

LGT BANK AG

HONG KONG BRANCH

Financial Information Disclosure Statements (Unaudited)
for the six months ended 30 June 2015

LGT BANK AG, Hong Kong Branch

Section A : Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

		Period ended 30 Jun 2015	Period ended 30 Jun 2014
Interest income		42,299	22,511
Interest expenses		(22,919)	(13,060)
Other operating income			
Gains less losses arising from trading in foreign currencies		23,621	10,881
Gains less losses from other trading activities		7,935	100
Net fees and commission income			
Gross fees and commission income	374,810		245,232
Gross fees and commission expenses	<u>(40,636)</u>	334,174	<u>(27,503)</u>
Others		<u>40,994</u>	<u>51,084</u>
Operating income		426,104	289,245
Operating expenses			
Staff and rental expenses	(287,039)		(226,215)
Other expenses	<u>(102,524)</u>	(389,563)	<u>(80,093)</u>
Provisions for loans and receivables		<u>(250)</u>	<u>(1,018)</u>
Profit / (Loss) before taxation		36,291	(18,081)
(Tax expense) / Tax income		<u>(6,049)</u>	<u>2,797</u>
Profit / (Loss) after taxation		<u><u>30,242</u></u>	<u><u>(15,284)</u></u>

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II Balance Sheet Information

(in thousands of Hong Kong Dollars)

	30 Jun 2015	31 Dec 2014
Assets		
Due from Exchange Fund	33,568	421,721
Cash and balances with banks	3,062,599	2,785,916
Amount due from overseas offices of the institution	6,917,207	5,861,064
Certificates of deposit held	319,209	224,506
Investment securities	199,996	199,993
Loans and receivables	5,670,291	4,814,098
Fixed assets	12,353	11,560
Total assets	<u>16,215,223</u>	<u>14,318,858</u>
Liabilities		
Deposits and balances from banks	56,224	29,126
Deposit from customers		
Demand deposits and current accounts	5,968,091	5,445,602
Time, call and notice deposits	4,134,062	3,820,576
Amount due to overseas offices of the institution	5,691,698	4,660,051
Other liabilities	365,148	363,503
Total liabilities	<u>16,215,223</u>	<u>14,318,858</u>

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars, except ratios)

(1) Loans and receivables	30 Jun 2015	31 Dec 2014
Loans and advances to customers	4,745,979	3,936,164
Loans and advances to banks	668,509	604,913
Accrued interest and other accounts	259,653	276,621
Provisions for loans and receivables		
Collective provision	(3,850)	(3,600)
	<u>5,670,291</u>	<u>4,814,098</u>

No provisions for loans and advances or other exposures of LGT Bank AG, Hong Kong Branch ("the Branch") have been set aside or maintained at the overseas head office as at 30 June 2015 and 31 December 2014.

(2) The breakdown of gross amount of loans and advances to customers by industry sectors	30 Jun 2015	31 Dec 2014
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	225,091	33,424
Individuals		
Others	569,504	592,351
Loans and advances for use outside Hong Kong	3,951,384	3,310,389
	<u>4,745,979</u>	<u>3,936,164</u>

Balance of loans and advances covered by collateral or other security as of 30 June 2015 was HK\$4,724,895 (31 December 2014: HK\$3,928,079).

(3) The table shows loans and advances to customers by major countries, amounting to not less than 10% of the aggregate loans and advances to customers:

	30 Jun 2015
British Virgin Islands	2,015,213
Hong Kong	1,133,799
	<u>3,149,012</u>
	31 Dec 2014
British Virgin Islands	2,313,625
Hong Kong	625,775
	<u>2,939,400</u>

The above geographical analysis is based on the location of the counterparty after taking into account any recognized risk transfer as defined in Section 98 of the Banking (Disclosure) Rules.

(4) Impaired loans and advances are individually assessed loans which exhibit objective evidence of impairment on an individual basis. There were no impaired loans and advances to customers and banks as at 30 June 2015 and 31 December 2014.

(5) There were no overdue loans and advances to customers and banks as at 30 June 2015 and 31 December 2014.

(6) There were no repossessed assets, and no rescheduled loans and advances to customers and banks as at 30 June 2015 and 31 December 2014.

(7) There were no overdue other assets at the Branch as at 30 June 2015 and 31 December 2014.

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IV International Claims

(in thousands of Hong Kong Dollars)

The table shows International claims by major countries or geographical segments, after taking into account any recognized risk transfer as defined in section 98 of the Banking (Disclosure) Rules, amounting to not less than 10% of the aggregate International claims:

	Banks	Official Sector	Non-bank financial institution	Non-bank private sector Non-financial private sector	Total
30 Jun 2015					
Developed countries	9,178,049	4,326	133,491	639,720	9,955,586
of which					
- Liechtenstein	8,195,384	-	1,866	20,002	8,217,252
Offshore centres	1,914,276	41,984	32,456	1,499,143	3,487,859
of which					
- Hong Kong	1,701,337	41,984	27,155	383,241	2,153,717
Developing Asia-Pacific	1,009,616	18,097	122,163	445,280	1,595,156

	Banks	Official Sector	Non-bank financial institution	Non-bank private sector Non-financial private sector	Total
31 Dec 2014					
Developed countries	7,929,973	5,675	374,998	762,229	9,072,875
of which					
- Liechtenstein	6,867,676	-	598	-	6,868,274
Offshore centres	1,900,786	14,468	170,337	1,263,718	3,349,309
of which					
- Hong Kong	1,725,308	-	38,807	227,660	1,991,775

The comparative figures have been restated to conform with the current period's presentation.

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V Mainland Activities

(in thousands of Hong Kong Dollars)

The Non-bank Mainland Exposures are as follows:

30 Jun 2015	On-balance sheet exposure	Off-balance sheet exposure	Total
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	430,511	6,725	437,236
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	53,104	52	53,156
Total	483,615	6,777	490,392
Total assets after provision	16,215,223		
On-balance sheet exposures as percentage of total assets	2.98%		

31 Dec 2014 (Audited)	On-balance sheet exposure	Off-balance sheet exposure	Total
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	214,041	-	214,041
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,168	-	2,168
Total	216,209	-	216,209
Total assets after provision	14,318,858		
On-balance sheet exposures as percentage of total assets	1.51%		

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VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	Total
30 Jun 2015		
Spot assets	9,020,543	9,020,543
Spot liabilities	(9,027,564)	(9,027,564)
Forward purchases	4,943,964	4,943,964
Forward sales	(4,935,167)	(4,935,167)
Net options position	-	-
Net long (or net short) position	<u>1,776</u>	<u>1,776</u>

	USD	CNY	Total
31 Dec 2014			
Spot assets	8,962,666	527,131	9,489,797
Spot liabilities	(8,969,575)	(525,206)	(9,494,781)
Forward purchases	3,803,260	1,050,505	4,853,765
Forward sales	(3,792,812)	(1,050,451)	(4,843,263)
Net options position	-	-	-
Net long (or net short) position	<u>3,539</u>	<u>1,979</u>	<u>5,518</u>

At 30 June 2015, USD (31 December 2014: USD and CNY) constitute 10% or more of the total net position in all foreign currencies. There were no foreign currency net structural positions as at 30 June 2015 and 31 December 2014.

Net options position was calculated on the basis of delta-weighted positions of all foreign exchange options contracts.

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VII Off-Balance Sheet Exposures

(in thousands of Hong Kong Dollars, except ratios)

	30 Jun 2015	31 Dec 2014
Contingent Liabilities and Commitments		
Direct Credit Substitutes	6,091	6,336
Transaction-related contingent items	60,695	1,000
Other commitments	4,743,621	5,552,772

For contingent liabilities and commitments, the contract amounts represent the amount at risk should the contract be fully drawn upon and the client default.

	30 Jun 2015	31 Dec 2014
Derivatives		
Contractual / Notional Amount		
Exchange rate and gold contracts	20,716,386	13,042,957
Interest rate contracts	428,092	530,463
Others	1,872,110	1,131,650
	<u>23,016,588</u>	<u>14,705,070</u>

	30 Jun 2015		31 Dec 2014	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate and gold contracts	110,013	108,128	115,537	113,655
Interest rate contracts	768	593	4,854	4,570
Others	44,836	44,836	40,598	40,529
	<u>155,617</u>	<u>153,557</u>	<u>160,989</u>	<u>158,754</u>

The contractual / notional amounts of derivatives indicate the volume of transactions outstanding at the balance sheet date; they do not represent amount at risk.

The contracts amounts and fair values of the above derivatives as at 30 June 2015 and 31 December 2014 are shown on a gross basis with no offsetting presentation due to bilateral netting agreements.

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VIII Liquidity

	30 Jun 2015
Average liquidity maintenance ratio ("LMR") for the six months period	58.00%
	30 Jun 2014
Average liquidity ratio ("LR") for the six months period	78.35%

Average LMR/LR is the arithmetic mean of the average value of the LMR/LR for each calendar month as reported in the liquidity position return submitted for the reporting period.

Due to the implementation of the Banking (Liquidity) Rules with effect from 1 January 2015, the comparative figure is not directly comparable.

Liquidity Risk Management

Liquidity risk is the risk that the Branch will be unable to meet a financial commitment to a customer, creditor or investor in whatever currency. The management of liquidity is carried out both at Head Office level as well as on branch level. Head Office requires the Branch to manage the liquidity structure of its assets, liabilities and commitments so that cash flows are approximately balanced and all funding obligations are met when due.

The management of liquidity and funding is therefore, primarily undertaken locally in the Branch to ensure compliance with policy and limits set by the Assets and Liabilities Committee ("ALCO").

The Branch maintains an appropriate mix of high quality liquid assets as a source of liquidity for meeting emergency funding needs. The Branch's funding sources include customer deposits and intra-group borrowings. The ALCO review the customer deposits concentration and loan growth on a monthly basis to prevent undue liquidity pressure. All off-balance sheet items are also reviewed monthly by the ALCO to assess the potential liquidity requirements.

The Branch calculates the liquidity-related regulatory ratios and trend analysis on a daily basis for liquidity monitoring.

Liquidity risk management begins at the Branch level and extends globally as sources of liquidity are regularly reviewed by Group Treasury to maintain a wide diversification by currency, geography, providers, product and term.

Overall, the Branch has established the Internal Control System and Procedures in accordance with the requirements set out in the Supervisory Policy Manual (LM2- Sound Systems and Controls for Liquidity Risk Management) issued by HKMA and they are being adhered to strictly.

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Section B: Group Information (Consolidated Basis)

(in thousands of Swiss Francs, except ratios)

Financial Highlights of LGT Group (Consolidated Basis):

I Capital and Capital Adequacy

	31 Dec 2014	30 Jun 2014
Capital adequacy ratio	18.40%	20.70%
Shareholders' funds	3,354,387	3,321,940

The risk Based Capital ratios of LGT Group are calculated based on the guidelines developed by the Basel Committee on Banking Supervision (Basel II) and implemented by the Liechtenstein Government for supervisory purposes.

II Other Financial Information

	31 Dec 2014	30 Jun 2014
Total assets	35,533,241	29,376,982
Total Liabilities	32,178,854	26,055,042
Total loans and advances	15,049,514	12,238,649
Total customer deposits	26,182,580	20,688,502

	31 Dec 2014	31 Dec 2013
Pre-tax profit	192,618	148,787