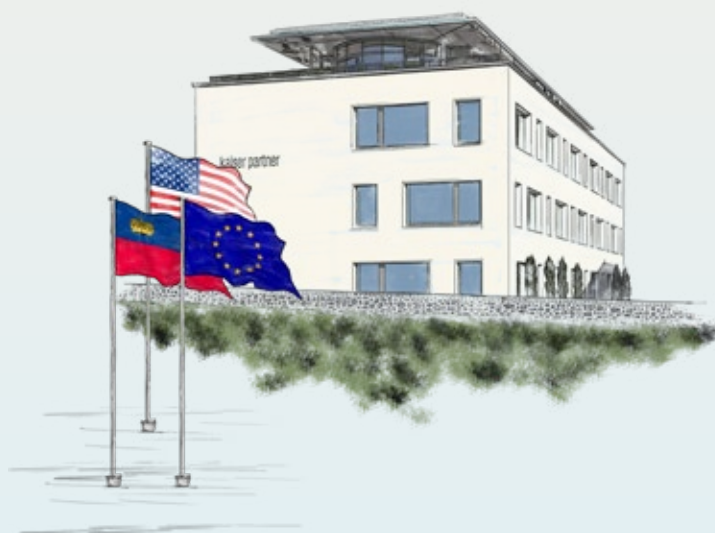




Kaiser Partner Privatbank



2021 Annual Report

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PRIVATE BANK

Key figures 2021 (consolidated)

(in CHF million, rounded)

12/31/2021

12/31/2020

Gross income	29.9	27.2
Annual profit	4.1	2.0
Equity before appropriation of profit	56.3	52.2
Total balance sheet	722.2	619.9
Assets under management	5,710.6	4,978.8
Number of staff (full-time equivalent, FTE)	75.7	74.7

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Kaiser Partner Privatbank Accelerates Growth and Significantly Boosts Earnings

Annual Report of the Chairman of the Board of Directors and the Board of Management of Kaiser Partner Privatbank

After a challenging year 2020, Kaiser Partner Privatbank successfully resumed its longer-term growth trajectory in 2021 with robust revenue and earnings. The net profit of CHF 4.1 million for the year amounts to more than double the profit earned in crisis-wracked 2020 (CHF 2.0 million). The rapid earnings recovery primarily owes to our continued vibrant organic growth: client assets increased by CHF 700 million (+15%) to CHF 5.7 billion on the back of a substantial net new money inflow (CHF 410 million) and an above-average performance by our asset management mandates. Good net income from trading and a moderate general and administrative cost base also contributed to the earnings result, compensating for the sustained pressure on net interest income.

With this profit performance, we reached another important stage in resuming earnings growth from 2021 onward from the pre-crisis level. The fact that we succeeded in doing this despite a persistent tough interest-rate environment and elevated financial-market volatility attests to the deep and growing trust that our clients place in us precisely even in times of crisis.

Kaiser Partner Privatbank and the Fritz Kaiser Group have always pledged their dedication to lastingly protecting their clients, assets across generations. We feel resolutely committed to this core corporate value to an even greater extent during times of geopolitical uncertainty because a partner in wealth matters is only reliable if it acts in the personal interests of its clients even in especially difficult times. This is the bedrock on which we build our confidence that together with our employees and the Kaiser Partner Group, we will continue to provide each and every one of our clients with the best possible service and will keep on growing together in 2022 and beyond in a changing political and social climate.

A Look Back on 2021: From One Wave to the Next

Alpha, Delta, Omicron

Whoever had been hoping for a swift return to business as usual in year 1 AC (after coronavirus) was bitterly disappointed in 2021. Last year instead saw a continuation of stop-and-start COVID-19 containment restrictions. The surfing on undulating coronavirus waves once again forced us to make compromises on leisure activities and/or brought unexpected downtime, and in any case, it gave us a crash course on virology and epidemiology. We now understand a lot about antigens, antibodies and reproduction rates. We know that a virus gets transmitted as an aerosol in enclosed unventilated spaces and that such aerosols particularly get expelled by singing and shouting. We also know that vaccinations against RNA viruses have only a limited period of effectiveness and do not prevent reinfection, and that superspreader events can occur. Last but not least, we all know the Greek alphabet by now.

Will the SARS-CoV-2 virus ever leave us in peace? We probably will have to learn to live with it, but even this new reality could end up feeling close to “normal” because the past two years of pandemic have fortunately also shown what impressive feats medical research is capable of achieving these days. Meanwhile, pharmaceutical manufacturers have already developed a vaccine response to the Omicron variant that was only just discovered in December. And with a bit of luck, this trend will continue and future virus variants will possibly become less pathogenic even though they may be more contagious. A transition from pandemic to endemic in 2022 would be desirable for humanity.

Back to a Growth Trajectory (with Side Effects)

But there were already some glimmers of light last year from the perspective of economic activity. Although macroeconomic data were exceptionally volatile, making any attempt at forecasting correspondingly difficult, the adverse economic effects of the containment restrictions repeatedly induced by the virus diminished with each new wave. And not just that, fiscal stimulus and monetary policy accommodation enabled the US economy to bounce back from the COVID-19 growth contraction by as quickly as the third quarter and to post GDP growth of +5.7% for the full year, its highest growth rate since 1984. The national economies of Europe almost matched this rebound and likewise grew vibrantly, albeit with substantial regional differences. France was the growth frontrunner among the four largest Eurozone countries while Germany, whose economy is heavily dependent on manufacturing and exports, was the laggard, justifiably so because the path back to a growth trajectory in 2021 was strewn with hindrances. One of them was clogged global supply chains caused by a cocktail composed of COVID-19 disruptions, a massive surge in demand and supply bottlenecks.

The backup of more than 100 cargo ships waiting at anchor off the US West Coast and the stranded container ship Ever Given stuck in the Suez Canal symbolized this side effect of the coronavirus pandemic. But the biggest macro surprise by far last year was inflation. This more or less abstract, extremely complex statistic, which can have a wide range of causes, does not progress linearly and is hard even for central banks to predict, made a veritable comeback in 2021 and surged to 7% in the USA at the turn of the year, jumping to its highest level in 40 years. Inflation climbed to levels long unseen on this side of the Atlantic as well in the Eurozone, the UK and Switzerland. By autumn, when US Federal Reserve Chairman Jerome Powell retired the word “transitory” in the face of astonishingly high and ever broader-based inflation, it became clear that the era of ultra-accommodative US monetary policy would soon draw to an end. Other central banks, including the European Central Bank, followed the US blueprint and have likewise embarked on a more restrictive policy course in the meantime.

Inflated Financial Markets

However, 2021 played out once more against the backdrop of cheap money. The glut of liquidity propelled the world equity market to a double-digit percent gain and muted volatility for the third consecutive year. The maximum drawdown of the US blue-chip S&P 500 index, for example, amounted to only around 5%. Even the collapse of Chinese real estate behemoth Evergrande remained largely a local event and was reflected at the most in the poor performance of emerging-market stocks. Driven by the big technology stocks, the US equity market turned in another above-average performance last year, advancing almost 30%. But not every story resonated with investors throughout the year. Some ultra-hyped but mostly unprofitable growth companies already lost a lot of (hot) air during the course of 2021. Investors also subjected IPOs to a reality check – around two-thirds of the almost 400 newly listed stocks on exchanges in the USA were trading in the red at year-end.

Certain signs of fatigue ultimately also set in among Robinhood traders, who jumped on the stock-market bandwagon in grand fashion during the throes of the COVID-19 pandemic but whose trading activity noticeably waned over the course of 2021. Meanwhile, unabated investor interest in private-market assets was observable last year. In fact, the private equity industry experienced an unprecedented boom, breaking records also in terms of both the number and size of transactions and posting a stellar performance. Signs of a certain degree of overheating, such as the rollout of ever larger new private equity funds at ever shorter intervals, are now unmistakable in this investment segment as well. In the fixed-income sector, meanwhile, the long-existing risk of a poor risk/reward tradeoff for this asset class finally became a real problem because market interest rates, breakaway from their pandemic lows and their occasional sharp moves upward were inevitably associated with price drawdowns. The turnaround in market interest rates was particularly caused by a combination of accelerating economic growth and mounting inflation. The latter was also reflected in commodity prices, which rose (almost) across the board for everything from crude oil and industrial metals to agricultural commodities. Precious metals were the only items that didn't join the rally, and gold failed to live up to its reputation as a protector against inflation last year at least.

Financial Results for 2021

Growth-Driven Increase in Earnings and Client Assets

Client assets under management were boosted by CHF 732 million in 2021, from CHF 4.979 billion to CHF 5.711 billion, equating to a year-on-year increase of 15%. The pleasing growth resulted from a CHF 410 million net inflow of new money and a positive market effect amounting to CHF 322 million. Our corporate values conveyed and our holistic wealth management model continue to have sound appeal even in an environment pervaded by uncertainty. The high discretionary asset management ratio of 29% underscores clients' acceptance of our asset management expertise, which is based on an approach that strives for sustainability.

In a continued challenging market climate and amid mounting regulatory and margin pressure, Kaiser Partner Privatbank doubled its net profit from the previous year to CHF 4.1 million for 2021 despite the difficult negative interest-rate environment and uncertainties regarding the evolution of the pandemic.

Gross income for the reporting period was boosted by 10% to CHF 29.9 million. Commission and service income increased 7% to CHF 17.8 million on the back of the growth in client assets. Robust income from currency hedging transactions caused earnings from financial transactions to jump 43% to CHF 8.0 million. The only decrease was in net interest income, which fell by CHF 0.9 million, or 18%, to CHF 3.8 million as a result of interest-rate cuts around the world due to the pandemic.



In spite of expenditures in connection with the pandemic and investments in information technology and human resources development, operating expenses were held slightly below the previous years level and amounted to CHF 21.0 million for 2021. Rigorous cost management lowered general and administrative expenses by CHF 0.8 million while personnel expenses increased moderately by CHF 0.6 million. Kaiser Partner Privatbank had an employee headcount of 83 people (75.7 full-time equivalents) as of end 2021.

Total assets on the balance sheet of Kaiser Partner Privatbank amounted to CHF 722 million as of December 31, 2021, increasing by CHF 102 million, or 16%, in 2021. On the assets side, receivables due from banks particularly increased by CHF 65 million (+45%) while receivables due from clients rose by CHF 12 million (+18%). Liabilities owed to clients climbed 19%, from CHF 554 million to CHF 659 million.

Solid Equity Base

The equity base as of December 31, 2021, increased by 8% year-on-year to CHF 56.3 million, mainly as a result of retained earnings. With a Tier 1 ratio of 19.4% after the distribution of dividends, Kaiser Partner Privatbank remains very soundly capitalized.

Principles of Action of Kaiser Partner Privatbank

- We guarantee the necessary expertise through our focus on services and markets in which we reach a critical size.
- Close cooperation within the teams and seamless integration of external experts creates added value for our clients.
- Investments in people, knowledge, and systems guarantee more quality, safety and security, and efficiency.
- We act with all our stakeholders on the basis of a responsible value system geared toward working together over the long term.

Our Expertise on the US Market

Asset managers who are registered with the U.S. Securities and Exchange Commission (SEC) have special needs and requirements. Kaiser Partner Privatbank AG offers them attractive solutions for responsibly investing the money of their US clients. We benefit from our long-standing cooperation with Kaiser Partner Financial Advisors Ltd. in Zurich, which manages taxed assets of US citizens and has been successfully operating in this area since 2009.

Partner for External Asset Managers and Funds

As a custodian bank, our business clients, which include external asset managers and administrators of international investment funds, have their portfolios managed by Kaiser Partner Privatbank AG. Our experts concentrate on best-in-class products. They do not offer their own products – which also ensures the clients get independent advice when using our advisory services. More and more often, our cooperative partnerships are implemented using digital channels and are subject to ongoing development that is carried out jointly.

Outlook for 2022: A Variety of Challenges

Pivot in Monetary Policy

While the SARS-CoV-2 coronavirus hopefully sooner rather than later will no longer play much of a role this year, the inflation issue is unlikely to vanish from the agenda so quickly. Although energy price base effects and fading COVID-19 disruptions should cause inflation rates to gradually pull back over the course of this year, they probably will not return to pre-pandemic levels anytime soon. On the contrary, tight labor markets, the costs of the green transformation and looming wage-price spirals in some countries look set to keep inflation above most central banks, 2% target in the quarters and perhaps even in the years ahead. This therefore will have the biggest impact precisely on central banks and monetary policy. After more than a decade of ZIRP (zero interest rate policy) or even NIRP (negative interest rate policy), the era of cheap money now appears to be ending faster than the consensus had anticipated just a half-year ago. This transition back to a world in which risk-free assets resume yielding an appreciable interest rate to speak of has consequences. Rising interest rates could cause the rotation from growth to value stocks to continue on the financial markets. Moreover, a higher risk-free interest rate could lead to a compression of stock valuations because of the direct impact it has on the rate used to discount future cash flows. The psychological effects of returning monetary policy to normal also should not be underestimated. After many investors spent the last several years forced out of their comfort zones and ever higher up the risk ladder by ultralow interest rates, many of them may start to question the motto that “there is no alternative.” When yields on allegedly safe government bonds pick up again and when money even parked in a bank account starts to become viewed once more as a valid investment alternative, the riskiest segments of the financial market could come under pressure. If and when that happens, even the bursting of isolated bubbles cannot be ruled out. In any case, the looming regime change is bound to present a major challenge. We are more than eager to face this challenge head-on in our capacity as an asset manager and partner for existing and new clients.

Geopolitical Hotspots

Alongside the regime change described above, one of course also has to keep a close eye on geopolitical developments in the interests of foresightful and proactive asset management. Russia's assault on neighboring Ukraine is above all a humanitarian catastrophe. At the same time, it calls Europe's present security architecture into question and marks a geopolitical sea change. What threatens is nothing less than a new cold war in which the West finds itself confronted in the future with autocratic regimes in China and Russia, locked in a conflict that is likely to be conducted especially via economic sanctions, control of natural resources and cyberattacks. In a seemingly ever more uncertain world in which most of us are merely idle observers of geopolitical hotspots, its cyberattacks in particular that also affect us personally because governments and corporations are not the only targets, so are we as private individuals.

Although neither developments in the hotspots cited above nor the next phishing e-mail can be accurately predicted, one can nonetheless formulate a clear expectation for two major events on the world political agenda in 2022. Chinese President Xi Jinping looks destined to get elected to a third term in office at the 20th National Congress of the Communist Party in October in violation of term limits that have applied to date. In the medium term, this is bound to further reinforce nationalistic tendencies and China's increasingly assertive behavior on the international stage. China will also continue to pursue President Xi's goal of creating “common prosperity for all,” which will entail painful measures for some branches of the economy or some segments of the country's population. In the near term, though, economic stability will likely stand in the foreground in the runup to the party congress, so if in doubt, the government of China will probably err on the side of letting fiscal and monetary support measures take priority over painful reforms. The political situation facing China's biggest economic and political rival is shaping up entirely differently. President Joe Biden and the Democratic Party risk losing their narrow majority in both chambers of the US Congress in the midterm elections in November. If Biden doesn't dig his way out of his public approval ditch in the remaining months before the midterms, a period of political gridlock looms afterwards. Such a constellation would be neither unusual nor harmful for the financial markets – quite the contrary, in fact, because from a statistical standpoint, the year (2023) between a midterm and a presidential election year ranks among the best by far for the financial markets in the US presidential cycle.

No Time for Greenwashing

Be it the debasement of our currencies or (geo)political trouble spots, these risks quickly pale in the face of the threat of ever accelerating climate change. Hurricanes and tornados in the USA, droughts in South America and floods in Germany – there were plenty of object lessons in the dangers of climate change last year. Further catastrophes are not a question of if, but when. The Intergovernmental Panel on Climate Change made it clear in black and white in its latest report that global warming is caused by humans. The effects of climate change are exponential: they increasingly worsen as the Earth warms. They pose not “only” a threat of rising temperatures and melting icecaps, but also of water scarcity, mass migration, food shortage crises and a loss of prosperity. The time to take action is now. The present decade presumably gives us a brief remaining window of opportunity to bend the temperature curve to keep it from rising by more than 1.5 degrees Celsius.

The fact that the green transformation also requires compromises became evident again at the start of this year when the EU Commission rated natural gas and atomic energy as being “sustainable.” Private investment capital will also have a key role to play in overcoming “green challenges.” Enormous investments in renewable energy, electromobility, infrastructure and new technologies are needed to bring about the necessary greenhouse gas reductions. Responsibility and opportunity roll into one here for investors. We can contribute to halting climate change not just through our daily actions, but also via our assets – be it in dialogue with companies or through dedicated impact investments. Kaiser Partner Privatbank, in its role as a sustainability pioneer in Liechtenstein, will continue to assist you in this area this year by, for example, further expanding our private markets offerings.

Vaduz, March 2022



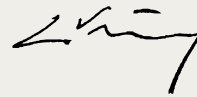
Fritz Kaiser

Chairman of the Board of Directors
Kaiser Partner Privatbank AG



Christian Reich

Chief Executive Officer
Kaiser Partner Privatbank AG



Christoph Küng

Member of the Board of Management
Kaiser Partner Privatbank AG



Hermann Neusüss

Member of the Board of Management
Kaiser Partner Privatbank AG



Franz Schädler

Member of the Board of Management
Kaiser Partner Privatbank AG



Roman Pfranger

Member of the Board of Management
Kaiser Partner Privatbank AG

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Consolidated Balance Sheet

As of December 31, 2021 (in CHF 1,000)

Assets		
	12/31/2021	12/31/2020
Cash and cash equivalents	108,278	84,604
Amounts due from banks	209,189	144,145
<i>On demand</i>	47,549	53,949
<i>Other receivables</i>	161,640	90,195
Amounts due from clients	76,454	64,928
<i>Mortgage receivables</i>	3,800	3,800
Bonds and other fixed-interest securities	279,793	274,650
<i>Bonds</i>	279,793	274,650
<i>from public-sector issuers</i>	48,190	48,759
<i>from other issuers</i>	231,603	225,891
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	0	0
Intangible assets	9,770	10,769
Property, plant, and equipment	26,571	27,245
Other assets	2,673	4,304
Accrued expenses and deferred income	9,462	9,294
Total assets	722,191	619,939

Liabilities

	12/31/2021	12/31/2020
Amounts owed to banks	1,878	8,125
<i>On demand</i>	1,815	8,040
<i>Other amounts owed</i>	63	86
Amounts owed to clients	659,305	554,421
<i>Other amounts owed</i>	659,305	554,421
<i>On demand</i>	604,406	531,079
<i>With agreed maturities or termination periods</i>	54,899	23,342
Other amounts owed	2,805	3,742
Accrued expenses and deferred income	1,459	1,322
Provisions	480	171
<i>Tax provisions</i>	462	153
<i>Other provisions</i>	18	18
Provisions for general banking risks	500	500
Subscribed capital	10,000	10,000
Retained earnings	41,657	39,641
<i>Legal reserves</i>	2,000	2,000
<i>Other reserves</i>	39,657	37,641
Annual profit	4,107	2,017
Total liabilities	722,191	619,939

Consolidated Off-Balance-Sheet Transactions

As of December 31, 2021 (in CHF 1,000)

Off-Balance-Sheet Transactions		
	12/31/2021	12/31/2020
Contingent liabilities	5,768	5,255
<i>Amounts owed from guarantees and indemnities as well as liability from the posting of collateral</i>	5,768	5,255
Derivative financial instruments		
<i>Contract volumes</i>	343,835	298,018
<i>Positive replacement values</i>	2,464	3,802
<i>Negative replacement values</i>	2,076	2,049
Fiduciary transactions	37,199	24,628
<i>Fiduciary investments at third-party banks</i>	37,199	24,628

Consolidated Income Statement

From January 1 to December 31, 2021 (in CHF 1,000)

Income Statement		
	2021	2020
Net interest income		
Interest income	6,211	6,441
<i>of which from fixed-interest securities</i>	4,845	4,630
Interest expenses	-2,433	-1,818
Subtotal of net interest income	3,777	4,623
Current income from securities		
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	0	0
Subtotal of income from securities	0	0
Profit from commission and service transactions		
Profit from commission and service transactions	19,333	18,062
<i>Commission income from credit transactions</i>	33	26
<i>Commission income from securities and investment transactions</i>	17,865	16,718
<i>Commission income from other service transactions</i>	1,434	1,318
Commission expenses	-1,543	-1,473
Subtotal of profit from commission and service transactions	17,789	16,589
Profit from financial transactions		
<i>of which from trading</i>	8,036	5,602
	8,010	5,598
Subtotal of profit from financial transactions	8,036	5,602
Other ordinary income		
Other ordinary income	263	358
Subtotal of other ordinary income	263	358
Gross income	29,865	27,171
Operating expenses		
Personnel expenses	-11,294	-10,664
<i>Wages and salaries</i>	-8,933	-8,206
<i>Social security contributions and expenses for pensions and support</i>	-2,105	-2,093
<i>of which for pensions</i>	-1,624	-1,617
<i>Other personnel expenses</i>	-256	-365
General and administrative expenses	-9,674	-10,438
Subtotal of operating expenses	-20,969	-21,102
Depreciation of property, plant, and equipment/amortization of intangible assets	-3,954	-3,580
Other ordinary expenses	-303	-321
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	-60	4
Earnings from normal business activity	4,580	2,172
Income tax	-473	-155
Annual profit	4,107	2,017

Consolidated Cash Flow Statement

From January 1 to December 31, 2021 (in CHF 1,000)

Cash Flow Statement				
	2021		2020	
	Mittelherkunft	Mittelverwendung	Mittelherkunft	Mittelverwendung
Cash flow from operating earnings (internal financing)				
Annual result	4,107		2,017	
Depreciation and amortization of assets	3,954		3,580	
Valuation allowances and provisions	308			344
Accrued income and prepaid expenses		168		3,618
Accrued expenses and deferred income	137			190
Previous year dividend				750
Balance of cash flow from operating earnings (internal financing)	8,338		696	
Cash flow from equity transactions				
Accounted for through reserves				458
Balance of cash flow from equity transactions		0		458
Cash flow from transactions in assets				
Investment securities		5,143		53,358
Property, plant, and equipment		167		
Intangible assets		2,114		3,258
Participating interests				
Balance of cash flow from transactions in assets		7,424		56,616
Cash flow from banking business				
Short-term banking business (≤1 year)				
Amounts owed to banks		6,247	174	
Amounts owed to clients	104,884		27,733	
Other amounts owed		937	1,751	
Amounts due from banks		65,044	36,699	
Amounts due from clients		11,526	1,997	
Other assets	1,631			2,851
Liquidity				
Cash and cash equivalents		23,674		9,124
Balance of cash flow from banking business	-913		56,378	

Notes to the Consolidated Financial Statement

Notes on Business Activities

Kaiser Partner Privatbank focuses on asset management for a sophisticated, international clientele that is primarily from the United States of America, the United Kingdom and the DACH region (Germany, Switzerland, Austria).

Personnel

As of December 31, 2021, Kaiser Partner Privatbank had 83 employees (75.65 FTEs) (previous year: 81 employees, 71.65 FTEs).

Commission and Service Transactions

The primary activities of the Bank are asset management and investment advisory services. As a result, the majority of income from commission and service transactions can be attributed to commissions received in connection with securities trading on behalf of clients. Other important income components are securities management (including the investment fund business) and the brokerage of fiduciary investments.

Credit Transactions

As a matter of principle, the lending business is offered in conjunction with the asset management and investment business in return for Lombard collateral with application of margin requirements that are customary in banking. Only in exceptional cases does the Bank get involved in other ways.

Outsourcing

Kaiser Partner Privatbank procures comprehensive services from Avaloq Sourcing (Switzerland & Liechtenstein) Ltd as part of a business process outsourcing (BPO) arrangement. Avaloq Sourcing (Switzerland & Liechtenstein) Ltd processes all payment transactions and takes care of securities management. These activities are monitored at Kaiser Partner Privatbank.

Accounting and Valuation Principles

Principles

Bookkeeping, valuation, and accounting are in accordance with the provisions of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht; PGR), the Liechtenstein Banking Act (Bankengesetz, BankG) and the associated Liechtenstein Banking Ordinance (Bankenverordnung, BankV). The financial statement provides a true and fair representation of the financial position, income, and cash flows of Kaiser Partner Privatbank.

Consolidation Principles

The consolidated financial statement includes Kaiser Partner Privatbank AG in Vaduz and Kaiser Partner Financial Advisors Ltd. in Zurich. Kaiser Partner Financial Advisors Ltd. is fully consolidated. Assets and liabilities, as well as expenses and income, are recorded at 100%. Intercompany receivables and payables as well as expenses and income are offset against each other. For consolidation purposes, the accounting and valuation principles of Kaiser Partner Privatbank AG are also applied to the financial statement of Kaiser Partner Financial Advisors Ltd.

Recording of Business Transactions

All concluded business transactions are recorded on the balance sheet and income statement in accordance with established valuation principles. Each transaction is recorded and booked on the date of conclusion of the respective transaction.

Foreign Currencies

Amounts owed and due in foreign currencies are valued at the mean rate of exchange on the balance sheet date. The exchange rates prevailing on the transaction date are used for income and expenses. The exchange gains and losses resulting from the valuation were entered into the books, recognized in the income statement.

The following exchange rates were used for foreign currency conversion:

	12/31/2021	12/31/2020
USD	0.991350	0.885100
EUR	1.037572	1.082079
GBP	1.233512	1.208206

Cash and Cash Equivalents, Amounts Owed to and Due from Banks and Clients, and Securitized Liabilities

These are accounted for at nominal value. Valuation allowances are made for identifiable risks in accordance with the principle of prudence.

Impaired receivables, that is, receivables for which it is unlikely that the debtors will be able to meet their future obligations, are valued on an individual basis, and the impairment is covered by individual valuation allowances. Off-balance-sheet transactions such as firm commitments, guarantees, or derivative financial instruments are included in this valuation. Loans are classified as impaired at the latest when the contractually agreed payments of principal and/or interest are overdue by more than 90 days. Interest that is outstanding for more than 90 days is considered overdue. Loans are changed to interest-free if the possibility that the interest will be collected is so doubtful that accrual of this interest no longer makes sense.

Impairment is measured as the difference between the book value of the receivable and the expected recoverable amount, taking into account the counterparty risk and the net proceeds from valorization of any collateral. Individual valuation allowances are deducted directly from the corresponding asset items.

Bonds and Other Fixed-Interest Securities, Shares, and Other Non-Fixed-Interest Securities

Fixed-interest securities that are to be held until final maturity are valued according to the accrual method. Any premium or discount is accrued or deferred over the term until final maturity. Interest-related realized gains or losses from premature sale or repayment are accrued over the remaining term, that is, until the original final maturity. Interest income is included in the "Interest income" item. Equity and fixed-interest securities that are not held to maturity are valued at the lower of cost or market. Interest income is included in the "Interest income" item, dividend income in the "Current income from securities" item. Value adjustments are booked under the items "Depreciation of (or income from appreciation of) participating interests," "Shares in affiliated companies," and "Securities treated as assets."

Property, Plant, and Equipment, Tangible and Intangible Assets

Property, plant, and equipment are generally capitalized at cost less scheduled accumulated depreciation over their estimated useful lives based on economic criteria. Property, plant, and equipment are depreciated on a straight-line basis over a carefully estimated useful life of the assets (3 to 13 years). Real estate is depreciated over 50 years.

Objects used by the Bank as lessee within the scope of a finance lease are accounted for at their cash purchase value and depreciated over the respective term of the corresponding contract.

Acquired and internally generated intangible assets are accounted for if they will generate a measurable benefit for the company over several years. Expenses for establishment and expansion of business operations can be reported under intangible assets. Intangible assets are accounted for and valued according to the historical cost convention. The core banking system is amortized over 10 years. Other intangible assets are amortized on a straight-line basis over a carefully estimated useful life of four to five years.

The recoverability of tangible and intangible assets is assessed on each balance sheet date. If there are indications of impairment, the recoverable amount is calculated (impairment testing). If the book value exceeds the realizable value, an adjustment is made through unscheduled depreciations, recognized in the income statement.

Valuation Allowances and Provisions

Individual valuation allowances and provisions are made for all risks that can be identified on the balance sheet date in accordance with the principle of prudence. The valuation allowances are offset directly against the corresponding asset items. The provisions for taxes include accruals for taxes based on the results of the reporting year.

Provisions for General Banking Risks

Provisions for general banking risks are reserves formed as a precautionary measure to hedge against latent risks in the course of the Bank's business. Creation and release of provisions for general banking risks are reported separately on the income statement.

Off-Balance-Sheet Transactions

Off-balance-sheet transactions are reported at nominal value. Identifiable risks arising from contingent liabilities and other off-balance-sheet transactions are taken into account through the creation of provisions.

Derivative Financial Instruments

The replacement values of the individual contracts in derivative financial instruments are reported on a gross basis on the balance sheet and in the notes – positive and negative replacement values are not offset. The compensation account is reported on the balance sheet. Adjustments affecting income are shown on the income statement. All replacement values of contracts concluded for own account are reported. For client transactions, however, replacement values are only reported for over-the-counter (OTC) contracts and exchange-traded products if margin requirements are insufficient. Contract volumes and replacement values are shown under off-balance-sheet transactions and in the notes.

Changes in Accounting and Valuation Principles

The accounting and valuation principles have not changed since the previous year.

Risk Management

The fundamental aspects of risk management at Kaiser Partner Privatbank are an integral component of our general business policy within the framework of risk policy.

We thereby pursue the following objectives:

- Balanced, qualitative, and quantitative definition of risk-bearing capacity and risk appetite
- Creation of a risk culture that promotes risk-related controls and effective and efficient reporting
- Ensuring that Kaiser Partner Privatbank has a Risk Management organization with clear roles, responsibilities, rights, and duties
- Definition of a consistent risk management process, particularly the identification, measurement/assessment, control/limitation, and monitoring of all risks, and mitigation through appropriate measures
- Regulation of the reporting system, which allows the governing bodies of the Bank to obtain a comprehensive picture of the overall risk situation and fulfill their supervisory duties

Risk Management is based legally and operationally on the Liechtenstein Banking Act, the Liechtenstein Banking Ordinance, and the guidelines for risk management in accordance with the Annex to the Liechtenstein Banking Ordinance as well as on the Bank's own Articles of Association, Rules of Procedure, and internal guidelines and directives.

Counterparty Risks

As a matter of principle, the private bank only makes investments with counterparties with investment-grade ratings, which are restricted by limits and monitored daily. The creditworthiness of counterparties is continuously monitored by Risk Management.

Country Risks

Since Kaiser Partner Privatbank AG generally only grants secured loans to borrowers domiciled in countries of the Organization for Economic Cooperation and Development (OECD) and in Liechtenstein, the potential risk can be classified as low. Collateral is provided on the basis of prudently defined Lombard rates. With regard to country risks in the context of interbank transactions, the same criteria apply for selection of potential counterparties as set out under the "Counterparty Risks" section.

Trading and Use of Derivative Financial Instruments

Since Kaiser Partner Privatbank AG does not maintain a trading book, proprietary trading is only carried out on a small scale for the foreign exchange business. Derivative financial instruments are used exclusively within the scope of the client business or for hedging purposes, with both standardized and OTC derivatives being traded. Top-level Swiss and Liechtenstein banks serve as counterparties.

Market Risks

The risks in the banking book are primarily interest rate, currency, and exchange rate risks. Interest rate risks are controlled using strict rules regarding permitted maturity gaps. Interest rate swaps are concluded for larger maturity gaps. The risks are monitored using sensitivity limits. Interest rate sensitivity is a measure of the present value and income effect for the private bank resulting from a change in interest rates of 100 basis points. In addition, interest rate risks are monitored using active management of the balance sheet structure. In order to avoid incurring currency risks, investments are always made with matching currencies. Price risks are of subordinate importance due to the held-to-maturity approach.

Liquidity Risks

The private bank pursues a moderate investment strategy with a focus on constant availability of the necessary liquidity. Liquidity risks are monitored and controlled on an ongoing basis in accordance with the stipulations of banking law.

Personnel Risks/Remuneration Policy

Kaiser Partner Privatbank avoids taking disproportionately high risks by taking great care when hiring new employees. Great importance is attached to professional competence, moral integrity, and a consistent set of values. Remuneration policy is based on fixed non-performance-based remuneration without variable components. However, depending on the net income of Kaiser Partner Privatbank, an employee dividend may be paid by a related company.

Information on the Consolidated Balance Sheet

(in CHF 1,000)

Overview of Collateral for Loans and Off-Balance-Sheet Transactions

		Collateral type			Total
		Mortgage collateral	Other collateral	No collateral	
Loans					
Amounts due from clients		3,800	72,588	66	76,454
Total loans	12/31/2021	3,800	72,588	66	76,454
	12/31/2020	3,800	61,014	114	64,928
Off-balance-sheet					
Contingent liabilities		0	5,768	0	5,768
Total off-balance-sheet	12/31/2021	0	5,768	0	5,768
	12/31/2020	0	5,255	0	5,255
Impaired receivables			Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2021	Gross amount owed 60	0	60	60
	12/31/2020	0	0	0	0

Securities and Precious Metals Held as Assets

	Book value		Acquisition value		Market value	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Debt instruments						
of which valued according to the accrual method	279,793	274,650	300,214	299,268	287,100	286,184
of which valued at the lower of cost or market	0	0	0	0	0	0
Total	279,793	274,650	300,214	299,268	287,100	286,184
of which securities eligible as collateral at central banks	79,798	61,350	84,431	66,385	81,493	64,109

Statement of Changes in Fixed assets

	Reporting year							
	Acquisition value	Accumulated depreciation	Book value 12/31/2020	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation
Total securities and precious metals held as assets			274,650	77,109	-71,966	0	0	0
Total intangible assets	20,196	-9,426	10,769	2,114	0	0	0	-3,113
Tangible assets	3,100	0	3,100	128	0	0	0	-3
Real estate (bank building)	24,700	-1,482	23,218	0	0	0	0	-494
Property, plant, and equipment	6,455	-5,614	841	39	0	0	0	-321
Objects in finance leasing	150	-65	86	0	0	0	0	-23
Total property, plant, and equipment	34,406	-7,161	27,244	167	0	0	0	-840

	12/31/2021	12/31/2020
Fire insurance value of property, plant, and equipment (including IT equipment)	24,600	24,600
Fire insurance value of real estate	40,834	40,834

Pledged or Assigned Assets, Assets Subject to Retention of Title, and Lending Transactions and Repurchase Transactions with Securities

	12/31/2021	12/31/2020
Book value of the pledged or assigned assets (transferred by way of security)*	28,685	23,358
Actual liabilities	0	0
Lending and repurchase transactions with securities	0	0

* Financial assets that are primarily pledged for stock exchange deposits.

Amounts Owed to Own Pension Funds

Kaiser Partner Privatbank does not have its own pension fund.

Valuation Allowances and Provisions/Provisions for General Banking Risks

	As of 12/31/2020	Uses in conformity with the pur- pose	Recoveries, overdue interest, currency differences	New provi- sions charged to the income statement	Provisions released in favor of the income statement	As of 12/31/2021
Valuation allowances for default risks						
<i>Individual valuation allowances</i>	0	0	0	60	0	60
Other provisions	18	0	0	0	0	18
Provisions for taxes and deferred taxes	153	-153	0	462	0	462
Total valuation allowances and provisions	171	-153	0	522	0	540
<i>less valuation allowances</i>	0	0	0	-60	0	-60
Total provisions as per balance sheet	171	-153	0	462	0	480
Provisions for general banking risks	500	0	0	0	0	500

Share Capital

Please refer to the “Share capital” table in the notes to the individual financial statement.

Significant Shareholders

Please refer to the “Significant shareholders” table in the notes to the individual financial statement.

Statement of Equity

Equity at the beginning of the financial year	
Paid-up subscribed capital	10,000
Legal reserves	2,000
Other reserves	37,641
Provisions for general banking risks	500
Balance sheet profit	2,017
Total equity at the beginning of the financial year (before appropriation of profit)	52,157
– Dividend from the annual profit of the previous year	0
+ Profit of the financial year	4,107
Total equity at the end of the financial year (before appropriation of profit)	56,264
<i>of which paid-up subscribed capital</i>	<i>10,000</i>
<i>legal reserves</i>	<i>2,000</i>
<i>other reserves</i>	<i>39,657</i>
<i>provisions for general banking risks</i>	<i>500</i>
<i>balance sheet profit</i>	<i>4,107</i>

Maturity Structure of Assets, Amounts Owed, and Provisions

		Due						Total
		On sight	Callable	Within 3 months	After 3 up to 12 months	After 12 months up to 5 years	After 5 years	
Assets								
Cash and cash equivalents	108,278							108,278
Amounts due from banks	47,549	70,798	56,852	33,989				209,189
Amounts due from clients	3,117	5,224	30,331	37,782				76,454
Mortgage receivables				3,800				3,800
Participating interests								0
Other assets	1,447	1	24,504	30,423	232,553	3,000	36,341	328,270
Total assets 12/31/2021	160,391	76,023	111,687	102,195	232,553	3,000	36,341	722,192
12/31/2020	143,079	32,278	76,619	111,952	204,576	13,419	38,014	619,939

Amounts owed and provisions

Amounts owed to banks	1,878							1,878
Amounts owed to clients	604,406	11,574	42,518	807				659,305
<i>Other amounts owed</i>	604,406	11,574	42,518	807				659,305
Provisions (excluding provisions for general banking risks)				480				480
Other amounts owed	2,259	0	1,005	896	104			4,264
Total amounts owed 12/31/2021	608,543	11,574	43,522	2,182	104	0	0	665,926
12/31/2020	542,296	16,890	953	7,506	136	0	0	567,781

Amounts Due from or Owed to Affiliated Companies and Qualified Participants as Well as Loans to Members of Governing Bodies and Significant Transactions with Related Persons

12/31/2021 12/31/2020

Amounts due from affiliated companies (included in amounts due from clients)	0	0
Amounts due from qualified participants (included in amounts due from clients)	0	0
Amounts owed to affiliated companies (included in amounts owed to clients)	775	0
Amounts owed to qualified participants (included in amounts owed to clients)	2,930	3,519
Loans to members of governing bodies	0	0

Transactions with related persons (such as securities transactions, payment transactions, granting of loans, and compensation on deposits) are carried out on the same terms as those applied to third parties. Kaiser Partner Financial Advisors Ltd. was acquired during the reporting year and represented an affiliated company at the time of the transaction.

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/2021		12/31/2020	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	108,278		84,604	
Amounts due from banks	73,583	135,606	58,386	85,759
Amounts due from clients	27,207	49,247	21,527	43,401
<i>Mortgage receivables</i>	3,800		3,800	
Equities and other non-interest-bearing securities				
Bonds and other fixed-interest securities		279,793		274,650
Shares in affiliated companies				
Intangible assets	9,770		10,769	
Property, plant, and equipment	26,571		27,245	
Other assets	2,343	330	3,987	317
Accrued expenses and deferred income	1,456	8,006	1,330	7,963
Total assets	249,208	472,982	207,848	412,091

Liabilities				
Amounts owed to banks	1,862	16	8,056	69
Amounts owed to clients	264,600	394,705	265,521	288,900
Other amounts owed	2,736	69	3,619	123
Accrued expenses and deferred income	1,278	181	1,151	171
Provisions	462		153	
Other provisions	18		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	41,657		39,641	
Annual profit	4,107		2,017	
Total liabilities	327,220	394,971	330,676	289,263

Breakdown of Assets by Country or Group of Countries

	12/31/2021		12/31/2020	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	73,851	10.2	77,562	12.5
Switzerland	185,357	25.7	140,286	22.6
Europe	303,456	42.0	245,273	39.6
North and South America	95,981	13.3	108,378	17.5
Other	63,546	8.8	48,440	7.8
Total assets	722,191	100	619,939	100

Balance Sheet by Currencies

	Currencies				Total
	CHF	USD	EUR	Übrige	
Assets					
Cash and cash equivalents	103,449	122	4,642	64	108,278
Amounts due from banks	10,425	112,489	9,993	76,282	209,189
Amounts due from clients	16,111	28,206	25,297	6,840	76,454
<i>Mortgage receivables</i>	3,800				3,800
Equities and other non-interest-bearing securities					0
Bonds and other fixed-interest securities	43,900	138,388	69,564	27,941	279,793
Shares in affiliated companies					0
Intangible assets	9,770				9,770
Property, plant, and equipment	26,571				26,571
Other assets	2,673				2,673
Accrued expenses and deferred income	1,879	4,620	2,153	810	9,462
Total balance sheet assets	214,779	283,826	111,649	111,936	722,191
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	64,993	153,120	108,708	17,014	343,835
Total assets	279,772	436,946	220,357	128,950	1,066,026
Liabilities					
Amounts owed to banks	259	821	736	62	1,878
Amounts owed to clients	83,280	328,772	143,443	103,810	659,305
Other amounts owed	2,620	25	159		2,805
Accrued expenses and deferred income	1,381	77			1,459
Provisions	462				462
Other provisions	18				18
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	41,657				41,657
Annual profit	4,107				4,107
Total balance sheet liabilities	144,285	329,696	144,338	103,872	722,191
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	131,679	109,320	76,899	25,310	343,208
Total liabilities	275,964	439,016	221,237	129,182	1,065,399
Net position per currency	3,808	-2,070	-880	-232	

Other Assets and Other Amounts Owed

	12/31/2021	12/31/2020
Balance sheet items		
Positive replacement values	2,464	3,802
Compensation account	0	0
Input taxes	11	48
Accounts receivable	199	455
Settlement accounts	0	0
Total other assets	2,673	4,304
Negative replacement values	2,076	2,049
Compensation account	0	0
Accounts payable	493	587
Settlement accounts	236	1,106
Total other amounts owed	2,805	3,742

Information on Consolidated Off-Balance-Sheet Transactions

(in CHF 1,000)

Breakdown of Contingent Liabilities

	12/31/2021	12/31/2020
Credit guarantees	5,631	5,116
Other contingent liabilities	137	139
Total	5,768	5,255

Outstanding Derivative Financial Instruments

		Trading instruments			Hedging instruments		
		Positive replace- ment values	Negative replace- ment values	Contract volumes	Positive replace- ment values	Negative replace- ment values	Contract volumes
Foreign exchange							
Futures contracts		2,464	2,076	343,835			
Foreign exchange swaps							
Interest rate instruments							
Interest rate swaps							
Total before consideration of netting agreements	12/31/2021	2,464	2,076	343,835	0	0	0
	12/31/2020	3,802	2,049	298,018	0	0	0
		Positive replacement values (cumulative)			Negative replacement values (cumulative)		
Total after consideration of netting agreements	12/31/2021			2,464			2,076
	12/31/2020			3,802			2,049

Fiduciary Transactions

		Currencies, converted into CHF					Total in CHF 1,000
		CHF	USD	GBP	EUR	Other	
Fiduciary investments at third-party banks		0	37,199	0	0	0	37,199
Total	12/31/2021	0	37,199	0	0	0	37,199
	12/31/2020	0	23,588	0	0	1,040	24,628

Client Assets

	12/31/2021 in CHF million	12/31/2020 in CHF million.
Type of client assets		
Assets with management mandate	1,668	1,518
Other client assets	4,043	3,461
Total client assets (including double counts)	5,711	4,979
Of which double counts	455	426
Net new money inflow/outflow	410	269

Information on the Consolidated Income Statement

(in CHF 1,000)

Net Income from the Trading Business		
	2021	2020
Net trading income		
Precious metal business	0	0
Foreign exchange and foreign note and coin business	8,036	5,602
Total net trading income	8,036	5,602

Breakdown of Personnel Expenses		
	2021	2020
Personnel expenses		
Wages and salaries ¹⁾	8,933	8,206
Social security contributions and expenses for pensions and support	2,105	2,093
<i>of which for pensions</i>	<i>1,624</i>	<i>1,617</i>
Other personnel expenses	256	365
Total personnel expenses	11,294	10,664

For information on the remuneration of the members of the Board of Directors and the Board of Management, please refer to the Notes to the Financial Statement under "Breakdown of personnel expenses."

¹⁾ Includes accrued vacation entitlements.

In 2021, no additional employee dividend was paid by a related party to the employees of Kaiser Partner Privatbank (previous year: CHF 0).

Breakdown of General and Administrative Expenses		
	2021	2020
General and administrative expenses		
Expenditure on premises	468	454
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,573	5,855
Other operating expenses	3,633	4,129
Total general and administrative expenses	9,675	10,438

The consolidated return on capital as per Article 24e(1)(6) of the Lichtenstein Banking Ordinance (*Bankenverordnung*, BankV), calculated as the ratio of annual profit to total assets, amounts to 0.57% (previous year: 0.33%).

Disclosure in Accordance with Directive 2013/36/EU (CRD IV) and Regulation (EU) No. 575/2013 (CRR)

(in CHF 1,000)

Presentation of Eligible Own Funds		
	12/31/2021	12/31/2020
Core capital (before adjustment)	56,211	54,750
<i>of which minority interests</i>		
<i>of which "innovative" instruments</i>		
– <i>Surplus of expected losses according to the IRB approach less the valuation allowances made (Article 21(1)(d))</i>		
– <i>Net long position in own equities</i>		
– <i>Other elements to be deducted from core capital</i>	-9,770	-10,769
= <i>Eligible core capital (adjusted core capital)</i>	46,441	43,980
+ <i>Upper supplementary capital</i>		
+ <i>Lower supplementary capital</i>		
+ <i>Additional capital</i>		
– <i>Other deductions from supplementary capital, additional capital, and total capital</i>		
= Eligible own funds	46,441	43,980

Presentation of Required Own Funds		
	Method employed	12/31/2021 Own funds requirement
Credit risk	Standardized approach	14,766
<i>of which price risk in regard to equities in the banking book</i>		
Non-counterparty-related risks		40
Market risk	Standardized approach	181
<i>of which on interest rate instruments (general and specific market risk)</i>		
<i>of which on equities</i>		
<i>of which on foreign exchange and precious metals</i>		181
<i>of which on commodities</i>		
<i>of which for settlement and delivery risks</i>		
Operational risk	Basic indicator approach	4,129
Additional own funds		
Total minimum own funds		19,116
Capital conservation buffer		5,974
Total regulatory own funds required		25,090
Ratio of eligible/required own funds		1.85
Own fund ratios		
CET1 capital ratio		19.4%
Tier 1 capital ratio		19.4%

In accordance with the CRR regulation, disclosure is made at the level of the regulatory scope of consolidation. Further details can be found on our website www.kaiserpainertbank.

To the General Meeting of
Kaiser Partner Privatbank Ltd, Vaduz

Zurich, 29 March 2022

Statutory auditor's report on the audit of the consolidated financial statements



Audit opinion

We have audited the consolidated financial statements of Kaiser Partner Privatbank Ltd and its subsidiaries ("KPPB Group"), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 12 to 31) give a true and fair view of the consolidated financial position of KPPB Group as at 31 December 2021, and its consolidated financial performance for the year then ended in accordance with Liechtenstein law.



Basis for opinion

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

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

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



Key audit matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the consolidated financial statements.

Impairment of receivables from customers

Audit matter KPPB Group discloses receivables from customers at nominal value less any necessary value adjustments for potential risks.

The determination of value adjustments on impaired receivables is performed on a case-by-case basis and based on the difference between the carrying amount of a receivable or any higher limit and the estimated recoverable amount, taking into account the net income from the sale of securities.

Determining value adjustments for default risks from impaired receivables requires making estimates which involve significant judgments and may vary depending on the valuation.

As at 31 December 2021, loans to customers amount to CHF 76.5 million and represent about 11% of KPPB Group's assets, making impairment of receivables from customers a key audit matter.

KPPB Group describes the accounting and valuation principles applied to receivables from customers in the notes to the consolidated financial statements (page 19 of the annual report).

In addition, in its annual report KPPB Group states that in lending business loans are generally granted in connection with asset and investment management against collateral (lombard) and at margins that are customary in banking. Other lending commitments are offered only in exceptional cases by KPPB Group (page 18 of the annual report).

In the Risk Management chapter it is stated that, in principle, the Bank only grants secured loans to borrowers domiciled in OECD countries and Liechtenstein, so that, according to the Bank's assessment, potential risks can be considered as low (page 21 of the annual report). Furthermore, within the scope of monitoring loans to customers, the Bank regularly verifies the existence of overdrafts or shortfalls and thus whether value adjustments are necessary. This allows to make an assessment on whether customers can meet the contractually required repayments in full.

Our audit approach

Our audit included evaluating the process and related controls in connection with granting and monitoring loans as well as assessing the identification and determination of value adjustments for default risks from impaired receivables.

Our audit also included the inspection of the process regarding the determination and acceptance of securities customary in banking as well as the monitoring of loan margins on existing securities as cover for loans to customers.

Furthermore, on a sample basis we assessed the impairment of loans taking into account the corresponding securities and evaluated the procedures and assumptions used for the determination of value adjustments for default risks from impaired receivables. Our random sample from the population of all existing loans as at 31 December 2021 included a random selection as well as a risk-based selection of loans.

Our audit procedures did not lead to any reservations regarding the impairment of receivables from customers.



Other information in the annual report

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

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

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

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



Responsibilities of the Board of Directors for the consolidated financial statements

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

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



Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KPPB Group's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- ▶ Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on KPPB Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause KPPB Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements



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

We were elected as statutory auditor by the General Meeting on 17 June 2005. We have been the statutory auditor of KPPB without interruption since the financial year ending 31 December 2005.

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

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

- ▶ Regulatory audit according to article 37 et seq. Banking Act

Further, we declare that no prohibited non-audit services pursuant to article 5 para. 1 Regulation (EU) No. 537/2014 in accordance with article 10 para. 2 lit. f Regulation (EU) No. 537/2014.

Further Confirmations pursuant to Article 196 PGR

The consolidated management report (pages 4 to 9) has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated

financial statements and our understanding of KPPB Group and its environment does not contain any material misstatements.

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

Ernst & Young Ltd

Stefan Fuchs
Certified Public Accountant (FL/CH)
(Auditor in charge)

Sarah Demir
Certified Public Accountant (CH)

Contents of the Financial Statement of Kaiser Partner Privatbank AG

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Balance Sheet

As of December 31, 2021 (in CHF 1,000)

Assets		
	12/31/2021	12/31/2020
Cash and cash equivalents	108,276	84,594
Amounts due from banks	209,189	144,145
<i>On demand</i>	47,549	53,949
<i>Other receivables</i>	161,640	90,195
Amounts due from clients	76,454	65,178
<i>Mortgage receivables</i>	3,800	3,800
Bonds and other fixed-interest securities	279,793	274,650
<i>Bonds</i>	279,793	274,650
<i>from public-sector issuers</i>	48,190	48,759
<i>from other issuers</i>	231,603	225,891
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	500	500
Intangible assets	9,770	10,769
Property, plant, and equipment	26,571	27,245
Other assets	2,610	4,210
Accrued expenses and deferred income	9,460	9,282
Total assets	722,624	620,572

Liabilities

	12/31/2021	12/31/2020
Amounts owed to banks	1,878	8,125
<i>On demand</i>	1,815	8,040
<i>Other amounts owed</i>	63	86
Amounts owed to clients	660,079	555,059
<i>Other amounts owed</i>	660,079	555,059
<i>On demand</i>	605,181	531,717
<i>With agreed maturities or termination periods</i>	54,899	23,342
Other amounts owed	2,762	3,731
Accrued expenses and deferred income	1,359	1,188
Provisions	480	171
<i>Tax provisions</i>	462	153
<i>Other provisions</i>	18	18
Provisions for general banking risks	500	500
Subscribed capital	10,000	10,000
Retained earnings	33,843	33,843
<i>Legal reserves</i>	2,000	2,000
<i>Other reserves</i>	31,843	31,843
Profit carried forward	7,955	6,257
Annual profit	3,767	1,698
Total liabilities	722,624	620,572

Off-Balance-Sheet Transactions

As of December 31, 2021 (in CHF 1,000)

Off-Balance-Sheet Transactions		
	12/31/2021	12/31/2020
Contingent liabilities	5,768	5,255
<i>Amounts owed from guarantees and indemnities as well as liability from the posting of collateral</i>	5,768	5,255
Derivative financial instruments		
<i>Contract volumes</i>	343,835	298,018
<i>Positive replacement values</i>	2,464	3,802
<i>Negative replacement values</i>	2,076	2,049
Fiduciary transactions	37,199	24,628
<i>Fiduciary investments at third-party banks</i>	37,199	24,628

Appropriation of Profit

(in CHF 1,000)

The Board of Directors proposes to the General Meeting of Shareholders that the balance sheet profit as of December 31, 2021, be appropriated as follows:

Appropriation of Profit		
	12/31/2021	12/31/2020
Annual profit	3,767	1,698
Profit carried forward	7,955	6,257
Balance sheet profit	11,722	7,955
Appropriation of profit		
<i>Allocation to legal reserves</i>	0	0
<i>Allocation to other reserves</i>	0	0
<i>Payout of dividend</i>	1,250	0
Profit carried forward	10,472	7,955

Income Statement

From January 1 to December 31, 2021 (in CHF 1,000)

Income Statement		
	2021	2020
Net interest income		
Interest income	6,218	6,449
<i>of which from fixed-interest securities</i>	4,845	4,630
Interest expenses	-2,433	-1,818
Subtotal of net interest income	3,785	4,631
Current income from securities		
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	0	0
Subtotal of income from securities	0	0
Profit from commission and service transactions		
Profit from commission and service transactions	16,703	15,837
<i>Commission income from credit transactions</i>	33	26
<i>Commission income from securities and investment transactions</i>	15,213	14,458
<i>Commission income from other service transactions</i>	1,456	1,354
Commission expenses	-1,543	-1,473
Subtotal of profit from commission and service transactions	15,159	14,364
Profit from financial transactions		
<i>of which from trading</i>	8,036	5,602
	8,010	5,598
Subtotal of profit from financial transactions	8,036	5,602
Other ordinary income		
Other ordinary income	558	537
Subtotal of other ordinary income	558	537
Gross income	27,537	25,134
Operating expenses		
Personnel expenses	-10,224	-9,812
<i>Wages and salaries</i>	-8,031	-7,488
<i>Social security contributions and expenses for pensions and support</i>	-1,938	-1,959
<i>of which for pensions</i>	-1,487	-1,508
<i>Other personnel expenses</i>	-255	-365
General and administrative expenses	-9,006	-9,826
Subtotal of operating expenses	-19,231	-19,638
Depreciation of property, plant, and equipment/amortization of intangible assets	-3,954	-3,580
Other ordinary expenses	-53	-62
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	-60	0
Earnings from normal business activity	4,239	1,853
Income tax	-472	-154
Annual profit	3,767	1,698

Notes to the Financial Statement

Explanation on Business Activities

The explanations in regard to the consolidated financial statement (including disclosures about the company and risk management) also apply to the individual financial statement. For this reason, we do not repeat these explanations in the individual financial statement.

Accounting and Valuation Principles

With the following exception, the same principles and procedures apply as set out in the Notes to the Consolidated Financial Statement under the “Accounting and Valuation Principles” section.

In derogation from the accounting and valuation principles applied to the consolidated financial statement, shares in affiliated companies are carried at cost less any operationally necessary valuation allowances. The recoverability is assessed at least once a year.

Information on the Balance Sheet

(in CHF 1,000)

Overview of Collateral for Loans and Off-Balance-Sheet Transactions

		Collateral type			Total
		Mortgage collateral	Other collateral	No collateral	
Loans					
Amounts due from clients		3,800	72,588	66	76,454
Total loans	12/31/2021	3,800	72,588	66	76,454
	12/31/2020	3,800	61,264	114	65,178
Off-balance-sheet					
Contingent liabilities		0	5,768	0	5,768
Total off-balance-sheet	12/31/2021	0	5,768	0	5,768
	12/31/2020	0	5,255	0	5,255
Impaired receivables			Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2021	Gross amount owed 60	0	60	60
	12/31/2020	0	0	0	0

Securities and Precious Metals Held as Assets

We refer to the “Securities and Precious Metals Held as Assets” table of the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Shares in Affiliated Companies

	12/31/2021	12/31/2020
Without market value	500	500
Total shares in affiliated companies	500	500

Company name, registered office, business activity	Share capital	Share of voting rights in %	Share of capital in %
Kaiser Partner Financial Advisors Ltd., Zurich Asset management	500	100	100
Total loans 12/31/2021	500	100	100
12/31/2020	500	100	100

Statement of Changes in Fixed Assets

	Reporting year								Book value 12/31/2021
	Acquisition value	Accumulated depreciation	Book value 12/31/2020	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation	
Total securities and precious metals held as assets			274,650	77,109	-71,966	0	0	0	279,793
Total shares in affiliated companies	0	0	500	0	0	0	0	0	500
Total intangible assets	20,196	-9,426	10,769	2,114	0	0	0	-3,113	9,770
Tangible assets	3,100	0	3,100	128	0	0	0	-3	3,225
Real estate (bank building)	24,700	-1,482	23,218	0	0	0	0	-494	22,724
Property, plant, and equipment	6,455	-5,614	841	39	0	0	0	-321	560
Objects in finance leasing	150	-65	86	0	0	0	0	-23	63
Total property, plant, and equipment	34,406	-7,161	27,244	167	0	0	0	-840	26,572

	12/31/2021	12/31/2020
Fire insurance value of property, plant, and equipment (including IT equipment)	24,600	24,600
Fire insurance value of real estate	40,834	40,834

Pledged or Assigned Assets, Assets Subject to Retention of Title, and Lending Transactions and Repurchase Transactions with Securities

We refer to the “Pledged or Assigned Assets, Assets Subject to Retention of Title, and Lending Transactions and Repurchase Transactions with Securities” table of the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Amounts Owed to Own Pension Funds

Kaiser Partner Privatbank AG does not have its own pension fund.

Valuation Allowances and Provisions/Provisions for General Banking Risks

	As of 12/31/2020	Uses in conformity with the pur- pose	Recoveries, overdue interest, currency differences	New provi- sions charged to the income statement	Provisions released in favor of the income statement	As of 12/31/2021
Valuation allowances for default risks						
<i>Individual valuation allowances</i>	0	0	0	60	0	60
Other provisions	18	0	0	0	0	18
Provisions for taxes and deferred taxes	153	-153	0	462	0	462
Total valuation allowances and provisions	171	-153	0	522	0	540
<i>less valuation allowances</i>	0	0	0	-60	0	-60
Total provisions as per balance sheet	171	-153	0	462	0	480
Provisions for general banking risks	500	0	0	0	0	500

Share Capital

	12/31/2021			12/31/2020		
	Total nominal value	Quantity	Capital entitled to dividend	Total nominal value	Quantity	Capital entitled to dividend
Share capital						
Capital stock	10,000	10,000	10,000	10,000	10,000	10,000
Total share capital	10,000	10,000	10,000	10,000	10,000	10,000

Significant Shareholders

	12/31/2021		12/31/2020	
	Nominal	Share in %	Nominal	Share in %
With voting rights				
KBB Holding AG, Vaduz	10,000	100	10,000	100

KBB Holding AG is a wholly owned subsidiary of the KBB Foundation.

Statement of Equity

Equity at the beginning of the financial year	
Paid-up subscribed capital	10,000
Legal reserves	2,000
Other reserves	31,843
Provisions for general banking risks	500
Balance sheet profit	7,955
Total equity at the beginning of the financial year (before appropriation of profit)	52,298
– Dividend from the annual profit of the previous year	0
+ Profit of the financial year	3,767
Total equity at the end of the financial year (before appropriation of profit)	56,065
<i>of which paid-up subscribed capital</i>	<i>10,000</i>
<i>legal reserves</i>	<i>2,000</i>
<i>other reserves</i>	<i>31,843</i>
<i>provisions for general banking risks</i>	<i>500</i>
<i>balance sheet profit</i>	<i>11,722</i>

Maturity Structure of Assets, Amounts Owed, and Provisions

		Due						Total
		On sight	Callable	Within 3 months	After 3 up to 12 months	After 12 months up to 5 years	After 5 years	
Assets								
Cash and cash equivalents	108,276							108,276
Amounts due from banks	47,549	70,798	56,852	33,989				209,189
Amounts due from clients	3,117	5,224	30,331	37,782				76,454
<i>Mortgage receiv-ables</i>				3,800				3,800
Participating interests							500	500
Other assets	1,382	1	24,504	30,423	232,553	3,000	36,341	328,205
Total assets	12/31/2021	160,324	76,023	111,687	102,195	232,553	3,000	722,624
	12/31/2020	142,963	32,278	76,869	111,952	204,576	13,419	620,572

Amounts owed and provisions

Amounts owed to banks		1,878								1,878
Amounts owed to clients		605,181		11,574	42,518	807				660,079
<i>Other amounts owed</i>		605,181		11,574	42,518	807				660,079
Provisions (excluding provisions for general banking risks)						480				480
Other amounts owed		2,117		0	1,005	896	104			4,122
Total amounts owed 12/31/2021		609,176		11,574	43,522	2,182	104	0	0	666,559
12/31/2020		542,789		16,890	953	7,506	136	0	0	568,274

Amounts Due from or Owed to Affiliated Companies and Qualified Participants as Well as Loans to Members of Governing Bodies and Significant Transactions with Related Persons

	12/31/2021	12/31/2020
Amounts due from affiliated companies (included in amounts due from clients)	0	258
Amounts due from qualified participants (included in amounts due from clients)	0	0
Amounts owed to affiliated companies (included in amounts owed to clients)	775	638
Amounts owed to qualified participants (included in amounts owed to clients)	2,930	3,519
Loans to members of governing bodies	0	0

Transactions with related persons (such as securities transactions, payment transactions, granting of loans, and compensation on deposits) are carried out on the same terms as those applied to third parties. Kaiser Partner Financial Advisors Ltd. was acquired during the reporting year and represented an affiliated company at the time of the transaction.

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/2021		12/31/2020	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	108,276		84,594	
Amounts due from banks	73,583	135,606	58,386	85,759
Amounts due from clients	27,207	49,247	21,777	43,401
<i>Mortgage receivables</i>	3,800		3,800	
Equities and other non-interest-bearing securities				
Bonds and other fixed-interest securities		279,793		274,650
Shares in affiliated companies	500		500	
Intangible assets	9,770		10,769	
Property, plant, and equipment	26,571		27,245	
Other assets	2,280	330	3,892	317
Accrued expenses and deferred income	1,454	8,006	1,319	7,963
Total assets	249,642	472,982	208,481	412,091

Liabilities				
Amounts owed to banks	1,862	16	8,057	69
Amounts owed to clients	265,375	394,705	266,159	288,900
Other amounts owed	2,693	69	3,608	123
Accrued expenses and deferred income	1,178	181	1,017	171
Provisions	462		153	
Other provisions	18		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	33,843		33,843	
Profit carried forward	7,955		6,257	
Annual profit	3,767		1,698	
Total liabilities	327,653	394,971	331,310	289,263

Breakdown of Assets by Country or Group of Countries

	12/31/2021		12/31/2020	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	73,851	10.2	77,095	12.4
Switzerland	185,791	25.7	141,386	22.8
Europe	303,456	42.0	245,273	39.5
North and South America	95,981	13.3	108,378	17.5
Other	63,546	8.8	48,440	7.8
Total assets	722,624	100	620,572	100

Balance Sheet by Currencies

	Currencies				Total
	CHF	USD	EUR	Other	
Assets					
Cash and cash equivalents	103,447	122	4,642	64	108,276
Amounts due from banks	12,570	112,489	8,069	76,062	209,189
Amounts due from clients	13,967	28,206	27,221	7,060	76,454
<i>Mortgage receivables</i>	<i>3,800</i>				<i>3,800</i>
Equities and other non-interest-bearing securities					
Bonds and other fixed-interest securities	43,900	138,388	69,564	27,941	279,793
Shares in affiliated companies	500				500
Intangible assets	9,770				9,770
Property, plant, and equipment	26,571				26,571
Other assets	2,610				2,610
Accrued expenses and deferred income	1,877	4,620	2,153	810	9,460
Total balance sheet assets	215,213	283,826	111,649	111,937	722,624
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	64,993	153,120	108,708	17,014	343,835
Total assets	280,206	436,946	220,357	128,951	1,066,459
Liabilities					
Amounts owed to banks	259	821	736	62	1,878
Amounts owed to clients	84,037	328,790	143,443	103,810	660,079
Other amounts owed	2,577	25	159		2,762
Accrued expenses and deferred income	1,282	77			1,359
Provisions	462				462
Other provisions	18				18
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	33,843				33,843
Profit carried forward	7,955				7,955
Annual profit	3,767				3,767
Total balance sheet liabilities	144,700	329,714	144,338	103,872	722,624
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	131,679	109,320	76,899	25,310	343,208
Total liabilities	276,380	439,034	221,236	129,182	1,065,832
Net position per currency	3,826	-2,088	-879	-231	

Other Assets and Other Amounts Owed

	12/31/2021	12/31/2020
Balance sheet items		
Positive replacement values	2,464	3,802
Compensation account	0	0
Input taxes	11	48
Accounts receivable	136	360
Settlement accounts	0	0
Total other assets	2,610	4,210
Negative replacement values	2,076	2,049
Compensation account	0	0
Accounts payable	450	576
Settlement accounts	236	1,106
Total other amounts owed	2,762	3,731

Information on Off-Balance-Sheet Transactions

(in CHF 1,000)

Breakdown of Contingent Liabilities

We refer to the “Breakdown of Contingent Liabilities” table of the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Outstanding Derivative Financial Instruments

We refer to the “Outstanding Derivative Financial Instruments” table of the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Fiduciary Transactions

We refer to the “Fiduciary Transactions” table of the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Client Assets

	12/31/2021 in CHF million	12/31/2020 in CHF million
Type of client assets		
Assets with management mandate	1,647	1,518
Other client assets	4,035	3,438
Total client assets (including double counts)	5,682	4,956
Of which double counts	455	426
Net new money inflow/outflow	407	268

Information on the Income Statement

(in CHF 1,000)

Net Income from the Trading Business

Please refer to the "Income from the Trading Business" table in the Notes to the Consolidated Financial Statement (no deviation to the individual financial statement).

Breakdown of Personnel Expenses

	2021	2020
Personnel expenses		
Wages and salaries ¹⁾	8,031	7,488
Social security contributions and expenses for pensions and support	1,938	1,959
<i>of which for pensions</i>	1,487	1,508
Other personnel expenses	255	365
Total personnel expenses	10,224	9,812
Remuneration of the members of the Board of Directors	67	26
Remuneration of the members of the Board of Management	1,643	1,326

¹⁾ Includes accrued vacation entitlements.

In 2021, no additional employee dividend was paid by a related party to the employees of Kaiser Partner Privatbank (previous year: CHF 0).

Breakdown of General and Administrative expenses

	2021	2020
General and administrative expenses		
Expenditure on premises	371	381
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,411	5,746
Other operating expenses	3,225	3,699
Total general and administrative expenses	9,006	9,826

The return on capital as per Article 24e(1)(6) of the Liechtenstein Banking Ordinance (*Bankenverordnung, BankV*), calculated as the ratio of annual profit to total assets, amounts to 0.52% (previous year: 0.27%).

To the General Meeting of
Kaiser Partner Privatbank Ltd, Vaduz

Zurich, 29 March 2022

Statutory auditor's report on the audit of the financial statements



Audit opinion

We have audited the financial statements of Kaiser Partner Privatbank Ltd, which comprise the balance sheet as at 31 December 2021 and the income statement and notes for the year then ended, including a summary of significant accounting principles.

In our opinion, the financial statements (pages 40 to 42 and 44 to 55) give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance for the year then ended in accordance with Liechtenstein law.



Basis for opinion

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

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

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



Key audit matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

Impairment of receivables from customers

Audit matter Kaiser Partner Privatbank Ltd discloses receivables from customers at nominal value less any necessary value adjustments for potential risks.

The determination of value adjustments on impaired receivables is performed on a case-by-case basis and based on the difference between the carrying amount of a receivable or any higher limit and the estimated recoverable amount, taking into account the net income from the sale of securities.

Determining value adjustments for default risks from impaired receivables requires making estimates which involve significant judgments and may vary depending on the valuation.

As at 31 December 2021, loans to customers amount to CHF 76.5 million and represent about 11% of Kaiser Partner Privatbank Ltd assets, making impairment of receivables from customers a key audit matter.

Kaiser Partner Privatbank Ltd describes the accounting and valuation principles applied to receivables from customers in the notes to the consolidated financial statements (page 19 of the annual report).

In addition, in its annual report Kaiser Partner Privatbank Ltd states that in lending business loans are generally granted in connection with asset and investment management against collateral (lombard) and at margins that are customary in banking. Other lending commitments are offered only in exceptional cases by Kaiser Partner Privatbank Ltd (page 18 of the annual report).

In the Risk Management chapter it is stated that, in principle, Kaiser Partner Privatbank Ltd only grants secured loans to borrowers domiciled in OECD countries and Liechtenstein, so that, according to the assessment of Kaiser Partner Privatbank Ltd, potential risks can be considered as low (page 21 of the annual report). Furthermore, within the scope of monitoring loans to customers, Kaiser Partner Privatbank Ltd regularly verifies the existence of overdrafts or shortfalls and thus whether value adjustments are necessary. This allows to make an assessment on whether customers can meet the contractually required repayments in full.

Our audit approach

Our audit included evaluating the process and related controls in connection with granting and monitoring loans as well as assessing the identification and determination of value adjustments for default risks from impaired receivables.

Our audit also included the inspection of the process regarding the determination and acceptance of securities customary in banking as well as the monitoring of loan margins on existing securities as cover for loans to customers.

Furthermore, on a sample basis we assessed the impairment of loans taking into account the corresponding securities and evaluated the procedures and assumptions used for the determination of value adjustments for default risks from impaired receivables. Our random sample from the population of all existing loans as at 31 December 2021 included a random selection as well as a risk-based selection of loans.

Our audit procedures did not lead to any reservations regarding the impairment of receivables from customers.



Other information in the annual report

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

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

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

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



Responsibilities of the Board of Directors for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- ▶ Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements



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

We were elected as statutory auditor by the General Meeting on 17 June 2005. We have been the statutory auditor of Kaiser Partner Privatbank Ltd without interruption since the financial year ending 31 December 2005.

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

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

- ▶ Regulatory audit according to article 37 et seq. Banking Act

Further, we declare that no prohibited non-audit services pursuant to article 5 para. 1 Regulation (EU) No. 537/2014 in accordance with article 10 para. 2 lit. f Regulation (EU) No. 537/2014.

Further Confirmations pursuant to Article 196 PGR

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

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

Ernst & Young Ltd

Stefan Fuchs
Certified Public Accountant (FL/CH)
(Auditor in charge)

Sarah Demir
Certified Public Accountant (CH)

Board of Directors, Board of Management, Management Employees, and Auditors

As of February 1, 2022

Board of Directors	Fritz Kaiser, Vaduz, Liechtenstein (Chairman) Otmar Hasler, Gamprin-Bendern, Liechtenstein (Member) Philip Marcovici, Hong Kong (Member)
Board of Management	Christian Reich, Speicher (canton of Appenzell Ausserrhoden), Switzerland (Chief Executive Officer) Christoph Küng, Erlenbach (canton of Zurich), Switzerland (Member) Hermann Neusüss, Triesenberg, Liechtenstein (Member) Franz Schädler, Schaan, Liechtenstein (Member) Roman Pfranger, Maienfeld (canton of Graubünden), Switzerland (Member)
Vice-Directors	Daniela Tschirky, Flums Hochwiese (canton of St. Gallen), Switzerland Damien Wyss, Sax (canton of St. Gallen), Switzerland Rainer Nachbauer, Hohenems, Austria Stefan Lampert, Altdorf, Austria Michael Frei, Au (canton of St. Gallen), Switzerland Reto Geiser, Niederteufen (canton of Appenzell Ausserrhoden), Switzerland
Authorized representatives	Reinhard Matt, Schaan, Liechtenstein Thomas Knöpfel, Triesen, Liechtenstein Urs Bochsler, Sevelen (canton of St. Gallen), Switzerland Loredana Ospelt-Buonanno, Vaduz, Liechtenstein Mario Bernardini, Fläsch (canton of Graubünden), Switzerland Irfan Ebibi, Romanshorn (canton of Thurgau), Switzerland Claudio Fuchs, Rorschacherberg (canton of St. Gallen), Switzerland Sascha Fuchs, Vaduz, Liechtenstein Marco Inderwildi, Chur (canton of Graubünden), Switzerland Daniel Peherstorfer, Rankweil, Austria Sylvia Kölle, Bregenz, Austria Daniel Kieber, Schellenberg, Liechtenstein Patrick Heiniger, Abtwil (canton of St. Gallen), Switzerland
Internal audit	Grant Thornton Ltd., Zurich (canton of Zurich), Switzerland
Auditors	Ernst & Young Ltd, Zurich (canton of Zurich), Switzerland
Memberships	Liechtenstein Bankers Association Swiss Bankers Association

Precautionary note regarding statements on future developments:
This annual report contains statements about future developments.
These statements are subject to general and specific risks and uncertainties.

It is possible that presented and implied forecasts and results will not occur
or may deviate significantly from the expectations and intentions mentioned.
Please take these uncertainties into account when assessing statements about
future developments.

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