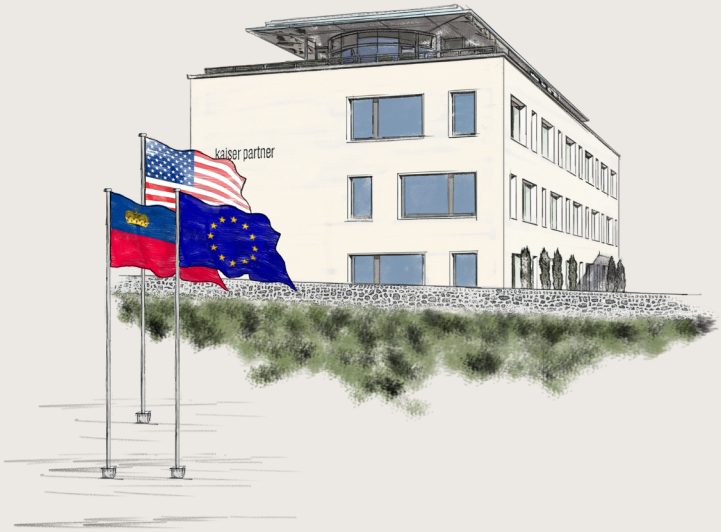
Kaiser Partner Privatbank



2020 Annual Report

kaiser.partner

Key figures 2020 (consolidated)*

(in CHF million, rounded)	12/31/2020	12/31/2019
Gross income	27.2	24.9
Annual profit	2.0	4.0
Equity before appropriation of profit	52.2	51.3
Total balance sheet	619.9	590.0
Assets under management	4,978.8	4,692.5
Number of staff (full-time equivalent, FTE)	71.7	68.9

* Prior-year figures are not consolidated and refer to Kaiser Partner Privatbank AG (individual financial statement).

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Kaiser Partner Privatbank Invests during Coronavirus Year and Continues Path of Growth

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

2020 was a special year also for Kaiser Partner Privatbank, accompanied by many challenges and opportunities. Our clients continued to place their trust in us even during one of the greatest crises of recent history. Despite the difficult environment, organic growth allowed client assets to grow by CHF 0.3 billion (+6%) to CHF 5 billion. In addition, the private bank was able to achieve excellent performance for its clients in asset management in markets that were volatile and torn by crises.

Total revenues grew by 9% to CHF 27.2 million in 2020. Commission and service income contributed roughly CHF 16.6 million to this, the same level as the previous year, and financial transactions contributed CHF 5.6 million (+33%). In the interest business, the Bank suffered a decline of 15% to CHF 4.6 million due to the cyclical interest rate cuts in March 2020 of approximately 2% by central banks, in particular by the Federal Reserve (Fed). With increased investments in digital initiatives and personnel as well as additional costs associated with the pandemic, operating expenses rose by 20% to CHF 21.1 million. This meant that net income for the year fell by CHF 2 million (previous year CHF 4 million).

Due to strong organic growth, profitability had already improved significantly in the second half of the year, and we expect earnings growth to continue from pre-crisis levels in 2021 and in the coming years.

Crisis Management Is More than Just Coping with Crises

We established a COVID-19 Task Force early in 2020. It closely monitored the situation not only from the point of view of epidemiology but also from an economic, political, and social perspective. Thanks to our operational coronavirus policy that was rapidly and systematically implemented, we succeeded in very quickly setting up a "split operations" system with location-independent, secure access to the systems together with our partner 21iLab. On this basis, we protected our employees while offering our clients the high level of uninterrupted service they have become accustomed to. Thanks to our long-term approach to investment geared toward sustainability, our clients' assets were protected from major losses during the price distortions in March and April 2020. The performance of our mandates, which compares favorably with that of our competitors, also demonstrates our success in this endeavor. We should mention in particular that the Kaiser Partner Privatbank Pension Fund recorded the highest performance of all pension funds in the country. We have thus done more than manage the consequences of the pandemic and its economic fallout; we made the best of the crisis for our employees and clients.

Opportunities in the Pandemic: Reinventing the Bank

For Kaiser Partner Privatbank, 2020 was also a year in which we sought opportunities even more actively than usual – loosely in accordance with the words of wisdom of Winston Churchill: "Never waste a good crisis." For example, during the market turmoil in the spring, we actively developed investment proposals for our clients to allow them to hedge their portfolios and launched a new minimum volatility mandate, enabling us to offer investment opportunities for clients during the crisis. Through the joint effort of several of our units, we also succeeded in winning the mandates of charitable foundations that are highly respected in the border triangle region. In this way, we tapped into a new market by consolidating and further developing our many years of expertise in the area of sustainability. As a signatory of the UN Principles for Responsible Investment (PRI, 2009) and the UNEP FI Principles for Responsible Banking (PRB, 2019), we adhere to the clear conviction that we will get better investment results by taking holistic sustainability criteria into account in our investment decisions, including the prioritization of environmental, social, and corporate governance (ESG) principles. At the same time, we also live up to our responsibility to the environment for the sake of future generations.

We are now actively serving our external asset management clients by contributing this expertise, which has also allowed us to achieve significant growth. Our product and service range is growing all the time and includes custody services, proprietary trading, fund services, securitization, digital interfaces, and tailored services such as custom brokerage solutions. We generated strong growth with existing and new clients in the area of securitization and custody for funds, further expanding our very successful network of external asset managers through initiatives that included a multiphase digital campaign. All of this was possible because we actively invested in understanding our clients' needs and identifying opportunities for them in 2020. In the years to come, we will expand and institutionalize these approaches so that we can further accelerate our growth trajectory.

Recognized as Liechtenstein's Best Private Bank

The values we convey, our holistic wealth management model, our renunciation of retrocession fees and embrace of sustainable pricing, the way we protect privacy in an increasingly digital environment, and our responsible methods of investment demonstrate that we are attractive to ever more clients and that all of this has a positive effect on our reputation. We are pleased that these values have also been honored accordingly in the latest rating by *World Finance* and that our company has once again been named Liechtenstein's Best Private Bank.

A Look Back on 2020: A Year for the History Books

"**Everything Centered around the Home**"

Every year makes history in its own unique way, but 2020 – as the coronavirus year – is likely to find a very special place in the history books and be remembered by everyone for a very long time to come. Starting in China, the coronavirus spread throughout the world in a matter of weeks, disrupting not only our daily routines but also business in general. World trade came to a temporary halt, and business meetings suddenly began to be held using videoconferencing (which soon became a matter of course). The pandemic accelerated several long-term trends, particularly within the scope of the digital transformation. Working from home, shopping online, and watching movies in your home using video streaming services – everything is now centered around the home, although this is probably (and hopefully) not going to be the case forever. However, these very things are now an integral part of life for a large segment of the population, and the term "social distancing" has also been on everyone's lips since last year.

The Economic Crisis Shifts Policymaking to Center Stage

The health crisis also brought about economic winners in the wake of the associated digital transformation wave, namely in the technology sector. However, the majority of sectors and industries were on the losing side of this revolution in 2020, at least for a brief period of time. Tourism is among the sectors that suffered the most and that continues to suffer from the COVID-19 crisis; this includes the airline industry, hotels and restaurants, and the leisure sector. On the other hand, industry in general also initially experienced a profound slump, but it was able to significantly recover from the second half of the year onwards. This was not least due to high demand from China, which implemented drastic measures to bring the pandemic under control relatively quickly. While the industrialized countries slipped into recession and the global economy slumped by-3.4% last year (as per OECD estimates), China was already on track for growth as of the second quarter of 2020 following a sharp downturn at the beginning of the year. The Chinese economic engine was so strong that capacity on container ships on the world's oceans were under strain again in the fall, and chip factories began to report production bottlenecks. However, shadows predominated on the economic front alongside such bright spots. In the United States, the unemployment rate rose to almost 15% at times, but the policy response was swift and comprehensive – far exceeding the economic support measures taken during the 2008 financial crisis. The US government passed two stimulus packages that totaled more than USD 3 trillion during the year, including stimulus checks for large segments of the population. Mitigating the economic damage was the top priority in Europe as well, with rising mountains of debt being pushed aside for the time being. In addition to each of the multi-billion euro economic stimulus programs of the individual European countries, the response to the economic crisis in terms of fiscal policy also included a EUR 750 billion reconstruction fund for the regions and economic sectors suffering the most harm.

A Downhill and Uphill Ride on the Financial Markets
With a gain of more than 13%, the MSCI World Index posted double-digit gains in the coronavirus year. Anyone who looked solely at the year-end statement for their investment portfolio but did not otherwise pay attention to the financial markets could easily overlook how turbulent things were during the year. Investors were forced to accept a correction of more than 30% in just five weeks – making it the fastest bear market of all time. Volatility was also a constant companion, with prices on Wall Street rising or falling by more than 1% on more than 110 days, that is, on almost every second trading day. Once again, the impetus for a V-shaped reversal in prices starting at the end of March and one of the strongest stock market rallies of all time was the central banks. Anyone who thought that their monetary policy powder was no longer dry given the already record-low interest rates and huge purchases of securities in the past was proven wrong. As the last year demonstrated, more can always be done. For example, the Fed created a half-dozen vehicles to not only purchase government bonds but also mortgage and corporate bonds, nipping any liquidity shortages in the bud. The Fed also purchased several trillion US dollars worth of securities. Central bankers in other countries took similar levels of action, with interest rates being cut wherever possible and central bank balance sheets continuing to grow.

Trump (Reluctantly) Leaves the White House
Due to the density of the events that took place during the pandemic year, many of the important things that happened quickly degenerated into footnotes when viewed in the rearview mirror. This would include Brexit, the formalities of which the United Kingdom and the European Union (EU) agreed upon at the last minute, with conclusion of the final treaty just as 2021 began. On the other hand, Donald Trump is likely to be remembered longer – as a constantly tweeting president who was the first in United States history to face two impeachment proceedings and who refused to accept his (clear) defeat in the US elections until the very end.

Financial Results for 2020

Continuing on a Course of Growth
With the acquisition of Kaiser Partner Financial Advisors at the beginning of 2020, the annual report is to be presented as a consolidated document for the first time. However, the acquisition has no significant impact on the financial position, income, and cash flows of the private bank.

In the reporting year marked by the COVID-19 pandemic, client assets under management increased overall by CHF 286 million, from CHF 4,693 million to CHF 4,979 million, representing an increase of 6%. The positive trend results from net inflow of new money in the amount of CHF 269 million and a positive market effect of CHF 17 million. It shows that the corporate values conveyed and the holistic wealth management model continue to be attractive in an environment marked by uncertainty. The high asset management ratio of 31% underscores the acceptance of our asset management expertise, which is based on an approach that strives for sustainability.

The private bank generated a consolidated net profit of CHF 2 million in a market environment that is persistently challenging and characterized by uncertainty in regard to ongoing developments in the pandemic, negative interest rates, high volatility in the financial markets, and rising regulatory and margin pressure.

Total gross income for the reporting period amounted to CHF 27.2 million, up 9% over the previous year's level. Thanks to the increase in client assets, income improved by 13% to CHF 16.6 million in commission and service transactions. Earnings from financial transactions even improved by 33% to CHF 5.6 million thanks to good income from currency hedging transactions. Only net interest income experienced a decrease, falling by CHF 0.8 million to CHF 4.6 million, which corresponds to a decline of 15% and is due to worldwide cuts in interest rates stemming from the pandemic.

Due to the expenses incurred in conjunction with the pandemic as well as investments in information technology and personnel, operating expenses increased by 20% to CHF 21.1 million compared to the previous reporting period. General and administrative expenses rose by CHF 1.5 million and personnel costs by CHF 1.9 million. At the end of 2020, Kaiser Partner Privatbank had 81 employees (71.65 FTEs).

The balance sheet total of Kaiser Partner Privatbank AG as of December 31, 2020, amounted to CHF 620 million, increasing by CHF 30 million or 5% in the reporting year. On the assets side, amounts due from banks fell by CHF 37 million (–20%), while amounts due from clients decreased by CHF 2 million (–3%). Amounts owed to clients increased by 5% from CHF 527 million to CHF 554 million.

Solid Equity Base

As of December 31, 2020, the equity base as defined by supervisory authorities increased by 8% to CHF 54.8 million, with this rise being primarily attributed to retained earnings. With a Tier 1 ratio of 19.4% after distribution of dividends, Kaiser Partner Privatbank continues to be on a very solid basis in terms of capitalization.

Principles of Action of Kaiser Partner Privatbank

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

Our Expertise on the US Market

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

Partner for External Asset Managers and Funds

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

Outlook for 2021: An Economic Recovery into a Greener Future?

A Boom to Follow the Recession

Following the sharp economic downturn last year, all signs for 2021 are clearly pointing toward growth. The upswing was delayed by the COVID-19 waves – either the second or third one, depending on how it is counted – and the slow start to the vaccination campaigns in many European countries at the beginning of the year. However, postponement of the recovery does not mean that it will not ultimately happen. Starting in the second quarter and as temperatures begin to warm, we can look forward to springtime also in the economic outlook. Due to the gradual lifting of restrictions, consumer demand, which was pent up for a long time, is likely to be unleashed in the coming months. In combination with the base effects, that is, the gloomy comparison to the previous year, growth rates are likely to pick up markedly starting in the summer at the latest. The overall growth rate of the global economy is likely to be well above the long-term average this year, with the United States likely to be one of the growth leaders. After the new President Joe Biden signed a third stimulus package totaling USD 1.9 trillion in March 2021, the COVID-19 aid now totals USD 5 trillion, corresponding to no less than 24% of the country's economic output. The fiscal injection of the US government is therefore quite a bit larger than that of other industrialized countries. As a result of the prospective economic boom, some are already forecasting risks associated with an overheated economy on the horizon. In any case, the dip in growth in the United States is expected to iron itself out by the end of the year at the latest.

Sustainability Now Indispensable

In the fight against climate change, the United States is also likely to want to play a bigger role again this year/decade. US President Biden sent important signals immediately after taking office by rejoining the Paris Climate Agreement and by halting construction of the Keystone XL oil pipeline to Canada. The energy sector is to be climate-neutral by 2035, and the entire country is to reach that point by 2050. In the next four years alone, USD 2 trillion are to be invested in green infrastructure. In terms of "green" ambitions, Europe is not too far behind. Flanked by the reconstruction fund NextGenerationEU (NGEU), the EU budget of EUR 1.8 trillion adopted at the end of 2020 is the largest ever. Some 30% of the funds – more than ever before – are to go towards climate change mitigation. However, it is not just in the policymaking sphere that there is great momentum in matters of sustainability; the green revolution in the financial markets is also likely to continue. Whether green government bonds, impact investments, or thematic funds – investment strategies that take into account environmental and social responsibility factors as well as aspects of (good) corporate governance (ESG) are likely to see high capital inflows again this year. Kaiser Partner Privatbank will remain true to its long-standing tradition as a pioneer in responsible investing and will further bolster its commitment in the ongoing year.

Navigating Markets with High Valuations

Apart from the opportunity for the environment to get a breath of fresh air in the face of reduced economic activity, one positive side effect of COVID-19 was undoubtedly the increased interest of households in investing in the stock market. Stock speculation from people's home offices or directly from their couches also led to short-term increases in price that were not based in reality. However, involvement of ever larger sections of the population in the financial markets is generally to be viewed as a positive development – especially if it is sustainable and takes place with a view to long-term value enhancement. In 2021, we remain committed to responsible investment and the generation of added value for our clients in accordance with this guiding principle. In view of the high valuation levels in almost all asset classes and the extremely low interest rates for fixed-income securities, this mandate represents a major challenge as well as an incentive to meet it. Through innovative and forward-looking investment solutions, we will continue to strive for good risk-adjusted returns and to be ranked among the best in the industry. We are certain that we will continue to be a modern and reliable partner for both existing and new clients in 2021.

Vaduz, April 2020

Fritz Kaiser
Chairman of the Board of Directors
Kaiser Partner Privatbank AG

Christian Reich
Chief Executive Officer
Kaiser Partner Privatbank AG

Christoph Küng
Member of the Board of Management
Kaiser Partner Privatbank AG

Hermann Neusüss
Member of the Board of Management
Kaiser Partner Privatbank AG

Franz Schädler
Member of the Board of Management
Kaiser Partner Privatbank AG

Roman Pfranger
Member of the Board of Management
Kaiser Partner Privatbank AG

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Consolidated Balance Sheet

As of December 31, 2020 (in CHF 1,000)

Assets	12/31/2020	12/31/2019
Cash and cash equivalents	84,604	75,480
Amounts due from banks	144,145	180,844
On demand	*53,949*	*65,732*
Other receivables	*90,195*	*115,112*
Amounts due from clients	64,928	66,925
Mortgage receivables	*3,800*	*3,800*
Bonds and other fixed-interest securities	274,650	221,289
Bonds	*274,650*	*221,289*
from public-sector issuers	*48,759*	*47,927*
from other issuers	*225,891*	*173,362*
Equities and other non-fixed-interest securities	0	3
Shares in affiliated companies	0	0
Intangible assets	10,769	10,255
Property, plant, and equipment	27,245	28,082
Other assets	4,304	1,453
Accrued expenses and deferred income	9,294	5,676
Total assets	**619,939**	**590,006**

Liabilities	12/31/2020	12/31/2019
Amounts owed to banks	8,125	7,951
On demand	*8,040*	*7,843*
Other amounts owed	*86*	*108*
Amounts owed to clients	554,421	526,688
Other amounts owed	*554,421*	*526,688*
On demand	*531,079*	*443,502*
With agreed maturities or termination periods	*23,342*	*83,186*
Other amounts owed	3,742	1,991
Accrued expenses and deferred income	1,322	1,511
Provisions	171	515
Tax provisions	*153*	*497*
Other provisions	*18*	*18*
Provisions for general banking risks	500	500
Subscribed capital	10,000	10,000
Retained earnings	39,641	36,805
Legal reserves	*2,000*	*2,000*
Other reserves	*37,641*	*34,805*
Annual profit	2,017	4,044
Total liabilities	**619,939**	**590,006**

Consolidated Off-Balance-Sheet Transactions

As of December 31, 2020 (in CHF 1,000)

Off-Balance-Sheet Transactions	12/31/2020	12/31/2019
Contingent liabilities	5,255	5,616
Amounts owed from guarantees and indemnities as well as liability from the posting of collateral	*5,255*	*5,616*
Derivative financial instruments		
Contract volumes	*298,018*	*224,167*
Positive replacement values	*3,802*	*1,180*
Negative replacement values	*2,049*	*1,210*
Fiduciary transactions	24,628	90,532
Fiduciary investments at third-party banks	*24,628*	*90,532*

Consolidated Income Statement

From January 1 to December 31, 2020 (in CHF 1,000)

Income Statement	2020	2019
Net interest income		
Interest income	6,441	8,505
of which from fixed-interest securities	*4,630*	*4,608*
Interest expenses	–1,818	–3,054
Subtotal of net interest income	**4,623**	**5,451**
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	18,062	16,104
Commission income from credit transactions	*26*	*74*
Commission income from securities and investment transactions	*16,718*	*14,816*
Commission income from other service transactions	*1,318*	*1,214*
Commission expenses	–1,473	–1,415
Subtotal of profit from commission and service transactions	**16,589**	**14,689**
Profit from financial transactions	5,602	4,210
of which from trading	*5,598*	*4,209*
Subtotal of profit from financial transactions	**5,602**	**4,210**
Other ordinary income		
Other ordinary income	358	510
Subtotal of other ordinary income	**358**	**510**
Gross income	**27,171**	**24,861**
Operating expenses		
Personnel expenses	–10,664	–8,728
Wages and salaries	*–8,206*	*–6,408*
Social security contributions and expenses for pensions and support	*–2,093*	*–1,844*
of which for pensions	*–1,617*	*–1,406*
Other personnel expenses	*–365*	*–476*
General and administrative expenses	–10,438	–8,897
Subtotal of operating expenses	**–21,102**	**–17,624**
Depreciation of property, plant, and equipment/amortization of intangible assets	–3,580	–2,534
Other ordinary expenses	–321	–190
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	4	0
Earnings from normal business activity	**2,172**	**4,512**
Income tax	–155	–468
Annual profit	**2,017**	**4,044**

Consolidated Cash Flow Statement

From January 1 to December 31, 2020 (in CHF 1,000)

Cash Flow Statement	2020		2019	
	Origin of funds	Use of funds	Origin of funds	Use of funds
Cash flow from operating earnings (internal financing)				
Annual result	2,017		4,044	
Depreciation and amortization of assets	3,580		2,534	
Valuation allowances and provisions		344	154	
Accrued income and prepaid expenses		3,618		39
Accrued expenses and deferred income		190		199
Previous year dividend		750		2,500
Balance of cash flow from operating earnings (internal financing)	**696**		**3,994**	
Cash flow from equity transactions				
Accounted for through reserves		458		2,500
Balance of cash flow from equity transactions		**0**		**0**
Cash flow from transactions in assets				
Investment securities		53,358	27,623	
Property, plant, and equipment		–		126
Intangible assets		3,258		5,131
Participating interests				
Balance of cash flow from transactions in assets		**56,616**	**22,366**	
Cash flow from banking business				
Short-term banking business (≤1 year)				
Amounts owed to banks	174			13,355
Amounts owed to clients	27,733		41,196	
Other amounts owed	1,751			1,206
Amounts due from banks	36,699			58,074
Amounts due from clients	1,997		20,684	
Other assets		2,851	1,142	
Liquidity				
Cash and cash equivalents		9,124		16,749
Balance of cash flow from banking business	**56,378**			**26,361**

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, Russia, and the DACH region (Germany, Switzerland, Austria).

Personnel

As of December 31, 2020, Kaiser Partner Privatbank had 81 employees (71.65 FTEs) (previous year: 82 employees, 68.9 FTEs).

Commission and Service Transactions

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

Credit Transactions

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

Outsourcing

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

Accounting and Valuation Principles

Principles

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

Consolidation Principles

With the acquisition of Kaiser Partner Financial Advisors Ltd as of January 1, 2020, the financial statement will be consolidated for the first time. As the acquisition has no significant impact on net assets or the financial position, income, or cash flows, the previous year's figures of Kaiser Partner Privatbank AG are presented at the individual level. 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:

	12/31/2020	12/31/2019
USD	0.885100	0.966500
EUR	1.082079	1.085283
GBP	1.208206	1.281869

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			
Loans		Mortgage collateral	Other collateral	No collateral	Total
Amounts due from clients		3,800	61,014	114	64,928
Total loans	**12/31/2020**	**3,800**	**61,014**	**114**	**64,928**
	12/31/2019	3,800	62,628	497	66,925
Off-balance-sheet					
Contingent liabilities		0	5,255	0	5,255
Total off-balance-sheet	**12/31/2020**	**0**	**5,255**	**0**	**5,255**
	12/31/2019	0	5,616	0	5,616
Impaired receivables		Gross amount owed	Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2020	**0**	**0**	**0**	**0**
	12/31/2019	0	0	0	0

Securities and Precious Metals Held as Assets

	Book value		Acquisition value		Market value	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Debt instruments						
of which valued according to the accrual method	274,650	221,289	299,268	232,104	286,184	226,126
of which valued at the lower of cost or market	0	3	0	3	0	3
Total	**274,650**	**221,292**	**299,268**	**232,107**	**286,184**	**226,130**
of which securities eligible as collateral at central banks	61,350	41,125	66,385	42,061	64,109	41,830

Statement of Changes in Fixed assets

				Reporting year					
	Acquisition value	Accumulated depreciation	Book value 12/31/2019	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation	Book value 12/31/2020
Total securities and precious metals held as assets			**221,289**	**129,562**	**–76,202**	**0**	**0**	**0**	**274,650**
Total intangible assets	**16,938**	**–6,683**	**10,255**	**3,258**	**0**	**0**	**0**	**–2,743**	**10,769**
Tangible assets	3,100	0	3,100	0	0	0	0	0	3,100
Real estate (bank building)	24,700	–988	23,712	0	0	0	0	–494	23,218
Property, plant, and equipment	6,455	–5,294	1,161	0	0	0	0	–320	842
Objects in finance leasing	150	–42	108	0	0	0	0	–23	86
Total property, plant, and equipment	**34,406**	**–6,324**	**28,082**	**0**	**0**	**0**	**0**	**–837**	**27,245**

	12/31/2020	12/31/2019
Fire insurance value of property, plant, and equipment (including IT equipment)	24,600	23,700
Fire insurance value of real estate	40,834	37,070

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

	12/31/2020	12/31/2019
Book value of the pledged or assigned assets (transferred by way of security)*	23,358	26,904
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 12/31/2019	Uses in conformity with the purpose	Recoveries, overdue interest, currency differences	New provisions charged to the income statement	Provisions released in favor of the income statement	As of 12/31/2020
Valuation allowances for default risks						
Individual valuation allowances	*0*	*0*	*0*	*0*	*0*	*0*
Other provisions	**18**	**0**	**0**	**0**	**0**	**18**
Provisions for taxes and deferred taxes	497	–497	0	153	0	153
Total valuation allowances and provisions	**515**	**–497**	**0**	**153**	**0**	**171**
less valuation allowances	*0*	*0*	*0*	*0*	*0*	*0*
Total provisions as per balance sheet	**515**	**–497**	**0**	**153**	**0**	**171**
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	34,805
Provisions for general banking risks	500
Balance sheet profit	4,044
Total equity at the beginning of the financial year (before appropriation of profit)	**51,349**
– *Dividend from the annual profit of the previous year*	*750*
+ *Profit of the financial year*	*2,017*
Total equity at the end of the financial year (before appropriation of profit)	**52,616**
of which paid-up subscribed capital	*10,000*
legal reserves	*2,000*
other reserves	*37,641*
provisions for general banking risks	*500*
balance sheet profit	*2,017*

Maturity Structure of Assets, Amounts Owed, and Provisions

			Due					
	On sight	Callable	Within 3 months	After 3 up to 12 months	After 12 months up to 5 years	After 5 years	Immobilized	Total
Assets								
Cash and cash equivalents	84,604							84,604
Amounts due from banks	53,949	32,089	17,702	35,404	5,000			144,145
Amounts due from clients	3,123	188	21,120	37,396	3,100			64,928
Mortgage receivables				*3,800*				*3,800*
Participating interests								0
Other assets	1,403		37,797	39,152	196,476	13,419	38,014	326,261
Total assets 12/31/2020	**143,079**	**32,278**	**76,619**	**111,952**	**204,576**	**13,419**	**38,014**	**619,939**
12/31/2019	118,003	98,184	98,673	73,015	161,330	2,464	38,336	590,005
Amounts owed and provisions								
Amounts owed to banks	8,125							8,125
Amounts owed to clients	531,079	16,890	266	6,186				554,421
Other amounts owed	*531,079*	*16,890*	*266*	*6,186*				*554,421*
Provisions (excluding provisions for general banking risks)				171				171
Other amounts owed	3,091		687	1,149	136			5,064
Total amounts owed 12/31/2020	**542,296**	**16,890**	**953**	**7,506**	**136**	**0**	**0**	**567,781**
12/31/2019	511,615	0	25,536	1,228	279	0	0	538,657

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

	12/31/2020	12/31/2019
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)	0	51
Amounts owed to qualified participants (included in amounts owed to clients)	3,519	4,637
Loans to members of governing bodies	0	0

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

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/20		12/31/19	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	84,604		75,480	
Amounts due from banks	58,386	85,759	63,568	117,276
Amounts due from clients	21,527	43,401	22,806	44,119
Mortgage receivables	*3,800*		*3,800*	
Equities and other non-interest-bearing securities				3
Bonds and other fixed-interest securities		274,650		221,289
Shares in affiliated companies				
Intangible assets	10,769		10,255	
Property, plant, and equipment	27,245		28,082	
Other assets	3,987	317	1,228	225
Accrued expenses and deferred income	1,330	7,963	1,531	4,145
Total assets	**207,848**	**412,091**	**202,950**	**387,056**
Liabilities				
Amounts owed to banks	8,056	69	5,332	2,619
Amounts owed to clients	265,521	288,900	278,103	248,585
Other amounts owed	3,619	123	1,924	67
Accrued expenses and deferred income	1,151	171	1,186	325
Provisions	153		497	
Other provisions	18		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	39,641		36,805	
Annual profit	2,017		4,044	
Total liabilities	**330,676**	**289,263**	**338,409**	**251,597**

Breakdown of Assets by Country or Group of Countries

	12/31/20		12/31/19	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	77,562	12.5	72,305	12.3
Switzerland	140,286	22.6	130,644	22.1
Europe	245,273	39.6	252,512	42.8
North and South America	108,378	17.5	93,925	15.9
Other	48,440	7.8	40,620	6.9
Total assets	**619,939**	**100**	**590,006**	**100**

Balance Sheet by Currencies

	Currencies				
	CHF	USD	EUR	Other	**Total**
Assets					
Cash and cash equivalents	79,664	99	4,775	66	84,604
Amounts due from banks	20,083	79,794	11,629	32,639	144,145
Amounts due from clients	21,868	16,829	19,213	7,018	64,928
Mortgage receivables	*3,800*				*3,800*
Equities and other non-interest-bearing securities					0
Bonds and other fixed-interest securities	37,500	146,800	74,988	15,362	274,650
Shares in affiliated companies					0
Intangible assets	10,769				10,769
Property, plant, and equipment	27,245				27,245
Other assets	4,304				4,304
Accrued expenses and deferred income	1,404	5,114	2,149	627	9,294
Total balance sheet assets	**202,837**	**248,636**	**112,753**	**55,712**	**619,939**
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	41,991	93,026	107,823	55,178	298,018
Total assets	**244,828**	**341,662**	**220,576**	**110,890**	**917,956**
Liabilities					
Amounts owed to banks	86	7,459	576	4	8,125
Amounts owed to clients	103,614	208,767	151,153	90,886	554,421
Other amounts owed	3,522	14	205	1	3,742
Accrued expenses and deferred income	1,181	131	2	8	1,322
Provisions	153				153
Other provisions	18				18
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	39,641				39,641
Annual profit	2,017				2,017
Total balance sheet liabilities	**160,732**	**216,371**	**151,936**	**90,899**	**619,939**
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	79,993	126,079	69,938	20,016	296,025
Total liabilities	**240,725**	**342,450**	**221,873**	**110,915**	**915,965**
Net position per currency	**4,103**	**–788**	**–1,298**	**–25**	

Other Assets and Other Amounts Owed		
	12/31/2020	12/31/2019
Balance sheet items		
Positive replacement values	3,802	1,180
Compensation account	0	188
Input taxes	48	84
Accounts receivable	455	0
Settlement accounts	0	0
Total other assets	**4,304**	**1,453**
Negative replacement values	2,049	1,210
Compensation account	0	0
Accounts payable	587	495
Settlement accounts	1,106	285
Total other amounts owed	**3,742**	**1,991**

Information on Consolidated Off-Balance-Sheet Transactions

(in CHF 1,000)

Breakdown of Contingent Liabilities

	12/31/2020	12/31/2019
Credit guarantees	5,116	5,616
Other contingent liabilities	139	0
Total	**5,255**	**5,616**

Outstanding Derivative Financial Instruments

		Trading instruments			Hedging instruments		
		Positive replace-ment values	Negative replace-ment values	Contract volumes	Positive replace-ment values	Negative replace-ment values	Contract volumes
Foreign exchange							
Futures contracts		3,802	2,049	298,018			
Foreign exchange swaps							
Interest rate instruments							
Interest rate swaps							
Total before consideration of netting agreements	**12/31/2020**	**3,802**	**2,049**	**298,018**	**0**	**0**	**0**
	12/31/2019	1,180	1,022	212,767	0	188	11,400
			Positive replacement values (cumulative)			Negative replacement values (cumulative)	
Total after consideration of netting agreements	**12/31/2020**			**3,802**			**2,049**
	12/31/2019			1,180			1,210

Fiduciary Transactions

		Currencies, converted into CHF					Total
		CHF	USD	GBP	EUR	Other	in CHF 1,000
Fiduciary investments at third-party banks		0	23,588	0	0	1,040	24,628
Total	**12/31/2020**	**0**	**23,588**	**0**	**0**	**1,040**	**24,628**
	12/31/2019	0	89,283	1,025	0	223	90,532

Client Assets

	12/31/2020 in CHF million	12/31/2019 in CHF million
Type of client assets		
Assets with management mandate	1,518	1,525
Other client assets	3,461	3,168
Total client assets (including double counts)	**4,979**	**4,693**
Of which double counts	426	408
Net new money inflow/outflow	269	314

The previous year's value of the Other client assets item was reduced by CHF 36 million to CHF 3,168 million, as these assets were no longer actively managed within the meaning of Annex 3 of the Liechtenstein Banking Ordinance (***Bankenverordnung,*** BankV) as of year-end 2019. Accordingly, net new money inflow in 2019 was reduced from CHF 350 million to CHF 314 million.

Information on the Consolidated Income Statement

(in CHF 1,000)

Net Income from the Trading Business

	2020	2019
Net trading income		
Precious metal business	0	0
Foreign exchange and foreign note and coin business	5,602	4,209
Total net trading income	**5,602**	**4,209**

Breakdown of Personnel Expenses

	2020	2019
Personnel expenses		
Wages and salaries[1)]	8,206	6,408
Social security contributions and expenses for pensions and support	2,093	1,844
of which for pensions	*1,617*	*1,406*
Other personnel expenses	365	476
Total personnel expenses	**10,664**	**8,728**

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

[1)] Includes accrued vacation entitlements.

In 2020, no additional employee dividend was paid by a related party to the employees of Kaiser Partner Privatbank (previous year: CHF 528,000).

Breakdown of General and Administrative Expenses

	2020	2019
General and administrative expenses		
Expenditure on premises	454	557
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,855	5,080
Other operating expenses	4,129	3,260
Total general and administrative expenses	**10,438**	**8,897**

The consolidated return on capital as per Article 24e(1)(6) of the Lichtenstein Banking Ordinance (***Bankenverordnung,*** BankV), calculated as the ratio of annual profit to total assets, amounts to 0.33% (previous year: 0.7%).

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	12/31/2020	12/31/2019
Core capital (before adjustment)	54,750	50,599
of which minority interests		
of which "innovative" instruments		
– *Surplus of expected losses according to the IRB approach less the valuation allowances made (Article 21(1)(d))*		
– *Net long position in own equities*		
– *Other elements to be deducted from core capital*	*–10,769*	*–10,255*
= *Eligible core capital (adjusted core capital)*	*43,980*	*40,345*
+ *Upper supplementary capital*		
+ *Lower supplementary capital*		
+ *Additional capital*		
– *Other deductions from supplementary capital, additional capital, and total capital*		
= Eligible own funds	**43,980**	**40,345**

Presentation of Required Own Funds	Method employed	12/31/2020 Own funds requirement
Credit risk	Standardized approach	13,705
of which price risk in regard to equities in the banking book		
Non-counterparty-related risks		79
Market risk	Standardized approach	551
of which on interest rate instruments (general and specific market risk)		
of which on equities		
of which on foreign exchange and precious metals		*551*
of which on commodities		
of which for settlement and delivery risks		
Operational risk	Basic indicator approach	3,815
Additional own funds		
Total minimum own funds		**18,150**
Capital conservation buffer		5,672
Total regulatory own funds required		**23,822**
Ratio of eligible/required own funds		1.85
Own fund ratios		
CET1 capital ratio		19.4%
Tier 1 capital ratio		19.4%

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

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To the General Meeting of
Kaiser Partner Privatbank AG, Vaduz

Zurich, 22 April 2021

Report of the statutory auditor on the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Kaiser Partner Privatbank AG and its subsidiaries ("KPPB Group") which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated statement of cash flow for the year then ended and the notes, including a summary of significant accounting policies and valuation principles.

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 2020 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 (ISA). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the 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.

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, 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, based on the 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 the requirements of Liechtenstein law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the ability of the 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 judgement and maintain professional scepticism 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, mispresentations 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 system.
- 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 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 event in a manner that achieves fair presentation.

We communicate with the Board of Directors, 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.

Report on other legal and regulatory requirements
The consolidated management report (pages 4 to 9) as at 31 December 2020 complies with Liechtenstein law and the articles of incorporation. Further, the consolidated management report accords with the consolidated financial statements and, in our opinion, does not contain any material inaccurate information.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

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

Sarah Demir
Certified Public Accountant (CH)

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Balance Sheet

As of December 31, 2020 (in CHF 1,000)

Assets	12/31/2020	12/31/2019
Cash and cash equivalents	84,594	75,480
Amounts due from banks	144,145	180,844
On demand	*53,949*	*65,732*
Other receivables	*90,195*	*115,112*
Amounts due from clients	65,178	66,925
Mortgage receivables	*3,800*	*3,800*
Bonds and other fixed-interest securities	274,650	221,289
Bonds	*274,650*	*221,289*
from public-sector issuers	*48,759*	*47,927*
from other issuers	*225,891*	*173,362*
Equities and other non-fixed-interest securities	0	3
Shares in affiliated companies	500	0
Intangible assets	10,769	10,255
Property, plant, and equipment	27,245	28,082
Other assets	4,210	1,453
Accrued expenses and deferred income	9,282	5,676
Total assets	**620,572**	**590,006**

Liabilities	12/31/2020	12/31/2019
Amounts owed to banks	8,125	7,951
On demand	*8,040*	*7,843*
Other amounts owed	*86*	*108*
Amounts owed to clients	555,059	526,688
Other amounts owed	*555,059*	*526,688*
On demand	*531,717*	*443,502*
With agreed maturities or termination periods	*23,342*	*83,186*
Other amounts owed	3,731	1,991
Accrued expenses and deferred income	1,188	1,511
Provisions	171	515
Tax provisions	*153*	*497*
Other provisions	*18*	*18*
Provisions for general banking risks	500	500
Subscribed capital	10,000	10,000
Retained earnings	33,843	33,843
Legal reserves	*2,000*	*2,000*
Other reserves	*31,843*	*31,843*
Profit carried forward	6,257	2,962
Annual profit	1,698	4,044
Total liabilities	**620,572**	**590,006**

Off-Balance-Sheet Transactions

As of December 31, 2020 (in CHF 1,000)

Off-Balance-Sheet Transactions	12/31/2020	12/31/2019
Contingent liabilities	5,255	5,616
Amounts owed from guarantees and indemnities as well as liability from the posting of collateral	*5,255*	*5,616*
Derivative financial instruments		
Contract volumes	*298,018*	*224,167*
Positive replacement values	*3,802*	*1,180*
Negative replacement values	*2,049*	*1,210*
Fiduciary transactions	24,628	90,532
Fiduciary investments at third-party banks	*24,628*	*90,532*

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, 2020, be appropriated as follows:

Appropriation of Profit		
	12/31/2020	12/31/2019
Annual profit	1,698	4,044
Profit carried forward	6,257	2,962
Balance sheet profit	**7,955**	**7,007**
Appropriation of profit		
Allocation to legal reserves	*0*	*0*
Allocation to other reserves	*0*	*0*
Payout of dividend	*0*	*750*
Profit carried forward	**7,955**	**6,257**

Income Statement

From January 1 to December 31, 2020 (in CHF 1,000)

Income Statement	2020	2019
Net interest income		
Interest income	6,449	8,505
of which from fixed-interest securities	*4,630*	*4,608*
Interest expenses	–1,818	–3,054
Subtotal of net interest income	**4,631**	**5,451**
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	15,837	16,104
Commission income from credit transactions	*26*	*74*
Commission income from securities and investment transactions	*14,458*	*14,816*
Commission income from other service transactions	*1,354*	*1,214*
Commission expenses	–1,473	–1,415
Subtotal of profit from commission and service transactions	**14,364**	**14,689**
Profit from financial transactions	5,602	4,210
of which from trading	*5,598*	*4,209*
Subtotal of profit from financial transactions	**5,602**	**4,210**
Other ordinary income		
Other ordinary income	537	510
Subtotal of other ordinary income	**537**	**510**
Gross income	**25,134**	**24,861**
Operating expenses		
Personnel expenses	–9,812	–8,728
Wages and salaries	*–7,488*	*–6,408*
Social security contributions and expenses for pensions and support	*–1,959*	*–1,844*
of which for pensions	*–1,508*	*–1,406*
Other personnel expenses	*–365*	*–476*
General and administrative expenses	–9,826	–8,897
Subtotal of operating expenses	**–19,638**	**–17,624**
Depreciation of property, plant, and equipment/amortization of intangible assets	–3,580	–2,534
Other ordinary expenses	–62	–190
Valuation allowances on receivables and allocations to provisions for contingent liabilities and credit risks	0	0
Earnings from normal business activity	**1,853**	**4,512**
Income tax	–154	–468
Annual profit	**1,698**	**4,044**

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			
Loans		Mortgage collateral	Other collateral	No collateral	Total
Amounts due from clients		3,800	61,264	114	65,178
Total loans	**12/31/2020**	**3,800**	**61,264**	**114**	**65,178**
	12/31/2019	3,800	62,628	497	66,925
Off-balance-sheet					
Contingent liabilities		0	5,255	0	5,255
Total off-balance-sheet	**12/31/2020**	**0**	**5,255**	**0**	**5,255**
	12/31/2019	0	5,616	0	5,616
Impaired receivables		Gross amount owed	Estimated proceeds from liquidation of collateral	Net amount owed	Individual valuation allowances
	12/31/2020	**0**	**0**	**0**	**0**
	12/31/2019	0	0	0	0

Receivables from clients include a subordinated item in the amount of CHF 250,000.

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

	12/31/2020	12/31/2019
Without market value	500	0
Total shares in affiliated companies	**500**	**0**

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	**12/31/2020**	**500**	**100**	**100**
	12/31/2019	0	0	0

Statement of Changes in Fixed Assets

				Reporting year					
	Acquisition value	Accumulated depreciation	Book value 12/31/2019	Investments	Disinvestments	Changes in bookings	Appreciation	Depreciation	Book value 12/31/2020
Total securities and precious metals held as assets			**221,289**	**129,562**	**–76,202**	**0**	**0**	**0**	**274,650**
Total shares in affiliated companies				**500**	**0**	**0**	**0**	**0**	**500**
Total intangible assets	**16,938**	**–6,683**	**10,255**	**3,258**	**0**	**0**	**0**	**–2,743**	**10,769**
Tangible assets	3,100	0	3,100	0	0	0	0	0	3,100
Real estate (bank building)	24,700	–988	23,712	0	0	0	0	–494	23,218
Property, plant, and equipment	6,455	–5,294	1,161	0	0	0	0	–320	842
Objects in finance leasing	150	–42	108	0	0	0	0	–23	86
Total property, plant, and equipment	**34,406**	**–6,324**	**28,082**	**0**	**0**	**0**	**0**	**–837**	**27,245**

	12/31/2020	12/31/2019
Fire insurance value of property, plant, and equipment (including IT equipment)	24,600	23,700
Fire insurance value of real estate	40,834	37,070

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 12/31/2019	Uses in conformity with the purpose	Recoveries, overdue interest, currency differences	New provisions charged to the income statement	Provisions released in favor of the income statement	As of 12/31/2020
Valuation allowances for default risks						
Individual valuation allowances	*0*	*0*	*0*	*0*	*0*	*0*
Other provisions	**18**	**0**	**0**	**0**	**0**	**18**
Provisions for taxes and deferred taxes	497	–497	0	153	0	153
Total valuation allowances and provisions	**515**	**–497**	**0**	**153**	**0**	**171**
less valuation allowances	*0*	*0*	*0*	*0*	*0*	*0*
Total provisions as per balance sheet	**515**	**–497**	**0**	**153**	**0**	**171**
Provisions for general banking risks	**500**	**0**	**0**	**0**	**0**	**500**

Share Capital

	12/31/2020			12/31/2019		
	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

	12/31/2020		12/31/2019	
	Nominal	Share in %	Nominal	Share in %
With voting rights				
KBB Holding AG, Vaduz	10,000	100	10,000	100

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

Statement of Equity

Equity at the beginning of the financial year	
Paid-up subscribed capital	10,000
Legal reserves	2,000
Other reserves	31,843
Provisions for general banking risks	500
Balance sheet profit	7,007
Total equity at the beginning of the financial year (before appropriation of profit)	**51,349**
– *Dividend from the annual profit of the previous year*	*750*
+ *Profit of the financial year*	*1,698*
Total equity at the end of the financial year (before appropriation of profit)	**52,298**
of which paid-up subscribed capital	*10,000*
legal reserves	*2,000*
other reserves	*31,843*
provisions for general banking risks	*500*
balance sheet profit	*7,955*

Maturity Structure of Assets, Amounts Owed, and Provisions

			Due					
	On sight	Callable	Within 3 months	After 3 up to 12 months	After 12 months up to 5 years	After 5 years	Immobilized	Total
Assets								
Cash and cash equivalents	84,594							84,594
Amounts due from banks	53,949	32,089	17,702	35,404	5,000			144,145
Amounts due from clients	3,123	188	21,370	37,396	3,100			65,178
Mortgage receivables				*3,800*				*3,800*
Participating interests							500	500
Other assets	1,297		37,797	39,152	196,476	13,419	38,014	326,155
Total assets 12/31/2020	**142,963**	**32,278**	**76,869**	**111,952**	**204,576**	**13,419**	**38,514**	**620,572**
12/31/2019	118,003	98,184	98,673	73,015	161,330	2,464	38,336	590,006
Amounts owed and provisions								
Amounts owed to banks	8,125							8,125
Amounts owed to clients	531,717	16,890	266	6,186				555,059
Other amounts owed	*531,717*	*16,890*	*266*	*6,186*				*555,059*
Provisions (excluding provisions for general banking risks)				171				171
Other amounts owed	2,947		687	1,149	136			4,919
Total amounts owed 12/31/2020	**542,789**	**16,890**	**953**	**7,506**	**136**	**0**	**0**	**568,274**
12/31/2019	511,615	0	25,536	1,228	279	0	0	538,657

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

	12/31/2020	12/31/2019
Amounts due from affiliated companies (included in amounts due from clients)	258	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)	638	51
Amounts owed to qualified participants (included in amounts owed to clients)	3,519	4,637
Loans to members of governing bodies	0	0

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

Breakdown of Assets and Liabilities by Domestic and Foreign

	12/31/20		12/31/19	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and cash equivalents	84,594		75,480	
Amounts due from banks	58,386	85,759	63,568	117,276
Amounts due from clients	21,777	43,401	22,806	44,119
Mortgage receivables	*3,800*		*3,800*	
Equities and other non-interest-bearing securities				3
Bonds and other fixed-interest securities		274,650		221,289
Shares in affiliated companies	500			
Intangible assets	10,769		10,255	
Property, plant, and equipment	27,245		28,082	
Other assets	3,892	317	1,228	225
Accrued expenses and deferred income	1,319	7,963	1,531	4,145
Total assets	**208,481**	**412,091**	**202,950**	**387,056**
Liabilities				
Amounts owed to banks	8,057	69	5,332	2,619
Amounts owed to clients	266,159	288,900	278,103	248,585
Other amounts owed	3,608	123	1,924	67
Accrued expenses and deferred income	1,017	171	1,186	325
Provisions	153		497	
Other provisions	18		18	
Provisions for general banking risks	500		500	
Subscribed capital	10,000		10,000	
Retained earnings	33,843		33,843	
Profit carried forward	6,257		2,962	
Annual profit	1,698		4,044	
Total liabilities	**331,310**	**289,263**	**338,409**	**251,597**

Breakdown of Assets by Country or Group of Countries

	12/31/20		12/31/19	
	Nominal	Share in %	Nominal	Share in %
Assets				
Liechtenstein	77,095	12.4	72,305	12.3
Switzerland	141,386	22.8	130,644	22.1
Europe	245,273	39.5	252,512	42.8
North and South America	108,378	17.5	93,925	15.9
Other	48,440	7.8	40,620	6.9
Total assets	**620,572**	**100**	**590,006**	**100**

Balance Sheet by Currencies

	Currencies				
	CHF	USD	EUR	Other	**Total**
Assets					
Cash and cash equivalents	79,654	99	4,775	66	84,594
Amounts due from banks	21,153	79,573	10,805	32,614	144,145
Amounts due from clients	21,048	17,050	20,036	7,043	65,178
Mortgage receivables	*3,800*				*3,800*
Equities and other non-interest-bearing securities					0
Bonds and other fixed-interest securities	37,500	146,800	74,988	15,362	274,650
Shares in affiliated companies	500				500
Intangible assets	10,769				10,769
Property, plant, and equipment	27,245				27,245
Other assets	4,210				4,210
Accrued expenses and deferred income	1,392	5,114	2,149	627	9,282
Total balance sheet assets	**203,471**	**248,636**	**112,753**	**55,712**	**620,572**
Delivery claims from spot foreign exchange, forward exchange, and foreign exchange option transactions	41,991	93,026	107,823	55,178	298,018
Total assets	**245,462**	**341,662**	**220,576**	**110,890**	**918,590**
Liabilities					
Amounts owed to banks	86	7,459	576	4	8,125
Amounts owed to clients	104,252	208,768	151,153	90,886	555,059
Other amounts owed	3,512	14	205	1	3,731
Accrued expenses and deferred income	1,047	131	2	8	1,188
Provisions	153				153
Other provisions	18				18
Provisions for general banking risks	500				500
Subscribed capital	10,000				10,000
Retained earnings	33,843				33,843
Profit carried forward	6,257				6,257
Annual profit	1,698				1,698
Total balance sheet liabilities	**161,365**	**216,371**	**151,936**	**90,900**	**620,572**
Delivery liabilities from spot foreign exchange, forward exchange, and foreign exchange option transactions	79,993	126,079	69,938	20,016	296,025
Total liabilities	**241,358**	**342,450**	**221,873**	**110,915**	**916,597**
Net position per currency	**4,104**	**–788**	**–1,298**	**–25**	

Other Assets and Other Amounts Owed		
	12/31/2020	12/31/2019
Balance sheet items		
Positive replacement values	3,802	1,180
Compensation account	0	188
Input taxes	48	84
Accounts receivable	360	0
Settlement accounts	0	0
Total other assets	**4,210**	**1,453**
Negative replacement values	2,049	1,210
Compensation account	0	0
Accounts payable	576	495
Settlement accounts	1,106	285
Total other amounts owed	**3,731**	**1,991**

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

	12/31/2020 in CHF million	12/31/2019 in CHF million
Type of client assets		
Assets with management mandate	1,518	1,525
Other client assets	3,438	3,168
Total client assets (including double counts)	**4,956**	**4,693**
Of which double counts	426	408
Net new money inflow/outflow	268	314

The previous year's value of the Other client assets item was reduced by CHF 36 million to CHF 3,168 million, as these assets were no longer actively managed within the meaning of Annex 3 of the Liechtenstein Banking Ordinance (***Bankenverordnung,*** BankV) as of year-end 2019. Accordingly, net new money inflow in 2019 was reduced from CHF 350 million to CHF 314 million.

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

	2020	2019
Personnel expenses		
Wages and salaries[1)]	7,488	6,408
Social security contributions and expenses for pensions and support	1,959	1,844
of which for pensions	*1,508*	*1,406*
Other personnel expenses	365	476
Total personnel expenses	**9,812**	**8,728**
Remuneration of the members of the Board of Directors	26	26
Remuneration of the members of the Board of Management	1,326	1,181

[1)] Includes accrued vacation entitlements.

In 2020, no additional employee dividend was paid by a related party to the employees of Kaiser Partner Privatbank (previous year: CHF 528,000).

Breakdown of General and Administrative expenses

	2020	2019
General and administrative expenses		
Expenditure on premises	381	557
Expenditure on IT, machinery, furniture, vehicles, and other equipment	5,746	5,080
Other operating expenses	3,699	3,260
Total general and administrative expenses	**9,826**	**8,897**

The return on capital as per Article 24e(1)(6) of the Liechtenstein Banking Ordinance (***Bankenverordnung,*** BankV), calculated as the ratio of annual profit to total assets, amounts to 0.27% (previous year: 0.7%).

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To the General Meeting of
Kaiser Partner Privatbank AG, Vaduz

Zurich, 22 April 2021

Report of the statutory auditor on the financial statements

Opinion
We have audited the financial statements of Kaiser Partner Privatbank AG, which comprise the balance sheet as at 31 December 2020, the income statement for the year then ended and the notes, including a summary of significant accounting policies and valuation principles.

In our opinion, the financial statements (pages 38 to 40 and 42 to 53) give a true and fair view of the company's financial position as at 31 December 2020 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 the International Standards on Auditing (ISA). Our responsibilities under these regulations 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 as a basis for our opinion.

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, 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, based on the 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 the requirements of Liechtenstein law and the Company's articles of incorporation, 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 financial statements, the Board of Directors is responsible for assessing the entity'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 intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, 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, mispresentations 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 entity'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 entity'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 entity 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 event in a manner that achieves fair presentation.

We communicate with the Board of Directors, 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.

Report on other legal and regulatory requirements
The management report as at 31 December 2020 complies with Liechtenstein law and the articles of incorporation. The management report accords with the financial statements and, in our opinion, does not contain any material inaccurate information.

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

Ernst & Young Ltd

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

Sarah Demir
Certified Public Accountant (CH)

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

As of February 1, 2021

Board of Directors	Fritz Kaiser, Vaduz, Liechtenstein (Chairman) Otmar Hasler, Gamprin-Bendern, Liechtenstein (Member) Philip Marcovici, Hong Kong (Member)
Board of Management	Christian Reich, Speicher (canton of Appenzell Ausserrhoden), Switzerland (Chief Executive Officer) Christoph Küng, Erlenbach (canton of Zurich), Switzerland (Member) Hermann Neusüss, Triesenberg, Liechtenstein (Member) Franz Schädler, Schaan, Liechtenstein (Member) Roman Pfranger, Maienfeld (canton of Graubünden), Switzerland (Member)
Vice-Directors	Daniela Tschirky, Wangs (canton of St. Gallen), Switzerland Damien Wyss, Sax (canton of St. Gallen), Switzerland Rainer Nachbauer, Hohenems, Austria Stefan Lampert, Altach, Austria Michael Frei, Au (canton of St. Gallen), Switzerland Reto Geiser, Niederteufen (canton of Appenzell Ausserrhoden), Switzerland
Authorized representatives	Reinhard Matt, Schaan, Liechtenstein Thomas Knöpfel, Triesen, Liechtenstein Urs Bochsler, Sevelen (canton of St. Gallen), Switzerland Loredana Ospelt-Buonanno, Vaduz, Liechtenstein Mario Bernardini, Fläsch (canton of Graubünden), Switzerland Irfan Ebibi, Romanshorn (canton of Thurgau), Switzerland Claudio Fuchs, Rorschacherberg (canton of St. Gallen), Switzerland Sascha Fuchs, Vaduz, Liechtenstein Marco Inderwildi, Chur (canton of Graubünden), Switzerland Daniel Peherstorfer, Rankweil, Austria Michael Stiefel, Zug (canton of Zug), 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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