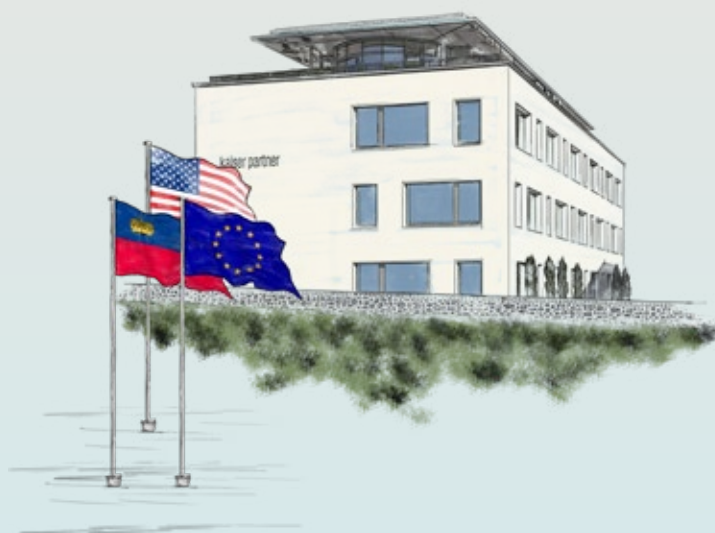




Kaiser Partner Privatbank



2022 Annual Report

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PRIVATE BANK

Key figures 2022 (consolidated)

(in CHF million, rounded)

12/31/2022

12/31/2021

Gross income	32.9	29.9
Annual profit	5.1	4.1
Equity before appropriation of profit	60.1	56.3
Total balance sheet	714.7	722.2
Assets under management	5,363.8	5,710.6
Number of staff (full-time equivalent, FTE)	79.6	75.7

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Kaiser Partner Privatbank achieves best result ever with systematic growth

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

In a very challenging market environment, Kaiser Partner Privatbank was able to build on the successes of recent years and report its best result to date with an annual profit of CHF 5.1 million. The CHF 1.0 million (up 24%) year-on-year improvement in profit was achieved through gross income of CHF 32.9 million (2021: CHF 29.9 million, up 10%) combined with a stable cost base (operating expenses of CHF 22.5 million versus CHF 21.0 million in 2021). Assets under management decreased slightly to CHF 5.4 billion (2021: CHF 5.7 billion) due to market conditions.

In recent years, Kaiser Partner Privatbank has laid a solid foundation for longer-term organic, systematically driven growth by constantly sharpening its focus on the needs of its clients, making improvements to its offering as a result, and carefully building up its network. The first successes of this strategy can be seen not least in the fact that, even in a financial year marked by considerable uncertainties, it was possible to generate solid net new money growth of CHF 187 million (3.3% of assets under management) and to further increase the profitability of the existing business. On its growth path, the bank pays the utmost attention to the security of client assets: with a core capital ratio of 19.8%, the bank remains very well capitalized and is exposed to changes in the interest rate market only to a manageable extent, in particular due to its low risk appetite in the lending business, which is limited to Lombard loans.

In the coming financial year and beyond, Kaiser Partner Privatbank, together with its partners both within and outside the Fritz Kaiser Group, will systematically pursue the course it has embarked upon and will continue and further accelerate its focused, prudent growth.

Review of the year 2022: Turn of the tide

A perfect storm

The still young 2020s remained true to their turbulent character last year. Corona 2020 and Börsenparty 2021 were followed by nothing less than the perfect storm. This overused, because too often cited, natural event actually took place last year in many respects. A war on the edge of Europe not only brought the sober realization that military conflicts are not limited to cyberspace alone even in the 21st century, but can still be fought out on the ground with all their devastating facets. It also revealed long-neglected economic dependencies and the (impotence) of economic sanctions. In order to make up for the shortfall of ever-decreasing Russian gas supplies and to fill up gas storage facilities, Europeans had to stock up on the world market during the summer at record prices of up to EUR 350 per megawatt hour.

Meanwhile, the European Union's response to Russia's aggression in the form of a scant dozen sanctions packages acted at best as a creeping poison. Despite all the horror, the initially formulated worst-case scenarios did not materialize last year, at least not in economic terms. Thanks to considerable savings efforts by industry and the population, new liquefied natural gas terminals and the warm winter, there was not only no gas shortage in Europe. Natural gas storage facilities were also more than comfortably full at the beginning of this spring, brightening the outlook for the winter of 2023/24. Not least thanks to the energy price brakes established by governments, the initially expected economic slump was also cancelled in the end. With the exception of individual countries such as Germany, where the recession was at least limited to its mildest or "technical" variant. What also failed to materialize, thanks to the (fragile) agreement on the transport of grain across the Black Sea, was a feared food crisis in the emerging economies. What could not be avoided or canceled, on the other hand, was a last stormy Corona wave in China. End, end, endemic- the world is now much closer to this desirable state. However, the Chinese "collateral damage" is likely to amount to seven-digit death tolls.

Comeback of inflation

In recent quarters, it was not only some politicians who saw a wvurnaround". Central banks also had to recalibrate their compass. In spring 2022 at the latest, it became clear that inflation was less "transitory" than initially assumed and/or hoped for. And so, as a result of constant revisions to inflation and growth expectations, the central bankers' forecasting pencil had not only shrunk noticeably by the end of the year, but also hardly seemed useful anymore. In retrospect, this hesitation forced the central banks to act all the more energetically. Inflation rates that reached four to five times the 2% inflation target in Europe and the U.S.A., and in some cases considerably more, resulted in nothing less than the most aggressive, globally synchronized cycle of interest rate hikes in more than 40 years. There were plenty of arguments for quickly moving key rates into the restrictive range, including the declining purchasing power of consumers and their slumping propensity to consume, as well as the danger of wage-price spirals. In the meantime, the peak of inflation has been overcome.

But the process of disinflation that is now taking place is also associated with imponderables, especially because it does not follow a linear path. This has already led to repeated hiccups on the financial markets in recent months. Despite the turnaround by the central banks, however, there is unlikely to be a rapid return to the permanently low pre-crisis inflation rates. Slightly higher inflation of between 2% and 3% is more likely in the future. This is supported above all by the four Ds: Demographics, decarbonization, deglobalization and (government) deficits. The recent inflation episode has impressively demonstrated the mitigating effect on debt mountains, which could be all too tempting for policymakers. As of today, however, there is no threat of permanently elevated inflation rates as in the 1970s and 1980s- market- and survey-based inflation expectations have remained anchored at low levels until recently.

No place to hide

The volatility of economic data and monetary policy was also reflected in the financial markets in 2022. For example, the abrupt unwinding of years of zero and negative interest rate policies resulted in an unprecedented simultaneous sell-off in equities and bonds. Even supposedly safe havens such as gold and real estate came under pressure in the face of the interest rate turnaround. There were hardly any places to hide. Among the few positive outliers was the energy sector, which for years was left to the side of investors stubbornly looking through ESG glasses due to its questionable environmental footprint. The resulting underperformance of green investment strategies was not the only reason for the first minor identity crisis of the fledgling sustainability industry. In the U.S. in particular, the three letters E, S and G were caught in the crossfire of politics or between party lines. In 2022, shares of substance were once again in demand on the stock market after a long time.

By contrast, companies whose sales and profits are not expected until well into the future had to pay tribute to the sharp rise in discount rates. "What goes up, must come down" - in the price charts of many unprofitable technology companies and crypto investments, the rollercoaster ride of the past two years left behind various pyramid formations and sometimes spectacular bankruptcies. The fact that a lot of air has escaped from some investment bubbles in the meantime, that many investors' dreams have burst, but also that a little more realism has returned, has its good side, just like the normalization of monetary policy. Because instead of TINA ("There is no alternative"), it is now TARA ("There are reasonable alternatives"). There are now new opportunities in many asset classes, without any financial alchemy. And after a long time, government bonds are once again a valid investment alternative with an increasingly attractive risk/return ratio.

Financial result 2022

Positive development in profit and net new client assets

In a persistently challenging market environment with uncertainties regarding the war and its impact on the global economy, increasing regulatory and margin pressure, the private bank generated a pleasing annual profit of CHF 5.1 million - the best annual result in the history of our bank and an increase of 24% compared to the previous year.

Client assets under management decreased to CHF 5,364 million in the year under review, a decline of 6%. However, the negative market developments were offset by a pleasing development in net new money inflows of CHF 187 million. The world of values conveyed and the holistic wealth management model have a healthy appeal even in an environment characterized by uncertainty. The high asset management ratio of 30% underlines the acceptance of our wealth management expertise, which is based on a sustainable approach.

For the reporting period, gross income increased by 10% to CHF 32.9 million. The main contributor was net interest income, which rose by CHF 1.7 million to CHF 5.4 million, an increase of 44%, as a result of global developments in the interest rate environment. Income from commission and service fee activities increased by 5% to CHF 18.6 million due to the positive development of new client money. Net income from financial operations improved by 7% to CHF 8.6 million thanks to good income from foreign exchange transactions.



Operating expenses rose by 7% to CHF 22.5 million due to investments in IT and personnel development. General and administrative expenses increased by CHF 0.6 million, while personnel expenses rose by CHF 0.9 million. At the end of 2022, Kaiser Partner Privatbank employed 88 people (79.6 FTE).

Kaiser Partner Privatbank's total assets amounted to CHF 715 million as at 31.12.2022 and decreased slightly by CHF 8 million or minus 1% in the reporting year. On the assets side, receivables from clients in particular increased by CHF 12 million (+16%), while those from banks fell by CHF 22 million (-11%). Due to customers decreased slightly by 2% from CHF 659 million to CHF 644 million.

Solid equity base

Mainly due to retained earnings, the equity base increased by 6% to 59.6 million as of December 31, 2022. With a tier 1 ratio of 19.8% after dividend distribution, Kaiser Partner Privatbank continues to be very solidly 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 2023: Between soft and hard landing

Central banks under scrutiny

As guardians of monetary stability, central banks have received an unusual amount of attention in recent months. While savers were happy about the return of interest rates, consumers were worried about the declining purchasing power of their wallets. As the year progresses, the Fed, ECB and SNB and their monetary policy decisions are likely to attract more than just the attention of the financial media. After all, their “job” is not yet done, and inflation is far from being in the target zone. However, setting the appropriate interest rate level is a science with multiple and ever-changing influencing factors and unknowns. Moreover, the interest rate moves of the past few quarters have long and variable lags. The challenge for the tone-setting U.S. Federal Reserve to bring about a “soft” landing is therefore far from trivial. This is also confirmed by a look at the history book, where this feat has never, or at least very rarely, been achieved, depending on the definition. After the Fed- like many others- initially overestimated inflation and stimulated the economy for too long, it is now threatening to make the opposite monetary policy mistake. With surprisingly good economic data, the U.S. economy proved resilient in the first quarter. “Higher for longer” key interest rates, however, could belatedly lead to a recession after all. There is no shortage of warning signals painting such a scenario on the wall.

One of the most prominent examples is the inverted yield curve, which has had an almost 100% hit rate in the past. In the equity markets, a textbook recession would most likely be associated with new lows and an extension of the bear market. But even in the absence of a major economic slump, falling profits are likely to exert gravity on the prices of listed companies in the 2023 investment year. Profit margins will remain under pressure, not least due to rising labor costs. So the investment environment could remain challenging this year. So far, quantitative tightening by central banks has only caused investor headaches in niches such as semi-liquid real estate funds. However, temporary distortions and liquidity bottlenecks due to the sharp rise in interest rates cannot be completely ruled out in other investment segments in the near future. In our function as asset manager and partner for existing and new clients, it remains our ambition to navigate prudently even in a difficult environment.

Ambivalent view on China

Even if the macroeconomic outlook for this year is only cautiously constructive overall, the economic bright spots should not be ignored. In addition to the sharp drop in energy prices compared with last summer, China is also likely to provide positive impetus. After the zero-covid policy there was quietly buried surprisingly early at the end of 2022 and at the most unfavorable time of year imaginable, the surprise element now lies in growth. At the beginning of the year, economic momentum picked up earlier than expected. Goldman Sachs estimates that the zero-covid policy has reduced Chinese GDP by four to five percentage points in almost three years of lockdown. The opening could now have an equally positive effect and is likely to spill over globally. With China accounting for about one-fifth of global economic output, the end of zero Covid could boost global growth by up to one percentage point in a best-case scenario. However, the boost to the global economy would only be temporary; in the long term, the growth locomotive is likely to stutter again due to a variety of structural challenges. The International Monetary Fund (IMF) sees China's growth rate falling to just 3.4% by 2028. In addition to pure growth considerations, however, the geopolitical dimension is becoming increasingly relevant with regard to the Middle Kingdom.

At the latest with the coronation of Xi Jinping as ruler for life at last year's 20th Party Congress of the Communist Party, a major geopolitical turn manifested itself and the China pendulum swung from opportunity to risk. The Sino-American decoupling continues at an accelerating pace. Europe is still fickle, but increasingly sees China as a competitor and rival rather than a partner. Economic opportunities are being displaced by terms like “friend” or “near-shoring” and corresponding business consequences, which are likely to have a longer half-life beyond last year. As much as the past few months have been dominated by the Ukraine conflict, in the long term China is the greater challenge for the politics and economy of the Western industrialized nations.

ESG 2.0

Last year was the warmest on record in much of Europe. But noting that weather does not equal climate does not help much. The weather has long since lost its fatefulness. Only those who close their eyes and ears and don't leave the house can still deny that climate change is progressing. But at the latest when you go to the supermarket and look at empty or high-priced vegetable shelves, it catches up with even them. The fact that many a coal-fired power plant was brought out of retirement in 2022 due to the energy crisis seems like a step in the wrong direction. But in fact, the crisis year of 2022 provided just one more reason to accelerate the green turnaround. And so the increasing alignment of economic, climate and security priorities with an eye on the world's climatic fever thermometer could also lead to a better outcome for people and the planet. Initiatives such as the Inflation Reduction Act in the United States or REPowerEU in Europe could prove to be engines of growth and jobs. The financial industry will play a significant role in the necessary transformation. To be sure, the "ESG" acronym suffered last year. Greenwashing scandals, regulatory confusion and definitional problems, however, can also be interpreted as growing pains for a megatrend that has long since entered the mainstream. Regulators around the globe are facing a mammoth task, but they have recognized the problems and are on the right track. In a few years, we may look back to the youth of ESG and live in an investment world of ESG 2.0 with products that are honest about what they do and don't do.

Our bank, however, has been living the philosophy of transparent sustainability for more than ten years and remains a pioneer in this field. For example, we now also enable our customers to make dedicated "impact" investments in the private markets. Foresight, stability and innovative strength - these are the attributes that Kaiser Partner Privatbank stands for. They have enabled us to successfully maneuver through a stormy 2022 and achieve the best results in the bank's history. Together with you - our clients - we will continue to try to successfully navigate around the cliffs that appear before us in the future. We look forward to this and thank you for your trust.

Vaduz, March 2023



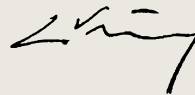
Fritz Kaiser

Chairman of the Board of Directors
Kaiser Partner Privatbank AG



Christian Reich

Chief Executive Officer
Kaiser Partner Privatbank AG



Christoph K  ng

Member of the Board of Management
Kaiser Partner Privatbank AG



Hermann Neus  ss

Member of the Board of Management
Kaiser Partner Privatbank AG



Franz Sch  dler

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, 2022 (in CHF 1,000)

Assets		
	12/31/2022	12/31/2021
Cash and cash equivalents	112,331	108,278
Amounts due from banks	186,920	209,189
<i>On demand</i>	27,745	47,549
<i>Other receivables</i>	159,174	161,640
Amounts due from clients	88,827	76,454
<i>Mortgage receivables</i>	3,800	3,800
Bonds and other fixed-interest securities	280,152	279,793
<i>Bonds</i>	280,152	279,793
<i>from public-sector issuers</i>	68,722	48,190
<i>from other issuers</i>	211,430	231,603
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	0	0
Intangible assets	8,334	9,770
Property, plant, and equipment	25,933	26,571
Other assets	2,405	2,673
Accrued expenses and deferred income	9,747	9,462
Total assets	714,651	722,191

Liabilities

	12/31/2022	12/31/2021
Amounts owed to banks	4,559	1,878
<i>On demand</i>	4,520	1,815
<i>Other amounts owed</i>	40	63
Amounts owed to clients	644,379	659,305
<i>Other amounts owed</i>	644,379	659,305
<i>On demand</i>	504,289	604,406
<i>With agreed maturities or termination periods</i>	140,090	54,899
Other amounts owed	2,084	2,805
Accrued expenses and deferred income	2,862	1,459
Provisions	698	480
<i>Tax provisions</i>	640	462
<i>Other provisions</i>	58	18
Provisions for general banking risks	500	500
Subscribed capital	10,000	10,000
Retained earnings	44,514	41,657
<i>Legal reserves</i>	2,000	2,000
<i>Other reserves</i>	42,514	39,657
Annual profit	5,054	4,107
Total liabilities	714,651	722,191

Consolidated Off-Balance-Sheet Transactions

As of December 31, 2022 (in CHF 1,000)

Off-Balance-Sheet Transactions		
	12/31/2022	12/31/2021
Contingent liabilities	6,608	5,768
Derivative financial instruments		
<i>Contract volumes</i>	258,663	343,835
<i>Positive replacement values</i>	2,153	2,464
<i>Negative replacement values</i>	1,364	2,076
Fiduciary transactions	114,274	37,199
<i>Fiduciary investments at third-party banks</i>	114,274	37,199

Consolidated Income Statement

From January 1 to December 31, 2022 (in CHF 1,000)

Income Statement		
	2022	2021
Net interest income		
Interest income	9,324	6,211
<i>of which from fixed-interest securities</i>	4,742	4,845
Interest expenses	-3,895	-2,433
Subtotal of net interest income	5,429	3,777
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	20,186	19,333
<i>Commission income from credit transactions</i>	37	33
<i>Commission income from securities and investment transactions</i>	17,847	17,865
<i>Commission income from other service transactions</i>	2,302	1,434
Commission expenses	-1,564	-1,543
Subtotal of profit from commission and service transactions	18,622	17,789
Profit from financial transactions		
<i>of which from trading</i>	8,586	8,036
Subtotal of profit from financial transactions	8,586	8,036
Other ordinary income		
Other ordinary income	294	263
Subtotal of other ordinary income	294	263
Gross income	32,931	29,865
Operating expenses		
Personnel expenses	-12,227	-11,294
<i>Wages and salaries</i>	-9,738	-8,933
<i>Social security contributions and expenses for pensions and support</i>	-2,217	-2,105
<i>of which for pensions</i>	-1,710	-1,624
<i>Other personnel expenses</i>	-272	-256
General and administrative expenses	-10,261	-9,674
Subtotal of operating expenses	-22,488	-20,969
Depreciation of property, plant, and equipment/amortization of intangible assets	-4,364	-3,954
Other ordinary expenses	-332	-303
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	-42	-60
Earnings from normal business activity	5,705	4,580
Income tax	-652	-473
Annual profit	5,054	4,107

Consolidated Cash Flow Statement

From January 1 to December 31, 2022 (in CHF 1,000)

	2022		2021	
	Origin of funds	Use of funds	Origin of funds	Use of funds
Cash flow from operating earnings (internal financing)				
Annual result	5,054		4,107	
Depreciation and amortization of assets	4,364		3,954	
Valuation allowances and provisions	218		308	
Accrued income and prepaid expenses		286		168
Accrued expenses and deferred income	1,403		137	
Previous year dividend		1,250		
Balance of cash flow from operating earnings (internal financing)	9,504		8,338	
Cash flow from equity transactions				
Accounted for through reserves				
Balance of cash flow from equity transactions		0		0
Cash flow from transactions in assets				
Investment securities		359		5,143
Property, plant, and equipment		242		167
Intangible assets		2,048		2,114
Participating interests				
Balance of cash flow from transactions in assets		2,649		7,424
Cash flow from banking business				
Short-term banking business (≤1 year)				
Amounts owed to banks	2,681			6,247
Amounts owed to clients		14,926	104,884	
Other amounts owed		721		937
Amounts due from banks	22,270			65,044
Amounts due from clients		12,374		11,526
Other assets	268		1,631	
Liquidity				
Cash and cash equivalents		4,053		23,674
Balance of cash flow from banking business	-6,854		-913	

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

Kaiser Partner Privatbank AG had 88 (FTE 79.55) employees as of December 31, 2022 (previous year 83, FTE 75.65).

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:

	12/31/2022	12/31/2021
USD	0.922100	0.991350
EUR	0.987385	1.037572
GBP	1.1151416	1.233512

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	84,999	29	88,827
Total loans	12/31/2022	3,800	84,999	29	88,827
	12/31/2021	3,800	72,588	66	76,454
Off-balance-sheet					
Contingent liabilities		0	6,456	152	6,608
Total off-balance-sheet	12/31/2022	0	6,456	152	6,608
	12/31/2021	0	5,768	0	5,768
Impaired receivables			Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2022	Gross amount owed	57	0	57
	12/31/2021	60	0	60	60

Securities and Precious Metals Held as Assets

	Book value		Acquisition value		Market value	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Debt instruments						
of which valued according to the accrual method	280,152	279,793	298,226	300,214	272,206	287,100
of which valued at the lower of cost or market	0	0	0	0	0	0
Total	280,152	279,793	298,226	300,214	272,206	287,100
of which securities eligible as collateral at central banks	101,697	79,798	107,479	84,431	98,897	81,493

Statement of Changes in Fixed assets

	Reporting year							
	Acquisition value	Accumulated depreciation	Book value 12/31/2021	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation
Total securities and precious metals held as assets			279,793	55,914	-55,555	0	0	0
Total intangible assets	22,310	-12,540	9,770	2,048	0	0	0	-3,484
Tangible assets	3,228	-3	3,225	0	0	0	0	-32
Real estate (bank building)	24,700	-1,976	22,724	0	0	0	0	-494
Property, plant, and equipment	0	0	0	242	0	0	0	-7
Property, plant and equipment	6,494	-5,935	559	0	0	0	0	-324
Objects in finance leasing	150	-88	63	0	0	0	0	-23
Total property, plant, and equipment	34,572	-8,002	26,571	242	0	0	0	-880

	12/31/2022	12/31/2021
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

	12/31/2022	12/31/2021
Book value of the pledged or assigned assets (transferred by way of security)*	29,759	28,685
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 12/31/2021	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 12/31/2022
Valuation allowances for default risks						
<i>Individual valuation allowances</i>	60	-15	-5	17	0	57
Other provisions	18	0	0	40	0	58
Provisions for taxes and deferred taxes	462	-462	0	640	0	640
Total valuation allowances and provisions	540	-477	-5	697	0	756
<i>less valuation allowances</i>	-60	15	5	-17	0	-57
Total provisions as per balance sheet	480	-462	0	680	0	698
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	39,657
Provisions for general banking risks	500
Balance sheet profit	4,107
Total equity at the beginning of the financial year (before appropriation of profit)	56,264
– Dividend from the annual profit of the previous year	1,250
+ Profit of the financial year	5,054
Total equity at the end of the financial year (before appropriation of profit)	60,068
<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>42,514</i>
<i>provisions for general banking risks</i>	<i>500</i>
<i>balance sheet profit</i>	<i>5,054</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		Immobi-lized
Assets									
Cash and cash equivalents	112,331							112,331	
Amounts due from banks	27,745	7,798	146,284	92	5,000			186,920	
Amounts due from clients	2,362	6,970	20,216	37,976	16,860	4,443		88,827	
<i>Mortgage receiv-ables</i>				3,800				3,800	
Participating interests								0	
Other assets	3,400	1	11,404	50,384	227,061	56	34,268	326,572	
Total assets	12/31/2022	145,839	14,769	177,904	88,452	248,921	4,499	34,268	714,652
12/31/2021	160,391	76,023	111,687	102,195	232,553	3,000	36,341	722,192	

Amounts owed and provisions

Amounts owed to banks	4,559							4,559
Amounts owed to clients	504,289	66,295	70,890	2,905				644,379
<i>Other amounts owed</i>	504,289	66,295	70,890	2,905				644,379
Provisions (excluding provisions for general banking risks)				698				698
Other amounts owed	2,088	4	834	487	1,533			4,946
Total amounts owed 12/31/2022	510,936	66,300	71,723	4,090	1,533	0	0	654,583
12/31/2021	608,543	11,574	43,522	2,182	104	0	0	665,926

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

12/31/2022 12/31/2021

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)	599	775
Amounts owed to qualified participants (included in amounts owed to clients)	1,647	2,930
Loans to members of governing bodies	0	0

Transactions with related parties (such as securities transactions, payment transactions, granting of loans and compensation on deposits) are carried out at conditions that apply to third parties. No material transactions with related parties were recorded in the reporting year or in the previous year.

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/2022		12/31/2021	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	112,331		108,278	
Amounts due from banks	114,718	72,202	73,583	135,606
Amounts due from clients	35,782	53,046	27,207	49,247
<i>Mortgage receivables</i>	3,800		3,800	
Equities and other non-interest-bearing securities				
Bonds and other fixed-interest securities		280,152		279,793
Shares in affiliated companies				
Intangible assets	8,334		9,770	
Property, plant, and equipment	25,933		26,571	
Other assets	2,153	251	2,343	330
Accrued expenses and deferred income	3,548	6,200	1,456	8,006
Total assets	302,800	411,851	249,208	472,982

Liabilities				
Amounts owed to banks	3,907	653	1,862	16
Amounts owed to clients	280,810	363,569	264,600	394,705
Other amounts owed	1,851	234	2,736	69
Accrued expenses and deferred income	1,152	1,710	1,278	181
Provisions	640		462	
Other provisions	58		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	44,514		41,657	
Annual profit	5,054		4,107	
Total liabilities	348,485	366,166	327,220	394,971

Breakdown of Assets by Country or Group of Countries

	12/31/2022		12/31/2021	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	68,672	9.6	73,851	10.2
Switzerland	243,127	34.0	185,357	25.7
Europe	246,710	34.5	303,456	42.0
North and South America	99,700	14.0	95,981	13.3
Other	56,441	7.9	63,546	8.8
Total assets	714,651	100	722,191	100

Balance Sheet by Currencies

	Currencies				Total
	CHF	USD	EUR	Übrige	
Assets					
Cash and cash equivalents	111,588	108	568	67	112,331
Amounts due from banks	9,488	72,437	69,239	35,756	186,920
Amounts due from clients	17,944	24,191	46,211	481	88,827
<i>Mortgage receivables</i>	3,800				3,800
Equities and other non-interest-bearing securities	0				0
Bonds and other fixed-interest securities	48,230	142,464	63,632	25,826	280,152
Shares in affiliated companies					0
Intangible assets	8,334				8,334
Property, plant, and equipment	25,933				25,933
Other assets	2,405				2,405
Accrued expenses and deferred income	2,220	3,483	3,388	656	9,747
Total balance sheet assets	226,142	242,684	183,037	62,787	714,650
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	46,248	120,270	62,251	29,893	258,663
Total assets	272,390	362,954	245,288	92,680	973,313
Liabilities					
Amounts owed to banks	42	3,733	643	141	4,559
Amounts owed to clients	109,828	273,065	183,543	77,943	644,379
Other amounts owed	1,833	4	247		2,084
Accrued expenses and deferred income	1,165	1,624	53	19	2,862
Provisions	640				640
Other provisions	58				58
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	44,514				44,514
Annual profit	5,054				5,054
Total balance sheet liabilities	173,635	278,427	184,486	78,103	714,650
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	93,786	87,287	61,633	14,929	257,635
Total liabilities	267,420	365,714	246,119	93,032	972,285
Net position per currency	4,970	-2,760	-831	-352	

Other Assets and Other Amounts Owed

	12/31/2022	12/31/2021
Balance sheet items		
Positive replacement values	2,153	2,464
Compensation account	0	0
Input taxes	9	11
Accounts receivable	244	199
Settlement accounts	0	0
Total other assets	2,405	2,673
Negative replacement values	1,364	2,076
Compensation account	0	0
Accounts payable	366	493
Settlement accounts	354	236
Total other amounts owed	2,085	2,805

Information on Consolidated Off-Balance-Sheet Transactions

(in CHF 1,000)

Breakdown of Contingent Liabilities

	12/31/2022	12/31/2021
Credit guarantees	5,513	5,631
Warranties and similar	943	137
Other contingent liabilities	152	0
Total	6,608	5,768

Other contingent liabilities include any costs incurred in connection with representation in a legal case.

Outstanding Derivative Financial Instruments

		Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
Foreign exchange							
Forward contracts		2,153	1,364	258,663			
Foreign exchange swaps							
Interest rate instruments							
Interest rate swaps							
Total before consideration of netting agreements	12/31/2022	2,153	1,364	258,663	0	0	0
	12/31/2021	2,464	2,076	343,835	0	0	0
		Positive replacement values (cumulative)			Negative replacement values (cumulative)		
Total after consideration of netting agreements	12/31/2022			2,153			1,364
	12/31/2021			2,464			2,076

Fiduciary Transactions

		Currencies, converted into CHF					Total in CHF 1,000
		CHF	USD	GBP	EUR	Other	
Fiduciary investments at third-party banks		500	107,102	747	5,924	0	114,274
Total	12/31/2022	500	107,102	747	5,924	0	114,274
	12/31/2021	0	37,199	0	0	0	37,199

Client Assets

	12/31/2022 in CHF million	12/31/2021 in CHF million.
Type of client assets		
Assets with management mandate	1,624	1,668
Other client assets	3,739	4,043
Total client assets (including double counts)	5,364	5,711
Of which double counts	382	455
Net new money inflow/outflow	187	410

Information on the Consolidated Income Statement

(in CHF 1,000)

Net Income from the Trading Business		
	2022	2021
Net trading income		
Precious metal business	0	0
Foreign exchange and foreign note and coin business	8,586	8,036
Total net trading income	8,586	8,036

Breakdown of Personnel Expenses		
	2022	2021
Personnel expenses		
Wages and salaries ¹⁾	9,738	8,933
Social security contributions and expenses for pensions and support	2,217	2,105
<i>of which for pensions</i>	1,710	1,624
Other personnel expenses	272	256
Total personnel expenses	12,227	11,294

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” in the individual statement.

¹⁾ Includes accrued vacation entitlements.

In 2022, an additional employee dividend in the amount of TCHF 561 was paid to the employees of Kaiser Partner Privatbank by a related company (previous year: TCHF 0).

Breakdown of General and Administrative Expenses		
	2022	2021
General and administrative expenses		
Expenditure on premises	421	468
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,973	5,573
Other operating expenses	3,867	3,633
Total general and administrative expenses	10,261	9,675

The consolidated return on capital pursuant to Art. 24e, para. 1, item 6 of the Banking Ordinance – calculated as the ratio of annual profit to total assets – is 0.71 % (previous year: 0.57 %).

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		
	12/31/2022	12/31/2021
Core capital (before adjustment)	59,636	56,211
<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>	-8,334	-9,770
= <i>Eligible core capital (adjusted core capital)</i>	51,302	46,441
+ <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	51,302	46,441

Presentation of Required Own Funds		
	Method employed	12/31/2022 Own funds requirement
Credit risk	Standardized approach	14,310
<i>of which price risk in regard to equities in the banking book</i>		
Non-counterparty-related risks		887
Market risk	Standardized approach	1,012
<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>		1,012
<i>of which on commodities</i>		
<i>of which for settlement and delivery risks</i>		
Operational risk	Basic indicator approach	4,469
Additional own funds		
Total minimum own funds		20,678
Capital conservation buffer		6,462
Total regulatory own funds required		27,140
Ratio of eligible/required own funds		1.89
Own fund ratios		
CET1 capital ratio		19.8%
Tier 1 capital ratio		19.8%

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.kaiserpainner.bank.

To the General Meeting of
Kaiser Partner Privatbank Ltd, Vaduz

Zurich, 24 April 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Kaiser Partner Privatbank Ltd and its subsidiaries (the “KPPB Group”), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated changes in equity and consolidated 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 financial position of KPPB Group as at 31 December 2022 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 these matters. 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 matters 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 88.9 million and represent about 12.5% 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 response

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 2022 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 and our auditor's reports thereon.

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

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

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



Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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, whether due to fraud or error, 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 the 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 the 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
- ▶ Service Organization Independent Assurance Report (ISAE 3402, Reasonable Assurance)
- ▶ Audit by the independent auditor on the requirements for the protection of shareholders pursuant to article 367 et seq. PGR

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 consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Stefan Fuchs
(Qualified
Signature)

Liechtenstein Certified Accountant
(Auditor in charge)



Sarah Demir
(Qualified
Signature)

Swiss Certified Accountant

Contents of the Financial Statement of Kaiser Partner Privatbank AG

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Balance Sheet

As of December 31, 2022 (in CHF 1,000)

Assets		
	12/31/2022	12/31/2021
Cash and cash equivalents	112,329	108,276
Amounts due from banks	186,920	209,189
<i>On demand</i>	27,745	47,549
<i>Other receivables</i>	159,174	161,640
Amounts due from clients	88,827	76,454
<i>Mortgage receivables</i>	3,800	3,800
Bonds and other fixed-interest securities	280,152	279,793
<i>Bonds</i>	280,152	279,793
<i>from public-sector issuers</i>	68,722	48,190
<i>from other issuers</i>	211,430	231,603
Equities and other non-fixed-interest securities	0	0
Shares in affiliated companies	500	500
Intangible assets	8,334	9,770
Property, plant, and equipment	25,698	26,571
Other assets	2,257	2,610
Accrued expenses and deferred income	9,720	9,460
Total assets	714,738	722,624

Liabilities

	12/31/2022	12/31/2021
Amounts owed to banks	4,559	1,878
<i>On demand</i>	4,520	1,815
<i>Other amounts owed</i>	40	63
Amounts owed to clients	644,978	660,079
<i>Other amounts owed</i>	644,978	660,079
<i>On demand</i>	504,889	605,181
<i>With agreed maturities or termination periods</i>	140,090	54,899
Other amounts owed	2,061	2,762
Accrued expenses and deferred income	2,780	1,359
Provisions	698	480
<i>Tax provisions</i>	640	462
<i>Other provisions</i>	58	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	10,472	7,955
Annual profit	4,845	3,767
Total liabilities	714,738	722,624

Off-Balance-Sheet Transactions

As of December 31, 2022 (in CHF 1,000)

Off-Balance-Sheet Transactions		
	12/31/2022	12/31/2021
Contingent liabilities	6,608	5,768
Derivative financial instruments		
<i>Contract volumes</i>	258,663	343,835
<i>Positive replacement values</i>	2,153	2,464
<i>Negative replacement values</i>	1,364	2,076
Fiduciary transactions	114,274	37,199
<i>Fiduciary deposits with third-party banks</i>	114,274	37,199

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, 2022, be appropriated as follows:

Appropriation of Profit		
	12/31/2022	12/31/2021
Annual profit	4,845	3,767
Profit carried forward	10,472	7,955
Balance sheet profit	15,317	11,722
Appropriation of profit		
<i>Allocation to legal reserves</i>	0	0
<i>Allocation to other reserves</i>	0	0
<i>Payout of dividend</i>	1,500	1,250
Profit carried forward	13,817	10,472

Income Statement

From January 1 to December 31, 2022 (in CHF 1,000)

Income Statement		
	2022	2021
Net interest income		
Interest income	9,324	6,218
<i>of which from fixed-interest securities</i>	4,742	4,845
Interest expenses	-3,895	-2,433
Subtotal of net interest income	5,429	3,785
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	17,550	16,703
<i>Commission income from credit transactions</i>	37	33
<i>Commission income from securities and investment transactions</i>	15,224	15,213
<i>Commission income from other service transactions</i>	2,289	1,456
Commission expenses	-1,564	-1,543
Subtotal of profit from commission and service transactions	15,986	15,159
Profit from financial transactions		
<i>of which from trading</i>	8,586	8,036
Subtotal of profit from financial transactions	8,586	8,036
Other ordinary income		
Other ordinary income	591	558
Subtotal of other ordinary income	591	558
Gross income	30,592	27,537
Operating expenses		
Personnel expenses	-11,042	-10,224
<i>Wages and salaries</i>	-8,747	-8,031
<i>Social security contributions and expenses for pensions and support</i>	-2,024	-1,938
<i>of which for pensions</i>	-1,552	-1,487
<i>Other personnel expenses</i>	-271	-255
General and administrative expenses	-9,574	-9,006
Subtotal of operating expenses	-20,616	-19,231
Depreciation of property, plant, and equipment/amortization of intangible assets	-4,356	-3,954
Other ordinary expenses	-82	-53
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	-42	-60
Earnings from normal business activity	5,496	4,239
Income tax	-651	-472
Annual profit	4,845	3,767

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			
		Mortgage collateral	Other collateral	No collateral	Total
Loans					
Amounts due from clients		3,800	84,999	29	88,827
Total loans	12/31/2022	3,800	84,999	29	88,827
	12/31/2021	3,800	72,588	66	76,454
Off-balance-sheet					
Contingent liabilities		0	6,456	152	6,608
Total off-balance-sheet	12/31/2022	0	6,456	152	6,608
	12/31/2021	0	5,768	0	5,768
Impaired receivables			Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2022	Gross amount owed	57	0	57
	12/31/2021	60	0	60	60

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

	12/31/2022	12/31/2021
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 12/31/2022	500	100	100
12/31/2021	500	100	100

Statement of Changes in Fixed Assets

	Reporting year								Book value 12/31/2022
	Acquisition value	Accumulated depreciation	Book value 12/31/2021	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation	
Total securities and precious metals held as assets			279,793	55,914	-55,555	0	0	0	280,152
Total shares in affiliated companies	0	0	500	0	0	0	0	0	500
Total intangible assets	22,310	-12,540	9,770	2,048	0	0	0	-3,484	8,334
Tangible assets	3,228	-3	3,225	0	0	0	0	-32	3,194
Real estate (bank building)	24,700	-1,976	22,724	0	0	0	0	-494	22,230
Property, plant, and equipment	6,494	-5,935	559	0	0	0	0	-324	236
Objects in finance leasing	150	-88	63	0	0	0	0	-23	40
Total property, plant, and equipment	34,572	-8,002	26,571	0	0	0	0	-873	25,699

	12/31/2022	12/31/2021
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 12/31/2021	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 12/31/2022
Valuation allowances for default risks						
<i>Individual valuation allowances</i>	60	-15	-5	17	0	57
Other provisions	18	0	0	40	0	58
Provisions for taxes and deferred taxes	462	-462	0	640	0	640
Total valuation allowances and provisions	540	-477	-5	697	0	756
<i>less valuation allowances</i>	-60	15	5	-17	0	-57
Total provisions as per balance sheet	480	-462	0	680	0	698
Provisions for general banking risks	500	0	0	0	0	500

Share Capital

	12/31/2022			12/31/2021		
	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

	12/31/2022		12/31/2021	
	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	11,722
Total equity at the beginning of the financial year (before appropriation of profit)	56,065
– Dividend from the annual profit of the previous year	1,250
+ Profit of the financial year	4,845
Total equity at the end of the financial year (before appropriation of profit)	59,660
<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>15,317</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		Immobi-lized
Assets									
Cash and cash equivalents		112,329							112,329
Amounts due from banks		27,745	7,798	146,284	92	5,000			186,920
Amounts due from clients		2,362	6,970	20,216	37,976	16,860	4,443		88,827
<i>Mortgage receivables</i>					3,800				3,800
Participating interests								500	500
Other assets		3,225		11,404	50,384	227,061	56	34,033	326,162
Total assets	12/31/2022	145,662	14,768	177,904	88,452	248,921	4,499	34,533	714,738
	12/31/2021	160,324	76,023	111,687	102,195	232,553	3,000	36,841	722,624

Amounts owed and provisions

Amounts owed to banks		4,559								4,559
Amounts owed to clients		571,184		0	70,890	2,905				644,978
<i>Other amounts owed</i>		571,184		0	70,890	2,905				644,978
Provisions (excluding provisions for general banking risks)						698				698
Other amounts owed		1,988		0	834	487	1,533			4,842
Total amounts owed 12/31/2022		577,731		0	71,723	4,090	1,533	0	0	655,078
	12/31/2021	609,176		11,574	43,522	2,182	104	0	0	666,559

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

	12/31/2022	12/31/2021
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)	599	775
Amounts owed to qualified participants (included in amounts owed to clients)	1,647	2,930
Loans to members of governing bodies	0	0

Transactions with related parties (such as securities transactions, payment transactions, granting of loans and compensation on deposits) are carried out at conditions that apply to third parties. No material transactions with related parties were recorded in the reporting year or in the previous year.

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/2022		12/31/2021	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	112,329		108,276	
Amounts due from banks	114,718	72,202	73,583	135,606
Amounts due from clients	35,782	53,046	27,207	49,247
<i>Mortgage receivables</i>	3,800		3,800	
Equities and other non-interest-bearing securities				
Bonds and other fixed-interest securities		280,152		279,793
Shares in affiliated companies	500		500	
Intangible assets	8,334		9,770	
Property, plant, and equipment	25,698		26,571	
Other assets	2,005	251	2,280	330
Accrued expenses and deferred income	3,520	6,200	1,454	8,006
Total assets	302,887	411,851	249,642	472,982

Liabilities				
Amounts owed to banks	3,907	653	1,862	16
Amounts owed to clients	281,409	363,569	265,375	394,705
Other amounts owed	1,828	234	2,693	69
Accrued expenses and deferred income	1,070	1,710	1,178	181
Provisions	640		462	
Other provisions	58		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	33,843		33,843	
Profit carried forward	10,472		7,955	
Annual profit	4,845		3,767	
Total liabilities	348,572	366,166	327,653	394,971

Breakdown of Assets by Country or Group of Countries

	12/31/2022		12/31/2021	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	68,672	9.6	73,851	10.2
Switzerland	243,215	34.0	185,791	25.7
Europe	246,710	34.5	303,456	42.0
North and South America	99,700	13.9	95,981	13.3
Other	56,441	7.9	63,546	8.8
Total assets	714,738	100	722,624	100

Balance Sheet by Currencies

	Currencies				Total
	CHF	USD	EUR	Other	
Assets					
Cash and cash equivalents	111,586	108	568	67	112,329
Amounts due from banks	9,488	72,437	69,239	35,756	186,920
Amounts due from clients	17,944	24,191	46,211	481	88,827
<i>Mortgage receivables</i>	3,800				3,800
Equities and other non-interest-bearing securities					0
Bonds and other fixed-interest securities	48,230	142,464	63,632	25,826	280,152
Shares in affiliated companies	500				500
Intangible assets	8,334				8,334
Property, plant, and equipment	25,698				25,698
Other assets	2,257				2,257
Accrued expenses and deferred income	2,192	3,483	3,388	656	9,719
Total balance sheet assets	226,229	242,684	183,037	62,787	714,737
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	46,248	120,270	62,251	29,893	258,663
Total assets	272,478	362,954	245,288	92,680	973,400
Liabilities					
Amounts owed to banks	42	3,733	643	141	4,559
Amounts owed to clients	110,409	273,083	183,543	77,943	644,978
Other amounts owed	1,810	4	247		2,061
Accrued expenses and deferred income	1,084	1,624	53	19	2,780
Provisions	640				640
Other provisions	58				58
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	33,843				33,843
Profit carried forward	10,472				10,472
Annual profit	4,845				4,845
Total balance sheet liabilities	173,704	278,445	184,486	78,103	714,738
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	93,786	87,287	61,633	14,929	257,635
Total liabilities	267,489	365,732	246,119	93,032	972,373
Net position per currency	4,988	-2,778	-831	-352	

Other Assets and Other Amounts Owed

	12/31/2022	12/31/2021
Balance sheet items		
Positive replacement values	2,153	2,464
Compensation account	0	0
Input taxes	9	11
Accounts receivable	95	136
Settlement accounts	0	0
Total other assets	2,257	2,610
Negative replacement values	1,364	2,076
Compensation account	0	0
Accounts payable	343	450
Settlement accounts	354	236
Total other amounts owed	2,061	2,762

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

	12/31/2022 in CHF million	12/31/2021 in CHF million
Type of client assets		
Assets with management mandate	1,608	1,647
Other client assets	3,730	4,035
Total client assets (including double counts)	5,338	5,682
Of which double counts	382	455
Net new money inflow/outflow	187	407

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

	2022	2021
Personnel expenses		
Wages and salaries ¹⁾	8,747	8,031
Social security contributions and expenses for pensions and support	2,024	1,938
<i>of which for pensions</i>	1,552	1,487
Other personnel expenses	271	255
Total personnel expenses	11,042	10,224
Remuneration of the members of the Board of Directors	77	67
Remuneration of the members of the Board of Management	1,685	1,643

¹⁾ Includes accrued vacation entitlements.

In 2022, an additional employee dividend in the amount of TCHF 561 was paid to the employees of Kaiser Partner Privatbank by a related company (previous year: TCHF 0).

Breakdown of General and Administrative expenses

	2022	2021
General and administrative expenses		
Expenditure on premises	329	371
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,805	5,411
Other operating expenses	3,440	3,225
Total general and administrative expenses	9,574	9,006

The return on capital pursuant to Art. 24e, para. 1, item 6 of the Banking Ordinance, calculated as the ratio of net profit to total assets, amounts to 0.68 % (previous year: 0.52 %).

To the General Meeting of
Kaiser Partner Privatbank Ltd, Vaduz

Zurich, 24 April 2023

Report of the statutory auditor

Report of the statutory auditor on the financial statements



Opinion

We have audited the financial statements of Kaiser Partner Privatbank Ltd (the “Company”), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 40 to 42 and 44 to 55) give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.



Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Key Audit Matters

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 these matters. 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 matters 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 2022, loans to customers amount to CHF 88.9 million and represent about 12.5% 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 response

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 2022 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 financial statements, the management report and our auditor's reports thereon.

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

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

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



Responsibilities of the Board of Directors for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 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 the Company 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 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
- ▶ Service Organization Independent Assurance Report (ISAE 3402, Reasonable Assurance)
- ▶ Audit by the independent auditor on the requirements for the protection of shareholders pursuant to article 367 et seq. PGR

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
(Qualified
Signature)

Liechtenstein Certified Accountant
(Auditor in charge)



Sarah Demir
(Qualified
Signature)

Swiss Certified Accountant

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

As of February 1, 2023

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, Vice Chairman of the Executive Board) 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 Daniel Peherstorfer, Rankweil, Austria
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 Kieber, Schellenberg, Liechtenstein Patrick Heiniger, Abtwil (canton of St. Gallen), Switzerland Bischof Sandro, Au (canton of St. Gallen), Switzerland Bär Roger, Arbon (canton of Thurgau), Switzerland Mathis Dominik, Wangs (canton of St. Gallen), Switzerland Ivan Obradovic, Rorschacherberg (canton of St. Gallen), Switzerland Peter Michel, Herisau (canton of Appenzell Ausserrhoden), 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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