling interests	- 280	- 369	- 24.0
Increase / (Reduction) in non-controlling interests	- 63	- 141'768	- 100.0
Actuarial gains / (losses) of pension plans	- 0	4	
Value changes from financial investments measured at fair value through other comprehensive income	4	- 1'218	
<b>As at 31 December</b>	<b>962</b>	<b>1'203</b>	<b>- 20.0</b>

The reduction in non-controlling interests and the accompanying effects are based on the acquisition of the minority interests in LLB Private Equity GmbH (previous year: Bank Linth LLB AG). The remaining minority interests (see note [Scope of consolidation](#)) are considered immaterial, so that no further disclosures are made in the annual report.

## 33 Fair value measurement

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

The measurement of the fair value of financial and non-financial assets and liabilities is carried out using various standardised and recognised valuation methods and models. On the basis of their observable and non-observable input factors, the positions are assigned to one of the three levels of fair value hierarchy.

#### Level 1

Financial and non-financial assets and liabilities, whose prices are quoted for identical assets and liabilities on active markets and which were not calculated on the basis of valuation techniques or models for the determination of fair value.

#### Level 2

If no market price quotes are available, or if they cannot be extrapolated from active markets, the fair value is determined by means of valuation methods or models which are based on assumptions made on the basis of observable market prices and other market quotes.

#### Level 3

Input factors are considered in the valuation methods and models to determine the fair value, which are not observable because they are not based on market prices.

#### Valuation methods

The LLB Group employs the market-based approach to determine the fair value of investment funds and shares, which are not traded on an active market or which are not listed.

The income-based approach is used if payment streams or expenses and revenues with financial assets and liabilities form the basis for the fair value measurement. The present or cash value method is used to determine the fair value by discounting the payment streams to the present value on the reporting date. Interest rate curves appropriate for the term and / or foreign currency curves, as well as spot prices form the main basis for this purpose. Forward pricing models are used in the case of futures contracts.

To determine the fair value of financial and non-financial assets and liabilities, which are classified as Level 3 positions, the LLB Group takes over the fair value determined by third parties (estimates made by experts).

The following table shows the most important valuation methods and models together with the key input factors:

	Valuation technique / model	Inputs	Significant, non-observable inputs
<b>Level 2</b>			
Derivative financial instruments	Income approach, present value calculation	Market price of congruent SARON interest rates, spot rates	
Investment funds	Market approach	Market prices of underlying assets	
Equities	Market approach	Market prices of underlying assets	
Commercial Papers	Income approach, present value calculation	The underlying interest rate for the contract	
SNB-Bills	Income approach, present value calculation	The underlying interest rate for the contract	
Due from banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to banks	Income approach, present value calculation	Market price of congruent SARON interest rates	
Loans	Income approach, present value calculation	Market price of congruent SARON interest rates	
Due to customers	Income approach, present value calculation	Market price of congruent SARON interest rates	
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	Income approach, present value calculation	Market price of congruent SARON interest rates	
<b>Level 3</b>			
Infrastructure title	Market approach	Audited financial statements	Illiquidity, special micro-economic conditions
Investment property	External expert opinions, present value calculation	Prices of comparable properties	Assessment of special property factors, expected expenses and earnings for the property

### Measurement of assets and liabilities, classified as Level 3

#### Financial investments measured at fair value through other comprehensive income

These financial investments largely relate to non-listed shares in companies having an infrastructure nature, which offer the services necessary or advantageous for the operation of a bank. The largest proportion of the portfolio consists of shares in the SIX Swiss Exchange and in the Pfandbriefbank Schweizerischer Hypothekarinstitute (Swiss Mortgage Institutes). The financial investments are periodically revalued on the basis of current company data, or with the aid of external valuation models.

#### Investment property

These properties are periodically valued by external experts. The assessments take into consideration such circumstances as the location and condition of the property, as well as the costs and revenues expected in connection with it.

### Measurement of fair values through active markets or valuation techniques

Positions measured at fair value are recognised on a recurring basis in the balance sheet at fair value. As at 31 December 2023, the LLB Group had no assets which were measured at fair value on a non-recurring basis in the balance sheet; the same applies to liabilities.

Transfers of positions measured at fair value to or from a level are generally made at the end of a period. In the 2023 financial year, there were no significant transfers between Level 1, Level 2 and Level 3 financial instruments.

The following table shows the classification of financial and non-financial assets and liabilities of the LLB Group within the fair value hierarchy and their fair value.



in CHF thousands	31.12.2023	31.12.2022	+/- %
<b>Assets</b>			
<b>Level 1</b>			
Financial investments at fair value through profit and loss	24'120	47'790	- 49.5
Financial investments, recognised at fair value through other comprehensive income	1'863'056	2'544'278	- 26.8
Precious metal receivables	66'600	138'905	- 52.1
<b>Total financial instruments at fair value</b>	<b>1'953'775</b>	<b>2'730'973</b>	<b>- 28.5</b>
Precious metals holdings	68'335	35'255	93.8
<b>Total other assets at fair value</b>	<b>68'335</b>	<b>35'255</b>	<b>93.8</b>
Cash and balances with central banks	6'389'870	6'264'269	2.0
Financial investments at amortised cost	814'427	0	
<b>Total financial instruments not at fair value</b>	<b>7'204'297</b>	<b>6'264'269</b>	<b>15.0</b>
<b>Total Level 1</b>	<b>9'226'407</b>	<b>9'030'497</b>	<b>2.2</b>
<b>Level 2</b>			
Derivative financial instruments	286'374	342'355	- 16.4
of which for hedging purpose	65'800	95'678	- 31.2
Financial investments at fair value through profit and loss <sup>1</sup>	32'589	42'157	- 22.7
<b>Total financial instruments at fair value</b>	<b>318'963</b>	<b>384'512</b>	<b>- 17.0</b>
Due from banks	249'471	255'904	- 2.5
Loans	15'437'166	14'319'169	7.8
Financial investments at amortised cost <sup>2</sup>	20'498	519'935	- 96.1
<b>Total financial instruments not at fair value</b>	<b>15'707'135</b>	<b>15'095'008</b>	<b>4.1</b>
<b>Total Level 2</b>	<b>16'026'098</b>	<b>15'479'520</b>	<b>3.5</b>
<b>Level 3</b>			
Financial investments, recognised at fair value through other comprehensive income <sup>3</sup>	33'116	33'297	- 0.5
<b>Total financial instruments at fair value</b>	<b>33'116</b>	<b>33'297</b>	<b>- 0.5</b>
Investment property	19'241	19'510	- 1.4
<b>Total other assets at fair value</b>	<b>19'241</b>	<b>19'510</b>	<b>- 1.4</b>
<b>Total Level 3</b>	<b>52'357</b>	<b>52'807</b>	<b>- 0.9</b>
<b>Total assets</b>	<b>25'304'863</b>	<b>24'562'824</b>	<b>3.0</b>

- 1 Investment funds and equities  
2 Commercial Papers and / or SNB-Bills  
3 Infrastructure titles

in CHF thousands	31.12.2023	31.12.2022	+/- %
<b>Liabilities</b>			
<b>Level 1</b>			
Precious metal liabilities	134'550	173'163	- 22.3
<b>Total financial instruments at fair value</b>	<b>134'550</b>	<b>173'163</b>	<b>- 22.3</b>
Bonds	528'701	348'905	51.5
<b>Total financial instruments not at fair value</b>	<b>528'701</b>	<b>348'905</b>	<b>51.5</b>
<b>Total Level 1</b>	<b>663'251</b>	<b>522'068</b>	<b>27.0</b>
<b>Level 2</b>			
Derivative financial instruments	337'165	288'679	16.8
of which for hedging purpose	13'491	21'303	- 36.7
<b>Total financial instruments at fair value</b>	<b>337'165</b>	<b>288'679</b>	<b>16.8</b>
Due to banks	949'470	1'664'934	- 43.0
Due to customers	19'132'520	18'374'068	4.1
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	2'014'082	1'679'779	19.9
<b>Total financial instruments not at fair value</b>	<b>22'096'071</b>	<b>21'718'781</b>	<b>1.7</b>
<b>Total Level 2</b>	<b>22'433'236</b>	<b>22'007'460</b>	<b>1.9</b>
<b>Level 3</b>			
<b>Total Level 3</b>	<b>0</b>	<b>0</b>	
<b>Total liabilities</b>	<b>23'096'488</b>	<b>22'529'528</b>	<b>2.5</b>

### Financial investments not measured at fair value

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

The following table shows this comparison only for positions which were not measured at fair value, since for positions measured at fair value the carrying value corresponds to the fair value. On account of the maturity being more than one year, for specific positions a present value was calculated taking as a basis SARON interest rates appropriate for the duration of the term. In the case of all other positions, the carrying value represents a reasonable approximation of the fair value.

in CHF thousands	31.12.2023		31.12.2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Assets</b>				
Cash and balances with central banks	6'389'870	6'389'870	6'264'269	6'264'269
Due from banks <sup>1</sup>	250'415	249'471	256'594	255'904
Loans	15'286'758	15'437'166	14'435'257	14'319'169
Financial investments at amortised cost	834'106	834'924	519'935	519'935
<b>Liabilities</b>				
Due to banks	950'541	949'470	1'667'253	1'664'934
Due to customers <sup>1</sup>	19'233'782	19'132'520	18'626'585	18'374'068
Medium-term notes and shares in bond issues of the Swiss Regional or Cantonal Banks' Central Bond Institutions	2'030'887	2'014'082	1'786'475	1'679'779
Bonds	551'090	528'701	401'057	348'905

1 Adjusted to consider the claims or liabilities from precious metals accounts due to the separate disclosure in the fair value hierarchy

### 34 Netting of financial assets and financial liabilities

In order to reduce the credit risks in relation to securities repurchasing transactions (repos) and derivatives, the LLB Group has concluded agreements with its counterparties, which permit netting. These include the Swiss Framework Agreement for Repo Transactions (multi-lateral version) and also ISDA master agreements.

The netting agreements serve to protect the LLB Group against losses arising in connection with possible insolvency proceedings and other situations. They are only employed if the counterparty cannot fulfil its commitments. Both securities (repos) and cash (derivatives) serve as collateral.

In its daily business, the LLB Group does not conduct balance sheet netting with the financial assets and financial liabilities of balance sheet transactions because the legal requirements for netting are not fulfilled.

The following table provides an overview of the financial assets and financial liabilities which are subject to an enforceable netting agreement or similar agreements.

in CHF thousands	On the balance sheet recognised amounts	Potential netting amounts		Amounts after potential netting
		Financial instruments	Financial collaterals	
<b>31.12.2022</b>				
<b>Financial assets subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Reverse repurchase agreements	100'005	100'005	0	0
Positive replacement values	342'355	91'788	197'715	52'852
<b>Total assets</b>	<b>442'360</b>	<b>191'793</b>	<b>197'715</b>	<b>52'852</b>
<b>Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Repurchase agreements	250'100	250'100	0	0
Negative replacement values	288'679	91'788	16'216	180'675
<b>Total liabilities</b>	<b>538'779</b>	<b>341'888</b>	<b>16'216</b>	<b>180'675</b>

in CHF thousands	On the balance sheet recognised amounts	Potential netting amounts		Amounts after potential netting
		Financial instruments	Financial collaterals	
<b>31.12.2023</b>				
<b>Financial assets subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Reverse repurchase agreements	0	0	0	0
Positive replacement values	255'458	123'598	99'892	31'968
<b>Total assets</b>	<b>255'458</b>	<b>123'598</b>	<b>99'892</b>	<b>31'968</b>
<b>Financial liabilities subject to off-setting, enforceable netting agreements or similar arrangements</b>				
Repurchase agreements	160'084	0	160'084	0
Negative replacement values	147'106	123'598	15'154	8'354
<b>Total liabilities</b>	<b>307'190</b>	<b>123'598</b>	<b>175'238</b>	<b>8'354</b>

The LLB Group also conducts securities lending and borrowing transactions as a principal. To reduce the risks associated with such transactions, Global Master Securities Lending Agreements (GMSLA) are concluded with the counterparties. Both securities and cash funds are employed as collateral.

# Notes to the consolidated off-balance sheet transactions

## 35 Contingent liabilities

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Collateral guarantees and similar instruments	11'354	22'622	- 49.8
Performance guarantees and similar instruments	44'519	39'818	11.8
<b>Total contingent liabilities</b>	<b>55'873</b>	<b>62'440</b>	<b>- 10.5</b>

## 36 Credit risks

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Irrevocable commitments	798'190	782'745	2.0
Deposit and call liabilities	13'788	13'891	- 0.7
<b>Total credit risks</b>	<b>811'978</b>	<b>796'636</b>	<b>1.9</b>

## 37 Fiduciary transactions

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Fiduciary deposits with other banks	156'512	98'663	58.6
Other fiduciary financial transactions	2'551	2'940	- 13.3
<b>Total fiduciary transactions</b>	<b>159'063</b>	<b>101'603</b>	<b>56.6</b>

## 38 Lending and pension transactions with securities

The LLB has lent or pledged securities from its own possession. These are recognised in LLB's balance sheet and recorded in the table below. Furthermore, securities owned by third parties which LLB received as collateral and in some cases has repledged or resold are reported in the table. These are not recognised in LLB's balance sheet.

in CHF thousands	31.12.2023		31.12.2022	
	Carrying amount	Actual liability	Carrying amount	Actual liability
Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements	161'842	165'659	250'677	258'712
of which capable of being resold or further pledged without restrictions	161'842	165'659	250'677	258'712
Securities received as collateral within the scope of securities lending or securities received in connection with reverse repurchase agreements, which are capable of being resold or further pledged without restrictions	0	0	100'645	100'005
of which resold or further pledged securities	0	0	0	0

# Pension plans and other long-term benefits

## Pension plans

### Post-employment benefits

The LLB Group has established a number of pension plans, in compliance with prevailing legal provisions, which insure most employees in the event of death, invalidity and retirement. In addition, further plans exist for long-service anniversaries, which qualify as other long-term employee benefits. In the case of the pension plans, contributions are made by employees, which are then supplemented by corresponding contributions from the LLB Group. The pension schemes are financed in compliance with the local legal and fiscal regulations. The risk benefits are based on the insured salary and the pension benefits on the accumulated capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer. For the calculation of mortality, life expectancy and disability, the technical bases BVG 2020 (previous year: BVG 2020) were used for all significant pension plans. The last actuarial valuations were performed on 31 December 2023. The actuarial gains and losses are included in other comprehensive income.

Joint committees are set up for pension plans, which are administered via collective foundations. The foundation board of the autonomous pension foundation is also composed of an equal number of employee and employer representatives. On the basis of the legal provisions and the pension plan regulations, the foundation board is obligated to act solely in the interest of the foundation and the actively insured persons and pensioners. Consequently, in this pension plan the employer itself may not decide on benefits and their financing, rather decisions must be taken on equal terms.

The foundation board is responsible for determining the investment strategy, for amendments to the pension plan regulations, and especially for the financing of the pension plan benefits. The foundation board members of the pension plans specify investment guidelines for the investment of the pension plan assets, which contain the tactical asset allocation and the benchmarks for the comparison of performance with a general investment universe. The assets of the pension plans are well diversified. With regard to diversification and security, the legal provisions of the BPVG Pension Law apply to pension plans in Liechtenstein, and the legal provisions of the BVG Pension Law apply to pension plans in Switzerland. The foundation board members continually monitor whether the selected investment strategy is suitable for the provision of the pension plan benefits and whether the risk budget corresponds to the demographic structure. The observance of the investment guidelines and the investment performance of the investment advisers are reviewed on a quarterly basis. In addition, the investment strategy and its suitability and effectiveness are periodically checked by an external consultant.

The pension plan is designed as a defined contribution plan, i.e. a savings account is maintained for all the retirement benefits of each employee. The annual savings contributions and interest (no negative interest is possible) are credited to the pension savings account annually. At the time of retirement, the insured person may choose between a life-long pension, which includes a reversionary spouse pension, or the withdrawal of the savings capital. In addition to the retirement benefits, the pension plan also includes invalidity and partner pensions. These are calculated on the basis of the insured annual salary (defined benefit plan). Furthermore, the insured employee may purchase improvements to his pension plan up to a maximum sum specified in the regulations. If the employee leaves the company, the savings credit balance is transferred to the new employer's pension plan or to a blocked pension savings account. When determining the benefits, the minimum provisions of the Professional Pension Plans Law (BPVG) for Liechtenstein, as well as the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) for Switzerland and their implementing ordinances are to be observed. The minimum salary to be insured and the minimum pension savings balance sum are stipulated in the BPVG and BVG. On account of the pension plan

structure and the legal provisions of the BPVG and BVG, the employer is subject to actuarial risks. The most important of these are investment risk, interest rate risk and longevity risk. The risks of death and invalidity are congruently re-insured. Currently, the individually accumulated pension capital for employees insured in Liechtenstein is converted into a life-long pension at age 65 at a pension conversion rate of 5.14 per cent. The conversion rate will gradually decrease to 4.82 per cent at age 65 by 1 January 2028. Amendments to the contribution payments made by the bank, the associated companies, or the employees require, in accordance with the regulations, the approval of the bank, the associated companies and a majority of the foundation board. The pension plans are financed through contributions made by the employer and the employees. The amount of the contributions is specified in the pension plan regulations. The employer must bear at least half of the contributions. In the event of underfunding, financial recovery contributions may be charged to both the employer and the employee to eliminate the shortfall in coverage, the employer must pay at least 50 per cent of the restructuring contributions.

The following amounts were recognised in the income statement and in equity as pension costs:

## Benefit expenses

in CHF thousands	Pensions plans		Other long-term benefits	
	2023	2022	2023	2022
<b>Defined benefit costs</b>				
<b>Service cost</b>				
Current service cost	- 11'630	- 15'467	- 505	- 563
Past service cost including effects of curtailment	0	0	0	0
<b>Total service cost</b>	<b>- 11'630</b>	<b>- 15'467</b>	<b>- 505</b>	<b>- 563</b>
<b>Net interest</b>				
Interest cost on defined benefit obligation	- 10'942	- 1'740	- 95	- 17
Interest income on plan assets	10'619	1'620	0	0
<b>Total net interest</b>	<b>- 323</b>	<b>- 120</b>	<b>- 95</b>	<b>- 17</b>
Administration expense	- 624	- 615	0	0
Net actuarial (losses) / gains recognised	0	0	- 332	446
<b>Total defined benefit cost</b>	<b>- 12'577</b>	<b>- 16'202</b>	<b>- 932</b>	<b>- 134</b>
of which personnel expenses	- 12'577	- 16'202	- 932	- 134
of which financial expense	0	0	0	0
<b>Contributions to defined contribution plans</b>	<b>- 785</b>	<b>- 733</b>	<b>0</b>	<b>0</b>
<b>Remeasurement of the defined benefit liability</b>				
<b>Actuarial (gains) / losses</b>				
Arising from changes in demographic assumptions	0	0	0	0
Arising from changes in economic assumptions	- 40'891	119'448	0	0
Arising from experience	- 9'072	- 18'944	0	0
Return on plan assets (excl. amounts in interest income)	22'836	- 75'950	0	0
<b>Total defined benefit cost recognised in other comprehensive income</b>	<b>- 27'127</b>	<b>24'554</b>	<b>0</b>	<b>0</b>
<b>Total benefit cost</b>	<b>- 40'488</b>	<b>7'619</b>	<b>- 932</b>	<b>- 134</b>

## Development of plan obligations

in CHF thousands	Pensions plans		Other long-term benefits	
	2023	2022	2023	2022
As at 1 January	506'280	598'282	3'736	4'200
Current service cost	11'630	15'467	505	563
Plan participation contributions	9'597	8'585	0	0
Interest costs	10'942	1'740	95	17
Benefits paid through pension assets	- 6'581	- 17'246	0	0
Benefits paid by employer	- 206	- 22	- 419	- 536
Actuarial (gains) / losses	49'963	- 100'504	333	- 446
Plan amendments	0	0	0	0
Exchange rate differences	- 92	- 22	- 82	- 61
<b>As at 31 December</b>	<b>581'532</b>	<b>506'280</b>	<b>4'168</b>	<b>3'736</b>
of which active employees	409'897	345'578		
of which pensioners	171'635	160'701		
Average term of obligation	13.5	12.7		

## Development of plan assets

in CHF thousands	Pension plans	
	2023	2022
As at 1 January	478'819	546'641
Plan participation contributions	9'597	8'585
Company contributions	17'540	15'784
Interest income on plan assets	10'619	1'620
Administration expense	- 624	- 615
Assets assumed in a business combination	0	0
Benefits paid through pension assets	- 6'581	- 17'246
Return on plan assets (excl. amounts in interest income)	22'836	- 75'950
<b>As at 31 December</b>	<b>532'206</b>	<b>478'819</b>

The pension fund assets as at 31 December 2023 include shares of LLB with a market value of CHF thousands 25 (31.12. 2022: CHF thousands 18). The expected Group contributions for the 2024 financial year amount to CHF thousands 17'837 for the pension plans and CHF thousands 297 for the other long-term benefits.

## Overview of net debt recognised in the balance sheet

in CHF thousands	Pension plans		Other long-term benefits	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Present value of funded obligations	580'148	504'764	0	0
Minus fair value of plan assets	532'206	478'819	0	0
<b>Under- / (Over-)funded</b>	<b>47'942</b>	<b>25'945</b>	<b>0</b>	<b>0</b>
Present value of unfunded obligations	1'384	1'516	4'166	3'734
<b>Net debt recognised in the balance sheet</b>	<b>49'326</b>	<b>27'461</b>	<b>4'166</b>	<b>3'734</b>

## Asset classes

in CHF thousands	Share of total assets	
	31.12.2023	31.12.2022
<b>Equities</b>		
listed market prices (Level 1)	182'778	162'476
other than listed market prices	0	0
<b>Bonds</b>		
listed market prices (Level 1)	214'955	170'205
other than listed market prices	0	0
<b>Real estate</b>		
listed market prices (Level 1)	11'794	12'908
other than listed market prices / direct investments	61'446	61'913
<b>Alternative financial investments</b>	25'236	31'120
<b>Qualified insurance policies</b>	26'319	25'679
<b>Other financial investments</b>	0	0
<b>Cash and cash equivalents</b>	9'678	14'518
<b>Total plan assets</b>	<b>532'206</b>	<b>478'819</b>

## Principal actuarial assumptions

in per cent	Pension plans		Other long-term benefits	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Discount rate	1.51	2.24	2.02	2.69
Future salary increases	2.25	2.25	2.58	2.59
Future pension indexations	0.00	0.00	0.00	0.00
Interest credit rate	1.51	2.24		
<b>Life expectancy at the age of 65</b>				
Year of birth	1978	1977		
men	25.1	25.0		
women	26.6	26.5		
Year of birth	1958	1957		
men	22.8	22.7		
women	24.6	24.5		

The demographic assumptions correspond to those for the year 2023 based on BVG 2020.

## Sensitivity analysis of significant actuarial assumptions

The following sensitivity analysis for the significant actuarial assumptions, on which calculations are based, shows how the cash value of pension obligations would change on the balance sheet date on account of a possible change in the actuarial assumptions. Only the listed assumption changes, all other assumptions remain unchanged.

in CHF thousands	Pension plans			
	31.12.2023		31.12.2022	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Discount rate	- 19'550	20'818	- 15'783	16'962
Salary increase	1'892	- 1'853	1'464	- 1'440
Interest credit rate	5'114	- 4'997	4'311	- 4'195
<b>in CHF thousands</b>	<b>+ 1 year</b>	<b>- 1 year</b>	<b>+ 1 year</b>	<b>- 1 year</b>
Life expectancy	11'314	- 11'525	9'009	- 9'187



# Related party transactions

## Related parties

The LLB Group is controlled by the Principality of Liechtenstein, which holds 56.3 per cent of the registered shares of Liechtensteinische Landesbank AG, Vaduz (previous year: 56.3 %). The shareholder group, consisting of the Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH, holds 5.9 per cent of the registered shares (previous year: 5.9 %). At the end of the year under report, LLB held 0.7 per cent of its own shares (previous year: 0.6 %) and 0.4 per cent were held by members of the Board of Directors and the Board of Management (previous year: 0.4 %). The remaining registered shares are owned by the general public.

The related parties of the LLB Group comprise the Principality of Liechtenstein, associated companies, members of the Board of Directors and the Board of Management, as well as their close family members and companies, in which these individuals are part of the company management, either through their majority shareholding or through their function, as well as own pension funds.

Within the scope of its business activity, the LLB Group also conducts banking transactions with related parties. These transactions mainly involve loans, investments and services. The volumes of these transactions, the holdings and corresponding income and expenses are shown below. For information regarding important business transactions with the Principality of Liechtenstein reference is made to [note 8](#) in the separate financial statement of LLB AG.

See [Scope of consolidation](#) for a detailed list of the intercompany relationships of the LLB Group.

## Compensation of key management personnel

in CHF thousands	Fixed compensation		Variable compensation		Entitlements <sup>1</sup>		Contribution to benefit plans and other social contributions		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Members of the Board of Directors</b>										
Georg Wohlwend, Chairman	300	300	0	0	40	40	86	86	426	426
Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023	42	124	0	0	10	30	6	11	58	165
Richard Senti, Vice Chairman since 5 May 2023 <sup>2</sup>	117	72	0	0	27	20	11	7	155	99
Nicole Brunhart, Member since 5 May 2023 <sup>2</sup>	45		0		13		3		61	
Leila Frick-Marxer, Member since 6 May 2022 <sup>3</sup>	65	42	0	0	20	13	5	3	90	58
Patrizia Holenstein, Member until 6 May 2022 <sup>3</sup>		24		0		7		0		31
Urs Leinhäuser, Member until 5 May 2023 <sup>2/4</sup>	31	82	0	0	7	20	0	0	38	102
Thomas Russenberger, Member	75	70	0	0	20	20	7	6	102	96
Karl Sevelda, Member	64	64	0	0	20	20	0	0	84	84
Christian Wiesendanger, Member since 5 May 2023 <sup>2</sup>	45		0		13		3		61	
<b>Total</b>	<b>784</b>	<b>778</b>	<b>0</b>	<b>0</b>	<b>170</b>	<b>170</b>	<b>121</b>	<b>113</b>	<b>1'075</b>	<b>1'061</b>
<b>Members of the Board of Management</b>										
Gabriel Brenna, Group CEO	870	870	207	261	311	261	239	234	1'627	1'626
Other members of the Board of Management	2'329	2'329	486	695	729	695	803	803	4'347	4'522
<b>Total</b>	<b>3'199</b>	<b>3'199</b>	<b>693</b>	<b>956</b>	<b>1'040</b>	<b>956</b>	<b>1'042</b>	<b>1'037</b>	<b>5'974</b>	<b>6'148</b>

- The members of the Board of Directors receive a portion of their fixed compensation in the form of entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of entitlements, which contain shares and, since 2023, also a cash component. The total compensation comprises the total of the fixed and variable compensation plus the entitlements.
- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.
- The compensation was paid to Adulco GmbH.

## Loans to key management personnel and related parties

in CHF thousands	Fixed mortgages		Variable mortgages		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Members of the Board of Directors</b>						
Georg Wohlwend, Chairman	0	0	0	0	0	0
Gabriela Nagel-Jungo, Vice Chairwoman until 5 May 2023		200		0		200
Richard Senti, Vice Chairman since 5 May 2023 <sup>1</sup>	198	398	473	271	671	669
Nicole Brunhart, Member since 5 May 2023 <sup>1</sup>	0		0		0	
Leila Frick-Marxer, Member since 6 May 2022 <sup>2</sup>	0	0	0	0	0	0
Patrizia Holenstein, Member until 6 May 2022 <sup>2</sup>						
Urs Leinhäuser, Member until 5 May 2023 <sup>1</sup>		0		0		0
Thomas Russenberger, Member	0	0	0	0	0	0
Karl Sevelda, Member	0	0	0	0	0	0
Christian Wiesendanger, Member since 5 May 2023 <sup>1</sup>	0		0		0	
and related parties	0	0	0	0	0	0
<b>Total</b>	<b>198</b>	<b>598</b>	<b>473</b>	<b>271</b>	<b>671</b>	<b>869</b>
<b>Members of the Board of Management</b>						
Gabriel Brenna, Group CEO	0	0	0	0	0	0
Other members of the Board of Management	1'910	1'910	0	0	1'910	1'910
and related parties	0	0	0	0	0	0
<b>Total</b>	<b>1'910</b>	<b>1'910</b>	<b>0</b>	<b>0</b>	<b>1'910</b>	<b>1'910</b>

- On 5 May 2023, Gabriela Nagel-Jungo and Urs Leinhäuser stepped down from the Board of Directors due to the term of office limitation rule. In their place, the General Meeting of Shareholders elected Nicole Brunhart and Christian Wiesendanger for a first term of office of three years. Richard Senti took over the office of Vice Chair from Gabriela Nagel-Jungo.
- On 6 May 2022, Patrizia Holenstein stepped down from the Board of Directors due to the term of office limitation rule. As her replacement, the General Meeting of Shareholders elected Leila Frick-Marxer for a first term of office of three years.

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

At 31 December 2023, the maturities of the fixed mortgages for the members of the Board of Directors and related parties ranged between 27 and 37 months (previous year: between 3 and 49 months) at standard market client interest rates of 1.02 to 1.05 per cent per annum (previous year: 0.75 to 1.25 %).

At 31 December 2023, the maturities of variable mortgages for members of the Board of Directors and related parties extended to a maximum of 3 months (previous year: 3 months) at standard market client interest rates of 2.51 per cent per annum (previous year: 1.28). Following expiry, these are extended for a further 3 months providing they are not revoked.

At 31 December 2023, the maturities of fixed mortgages for members of the Board of Management ranged between 6 and 100 months (previous year: between 18 and 112 months) at interest rates of 0.81 to 1.80 per cent per annum (previous year: 1.05 to 1.80 %).

Of the total amount of mortgages for the members of the Board of Management, CHF thousands 1'100 (previous year: CHF thousands 1'000) was granted at the preferential interest rate for staff, the remainder was subject to the standard market client interest rate. No other loans were issued to the Board of Management (previous year: none).

No allowances for loans and other credit lines to management were necessary. LLB granted no guarantees to management or related parties (previous year: none).

## Transactions with key management personnel and related parties

in CHF thousands	2023	2022	+ / - %
<b>Loans</b>			
As at 1 January	2'779	2'429	14.4
Loans issued / changes to management and related parties	202	443	- 54.3
Loan repayments / changes to management and related parties	- 400	- 93	330.1
<b>As at 31 December</b>	<b>2'581</b>	<b>2'779</b>	<b>- 7.1</b>
<b>Deposits</b>			
As at 1 January	13'049	7'697	69.5
Change	- 4'637	5'352	
<b>As at 31 December</b>	<b>8'412</b>	<b>13'049</b>	<b>- 35.5</b>
<b>Income and expenses</b>			
Interest income	37	33	14.6
Interest expenses	- 50	- 3	
Other income <sup>1</sup>	19	22	- 15.5
Other expenses	0	0	
<b>Total</b>	<b>7</b>	<b>52</b>	<b>- 87.2</b>

<sup>1</sup> Mainly net fee and commission income

## Transactions with associated companies

in CHF thousands	2023	2022	+ / - %
<b>Loans</b>			
As at 1 January	1'503	636	136.1
Change	97'970	866	
<b>As at 31 December</b>	<b>99'472</b>	<b>1'503</b>	
<b>Deposits</b>			
As at 1 January	9'617	16'530	- 41.8
Change	953	- 6'913	
<b>As at 31 December</b>	<b>10'570</b>	<b>9'617</b>	<b>9.9</b>
<b>Income and expenses</b>			
Interest income	3'063	74	
Interest expenses	- 193	- 0	
Other income	4	5	- 25.7
Other expenses	- 30	- 89	- 66.5
<b>Total</b>	<b>2'844</b>	<b>- 9</b>	

The LLB Group has not issued guarantees to third parties for related parties. No irrevocable credit commitment exists (previous year: CHF 10 million). As a result of transacted foreign currency swaps, claims continue to exist from derivative financial instruments totalling CHF thousands 118 (previous year: CHF thousands 3).

## Transactions with own pension funds

in CHF thousands	2023	2022	+ / - %
<b>Loans</b>			
As at 1 January	0	0	
Change	0	0	
<b>As at 31 December</b>	<b>0</b>	<b>0</b>	
<b>Deposits</b>			
As at 1 January	9'726	20'631	- 52.9
Change	- 5'309	- 10'905	- 51.3
<b>As at 31 December</b>	<b>4'416</b>	<b>9'726</b>	<b>- 54.6</b>
<b>Income and expenses</b>			
Interest income	0	0	- 20.9
Interest expenses	- 53	- 0	
Other income <sup>1</sup>	899	855	5.2
Other expenses	0	0	
<b>Total</b>	<b>846</b>	<b>855</b>	<b>- 1.0</b>

<sup>1</sup> Mainly earnings from commissions and fees.

No guarantees have been granted by the LLB Group for third parties on behalf of own pension funds (previous year: none).

The LLB pension fund has transacted swaps to hedge against interest rate and currency risks. No claims exist from derivative financial instruments against the own pension fund (previous year: CHF thousands 63) and liabilities amounting to CHF thousands 3'658 (previous year: CHF thousands 1'179).

# Scope of consolidation

Company	Registered office	Business activity	Currency	Capital Stock	Equity interest (in %)	
					IFRS	Legal
<b>Fully consolidated companies</b>						
Liechtensteinische Landesbank Aktiengesellschaft	Vaduz (FL)	Bank	CHF	154'000'000	100.0	100.0
Liechtensteinische Landesbank (Österreich) AG	Vienna (AT)	Bank	EUR	5'000'000	100.0	100.0
LLB (Schweiz) AG	Uznach (CH)	Bank	CHF	16'108'060	100.0	100.0
LLB Asset Management Aktiengesellschaft	Vaduz (FL)	Asset management company	CHF	1'000'000	100.0	100.0
LLB Beteiligungs GmbH	Vienna (AT)	Investment company	EUR	35'000	100.0	100.0
LLB Fund Services Aktiengesellschaft	Vaduz (FL)	Fund management company	CHF	2'000'000	100.0	100.0
LLB Holding AG	Uznach (CH)	Holding company	CHF	95'328'000	100.0	100.0
LLB Immo Kapitalanlagegesellschaft m.b.H.	Vienna (AT)	Investment company	EUR	5'000'000	94.9	94.9
LLB Invest AGmVK	Vaduz (FL)	Investment company	CHF	65'000	100.0	100.0
LLB Invest Kapitalanlagegesellschaft m.b.H.	Vienna (AT)	Investment company	EUR	2'300'000	100.0	100.0
LLB Private Equity GmbH	Vienna (AT)	Financial consulting company	EUR	36'842	100.0	100.0
LLB Realitäten GmbH	Vienna (AT)	Real estate trust company	EUR	35'000	100.0	100.0
LLB Services (Schweiz) AG	Zurich (CH)	Service company	CHF	100'000	100.0	100.0
LLB Swiss Investment AG	Zurich (CH)	Fund management company	CHF	8'000'000	100.0	100.0
LLB Verwaltung (Schweiz) AG	Uznach (CH)	Management company	CHF	100'000	100.0	100.0
PREMIUM Spitalgasse 19A GmbH & Co KG	Vienna (AT)	Real estate company	EUR	1'370'060	80.0	80.0
Zukunftsstiftung der Liechtensteinischen Landesbank AG	Vaduz (FL)	Charitable foundation	CHF	30'000	100.0	100.0
<b>Associates</b>						
Gain Capital Management S.A.R.L.	Luxembourg	Fund management company	EUR	12'000	30.0	30.0
<b>Joint venture</b>						
Data Info Services AG	Vaduz (FL)	Service company	CHF	50'000	50.0	50.0

In the year under report, Liechtensteinische Landesbank (Österreich) AG acquired all the non-controlling interests in its subsidiary LLB Private Equity GmbH. Bank Linth LLB AG was renamed LLB (Schweiz) AG. There were no disposals of companies or shares in companies in the reporting year.

As at 31 December 2023 and as at 31 December 2022, there were no major restrictions in relation to the possibility to access assets of the Group companies or to appropriate them. As at 31 December 2023 and as at 31 December 2022, there were no participations in consolidated structured companies.

# Risk management

## Principles of risk management

One of the core competences of a financial institute is to consciously accept risks and manage them profitably. In its risk policy, the LLB Group defines qualitative and quantitative standards of risk responsibility, risk management and risk control. Furthermore, the organisational and methodical parameters for the identification, measurement, control and monitoring of risks are specified. The proactive management of risk is an integral part of corporate policy and safeguards the LLB Group's ability to bear and accept risk.

## Organisation and responsibilities

### Group Board of Directors

The Board of Directors of the LLB Group is responsible for stipulating risk management principles, as well as for specifying responsibilities and procedures for approving business transactions entailing risk. In fulfilling its tasks and duties, the Group Board of Directors is supported by the Group Risk Committee.

### Group Executive Board

The Group Executive Board is responsible for the overall management of risk readiness within the parameters defined by the Group Board of Directors and for the implementation of the risk management processes. It is supported in this task by various risk committees.

### Group Credit & Risk Management

Group Credit & Risk Management identifies, assesses, monitors and reports on the principal risk exposure of the LLB Group and is functionally and organisationally independent of the operative units. It supports the Group Executive Board in the overall management of risk exposure.

## Risk categories

The LLB Group is exposed to various types of risks. It differentiates between the following risk categories:

### Market risk

The risk of losses arises from unfavourable changes in interest rates, exchange rates, security prices and other relevant market parameters.

### Liquidity and refinancing risk

Represents the risk of not being able to fulfil payment obligations on time or not being able to obtain refinancing funds on the market at a reasonable price to fulfil current or future payment liabilities.

### Credit risk

Credit or counterparty risk includes the danger that a client or a counterparty cannot or cannot completely fulfil their obligations vis à vis the LLB Group or an individual Group company. This can result in a financial loss for the LLB Group.

### Operational risk

Is the danger of losses due to the unsuitability or failure of internal procedures, people or systems, or as a result of external events.

### Strategic risk

Arises as a result of decisions taken by the Group Executive Board which have a negative influence on the survival, development ability or independence of the LLB Group.

### Sustainability risk

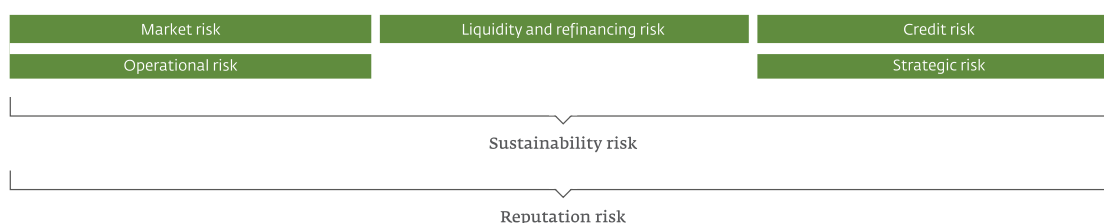
Sustainability risks encompass events, conditions or developments in relation to ESG factors which, if they occur, can have significant negative effects on the value of the assets, or the asset, financial or earnings situation, or the reputation of the company. ESG factors include:

- ◆ climate and environmental protection (environment),
- ◆ social aspects such as human rights and employment standards (corporate social responsibility),
- ◆ responsible management (corporate governance).

### Reputation risk

Reputation is defined as the public standing of a company arising from the perception of its stakeholders regarding its competence, integrity and values. Reputation risk consists of the danger of a negative divergence of the LLB from the expected standards.

### Risk categories



### Risk management process

The implementation of an efficient risk management process is essential to enable risks to be identified, assessed, controlled and monitored. This should generate a culture of awareness at all levels of the LLB Group. The Group Board of Directors specifies the risk strategy, which provides the operative units with a framework for dealing with risks. Depending on the type of risk, not only upper limits for losses must be stipulated, but also a detailed set of regulations which specify which risks may be accepted under what conditions, and when measures to control risks are to implemented.

The following process diagram shows the control loop of the LLB Group’s risk management process.

### Risk management process



### Internal Capital Adequacy Assessment Process (ICAAP)

For the purposes of ensuring a continual capital adequacy, the LLB Group has in place sound, effective and comprehensive strategies and processes. The bank’s internal capital adequacy process is an important instrument of risk management for the LLB Group. Its goal is to make a significant contribution to the continued existence of the LLB Group by measuring and safeguarding the bank’s capital adequacy from various perspectives.

As part of the normative perspective, an assessment is made of the extent to which the LLB Group is in a position, in various scenarios, to fulfil its quantitative regulatory and supervisory capital requirements over the medium term.

The normative internal perspective is supplemented by an economic internal perspective, within the scope of which all major risks are identified and quantified which, from an economic viewpoint, could cause losses and substantially reduce the amount of internal capital. In conformity with the economic perspective, the LLB Group ensures all its risks are adequately covered by the availability of internal capital.

The adequacy of the Group's capital resources from the individual perspective has to be tested using internal methods. The quantified risks arising from the individual risk categories are aggregated in an overall risk potential and are compared with the capital available to cover these potential losses. It is then determined to what extent the LLB Group is in a position to bear potential losses.

The LLB Group's financial strength should remain unimpaired by fluctuations on the capital markets. Scenario analyses and stress tests are employed to simulate external influences and assess their impact on equity capital. Where necessary, measures are implemented to mitigate risks.

The ICAAP is documented in internal regulations and guidelines and is reviewed and revised annually.

## 1 Market risks

Market risk is the risk that arises from changes in interest rates, exchange rates and security prices in the financial and capital markets. A differentiation is made between market risks in the trading book and market risks in the banking book. The potential for losses exists primarily in the impairment of the value of an asset or the increase in the value of liabilities (market value perspective) as well as in secondary capacity in the diminution of current earnings or an increase in current expenditures (earnings perspective).

### 1.1 Market risk management

The LLB Group has in place a differentiated risk management and risk control system for market risks. The market risk control process comprises a sophisticated framework of rules involving the identification and the uniform valuation of market risk-relevant data as well as the control, monitoring and reporting of market risks.

#### Trading book

The trading book contains own positions in financial instruments which are held for short-term further sale or repurchase. These tasks are closely related to the clients' needs for capital market products and are understood as a supporting activity for the core business.

The LLB Group conducts relatively small-scale trading book activities in accordance with Article 94 (1) of the Capital Requirements Regulation II (CRR II). A limits system is in operation to ensure compliance and is monitored by Group Risk Management. Due to the lack of materiality, the trading book is no longer explained in detail.

#### Banking book

In general, the holdings in the banking book are employed to pursue long-term investment goals. These holdings include assets, liabilities, and off-balance sheet positions, which are the result, on the one hand, of classical banking business and, on the other, are held to earn revenue over their life.

Market risks with the banking book mainly involve interest rate fluctuation risk, exchange rate risk and equity price risk.

#### Interest rate fluctuation risk

This is regarded as the adverse effects of changes in market interest rates on capital resources or current earnings. The different interest maturity periods of claims and liabilities from balance sheet transactions and derivatives represent the most important basis.



#### Exchange rate risk

This relates to the risks arising in connection with the uncertainties regarding future exchange rate trends. The calculation of these risks takes into consideration all the positions entered into by the bank.

#### Equity price risk

This is understood to be the risk of losses due to adverse changes in the market prices of equities.

### 1.2 Valuation of market risks

#### Sensitivity analysis

In sensitivity analysis a risk factor is altered. Subsequently, the effects of the alteration of the risk factor on the portfolio concerned are estimated.

#### Scenario analysis

The aim of the scenario analyses of the LLB Group is to simulate the effects of normal and stress scenarios.

### 1.3 Management of market risks

In client business, currency risks are basically controlled by making investments or obtaining refinancing in matching currencies. The residual currency risk is restricted by means of sensitivity limits.

Within the specified limit parameters, the individual Group companies are at liberty to manage their interest rate risks as they wish. Interest rate swaps are employed mainly to control interest rate risks.

Equity investments are limited by means of nominal limits.

### 1.4 Monitoring and reporting of market risks

Group Credit & Risk Management monitors the observance of market risk limits and is also responsible for reporting market risks.

### 1.5 Effects on Group net profit

#### Interest rate fluctuation risk

The LLB Group recognises client loans in the balance sheet at amortised cost. This means that a change in the interest rate does not cause any change in the recognised amount and therefore to no significant recognition affecting profit and loss of the effects of interest rate fluctuation. However, fluctuations in interest rates can lead to risks because the LLB Group largely finances long-term loans with client assets. Within the scope of financial risk management, these interest rate fluctuation risks in the balance sheet business of the LLB Group are hedged mainly by means of interest rate swaps. If the IFRS hedge accounting criteria for hedging instruments (interest rate swaps) and underlying transactions (loans) are met, the hedged part of the loans to clients is recognised in the balance sheet at fair value. Further information regarding recognition and measurement is provided in the chapter [Accounting principles](#).

#### Exchange rate risk

The price gains resulting from the valuation of transactions and balances are booked to profit and loss. The price gains resulting from the transfer of the functional currency into the reporting currency are booked under other comprehensive income without affecting profit and loss.

#### Equity price risk

The valuation is carried out at current market prices. The equity price risk resulting from the valuation at current market prices is reflected in the income statement and in other comprehensive income.

### 1.6 Sensitivities by risk categories

In measuring risk, the LLB Group employs scenario analyses to test sensitivities with market risks. The impact on equity capital, according to the assumptions, is shown in the following.

Interest rate sensitivity measures the market change on interest rate-sensitive instruments for the LLB Group caused by a linear interest rate adjustment of + / – 100 basis points.

Currency sensitivity affects both interest rate sensitive and non-interest rate sensitive instruments. The sensitivity of instruments in foreign currencies is determined by multiplying the CHF market value by the assumed exchange rate fluctuation of + / – 10 per cent.

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

#### Sensitivity of existing market risks

in CHF thousands	31.12.2023	31.12.2022
	Sensitivity	Sensitivity
<b>Interest rate risk</b>	<b>108'875</b>	<b>87'833</b>
of which affecting net income	291	5'857
of which not affecting net income	108'584	81'976
<b>Currency risk</b>	<b>31'801</b>	<b>33'800</b>
of which affecting net income	857	789
of which not affecting net income	30'944	33'011
<b>Equity price risk</b>	<b>23'245</b>	<b>22'482</b>
of which affecting net income	27	27
of which not affecting net income	23'218	22'455

Foreign exchange risk arises from the following currencies:

in CHF thousands	31.12.2023	31.12.2022
	Sensitivity	Sensitivity
<b>Currency risk</b>	<b>31'801</b>	<b>33'989</b>
of which USD	702	2'002
of which EUR	30'944	33'154
of which others	155	– 1'167

## 1.7 Currency risks

### Currency exposure as at 31 December 2022

in CHF thousands	USD	EUR	Others	Total
<b>Assets</b>				
Cash and balances with central banks	987	1'584'346	165	1'585'499
Due from banks	58'816	40'525	35'309	134'650
Loans	296'814	588'760	73'737	959'311
Financial investments	869'482	833'655	251	1'703'387
Current tax assets	0	176	0	176
Other assets	26'498	200'355	3'381	230'235
<b>Total assets reported in the balance sheet</b>	<b>1'252'598</b>	<b>3'247'817</b>	<b>112'843</b>	<b>4'613'258</b>
Delivery claims from forex spot, forex futures and forex options transactions	7'289'611	6'983'799	2'096'080	16'369'491
<b>Total assets</b>	<b>8'542'209</b>	<b>10'231'617</b>	<b>2'208'923</b>	<b>20'982'749</b>
<b>Liabilities and equity</b>				
Due to banks	25'627	131'407	10'241	167'274
Due to customers	2'823'375	4'042'195	734'321	7'599'890
Debt issued	0	1'416	0	1'416
Current tax liabilities	0	9'237	0	9'237
Other liabilities	39'179	67'087	- 11'610	94'656
<b>Liabilities and equity reported in the balance sheet</b>	<b>2'888'180</b>	<b>4'251'342</b>	<b>732'951</b>	<b>7'872'473</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	5'634'009	5'650'160	1'488'101	12'772'271
<b>Total liabilities and equity</b>	<b>8'522'190</b>	<b>9'901'502</b>	<b>2'221'053</b>	<b>20'644'744</b>
<b>Net position per currency</b>	<b>20'020</b>	<b>330'115</b>	<b>- 12'129</b>	<b>338'005</b>

### Currency exposure as at 31 December 2023

in CHF thousands	USD	EUR	Others	Total
<b>Assets</b>				
Cash and balances with central banks	929	1'401'048	112	1'402'090
Due from banks	84'068	84'111	61'136	229'315
Loans	214'557	529'500	45'018	789'075
Financial investments	957'869	832'237	156	1'790'262
Current tax assets	0	112	0	112
Other assets	19'521	181'399	13	200'933
<b>Total assets reported in the balance sheet</b>	<b>1'276'944</b>	<b>3'028'408</b>	<b>106'434</b>	<b>4'411'786</b>
Delivery claims from forex spot, forex futures and forex options transactions	6'815'003	7'590'722	1'806'253	16'211'978
<b>Total assets</b>	<b>8'091'948</b>	<b>10'619'130</b>	<b>1'912'686</b>	<b>20'623'764</b>
<b>Liabilities and equity</b>				
Due to banks	55'860	132'828	7'424	196'112
Due to customers	2'443'494	5'082'593	663'376	8'189'464
Debt issued	0	3'754	0	3'754
Current tax liabilities	0	13'533	0	13'533
Other liabilities	18'873	78'955	4'914	102'742
<b>Liabilities and equity reported in the balance sheet</b>	<b>2'518'227</b>	<b>5'311'663</b>	<b>675'714</b>	<b>8'505'604</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	5'566'699	4'998'026	1'235'426	11'800'150
<b>Total liabilities and equity</b>	<b>8'084'925</b>	<b>10'309'689</b>	<b>1'911'140</b>	<b>20'305'754</b>
<b>Net position per currency</b>	<b>7'022</b>	<b>309'441</b>	<b>1'547</b>	<b>318'010</b>

### 1.8 Interest rate repricing balance sheet

In the fixed-interest-rate repricing balance sheet, asset and liability surpluses from fixed-interest rate positions as well as from interest-rate-sensitive derivative positions in the balance sheet are calculated and broken down into maturity ranges (cycle times). The positions with an unspecified duration of interest rate repricing are allocated to the corresponding maturity ranges (cycle times) on the basis of a replication.

#### Interest commitments of financial assets and liabilities (nominal)

in CHF thousands	Within 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
<b>31.12.2022</b>						
<b>Financial assets</b>						
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
<b>Total financial assets</b>	<b>11'178'826</b>	<b>1'833'139</b>	<b>1'847'866</b>	<b>6'175'099</b>	<b>2'929'260</b>	<b>23'964'190</b>
Derivative financial instruments	1'116'167	81	55'337	351'008	30'177	1'552'769
<b>Total</b>	<b>12'294'992</b>	<b>1'833'220</b>	<b>1'903'203</b>	<b>6'526'106</b>	<b>2'959'437</b>	<b>25'516'959</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>9'898'852</b>	<b>2'043'182</b>	<b>3'775'109</b>	<b>5'581'471</b>	<b>1'145'466</b>	<b>22'444'081</b>
Derivative financial instruments	435'553	70'023	172	575'293	469'847	1'550'887
<b>Total</b>	<b>10'334'405</b>	<b>2'113'205</b>	<b>3'775'280</b>	<b>6'156'764</b>	<b>1'615'313</b>	<b>23'994'968</b>
<b>Interest rate repricing exposure</b>	<b>1'960'587</b>	<b>- 279'985</b>	<b>- 1'872'077</b>	<b>369'342</b>	<b>1'344'124</b>	<b>1'521'990</b>
<b>31.12.2023</b>						
<b>Financial assets</b>						
Cash and balances with central banks	6'306'045	0	0	0	0	6'306'045
Due from banks	250'415	0	0	0	0	250'415
Loans	5'324'549	1'658'576	1'192'149	5'019'907	2'121'455	15'316'636
Financial investments	66'722	110'226	368'967	1'744'499	307'974	2'598'387
<b>Total financial assets</b>	<b>11'947'731</b>	<b>1'768'802</b>	<b>1'561'116</b>	<b>6'764'406</b>	<b>2'429'428</b>	<b>24'471'483</b>
Derivative financial instruments	1'140'861	77	130'317	250'699	258'090	1'780'045
<b>Total</b>	<b>13'088'592</b>	<b>1'768'879</b>	<b>1'691'433</b>	<b>7'015'105</b>	<b>2'687'519</b>	<b>26'251'528</b>
<b>Financial liabilities</b>						
Due to banks	733'246	40'000	175'000	0	0	948'246
Due to customers	11'583'919	2'990'722	1'780'491	2'422'978	416'849	19'194'961
Debt issued	579	25'057	105'104	1'112'479	1'329'036	2'572'256
<b>Total financial liabilities</b>	<b>12'317'744</b>	<b>3'055'779</b>	<b>2'060'596</b>	<b>3'535'458</b>	<b>1'745'886</b>	<b>22'715'462</b>
Derivative financial instruments	640'778	10'023	140'135	594'388	390'000	1'775'323
<b>Total</b>	<b>12'958'521</b>	<b>3'065'802</b>	<b>2'200'731</b>	<b>4'129'845</b>	<b>2'135'886</b>	<b>24'490'785</b>
<b>Interest rate repricing exposure</b>	<b>130'071</b>	<b>- 1'296'923</b>	<b>- 509'298</b>	<b>2'885'260</b>	<b>551'633</b>	<b>1'760'743</b>

## 2 Liquidity and refinancing risk

Liquidity risk is defined as a situation where present and future payment obligations cannot be fully met or met on time, or in the event of a liquidity crisis refinancing funds may only be available at increased market rates (refinancing costs) or assets can only be made liquid at markdowns to market rates (market liquidity risk).

### 2.1 Internal Liquidity Adequacy Assessment Process (ILAAP)

For the purposes of continually evaluating and adequately ensuring a reasonable liquidity base, the LLB Group has in place sound, effective and comprehensive strategies and processes. The bank's internal liquidity adequacy assessment process is an important instrument of risk management for the LLB Group. Its goal is to make a significant contribution to the continued existence of the LLB Group by measuring and safeguarding the bank's liquidity adequacy from various perspectives.

The goal of liquidity risk management at the LLB Group encompasses the following points:

- ◆ Ensuring the ability to meet financial obligations at all times
- ◆ Compliance with regulatory provisions
- ◆ Optimising of refinancing structure
- ◆ Optimising of payment streams within the LLB Group

From the normative internal perspective, an assessment is made over a period of several years of the extent to which the LLB Group is in a position to fulfil its quantitative regulatory and supervisory liquidity requirements and targets, as well as other external financial constraints. All aspects are considered, which could affect the relevant supervisory quotas during the planning period.

Within the scope of the economic internal perspective it has to be ensured that internal liquidity is continually adequate to cover the risks and expected outflows, as well as to support the Group's strategy. All the risks are taken into account, which could have a significant effect on the liquidity positions.

The LLB Group's liquidity adequacy should remain unimpaired by fluctuations on the markets. Scenario analyses and stress tests are employed to simulate external influences and assess their impact on liquidity adequacy. Where necessary, measures are implemented to mitigate risks.

The ILAAP is documented in internal regulations and guidelines and is reviewed and revised annually.

### 2.2 Valuation of liquidity risks

In our liquidity risk management concept, scenario analysis plays a central role. This includes the valuation of the liquidity of assets, i.e. the liquidity characteristics of our asset holdings in various stress scenarios.

### 2.3 Contingency planning

The LLB Group's liquidity risk management encompasses a contingency plan. The contingency plan includes an overview of emergency measures, sources of alternative financing and governance in stress situations.

### 2.4 Monitoring and reporting of liquidity risks

Group Credit & Risk Management monitors compliance with liquidity risk limits and is responsible for reporting on liquidity risks.

The following tables show the maturities according to contractual periods, separated according to derivative and non-derivative financial instruments as well as off-balance sheet transactions. The values of derivative financial instruments represent replacement values. All other values correspond to nominal values, i.e. possible interest and coupon payments are included.

### Maturity structure of derivative financial instruments

in CHF thousands	Term to maturity within 3 months		Term to maturity 4 to 12 months		Term to maturity 1 to 5 years		Term to maturity after 5 years		Total	
	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV	NRV	PRV	NRV	PRV	NRV	PRV	NRV
<b>31.12.2022</b>										
<b>Derivative financial instruments in the trading portfolio</b>										
<b>Interest rate contracts</b>										
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
<b>Foreign exchange contracts</b>										
Forward contracts	21'774	23'808	7'910	10'554	807	1'698	0	0	30'492	36'059
Combined interest rate / currency swaps	181'585	194'342	29'727	27'062	969	339	0	0	212'281	221'744
Options (OTC)	51	51	1'314	1'314	527	527	0	0	1'892	1'892
<b>Precious metals contracts</b>										
Options (OTC)	1	1	197	197	59	59	0	0	256	256
<b>Equity instruments / Index contracts</b>										
Options (OTC)	1'426	1'426	0	0	0	0	0	0	1'426	1'426
<b>Total derivative financial instruments in the trading portfolio</b>	<b>204'838</b>	<b>222'662</b>	<b>39'148</b>	<b>39'987</b>	<b>2'690</b>	<b>4'727</b>	<b>0</b>	<b>0</b>	<b>246'677</b>	<b>267'376</b>
<b>Derivative financial instruments for hedging purposes</b>										
<b>Interest rate contracts</b>										
Swaps (fair value hedge)	0	0	0	873	26'941	17'096	68'737	3'335	95'678	21'303
<b>Total derivative financial instruments for hedging purposes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>873</b>	<b>26'941</b>	<b>17'096</b>	<b>68'737</b>	<b>3'335</b>	<b>95'678</b>	<b>21'303</b>
<b>Total derivative financial instruments</b>	<b>204'838</b>	<b>222'662</b>	<b>39'148</b>	<b>40'859</b>	<b>29'630</b>	<b>21'823</b>	<b>68'737</b>	<b>3'335</b>	<b>342'355</b>	<b>288'679</b>

1 PRV: Positive replacement values; NRV: Negative replacement values

in CHF thousands	Term to maturity within 3 months		Term to maturity 4 to 12 months		Term to maturity 1 to 5 years		Term to maturity after 5 years		Total	
	PRV <sup>1</sup>	NRV <sup>1</sup>	PRV	NRV	PRV	NRV	PRV	NRV	PRV	NRV
<b>31.12.2023</b>										
<b>Derivative financial instruments in the trading portfolio</b>										
<b>Interest rate contracts</b>										
Swaps	0	0	460	955	0	0	0	133	460	1'088
Forward contracts	0	0	0	0	0	0	0	0	0	0
<b>Foreign exchange contracts</b>										
Forward contracts	17'113	41'086	6'655	7'108	2'550	2'653	0	0	26'317	50'847
Combined interest rate / currency swaps	133'418	211'427	58'543	58'370	486	584	0	0	192'447	270'382
Options (OTC)	127	127	925	932	0	0	0	0	1'052	1'059
<b>Precious metals contracts</b>										
Options (OTC)	2	2	20	20	247	247	0	0	269	269
<b>Equity instruments / Index contracts</b>										
Options (OTC)	28	28	0	0	0	0	0	0	28	28
<b>Total derivative financial instruments in the trading portfolio</b>	<b>150'688</b>	<b>252'670</b>	<b>66'604</b>	<b>67'385</b>	<b>3'282</b>	<b>3'485</b>	<b>0</b>	<b>133</b>	<b>220'574</b>	<b>323'674</b>
<b>Derivative financial instruments for hedging purposes</b>										
<b>Interest rate contracts</b>										
Swaps (fair value hedge)	75	0	1'070	1'592	17'578	11'899	47'077	0	65'800	13'491
<b>Total derivative financial instruments for hedging purposes</b>	<b>75</b>	<b>0</b>	<b>1'070</b>	<b>1'592</b>	<b>17'578</b>	<b>11'899</b>	<b>47'077</b>	<b>0</b>	<b>65'800</b>	<b>13'491</b>
<b>Total derivative financial instruments</b>	<b>150'764</b>	<b>252'670</b>	<b>67'674</b>	<b>68'978</b>	<b>20'859</b>	<b>15'384</b>	<b>47'077</b>	<b>133</b>	<b>286'374</b>	<b>337'165</b>

1 PRV: Positive replacement values; NRV: Negative replacement values

## Maturity structure of non-derivative financial instruments and off-balance sheet transactions

in CHF thousands	Demand deposits	Callable	Due within 3 months	Due between 3 months to 12 months	Due between 12 months to 5 years	Due after 5 years	Total
<b>31.12.2022</b>							
<b>Financial assets</b>							
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
<b>Total financial assets</b>	<b>6'892'177</b>	<b>84'462</b>	<b>5'814'935</b>	<b>1'945'050</b>	<b>6'994'282</b>	<b>3'041'612</b>	<b>24'772'517</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>11'830'389</b>	<b>5'093'381</b>	<b>2'045'952</b>	<b>1'462'105</b>	<b>1'223'790</b>	<b>1'179'493</b>	<b>22'835'109</b>
<b>Net liquidity exposure</b>	<b>- 4'938'212</b>	<b>- 5'008'919</b>	<b>3'768'982</b>	<b>482'945</b>	<b>5'770'492</b>	<b>1'862'119</b>	<b>1'937'407</b>
<b>Off-balance-sheet transactions</b>							
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
<b>31.12.2023</b>							
<b>Financial assets</b>							
Cash and balances with central banks	6'317'925	0	0	0	0	0	6'317'925
Due from banks	385'371	0	0	0	0	0	385'371
Loans	383'466	44'315	5'470'468	1'622'852	6'072'220	2'228'004	15'821'325
Financial investments	0	0	171'813	408'639	1'837'621	315'461	2'733'533
Accrued income and prepaid expenses	0	0	105'995	0	0	0	105'995
<b>Total financial assets</b>	<b>7'086'763</b>	<b>44'315</b>	<b>5'748'277</b>	<b>2'031'491</b>	<b>7'909'840</b>	<b>2'543'465</b>	<b>25'364'150</b>
<b>Financial liabilities</b>							
Due to banks	552'294	0	222'184	178'096	0	0	952'574
Due to customers	7'596'373	7'078'415	3'142'484	1'372'659	225'408	12'504	19'427'842
Lease liabilities	0	0	991	4'676	16'296	8'073	30'036
Debt issued	0	0	30'389	120'021	1'183'313	1'382'882	2'716'605
Accrued expenses and deferred income	0	0	76'332	0	0	0	76'332
<b>Total financial liabilities</b>	<b>8'148'666</b>	<b>7'078'415</b>	<b>3'472'380</b>	<b>1'675'453</b>	<b>1'425'017</b>	<b>1'403'459</b>	<b>23'203'390</b>
<b>Net liquidity exposure</b>	<b>- 1'061'904</b>	<b>- 7'034'100</b>	<b>2'275'897</b>	<b>356'038</b>	<b>6'484'823</b>	<b>1'140'006</b>	<b>2'160'760</b>
<b>Off-balance-sheet transactions</b>							
Contingent liabilities	867'851	0	0	0	0	0	867'851
Irrevocable commitments	55'873	0	0	0	0	0	55'873
Deposit and call liabilities	798'190	0	0	0	0	0	798'190
Deposit and call liabilities	13'788	0	0	0	0	0	13'788



### 3 Credit risk

Within the scope of credit risk management, vital importance is attached to the avoidance of credit losses and the early identification of default risks. In addition to systematic risk / return management at the individual loan level, the LLB Group proactively manages its credit risks at the credit portfolio level. The primary objective is to reduce the overall level of risk through diversification and a stabilisation of expected returns.

#### 3.1 Credit risk management

Processes and organisational structures ensure that credit risks are identified, uniformly evaluated, controlled, monitored and included in risk reporting.

Basically, the LLB Group conducts its lending business for private and corporate clients on a secured basis. The process of granting a loan is based on a thorough evaluation of the borrower's creditworthiness, the possible impairment and the legal existence of collateral, as well as risk classification in a rating process performed by experienced credit specialists. The granting of loans is subject to a specified assignment of authority. A major characteristic of the credit approval process is the separation between front and back office functions.

In addition, the LLB Group conducts lending business with banks on a secured and unsecured basis, whereby individual risk limits are approved for every counterparty.

#### 3.2 Evaluation of credit risks

The consistent evaluation of credit risks represents an essential prerequisite of successful risk management. The credit risk can be broken down into the components: probability of default, loss given default and the expected exposure at the time point of the default.

##### Probability of default

The LLB Group assesses the probability of default of individual counterparties by means of an internal rating system. The different rating procedures are adapted to suit the different characteristics of borrowers. The credit risk management ratings employed for banks and debt instruments are based on external ratings from recognised rating agencies.

The reconciliation of the internal rating with the external rating is carried out in accordance with the following master scale.

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

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

<sup>2</sup> For the securitisation of credit risks in the standard approach, the LLB Group employs solely the external ratings of the recognised rating agency Moody's (for the segments: due from banks, finance companies and securities firms, due from companies and due from international organisations).

##### Loss given default

The loss given default is influenced by the amount of collateralisation and the costs of realising the collateral. It is expressed as a percentage of the individual commitment.

The potential loss at portfolio level is broken down as follows at the LLB Group:

- ◆ Expected loss – Expected loss is a future-related, statistical concept that permits the LLB Group to estimate the average annual costs. It is calculated on the basis of the default probability of a counterparty, the expected credit commitment made to this counterparty at the time of the default, and the magnitude of the loss given default. The concept of expected loss is also applied within the scope of IFRS 9 / ECL. See chapter [Accounting principles](#).
- ◆ Scenario analysis – The modelling of external credit losses is performed on the basis of stress scenarios, which enable us to evaluate the effects of fluctuations in the default rates of the assets pledged as collateral taking into consideration the existing risk concentration in every portfolio.

### 3.3 Controlling credit risk

Credit risk management has the task of actively influencing the risk situation of the LLB Group. This is carried out using a limits system, risk-adjusted pricing, through the possibility of using risk hedging instruments and the specific repayment of credit commitments. Risk management is conducted both at the individual loan and at the portfolio level.

#### Risk restriction

The LLB Group has in place a comprehensive limits system to restrict credit risk exposure. In addition to the limitation of individual credit risks, to prevent risk concentrations, the LLB Group assigns limits for regions and sectors.

#### Risk mitigation

To mitigate credit risk exposure, the LLB Group takes security mainly in the form of pledged assets and financial collateral. In the case of financial collateral in the form of marketable securities, we determine their collateral value by applying a schedule of reductions, the size of which is based on the quality, liquidity, volatility and complexity of the separate instruments.

#### Derivatives

The LLB Group may employ credit derivatives to reduce risks. This possibility has not been utilised in recent years.

### 3.4 Monitoring and reporting of credit risks

The organisational structure of the LLB Group ensures that departments which cause the risks (front office) and those that evaluate, manage and monitor them (back office) are completely separated.

Individual credit risks are monitored by means of a comprehensive limits system. Infringements are immediately reported to the senior officer responsible.

### 3.5 Risk provisioning

#### Overdue claims

A claim is deemed to be overdue if a substantial liability from a borrower to the bank is outstanding. The overdraft begins on the date when a borrower exceeds an approved limit, has not paid interest or amortisation, or has utilised an unauthorised credit facility.

For claims that are more than 90 days overdue, individual value allowances are made in the amount of the expected credit loss.

#### Default-endangered claims

Claims are regarded as being in danger of default if, on the basis of the client's creditworthiness, a loan default can no longer be excluded in the near future.

#### Impairments

Basically, an impairment is calculated and a provision set aside for all positions which are subject to a credit risk. Essentially, the credit quality determines the scope of the impairment. If the credit risk has not risen significantly since initial recognition, the expected credit loss is calculated over a year (credit quality level 1). However, if a significant increase in the credit risk has occurred since initial recognition, the expected loss is calculated over the remaining term to maturity (credit quality level 2). In the case of defaulted credit positions – a default in accordance with the Capital Requirements Regulation (CRR) Art. 178 – a specific value allowance is determined and recognised by the Group Recovery Department. The expected credit loss is calculated over the loan's remaining term to maturity (credit quality level 3).

### 3.6 Country risks

A country risk arises if specific political or economic conditions in a country affect the value of a foreign position. Country risk is composed of transfer risk (e.g. restrictions on the free movement of money and capital) and other country risks (e.g. country-related liquidity, market and correlation risks).

Country risks are controlled on the basis of a limits system and are continually monitored. Ratings provided by a recognised rating agency are utilised for certain individual countries.

### 3.7 Risk concentration

The largest credit risk for the LLB Group arises from loans made to customers. In the case of loans to customers, the majority of loans are secured by mortgages, which are granted to clients having first-class creditworthiness within the scope of the LLB Group's lending policy. Thanks to the diversified nature of the collateral portfolio, containing properties primarily in the Principality of Liechtenstein and in Switzerland, the risk of losses is reduced to a minimum.

#### Maximal credit risk by region without considering collateral

in CHF thousands	Liechtenstein / Switzerland	Europe excl. FL / CH	North America	Asia	Others <sup>1</sup>	Total
<b>31.12.2022</b>						
<b>Credit risks from balance sheet transactions</b>						
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
<b>Total</b>	<b>15'170'930</b>	<b>1'882'350</b>	<b>495'937</b>	<b>344'602</b>	<b>245'270</b>	<b>18'139'089</b>
<b>Credit risks from off-balance sheet transactions</b>						
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
<b>Total</b>	<b>578'005</b>	<b>200'558</b>	<b>2</b>	<b>4'522</b>	<b>75'989</b>	<b>859'076</b>
<b>31.12.2023</b>						
<b>Credit risks from balance sheet transactions</b>						
Due from banks	171'145	101'686	15'606	24'140	4'437	317'014
Loans						
Mortgage loans	13'611'826	156'847	713	9'785	8'321	13'787'493
Loans to public institutions	115'201	0	0	0	0	115'201
Miscellaneous loans	710'025	424'378	574	150'251	103'688	1'388'916
Derivative financial instruments	89'286	196'634	0	309	144	286'374
Financial investments						
Debt instruments	448'478	1'303'547	611'991	90'986	99'612	2'554'615
<b>Total</b>	<b>15'145'962</b>	<b>2'183'093</b>	<b>628'883</b>	<b>275'473</b>	<b>216'202</b>	<b>18'449'614</b>
<b>Credit risks from off-balance sheet transactions</b>						
Contingent liabilities	48'197	6'311	0	899	466	55'873
Irrevocable commitments	519'257	217'080	1	4'172	57'680	798'190
Deposit and call liabilities	13'788	0	0	0	0	13'788
<b>Total</b>	<b>581'242</b>	<b>223'390</b>	<b>1</b>	<b>5'072</b>	<b>58'146</b>	<b>867'851</b>

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 <sup>1</sup>	Total
<b>31.12.2022</b>					
<b>Credit risks from balance sheet transactions</b>					
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
<b>Total</b>	<b>3'503'825</b>	<b>3'863'133</b>	<b>8'490'843</b>	<b>2'281'288</b>	<b>18'139'089</b>
<b>Credit risks from off-balance sheet transactions</b>					
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
<b>Total</b>	<b>253'918</b>	<b>88'994</b>	<b>297'675</b>	<b>218'489</b>	<b>859'076</b>
<b>31.12.2023</b>					
<b>Credit risks from balance sheet transactions</b>					
Due from banks	317'014	0	0	0	317'014
Loans					
Mortgage loans	379'887	4'498'232	7'947'732	961'642	13'787'493
Loans to public institutions	0	0	0	115'201	115'201
Miscellaneous loans	394'371	107'679	447'639	439'227	1'388'916
Derivative financial instruments	283'191	215	1'246	1'721	286'374
Financial investments					
Debt instruments	1'706'986	11'809	0	835'821	2'554'615
<b>Total</b>	<b>3'081'449</b>	<b>4'617'935</b>	<b>8'396'617</b>	<b>2'353'613</b>	<b>18'449'614</b>
<b>Credit risks from off-balance sheet transactions</b>					
Contingent liabilities	4'461	9'637	13'637	28'139	55'873
Irrevocable commitments	248'413	124'378	208'232	217'168	798'190
Deposit and call liabilities	13'788	0	0	0	13'788
<b>Total</b>	<b>266'662</b>	<b>134'014</b>	<b>221'868</b>	<b>245'307</b>	<b>867'851</b>

<sup>1</sup> CHF 99 million (previous year: CHF 71 million) of the total volume of loans to public institutions relates to the energy supply sector. With contingent liabilities, CHF 8.5 million was attributable to the sector "Trade" (previous year: CHF 9.4 million). With all other positions under the item "Others", no individual sector exceeds 10 per cent of the total volume.

### 3.8 Risk of default for financial instruments not measured at fair value through profit and loss according to the creditworthiness of the borrower

The following tables show the creditworthiness of borrowers with financial instruments, which are measured at amortised cost or at fair value through other comprehensive income, as well as for credit commitments and financial guarantees.

The carrying value of financial instruments, which are measured at fair value through other comprehensive income, is not corrected by means of a value allowance because the impairment is charged directly to other comprehensive income. In the case of credit commitments and financial guarantees, a corresponding provision is set aside.

in CHF thousands	Note	Investment Grade	Standard Monitoring	Special Monitoring	Sub-standard	Total
<b>31.12.2022</b>						
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
<b>Credit risks from balance sheet transactions</b>		<b>5'946'280</b>	<b>11'434'115</b>	<b>193'710</b>	<b>129'610</b>	<b>17'703'715</b>
Financial guarantees						
		452'968	395'827	9'408	873	859'076
<b>Credit risks from off-balance sheet transactions</b>		<b>452'968</b>	<b>395'827</b>	<b>9'408</b>	<b>873</b>	<b>859'076</b>

<b>31.12.2023</b>						
Due from banks	12	317'014	0	0	0	317'014
Loans	13	2'858'632	12'140'348	191'446	96'332	15'286'758
Financial investments						
Debt instruments	15	2'498'180	0	0	0	2'498'180
<b>Credit risks from balance sheet transactions</b>		<b>5'673'826</b>	<b>12'140'348</b>	<b>191'446</b>	<b>96'332</b>	<b>18'101'952</b>
Financial guarantees						
		427'917	439'078	558	298	867'851
<b>Credit risks from off-balance sheet transactions</b>		<b>427'917</b>	<b>439'078</b>	<b>558</b>	<b>298</b>	<b>867'851</b>

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>31.12.2022</b>				
<b>Due from banks</b>				
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
<b>Total gross carrying amount</b>	<b>395'499</b>	<b>0</b>	<b>0</b>	<b>395'499</b>
<b>Total value allowances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total net carrying amount</b>	<b>395'499</b>	<b>0</b>	<b>0</b>	<b>395'499</b>
<b>31.12.2023</b>				
<b>Due from banks</b>				
Investment grade	317'014	0	0	317'014
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total gross carrying amount</b>	<b>317'014</b>	<b>0</b>	<b>0</b>	<b>317'014</b>
<b>Total value allowances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total net carrying amount</b>	<b>317'014</b>	<b>0</b>	<b>0</b>	<b>317'014</b>

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>31.12.2022</b>				
<b>Loans</b>				
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
<b>Total gross carrying amount</b>	<b>14'044'919</b>	<b>264'072</b>	<b>200'256</b>	<b>14'509'247</b>
<b>Total value allowances</b>	<b>- 2'935</b>	<b>- 409</b>	<b>- 70'647</b>	<b>- 73'990</b>
<b>Total net carrying amount</b>	<b>14'041'985</b>	<b>263'662</b>	<b>129'610</b>	<b>14'435'257</b>

<b>31.12.2023</b>				
<b>Loans</b>				
Investment grade	2'826'522	32'985	0	2'859'507
Standard monitoring	11'961'230	182'957	0	12'144'187
Special monitoring	161'977	29'608	0	191'585
Sub-standard	0	0	164'591	164'591
<b>Total gross carrying amount</b>	<b>14'949'730</b>	<b>245'549</b>	<b>164'591</b>	<b>15'359'869</b>
<b>Total value allowances</b>	<b>- 4'067</b>	<b>- 786</b>	<b>- 68'259</b>	<b>- 73'112</b>
<b>Total net carrying amount</b>	<b>14'945'663</b>	<b>244'763</b>	<b>96'332</b>	<b>15'286'758</b>

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>31.12.2022</b>				
<b>Debt instruments<sup>1</sup></b>				
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
<b>Total (gross) carrying amount<sup>2</sup></b>	<b>2'872'959</b>	<b>0</b>	<b>0</b>	<b>2'872'959</b>
<b>Total value allowances<sup>2</sup></b>	<b>- 202</b>	<b>0</b>	<b>0</b>	<b>- 202</b>

<b>31.12.2023</b>				
<b>Debt instruments<sup>1</sup></b>				
Investment grade	2'498'180	0	0	2'498'180
Standard monitoring	0	0	0	0
Special monitoring	0	0	0	0
Sub-standard	0	0	0	0
<b>Total (gross) carrying amount<sup>3</sup></b>	<b>2'498'180</b>	<b>0</b>	<b>0</b>	<b>2'498'180</b>
<b>Total value allowances<sup>3</sup></b>	<b>- 234</b>	<b>0</b>	<b>0</b>	<b>- 234</b>

- The valuation basis is not relevant in relation to the default risk. For this reason debt instruments, which are measured at amortised cost and also at fair value through other comprehensive income, are disclosed together in this table.
- The gross carrying value of debt instruments, which are measured at amortised cost, amounted to CHF thousands 519'936, the related value allowance minus CHF thousands 1, the net carrying value CHF thousands 519'935.
- The gross carrying value of debt instruments, which are measured at amortised cost, amounted to CHF thousands 834'186, the related value allowance minus CHF thousands 80, the net carrying value CHF thousands 834'106.

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>31.12.2022</b>				
<b>Financial guarantees</b>				
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
<b>Total credit risk</b>	<b>848'539</b>	<b>9'664</b>	<b>873</b>	<b>859'076</b>
<b>Total provisions</b>	<b>- 1'623</b>	<b>- 744</b>	<b>- 299</b>	<b>- 2'666</b>
<b>31.12.2023</b>				
<b>Financial guarantees</b>				
Investment grade	427'917	0	0	427'917
Standard monitoring	437'804	1'275	0	439'078
Special monitoring	432	126	0	558
Sub-standard	0	0	298	298
<b>Total credit risk</b>	<b>866'153</b>	<b>1'401</b>	<b>298</b>	<b>867'851</b>
<b>Total provisions</b>	<b>- 2'305</b>	<b>- 94</b>	<b>- 298</b>	<b>- 2'697</b>

### 3.9 Expected credit loss and value allowances

In the following, the development of expected credit losses and the value adjustments made are disclosed only for material positions.

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>Loans</b>				
Valuation allowance as at 1 January 2022	- 2'336	- 991	- 74'613	- 77'941
Transfers				
from Stage 1 to Stage 2	2	- 2	0	0
from Stage 2 to Stage 1	- 176	176	0	0
from Stage 2 to Stage 3	0	17	- 17	0
from Stage 3 to Stage 2	0	- 601	601	0
Net revaluation effect	209	807	- 8'080	- 7'064
Additions from changes to scope of consolidation	0	0	0	0
Addition on account of new loans to customers / interest / loan extension	- 2'036	- 4	- 4'001	- 6'041
Disposals due to redemption of loans / waiving of claims / maturity effect	1'400	190	15'463	17'053
Foreign currency influences	3	0	0	3
<b>Valuation allowance as at 31 December 2022</b>	<b>- 2'935</b>	<b>- 409</b>	<b>- 70'647</b>	<b>- 73'990</b>

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>Loans</b>				
Valuation allowance as at 1 January 2023	- 2'935	- 409	- 70'647	- 73'990
Transfers				
from Stage 1 to Stage 2	23	- 23	0	0
from Stage 2 to Stage 1	- 86	86	0	0
from Stage 2 to Stage 3	0	0	- 0	0
from Stage 3 to Stage 2	0	- 15	15	0
Net revaluation effect	303	- 537	- 63	- 296
Additions from changes to scope of consolidation	0	0	0	0
Addition on account of new loans to customers / interest / loan extension	- 2'661	- 4	0	- 2'666
Disposals due to redemption of loans / waiving of claims / maturity effect	1'283	117	2'435	3'834
Foreign currency influences	6	0	0	6
<b>Valuation allowance as at 31 December 2023</b>	<b>- 4'067</b>	<b>- 786</b>	<b>- 68'259</b>	<b>- 73'112</b>



in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>Financial guarantees</b>				
Provision on 1 January 2022	- 850	- 896	- 536	- 2'282
Transfers				
from Stage 1 to Stage 2	0	- 0	0	0
from Stage 2 to Stage 1	- 1	1	0	0
from Stage 2 to Stage 3	0	0	0	0
from Stage 3 to Stage 2	0	0	0	0
Net revaluation effect	8	23	0	32
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees and limit utilisation	- 1'089	- 25	0	- 1'114
Disposal due to withdrawal of financial guarantees and limit utilisation	308	153	237	698
Foreign currency influences	1	0	0	1
<b>Provision as at 31 December 2022</b>	<b>- 1'623</b>	<b>- 744</b>	<b>- 299</b>	<b>- 2'666</b>

in CHF thousands	Stage 1	Stage 2	Stage 3	Total
	Expected 12-month credit loss	Credit losses expected over the period without impairment of creditworthiness	Credit losses expected over the period with impairment of creditworthiness	
<b>Financial guarantees</b>				
Provision on 1 January 2023	- 1'623	- 744	- 299	- 2'666
Transfers				
from Stage 1 to Stage 2	0	0	0	0
from Stage 2 to Stage 1	- 0	0	0	0
from Stage 2 to Stage 3	0	0	0	0
from Stage 3 to Stage 2	0	0	0	0
Net revaluation effect	- 4	- 3	0	- 7
Additions from changes to scope of consolidation	0	0	0	0
Addition due to granting of new financial guarantees and limit utilisation	- 1'454	0	0	- 1'454
Disposal due to withdrawal of financial guarantees and limit utilisation	770	652	1	1'423
Foreign currency influences	7	0	0	7
<b>Provision as at 31 December 2023</b>	<b>- 2'305</b>	<b>- 94</b>	<b>- 298</b>	<b>- 2'697</b>

### 3.10 Collateral and positions with impaired credit rating

Chapter 3.7 Risk concentration shows the maximum credit risk without considering possible collateral. The LLB Group pursues the goal of reducing credit risks where possible. This is achieved by obtaining collateral from the borrower. The LLB Group predominantly holds collateral against derivatives (see note 34) as well as against loans to clients and banks.

The types of cover for loans to clients and due from banks are shown in the following tables.

#### Types of cover for loans

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Secured by properties	13'698'213	12'840'023	6.7
Other collateral	864'005	1'146'181	- 24.6
Unsecured	724'540	449'053	61.3
<b>Total</b>	<b>15'286'758</b>	<b>14'435'257</b>	<b>5.9</b>

Loans to clients secured by properties are predominantly secured by residential properties in Switzerland and the Principality of Liechtenstein. In the category "Other collateral" client loans secured by securities (money market instruments, equities, bonds, investment fund units, hedge fund units, structured products, as well as other traditional and alternative financial investments) are reported. To ensure the adequate quality and liquidity of the pledged collateral, the LLB Group pursues a strict collateral quality and lending value system.

The table above shows the types of cover for net client loans, i.e. after deduction of expected credit loss.

If value allowances are made for client loans, the amount of the allowance largely depends on the collateral provided by the client. The maximum value allowance may only correspond to the expected liquidation value of the collateral held and is shown in the following table.

in CHF thousands	Gross carrying amount	Impaired creditworthiness	Net carrying amount	Fair value of collateral held
<b>Financial assets of stage 3 on reporting date 31.12.2022</b>				
Loans to customers	200'256	– 70'647	129'610	129'610
<b>Financial assets of stage 3 on reporting date 31.12.2023</b>				
Loans to customers	164'591	– 68'259	96'332	96'332

Write-offs are made only on a very restrictive basis. The following table shows to what extent the LLB Group can also legally recover written-off claims in future.

Written-off financial assets in year under report, subject to an enforcement measure	Contractually outstanding amount	
in CHF thousands	31.12.2023	31.12.2022
Loans to customers	0	183

#### Changes to collateral policy

There were no material changes to the collateral policy or in the quality of collateral in the 2023 business year.

#### Types of cover for due from banks

in CHF thousands	31.12.2023	31.12.2022	+ / – %
Other collateral	0	100'005	– 100.0
Unsecured	317'014	295'494	7.3
<b>Total</b>	<b>317'014</b>	<b>395'499</b>	<b>– 19.8</b>

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

#### Taken-over collateral

in CHF thousands	2023		2022	
	Real estate / Properties	Total	Real estate / Properties	Total
As at 1 January	1'920	1'920	1'750	1'750
Additions / (Disposals) <sup>1</sup>	700	700	170	170
(Value allowances) / Revaluations	0	0	0	0
<b>As at 31 December</b>	<b>2'620</b>	<b>2'620</b>	<b>1'920</b>	<b>1'920</b>

<sup>1</sup> One property was acquired (previous year: two properties) and no properties were disposed of (previous year: one property).

Taken-over collateral is disposed of again as soon as possible. It is reported under financial investments, trading portfolio assets, investment property and non-current assets held for sale, respectively.

## 4 Operational risk

The LLB Group defines operational risks as being the danger of losses due to the failure of internal procedures, people or IT systems or as a result of an external event. Legal risks form a part of operational risks. The LLB Group has in place an active and systematic process for managing operational risks. Policies and directives have been formulated for the identification, control and management of this risk category, which are valid for all Group companies. Potential and incurred losses from all organisational units, as well as significant external events, are recorded and evaluated promptly at the parent bank. In addition, the LLB Group collates and analyses risk ratios, e.g. from the areas of due diligence and employee transactions for own account. Ultimately, the risks are limited by means of internal rules and regulations regarding organisation and control.

## 5 Strategic risk

For LLB Group, a strategic risk represents the endangering of a projected business result due to the inadequate focusing of the Group on the political, economic, technological, social or ecological environment. Accordingly, these risks can arise as a result of an inadequate strategic decision-making process, unforeseeable events on the market or a deficient implementation of the selected strategies.

Strategic risks are regularly reviewed by the Group Risk Committee and by the Group Board of Directors.

## 6 Sustainability risks

Sustainability risks arise in the environmental, social and corporate governance areas and they can negatively impact the asset, financial and earnings situation, as well as the reputation, of the LLB Group.

### 6.1 Climate risk

Climate risks are an integral part of sustainability risks. The LLB Group regards climate risks to be the danger of financial losses as a result of climate change and the transitions to a climate neutral and resilient economy and society.

#### 6.1.1 Climate risk management

The effects of climate risks on the financial sector are numerous. The LLB Group assumes that, over the short to medium term, transition risks will occur since governments will implement climate goals and regulations. At the same time, society is changing so that investors will increasingly want to invest in carbon-friendly companies and sectors. In contrast, physical risks are mainly expected in the long term. For this reason, the LLB Group is pushing ahead with the collation of sustainability criteria and the improvement of data quality. This will ensure that climate risks are properly identified, assessed, managed and monitored in future.

#### 6.1.2 Identification of climate risks

The process of identifying climate risks is based on a qualitative analysis and follows a sound, systematic method.

The introduction of a standardised classification system for ecologically sustainable economic activities (EU taxonomy) represents a major step forward.

#### 6.1.3 Assessment of climate risks

Consistent management of climate risks requires the best possible quantification of all relevant information. For this purpose, the LLB Group utilises internal and external sources to measure the risks in relation to sustainability for its investment and mortgage portfolios.

#### 6.1.4 Management of climate risks

The goal of risk management is to actively influence the risk situation of the LLB Group. The management of climate risks is aligned with the attainment of our climate objectives. This includes the primary goal of reducing the LLB Group's CO<sub>2</sub>e-emission in the credit and investment portfolios to net zero by 2040 at the latest. Other more restrictive measures have been specified to limit the risks with financial investments.

#### 6.1.5 Reporting of climate risks

As part of its risk reporting cycle, the LLB Group ensures that the Board of Directors is informed fully and clearly about all the most important risks. Detailed and extensive analyses and appraisals of climate risks are provided to the Group Executive Management and the relevant committees of the Board of Directors as a basis for sound strategic and operative decision-making.

#### 6.1.6 Monitoring of climate risks

The key task in the monitoring of climate risk consists of constantly reviewing and refining the available climate risk reference figures and analyses, as well as the effectiveness of the risk management measures.

## 6.2 Social and governance risks

The appropriate evaluation of social and governance risks is also an integral part of the LLB Group's risk management. In line with its sustainability concept, the LLB Group invests in companies which pay substantial attention to the issues of climate and environmental protection, social aspects and responsible corporate governance. Investments involving a significant degree of risk in the environmental, social and governance areas are systematically excluded. In this way, the LLB Group actively contributes not only to environmental protection, but also promotes social justice and responsible corporate governance.

## 7 Reputational risk

If risks are not identified, adequately managed and monitored, this can lead not only to substantial financial losses, but also to reputational damage. The LLB Group does not regard reputational risk as an independent risk category, but rather as the danger of additional losses stemming from the categories concerned. To this extent, a reputational risk can cause and also result in losses in all risk categories, such as market or credit risks.

Reputational risks are regularly reviewed by the Group Risk Committee and by the Group Board of Directors.

## 8 Regulatory disclosures

### Regulatory measures

As at the end of 2023, the LLB Group had CHF 2.1 billion in equity capital (31.12.2022: CHF 2.0 billion). At 19.8 per cent (31.12.2022: 19.7 %), its Tier 1 ratio is well above the regulatory requirement and above its target of 16 per cent.

As at 31 December 2023, the leverage ratio (LR) of the LLB Group stood at 6.7 per cent (31.12.2022: 6.4 %). The minimum leverage ratio amounts to 3.0 per cent.

At the end of 2023, a regulatory liquidity coverage ratio (LCR) lower limit of 100 per cent was applicable for the LLB Group. With a value of 164.2 per cent, the LLB Group's ratio was substantially higher than the legal requirements (31.12.2022: 162.2 %).

The regulatory requirement to maintain a structural liquidity ratio (net stable funding ratio, NSFR) of 100 per cent was also significantly exceeded with a ratio of 161.8 per cent (31.12.2022: 161.3 %).

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

# Assets under management

in CHF millions	31.12.2023	31.12.2022	+ / - %
Assets in own-managed funds	7'320	7'059	3.7
Assets with discretionary mandates	9'053	9'043	0.1
Other assets under management	70'554	67'824	4.0
<b>Total assets under management</b>	<b>86'927</b>	<b>83'926</b>	<b>3.6</b>
of which double counting	5'398	5'239	3.0

in CHF millions	2023	2022
Total assets under management as at 1 January <sup>1</sup>	83'926	91'892
Net new money	1'381	3'609
Market and currency effects <sup>2</sup>	1'611	- 11'574
Other effects (incl. reclassifications)	9	0
<b>Total assets under management as at 31 December<sup>1</sup></b>	<b>86'927</b>	<b>83'926</b>

- 1 Including double counting  
2 Including interest and dividend income

## Breakdown of assets under management

in per cent	31.12.2023	31.12.2022
<b>By asset class</b>		
Equities	23	22
Bonds	18	17
Investment funds	32	33
Liquidity	22	22
Precious metals / others	5	5
<b>Total</b>	<b>100</b>	<b>100</b>
<b>By currency</b>		
CHF	31	31
EUR	38	38
USD	24	24
Others	6	7
<b>Total</b>	<b>100</b>	<b>100</b>

## Calculation method

Assets under management comprise all client assets managed or held for investment purposes. Basically, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets.

Also included are other types of client assets which can be deduced from the principle of the investment purpose. Custody assets (assets held solely for transaction and safekeeping purposes) are not included in assets under management.

## Assets in own-managed funds

This item comprises the assets of the LLB Group's own managed, collective investment funds.

## Assets with discretionary mandates

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

### Other assets under management

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

### Double counting

This item comprises fund units in own-managed, collective investment funds which are contained in client portfolios with discretionary mandates and in other client safekeeping accounts.

### Net new money

This position is composed of the acquisition of new clients, lost client accounts and inflows or outflows from existing clients. Performance related asset fluctuations, e.g. price changes, interest and dividend payments including interest, commissions and expenses charged to client accounts, are not regarded as inflows or outflows. Acquisition related changes to assets will also not be considered.

### Other effects

In the reporting year, a net amount of CHF 9 million was reclassified from custody assets to client assets.



# Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

**Statutory Auditor's Report**  
**on the Consolidated Financial Statements**  
**to the General Meeting**  
**2023 Consolidated financial statements**



# Statutory Auditor's Report

To the General Meeting of Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Liechtensteinische Landesbank Aktiengesellschaft (Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 10 to 86) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its financial performance for the year then ended in accordance with IFRS Accounting Standards applicable in the European Union (EU-IFRS) and comply with Liechtenstein law.

### Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters



#### RECOVERABILITY OF LOANS



#### RECOVERABILITY OF GOODWILL

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





## RECOVERABILITY OF LOANS

### Key Audit Matter

As at 31 December 2023, the Group reports loans of CHF 15.3 billion, representing 59.5 % of total assets.

Loans are valued at amortized cost using the effective interest method, taking into account an expected credit loss (ECL).

The expected credit loss is calculated over the scheduled residual term and is based on the components probability of default, loan amount and loss rate in the event of default.

Due to the existence of considerable scope for judgement in the method of calculating and measuring any need for allowances and the high amount of the balance sheet position, we consider the recoverability of loans to be a key audit matter.

### Our response

Our audit procedures included the verification of key controls relating to the approval, recording and monitoring of loans and an evaluation of the methods, inputs and assumptions used by the Group to calculate the allowances for loans using the ECL model. In this regard, we performed effectiveness tests of key controls on a sample basis.

For a sample of loans with specific allowances for credit losses, we assessed whether the allowances made by the bank were appropriate.

We also tested a sample of loans that were not identified by the bank as potentially impaired and assessed whether, taking into account respective collaterals, there was a need for allowance.

Finally, we verified the complete and correct disclosure of the information in the notes to the consolidated financial statements in connection with the loans.

For further information on loans, refer to the following pages of the notes to the consolidated financial statements:

- Page 19: Accounting policies: Financial assets measured at amortized cost
- Pages 21 to 23: Accounting policies: Impairments
- Page 33: Notes to the consolidated balance sheet: 13 Loans
- Pages 73 to 82: Risk management: Credit Risk



## RECOVERABILITY OF GOODWILL

### Key Audit Matter

As at 31 December 2023, the Group recognizes goodwill of CHF 149.6 million arising from a number of past acquisitions.

Goodwill impairment testing is performed at the level of cash generating units ('CGUs') and is based on an estimate of the value-in-use based on discounted future cash flows. The estimation uncertainty is typically highest for those CGUs where headroom between value-in-use and carrying value is small or where the value-in-use is highly sensitive to changes in projected future cash flows and other key assumptions.

Due to the significance of the Group's recognized goodwill and due to the scope for judgement in forecasting and discounting future cash flows, the recoverability of goodwill is deemed to be a key audit matter.

### Our response

Our audit procedures included the assessment of the Group's process for the testing of the recoverability of goodwill, including the assumptions used.

We tested key assumptions in the value-in-use calculations of the individual CGUs, including the cash flow projections and discount rates used. We assessed the appropriateness of cash flow projections and key inputs (such as discount rates and growth rates) by comparing them with historical data and results of the Group and externally available industry, economic and financial data.

With the assistance of our own valuation specialists, we critically assessed the assumptions and methods used to determine the value-in-use for those CGUs where significant goodwill was found to be sensitive to changes in those assumptions.

We also compared the aggregate values-in-use determined by the Group with its market capitalization.

Finally, we verified the complete and correct disclosure of the information in the notes to the consolidated financial statements in connection with the goodwill.

For further information on goodwill, refer to the following pages in the notes to the consolidated financial statements:

- Page 24: Accounting policies: Goodwill and other intangible assets
- Pages 39 to 41: Notes to the consolidated balance sheet: 17 Goodwill and other intangible assets

### Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with EU-IFRS and Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Group Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Group Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Group Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a



matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 5 May 2023. We have been the statutory auditor of the Group without interruption since the financial year ending on 31 December 2021.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Group Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the consolidated financial statements or in the consolidated management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit according to the applicable requirements
- Tax services in accordance with Article 46 WPG as well as regulatory and other consulting services

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

### Further Confirmations pursuant to Article 196 PGR

The consolidated management report (pages 6 to 9) has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated financial statements and our understanding of the Group and its environment does not contain any material misstatements.

We further confirm that the consolidated financial statements comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying consolidated financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Philipp Rickert  
Chartered Accountant (CH)  
Engagement Leadpartner

Moreno Halter  
Chartered Accountant  
Auditor in Charge

Vaduz, 23 February 2024

# Financial statement of LLB AG, Vaduz

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# Management report

Liechtensteinische Landesbank AG was entered in the Commercial Register of the Principality of Liechtenstein on 3 August 1926 under the register number FL-0001.000.289-1.

The details of the management report of Liechtensteinische Landesbank AG, Vaduz, can largely be seen in the [consolidated management report of the LLB Group](#). The non-financial section of the report is contained in the management report.

On the balance sheet date, Liechtensteinische Landesbank AG, Vaduz, and its subsidiaries held a total of 208'055 own registered shares (previous year: 179'881 shares). This corresponds to a share capital stake of 0.7 per cent (previous year: 0.6 %). With respect to the volume of, and changes to, treasury shares of Liechtensteinische Landesbank AG, reference is made to [note 6](#).

The Board of Directors proposes to the General Meeting of Shareholders on 19 April 2024 that a dividend of CHF 2.70 per registered share be paid out.

Please refer to [section 1.3](#) of the accounting principles in the Group report for information on significant events after the balance sheet date. This did not result in any additional disclosures or a correction to the 2023 annual financial statements.

# Balance sheet

in CHF thousands	Note	31.12.2023	31.12.2022	+ / - %
<b>Assets</b>				
Cash and balances with central banks		3'774'559	3'738'869	1.0
Due from banks		1'470'579	1'069'128	37.5
due on a daily basis		339'244	306'040	10.8
other claims		1'131'335	763'087	48.3
Loans	1a	8'259'145	7'549'756	9.4
of which mortgages	1a	7'010'619	6'300'473	11.3
Bonds and other fixed-interest securities	2b	2'092'912	2'423'924	- 13.7
Money market instruments		185'112	628'942	- 70.6
from public authority issuers		164'601	109'024	51.0
from other issuers		20'511	519'919	- 96.1
Bonds		1'907'799	1'794'982	6.3
from public authority issuers		362'073	376'815	- 3.9
from other issuers		1'545'727	1'418'167	9.0
Shares and other non-fixed-interest securities	2c	189'517	201'958	- 6.2
Participations	3/4	24	25	- 3.8
Shares in associated companies	3/4	653'495	649'495	0.6
Intangible assets	4	50'958	47'082	8.2
Fixed assets	4	87'703	78'449	11.8
Own shares or shares	6	13'087	10'037	30.4
Other assets	7	422'971	450'541	- 6.1
Accrued income and prepayments		130'546	105'362	23.9
<b>Total assets</b>		<b>17'145'495</b>	<b>16'324'627</b>	<b>5.0</b>

in CHF thousands	Note	31.12.2023	31.12.2022	+ / - %
<b>Liabilities</b>				
Due to banks		1'505'059	2'099'558	- 28.3
due on a daily basis		608'197	707'994	- 14.1
with agreed maturities or periods of notice		896'862	1'391'564	- 35.6
Due to customers		12'500'595	11'400'424	9.7
savings deposits		1'656'903	2'018'555	- 17.9
other liabilities		10'843'692	9'381'870	15.6
due on a daily basis		7'991'653	8'081'267	- 1.1
with agreed maturities or periods of notice		2'852'039	1'300'602	119.3
Certified liabilities		658'950	497'286	32.5
bonds issued, of which:		658'950	497'286	32.5
medium-term notes		108'950	97'286	12.0
Bonds issued	9	550'000	400'000	37.5
Other liabilities	7	503'291	449'478	12.0
Accrued expenses and deferred income		90'328	81'172	11.3
Provisions		17'735	5'432	226.5
tax provisions	10	13'683	372	
other provisions	10	4'053	5'060	- 19.9
Provisions for general banking risks	10	350'000	295'000	18.6
Share capital	11	154'000	154'000	0.0
Share premium		47'750	47'750	0.0
Retained earnings		1'215'080	1'215'080	0.0
legal reserves		390'550	390'550	0.0
reserves for own shares		13'087	10'037	30.4
other reserves		811'443	814'492	- 0.4
Balance brought forward		2'793	5'473	- 49.0
Profit for the year		99'913	73'974	35.1
<b>Total liabilities</b>		<b>17'145'495</b>	<b>16'324'627</b>	<b>5.0</b>

# Off-balance sheet transactions

in CHF thousands	Note	31.12.2023	31.12.2022	+ / - %
Contingent liabilities	1/19	35'046	40'650	- 13.8
Liabilities resulting from guarantees and indemnity agreements as well as liability arising from the provision of collateral		35'046	40'650	- 13.8
Credit risks		401'072	359'787	11.5
irrevocable commitments	1	398'914	357'018	11.7
call liabilities	1	2'158	2'770	- 22.1
Derivative financial instruments	20	23'492'418	23'568'641	- 0.3
Fiduciary transactions	21	159'063	101'603	56.6



# Income statement

in CHF thousands	Note	2023	2022	+ / - %
<b>Interest income</b>		294'041	101'659	189.2
of which from fixed-interest securities		30'876	18'920	63.2
of which from trading transactions		0	- 0	- 100.0
<b>Interest expenses</b>		- 236'562	- 21'361	
<b>Net interest income</b>		<b>57'479</b>	<b>80'298</b>	<b>- 28.4</b>
Shares and other non-fixed-interest securities		5'603	5'417	3.4
of which from trading transactions		5'603	5'417	3.4
Participations and associated companies		16'540	78'932	- 79.0
<b>Income from securities</b>		<b>22'143</b>	<b>84'349</b>	<b>- 73.7</b>
Credit-related commissions and fees		299	310	- 3.7
Commissions from securities and investment business		108'673	107'115	1.5
Other commission and fee income		18'428	18'407	0.1
Commission and fee expenses		- 46'264	- 45'189	2.4
<b>Net commission and fee income</b>		<b>81'136</b>	<b>80'644</b>	<b>0.6</b>
<b>Income from financial transactions</b>		<b>186'997</b>	<b>- 49'957</b>	
of which from trading business	22	132'072	92'296	43.1
Income from real estate holdings		1'275	864	47.6
Sundry ordinary income	25	36'035	32'515	10.8
<b>Other ordinary income</b>		<b>37'311</b>	<b>33'379</b>	<b>11.8</b>
<b>Total operating income</b>		<b>385'066</b>	<b>228'713</b>	<b>68.4</b>
Personnel expenses	23	- 136'071	- 120'738	12.7
Administrative expenses	24	- 68'797	- 61'101	12.6
<b>Total operating expenses</b>		<b>- 204'869</b>	<b>- 181'839</b>	<b>12.7</b>
<b>Gross operating profit</b>		<b>180'197</b>	<b>46'874</b>	<b>284.4</b>
Depreciation on intangible assets and fixed assets		- 19'102	- 18'842	1.4
Sundry ordinary expenses	26	- 556	- 2'175	- 74.5
Allowances on claims and allocations to provisions for contingent liabilities and lending risks	10	- 2'425	- 5'755	- 57.9
Earnings from the release of allowances on claims and of provisions for contingent liabilities and lending risks	10	6'146	4'833	27.2
Write-downs to participations, shares in associated companies and securities treated as long-term investments		- 1	- 0	108.6
Earnings from write-ups to participations, shares in associated companies and securities treated as long-term investments		4'000	34'000	- 88.2
<b>Result from normal business operations</b>		<b>168'259</b>	<b>58'935</b>	<b>185.5</b>
Income taxes		- 13'317	104	
Other taxes		- 29	- 65	- 55.4
Releases / (Additions) to provisions for general banking risks		- 55'000	15'000	
<b>Profit for the year<sup>1</sup></b>		<b>99'913</b>	<b>73'974</b>	<b>35.1</b>

<sup>1</sup> The return on capital (annual profit in relation to balance sheet total) amounted to 0.58 per cent as at 31 December 2023 and to 0.45 per cent as at 31 December 2022 (pursuant to the Banking Ordinance, Art. 24e, Para. 1, Point 6).

# Distribution of balance sheet profit

The Board of Directors proposes to the General Meeting of Shareholders on 19 April 2024 that the balance sheet profit as at 31 December 2023 be distributed as follows:

in CHF thousands	2023	2022
Profit for the year	99'913	73'974
Balance brought forward	2'793	5'473
Balance sheet profit	102'707	79'447
<b>Distribution of balance sheet profit</b>		
Allocation to other reserves	10'000	0
Allocation to corporate capital (common stock) <sup>1</sup>	82'598	76'654
Balance carried forward <sup>1</sup>	10'108	2'793

<sup>1</sup> Shares eligible for dividends are all shares outstanding except for own shares as of record date. The amounts presented are based on the numbers of shares eligible for dividends as at 31 December 2023.

If this proposal is accepted, a dividend of CHF 2.70 per registered share will be paid out on 25 April 2024.

# Notes on business operations

Liechtensteinische Landesbank Aktiengesellschaft with its registered office in Vaduz and two domestic branch offices is active as a full-service (universal) bank. LLB AG is one of the three largest banks in Liechtenstein and has subsidiaries in Liechtenstein, Austria and Switzerland, as well as a branch in Dubai and representative offices in Zurich, Geneva and Abu Dhabi. Adjusted for full-time equivalents, 749 people were employed as at 31 December 2023 (previous year: 678). The average headcount in 2023 amounted to 722 persons (previous year: 641) on a full-time equivalent basis.

As a universal bank, LLB AG is engaged in the commission and fees business, credit and lending business, money market and interbank business, as well as securities trading business.

## Commissions and fees business

The major proportion of revenues from commissions and fees business is attributable to commissions earned in connection with securities trading for customers. Other important income streams are provided by securities safe custody business, asset management (incl. investment funds) and brokering fiduciary investments.

## Credit and lending business

The largest proportion of loans comprises mortgages, Lombard loans and advances to public institutions. Mortgages are granted to finance properties in Liechtenstein and in the neighbouring areas of Switzerland. Real estate financing for the rest of Switzerland and Lombard loans are granted within the scope of the integrated asset management business. A major proportion of loans and advances to public authorities relates to credit facilities extended to cantons and municipalities in Switzerland. As regards international syndicated loans, the bank is active to only a very limited extent in this line of business.

## Money market and interbank business

Domestic and international funds deposited with the bank, which in as far as they are not invested in lending business or held as liquid funds, are placed with first-class banks, predominantly in Switzerland and Western Europe.

## Securities trading business

The bank offers its clients a full range of services in connection with the execution and settlement of securities trading transactions. It trades for its own account only to a moderate extent. Transactions with derivative financial instruments for the bank's own account are largely employed for hedging purposes.

# Accounting policies and valuation principles

## Basic principles

The accounting and valuation policies are drawn up in accordance with the provisions of the Liechtenstein Person and Company Law (PGR), as well as the Liechtenstein Banking Law and the accompanying Banking Ordinance.

## Recording of business

All completed business transactions are valued and recorded in the balance sheet and the profit and loss account according to the specified valuation principles. The transactions are booked on the transaction date. Up to their date of settlement or the value date, futures transactions are recorded at their replacement value under other assets or other liabilities.

## Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the foreign exchange middle rate prevailing on the balance sheet date. Bank note holdings for exchange business are translated at the bank note bid rate in effect on the balance sheet date. Exchange gains and losses arising from the valuation are booked to the profit and loss account. The following exchange rates were employed for foreign currency conversion:

Closing Rate	31.12.2023	31.12.2022
1 USD	0.8380	0.9232
1 EUR	0.9260	0.9847

Average rate	2023	2022
1 USD	0.8996	0.9517
1 EUR	0.9727	1.0041

## Liquid funds, public authority debt instruments and bills approved for refinancing by central banks, balances due from banks and customers, liabilities

These items are shown in the balance sheet at nominal value minus any unearned discount on money market instruments.

Impaired due amounts, i.e. amounts due from debtors who probably will not repay them, are valued on an individual basis and their impairment is covered by specific allowances. Off-balance sheet transactions, such as commitments for loans, guarantees and derivative financial instruments, are also included in this valuation. Loans are regarded as overdue at the latest when interest and / or principal repayments are more than 90 days in arrears. Overdue and impaired interest payments are charged directly to allowances and provisions. Loans are put on a non-accrual basis if the interest due on them is deemed to be uncollectible and interest accrual is therefore no longer practical.

The impairment is measured on the basis of the difference between the book value of the claim and the probable recoverable amount taking into consideration counterparty risk and the net proceeds from the realisation of any collateral. If it is expected that the realisation process will take longer than one year, the estimated realisation proceeds are discounted on the balance sheet date. The specific allowances are deducted directly from the corresponding asset positions. A claim is reclassified as no longer endangered if the outstanding principal and interest are again repaid on time in accordance with the original contractual terms. To cover the risks in retail business, which are composed of numerous small claims, lump-sum individual allowances, calculated on the basis of empirical values,

are made for the unsecured loans and overdrawn limits for which individual allowances have not already been considered.

### Debt instruments and other fixed-interest securities, equities and other non-fixed-interest securities as well as precious metals holdings

Trading portfolios of securities and precious metals are valued at the market value on the balance sheet date. LLB AG does not hold any precious metal positions in its trading portfolio, since the existing positions are used to cover obligations arising from precious metal accounts. Securities for which there is no regular, active market are carried at the lower of cost or market value. Holdings of securities and precious metals as current assets are valued at the lower of cost or market value. Interest earnings are credited to the item interest income, dividend income is carried under the item income from securities. Price gains are shown under the item income from financial transactions.

Fixed-interest securities that are intended to be held until final maturity are valued according to the accrual method. Accordingly, interest income, including amortisation of premiums and accretion of discounts, is recognised on an accrual basis until final maturity. Interest-related realised capital gains or losses arising from the premature sale or redemption of securities are recognised on an accrual basis over the remaining period to maturity, i.e. up to the original date of final maturity. Interest earnings are credited to the item interest income. Equities held as fixed assets are valued at the lower of cost or market value. Precious metals holdings as fixed assets are measured at fair value. Dividend income is carried under the item income from securities. Allowances are shown under the items write-downs to participations, shares in associated companies and securities treated as long-term investments and earnings from write-ups to participations, shares in associated companies and securities treated as long-term investments, respectively.

### Participations

Participations comprises shares owned by LLB AG in companies which represent a minority participation and which are held as long-term investments. These items are valued at cost minus necessary allowances.

### Shares in associated companies

LLB AG's existing majority participations are recorded as shares in associated companies. These items are valued at cost minus necessary allowances.

### Intangible assets

Software development costs are capitalised when they meet certain criteria relating to identifiability, it is probable that economic benefits will flow to the company from them, and the costs can be measured reliably. Internally developed software meeting these criteria and purchased software are capitalised and subsequently amortised over three to ten years.

Low-cost acquisitions are charged directly to administrative expenses.

### Tangible fixed assets

Real estate is valued at the acquisition cost plus any investment that increases the value of the property, less necessary depreciation. New buildings and refurbishments are depreciated over 33 years and building supplementary costs over 10 years. No depreciation is charged on undeveloped land unless an adjustment has to be made to allow for a reduction in its market value. Other physical assets include fixtures, furniture, machinery and IT equipment. They are capitalised and depreciated in full over their estimated economic life (3 to 6 years).

Low-cost acquisitions are charged directly to administrative expenses.

### Treasury shares

Own shares (treasury shares) held by the Liechtensteinische Landesbank AG are recognised at market values up to the acquisition costs and are reported as treasury shares. The difference between the market value of treasury shares and the acquisition costs is reported in the income statement under income from financial transactions.

### Allowances and provisions

In accordance with prudent accounting practice, specific allowances and provisions as well as general allowances are made for all risks existing on the balance sheet date. Allowances are offset directly with the corresponding asset position. Provisions are booked as such in the balance sheet.

### Taxes

Accruals for taxes payable on the basis of the profits earned in the period under report are charged as expenses in the corresponding period. Provisions for deferred tax are formed in relation to allowances and provisions recognised only for tax purposes. The calculation is made on the basis of the estimated tax rates used for actual taxation.

### Provisions for general banking risks

Provisions for general banking risks are precautionary reserves formed to hedge against latent risks in the bank's operating activities.

### Derivative financial instruments

The gross replacement values of individual contracts in derivative financial instruments – positive and negative replacement values are not offset against each other – are stated in the balance sheet (under other assets or other liabilities) and in the notes to the financial statement. All replacement values for contracts concluded for the bank's own account are reported. In contrast, in the case of customer transactions only the replacement values for OTC contracts are reported, or for exchange-traded products if margin requirements are inadequate. The contract volumes are reported in the statement of off-balance sheet transactions and in the notes. Trading positions in financial derivatives are valued at market rates provided the contracts are listed on an exchange or a regular, active market exists. If this is not the case, the contracts are valued at the lower of cost or market value. If interest business positions are hedged with derivatives, the differential amount between the market value and the accrual method is recognised in the settlement account.

### Off-balance sheet transactions

Off-balance sheet transactions are valued at nominal values. Provisions are made in the case of identifiable risks arising from contingent liabilities and other off-balance sheet transactions.

### Statement of cash flows

On account of its obligation to prepare a consolidated financial statement, LLB AG is exempted from the necessity to provide a statement of cash flow. The consolidated statement of cash flow of the LLB Group is a part of the consolidated financial statement.

# Notes to the balance sheet

## 1 Type of collateral a Types of cover

in CHF thousands	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Loans</b>				
Loans (excluding mortgage loans)	33'320	521'227	693'979	1'248'526
Mortgage loans				
residential property	5'384'562	14'403	106'901	5'505'865
office and business property	931'694	3'825	15	935'534
commercial and industrial property	290'452	0	25'000	315'452
other	253'768	0	0	253'768
<b>Total loans</b>	<b>31.12.2023</b>	<b>6'893'795</b>	<b>539'455</b>	<b>8'259'145</b>
	31.12.2022	6'247'889	749'785	7'549'756
<b>Off-balance sheet transactions</b>				
Contingent liabilities	589	25'402	9'056	35'046
Irrevocable commitments	100'903	60'401	237'610	398'914
Call liabilities	0	0	2'158	2'158
<b>Total off-balance sheet transactions</b>	<b>31.12.2023</b>	<b>101'492</b>	<b>85'802</b>	<b>436'118</b>
	31.12.2022	121'713	98'351	400'438

## b Claims at risk

in CHF thousands	Gross outstanding amount	Estimated proceeds from realisation of collateral	Net outstanding amount	Specific allowances
<b>31.12.2023</b>	<b>70'667</b>	<b>37'396</b>	<b>37'396</b>	<b>33'271</b>
31.12.2022	68'464	30'676	30'676	37'788

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

in CHF thousands	Book value		Cost		Market value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equities	11	10	68	67	11	10
<b>Total</b>	<b>11</b>	<b>10</b>	<b>68</b>	<b>67</b>	<b>11</b>	<b>10</b>
of which eligible securities	0	0	0	0	0	0

## b Securities and precious metals holdings as current assets (excluding trading positions)

in CHF thousands	Book value		Cost		Market value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Debt securities	2'092'912	2'423'924	2'165'449	2'558'091	2'114'833	2'431'347
of which own bonds and medium-term notes	0	0	0	0	0	0
Equities	13'263	10'217	13'523	11'812	14'014	10'299
of which qualified participations (at least 10 % of the capital or votes)	0	0	0	0	0	0
<b>Total</b>	<b>2'106'175</b>	<b>2'434'141</b>	<b>2'178'972</b>	<b>2'569'903</b>	<b>2'128'847</b>	<b>2'441'646</b>
of which eligible securities	1'170'831	1'460'943	1'215'479	1'534'601	1'182'013	1'463'421

### c Securities and precious metals as fixed assets

in CHF thousands	Book value		Cost		Market value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equities	189'329	201'768	213'996	228'894	216'689	216'390
of which qualified participations (at least 10 % of the capital or votes)	10'530	16'609	15'167	23'028	13'819	19'333
Precious metals	68'331	35'247	68'331	35'247	68'331	35'247
<b>Total</b>	<b>257'660</b>	<b>237'014</b>	<b>282'327</b>	<b>264'141</b>	<b>285'020</b>	<b>251'636</b>
of which eligible securities	0	0	0	0	0	0

### 3 Participations and shares in associated companies

in CHF thousands	31.12.2023	31.12.2022
<b>Participations</b>		
Without market value	24	25
<b>Total participations</b>	<b>24</b>	<b>25</b>
<b>Shares in associated companies</b>		
Without market value	653'495	649'495
<b>Total shares in associated companies</b>	<b>653'495</b>	<b>649'495</b>

### 4 Statement of fixed assets

in CHF thousands	Cost	Accumulated depreciation	Book value 31.12.2022	Investments	Dis-investments	Reclassifications	Additions	Depreciation	Book value 31.12.2023
<b>Total participations (non-controlling interests)</b>	<b>37</b>	<b>- 12</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 1</b>	<b>24</b>
<b>Total shares in associated companies</b>	<b>651'864</b>	<b>- 2'369</b>	<b>649'495</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4'000</b>	<b>0</b>	<b>653'495</b>
<b>Total securities and precious metals as fixed assets</b>	<b>347'558</b>	<b>- 110'544</b>	<b>237'014</b>	<b>403'277</b>	<b>- 382'632</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>257'660</b>
<b>Total intangible assets<sup>1</sup></b>	<b>147'396</b>	<b>- 100'314</b>	<b>47'082</b>	<b>14'459</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 10'584</b>	<b>50'958</b>
Real estate									
bank premises	153'874	- 106'132	47'742	10'653	0	0	0	- 3'112	55'283
other properties	17'128	- 2'128	15'000	0	0	0	0	0	15'000
Other fixed assets	62'130	- 46'423	15'707	7'118	0	0	0	- 5'406	17'419
<b>Total fixed assets</b>	<b>233'131</b>	<b>- 154'682</b>	<b>78'449</b>	<b>17'771</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 8'518</b>	<b>87'703</b>
Fire insurance value of real estate			174'845						182'683
Fire insurance value of other fixed assets			31'116						37'221
Liabilities: future leasing installments from operational leasing			67	71	0	0	0	- 34	104
Intended for resale									
Properties			1'920	700	0	0	0	0	2'620
Participations			0						0
(not included in the statement of fixed assets)									

1 Solely licences and software

Depreciation is carried out according to prudent business criteria over the estimated service life. No undisclosed reserves exist.



## 5 Substantial participations and shares in associated companies

Company name and registered office	Business activity	Currency	Share capital	% share of votes	% share of capital
<b>Participations</b>					
Data Info Services AG, Vaduz	Service company	CHF	50'000	50.0	50.0
<b>Shares in associated companies</b>					
Liechtensteinische Landesbank (Österreich) AG, Vienna	Bank	EUR	5'000'000	100.0	100.0
LLB (Schweiz) AG, Uznach	Bank	CHF	16'108'060	100.0	100.0
LLB Asset Management AG, Vaduz	Asset management	CHF	1'000'000	100.0	100.0
LLB Fund Services AG, Vaduz	Fund management company	CHF	2'000'000	100.0	100.0
LLB Holding AG, Uznach	Holding company	CHF	95'328'000	100.0	100.0
LLB Swiss Investment AG, Zurich	Fund management company	CHF	8'000'000	100.0	100.0
Zukunftsstiftung der Liechtensteinischen Landesbank AG, Vaduz	Charitable foundation	CHF	30'000	100.0	100.0
<b>Total amount from shares in associated banks and securities firms reported in shares in associated companies</b>		<b>CHF</b>	<b>32'108'060</b>		

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

Quantity / in CHF thousands	Quantity		Book value	
	2023	2022	2023	2022
As at 1 January	179'881	232'935	10'037	12'252
Bought	70'645	363'785	4'463	20'450
Sold	- 42'471	- 416'839	- 2'624	- 23'719
Additions / (Impairments)	0	0	1'210	1'054
<b>As at 31 December</b>	<b>208'055</b>	<b>179'881</b>	<b>13'087</b>	<b>10'037</b>

For information according to PGR Art. 1096 Para. 4 No. 4, please refer to [note 29 Treasury shares](#) in the LLB Group's consolidated financial statement.

## 7 Other assets and liabilities

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Precious metals holdings	68'331	35'247	93.9
Tax prepayments / Withholding tax	4'466	2'288	95.2
Positive replacement values <sup>1</sup>	300'960	358'906	- 16.1
Settlement account	41'394	46'369	- 10.7
Clearing accounts	1'674	2'256	- 25.8
Taken-over real estate	2'620	1'920	36.5
Deferred tax claim	3'526	3'555	- 0.8
<b>Total other assets</b>	<b>422'971</b>	<b>450'541</b>	<b>- 6.1</b>
Charge accounts	4'427	4'707	- 6.0
Negative replacement values <sup>1</sup>	363'580	310'609	17.1
Accounts payable	34'267	20'099	70.5
Settlement account	72'727	104'505	- 30.4
Clearing accounts	28'290	9'558	196.0
<b>Total other liabilities</b>	<b>503'291</b>	<b>449'478</b>	<b>12.0</b>

<sup>1</sup> Replacement values are shown gross.

## 8 Due from and due to associated companies and related parties

### a Due from and due to participations and associated companies

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Due from participations	0	0	
Due to participations	0	0	
Due from associated companies	1'423'845	943'771	50.9
Due to associated companies	1'202'319	1'339'128	- 10.2

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

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Due from the Principality of Liechtenstein	3'820	3'923	- 2.6
Due to the Principality of Liechtenstein	388'976	351'845	10.6
Due from companies associated with the Principality of Liechtenstein <sup>1</sup>	99'335	70'828	40.2
Due to companies associated with the Principality of Liechtenstein <sup>1</sup>	175'867	222'945	- 21.1

<sup>1</sup> Associated companies: Liechtensteinische Kraftwerke, Liechtensteinische Gasversorgung, Telecom Liechtenstein AG, Liechtensteinische Post AG, Verkehrsbetrieb LIECHTENSTEINmobil and AHV-IV-FAK-Anstalt.

The stated due from and due to are included in the balance sheet in the items loans and due to customers.

### c Loans to corporate bodies

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Members of the Board of Directors	671	669	0.4
Members of the Board of Management	1'910	1'910	0.0

### d Related party transactions

Transactions (e.g. securities transactions, payment transfers, lending facilities and interest on deposits) were made with related parties under the same terms and conditions as applicable to third parties. These exclude loans of up to CHF 1 million made to management, which are subject to the preferential interest rate for staff.

## 9 Bonds issued

Year issued	Name	Currency	Maturity	Nominal interest rate in %	in CHF thousands		
					Nominal value	2023	2022
2019	Liechtensteinische Landesbank AG 0.125 % Senior Preferred Anleihe 2019 – 2026	CHF	28.05.2026	0.125 %	150'000	150'000	150'000
2019	Liechtensteinische Landesbank AG 0.000 % Senior Preferred Anleihe 2019 – 2029	CHF	27.09.2029	0.000 %	100'000	100'000	100'000
2020	Liechtensteinische Landesbank AG 0.300 % Senior Preferred Anleihe 2020 – 2030	CHF	24.09.2030	0.300 %	150'000	150'000	150'000
2023	Liechtensteinische Landesbank AG 2.5 % Senior Non-Preferred Anleihe 2023 – 2030	CHF	22.11.2030	2.500 %	150'000	150'000	

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

in CHF thousands	Total 31.12.2022	Specific allowances	Recoveries, overdue interest, currency differences	New provisions charged to income statement	Provisions re- leased to in- come state- ment	Total 31.12.2023
<b>Allowances for loan default risks</b>						
Specific allowances	37'788	- 606	- 171	1'678	- 5'417	33'271
Provisions for contingent liabilities and credit risks	20	0	- 0	747	- 729	38
Provisions for other business risks	2'690	- 1'082	0	2'407	0	4'015
Provisions for taxes and deferred taxes	372	- 0	0	13'311	0	13'683
Other provisions	2'350	- 2'276	0	0	- 74	0
<b>Total allowances and provisions</b>	<b>43'220</b>	<b>- 3'964</b>	<b>- 171</b>	<b>18'143</b>	<b>- 6'220</b>	<b>51'007</b>
Minus allowances	- 37'788					- 33'271
<b>Total provisions according to balance sheet</b>	<b>5'432</b>					<b>17'735</b>
<b>Provisions for general banking risks</b>	<b>295'000</b>			<b>55'000</b>		<b>350'000</b>

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

in CHF thousands	31.12.2023			31.12.2022		
	Total nominal value	Quantity	Capital ranking for dividend	Total nominal value	Quantity	Capital ranking for dividend
Share capital	154'000	30'800'000	152'960	154'000	30'800'000	153'101
<b>Total common stock</b>	<b>154'000</b>	<b>30'800'000</b>	<b>152'960</b>	<b>154'000</b>	<b>30'800'000</b>	<b>153'101</b>

No conditional or authorised capital exists.

in CHF thousands	31.12.2023		31.12.2022	
	Nominal	Holding in %	Nominal	Holding in %
With voting right: Principality of Liechtenstein	86'681	56.3	86'681	56.3
With voting right: shareholder group Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH	9'025	5.9	9'025	5.9

## 12 Statement of shareholders' equity

in CHF thousands	2023
Share capital	154'000
Share premium	47'750
Legal reserves	390'550
Reserve for own shares	10'037
Other reserves	814'492
Provisions for general banking risks	295'000
Balance sheet profit	79'447
<b>Total shareholders' equity as at 1 January (before profit distribution)</b>	<b>1'791'277</b>
Dividend and other distributions from previous year's profit	- 76'654
Net profit for the year	99'913
Allocation to provisions for general banking risks	55'000
<b>Total shareholders' equity as at 31 December (before profit distribution)</b>	<b>1'869'536</b>
Of which:	
Share capital	154'000
Share premium	47'750
Legal reserves	390'550
Reserve for own shares	13'087
Other reserves	811'443
Provisions for general banking risks	350'000
Balance sheet profit	102'707

## 13 Liabilities due to own pension funds

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Current account, call money and time deposits	4'396	9'688	- 54.6
Savings deposits	21	38	- 45.4
<b>Total</b>	<b>4'416</b>	<b>9'726</b>	<b>- 54.6</b>

## 14 Breakdown of assets and liabilities by location

in CHF thousands	31.12.2023		31.12.2022	
	FL/CH	Abroad	FL/CH	Abroad
<b>Assets</b>				
Cash and balances with central banks	3'774'559	0	3'738'869	0
Due from banks	1'293'945	176'634	951'598	117'530
Loans (excluding mortgages)	882'494	366'032	860'832	388'451
Mortgage loans	7'010'619	0	6'300'473	0
Bonds and other fixed-interest securities	300'633	1'792'278	865'390	1'558'534
Shares and other non-fixed-interest securities	183'356	6'160	196'383	5'575
Participations	24	0	25	0
Shares in associated companies	284'036	369'459	280'036	369'459
Intangible assets	50'958	0	47'082	0
Fixed assets	87'703	0	78'449	0
Own shares	13'087	0	10'037	0
Other assets	220'257	202'714	278'679	171'863
Accrued income and prepayments	94'553	35'993	72'403	32'959
<b>Total assets</b>	<b>14'196'224</b>	<b>2'949'272</b>	<b>13'680'256</b>	<b>2'644'371</b>
<b>Liabilities</b>				
Due to banks	378'727	1'126'332	515'540	1'584'017
Due to customers (excluding savings deposits)	7'321'828	3'521'864	6'481'762	2'900'108
Savings deposits	1'337'308	319'595	1'693'745	324'810
Certified liabilities	658'950	0	497'286	0
Other liabilities	334'011	169'280	337'386	112'092
Accrued expenses and deferred income	23'702	66'626	30'769	50'402
Provisions	17'735	0	5'432	0
Provisions for general banking risks	350'000	0	295'000	0
Share capital	154'000	0	154'000	0
Share premium	47'750	0	47'750	0
Legal reserves	390'550	0	390'550	0
Reserves for own shares	13'087	0	10'037	0
Other reserves	811'443	0	814'492	0
Profit carried forward	2'793	0	5'473	0
Profit for the year	99'913	0	73'974	0
<b>Total liabilities</b>	<b>11'941'798</b>	<b>5'203'698</b>	<b>11'353'198</b>	<b>4'971'429</b>

## 15 Geographical breakdown of assets by location

	31.12.2023		31.12.2022	
	Absolute value	% of total	Absolute value	% of total
Liechtenstein/Switzerland	14'196'224	82.8	13'680'256	83.8
Europe (excluding Liechtenstein/Switzerland)	2'007'987	11.7	1'745'886	10.7
North America	545'885	3.2	423'031	2.6
South America	8'540	0.0	14'578	0.1
Africa	13'352	0.1	7'175	0.0
Asia	234'106	1.4	293'454	1.8
Others	139'401	0.8	160'247	1.0
<b>Total assets</b>	<b>17'145'495</b>	<b>100.0</b>	<b>16'324'627</b>	<b>100.0</b>

## 16 Breakdown of assets and liabilities by currency

in CHF thousands	CHF	EUR	USD	Others	Total
<b>Assets</b>					
Cash and balances with central banks	3'758'992	15'165	289	112	3'774'559
Due from banks	1'143'931	114'865	84'049	127'735	1'470'579
Loans (excluding mortgages)	799'122	240'327	167'421	41'656	1'248'526
Mortgage loans	7'010'619	0	0	0	7'010'619
Bonds and other fixed-interest securities	567'355	677'115	848'441	0	2'092'912
Shares and other non-fixed-interest securities	180'842	2'319	6'355	0	189'517
Participations	24	0	0	0	24
Shares in associated companies	653'495	0	0	0	653'495
Intangible assets	50'958	0	0	0	50'958
Fixed assets	87'703	0	0	0	87'703
Own shares	13'087	0	0	0	13'087
Other assets	383'646	27'664	10'842	818	422'971
Accrued income and prepayments	81'105	17'472	25'267	6'703	130'546
<b>Total on-balance sheet assets</b>	<b>14'730'878</b>	<b>1'094'928</b>	<b>1'142'665</b>	<b>177'024</b>	<b>17'145'495</b>
Delivery claims from forex spot, forex futures and forex options transactions	4'706'505	7'666'454	6'772'523	1'859'099	21'004'581
<b>Total assets</b>	<b>19'437'384</b>	<b>8'761'381</b>	<b>7'915'188</b>	<b>2'036'124</b>	<b>38'150'077</b>
<b>Liabilities</b>					
Due to banks	464'558	327'310	616'858	96'333	1'505'059
Due to customers (excluding savings deposits)	5'320'078	3'207'714	1'670'292	645'608	10'843'692
Savings deposits	1'654'099	2'804	0	0	1'656'903
Certified liabilities	655'196	3'754	0	-0	658'950
Other liabilities	470'951	20'021	11'906	412	503'291
Accrued expenses and deferred income	35'998	15'519	28'174	10'637	90'328
Provisions	17'721	14	0	0	17'735
Provisions for general banking risks	350'000	0	0	0	350'000
Share capital	154'000	0	0	0	154'000
Share premium	47'750	0	0	0	47'750
Legal reserves	390'550	0	0	0	390'550
Reserves for own shares	13'087	0	0	0	13'087
Other reserves	811'443	0	0	0	811'443
Profit carried forward	2'793	0	0	0	2'793
Profit for the year	99'913	0	0	0	99'913
<b>Total on-balance sheet liabilities</b>	<b>10'488'138</b>	<b>3'577'136</b>	<b>2'327'231</b>	<b>752'991</b>	<b>17'145'495</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	8'946'098	5'192'337	5'604'316	1'358'731	21'101'482
<b>Total liabilities</b>	<b>19'434'236</b>	<b>8'769'473</b>	<b>7'931'547</b>	<b>2'111'721</b>	<b>38'246'977</b>
<b>Net position per currency</b>	<b>3'148</b>	<b>- 8'092</b>	<b>- 16'359</b>	<b>- 75'597</b>	<b>- 96'900</b>

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

in CHF thousands	31.12.2023	31.12.2022
<b>Excluding lending transactions and pension transactions with securities</b>		
Book value of pledged and assigned (as collateral) assets	182'570	198'850
Actual commitments	0	0
<b>Lending transactions and pension transactions with securities</b>		
Self-owned securities lent or delivered as collateral within the scope of securities lending or borrowing transactions, or self-owned securities transferred in connection with repurchase agreements	1'799	3'113
of which capable of being resold or further pledged without restrictions	1'799	3'113
Securities received as collateral within the scope of securities lending or securities received in connection with reverse repurchase agreements, which are capable of being resold or further pledged without restrictions	0	100'645
of which resold or further pledged securities	0	0

## 18 Maturity structure of assets, liabilities and provisions

in CHF thousands	Sight deposits	Callable	Due within 3 months	Due between 3 months to 12 months	Due between 12 months to 5 years	Due after 5 years	Immo-bilised	Total	
<b>Assets</b>									
Cash and balances with central banks	3'774'559	0	0	0	0	0	0	3'774'559	
Due from banks	339'244	80'000	480'000		171'011	400'324	0	1'470'579	
Loans	5'968	330'619	4'535'921	526'849	1'964'029	895'758	0	8'259'145	
of which mortgage loans	3'312	2'763	3'813'885	372'379	1'935'117	883'164	0	7'010'619	
Securities and precious metals held for trading	11	0	0	0	0	0	0	11	
Securities and precious metals holdings as current assets (excluding trading positions)	2'106'175	0	0	0	0	0	0	2'106'175	
Securities and precious metals holdings as fixed assets	68'331	189'329	0	0	0	0	0	257'660	
Other assets	819'601	3	173'988	79'974	42'120	71'358	90'323	1'277'366	
<b>Total assets</b>	<b>31.12.2023</b>	<b>7'113'889</b>	<b>599'951</b>	<b>5'189'909</b>	<b>606'823</b>	<b>2'177'160</b>	<b>1'367'440</b>	<b>90'323</b>	<b>17'145'495</b>
	31.12.2022	7'315'714	552'995	4'429'194	559'531	1'970'796	1'416'028	80'369	16'324'627
<b>Liabilities and provisions</b>									
Due to banks	603'000	0	745'422	156'638	0	0	0	1'505'059	
Due to customers	4'181'869	1'654'415	5'923'859	678'830	56'983	4'639	0	12'500'595	
of which savings deposits	0	1'646'380	9'208	1'315	0	0	0	1'656'903	
of which other liabilities	4'181'869	8'035	5'914'651	677'515	56'983	4'639	0	10'843'692	
Certified liabilities	0	0	2'042	44'563	197'721	414'623	0	658'950	
of which medium-term notes	0	0	2'042	44'563	47'721	14'623	0	108'950	
of which bonds issued	0	0	0	0	150'000	400'000	0	550'000	
Provisions (excluding provisions for general banking risks)	0	0	0	0	17'735	0	0	17'735	
Other liabilities	130'725		270'068	81'624	41'990	69'213	0	593'619	
<b>Total liabilities and provisions</b>	<b>31.12.2023</b>	<b>4'915'594</b>	<b>1'654'415</b>	<b>6'941'391</b>	<b>961'655</b>	<b>314'429</b>	<b>488'475</b>	<b>0</b>	<b>15'275'959</b>
	31.12.2022	7'286'642	1'997'509	3'842'524	747'046	299'371	360'258	0	14'533'350

Bonds and other fixed-interest securities that are due in the following financial year

466'932

# Notes to off-balance sheet transactions

## 19 Contingent liabilities

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Credit guarantees and similar instruments	12'414	24'662	- 49.7
Performance guarantees and similar instruments	14'461	8'294	74.4
Other contingent liabilities	8'172	7'695	6.2
<b>Total contingent liabilities</b>	<b>35'046</b>	<b>40'650</b>	<b>- 13.8</b>

## 20 Open derivative contracts

in CHF thousands	Trading instruments			Hedging instruments			
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume	
<b>Interest rate instruments</b>							
Swaps	0	0	0	72'727	38'447	2'445'260	
<b>Foreign exchange contracts</b>							
Forward contracts	226'883	323'783	20'895'591	0	0	0	
Options (OTC)	1'052	1'052	96'811	0	0	0	
<b>Precious metals</b>							
Options (OTC)	269	269	12'180	0	0	0	
<b>Equity / Index contracts</b>							
Options (OTC)	28	28	42'577	0	0	0	
<b>Total excluding netting agreements</b>	<b>31.12.2023</b>	<b>228'232</b>	<b>325'133</b>	<b>21'047'158</b>	<b>72'727</b>	<b>38'447</b>	<b>2'445'260</b>
	31.12.2022	254'401	264'009	21'643'794	104'505	46'600	1'924'847

Liechtensteinische Landesbank AG has concluded no netting agreements.

## 21 Fiduciary transactions

in CHF thousands	31.12.2023	31.12.2022	+ / - %
Fiduciary deposits with other banks	156'512	98'663	58.6
Fiduciary loans and other fiduciary financial transactions	2'551	2'940	- 13.3
<b>Total fiduciary transactions</b>	<b>159'063</b>	<b>101'603</b>	<b>56.6</b>



# Notes to the income statement

## 22 Income from trading operations

in CHF thousands	2023	2022	+ / - %
Foreign exchange trading	130'985	90'298	45.1
Foreign note trading	- 926	- 223	314.9
Precious metals trading	2'004	2'175	- 7.9
Securities trading	9	46	- 81.2
<b>Total net trading income</b>	<b>132'072</b>	<b>92'296</b>	<b>43.1</b>

## 23 Personnel expenses

in CHF thousands	2023	2022	+ / - %
Salaries and compensations	- 108'604	- 96'440	12.6
Social benefits and retirement benefit plans	- 23'321	- 20'258	15.1
of which retirement benefit plans	- 15'852	- 13'762	15.2
Other personnel expenses	- 4'147	- 4'040	2.6
<b>Total</b>	<b>- 136'071</b>	<b>- 120'738</b>	<b>12.7</b>

The compensation of the Board of Directors and the Board of Management are disclosed in the [consolidated financial statement](#).

## 24 Administrative expenses

in CHF thousands	2023	2022	+ / - %
Occupancy expenses	- 4'401	- 3'876	13.6
Expenses for IT, machinery, vehicles and other equipment	- 26'131	- 21'830	19.7
Other business expenses	- 38'265	- 35'395	8.1
<b>Total</b>	<b>- 68'797</b>	<b>- 61'101</b>	<b>12.6</b>

## 25 Sundry ordinary income

in CHF thousands	2023	2022	+ / - %
Non-period income	142	100	41.9
Realised gains from the sale of fixed assets	3	4	- 18.8
Income from other services	35'891	32'411	10.7
<b>Total sundry ordinary income</b>	<b>36'035</b>	<b>32'515</b>	<b>10.8</b>

## 26 Other ordinary expenses

in CHF thousands	2023	2022	+ / - %
Losses on receivables	- 67	- 88	- 24.0
Operational risk	0	- 1'569	- 100.0
Sundry other ordinary expenses	- 489	- 518	- 5.6
<b>Total other ordinary expenses</b>	<b>- 556</b>	<b>- 2'175</b>	<b>- 74.5</b>

# Risk management

## Overview

LLB AG's risk policy is governed, in legal and operative terms, by the Liechtenstein Banking Law, the corresponding Banking Ordinance and the principles of the Basel Committee for Banking Supervision as well as by the bank's own statutes and business regulations. The ultimate responsibility for basic risk policy and for continually monitoring the bank's risk exposure lies with the Board of Directors. In fulfilling this function, it is supported by the Risk Committee. The Board of Management has overall responsibility for risk management. It is supported by separate expert risk committees. An independent Group Credit & Risk Management monitors compliance with the issued regulations.

## Market risks

On the basis of its business activity, LLB AG is exposed primarily to interest rate fluctuation, share price and currency risks. The Group Risk Management Committee is responsible for managing risks associated with trading activities, and the Asset & Liability Committee for controlling interest rate fluctuation risks. These bodies limit risk exposure using sensitivity and value-at-risk analyses. Aggregate risks are analysed and worst-case scenarios are simulated on a regular basis.

## Credit default risks

Credit and lending facilities are extended primarily in interbank business, in private and corporate client business mainly on a secured basis, and in business transactions with public authorities. The Group Credit Risk Committee is responsible for credit risk management. The bank pursues a conservative collateral lending policy. Credits and loans are granted within the scope of strict credit approval procedures. An internal rating system is employed to determine risk-related terms and conditions. A limits system based on the creditworthiness of the individual country is used to control country risks.

In order to ensure responsible lending and to take account of the increasing regulatory requirements, each property must be valued and the loan-to-value ratio determined. The valuation is made in accordance with professionally recognised methods and techniques. The internal work manual "Real Estate Valuations" forms the basis for determining a market-conforming loan-to-value ratio for real estate in the Swiss and Liechtenstein markets of the LLB Group. The decisive factor for the valuation method and tool to be applied is always the predominant use or the predominant income measured by the rental value.

- ◆ Single-family houses and condominiums for own use are generally valued hedonically in Switzerland and by the tangible asset method in Liechtenstein.
- ◆ Rented single-family houses and condominiums that are held for yield purposes are generally valued hedonically in Switzerland. In Liechtenstein, the valuation is carried out using the tangible asset method.
- ◆ Income-producing and investment properties in Switzerland and in Liechtenstein, such as apartment buildings, residential and commercial buildings, commercial properties, etc., are, as a rule, valued using the capitalised earnings value method.
- ◆ In the case of commercially owner-occupied properties, the capitalised earnings value is decisive, which is determined and verified in advance on the basis of the space rent reported in the borrower's income statement.
- ◆ Agricultural properties in Switzerland are valued according to the Ordinance on rural land rights. In Liechtenstein, these are valued using the tangible asset method.
- ◆ Valuations of building land are based on current market conditions.

### Operational and legal risks

Internal regulations and directives concerning organisation and controls are employed to limit exposure to operative and legal risks. In formulating these instructions, the Board of Management is supported by the Operational Risk Committee. Compliance with these regulations is regularly checked by the Group Compliance and Group Operational Risk / ICS departments and by Group Internal Audit. External legal experts are brought in on a case-by-case basis to control and manage legal risks.

### Liquidity risks

Liquidity risks are monitored and managed in accordance with the provisions of banking law.

### Business policy concerning the use of derivative financial instruments

Within the scope of balance sheet management, interest rate swaps are concluded to hedge interest rate fluctuation risks. Furthermore, derivative financial instruments are employed primarily within the context of transactions for clients. Both standardised and OTC derivatives are traded for the account of clients.

# Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

**Statutory Auditor's Report  
on the Financial Statements  
to the General Meeting  
2023 Financial Statements**



# Statutory Auditor's Report

To the General Meeting of Liechtensteinische Landesbank Aktiengesellschaft, Vaduz

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Liechtensteinische Landesbank Aktiengesellschaft (Company), which comprise the balance sheet as at 31 December 2023, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 95 to 115) give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended in accordance with Liechtenstein law.

### Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters



#### RECOVERABILITY OF LOANS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## RECOVERABILITY OF LOANS

### Key Audit Matter

As at 31 December 2023, the Bank reports loans of CHF 8.2 billion, representing 48.2 % of total assets.

Loans are valued at amortized cost, taking into account any allowances. Allowances for credit risks are determined by applying judgement and assumptions. This applies particularly to the creation of individual allowances for loans at risk of default.

Due to the existence of considerable scope for judgement in the method of calculating and measuring any need for allowances and the high amount of the balance sheet position, we consider the recoverability of loans to be a key audit matter.

### Our response

Our audit procedures included the verification of key controls relating to the approval, recording and monitoring of loans. In this regard, we performed effectiveness tests of key controls on a sample basis.

For a sample of loans with specific allowances, we assessed whether the allowances made by the bank were appropriate.

We also tested a sample of loans that were not identified by the bank as potentially impaired and assessed whether, taking into account respective collaterals, there was a need for allowance.

Finally, we verified the complete and correct disclosure of the information in the notes to the financial statements in connection with the loans.

For further information on loans, refer to the following pages in the notes to the financial statements:

- Pages 100 to 102: Accounting policies and valuation principles
- Page 103: Notes to the balance sheet: 1 Type of collateral
- Page 107: Notes to the balance sheet: 10 Allowances and provisions

### Other Information

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Group Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Group Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Group Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

### Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 5 May 2023. We have been the statutory auditor of the Company without interruption since the financial year ending on 31 December 2021.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Group Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit according to the applicable requirements
- Tax services in accordance with Article 46 WPG as well as regulatory and other consulting services

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

### Further Confirmations pursuant to Article 196 PGR

The management report (page 94) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Moreno Halter  
Chartered Accountant  
Auditor in Charge

Philipp Rickert  
Chartered Accountant (CH)

Vaduz, 23 February 2024



# Locations and addresses

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Exclusively for the purpose of better readability, the different gender-specific spelling has mostly been dispensed with in this document. The chosen masculine form is to be understood as gender-neutral in this sense.

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

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

