

LGT BANK AG

HONG KONG BRANCH

Financial Information Disclosure Statements (Unaudited)
for the year ended 31 December 2015

LGT BANK AG, Hong Kong Branch

Section A : Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

	Period ended		Period ended
	31 Dec 2015		31 Dec 2014
Interest income		98,955	60,266
Interest expenses		(50,546)	(31,689)
Other operating income			
Gains less losses arising from trading in foreign currencies		44,641	28,641
Gains less losses from other trading activities		14,241	2,002
Net fees and commission income			
Gross fees and commission income	726,821		515,922
Gross fees and commission expenses	<u>(72,634)</u>	654,187	<u>(52,198)</u>
Others		<u>83,783</u>	<u>106,042</u>
Operating income		845,261	628,986
Operating expenses			
Staff and rental expenses	(592,657)		(517,113)
Other expenses	<u>(207,358)</u>	(800,015)	<u>(682,587)</u>
Provisions for loans and receivables		<u>(1,300)</u>	<u>(2,848)</u>
Profit / (Loss) before taxation		43,946	(56,449)
(Tax expense) / Tax income		<u>(7,473)</u>	<u>9,157</u>
Profit / (Loss) after taxation		<u><u>36,473</u></u>	<u><u>(47,292)</u></u>

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II Balance Sheet Information

(in thousands of Hong Kong Dollars)

	31 Dec 2015	30 Jun 2015
Assets		
Due from Exchange Fund	1,022,379	33,568
Cash and balances with banks	2,677,378	3,062,599
Amount due from overseas offices of the institution	7,500,850	6,917,207
Certificates of deposit held	183,476	319,209
Investment securities	100,000	199,996
Loans and receivables	7,612,713	5,670,291
Fixed assets	18,325	12,353
Total assets	<u>19,115,121</u>	<u>16,215,223</u>
Liabilities		
Deposits and balances from banks	14,523	56,224
Deposit from customers		
Demand deposits and current accounts	6,316,130	5,968,091
Time, call and notice deposits	5,923,167	4,134,062
Amount due to overseas offices of the institution	6,331,635	5,691,698
Other liabilities	529,666	365,148
Total liabilities	<u>19,115,121</u>	<u>16,215,223</u>

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars, except ratios)

(1) Loans and receivables	31 Dec 2015	30 Jun 2015
Loans and advances to customers	6,429,494	4,745,979
Loans and advances to banks	874,001	668,509
Accrued interest and other accounts	314,118	259,653
Provisions for loans and receivables		
Collective provision	(4,900)	(3,850)
	<u>7,612,713</u>	<u>5,670,291</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 31 Dec 2015 and 30 Jun 2015.

(2) The breakdown of gross amount of loans and advances to customers by industry sectors	31 Dec 2015	30 Jun 2015
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	21,302	225,091
Stockbrokers	3,500	-
Individuals		
Others	847,235	569,504
Loans and advances for use outside Hong Kong	5,557,457	3,951,384
	<u>6,429,494</u>	<u>4,745,979</u>

Balance of loans and advances covered by collateral or other security as of 31 Dec 2015 was HK\$6,423,798 (30 June 2015: HK\$4,724,895).

(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:

	31 Dec 2015	30 Jun 2015
British Virgin Islands	1,945,795	2,015,213
Hong Kong	2,684,294	1,133,799
	<u>4,630,089</u>	<u>3,149,012</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 31 December 2015 and 30 June 2015.

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

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

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

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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:

	Non-bank private sector				Total
	Banks	Official Sector	Non-bank financial institution	Non-financial private sector	
31 Dec 2015					
Developed countries	9,703,706	11,715	395,475	977,133	11,088,029
of which					
- Liechtenstein	8,678,932	-	1,232	7,636	8,687,800
Offshore centres	1,865,630	43,615	192,346	2,224,775	4,326,366
of which					
- Hong Kong	1,367,960	41,166	80,653	1,445,831	2,935,610

	Non-bank private sector				Total
	Banks	Official Sector	Non-bank financial institution	Non-financial private sector	
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

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V Mainland Activities

(in thousands of Hong Kong Dollars)

The Non-bank Mainland Exposures are as follows:

31 Dec 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	319,812	15,596	335,408
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	104,222	-	104,222
Total	424,034	15,596	439,630
Total assets after provision	19,115,121		
On-balance sheet exposures as percentage of total assets	2.22%		

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%		

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VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	AUD	Total
31 Dec 2015			
Spot assets	11,381,773	380,285	11,762,058
Spot liabilities	(11,389,848)	(378,973)	(11,768,821)
Forward purchases	5,860,921	736,091	6,597,012
Forward sales	(5,850,237)	(735,997)	(6,586,234)
Net options position	-	-	-
Net long (or net short) position	<u>2,609</u>	<u>1,406</u>	<u>4,015</u>

	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>

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

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)

	31 Dec 2015	30 Jun 2015
Contingent Liabilities and Commitments		
Direct Credit Substitutes	9,007	6,091
Transaction-related contingent items	59,679	60,695
Other commitments	7,493,889	4,743,621

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

	31 Dec 2015	30 Jun 2015
Derivatives		
Contractual / Notional Amount		
Exchange rate and gold contracts	18,762,053	20,716,386
Interest rate contracts	427,997	428,092
Others	1,477,827	1,872,110
	<u>20,667,877</u>	<u>23,016,588</u>

	31 Dec 2015		30 Jun 2015	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate and gold contracts	154,835	152,514	110,013	108,128
Interest rate contracts	656	521	768	593
Others	59,639	59,639	44,836	44,836
	<u>215,130</u>	<u>212,674</u>	<u>155,617</u>	<u>153,557</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 31 December 2015 and 30 June 2015 are shown on a gross basis with no offsetting presentation due to bilateral netting agreements.

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VIII Liquidity

	31 Dec 2015
Average liquidity maintenance ratio ("LMR") for the twelve months period	68.61%

	31 Dec 2014
Average liquidity ratio ("LR") for the twelve months period	75.22%

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