

# Responsibilities for the economy, society and environment

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

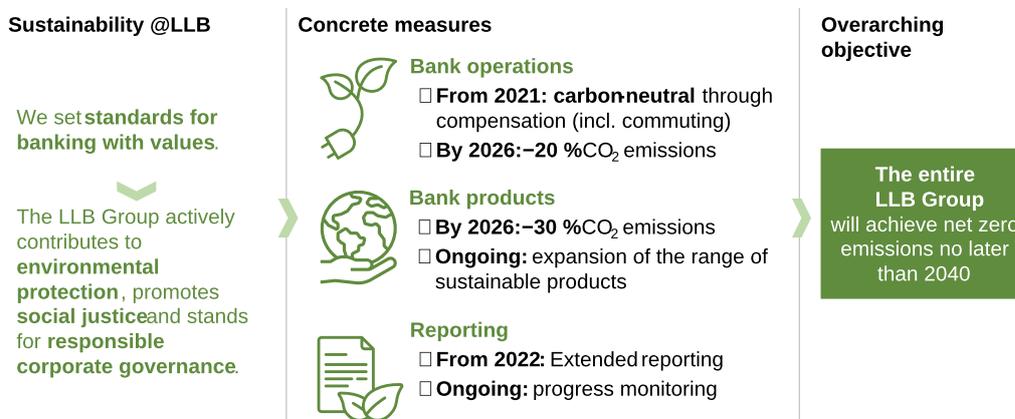
## Performance mandate and sustainability

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

## Sustainability as a strategic goal

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

## Sustainability with high ambitions as part of the strategy



Our aim with this strategy is to be perceived as a bank that is stable, sustainable and innovative. And we also want to clearly differentiate ourselves from our competitors through it.

### Goals of the sustainability strategy

We have set ourselves the goal of reducing the net CO<sub>2</sub> emissions of the LLB Group to zero by 2040 – in line with the UN's ambitious target to limit global warming to 1.5°C.

"We feel certain that the global financial industry will play an important role in the transition to a climate-friendly economy. This is why, in future, we want to play a pioneering role in terms of sustainability and why we have set ambitious goals for ourselves."



Group CEO Gabriel Brenna

### Banking operations

As a first partial step in this direction, the LLB Group became climate neutral in the reporting year by fully offsetting its CO<sub>2</sub> emissions. In cooperation with the Swiss climate foundation "myclimate", we support various CO<sub>2</sub>-reducing projects in the region and around the world. Among these is a reforestation initiative in western Uganda and a project for fertile soil as a CO<sub>2</sub> sink in the Lake Constance region.



[myclimate.org/01-21-419455](https://myclimate.org/01-21-419455)

At the same time, we have initiated measures to ensure that emissions in our banking operations are net zero by 2040.

### Bank products

In addition to adapting its day-to-day operations, the LLB Group also wants to support its clients on the way to climate neutrality – with expert advisory services and differentiated, sustainable products. Specifically, the Group has set itself here, too, the goal of reducing the CO<sub>2</sub> emissions of all bank products to net zero by 2040. This would mean the LLB Group becoming completely climate neutral across its day-to-day operations and bank products ten years earlier than defined in the Paris climate agreement.

Adapting our offerings is a key factor in achieving the targets that we have set for ourselves. Consequently, the LLB Group has greatly expanded its range of sustainable investment products in the reporting year. In addition to its well-established asset management and investment advice services, it also offers a comprehensive selection of sustainable funds. Liechtenstein's first-ever sustainable gold fund, launched by LLB AG, surpassed the USD 100 million mark in 2021 within a matter of just months. Further products are being planned or are about to be launched.

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

### Transparency

We have used the Global Reporting Initiative (GRI) Standards as the framework for our sustainability reporting for many years. In summer 2022, we will also be publishing a report based on the standards of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. It will provide transparent information on the progress that we have made in implementing our climate goals.

### Membership of international climate initiatives

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

- ♦ **The United Nations Net-Zero Banking Alliance:** The LLB Group has been a member of the United Nations Net-Zero Banking Alliance (NZBA) since August 2021. Its aim is to eliminate the most carbon-intensive sectors from the credit and investment portfolios.
- ♦ **Race to Zero:** With its membership in the NZBA, the LLB Group is also part of the Race to Zero campaign – an initiative launched by the United Nations. The campaign brings together state and non-state actors from more than 90 nations. They recognise the importance and the urgency of working towards a decarbonised economy in order to create a healthier, safer, cleaner and more resilient world for future generations.
- ♦ **Principles for Responsible Banking:** We also became a signatory to the United Nations Principles for Responsible Banking (PRB) in the reporting year. The PRB is an initiative for responsible banking and provides a single framework for a sustainable banking industry. It was developed as part of an innovative partnership between banks around the world and the Finance Initiative of the United Nations Environment Programme.
- ♦ **The Climate Pledge:** The Climate Pledge is a voluntary commitment to implement the Paris climate agreement ten years earlier and be CO<sub>2</sub> neutral by 2040. The LLB Group has been an official partner since March 2022.
- ♦ **Principles for Responsible Investment:** The LLB Group has been a member of the Principles for Responsible Investment (PRI) Finance Initiative since 2020. As such, it supports the responsible management of securities.
- ♦ **Climate foundations:** LLB is a partner of the independent non-profit LIFE Climate Foundation Liechtenstein (since 2009) and the Swiss Climate Foundation (since 2012). It thus belongs to a group of partner firms that pool their resources to provide uncomplicated, efficient support to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein that contribute to climate protection. LLB refunds of CO<sub>2</sub> contributions from Liechtenstein made to the Climate Foundation are used to promote climate-friendly products and technological developments as well as energy-saving projects.

### Social and corporate governance

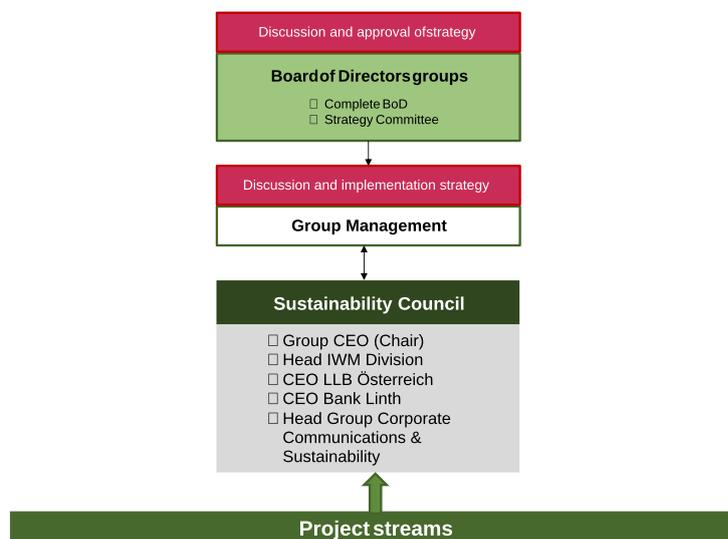
Sustainability encompasses not only the environmental, but also the social and governance aspects. We are committed at the LLB Group to value-oriented management and transparent corporate governance. Through the LLB Future Foundation, we have been supporting non-profit projects in the region since 2011. On the occasion of the 10th anniversary of the Foundation, the Board of Trustees decided to

present a new award, the Future Prize, for excellent sustainability commitment every two years (see chapter “[Industry initiatives and corporate citizenship](#)”).

### Governance

From the 2022 business year onwards, a so-called Sustainability Council is responsible within the LLB Group for coordinating its ambitious goals. It ensures the implementation of our sustainability strategy and makes adjustments where necessary. The Council has five permanent members and is chaired by the Group CEO. The operational implementation of the various sustainability topics, such as banking operations, social responsibility and ESG management with respect to investment advice, falls under the responsibility of the respective workstreams.

### Sustainability Governance of the LLB Group



### Green teams

The LLB Group takes a top-down and bottom-up approach to sustainability issues. In addition to having the Board of Directors as the highest governance body and making sustainability a top priority at the Group Executive Board level, we formed in 2021 so-called green teams and assigned them to the workstream of the Sustainability Officer. In these teams, employees can contribute their own ideas and take on project responsibility during regular working hours, thereby helping to actively shape the sustainable future of the LLB Group. We want in this way to tap into the creativity of each individual in order to find innovative solutions that would not be found otherwise through a top-down only approach.

### Regulations

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

### Further development of staff competences

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

# Values and corporate management

## Value-based action

The values of “integrity”, “respectfulness”, “excellence” and “pioneering” (see chapter “[Strategy and organisation](#)”) form the basis for the corporate management of the LLB Group. Our Code of Conduct provides a reliable guiding framework for the value-based and responsible actions of all employees (see chapter “[Employees](#)”). We are guided by the needs of our clients and pay particular attention to meeting their security needs and our data protection standards for the use of the various distribution channels at all times (see chapter “[Finance and risk management](#)”). Our aim is to win over clients with good products and services. As the bank for the country and the people, being able to offer attractive and innovative price models is important to LLB (see chapter “[Sustainability in banking](#)”).

## Corporate culture and value basis

The LLB Group’s vision is encapsulated in the motto: “We set standards for banking with values.” Our managers and employees are motivated to act in line with our values of integrity, respectfulness, excellence and pioneering. By living these values, our managers firmly anchor our value culture throughout the organisation. Our employees also learn more about our value basis through various “Live the brand” measures. For example, through short video clips in which employees talk about their value experiences within the LLB Group.

To keep up with changing markets and client needs, we rely on employees who are motivated to think for themselves and have the courage to initiate improvement processes. As part of the “Cultural journey” project, we encouraged our employees again during the reporting year to bring in ideas, to question their actions and to exchange views. The core topics of the cultural journey were addressed and developed further on the intranet, at employee appraisals and through offerings for managers. The topic of “Ownership and delegation” was an element in the target agreements for all employees. It was agreed that the topic be jointly anchored in the workplace and promoted further.

## Regulatory framework and developments

LLB considers it a top priority in a highly regulated business environment to closely monitor ongoing regulatory developments and, where possible and expedient, to play an active part in shaping developments as well as to prepare for the implementation of new requirements in good time. All of our employees contribute to the implementation of regulatory requirements and thus make an essential contribution to the success of the business and to the good reputation of LLB. The most important regulatory requirements and developments from the reporting year are summarised below. We have focused primarily on regulations that were of particular importance in the reporting year due to their topicality. Other regulatory requirements that are of relevance to the LLB Group can be found in previous annual reports.

## Implementation of regulatory frameworks 2013–2021

### 2013

- ♦ EU passport for the managers of alternative investment funds (AIFMG)
- ♦ Complete revision of the Due Diligence Act (DDA)

### 2015

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

### 2016

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

### 2017

- ♦ Revision of Due Diligence Act (DDA)

### 2018

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

### 2019

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

### 2020

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

### 2021

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

## Financial centre strategy

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

## International tax topics

### Disclosure of cross-border tax planning arrangements

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

### International cooperation on tax topics – Liechtenstein meets international requirements

The Principality of Liechtenstein is intent on creating an attractive tax system that takes account of European law and international developments. Hence, the Principality has implemented the international automatic exchange of information with 114 partner or reporting countries since the beginning of 2016. The FATCA agreement with the USA was concluded in 2014. The Global Forum of the OECD confirmed in November 2021 that Liechtenstein is fully compliant with

the OECD requirements and described the Liechtenstein legal framework as “In place”, which corresponds to the highest rating.

### **Plans for international group taxation**

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

### **Access to the EU market**

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

### **Data protection**

#### **EU General Data Protection Regulation (EU GDPR)**

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

#### **Data protection laws in Switzerland and Dubai (DIFC)**

The Swiss Data Protection Act was completely revised in 2020 and partially aligned with the EU GDPR. But it retains its own basic concept. It can be expected to come into force in 2023.

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

#### **Protection against money laundering and terrorist financing**

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

#### **Compliance with international standards**

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

In 2002, 2007, 2013/2014, the International Monetary Fund (IMF) and Moneyval (the Council of Europe’s Committee of Experts) assessed to what extent the Liechtenstein provisions on anti-money laundering and combating the financing of terrorism meet the standards laid down by the Financial Action Task Force (FATF 40 + 9 Recommendations). The IMF and Moneyval attested positively to Liechtenstein’s standards in combating money laundering and financing of terrorism in their last report. After carrying out the National Risk Assessments (NRA I) in 2016/2017 and updating them (NRA II) in 2020, Liechtenstein completed the Moneyval country examination in autumn 2021 in order to assess the effectiveness of the measures in preventing money laundering and terrorist financing. The results are still pending.

## Deposit guarantee schemes and investor compensation

### Bank Recovery and Resolution Directive

With the Recovery and Resolution Act (RRA), Liechtenstein has significantly improved its financial stability, in that a statutory mechanism is available to counteract the “too big to fail” risk of large, systemically important banks in a crisis. The EEA country has thus transposed the Directive 2014/59/EU on the recovery and resolution of financial institutions (the Bank Recovery and Resolution Directive (BRRD)) into national law. On 1 January 2017, the Liechtenstein Financial Market Authority (FMA) created an operationally independent organisational unit acting as a resolution authority. Its primary objectives are to avoid significant adverse effects on the stability of the Liechtenstein financial market and to protect client funds and client assets. Systemically important banks in Liechtenstein, of which LLB AG is one, are required to draw up a recovery plan. The recovery plan contains an analysis of measures determined as part of an overall bank stress test that can be taken to restore its financial position under various crisis scenarios.

### Deposit Guarantee Schemes Directive (DGSD)

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

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

## Consumer protection

### MiFID II / Liechtenstein

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

### FinSA / Switzerland

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

### Rules of the game in the EU payment systems market

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

service provider and the account information service provider, have been created. At LLB, the adjustments required to implement the PSD2 have been made.

### **EU Mortgage Credit Directive**

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

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

### **Capital adequacy requirements**

#### **Revision of EU banking regulation**

The new EU banking package, which was published by European legislators on 20 May 2019, implements further key elements of the Basel III framework, which was essentially completed at the end of 2017, at European level through amendments to the CRR (CRR II) and CRD (CRD V). The CRR II is applicable in the EU from June 2021, while the CRD V had to be implemented by the EU member states by 28 December 2020. It is expected to come into force in Liechtenstein in 2022. With the Bank Recovery and Resolution Directive (BRRD), European legislators have introduced minimum requirements for the recovery and resolution of credit institutions. The BRRD was transposed in Liechtenstein in a timely manner through the Recovery and Resolution Act (RRA). Minimum requirements for own funds and eligible liabilities (MREL) are defined within the framework of the BRRD in a move to increase the liabilities that could be bailed in in the event of resolution (bail-in capital). This should increase the resolution capacity and reduce the risk of having to resort to public funds for resolving banks. Within the framework of the BRRD II, which is part of the current EU banking package, the regulations on resolution and MREL are being updated and expanded. The implementation of the BRRD II and the determination of the MREL are still pending in Liechtenstein.

#### **Transparency Regulation and Taxonomy (Regulation in the sustainability sector)**

The EU Sustainable Finance Action Plan adopted by the European Commission in March 2018 aims, among other things, to improve the financial sector's contribution to sustainable and inclusive growth by financing society's long-term needs, as well as to strengthen financial stability by requiring environmental, social and governance (ESG) factors to be taken into account in investment decisions. This affects LLB AG, LLB Austria, as well as other institutions in Liechtenstein and Switzerland. The background to this is the progressive tightening of requirements in the European Economic Area (EEA), efforts to secure EU market access for Swiss financial service providers and the growing expectations of all market participants. The LLB Group is following developments closely and taking the steps that are necessary to meet the new requirements. For instance, during the reporting year, the "Sustainability" Group project focused, on the one hand, on strategic aspects and, on the other, on regulatory developments in the EU, the EEA and Switzerland. Specifically, the necessary steps were taken to implement the requirements of the regulation on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation, SFDR) and the new requirements of the so-called EU Taxonomy.

# Economic value creation

## Stability

Liechtenstein is one of only eleven countries worldwide with an AAA rating. In autumn 2021, the rating agency Standard & Poor's (S&P) reconfirmed its top rating for the country's creditworthiness. In its evaluation, it above all emphasised the financial situation of the public budgets and that this represents a stabilising factor during difficult times. It also praised the country's broadly differentiated economy and the fact that it has access to two economic areas. Despite an economic environment that continues to present challenges, S&P is satisfied as to the continued stability of Liechtenstein. The robust financial and banking centre with strong international connections contributes substantially to the positive position it is in. Almost a quarter of Liechtenstein's gross domestic product is generated by the financial sector.

For the LLB Group, having a very solid capital base is also part of its identity. We exceed the core capital ratio of 13 per cent required under Basel III regulations and have done so for many years (see chapter "Finance and risk management").

## The LLB share

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

## Market capitalisation

The LLB share has been listed on the Swiss stock market, SIX Swiss Exchange, since 1993 under the symbol LLBN (security number: 35514757) and assigned to the "International Reporting Standard" segment. In 2021, around 2.3 million LLB shares (2020: 1.9 million) were traded on the SIX Swiss Exchange, corresponding to 7.4 per cent (2020: 6.2 %) of total shares issued. With 30.8 million registered shares issued, the market capitalisation of Liechtensteinische Landesbank AG stood at CHF 1.6 billion as at 31 December 2021 (2020: CHF 1.6 billion). The LLB share has been listed in the MSCI World Small Cap Index since 2018.

## Shareholder structure

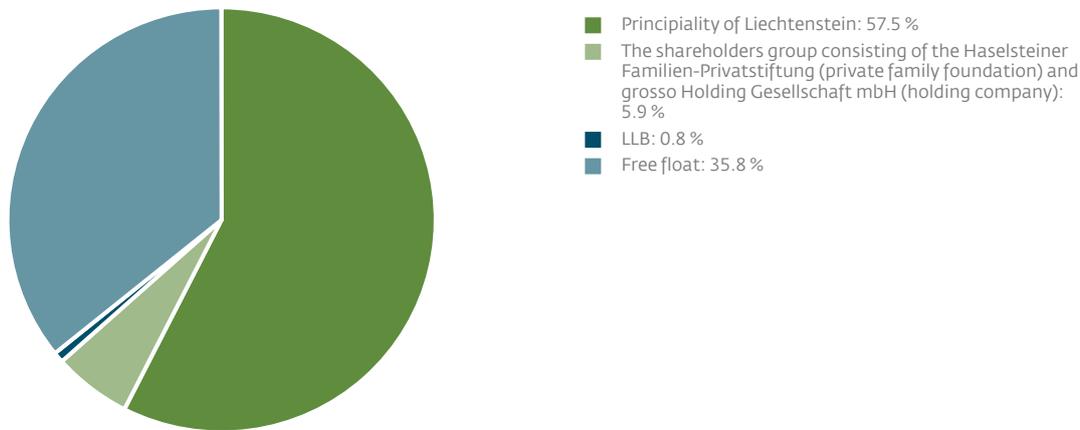
The Principality of Liechtenstein's holding of 17.7 million LLB shares, or 57.5 per cent of the share capital, remained unchanged in 2021. In 2011, the Liechtenstein Government, as the representative of the majority shareholder, adopted the ownership strategy it has been pursuing in regards to the Principality's equity stake in Liechtensteinische Landesbank AG ([www.llb.li/en/investors/llb-share](http://www.llb.li/en/investors/llb-share)). It thereby explicitly supports the stock exchange listing of LLB and retains a majority stake of at least 51 per cent.

5.9 per cent of the shares were owned by the Haselsteiner Familien-Privatstiftung and the grosso Holding Gesellschaft mbH, both of which are domiciled in Austria, as at 31 December 2021 (see chapter "Corporate governance").

LLB held 0.8 per cent (2020: 0.9 %) of its own shares (treasury shares) as at the end of the reporting year. The remaining registered shares were in free float, whereby none of the other shareholders held more than 3 per cent of the share capital.

Overall 89.6 per cent of the 30.8 million total registered shares were entered in LLB AG's share register as at the end of the reporting year. 10.4 per cent, or 3'202'717 shares, were not registered.

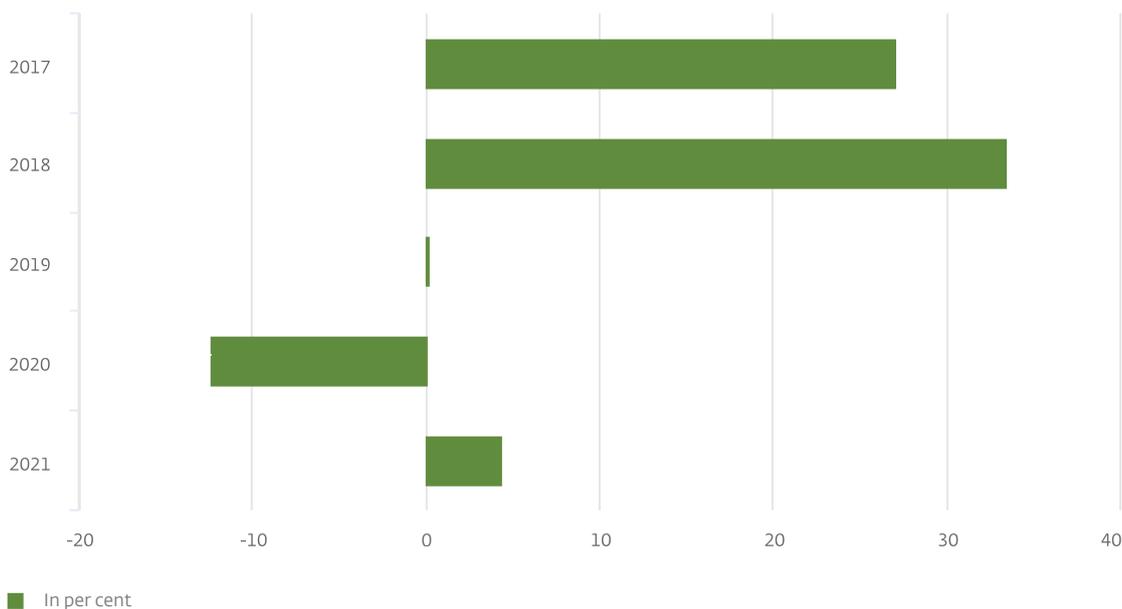
### Shareholder structure in per cent



### Share price performance

Despite some turbulence, 2021 turned out to be a strong year for the international financial markets. The economic recovery after the coronavirus shock, loose monetary policy and fiscal support had a positive impact on share prices (see chapter “Economic environment”). Measured by the Swiss Performance Index (SPI), shares listed on the Swiss stock exchange rose by 23.4 per cent. Shares in the Swiss SWX Banks Index performed less well. It ended in negative territory in 2021 (-4.2 %) for the second year in a row, while the LLB share produced a total return of 4.3 per cent for the reporting year. The share traded as high as CHF 55.70 and as low as CHF 50.00 in 2021.

### Total return on the LLB share



### Dividend policy

Liechtensteinische Landesbank pursues an attractive, long-term-oriented dividend policy for the benefit of its shareholders. Furthermore, the LLB Group is committed to safeguarding its financial security and stability (see chapter “Strategy and organisation”). Under the StepUp2020 strategy, it sought to keep risk-bearing capital at a Tier 1 ratio of over 14 per cent in accordance with Basel III. Against this backdrop, the payout ratio for shareholders amounted to 40 to 60 per cent of Group net profit. With the introduction of the ACT-26 strategy from the 2022 business year, the sustainable and attractive dividend

policy is being maintained. There is, however, a small change to the payout ratio, with it now being more than 50 per cent. Continuous dividend development is also being strived for. And a Tier 1 ratio of over 16 per cent is being targeted (see chapter “[Strategy and organisation](#)”).

The Board of Directors will propose an increase in the dividend to CHF 2.30 (2020: CHF 2.20) per share at the 30th Ordinary General Meeting of Shareholders on 6 May 2022. Based on the share price as at the end of 2021, this corresponds to a dividend yield of 4.4 per cent. Total dividends to be paid out amount to CHF 70.3 million (2020: CHF 67.1 million). This represents a payout ratio of 51 per cent for 2021 (2020: 61.1 %).

### Dividend per share (2017-2021<sup>1</sup> in CHF)



<sup>1</sup> The Board of Directors will propose a dividend increase for the year 2021 to CHF 2.30 at the Annual General Meeting on 6 May 2022.

### Analysts' recommendations

In September 2021, Christian Schmidiger, the Zürcher Kantonalbank analyst responsible for monitoring the LLB share, wrote that “[the share] appears to us to be cheaply priced, which is why we recommend overweighting it”. Schmidiger cites the dividend yield, which is higher than that of the peer group, as underpinning his recommendation.

Research Partners AG has been covering the LLB share since mid-2016. In a report that came out in November 2021, analyst Rainer Skierka confirmed his buy recommendation. He above all emphasised the positive position it is in thanks to the good financial results achieved in 2021. He also alluded to the financial objectives contained in the new ACT-26 strategy, stating that “they should be achievable in the current environment”. The twelve-month price target was raised to CHF 77.00 (2020: CHF 72.00).

### Communication with the capital market

The LLB Group publishes its annual and interim financial results (see chapter “[Responsibilities for the economy, society and environment](#)”). Normally, we hold a media and analyst conference on the annual results in Zurich. As in the previous year, it could not take place physically in 2021 due to the coronavirus pandemic. Instead there was a conference call for analysts, investors and the media – like we have for the interim financial results. The LLB Group’s annual report and interim financial reporting formed the basis respectively. Once again, we produced these to a very high standard. Hence, the LLB Group has ranked among the companies with the best results in the overall rating category of the Swiss Annual Report Rating for several years now.

Also at the General Meetings of Shareholders, the Board of Directors and the Board of Management inform transparently about the course of business. Both in 2020 and 2021, these had to be held without shareholders being physically present due to the coronavirus pandemic.

We also hold regular discussions with investors, provide information at roadshows and participate in specialist conferences for financial analysts and investors. Increased COVID-19 measures, however, meant that during the reporting year many of these activities could only take place on a limited scale and scope.

All publicly accessible information about the LLB Group can be accessed on our website at [www.llb.li](http://www.llb.li). Anyone interested is welcome to register at [www.llb.li/registration](http://www.llb.li/registration) to receive price-relevant information about the LLB Group electronically. Additionally, we publish our information via our social media channels such as Facebook and Twitter. We publish the annual and interim financial reports in a comprehensive online version. The Annual Report 2021 in German can be accessed online at [gb2021.llb.li](http://gb2021.llb.li) and in English at [ar2021.llb.li](http://ar2021.llb.li).

## The LLB share: facts and figures

in CHF thousands	31.12.2021	31.12.2020
Total of registered shares issued (fully paid up)	30'800'000	30'800'000
Number of shares eligible for dividend	30'567'065	30'511'590
Free float (number of shares)	11'062'065	11'006'590
Free float (in per cent)	35.9	35.7
Year's high (9 April 2021 / 20 February 2020)	55.70	67.80
Year's low (23 February 2021 / 16 March 2020)	50.00	48.50
Year-end price	52.60	52.50
Total return LLB share (in per cent)	4.3	- 12.4
Performance SPI (in per cent)	23.4	3.8
Performance SWX Banking Index (in per cent)	- 4.2	- 12.6
Average trading volume (number of shares)	10'272	7'566
Market capitalization (in CHF billions)	1.62	1.62
Basic earnings per share attributable to the shareholders of LLB (in CHF)	4.25	3.39
Dividend per LLB share (in CHF)	2	2.20
Payout ratio (in per cent)	51.0	61.1
Dividend yield at year-end price (in per cent)	4.4	4.2
Return on equity attributable to the shareholders of LLB (in per cent)	6.3	5.3
Eligible capital per LLB share (in CHF)	58.6	55.7

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

# Sustainability in banking

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

## Sustainability as a core element of the strategy

Based on the conviction that it is doing the right thing, the LLB Group further strengthened its efforts on the sustainability front during the reporting year. We intend to keep up our efforts through 2022 and beyond. Indeed, with the implementation of the new ACT-26 corporate strategy we have set ourselves ambitious sustainability goals. By 2040 at the latest, we – and this includes our product range – aim to be completely climate-neutral (see chapter "ACT-26"). This is ten years earlier than foreseen by the Paris climate agreement and in line with the UN's ambitious target to limit global warming to 1.5°C (see chapter "Responsibilities for the economy, society and environment").

## Transparent implementation

As we work towards our sustainability goals, we will ensure maximum transparency. In summer 2022, we will therefore be publishing our first-ever TCFD report based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD). The LLB Group will be disclosing its catalogue of measures to achieve its goal on climate warming and where it stands on them, as well as how it will deal with risks related to climate warming and what opportunities it sees. Reporting will be on an annual basis.

## Sustainable products and services

It is important to the LLB Group to integrate **ESG** criteria, i.e. aspects relating to the environment, society and corporate governance, into its investment process. Our range of sustainable products is already extensive today. During the reporting year, we forged ahead with the process of making our own bank products sustainable. The lion's share of our fund range has now been brought into line with LLB's ESG sustainability approach, which corresponds to the "light green" category under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). The aim of the European Union with this regulation is to provide greater transparency on how financial market participants and advisers take sustainability risks into account.

We also offer our clients asset management and advisory mandates based on ESG factors. At the beginning of 2022, we are launching our first-ever "dark green" LLB impact fund. It is considered sustainable under the EU Taxonomy and is aligned with the Paris climate goals (Art. 9 of the EU Disclosure Regulation).

We will be increasing our range of dark green LLB funds. We want to be able to offer our clients a variety of sustainable investing options to suit their particular preference. With this mind, we will be introducing, among other things, a fully digital sustainable asset management service in autumn 2022.

## ESG integration in asset management

For the LLB Group, sustainability in asset management means adopting a responsible approach to investing that meets high ethical, social and environmental standards. Furthermore, looking at sustainability aspects brings an additional perspective to risk assessment and as such supports long-term value creation for our clients. As a member of the UN Principles for Responsible Investment (PRI) Finance Initiative, we are committed to responsible investment management. In this way we can

contribute to meeting the UN's Sustainable Development Goals (SDGs). We expect broadly diversified, sustainable investments to yield returns comparable to those from traditional investments.

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

Under the LLB approach to sustainable investments, we invest up to a quarter of the portfolio in special impact themes such as climate and environmental protection and microfinance. The individual securities and funds are subjected to additional analysis. Here we rely on our internal fund analysis as well as on the ESG expertise of renowned agencies such as MSCI and invest in companies and funds with a high ESG rating.

### **Sustainable investments**

The LLB Group offers its clients strategy funds and asset management mandates that follow its sustainable investment approach. Only securities with a favourable ESG rating are considered for them when constructing a portfolio. Furthermore, companies with serious violations of important international norms and with substantial turnover in industries such as tobacco, gambling, nuclear energy or weapons are excluded from the portfolio altogether. As demand grows, the investment process is being refined ever further. LLB also offers the inclusion of sustainability aspects for its "LLB Invest" investment advisory packages.

### **Risk-conscious growth in the mortgage lending business**

The development of the real estate and mortgage markets plays a key role in the economy. In Liechtenstein, LLB has a leadership position in the mortgage lending business with a market share of around 50 per cent. Bank Linth extends mortgages in eastern Switzerland. This makes us an important partner for private individuals and businesses. For the LLB Group, the quality of the mortgage portfolio is key: growth must be sustainable and risk-conscious as well as be in line with the type of property and the development of the market in the region. In 2021, mortgages accounted for 88.7 per cent (2020: 88.7 %) of loans granted by the LLB Group, corresponding to CHF 12.2 billion (2020: CHF 11.7 billion) (see chapter "[Finance and risk management](#)").

### **Liquidity assistance during the corona pandemic**

The LLB Group is fully aware of the major economic responsibility that it has in Liechtenstein and in eastern Switzerland (see chapter "[Economic value creation](#)"). This was crystallised during the coronavirus crisis, which saw LLB and Bank Linth taking on an active role as partner banks to SMEs. Both participated in the governmental COVID-19 bridging loan programmes. These provided companies that had encountered financial difficulties as a result of the corona crisis with liquidity quickly and with a minimum of bureaucracy. The LLB Group approved approximately 750 such applications, providing a total of around CHF 71 million in bridging assistance.

### **Sustainable building**

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

### **Ongoing sustainability training for employees**

In autumn 2020, we launched a multi-stage sustainability training programme aimed at our client advisers to help them stay up to date in the face of our growing sustainable product range and increased sustainability requirements from the clients' side as well as the legislators'. The programme was continued and developed further during the reporting year. By the end of 2021, some 400 employees had completed the training. To make the sustainability training courses even more flexible and efficient, we transferred them online into an e-learning programme. This programme is mandatory for all new employees (in part) and client advisers (in full).

## Customer orientation

### Banking as an experience for clients

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

### Client proximity through systematic surveys

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

The surveys are part of a customer experience concept with which LLB wants to anchor customer orientation even more systematically in the company. They are also a means to ensure permanent optimisation and improve client satisfaction. The next survey – which will include Bank Linth and LLB Österreich – is scheduled to take place in 2022.

### Excellent client advisory services

We also received a particularly good rating from our clients for competence in investment advice and asset management. This very positive verdict was also confirmed by external experts. For instance, Liechtensteinische Landesbank achieved a top score in an independent comparison test conducted by the Fuchs | Richter testing body in the reporting year. Also on the all-time best list of private banking providers in German-speaking regions, LBB ranks among the top players (see chapter "Private Banking").

### Fair competition

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

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

### Financial planning for private individuals and entrepreneurs

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

### LLB Pension Fund Foundation for Liechtenstein

With the LLB Pension Fund Foundation, we are the only bank in Liechtenstein with a collective foundation for Liechtenstein SMEs and that since 2005. Owing to its solid financial position, it is gaining popularity. At the end of 2021, Liechtenstein's youngest collective foundation managed CHF 1.27 billion (2020: CHF 1.18 billion). The LLB Pension Fund Foundation thus manages one of the largest amount of pension fund assets in Liechtenstein, making it an essential pillar of the domestic pension fund market. At the end of 2021, it had 760 affiliated companies (2020: 773) with a total of 7'866 active insured persons (2020: 7'238) as clients. The liquidity ratio stood at over 110.1 per cent (2020: 107.2 %). The LLB

Pension Fund Foundation has a very good structural ratio: as in the previous year, for each pensioner there are twelve active insured contributors.

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

### Risk management

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

### Regulatory development in the context of sustainability

The European Union (EU) promotes sustainable development of the economic system and is committed to the goals of the Paris climate agreement and those of the UN's Agenda 2030. With its "Action Plan for Financing Sustainable Growth", the EU aims – among other things, through incorporating sustainability into investment advice – to reorient capital flows towards a more sustainable economy. Integrating sustainability aspects into risk management and fostering transparency are key areas of the action plan. Achieving the European Union's goal of climate neutrality by 2050 will require a significant reduction in CO<sub>2</sub> emissions, supported by "green" financing.

Various legislative initiatives following this action plan have been started in the EU. Particularly worthy of mention are:

- ♦ Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector;
- ♦ Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation);
- ♦ Delegated Regulation amending Delegated Regulations (EU) 2017/565 and (EU) 2017/593 in the MiFID II context;
- ♦ Delegated Regulations amending Delegated Regulations (EU) 231/2013 (AIFM) and 2010/43/EU (UCITS).

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

The LLB Group started work on the implementation of the upcoming legislation in the reporting year, so that the regulatory requirements could be gradually implemented. This includes, for example, applying the sustainability-related disclosure obligations and paying increased attention to sustainability risks both in the bank's own risk management practices and in investment products under the sustainability approach of LLB Asset Management. Along with the expansion of the offering of sustainable investment solutions, we are concerned with providing maximum transparency to our clients on the sustainability classification of products. Here, the training of frontline staff began already in 2020.

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

# Employees

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

## LLB as employer

As at the end of December 2021, the LLB Group had 1'229 employees (2020: 1'225), who together filled 1'056 full-time positions (2020: 1'064). This makes LLB one of the largest employers in Liechtenstein.

## Well anchored in the region

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

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

## Communicating with employees

A clear, consistent and transparent approach when addressing employees is essential for successful corporate management. This is all the more so in crisis situations like the corona pandemic, which affected many parts of day-to-day operations yet again in 2021. Internal communication thus assumed special relevance once again during the reporting year.

Across the entire Group, we kept our employees – tailored to the individual companies – informed about the latest developments through, for instance, news postings on the intranet. The Group CEO also reported on projects and new developments in regular video messages. Similarly, LLB (Österreich) AG posted video messages from members of the Board of Management. Bank Linth conducted employee information events virtually when they could not be held physically.

The main focus of internal communication in 2021 was again the Group Forum, an annual Group-wide information event, where the Group Executive Board set out the new ACT-26 corporate strategy. The event took place simultaneously at three of the Group's locations, namely Vienna, Uznach and Vaduz. The employees could participate either in person or digitally.

The main instrument for internal communication is LLB's intranet. The upgrading of our Group-wide, internal communication platform was completed during the reporting year so that we are now able to reach our employees in a more targeted way. Furthermore, the modernised intranet offers an array of collaboration tools such as, for example, the comment function. These tools enable employees to engage with each other in an interactive dialogue – much like other social platforms.

### **Attractive work environment**

We continually implement measures to improve the work environment so that we can position ourselves actively in the competition for the best talent. Here we focus in particular on health promotion in the workplace, raising job quality and flexibility of working hours and location.

### **Flexible work environment**

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

### **Compatibility of work and life situation**

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

In addition, employees can increase their holiday entitlement by five or ten days and forego a corresponding amount of pay in return. This "FreiZeit-Kauf" (purchase leisure time) scheme is highly valued: in the reporting year, 105 employees (2020: 106) purchased a total of 745 additional leave days (2020: 745).

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

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

Long-service employees are rewarded with a sabbatical. 45 employees (2020: 49) with long-service anniversaries of ten, twenty, thirty or forty years went on a sabbatical for up to four weeks in 2021.

### **Family-friendly company**

LLB AG has been recognised by the Liechtenstein Government with the "Familienfreundliches Unternehmen 2021" (2021 Family-Friendly Company) award.



(Source: Liechtenstein government / IKR)

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

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

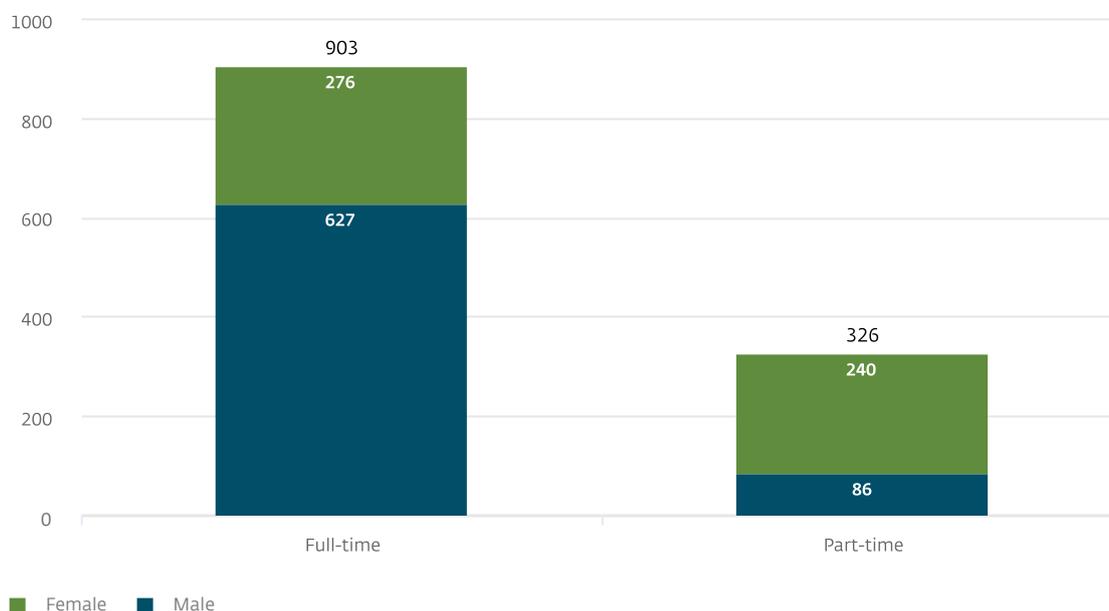
These topics all play a central role in our new HR strategy. The formulation of associated goals and measures is already underway.

#### **Fair and performance-oriented compensation**

The LLB Group offers attractive employment conditions. It spent CHF 190.0 million (2020: CHF 181.0 million) on salaries and social contributions in 2021.

We have a modern compensation system that is considered exemplary in the banking sector. For the majority of employees, it includes a variable remuneration component. We set great store by fair compensation that explicitly recognises skills and performance. Women and men in the same position and at the same performance level are in the same pay scale and wage model. In 2020, the LLB Group, together with the University of St. Gallen (HSG), analysed pay equality between men and women. The results from the analysis, which were presented in the reporting year, confirmed that there is no statistically significant disadvantaging of women at LLB. Based on this, Liechtensteinische Landesbank received the highest award possible, the "We pay fair" certificate. Bank Linth similarly complies with the legal framework with its wage differential.

### Breakdown by employment type <sup>1</sup>



<sup>1</sup> Including permanent and temporary employees

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

### High employee satisfaction

Employee satisfaction is an indicator of whether it is possible to retain motivated, high-achieving employees in the company. To understand where we stand in this respect, we regularly conduct in-depth employee surveys at the companies of the LLB Group. In the last survey of 2020, we achieved very good results once again in the main criteria of commitment, satisfaction and evaluation of the company as an employer. LLB AG and Bank Linth were subsequently honoured with the Swiss Employer Award. The next survey is scheduled for 2023.

### Initiative for employees over 50

Rapid digital developments and growing complexity are affecting the workplace, making job profiles more demanding. Staying motivated and up-to-date is a challenge – especially for people who have been in professional life for a long time. At our Liechtenstein location, 28 per cent of employees are over the age of 50. To ensure they remain fit for the working world of the future, we have a special programme available for them. It includes, among other things, offerings to strengthen personal, professional and methodological competence. Training courses and workshops planned for 2021 had to be cancelled yet again due to coronavirus-related restrictions. They will be held again as soon as the situation allows. Our service offerings for employees turning 50, namely an analysis of their financial position, and for those over 56 of regular progress meetings are actively used and much appreciated. A new addition to the programme in 2021 was the “Skills 4.0” course from a leading centre of excellence for future-oriented learning in Switzerland. The course provides further education training to meet the needs specifically of the 50+ age group.

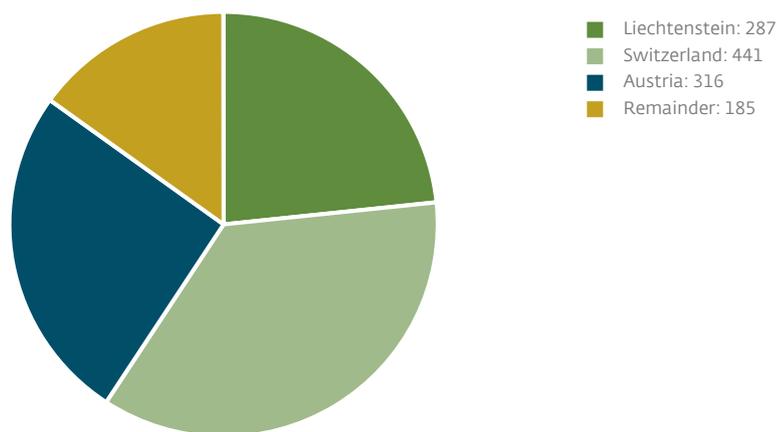
### Health and safety

Gaining the “Friendly Work Space” label from Gesundheitsförderung Schweiz (Swiss Health Promotion) in 2020 has made us truly top of class in this metric. In 2021, we followed this initial success through with action. Besides our very broad health-focused offering, which formed the basis for this award, we dedicated our attention during the reporting year to further developing procedural topics and to mental

fitness. Pilot events were also held on topics such as “Healthy leadership” for supervisors and “Stress fit” for employees. Following very good feedback, we will be rolling out these training courses more broadly over the next few years.

We want to reduce the absenteeism rate, which indicates the incidence of accidents and long-term illnesses, through these and other measures. We were again able to meet our target of a maximum of 2.5 per cent in the reporting year. In 2021, we registered 143 absences (2020: 133), corresponding to a rate of 1.9 per cent (2020: 1.5 %).

### Breakdown by nationality <sup>1</sup>



<sup>1</sup> Including permanent and temporary employees

### Support at difficult times

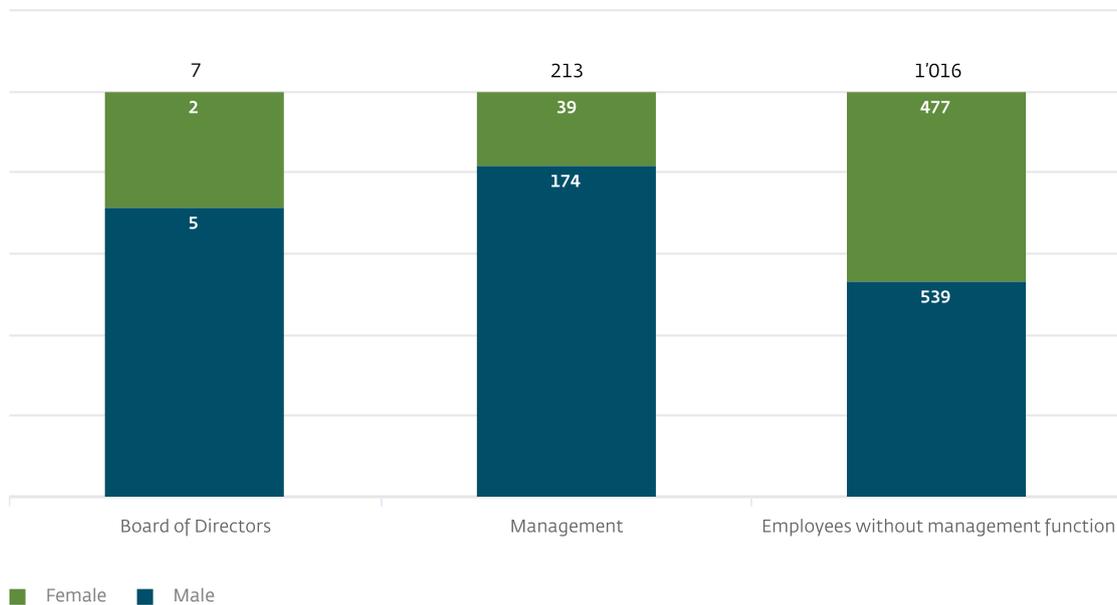
Our aim is to reduce short- and long-term absences and to facilitate the return to work. Mental stress can often result in physical illness and vice versa. Our employees are therefore able to gain free and anonymous access to psychological counselling should they find themselves in difficult professional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

### Diversity of employees and managers

Productivity and innovation are key drivers of a company's success. Studies show that teams that are highly diverse are more likely to question existing processes and thought patterns as well as to develop and advance innovative ideas. The LLB Group has for this reason long since stated its commitment to diversity among its employees and at all levels of management.

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

Breakdown by gender <sup>1</sup>



<sup>1</sup> Including permanent and temporary employees

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

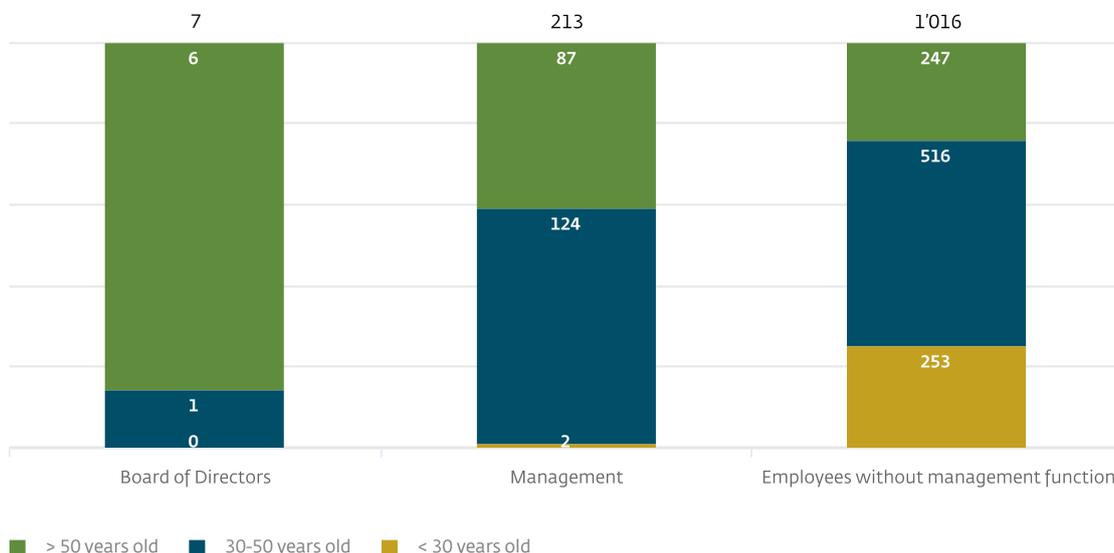
Women in management positions:

- ♦ Executive management: 4 men, 1 woman
- ♦ Senior management: 25 men, 1 woman

The Board of Directors of LLB, which is publicly listed, has been characterised by an above-average proportion of women since 2014. At the end of 2021, with two out of the seven members women, they represented just under a third (29 per cent) of the board members (see chapter “Corporate governance”).

91 employees were assigned to the “Potential Pools”, from which, among other things, future managers are recruited internally; of these, 27 were female.

Breakdown by age group <sup>1</sup>



<sup>1</sup> Including permanent and temporary employees

**Training as a main pillar of a company’s success**

For the LLB Group, training and professional education are important instruments for increasing its competitiveness. In 2021, we invested CHF 1.5 million (2020: CHF 1.4 million) in the targeted development of managers, talent and competences. By doing so, we were able to fill 76 per cent (2020: 63 %) of management positions that became vacant internally in the reporting year. In the “Career Planning” project, the developmental intentions and perspectives of those employees wishing to progress were discussed using a system-based process and with the aid of competence-oriented job profiles.

**Digital learning**

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

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

**Client adviser certification**

With mandatory SAQ client adviser certification, we are ensuring the outstanding advisory competence of the LLB Group for the long term according to uniform quality criteria. In 2021, all uncertified employees with client contact were able to complete the qualification according to SAQ standards. The recertification catalogue had new training topics added, both in the online and in-person formats. All employees needing recertification in 2021 were able to extend their SAQ certificate for another three years. The SAQ certification also complies with the regulatory requirements arising from the European Markets in Financial Instruments Directive (MiFID II) and the Swiss Financial Services Act (FinSA). In 2021, we invested CHF 198’000.00 (2020: CHF 176’000.00) in training programmes in accordance with the standards of the Swiss Association for Quality (SAQ). Of this total, CHF 132’000.00 was spent on initial certification and CHF 66’000.00 on recertification.

### Management development

The success of a strategy requires a thorough understanding of the goals and intentions as well as of the corporate culture. Just as important, however, is an individual's attitude towards the changes that are coming. In autumn 2021, shortly after launching the new ACT-26 corporate strategy, the LLB Group therefore kicked off the "Leading to success III" training course. It enables management to develop the content of the strategy and subsequently implement it in their teams.

### Professional training

Liechtensteinische Landesbank is one of the largest providers of training in Liechtenstein. In the reporting year, the LLB Group trained a total of 34 apprentices (2020: 30) in the fields of IT and commerce. These young adults benefit from high-quality dual vocational education and training. The traditional apprenticeship remains the main pillar of the development programme for our junior employees. We believe that the provision of a broad education is a key task, especially as through the Federal Vocational Baccalaureate (FVB) it allows young adults to keep their options open to go to a university of applied sciences or a traditional university.

### Bachelor, work and study, and master programmes

The LLB Group focuses strongly on university graduates. There are three different programmes available for candidates:

- ♦ practical-based direct entry for graduates (2021: 8 participants);
- ♦ a work and study programme for postgraduates in the final phase of their studies (2021: 4 participants);
- ♦ and a trainee programme for postgraduates (2021: 4 participants) in the areas of general and relationship management.

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

The LLB Group continues to have a high demand for employees with a higher education. To enhance our profile as an attractive employer, we are regularly visibly present at both online and physical events at the Universities of Liechtenstein and St. Gallen, FHS St. Gallen University of Applied Sciences and Zurich University of Applied Sciences (ZHAW) in Winterthur. This is bearing fruit: the level of qualifications of new entrant employees and managers has increased significantly in recent years. At the end of 2021, 62 per cent of newly recruited employees had graduated from a university or a university of applied sciences or completed higher professional training.

### Measuring the success of staff development

The LLB Group has established various processes in recent years to support the systematic further development of its staff and internal pool of specialists and experts. Based on regular assessments of performance and development potential as well as strategic staffing needs within the Group, concrete action plans can be developed and implemented for all employees. There are, among other things, so-called "Potential Pools". Some 87 individuals, or 8.9 per cent of employees (2020: 91 individuals; 10.3 %), were assigned to one of five "Potential Pools" in 2021.

### Digitalisation of personnel management

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

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

## Representation of Employees

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

## Personnel Pension Fund Foundation

In the reporting year, 730 employees of our corporate Group who work in Liechtenstein were covered by the retirement, life and disability insurance plans of the autonomous Personnel Pension Fund Foundation of Liechtensteinische Landesbank. The pension fund and its defined contribution scheme offer three attractive savings plans that go beyond the requirements of the law (Occupational Pension Act (OPA)). In addition, LLB's contributions as an employer amount to two-thirds of the financing of the fund.

Thanks to good investment returns, the retirement assets of the insured persons bore interest of 4.0 per cent at year's end. To safeguard pension benefits, the Board of Trustees decided to switch from periodic tables to OPA2020 generational tables and a technical interest rate of 1.50 per cent. In the generational tables, the expected increase in life expectancy is included directly in the tariff. The switch renders the provision previously made for "Increase in life expectancy" no longer necessary and the future required return on the pension fund capital of pension recipients is reduced accordingly. The disadvantage is increasing retirement losses as a result of the pension conversion rate being too high. These, however, are within an acceptable range so that there is no need to reduce the pension conversion rate further.

The liquidity ratio increased as at the end of 2021 to 113.3 per cent (2020: 110.5 %). The fluctuation reserve amounted to CHF 46.7 million (2020: CHF 34.3 million), or around three quarters of its target value. The latter was increased from 116.0 per cent to 118.0 per cent following the decision in 2020 to adjust the investment strategy.

All these measures will further strengthen the financial resilience of the Personnel Pension Fund Foundation of Liechtensteinische Landesbank.

## LLB Group headcount statistics

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
<b>Employees</b>					
Number of employees (full-time equivalents)	1'056	1'064	1'077	1'086	867
Full-time employees	903	918	930	953	769
of which Apprentices	27	30	34	33	36
of which Young talents <sup>1</sup>	17	10	9	13	4
Part-time employees	326	307	304	280	218
<b>Employee retention</b>					
Staff turnover rate in per cent	14.5	11.5	12.0	10.9	11.0
Average length of service in years	9	9	9	9	10
Average age in years	41	41	41	41	40
<b>Diversity and equal opportunities</b>					
Number of nations	38	36	38	38	36
Share of women in per cent	42	43	42	43	43
<b>Training and professional education</b>					
Training costs in CHF thousands	1'500	1'400	1'655	1'802	1'384
of which SAQ certification costs in CHF thousands	198	176	318	410	244

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

# Corporate environmental and climate protection

As a responsibly operating company, it is important to us to contribute to environmental and climate protection and to the conservation of natural resources. With our new ACT-26 corporate strategy, we have set ourselves the goal of playing a pioneering role in this area. Since 2021 the LLB Group's banking operations have been climate-neutral. And we will continue resolutely down this path. By 2040, we want to achieve complete climate neutrality.

## Transparent reporting

We, as the LLB Group, are committed to open and transparent reporting. That is why in 2021 we went over and above the regulatory requirements and by measuring Scope 1, 2 and 3<sup>1</sup> (excluding bank products and own investments) determined all material emission factors for our banking operations. Doing so allows us to identify and compare many more emission sources.

In order to analyse trends and derive targets and measures, the figures for 2019 and 2020 were recalculated to obtain data for comparative purposes. The figures for 2019 in particular would appear important given that it is the last representative business year for the CO<sub>2</sub> footprint before the COVID-19 pandemic and the numerous restrictions it brought with it.

Information on Scope 3 emissions from bank products and own investments, which have been omitted from this report, will be provided in our new TCFD report. Based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures, it is scheduled to be published for the first time in summer 2022.

## Development of CO<sub>2</sub> emissions

CO<sub>2</sub> emissions were significantly lower in 2020 and 2021 compared to 2019, falling from 5'843 t/CO<sub>2</sub> to a 3'319 t/CO<sub>2</sub> and 3'042 t/CO<sub>2</sub> respectively. This reduction in CO<sub>2</sub> emissions is mainly due to one-off effects as a result of the COVID-19 pandemic. For example, emissions caused by mobility (commuter and business traffic and business trips) more than halved in the period being compared. By contrast, additional emissions from setting up home office workplaces in 2020 and 2021 were barely significant (see [table](#)).

## CO<sub>2</sub> footprint within the LLB Group

At 75 per cent, the vast majority of our emissions in the pre-corona year 2019 were attributable to LLB AG and its subsidiaries in Liechtenstein, with LLB (Österreich) and Bank Linth roughly splitting the other 25 per cent. As expected, in 2019, Scope 3 emissions (not including bank products and own investments) far exceeded the CO<sub>2</sub> emissions generated by the emissions captured in Scope 1 and 2.

<sup>1</sup> Emissions are grouped into so-called Scopes:  
 Scope 1 includes all direct emissions caused by combustion.  
 Scope 2 includes all indirect emissions caused by purchased electricity.  
 Scope 3 includes emissions caused by purchased inputs and third-party services.

## Main sources of CO<sub>2</sub> emissions

Mobility is the biggest driver of emissions in the LLB Group's banking operations. In 2019, it was responsible for about three quarters of CO<sub>2</sub> emissions of 4'039 t/CO<sub>2</sub>, of which commuting by employees

and business trips each accounted for about half. This trend was also clearly visible in both years affected by the corona pandemic.

Across the individual business units though, there are clear differences. While LLB AG and its subsidiaries produce an average of 6.6 t/CO<sub>2</sub> per employee (FTE), Bank Linth and LLB (Österreich) produce considerably less, namely 3.8 t/CO<sub>2</sub> and 3.4 t/CO<sub>2</sub> respectively. In 2020 and 2021, emissions were significantly lower due to the said one-off effects (see table), but the uneven distribution of emissions remained unchanged. The reasons for this are the longer commuting distances to Liechtenstein, which employees from neighbouring countries often do using their own vehicle, as well as greater business travel activity at the Group's headquarters.



"The corona pandemic also had an impact on our carbon footprint. Because many commuters were in the home office, the emissions caused by mobility were also significantly reduced. By switching to electricity from renewable sources, we were able to have an additional positive impact on our CO<sub>2</sub> emissions."

Jürgen Zeitelberger, Sustainability Officer LLB Group

## Measures set

As part of the new ACT-26 corporate strategy, the LLB Group has committed itself for the first time to quantitative targets that are in line with the Paris climate targets and conducted a thorough analysis of the climate footprint. In previous years, it has nevertheless taken significant measures to reduce CO<sub>2</sub> emissions, including employee mobility and our building management.

### Corporate mobility management

The LLB Group is committed to keeping the environmental pollution caused by business and commuter traffic as low as possible. We have an incentive scheme to encourage our staff to use public or non-motorised transport or form car pools to get to work. Here, on the one hand, we subsidise the cost of season tickets on public transport and offer a bonus in return for foregoing a parking space. While, on the other hand, we levy parking charges – there are four charge bands and the charge levied depends on the distance to work. We promote the use of non-motorised transport by providing changing facilities and showers with towel services as well as company bicycles at our business locations. We also contribute CHF 50 towards the purchase of a bicycle helmet and motivate our employees to take part in the competition run by the Verkehrs-Club Liechtenstein (VCL) "Radfahren für Ihre Gesundheit" (Cycling for your health) and the one by the Liechtenstein Chamber of Commerce and Industry "Mit dem Rad zur Arbeit" (Cycling to work).

These measures are having an effect: out of all employees in Liechtenstein, 355 (2020: 295) now come to work by bus, bike or on foot; this corresponds to a share of 48 per cent. We have installed nine electric charging points in all at six locations in Liechtenstein. They are primarily available for use by our employees, but can also be used by our clients.



Numerous measures have already been taken in recent years to reduce CO<sub>2</sub> emissions within the LLB Group. For example, the LLB Group uses renewable energy sources whenever possible. Projects for the in-house production of electricity are also planned. In addition, great emphasis is placed on increasing energy efficiency and the economical use of resources.

### Climate-conscious power-supply

The organisational unit Facility Management identifies potential energy savings and evaluates the effect of efficiency measures. We continue to improve the energy balance of our properties through renovating and refurbishing.

In October 2020, we switched over to certified hydroelectricity for all LLB Group properties in Liechtenstein. This enabled us to reduce CO<sub>2</sub> emissions from electricity consumption by more than 60 per cent by the end of 2021.

LLB (Österreich) switched completely over to green electricity on 1 January 2021, which, among other things, reduced Scope 2 emissions by upwards of 70 per cent.

### Climate-neutral bank

The LLB Group's banking operations have been certified as climate-neutral by Swiss climate foundation "myclimate" since the 2021 reporting year. Initially, this has been achieved primarily through the purchase of climate certificates. These are solely used to finance environmental protection based projects that absorb carbon dioxide from the atmosphere – so-called carbon-removal projects (see chapter "Responsibilities for the economy, society and environment"). In parallel, we will be implementing other measures in 2022 and beyond to further reduce CO<sub>2</sub> emissions within the LLB Group.

## Energy consumption and greenhouse gas emissions LLB Group<sup>1</sup>

	2021	2020	2019
<b>Energy consumption (in MWh)</b>	<b>6'781.5</b>	<b>6'497.5</b>	<b>6'893.7</b>
Electricity <sup>2</sup>	4'701.8	4'361.0	4'672.8
District heating	436.3	581.7	580.4
Total heating fuels	1'215.8	1'030.6	1'091.1
Heating oil <sup>3</sup>	136.2	126.3	136.1
Natural gas	719.6	904.3	955.0
Biogas	360.1	n. A.	n. A.
Total motor fuels	427.6	524.2	549.3
Diesel <sup>4</sup>	152.5	211.1	195.1
Petrol (vehicles)	272.1	313.1	354.3
Electric vehicles <sup>5</sup>	3.0	n. A.	n. A.
Hybrid vehicles <sup>5</sup>	25.3	n. A.	n. A.
<b>CO<sub>2</sub> emissions (in tCO<sub>2</sub> e)<sup>6</sup></b>	<b>3'042.1</b>	<b>3'319.0</b>	<b>5'843.8</b>
Scope 1 total <sup>7</sup>	308.8	365.6	383.6
Heating fuels	175.4	208.9	221.2
Motor fuels	105.6	122.7	128.3
Volatile gases (refrigerants)	27.8	34.1	34.0
Scope 2 total <sup>8</sup>	150.2	471.0	399.9
Electricity <sup>9</sup>	102.0	417.8	342.1
District heating	46.7	53.2	57.8
Scope 3 total	2'583.1	2'482.4	5'060.3
Purchased goods and services	321.1	315.6	396.7
Capital goods	154.1	298.6	32.0
Fuel and energy-related activities	263.0	322.7	326.5
Transports	59.0	54.0	60.9
Operational waste	25.0	26.5	29.4
Business trips	259.1	215.4	1'897.7
Commute employees	1'501.8	1'249.6	2.317.2

- 1 Due to optimized data management, the data basis was updated in the reporting year. Therefore, the data from the LLB Annual Report 2020 differs from the current data. This includes the LLB locations in Liechtenstein and Austria as well as Bank Linth. Some consumption data at the Vienna location was estimated based on the previous year's consumption.
- 2 The increased electricity consumption compared to 2020 is due, among other things, to the pandemic-related work of a large part of the workforce from the home office. In addition, there were several changes at the system boundary at Bank Linth (new branch office in Meilen, changed energy reference areas in various branch offices). However, the impact of these changes on total electricity consumption is negligible.
- 3 The data collection on heat consumption for Bank Linth is partly incomplete and will be optimized.
- 4 The significant reduction in diesel consumption is attributable to the reduced use of diesel vehicles at LLB (Austria) and increasingly virtual held meetings.
- 5 Data collection from 2021
- 6 Greenhouse gas emissions were calculated in accordance with the guidelines of the Greenhouse Gas Protocol. Due to the update of the emission factors in the reporting year, the electricity-related CO<sub>2</sub> emissions for 2019 and 2020 were subsequently adjusted.
- 7 Greenhouse gas emissions from own heating boilers, fuels and air conditioning systems
- 8 Greenhouse gas emissions resulting from the production of purchased electricity and district heating.
- 9 Emissions from the use of electric vehicles are also included here. Reported according to the market-based approach of the Greenhouse Gas Protocol Scope 2 Guidance.

# Industry initiatives and corporate citizenship

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

## Economic contribution

The LLB Group bases its business policy on market conditions and strives to generate a reasonable profit, all the while respecting ethical and ecological principles. After all, the LLB Group plays an important role in Liechtenstein's economy: its contribution – dividends and direct taxes – amounted to CHF 43.8 million in 2021 (2020: CHF 47.2 million). LLB receives no financial support for its banks or Group companies in Liechtenstein, Switzerland or Austria from any government. As a bank of systemic importance, it is subject to particularly strict financial market regulation and high capital adequacy requirements. With the implementation of the Capital Requirements Directive (CRD IV) and the establishment of the Deposit Guarantee and Investor Compensation Foundation (EAS), Liechtenstein has a modern guarantee system, which guarantees an adequate equity base and protection of client deposits (see chapter “[Values and corporate management](#)”).

## Major employer in the region

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

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

## Participation in industry initiatives

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

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

Moved by conviction to do the right thing, we joined the UN Net-Zero Banking Alliance in 2021. We plan in 2022 to become a member of The Climate Pledge. Following our membership in summer 2020 of the

UN Principles for Responsible Investment (UN PRI) Finance Initiative, we are also committed to the goal of responsible investment management. Social and ecological issues are central to this (see chapter [“Responsibilities for the economy, society and environment”](#)). And last but not least, its membership of the Principles for Responsible Banking initiative, which the LLB Group took up back in 2020, underlines its increased commitment to sustainability and climate protection.

## Sponsoring

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

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

The focus of our sponsoring commitments is on the thematic areas of sports, culture and competence. In these areas, we support various projects and organisations. For example, as part of a long-standing partnership, we provide backing to the junior talent of FC Vaduz. As a partner to the Liechtenstein Olympic Committee, we are the main sponsor of the “Nacht des Sports” (Night of Sports), at which the “LLB Sport Award” is also presented. And we are a presenting partner at the “Olympic Day”, a sporting event held annually for all fourth- and fifth-grade school classes in Liechtenstein. To emphasise our strong links to the local economy, we present the “LLB SME Award” in cooperation with the Liechtenstein Chamber of Commerce. This award is normally presented every two years and supports small and medium-sized enterprises. These events could either not take place or took place in a different format in the reporting year because of the coronavirus pandemic. We will, however, continue to be there as a partner in future. The Business Day for Women in Vaduz, by contrast, went ahead as planned, with the “LLB Business Day Award” in the category of “Lifetime Achievement” being presented.



Winners of the “2021 LLB Business Day Award”: Bernadette Kubick-Risch (left) and Gabi Jansen.

Bank Linth also supports a range of organisations, with a similar focus on the three thematic areas of sports, culture and competence. Besides acting already as sponsor to the Kulturtreff Rotfarb (a cultural centre) in Uznach, Knie’s Kinderzoo in Rapperswil-Jona and the Flumsberg mountain lifts, it entered into a new agreement in 2021 with the Unihockey Club HC Rychenberg in Winterthur.

LLB Österreich makes donations to numerous organisations engaged in the areas of art, culture and community service. It is also a member of various friends or supporters associations, including those of the Burgtheater, the Leopold Museum and the Albertina. In 2021, the bank once again supported and targeted donations at local Austrian institutions (including the Vienna Boys' Choir) and traditional companies.

The charitable nature of sponsoring undertaken by the LLB Group is placed to the fore. The projects and institutions supported are independent in terms of content and organisation. In 2021, LLB made awards worth CHF 335'000 (2020: CHF 385'000) in Liechtenstein, and Bank Linth awards worth around CHF 350'000 (2020: CHF 342'000) in Switzerland. LLB Österreich spent around EUR 110'000 (2020: EUR 100'000) on donations and membership fees in Austria.

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

### The non-profit Future Foundation

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

Trust, responsibility and reliability are important to the LLB Group. The company is closely connected to the people as well as the economy of Liechtenstein and our other home markets. In addition to project-specific contributions amounting to CHF 62'000, the Future Foundation contributed to society by donating a total of CHF 85'500 to 24 social organisations in 2021. The Future Foundation is a member of the network of the "Vereinigung liechtensteinischer gemeinnütziger Stiftungen" (Association of Liechtenstein Non-Profit Foundations), which aims to promote the idea of entrepreneurial philanthropy.

### Projects in 2021

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

Over the past decade, the Future Foundation has made over 210 donations and contributions to over 60 projects, in all totalling around CHF 1.5 million. The projects receiving funding contributions are targeted and located in the market regions of LLB and Bank Linth (Liechtenstein and eastern Switzerland) as well as LLB (Österreich). In 2021, the Future Foundation supported the following projects:

- ♦ **Verein Ackerschaft:** With its public post-harvest campaign, the Ackerschaft association wants to put an end to vegetables being left behind in the field after conventional harvesting. Through its actions it is creating linkages between agriculture and consumers.
- ♦ **Global Shapers Vaduz:** Refugees who have applied for asylum in Liechtenstein are not allowed to cross the border to go on an excursion. Global Shapers Vaduz facilitates and organises a range of experience days in the Principality for asylum seekers.
- ♦ **Zukunft.li Foundation:** LLB has been backing this think tank, which addresses economic and socio-political topics relevant to the sustainable development of Liechtenstein and the securing of its future, for the past eight years.
- ♦ **pepperMINT:** The MINT Initiative Liechtenstein is a social foundation that offers children and young people the chance to experience and learn mathematics, computer science, natural science and technology in a fun way.
- ♦ **Stiftung Lebenswertes Liechtenstein:** The foundation's aim is to promote the long-term healthy social, ecological and economic development of the Principality of Liechtenstein, creating a positive national and international appeal and impact.



In 2021, the LLB Future Foundation supported the Verein Ackerschaft, which, among other things, ran a post-harvest campaign in Vaduz.

On the occasion of its 10th anniversary, the Board of Trustees of the LLB Future Foundation decided to additionally award a Future Prize every two years for an outstanding commitment to sustainability.

# Organisational structure

on 31 December 2021

Position	Surname Name
<b>Board of Directors</b>	Georg Wohlwend, Chairman Gabriela Nagel-Jungo, Vice Chairwoman Patrizia Holenstein Urs Leinhäuser
<b>Group Internal Audit</b>	Patrick Helg
<b>Group Executive Board</b>	Gabriel Brenna, Group CEO Urs Müller, Vice Group CEO Natalie Flatz
<b>Group CEO</b>	Gabriel Brenna
<b>Group Corporate Communications &amp; Sustainability</b>	Cyrill Sele
<b>Group Marketing</b>	Michaela Alt
<b>Group Human Resources</b>	Bernd Moosmann
<b>CEO Bank Linth</b>	David Sarasin
<b>Retail &amp; Corporate Banking</b>	Urs Müller
<b>Retail &amp; Corporate Banking Liechtenstein</b>	Eduard Zorc
<b>Retail &amp; Corporate Banking Switzerland</b>	Luc Schuurmans
<b>Private Banking</b>	Gabriel Brenna
<b>Private Banking Liechtenstein / Schweiz</b>	Martin Heutschi
<b>Private Banking Switzerland</b>	Luc Schuurmans
<b>Private Banking Germany / Austria</b>	Boris Wistawel
<b>Private Banking Austria</b>	Robert Löw
<b>Private Banking Middle East</b>	Lukas Krenn
<b>Private Banking Central / Eastern Europe</b>	Jean-Marie Deluermoz
<b>Group Product Management</b>	Ivan Ziegler
<b>Institutional Clients</b>	Natalie Flatz
<b>Financial Intermediaries</b>	Norman Marxer
<b>Fund Services</b>	Bruno Schranz
<b>Asset Management</b>	Markus Wiedemann
<b>Institutional Clients Austria</b>	Harald Friedrich
<b>Group CFO</b>	Christoph Reich
<b>Group Finance</b>	Markus Schifferle
<b>Group Credit &amp; Risk Management</b>	Martin Kaindl
<b>Group Legal &amp; Compliance</b>	Roger Dornier
<b>CFO Bank Linth</b>	Martin Kaindl
<b>CFO LLB AT</b>	Gerd Scheider
<b>Group COO</b>	Patrick Fürer
<b>Group Corporate Development</b>	Jan-Friedrich Brünings
<b>Group IT</b>	Stefan Alder
<b>Group Operations &amp; Services</b>	Sascha Strazzer
<b>COO LLB AT</b>	Selim Alantar

# Group companies

on 31 December 2021

## Liechtensteinische Landesbank (Österreich) AG (100 %)

### Supervisory Board

- ♦ Gabriel Brenna, Chairman
- ♦ Christoph Reich, Vice Chairman
- ♦ Natalie Flatz
- ♦ Patrick Fürer
- ♦ Bernd Moosmann
- ♦ Ewald Nageler
- ♦ Bernhard Ramsauer
- ♦ Franz-Erwein Nostitz-Rieneck (delegated by the works council)
- ♦ Karin Leeb (delegated by the works council)
- ♦ Hans-Georg Tuschek (delegated by the works council)

### Board of Management

- ♦ Robert Löw, Chairman
- ♦ Harald Friedrich, Vice Chairman
- ♦ Gerd Scheider
- ♦ Selim Alantar

## LLB Asset Management AG (100 %)

### Board of Directors

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

### Board of Management

- ♦ Markus Wiedemann, Managing Director
- ♦ Christian Zogg

## Bank Linth LLB AG (74.9 %)

### Board of Directors

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

### Board of Management

- ♦ David Sarasin, CEO
- ♦ Luc Schuurmans, Vice CEO
- ♦ Martin Kaendl, CFO

### **LLB Fund Services AG (100 %)**

#### **Board of Directors**

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

#### **Board of Management**

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

### **LLB Swiss Investment AG (100 %)**

#### **Board of Directors**

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

#### **Board of Management**

- ◆ Dominik Rutishauser, CEO
- ◆ Ferdinand Buholzer

# Corporate Governance

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

## Basis

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

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

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

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

The Board of Directors of the LLB Group has held the "Best Board Practice" label of the Swiss Association for Quality and Management Systems (SQS) and the Liechtenstein Association for Quality Assurance Certificates (LQS) since December 2010. Within the scope of the recertification process carried out on 28 January and 21 February 2020, both SQS and LQS confirmed that the business activities and organisation of the LLB Board of Directors exhibit a constantly high level of quality and consistently fulfil the Best Board Practice criteria. Accordingly, the label was extended for a further three years. The annual assessment performed in November 2022 reaffirmed the excellent evaluation.

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

The corporate governance report represents the status as at 31 December 2021. Important changes, which may have occurred between the balance sheet date and the editorial deadline for the annual report, are clearly disclosed in the chapter "Important events since the balance sheet" or next to the respective point in the report.

## 1 Group structure and shareholders

### 1.1 Group structure

#### 1.1.1 Description of the operative structure

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

The LLB Group has an organisational structure based on market divisions which is geared towards client and market needs. Besides the three market divisions "Retail & Corporate Banking", "Private Banking" and "Institutional Clients", the management structure encompasses the functions of Group Chief Executive Officer (Group CEO), Group Chief Financial Officer (Group CFO) and Group Chief Operating Officer (Group COO).

The rules of procedure adopted by the Board of Directors, in particular, the functions diagram in the appendix ensure the proper conduct of business, the appropriate organisation, as well as the uniform management of the LLB Group. In accordance with the functions diagram, the Board of Directors, the Chairman of the Board of Directors, the committees of the Board of Directors, the Group CEO and the Group Executive Board are decision-making authorities.

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

The members of the Group Executive Board are represented on the Boards of Directors of the consolidated companies. A member of the Group Executive Board serves as the Chairman of the Board of Directors of a subsidiary company with the exception of Bank Linth LLB AG.

On 27 October 2021, the LLB Group announced its new ACT-26 strategy. Starting from 1 January 2022, the LLB Group began rigorously implementing the strategic goals of ACT-26 within the organisation. The strategy focuses on clients and technological transformation. In future, the LLB Group shall comprise five divisions instead of the previous six (see chapter "ACT-26" and "Events since the balance sheet date").

The organisational structure of the LLB Group as at 1 January 2021 can be found here . The detailed segment reports are shown here.

#### 1.1.2 Listed companies included in the scope of consolidation

The Liechtensteinische Landesbank, with its headquarters in Vaduz, is listed on the SIX Swiss Exchange. As at 31 December 2021, its market capitalisation stood at CHF 1'620.1 million (30'800'000 registered shares at a nominal value of CHF 5.00 at a year-end price of CHF 52.60).

Bank Linth LLB AG, with its headquarters in Uznach, in which the Liechtensteinische Landesbank holds a majority equity stake of 74.9 per cent, is also listed on the SIX Swiss Exchange. As at 31 December 2021, its market capitalisation stood at CHF 389.8 million (805'403 registered shares with a nominal value of CHF 20.00 at a year-end price of CHF 484.00).

#### 1.1.3 Unlisted companies included in the scope of consolidation

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

## 1.2 Major shareholders

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

At the end of 2021, the Principality's equity stake in the shares of the Liechtensteinische Landesbank remained unchanged at 57.5 per cent. Detailed information about the development of this equity stake can be found at [www.llb.li/capital+structure](http://www.llb.li/capital+structure).

At 31 December 2021, the Haselsteiner Familien-Privatstiftung, Ortenburger Strasse 27, 9800 Spittal / Drau, Austria, and grosso Holding Gesellschaft mbH, Walfischgasse 5, 1015 Vienna, Austria, held 1'805'000 shares, or a share of 5.9 per cent of the capital and voting rights of LLB (<https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html#notificationId=TBIGP00024>). The Haselsteiner Familien-Privatstiftung and grosso Holding Gesellschaft mbH constitute a shareholder group. The voting rights will be exercised in mutual agreement between the parties.

The remaining registered shares were in free float, whereby none of the other shareholders held more than 3 per cent of the share capital. There are no binding shareholder agreements.

As per 31 December 2021, Liechtensteinische Landesbank held, directly or indirectly, a total of 232'935 of its own registered shares (0.8 % of the share capital). No shares were cancelled so that the capital structure remained the same. The repurchased shares are to be used for the purpose of future acquisitions or for Treasury management purposes.

Less than 0.3 per cent of the share capital was held by members of the Board of Directors and the Group Executive Board.

There are no binding shareholder agreements.

## 1.3 Cross participations

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

Company	Reg. office	Listed on	Market capitalisation (in CHF thousands)	Stake (in %)	Segment	Security number	ISIN number
Liechtensteinische Landesbank AG	Vaduz	SIX Swiss Exchange	1'620'080		International Reporting Standard	35514757	LI0355147575
Bank Linth LLB AG <sup>1</sup>	Uznach	SIX Swiss Exchange	389'815	74.9	Swiss Reporting Standard	130775	CH0001307757

<sup>1</sup> On 27 January 2022, the LLB announced its intention to increase the shareholding in its subsidiary Bank Linth LLB AG to 100 percent. It offers the shareholders of Bank Linth an attractive premium and the free choice between a partial exchange offer in LLB shares with a cash component and a full cash settlement.

## 2 Capital structure

### 2.1 Capital

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

### 2.2 Conditional and approved capital

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

### 2.3 Changes to capital

The share capital amounts to CHF 154 million and has not changed during the last three years. The LLB Group's equity totalled CHF 2'060 million on 31 December 2019, CHF 2'138 million on 31 December 2020 and CHF 2'138 million on 31 December 2021 (see table "[Consolidated statement of changes in equity](#)", for the composition and changes to capital during the last two report years).

in CHF thousands	31.12.2021	31.12.2020	31.12.2019
Share capital	154'000	154'000	154'000
Share premium	– 13'952	– 13'177	– 22'432
Treasury shares	– 15'073	– 18'663	– 23'574
Retained earnings	1'959'517	1'902'316	1'866'121
Other reserves	12'932	– 20'911	– 44'803
Total	2'097'423	2'003'565	1'929'312
Non-controlling interests	142'704	134'028	130'785
Total equity	2'240'128	2'137'593	2'060'097

### 2.4 Shares and participation certificates

As at 31 December 2021, the share capital amounted to 30'800'000 fully paid registered shares with a nominal value of CHF 5.00. With the exception of the LLB shares held by the Liechtensteinische Landesbank and its subsidiaries (232'935 shares), all the shares are eligible for dividend. As at 31 December 2021, share capital eligible for dividend therefore amounted to CHF 152.8 million. In principle, all LLB shares are eligible for voting according to the principle of "one share, one vote". However, on account of the regulations concerning the purchase of own shares (Art. 306a ff. PGR / Liechtenstein Person and Company Law), the shares held by Liechtensteinische Landesbank and its subsidiaries are not eligible for voting. There are no priority rights or similar entitlements. Shareholders have a subscription right with the issue of new shares, which entitles them to subscribe to new shares in proportion to the number of shares they already hold.

Liechtensteinische Landesbank AG has not issued participation certificates.

### 2.5 Profit-sharing certificates

Liechtensteinische Landesbank AG has no outstanding profit-sharing certificates

### 2.6 Transfer limitations and nominee registrations

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

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

## 2.7 Convertible bonds and options

As at 31 December 2021, the Liechtensteinische Landesbank had no convertible bonds or options on its own shares outstanding.

On 7 May 2019, LLB made a fixed interest bond issue totalling over CHF 150 million. The term to maturity amounts to seven years and the yield on maturity will be 0.07 per cent. The bond has been listed on the SIX exchange since 27 May 2019 (ISIN: CH0419041204) and is traded on the secondary market.

On 4 September 2019, LLB made a further fixed interest bond issue totalling CHF 100 million. The term to maturity amounts to ten years and the yield on maturity will be -0.16 per cent. The bond has been listed on the SIX exchange since 27 September 2019 (ISIN: CH0419041527) and is traded on the secondary market.

On 27 August 2020, a fixed interest bond issue amounting to CHF 150 million was made. The term to maturity amounts to ten years and the yield on maturity will be 0.29 per cent. The bond has been listed on the SIX exchange since 23 September 2020 (ISIN: CH0536893255) and is traded on the secondary market.



### 3 Board of Directors

#### a) Name, nationality, education and professional career

Name	Year of birth	Profession	Nationality
Georg Wohlwend	1963	Business economist	FL
Gabriela Nagel-Jungo	1969	Professor of financial management	CH
Patrizia Hostenstein	1957	Lawyer	CH
Urs Leinhäuser	1959	Business economist	CH
Thomas Russenberger	1975	Head of Group Human Resources	FL
Richard Senti	1964	Business economist	FL
Karl Sevelda	1950	Bank manager (ret.)	AT

On the basis of their education, their professional background and their experience, the seven members contribute various, complementary skills and abilities. With two female members of the Board at the end of 2021, 30 per cent of the Board consisted of females.

#### b) Executive / non-executive members

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

#### c) Independence

All members of the Board of Directors are independent within the context of the Swiss Exchange "Directive Corporate Governance" concerning corporate governance information. In 2021, as well as in the three previous years, no member of the Board of Directors was a member of the Group Executive Board or the Board of Management of the Liechtensteinische Landesbank or a Group company. No member of the Board of Directors had significant business relationships with the Liechtensteinische Landesbank or a Group company. In accordance with Art. 12 of the Liechtenstein law concerning the control and supervision of public companies, all contracts with the members of the Board of Directors must be in writing and they must be approved by the Board of Directors. The same conditions apply to contracts concluded with third parties.

### 3.1 Member



**Georg Wohlwend**  
Chairman, Business economist 1963, FL

#### Education:

- ♦ Licentiate in economics, University of Zurich, field of study information systems, 1991
- ♦ International Professional Development Program at the University of Tulsa (USA) 1992
- ♦ Swiss Banking School, 1999
- ♦ EFQM Assessor, 2007
- ♦ Management training at the University of St. Gallen, 2008
- ♦ Taxation training at the University of Liechtenstein, 2012
- ♦ Swiss Board School, St. Gallen, 2014

#### Professional career:

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



**Gabriela Nagel-Jungo**  
Vice Chairwoman, Professor of financial management 1969, CH

#### Education:

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

#### Professional career:

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



**Patrizia Holenstein**  
Lawyer  
1957, CH

**Education:**

- ♦ Licentiate in law, University of Zurich, 1980
- ♦ Dr. iur. University of Zurich, 1981
- ♦ Admitted to the Zurich bar, 1985
- ♦ LLM, London School of Economics, 1989

**Professional career:**

- ♦ Lecturer at the University of Zurich, 1981 – 1984
- ♦ Clerk, District Court of Zurich and Supreme Court of the Canton of Zurich, 1981 – 1985
- ♦ Lawyer, Haymann & Beglinger, Zurich, 1985 – 1988
- ♦ Lawyer, Clifford Chance London (Banking Department), London 1989 – 1990
- ♦ Holenstein Brusa AG, Zurich, Founder and Managing Partner, since 1990



**Urs Leinhäuser**  
Business economist  
1959, CH

**Education:**

- ♦ Business economist HWV, 1983
- ♦ IMD Lausanne, SSE 1998

**Professional career:**

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



**Thomas Russenberger**  
**Personnel manager**  
1975, FL

**Education:**

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

**Professional career:**

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



**Richard Senti**  
**Business economist**  
1964, FL

**Education:**

- ♦ Licentiate in economics, University of St. Gallen, 1989
- ♦ Dr.oec. HSG, University of St. Gallen, 1994

**Professional career:**

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



**Karl Sevelda**  
**Bank manager (retired)**  
**1950, AT**

**Education:**

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

**Professional career:**

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

**3.2 Other activities and commitments**

- ♦ **Georg Wohlwend** is Chairman of the Board of Directors of Neutrik AG, Schaan, and Chairman of the Board of Directors of Alegria Capital AG, Vaduz.
- ♦ **Gabriela Nagel-Jungo** is a Member of the Board of Directors of Ruetschi Technology AG, Muntelier, and of the GVZ Building Insurance Institute of Canton Zurich.
- ♦ **Patrizia Holenstein** is a Member of the Board of Directors of Argos Holding AG, Sarnen, as well as of Oase Holding AG, Baar und Bellerive Estates AG, Zurich.
- ♦ **Urs Leinhäuser** is a Member of the Board of Directors of Burckhardt Compression Holding AG, Winterthur, of Ammann Group Holding, Berne, of VAT Group, Haag, of Pensador Partner AG, Zurich, as well as Chairman of the Board of Directors of AVESCO AG, Langenthal.
- ♦ **Thomas Russenberger** is Chairman of the Foundation Board the "Presta Stiftung" pension fund, Eschen.
- ♦ **Richard Senti** is Chairman of the Board of Directors of the Hoval Group.
- ♦ **Karl Sevelda** is a member of the Supervisory Board of SIGNA Development Selection AG and SIGNA Prime Selection AG, Vienna / Innsbruck, of Siemens AG Austria, Vienna, as well as a member of the Board of Directors of RHI Magnesita NV, Arnhem (NL) / Vienna. Furthermore, he is a member of the

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

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

### 3.3 The number of permitted activities

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

### 3.4 Election and term of office

In accordance with the Law on the Liechtensteinische Landesbank of 21 October 1992, the Board of Directors of the Liechtensteinische Landesbank is composed of five to seven members, who are elected individually by the General Meeting of Shareholders for a term of office of three years; whereby a year corresponds to the period from one ordinary General Meeting of Shareholders to the next. Members can be re-elected for a further two terms. After three terms of office, the Chairman of the Board of Directors can – in justified cases – be re-elected for an extraordinary term of office of at most two years. The “Group regulation concerning the Group Nomination & Compensation Committee” (see point 3.5.2 “Composition of all Board of Directors’ committees, their duties and individual competences”) stipulates that the Board of Directors aims at continuity through the orderly renewal of the Board, succession planning, as well as through the appropriate staggering of the terms of office (no complete renewal) pursuant to current corporate governance provisions.

The Chairman of the Board of Directors is elected by the General Meeting of Shareholders. The Vice Chairman is elected from among the members of the Board of Directors by its members. New members or the Chairman of the Board of Directors elected as substitutes shall be elected for a full term of office of three years. The General Meeting of Shareholders can dismiss members of the Board of Directors on important grounds. Georg Wohlwend is Chairman of the Board of Directors. Gabriela Nagel-Jungo is Vice Chairwoman. Cyrill Sele is Secretary (recorder of the minutes).

#### 3.4.1 First-time election and remaining term of office

Name	First-time appointment	Elected until
Georg Wohlwend	2017	2024
Gabriela Nagel-Jungo	2014	2023
Patrizia Holenstein	2013	2022
Urs Leinhäuser	2014	2023
Thomas Russenberger	2018	2024
Richard Senti	2018	2024
Karl Sevelda	2019	2022

### 3.5 Internal organisation

Name	Function	Committee memberships
Georg Wohlwend	Chairman	Group Nomination & Compensation Committee Group Strategy Committee <sup>1</sup>
Gabriela Nagel-Jungo	Vice Chairwoman	Group Audit Committee <sup>1</sup> Group Strategy Committee
Patrizia Holenstein	Member	Group Audit Committee Group Risk Committee
Urs Leinhäuser	Member	Group Audit Committee Group Risk Committee Group Strategy Committee
Thomas Russenberger	Member	Group Nomination & Compensation Committee <sup>1</sup>
Richard Senti	Member	Group Risk Committee <sup>1</sup> Group Nomination & Compensation Committee
Karl Sevelda	Member	Group Risk Committee Group Strategy Committee

<sup>1</sup> Chair

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

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

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

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

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

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

#### **Group Audit Committee**

The Group Audit Committee supports the Board of Directors in fulfilling the duties and responsibilities vested in it by banking law with respect to its duty of overall direction of the company, as well as supervision and control.

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

Name	Function
Gabriela Nagel-Jungo	Chairwoman
Patrizia Holenstein	Member
Urs Leinhäuser	Member

According to Appendix 4.3 of the Banking Ordinance, the guidelines concerning internal controls according to Art. 7a and Art. 21c ff. of the Banking Law, the Group Audit Committee mainly concerns

itself with the methodology and quality of the external auditors, the quality of financial reporting, as well as the collaboration between the internal and external auditors and their independence.

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

This includes:

- ♦ Analysing the LLB Group's Consolidated Interim Report and the Annual Report as well as the financial statement of the parent bank. This encompasses the discussion of the following subject areas with the Group CFO, the Head Group Finance, the auditor in charge of the external auditors and the Head of Group Internal Audit;
- ♦ Examining whether the financial reporting has been prepared in compliance with applicable accounting standards as well as the legal and regulatory provisions;
- ♦ Evaluating the quality of applicable accounting principles and processes;
- ♦ Evaluating the budgeting process as well as the budget proposal of the Group Executive Board for the following year and submitting a proposal to the Board of Directors as the approval body;

#### **Group Risk Committee**

The Group Risk Committee supports the Board of Directors in fulfilling the duties and responsibilities vested in it by banking law.

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

Name	Function
Richard Senti	Chairman
Patrizia Holenstein	Member
Urs Leinhäuser	Member
Karl Sevelda	Member

The Group Risk Committee has the following risk-related tasks:

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

the risk appetite, the Group Risk Committee can propose adjustments to the limits system to the Board of Directors;

- ♦ The assessment of the overall risk situation and supervising adherence to the limits set by the Board of Directors;
- ♦ The discussion and assessment of the Risk Report of the LLB Group and submission of a proposal to the Group Board of Directors as the approving authority;
- ♦ The discussion and assessment of the annual report concerning the LLB Group's legal and compliance risks and submission of a proposal to the Group Board of Directors as the approving authority;
- ♦ The examination of whether the pricing of the investments and liabilities takes into reasonable consideration the business model and the risk strategy of the LLB Group and, if this is not the case, the submission of a plan of appropriate measures;
- ♦ The examination of whether the incentives offered in the compensation system take into consideration risk, capital, liquidity and the probability and timing of earnings.

#### **Group Nomination & Compensation Committee**

The Group Nomination & Compensation Committee supports the Board of Directors in fulfilling the following duties and responsibilities vested in it by banking law.

The Group regulations concerning the Group Nomination & Compensation Committee regulate the organisation, working methods, as well as the competences and responsibilities of the committee, in so far as these are not prescribed by law, the statutes or the rules of procedure. The following persons are members of the Group Nomination & Compensation Committee:

Name	Function
Thomas Russenberger	Chairman
Richard Senti	Member
Georg Wohlwend	Member

On behalf of the Board of Directors and the Group Executive Board, the Group Nomination & Compensation Committee strives to achieve the following goals while complying with the applicable principles of corporate governance:

- ♦ A balanced composition of the bodies taking into consideration the professional knowledge required for the bank and personal suitability of members;
- ♦ Continuity thanks to planned renewal and succession as well as a reasonable staggering of terms of office (no complete renewal);
- ♦ Smooth transfer of office and functions through systematic introduction to the specific tasks of the bank.

In addition, the Group Nomination & Compensation Committee is responsible for these tasks:

- ♦ The annual evaluation of the knowledge, abilities and experience of the individual members of the Board of Directors and the Group Executive Board, as well as its bodies. The submission of the evaluation to the Board of Directors and the Group Executive Board.
- ♦ The annual assessment of the structure, size, composition and performance of the Board of Directors as well as the Group Executive Board and - if necessary - recommendation of changes;
- ♦ The ensuring that the decision-making process of the Group Executive Board and the Group Board of Directors cannot be influenced by an individual person or a group of persons in a manner detrimental of the LLB Group's interests;
- ♦ Reviewing the course of the Board of Directors in the selection and appointment of the Group Executive Board and making recommendations to the Board of Directors;
- ♦ Review of the remuneration of the members of the Group Executive Board and senior executives in the areas of risk management and compliance;
- ♦ The review of the procedure adopted by the Board of Directors in selecting and appointing the Group Executive Board, as well as submission of recommendations to the Board of Directors.
- ♦ The formulating of compensation regulations for the parent bank and the LLB Group.
- ♦ The preparation of decisions regarding the compensation of the members of the Board of Directors and the Group Executive Board, as well as of other employees, in so far as their compensation is to be

determined by the Board of Directors in accordance with the compensation regulations and taking into consideration the long-term interests of stakeholders, investors and other parties.

- ♦ The establishment of the guidelines for the human resources policy.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the nomination, election and re-election of the member of the Board of Directors. It is responsible, in particular, for the following tasks:

- ♦ The development of criteria for the selection, election and re-election of candidates;
- ♦ The selection and evaluation of candidates as well as the submission of election proposals to the Board of Directors for submission to the General Meeting of Shareholders in accordance with the developed criteria;
- ♦ The development of succession plans and the periodic review of them, both in the case of the end of a term of office and in the case of an early stepping down of members;
- ♦ Ensuring the further training of the entire Board of Directors;
- ♦ Planning the introductory phase for new members.

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the election and re-election of the members of the Group Executive Board. It is responsible, in particular, for the following tasks:

- ♦ The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors;
- ♦ The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors at the request of the Group CEO in accordance with the developed criteria;
- ♦ The development and application of criteria for the performance appraisal of the Group Executive Board in corpore as well as of individual members at the request of the Group CEO;
- ♦ The development of succession plans and the periodic review of them, both in the case of the age-related or contingency stepping down of members, in collaboration with the Group CEO;
- ♦ Ensuring the further training of the members of the Group Executive Board;

The Group Nomination & Compensation Committee ensures an expedient and smooth procedure for the appointment and appraisal of the Head of Group Internal Audit. It has the following tasks in particular:

- ♦ The development of criteria for the selection and appointment of candidates for the attention of the Board of Directors;
- ♦ The selection and evaluation of candidates as well as the submission of proposals to the Board of Directors in accordance with the developed criteria;
- ♦ The development and application of criteria for the performance appraisal of the Head of Group Internal Audit.
- ♦ The development of succession plans and the periodic review of them, both in the case of the age-related or contingency stepping down of the Head of Group Internal Audit, this in collaboration with the Chairman of the Board of Directors and the Chairman of the Group Audit Committee.

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

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

The Group Nomination & Compensation Committee has the following tasks, in particular, in relation to compensation:

- ♦ The formulation of recommendations, both for the definition of basic principles and for the stipulating of regulations, regarding the compensation policy of the members of the Board of Directors, of the Group Executive Board and of other employees of the bank for submission to the Board of Directors;
- ♦ The formulation of proposals for the compensation of the members of the Board of Directors, of the Group Executive Board and of the Head of Group Internal Audit for submission to the Board of Directors in accordance with the existing principles and regulations;

- ♦ The annual review of the Group regulation "Compensation standards", the LLB AG regulation of the same name, as well as the Group regulation "Fit & Proper – assessment of the members of the Group Executive Board, the Board of Directors and the holders of key functions" for submission to the Board of Directors;
- ♦ The annual review of the compensation of the members of the Board of Directors, the Group Executive Board, the Head of Group Internal Audit and senior executives in risk management and compliance in accordance with the Group regulation "Compensation standards" and the parent bank regulation of the same name for submission to the Board of Directors in accordance with the existing principles and regulations.

The Group Nomination & Compensation Committee has the following responsibilities in relation to strategic human resources management:

- ♦ The stipulation and periodic review of the principles of human resources strategy;
- ♦ The review of the processes for the systematic development of employees and executives.

### **Strategy Committee**

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

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

### **Representation in foundations**

Thomas Russenberger and Richard Senti have seats on the Board of Trustees of the Personnel Pension Fund Foundation of Liechtensteinische Landesbank AG as employer representatives. Thomas Russenberger has been Chairman of the Board of Trustees since December 2018.

### **3.5.3 Working methods of the Board of Directors and its committees**

#### **Board of Directors**

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

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

The members of the Board of Directors are to exercise their tasks, competences and responsibilities with the necessary care and to regulate their personal and business matters in such a manner that, as far as possible, actual or potential conflicts of interest are avoided. The members of the Board of Directors are obliged to inform the Chairman in cases of real or potential conflicts of interest. This is regardless of

whether the real or potential conflicts of interest are of a general nature or related to a matter to be discussed at a meeting. The Chairman of the Board of Directors shall decide whether there are grounds for a recusal of a member. In such a case, the following recusal options are possible:

- ♦ The member concerned may attend the discussion but may not be present at the passing of the resolution concerning the respective matter. He will receive the corresponding minutes;
- ♦ The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will receive the corresponding minutes;
- ♦ The member concerned may not be present either at the discussion or the passing of the resolution concerning the respective matter. He will not receive the corresponding minutes.

During the 2021 business year, the Board of Directors of Liechtensteinische Landesbank AG held a total of eleven ordinary and four extraordinary meetings. The meetings lasted between 0.50 and 9.00 hours. A closed meeting lasting an half day was conducted by the Board of Directors in collaboration with the Group Executive Board following the ordinary meeting in June 2021. The closed meeting focused on the new corporate strategy. The subjects of the extraordinary board meetings were the resignation of CEO Roland Matt and the appointment of his successor Gabriel Brenna, the agreement with Credit Suisse (Luxembourg) S.A. regarding the referral of private banking clients in Austria and a settlement reached in a legal case.

Date	Meeting	Attendance	Duration in h
24 January 2021	extraordinary	all	1.00
01 February 2021	extraordinary	all	2.00
08 February 2021	extraordinary	all	1.00
23 February 2021	ordinary	all	6.25
09 March 2021	ordinary	all	1.00
23 March 2021	ordinary	all	4.25
22 April 2021	ordinary	all	5.25
21 May 2021	ordinary	all	5.50
11 June 2021	extraordinary	all	0.50
28 June 2021	ordinary	all	4.00
28 June 2021	closed meeting	all	5.00
20 August 2021	ordinary	all, excepting Patrizia Holenstein	5.00
28 September 2021	ordinary	all	9.00
25 October 2021	ordinary	all	8.75
25 November	ordinary	all	4.50
17 December 2021	ordinary	all	7.50

#### **Group Audit Committee**

The members of the Group Audit Committee meet at least four times a year. These ordinary meetings are convened by the Chairman.

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

During the 2021 business year, the members of the Group Audit Committee met for six meetings. No external experts were called in during the business year.

Date	Attendance	Duration in h
21 January 2021	all	1.00
22 February 2021	all	3.00
20 May 2021	all	2.75
15 July 2021	all	0.50
20 August 2021	all	3.25
16 December 2021	all	4.00

#### **Group Risk Committee**

The members of the Group Risk Committee meet at least four times a year. These ordinary meetings are convened by the Chairman.

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

During the 2021 business year, the Group Risk Committee held five ordinary meetings. No external experts were called in during the business year.

Date	Attendance	Duration in h
22 February 2021	all	2.50
22 May 2021	all	4.50
19 August 2021	all	3.25
22 November 2021	all	0.75
16 November 2021	all	3.50

#### **Group Nomination & Compensation Committee**

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

To deal with specific issues, the Group Nomination & Compensation Committee can also invite other persons, such as the Head of Group Human Resources, representatives of the external auditors or external consultants. The Group CEO usually participates in the meetings in an advisory capacity; except when topics are discussed that particularly concern the Board of Directors itself, the business area of Group Internal Audit or the performance assessment of the Group CEO and the establishment of his compensation. Furthermore, the Head of Group Human Resources and the Head of Group Internal Audit usually participate in the meetings in an advisory capacity. The members of the Board of Directors, who are not members of the Group Nomination & Compensation Committee, have the right to attend the meetings. In 2021, four meetings were held.

Date	Attendance	Duration in h
22 January 2021	all	2.75
18 May 2021	all	2.00
26 August 2021	all	2.50
29.11.2021	all	2.25

### The Strategy Committee

The Strategy Committee held seven meetings in 2021 at which relevant aspects of the development of the new ACT-26 corporate strategy were explored (see chapter “ACT-26”).

Date	Attendance	Duration in h
08 February 2021	all	1.50
13 April 2021	all	3.00
18 May 2021	all, excepting Urs Leinhäuser	3.25
16 June 2021	all	3.00
17 August 2021	all	2.00
20 September 2021	all	3.00
18 October 2021	all, excepting Georg Wohlwend	2.75

### Resolutions at the committee meetings

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

### Self-evaluation

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

In summer 2021, the Board of Directors carried out a self-evaluation on the basis of a questionnaire. The consolidated responses were discussed at the meeting in August. As in previous years, the overall evaluation was very positive. The collaboration between the Board members is very good. The culture of open and frank discussions is constructive and effective. The interdisciplinary composition of the Board and the range of ages of the members are regarded as very positive. In addition to the many items on the agenda to be reviewed and assessed, in future the Board of Directors would like to deal more frequently with creative and formative elements, as well as placing sharper focus on continual further training.

### 3.6 Definition of areas of responsibility

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

Within the scope of the duties and responsibilities defined in the Statutes, the Board of Directors has the following tasks:

- ♦ Strategy and management;
- ♦ Organisation;
- ♦ Financial management;

- ♦ Risk policy and management.

In relation to strategy and management, the Board of Directors is responsible, in particular, for the following tasks:

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

Concerning the organization of business activities of the LLB Group and the required concomitant issuing of rulings and directives, the Board of Directors is, in particular, responsible for:

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

Concerning the ultimate liability for the organization of accounting, financial control and financial planning of the LLB Group, the Board of Directors is, in particular, responsible for:

- ♦ The approval of the applicable accounting standards;
- ♦ The approval of medium-term planning and budgeting;
- ♦ The overall supervision of the complete equity and liquidity management system;
- ♦ The approval of the Consolidated Annual Report with the consolidated financial statement and the consolidated management report;
- ♦ The approval of the Consolidated Interim Reporting;
- ♦ The ensuring of regular reporting on the course of business and extraordinary occurrences;

- ♦ The stipulation of the competence to authorize expenditure;
- ♦ The supervision of the Group's business development.

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

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

The Group Executive Board, under the leadership of the Group CEO, is responsible for the management of the LLB Group. It is composed of six members, the three heads of the market divisions: Retail & Corporate Banking, Private Banking and Institutional Clients, as well as the Group CFO, the Group COO and the Group CEO. The Group Executive Board meets as often as business requires, but at least once a month.

The LLB Group conducts its business within a framework of the three market-oriented divisions: Retail & Corporate Banking, Private Banking and Institutional Clients as well as the shared service functions of the Group CFO and Group COO. The heads of the divisions are responsible for the operative management of the divisions.

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

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

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

In addition to the powers and duties set forth in the statutes, the Group Executive Board is responsible, in particular, for:

- ♦ Operative management;
- ♦ Implementation of the strategy;
- ♦ Risk management.

The Group Executive Board:

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

The Group Executive Board:

Submits suggestions concerning the organisation of business activities of the LLB Group in general and proposals for specific business matters of the LLB Group to the Board of Directors and the responsible committees, provided these matters exceed the scope of authority of the Group Executive Board, in particular, with respect to:

- ♦ The definition and periodic review of the LLB Group's corporate strategy as well as the allocation of resources to implement the strategy and attain corporate objectives;
- ♦ Participations, Group companies, business offices, branches and representative offices; medium-term planning;
- ♦ Medium-term planning;
- ♦ Annual expenditure and income budget;
- ♦ Financial reporting and the annual report;
- ♦ setting the objectives for business activities and the course of business as it executes the strategy approved by the Board of Directors; thereby ensuring that decision-making is timely and of a high quality as well as monitoring the implementation of the decisions made.

The Group Executive Board:

- ♦ Implements an efficient structure and organisation and an effective internal control system for the prevention and limitation of risks of all types;
- ♦ Within the risk policy framework of the LLB Group has the following tasks, in particular:
  - ♦ Implementing and reviewing compliance with the risk policy and risk regulations approved by the Board of Directors;
  - ♦ Managing all significant risks;
  - ♦ Ensuring a reasonable valuation of assets;
  - ♦ Using external and internal models to manage and monitor key risks;
  - ♦ Ensuring comprehensive reporting to the Board of Directors regarding the risk situation in accordance with the provisions of risk policy;
  - ♦ Deciding on the composition of the Risk Committee of the LLB Group.

The Group CEO is the highest authority within the LLB Group management structure. He is, in particular, entirely responsible for the development and implementation of the corporate strategy of the LLB Group and the divisions as approved by the Board of Directors. The Group CEO represents the Group Executive Board vis-à-vis the Board of Directors and externally.

The Group CEO

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

### **3.7 Information and control instruments vis-à-vis the Group Executive Board**

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

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

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

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

#### ***Internal supervision and control***

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

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

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

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

To avoid duplication of work and to optimize controls, the auditing plans are coordinated with the statutory auditors. The auditing plan and the personnel requirement plan are reviewed by the Group Audit Committee and submitted to the Board of Directors for approval. In addition, Group Internal Audit regularly monitors the rectification of any deficiencies found and the implementation of its recommendations; it submits reports about this procedure to the Group Audit Committee.

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

### ***Risik management***

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

The LLB Group manages risks according to strategic objectives. It evaluates and manages risks through the application of detailed, qualitative and quantitative standards for risk responsibility, risk

management and risk control. The LLB Group utilises the “Internal Capital Adequacy Assessment Process” (ICAAP) and “Internal Liquidity Adequacy Assessment Process” (ILAAP) to deal with equity capital and liquidity issues, both of which are extremely important factors for banks. These processes ensure that adequate capital and liquidity to cover all essential risks are always available.

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

- ♦ Ensuring a complete overview of the entire risk spectrum, especially of the character of the existing types of risk and the risk situation;
- ♦ Formulation of the risk policy as well as the preparation and analysis of all important decisions regarding risk management;
- ♦ Identification and measurement of significant risks as well as reporting to the Board of Directors and the Group Executive Board;
- ♦ Continual checking of the effectiveness of risk management measures. The Group Risk Committee invites the persons responsible for risk management to a quarterly discussion of the risk status. Their reports are summarised every six months in an overall risk report of the LLB Group, which is submitted to the Board of Directors.

Further details of risk management can be found in the chapter “[Financial and risk management](#)”, as well as in the notes to the [consolidated financial statement of the LLB Group](#).

### **Compliance**

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



## 4 Group Executive Board

### 4.1 Members

The LLB Group's organisational structure is consistently geared towards client and market needs. For this purpose the Retail & Corporate Banking, Private Banking as well as Institutional Clients Market Divisions are represented at the Group Executive Management level. The Group Chief Financial Officer, the Group Chief Operating Officer, as well as the Group Chief Executive Officer comprise the Group Executive Management.



**Gabriel Brenna**  
Group Chief Executive Officer,  
Head of Private Banking Division 1973, CH / I

**Joined the Group Executive Board:**  
2012

**Education:**

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

**Professional career:**

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

**Liechtensteinische Landesbank:**

- ♦ Member of the Group Executive Board and the Board of Management, since October 2012
- ♦ Head of Private Banking Division, October 2012 - 2021
- ♦ Group Chief Executive Officer, since March 2021

**Board of Directors mandates in Liechtensteinische Landesbank Group companies:**

- ♦ Liechtensteinische Landesbank (Österreich) AG (Chairman)
- ♦ Bank Linth LLB AG (Member)
- ♦ LLB Asset Management AG (Vice Chairman)
- ♦ LLB Services (Schweiz) AG (Chairman)

**Other functions:**

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



**Urs Müller**  
Vice Group Chief Executive Officer, Head of Retail & Corporate Banking Division  
1962, FL / CH

**Joined the Group Executive Board:**  
2011

**Education:**

- ♦ Licentiate in law, University of St. Gallen (HSG), 1993

**Professional career:**

- ♦ Auditor, Unterrheintal District Court and Associate Court Clerk, Oberrheintal District Court, 1993 – 1995

**Liechtensteinische Landesbank:**

- ♦ Legal counsel, 1995 – 1998
- ♦ Head of Legal & Compliance, 1998 – 2006
- ♦ Head of Institutional Clients Division, 2007 until April 2011
- ♦ Member of the Group Executive Board and the Board of Management, since April 2011
- ♦ Head of Domestic Market and Institutional Market Divisions, April 2011 until June 2012
- ♦ Head of Institutional Clients Division, July 2012 until June 2016
- ♦ Head of Retail & Corporate Banking Division since July 2016
- ♦ Vice Group Chief Executive Officer, July 2012 - 2021

**Board of Directors mandates in Liechtensteinische Landesbank Group companies:**

- ♦ Bank Linth LLB AG (Chairman)
- ♦ LLB Asset Management AG (Member)

**Other functions:**

- ♦ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"



**Natalie Flatz**  
**Head of Institutional Clients Division**  
**1977, AT**

**Joined the Group Executive Board:**  
2016

**Education:**

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

**Professional career:**

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

**Liechtensteinische Landesbank:**

- ♦ Head of Institutional Clients Business Unit, 2011 – June 2012
- ♦ Head of Fund Services Business Ares, July 2012 – June 2016
- ♦ Member of the Group Executive Board and the Board of Management, since July 2016
- ♦ Head of Institutional Clients Division, July 2016 – 2021
- ♦ Head of the International Wealth Management Division, from 2022

**Board of Directors mandates in Liechtensteinische Landesbank Group companies:**

- ♦ Liechtensteinische Landesbank (Österreich) AG (Member)
- ♦ LLB Fund Services AG (Chairwoman)
- ♦ LLB Swiss Investment AG (Chairwoman)
- ♦ LLB Asset Management AG (Chairwoman)
- ♦ LLB Invest KAG (Member)
- ♦ LLB Invest AGmvK (Member)

**Other functions:**

- ♦ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"



**Patrick Fürer**  
**Group Chief Operating Officer**  
**1965, CH**

**Entry into Group Executive Board:**  
2019

**Education:**

- ♦ Licentiate in economics at the University of St. Gallen, 1990
- ♦ Dr. oec. HSG, University of St. Gallen, 1993

**Professional career:**

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

**Liechtensteinische Landesbank:**

- ♦ Member of Executive and Group Executive Boards since January 2019
- ♦ Group Chief Operating Officer, January 2019 - 2021
- ♦ Group Chief Digital & Operating Officer, from 2022

**Board of Directors mandates in Liechtensteinische Landesbank Group companies:**

- ♦ Liechtensteinische Landesbank (Österreich) AG (Member)

**Other functions:**

- ♦ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"



**Christoph Reich**  
**Group Chief Financial Officer**  
**1974, CH**

**Entry into Group Executive Board:**

2012

**Education:**

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

**Professional career:**

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

**Liechtensteinische Landesbank:**

- ♦ Head of Group Finance & Risk Department, November 2010 until January 2012
- ♦ Member of the Group Executive Board and the Board of Management, since January 2012
- ♦ Chief Financial Officer, January 2012 until June 2012
- ♦ Group Chief Financial Officer, since July 2012
- ♦ Deputy Group Chief Executive Officer, from 2022

**Board of Directors mandates in Liechtensteinische Landesbank Group companies:**

- ♦ Liechtensteinische Landesbank (Österreich) AG (Vice Chairman)
- ♦ Bank Linth LLB AG (Member)
- ♦ LLB Asset Management AG (Member)
- ♦ LLB Verwaltung (Schweiz) AG (Chairman)
- ♦ LLB Holding AG (Chairman)

**Other functions:**

- ♦ Member of the Board of Trustees of the "Future Foundation of Liechtensteinische Landesbank AG"
- ♦ Member of the Liechtenstein Deposit Protection and Investor Compensation Foundation (EAS)

#### 4.2 Other activities and commitments

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

#### 4.3 Number of permitted activities

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

#### 4.4 Management contracts

The Liechtensteinische Landesbank has not concluded any management contracts.

### 5 Compensation, participations and loans

Details concerning compensation, participations and loans can be found in the [compensation report](#).

### 6 Shareholders' participation rights

#### 6.1 Voting right limitation and representation

At the Liechtensteinische Landesbank's General Meeting of Shareholders, each share carries one vote. In accordance with Art. 306a ff. of person and company law, the LLB shares held by the Liechtensteinische Landesbank itself and its subsidiaries (232'935 shares as at 31 December 2021) are not eligible to vote.

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

#### 6.2 Statutory quorum

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

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

#### 6.3 Convening of the General Meeting of Shareholders

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

An extraordinary General Meeting may be convened by the Board of Directors if this is in the urgent interest of the Liechtensteinische Landesbank or at the written request – stating the reason for

convening the extraordinary General Meeting – of shareholders representing ten per cent of the share capital.

#### **6.4 Agenda**

The Board of Directors specifies the agenda for the General Meeting of Shareholders in accordance with Art. 1 the Liechtensteinische Landesbank's statutes ([www.llb.li/statutes](http://www.llb.li/statutes)). The General Meeting can only deal with items which are listed in the agenda, with the exception of a proposal for the convening of an extraordinary General Meeting.

Shareholders, who together hold at least 5 per cent of the share capital represented, can request that an item be placed on the agenda to be dealt with by the General Meeting. Requests for items to be placed on the agenda must be received, at the latest, 21 days prior to the date of the General Meeting. The Board of Directors shall publicise the amended agenda at least 13 days prior to the date of the General Meeting.

#### **6.5 Registration in the company's share register**

The Liechtensteinische Landesbank has exclusively issued registered shares. It maintains a share register containing the names of the owners of registered shares. Upon request, the purchasers of registered shares are entered in the share register as shareholders having a voting right provided that they expressly render a declaration that they have purchased these shares in their own name for their own account. If the purchaser is not prepared to render such a declaration, the Board of Directors can refuse to enter the shares with voting rights in the register. Pursuant to Art. 5a of the Statutes ([www.llb.li/statutes](http://www.llb.li/statutes)), the Board of Directors has specified that nominee registrations without the above-mentioned declaration are generally to be made without a voting right. In order for the right to vote to be exercised at the General Meeting of Shareholders, entry in the share register must be made at the latest three working days prior to the date of the General Meeting. Accordingly, the deadline for entry in the share register for the General Meeting on Friday, 6 May 2022 was fixed at 5 p.m. on Monday, 2 May 2022. From 3 May to 6 May 2022 no entries will be made in the share register.

### **7 Change of control and defensive measures**

The Liechtensteinische Landesbank is a banking institute licensed under Liechtenstein law with its registered office in the Principality of Liechtenstein. As a Liechtenstein bank listed on SIX Swiss Exchange, Liechtensteinische Landesbank AG must in addition to complying with Liechtenstein law also comply with various Swiss regulatory requirements. Since 1 January 2016, the provisions regarding the disclosure of significant shareholders are regulated in the Financial Market Infrastructure Law and in the Financial Market Infrastructure Ordinance and also apply to the LLB. Shareholders attaining, falling below or exceeding the threshold percentages of 3, 5, 10, 15, 20, 25, 33.33, 50 or 66.67 of voting rights must notify SIX and the LLB ([www.llb.li/thresholds](http://www.llb.li/thresholds)).

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

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

## 8 Independent auditors

### 8.1 Duration of mandate and term of office

#### 8.1.1 Date of acceptance of existing auditing mandate

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

For corporate governance reasons and in view of the probable introduction of a mandatory rotation of auditors, the Board of Directors proposed to the General Meeting of Shareholders held on 7 May 2021 that the independent auditors be changed from PricewaterhouseCoopers AG, St. Gallen, to KPMG Liechtenstein AG, Vaduz. PricewaterhouseCoopers AG, St. Gallen, had exercised this function for more than twenty years.

The General Meeting approved the proposal of the Board of Directors and appointed KPMG Liechtenstein AG as the independent auditors, pursuant to person and company law and banking law, for a period of one year.

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

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

### 8.2 Audit fees

In the 2021 business year, KPMG invoiced the companies of the LLB Group for CHF thousands CHF 1'027 (2020: CHF thousands 1'301) in respect of audit fees. These fees include the work carried out as required by the respective regulatory authorities. In addition, in the 2021 business year, KPMG received CHF thousands 82 (2020: CHF thousands 233) for services in connection with our own investment funds.

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

### 8.3 Additional fees

For other services, KPMG invoiced the LLB Group companies CHF thousands 268 (2020: CHF thousands 250) in 2021.

#### Audit fees and additional fees

in CHF thousands	31.12.2021	31.12.2020 <sup>1</sup>
Audit fees	1'027	1'301
Additional fees	268	250
Corporate finance	0	55
Taxation advice	172	185
Regulatory advice	60	0
Legal and other advice	36	10

<sup>1</sup> For the 2020 financial year, PricewaterhouseCoopers AG, St. Gallen, were the auditors in accordance with the Persons and Companies Act and the Banking Act.

### 8.4 Information instruments of the external auditors

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

- ♦ Discussing and taking note of the risk analysis made by the external auditors, the auditing strategy derived from it and the respective risk-oriented auditing plan;
- ♦ The discussion of major problems identified during the auditing process with the external auditors;
- ♦ the monitoring of the implementation of recommendations put forward by the external auditors and Group Internal Audit to eliminate problems;
- ♦ The evaluation of the audit reports submitted by the external audit and Group Internal Audit to the Board of Directors;
- ♦ The assessment of the qualification, quality, independence, objectivity and performance of the external and Group Internal Audit;

- ♦ The discussion of the annual activity report and annual planning including risk analysis of Group Internal Audit with assessment of whether this business unit has adequate resources and competences and submission of a proposal for approval to the Board of Directors;
- ♦ The examination of the compatibility of external auditors' auditing activities with possible consulting mandates as well as the evaluation and discussion of their professional fees;
- ♦ The evaluation of the collaboration between the external auditors and Group Internal Audit;
- ♦ The submission of a proposal to the Board of Directors for the attention of the General Meeting regarding the appointment or dismissal of the external auditors (appointed according to banking law and person and company law). The Group Audit Committee is responsible for defining the procedure to appoint new external auditors.

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

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

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

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

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

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

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

## 9 Information policy

The Liechtensteinische Landesbank simultaneously, comprehensively and regularly provides its shareholders, clients, employees and the general public with information. This ensures that all

stakeholder groups are treated equally. Equality of opportunity and transparency are ensured through institutionalizing and nurturing these ties as well as establishing and preserving relationships that are based on trust with the financial community, on the one hand, and with the media and all other interested recipients of information, on the other.

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

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

#### **Black-out periods**

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

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

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

Dr. Cyrill Sele  
Head Group Corporate Communications & Sustainability  
Städtle 44 / P. O. Box 384  
9490 Vaduz  
Phone + 423 236 82 09  
Mail [cyrill.sele@llb.li](mailto:cyrill.sele@llb.li)

Date	Time	Event
	7.00 a.m.	Publishing of 2021 business result at <a href="http://www.llb.li">www.llb.li</a> ;
25 Februar 2022	10.30 a.m.	Financial reporting and analyst conference
25 Februar 2022		2021 business result advertisement in the "Liechtensteiner Vaterland" and the "Liechtensteiner Volksblatt"
		Release of online Annual Report 2021 at <a href="https://reports.llb.li/2020/ar/en/">https://reports.llb.li/2020/ar/en/</a>
08 April 2022		Printed edition of short report 2021
06 May 2022	6.00 p.m.	General Meeting of Shareholders
10 May 2022		Ex-dividend date
11 May 2022		Dividend record date
12 May 2022		Dividend payment date
	7.00 a.m.	Publishing of interim financial statement 2022; publication of printed interim financial statement 2022 and release of online interim financial statement 2022 at <a href="http://www.llb.li">www.llb.li</a>
24 August 2022	10.30 a.m.	Webcast
25 August 2022		2022 interim financial result advertisement in the "Liechtensteiner Vaterland" and the "Liechtensteiner Volksblatt"

## 10 Important changes since the balance sheet date

At the 30th ordinary General Meeting of Shareholders on 6 May 2022, Patrizia Holenstein will reach the legally stipulated term of office limit and step down from the Board of Directors. The Board of Directors proposes Leila Frick-Marxer for election as a new member of the Board of Directors for a three-year term of office, and Karl Sevelde for re-election as a member of the Board of Directors for a three-year term of office.

On 27 October 2021, the LLB Group announced its new ACT-26 strategy (see chapter "ACT-26"). Starting from 1 January 2022, the LLB Group began rigorously implementing the strategic goals of ACT-26 in the organisation. The strategy focuses on clients and technological transformation. The LLB Group will now comprise five divisions instead of six. Furthermore, in going forward, the LLB Group will have two clearly positioned market divisions, namely the Private and Corporate Clients, and the International Wealth Management Division. The Private and Corporate Clients Division takes care of locally orientated private banking clients (in Liechtenstein, Switzerland and Germany), as well as corporate and private clients in Liechtenstein and Switzerland. The International Wealth Management Division focuses on Austrian and international private banking clients, as well as institutional and investment fund clients. To advance LLB's strategic ambitions of becoming an efficient, digital and innovative banking group, the necessary change capacities and skills will now be pooled in what was previously the Group COO Division. It will now be renamed the Group CDO (Chief Digital & Operating Officer) Division, and a new Group Digital Transformation business area will be created.

From 1 January 2022, the new organisational structure and composition of Group Executive Management will be as follows:

- ♦ Group CEO: Dr. Gabriel Brenna
- ♦ Retail and Corporate Banking: Urs Müller
- ♦ International Wealth Management: Natalie Flatz
- ♦ Group CDO: Dr. Patrick Fürer
- ♦ Group CFO: Christoph Reich

Moreover, the Board of Directors has named Christoph Reich Deputy Group CEO as of 1 January 2022. Urs Müller, who has held this position since 1 July 2012, will be focussing on the strategic further development of the Retail and Corporate Banking Market Division.

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

# Compensation report

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

## Introduction

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

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

The following report deals with the compensation policy, the basis and elements of the compensation, the responsibilities and methods of determining compensation. The compensation paid during the 2021 reporting year is also presented.

## Compensation policy

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

The Group regulation "Compensation standards" regulates the framework for the Group-wide compensation policy, in particular in regard to its alignment to risk management. It stipulates the basis, values and objectives and sets out the minimum requirements for the design of the compensation systems. In addition, it regulates Group-internal and Group-external reporting as well as related responsibilities. The Group regulation applies particularly to those persons who are identified as risk takers in a process that is carried out annually. To implement the Group regulation "Compensation standards" at Liechtensteinische Landesbank AG, the Board of Directors has also issued the separate regulation "Compensation standards" (revised on 1 February 2021).

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

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

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

The compensation policy forms the basis for the compensation standards stipulated in appropriate regulations and for the compensation model. The compensation standards set out the objectives, processes and requirements for the design of the compensation. They also contain rules for the alignment between compensation and risk management. For employees who receive a variable component of compensation, the compensation model specifies the ratio between fixed and variable portions and the allocation mechanism for the variable portion.

## Elements of compensation

### The compensation model of the LLB Group

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

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

shareholder return (TSR)) with the TSR of a tailored, relevant comparable group and allows external market effects to be factored out. The difference between the TSR of the company and that of the comparable group gives an indication of the actual performance of the company's management.

In March 2017, the LLB Group's compensation model was honoured by the Swiss Institute of Directors as the best salary model in 2016 of all companies listed on the Swiss stock exchange. The jury of experts described the compensation model as "exemplary". The three main criteria by which it was judged were internal fairness, external fairness and performance-related fairness.

### The compensation system of the LLB Group

The compensation system is essentially based on the following approaches:

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

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

### Target compensation

Around 40 per cent of employees receive a fixed compensation without a variable component. For around 60 per cent of employees, the target compensation consists of a fixed and a variable component. The fixed component encompasses all contractually agreed or statutory compensation, which is already stipulated prior to the provision of any performance. The variable component includes, in particular, those elements of compensation which vary depending on various criteria, such as the business success of the company, the individual performance of the employee or the results attained by the organisational unit. In general, the amount and payment of the variable component is at the free discretion of the employer.

### Fixed component of target compensation

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

### **Variable component of target compensation**

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

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

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

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

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

### **Compensation of the Board of Directors and the Group Executive Board**

#### **Board of Directors**

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

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

Compensation in 2021 was determined on the basis of a compensation benchmark, which was comprised of 20 companies from the banking and investment services industry in Liechtenstein and Switzerland that have a comparable business model, carried out by Hostettler & Company in 2019. Their business performance, balance sheet total and employees (FTEs) are all within a range of about 50 to 250 per cent of the size of LLB. Applying equal weighting to the financial variables, LLB is positioned close to the market median of the defined comparable companies. The structure and the amount of compensation remained unchanged in 2021.

### Group Executive Board

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

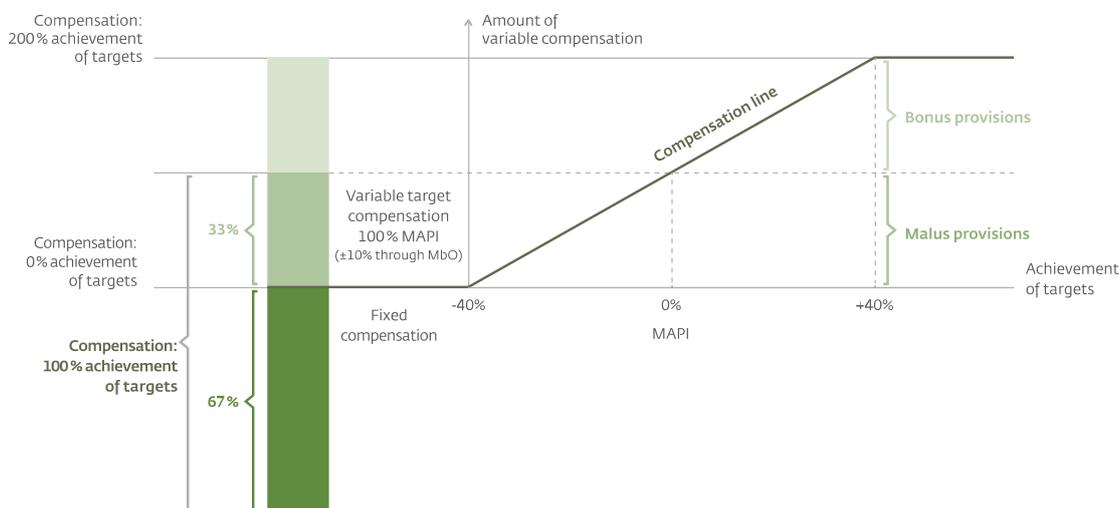
The compensation model also contains a bonus-malus provision. The members of the Group Executive Board receive more or less than their target compensation depending on whether they exceed, partly attain or do not attain the annual objectives. The maximum bonus possible is 200 per cent of the variable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

The fixed compensation in relation to the functions of the Group Executive Board in 2021 was determined on the basis of a compensation analysis carried out by the Kienbaum Consultants International company in 2020. It comprised between 20 and 24 comparable banks and between 24 and 31 comparable positions per function represented on the Group Executive Board. The comparable groups included in particular financial institutions that are of a similar size to LLB. This means that companies with a size of up to plus / minus 50 per cent were used in the comparison. Relevant for the determination of size was the number of people employed on the one hand, and the balance sheet total on the other. In the case of significantly larger companies, comparable positions with a similar scope of responsibility, which are typically found at lower hierarchical levels, were used. In addition, the determination of comparable functions was – where possible – based on the function value.

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

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

### Compensation model: Group Executive Board<sup>1</sup>



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

### Geographic distribution of the 26 banks in the peer group<sup>1</sup>

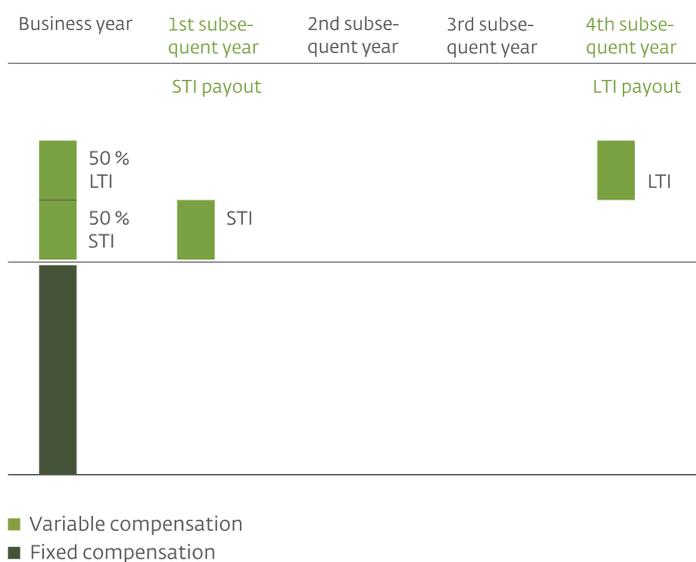
Liechtenstein	1
Switzerland	20
Austria	5

<sup>1</sup> The peer group is generally reviewed every three years by FehrAdvice & Partners AG. A review was carried out in summer 2019 at regular intervals, which resulted in an increase of the peer group by two banks as of 1 January 2020. Due to the acquisition of Semper Constantia Privatbank AG and its merger with LLB Österreich to form Liechtensteinische Landesbank (Österreich) AG in 2018, the peer group was expanded by two Austrian banks to a total of 26 banks.

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

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

### LTI with clawback mechanism



The employment relationship of the members of the Group Executive Board is stipulated in individual employment contracts. The period of notice is generally four months. The contracts of employment do

not contain any special clauses, such as, for example, severance compensation following the termination of employment or even in the event of a change in control.

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

### Responsibilities and methods of determining compensation

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

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

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

### Compensation in 2021

For the 2021 business year, the members of the Board of Directors received a fixed compensation of CHF thousands 902. Contributions to benefit plans and other social contributions amounted to CHF thousands 109. The fixed compensation was paid in cash (CHF thousands 743) as well as in the form of an entitlement to acquire LLB shares (CHF thousands 159). The entitlement to acquire LLB shares is subject to a blocked period of three years.

In comparison with the previous year, the total compensation of the members of the Board of Directors decreased by CHF thousands 46 or 4.4 per cent. The lower compensation expense in 2021 was attributable mainly to the fact that from the beginning of November 2020 up to the General Meeting of May 2021 the Board of Directors temporarily consisted of six members. It has since been made up of seven members again.

For the 2021 business year, the members of the Group Executive Board received a fixed compensation of CHF thousands 3'212 and a variable compensation of CHF thousands 1'264. Contributions to benefit plans and other social contributions amounted to CHF thousands 1'071. The fixed compensation was paid in cash. The variable compensation was paid in cash (50 %) as well as in the form of an entitlement to acquire LLB shares (50 %), which is subject to a blocked period of three years. The number of shares for the share-based compensation is calculated from the average share price of the last quarter of 2021 (CHF 52.47). The variable compensation for the members of the Group Executive Board was, on average, approximately 39.1 per cent of the fixed compensation or 22.7 per cent of total compensation.

The total compensation of the members of the Group Executive Board in 2021 decreased by CHF thousands 676 or 10.9 per cent. The lower compensation expense in 2021 was attributable mainly to the fact that the Group Executive Board was comprised of only five members following the stepping-down of Roland Matt as Group CEO and his definitive departure at the end of May 2021. The variable compensation decreased by CHF thousands 206 or 14.0 per cent. The performance of the LLB share was worse in the 2021 business year than the performance of the comparable group. The total shareholder return (TSR) of LLB was 2.0 per cent and thus below the TSR of the peer group (11.1 %). The relative MAPI was therefore minus 9.1 percentage points (previous year: minus 7.0 percentage points). Consequently, the degree of objective attainment for the variable target compensation is 77.3 per cent (previous year: 82.5 %).

The total compensation of the members of the Board of Directors and the members of the Group Executive Board for the 2021 business year is reported on an accrual basis. The variable compensation was charged to the 2021 income statement. Payment of the STI to the members of the Group Executive Board will be made in the first quarter of 2022. The entitlement to acquire LLB shares by the Group Executive Board (LTI) and the Board of Directors is subject to a blocked period of three years.

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

## Compensation of key management personnel

in CHF thousands	Fixed compensation		Variable compensation		Entitlements <sup>1</sup>		Contribution to benefit plans and other social contributions		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Members of the Board of Directors</b>										
Georg Wohlwend, Chairman <sup>2</sup>	194	275	0	0	26	37	55	73	275	385
Gabriela Nagel-Jungo, Vice Chairwoman	190	154	0	0	33	32	43	14	266	200
Patrizia Holenstein, Member	70	70	0	0	20	20	0	7	90	97
Urs Leinhäuser, Member <sup>3</sup>	81	81	0	0	20	20	0	0	101	101
Thomas Russenberger, Member	71	71	0	0	20	20	5	5	96	96
Richard Senti, Member	76	76	0	0	20	20	6	6	102	102
Karl Sevelda, Member	61	56	0	0	20	20	0	0	81	76
<b>Total</b>	<b>743</b>	<b>783</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>168</b>	<b>109</b>	<b>105</b>	<b>1'011</b>	<b>1'057</b>
<b>Members of the Board of Management<sup>4</sup></b>										
Roland Matt, Group CEO since 26.01.2021 <sup>5</sup>		804		167		167		231		1'369
Gabriel Brenna, Group CEO since 01.03.2021	748		147		147		210		1'252	
Other members of the Board of Management	2'464	2'766	485	568	485	568	862	952	4'296	4'854
<b>Total</b>	<b>3'212</b>	<b>3'570</b>	<b>632</b>	<b>735</b>	<b>632</b>	<b>735</b>	<b>1'071</b>	<b>1'183</b>	<b>5'547</b>	<b>6'223</b>

1 The members of the Board of Directors receive a portion of their fixed compensation in the form of share entitlements. With the members of the Executive Management, 50 per cent of the variable compensation consists of share entitlements. The total compensation comprises the total of the fixed and variable compensation plus the share entitlements.

2 Georg Wohlwend resigned from the Board of Directors on 3 November 2020. The task of chairing the Board of Directors until Georg Wohlwend's re-election at the Annual General Meeting on 7 May 2021 was taken over by Vice Chair Gabriela Nagel-Jungo.

3 The compensation was paid to Adulco GmbH.

4 Since the resignation of Roland Matt, the Executive Management consists of five members.

5 On 26 January 2021, Roland Matt stepped down as Chairman of the Executive Board and left the company on 31 May 2021. During the period from 26 January 2021 to 28 February 2021, Deputy Chairman Urs Müller assumed the duties of Chairman of the Executive Board.

## Shareholdings of related parties

	Registered shares	
	31.12.2021	31.12.2020
<b>Members of the Board of Directors</b>		
Georg Wohlwend, Chairman <sup>1</sup>	2'145	
Gabriela Nagel-Jungo, Vice Chairwoman	2'038	1'634
Patrizia Holenstein, Member	2'339	1'935
Urs Leinhäuser, Member	2'053	1'649
Thomas Russenberger, Member	0	0
Richard Senti, Member	300	300
Karl Sevelda, Member	0	0
<b>Total</b>	<b>8'875</b>	<b>5'518</b>
<b>Members of the Board of Management</b>		
Roland Matt, Group CEO since 26.01.2021 <sup>2</sup>		20'912
Gabriel Brenna, Group CEO since 01.03.2021	27'936	24'712
Urs Müller, Vice Group CEO <sup>3</sup>	29'220	26'358
Natalie Flatz	6'363	4'315
Patrick Fürer	8'000	8'000
Christoph Reich	18'678	16'105
<b>Total</b>	<b>90'197</b>	<b>100'402</b>
<b>Other related companies and parties</b>		
Related parties	4'550	4'550
<b>Total</b>	<b>4'550</b>	<b>4'550</b>

- 1 Georg Wohlwend resigned from the Board of Directors on 3 November 2020. The task of chairing the Board of Directors until Georg Wohlwend's re-election at the Annual General Meeting on 7 May 2021 was taken over by Vice Chair Gabriela Nagel-Jungo.
- 2 On 26 January 2021, Roland Matt stepped down as Chairman of the Executive Board and left the company on 31 May 2021.
- 3 During the period from 26 January 2021 to 28 February 2021, Deputy Chairman Urs Müller assumed the duties of Chairman of the Executive Board.

No member of the Board of Directors or the Executive Board holds more than 0.1 per cent of the voting rights.

## Loans to key management personnel

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

1 Georg Wohlwend resigned from the Board of Directors on 3 November 2020. The task of chairing the Board of Directors until Georg Wohlwend's re-election at the Annual General Meeting on 7 May 2021 was taken over by Vice Chair Gabriela Nagel-Jungo.

2 On 26 January 2021, Roland Matt stepped down as Chairman of the Executive Board and left the company on 31 May 2021.

3 One member of the Executive Board was granted a guarantee in the amount of CHF thousand 500 (previous year: bail limit for one member of the Executive Board in the amount of CHF thousand 84).

4 No guarantees were granted (previous year: deposit limits in the amount of CHF thousand 84).

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

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

At 31 December 2021, the maturities of variable mortgages for members of the Board of Directors and related parties extended to a maximum of 1 month (previous year: 1 month) at standard market client interest rates of 0.80 to 0.95 per cent per annum (2020: 0.95 %). Following expiry, these are extended for a further 3 months providing they are not revoked. One variable mortgage was reissued at market conditions.

At 31 December 2021, the maturities of fixed mortgages for members of the Board of Management ranged between 0 and 42 months (previous year: between 1 and 118 months) at interest rates of 1.05 to 1.80 per cent per annum. (2020: 0.46 to 1.80 %).

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

Of the total amount of mortgages for the members of the Board of Management, CHF thousands 500 (previous year: CHF thousands 1'500) was granted at the preferential interest rate for staff, the remainder was subject to the standard market client interest rate. No other loans were issued to the Board of Management (2020: none).

No allowances for loans and other credit lines to management were necessary. LLB granted third party guarantees amounting to CHF thousands CHF 500 (previous year: CHF thousands 168) for management and related parties. In addition, LLB confirmed that it would extend two mortgages.

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

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



# GRI Content Index

For the Materiality Disclosures Service, the GRI Services Team verified that the GRI Content Index is clearly presented and the references for disclosures 102–40 to 102–49 agree with the corresponding parts of the report.

Find here our [Management Approaches \(PDF, German\)](#).

Find here the [Facts and Figures on the LLB Group’s engagement for the environment, society and good governance \(PDF\)](#).

## Universal standards

GRI 101: 2016 - Foundation

GRI 102: 2016 - General disclosures

### Organisational profile

	GRI Standards and Disclosures	Information
102-1	Name of the organization	Liechtensteinische Landesbank AG
102-2	<a href="#">Activities, brands, products, and services</a>	
102-3	Location of headquarters	Vaduz, Liechtenstein
102-4	<a href="#">Location of operations</a>	
102-5	<a href="#">Ownership and legal form</a>	
102-6	<a href="#">Markets served</a>	
102-7	<a href="#">Scale of the organization</a>	
102-8	<a href="#">Information on employees and other workers</a>	
102-9	<a href="#">Supply chain</a>	
102-10	Significant changes to the organization and its supply chain	none
102-11	<a href="#">Precautionary principle or approach</a>	
102-12	<a href="#">External initiatives</a>	
102-13	<a href="#">Membership of associations</a>	

### Strategy

	GRI Standards and Disclosures	Information
102-14	<a href="#">Statement from senior decision-maker</a>	

### Ethics and integrity

	GRI Standards and Disclosures	Information
102-16	<a href="#">Values, principles, standards, and norms of behavior</a>	

### Governance

	GRI Standards and Disclosures	Information
102-18	<a href="#">Governance structure</a>	

## Stakeholder engagement

	GRI Standards and Disclosures	Information
102-40	<a href="#">List of stakeholder groups</a>	
102-41	Collective bargaining agreements	none
102-42	<a href="#">Identifying and selecting stakeholders</a>	
102-43	<a href="#">Approach to stakeholder engagement</a>	
102-44	<a href="#">Key topics and concerns raised</a>	

## Reporting practice

	GRI Standards and Disclosures	Information
		The annual report includes all companies in which the Group holds a 100 percent stake as well as Bank Linth LLB AG, unless explicitly stated otherwise.
102-45	<a href="#">Entities included in the consolidated financial statements</a>	
102-46	<a href="#">Defining report content and topic Boundaries</a>	
102-47	<a href="#">List of material topics</a>	
		Subsequent corrections to previous year's figures are explained at the appropriate location in the report.
102-48	Restatements of information	
102-49	Changes in reporting	None
102-50	Reporting period	Calendar year 2021
102-51	Date of most recent report	March 2021
102-52	Reporting cycle	annually
102-53	Contact point for questions regarding the report	berit.pietschmann@llb.li
		This report has been prepared in accordance with the GRI Standards: Core option.
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	<a href="#">GRI content index</a>	
102-56	External assurance	none

## Topic-specific standards

### GRI 200 – Economic topics

<b>GRI 201: 2016</b>		<b>Economic Performance</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 6	
201-1	Direct economic value generated and distributed		
201-3	Defined benefit plan obligations and other retirement plans		
201-4	Financial assistance received from government		

<b>GRI 202: 2016</b>		<b>Market Presence</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 13	
202-2	Proportion of senior management hired from the local community		

<b>GRI 203: 2016</b>		<b>Indirect Economic Impacts</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 13	
203-2	Significant indirect economic impacts		

<b>GRI 205: 2016</b>		<b>Anti-corruption</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 5	
205-1	Operations assessed for risks related to corruption	MA, p. 5	
205-2	Communication and training about anti-corruption policies and procedures	MA, p. 5	
205-3	Confirmed incidents of corruption and actions taken	MA, p. 5	

<b>GRI 206: 2016</b>		<b>Anti-competitive Behavior</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 4	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	MA, p. 4	

<b>Risk and Reputation Management</b>			
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 8	

<b>Tax Compliance</b>			
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 5	

**Customer Orientation**

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 7	

**Sustainable Products and Services**

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 7	
FS7	Monetary value of products and services designed to deliver a specific social benefit		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit		

**ESG-Integration in Asset Management**

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 8	

**Corporate Governance and Corporate Culture**

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 3	

**Ethics and Integrity**

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 3	

**GRI 300 – Environmental topics**

<b>GRI 302: 2016</b>		<b>Energy</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	
302-1	Energy consumption within the organization		
302-4	Reduction of energy consumption		

<b>GRI 305: 2016</b>		<b>Emissions</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions		
305-5	Other indirect (Scope 3) GHG emissions		

<b>Mobility Management</b>			
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	

**GRI 400 – Social topics**

<b>GRI 401: 2016</b>		<b>Employment</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
401-1	New employee hires and employee turnover		
<b>GRI 402: 2016</b>		<b>Labor/Management Relations</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
402-1	Minimum notice periods regarding operational changes		Not applicable
<b>GRI 403: 2018</b>		<b>Occupational Health and Safety</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
403-1	Occupational health and safety management system		
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-9	Work-related injuries		
403-10	Work-related ill health		
<b>GRI 404: 2016</b>		<b>Training and Education</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
404-2	Programs for upgrading employee skills and transition assistance programs		
404-3	Percentage of employees receiving regular performance and career development reviews		
<b>GRI 405: 2016</b>		<b>Diversity and Equal Opportunity</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
405-1	Diversity of governance bodies and employees		
<b>GRI 406: 2016</b>		<b>Non-Discrimination</b>	
	<b>GRI Standards and Disclosures</b>	<b>Information</b>	<b>Omission</b>

GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach
406-1	Incidents of discrimination and corrective actions taken

<b>GRI 413: 2016</b>		<b>Local Communities</b>	
GRI Standards and Disclosures		Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
413-1	Operations with local community engagement, impact assessments, and development programs		
FS13	Access points in low-populated or economically disadvantaged areas		

<b>GRI 415: 2016</b>		<b>Public Policy</b>	
GRI Standards and Disclosures		Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
415-1	Political contributions		

<b>GRI 417: 2016</b>		<b>Marketing and Labeling</b>	
GRI Standards and Disclosures		Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
417-1	Requirements for product and service information and labeling		
417-3	Incidents of non-compliance concerning marketing communications		

<b>GRI 418: 2016</b>		<b>Customer Privacy</b>	
GRI Standards and Disclosures		Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

<b>GRI 419: 2016</b>		<b>Socioeconomic Compliance</b>	
GRI Standards and Disclosures		Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
419-1	Non-compliance with laws and regulations in the social and economic area		

The issue of tax compliance, mentioned under the economic topics, refers to the prevention of evasion of applicable tax obligations by LLB clients. For this reason, the GRI Standard 207, which predominantly relates to the tax practices of the reporting company, is not applied in this report.

Unless otherwise stated, the references in this index refer to this report. In some cases, disclosures are provided in our online document on management approaches to sustainability. In these cases, the relevant references are marked with "MA".