

**LGT BANK AG**

**HONG KONG BRANCH**

Financial Information Disclosure Statements (Unaudited)  
for the year ended 31 December 2017

## LGT BANK AG, Hong Kong Branch

### Section A : Branch Information

#### I Income Statement Information

(in thousands of Hong Kong Dollars)

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Interest income	<b>474,188</b>	164,058
Interest expenses	<b>(278,226)</b>	(74,561)
Other operating income		
Gains less losses arising from trading in foreign currencies	<b>107,499</b>	52,523
Gains less losses on securities held for trading purposes	<b>99,866</b>	35,332
Gains less losses from other trading activities	<b>48,130</b>	21,411
Net fees and commission income		
Gross fees and commission income	<b>849,419</b>	676,187
Gross fees and commission expenses	<b>(157,038)</b>	(83,290)
Others	<b>160,401</b>	112,794
Operating income	<b>1,304,239</b>	904,454
Operating expenses		
Staff and rental expenses	<b>(978,125)</b>	(649,478)
Other expenses	<b>(412,936)</b>	(901,537)
Provisions for loans and receivables	<b>(13,331)</b>	(841)
Losses from disposal of fixed assets	<b>(13)</b>	-
(Loss)/profit before taxation	<b>(100,166)</b>	2,076
Tax income/(expense)	<b>14,057</b>	(487)
(Loss)/profit after taxation	<b>(86,109)</b>	1,589

LGT Bank AG, HK Branch ("LGT HK")'s total operating income for the period amounted to HK\$1,304million, 44% higher than the same period in 2016. It was driven by the organic growth in net interest income and the net gains arising from trading activities, as well as inorganic growth arising from the acquisition of the ABN AMRO private banking business in HK.

The total operating expenses rose 54% to HK\$1,391million compared to the same period last year, which is attributable to the organic and acquisition-related expansion of the business.

## LGT BANK AG, Hong Kong Branch

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### II Balance Sheet Information

(in thousands of Hong Kong Dollars)

31 Dec 2017 30 Jun 2017

#### Assets

Due from Exchange Fund	<b>1,270,747</b>	1,033,080
Cash and balances with banks	<b>4,236,100</b>	3,958,473
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	-	312,476
Amount due from overseas offices of the institution	<b>18,572,697</b>	21,398,559
Investment securities	<b>4,858,599</b>	4,755,193
Loans and receivables	<b>23,187,143</b>	19,307,672
Fixed assets	<b>20,926</b>	22,672
Intangible assets	<b>1,408,728</b>	1,354,090
Total assets	<b>53,554,940</b>	52,142,215

#### Liabilities

Deposits and balances from banks	<b>46,625</b>	169,855
Deposit from customers		
Demand deposits and current accounts	<b>10,672,373</b>	15,046,456
Time, call and notice deposits	<b>23,549,366</b>	19,329,204
Amount due to overseas offices of the institution	<b>18,511,189</b>	16,993,766
Other liabilities	<b>775,387</b>	602,934
Total liabilities	<b>53,554,940</b>	52,142,215

LGT completed the acquisition of private banking business of ABN AMRO in Hong Kong, Singapore and Dubai on 30 April 2017. LGT HK's financial information included the assets of HK\$8,425million and liabilities of HK\$17,920million transferred from ABN AMRO Hong Kong.

## LGT BANK AG, Hong Kong Branch

### III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars, except ratios)

(1) Loans and receivables	<b>31 Dec 2017</b>	30 Jun 2017
Loans and advances to customers	<b>21,861,914</b>	18,101,700
Loans and advances to banks	<b>876,947</b>	707,828
Accrued interest and other accounts	<b>467,354</b>	510,018
Provisions for loans and receivables		
Collective provision	<b>(19,072)</b>	(11,874)
	<b><u>23,187,143</u></b>	<b><u>19,307,672</u></b>

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 December 2017 and 30 June 2017.

- (2) The breakdown of gross amount of loans and advances to customers by industry sectors and the corresponding balances covered by collateral or other security:

	31 Dec 2017		30 Jun 2017	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
Financial concerns	<b>1,190,338</b>	<b>1,190,277</b>	1,257,862	1,257,025
Individuals				
Loans for the purchase of other residential properties	<b>17,000</b>	<b>17,000</b>	-	-
Others	<b>5,142,910</b>	<b>5,141,193</b>	3,834,777	3,825,382
Loans and advances for use outside Hong Kong	<b>15,511,666</b>	<b>15,491,057</b>	13,009,061	12,941,904
	<b><u>21,861,914</u></b>	<b><u>21,839,527</u></b>	<b><u>18,101,700</u></b>	<b><u>18,024,311</u></b>

- (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:

	<b>31 Dec 2017</b>
British Virgin Islands	<b>7,712,426</b>
China	<b>2,680,858</b>
Hong Kong	<b>7,946,251</b>
	<b><u>18,339,535</u></b>
	30 Jun 2017
British Virgin Islands	5,531,627
China	2,049,667
Hong Kong	6,928,446
	<b><u>14,509,740</u></b>

The above geographical analysis is based on the location of the counterparty after taking into account the recognized risk transfer as defined in Section 98 of the Banking (Disclosure) Rules. The transfer of risk applies when an advance is guaranteed by a party in a country which is different from that of the counterparty.

- (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 2017 and 30 June 2017.
- (5) There were no overdue loans and advances to customers and banks as at 31 December 2017 and 30 June 2017.
- (6) There were no repossessed assets, and no rescheduled loans and advances to customers and banks as at 31 December 2017 and 30 June 2017.
- (7) There were no overdue other assets at the Branch as at 31 December 2017 and 30 June 2017.

## LGT BANK AG, Hong Kong Branch

### 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	
<b>31 Dec 2017</b>					
Developed countries	<b>25,230,170</b>	<b>4,308,839</b>	<b>778,716</b>	<b>999,017</b>	<b>31,316,742</b>
of which					
- Liechtenstein	<b>23,160,117</b>	-	<b>2,406</b>	<b>17,117</b>	<b>23,179,640</b>
- United States	<b>695,926</b>	<b>4,308,752</b>	<b>391,403</b>	<b>371,279</b>	<b>5,767,360</b>
Offshore centres	<b>2,581,818</b>	-	<b>218,304</b>	<b>3,882,226</b>	<b>6,682,348</b>
of which					
- Hong Kong	<b>2,579,903</b>	-	<b>57,350</b>	<b>2,366,451</b>	<b>5,003,704</b>
Developing Asia-Pacific	<b>1,697,745</b>	<b>5,854</b>	<b>401,304</b>	<b>5,647,320</b>	<b>7,752,223</b>
of which					
- China	<b>1,016,841</b>	-	<b>358,313</b>	<b>4,879,235</b>	<b>6,254,389</b>

	Non-bank private sector				Total
	Banks	Official Sector	Non-bank financial institution	Non-financial private sector	
<b>30 Jun 2017</b>					
Developed countries	28,305,698	4,321,949	851,977	759,138	34,238,762
of which					
- Liechtenstein	25,963,419	-	1,648	11,958	25,977,025
- United States	742,717	4,321,544	561,642	238,949	5,864,852
Offshore centres	1,672,420	34,651	163,687	4,240,373	6,111,131

## LGT BANK AG, Hong Kong Branch

### V Mainland Activities

(in thousands of Hong Kong Dollars)

#### The Non-bank Mainland Exposures are as follows:

31 Dec 2017	On-balance sheet exposures	Off-balance sheet exposures	Total
Type of Counterparties			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	23,967	-	23,967
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,284,548	18,908	1,303,456
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	803,922	45	803,967
Total	2,112,437	18,953	2,131,390
Total assets after provision	53,554,940		
On-balance sheet exposures as percentage of total assets	3.94%		

30 Jun 2017	On-balance sheet exposures	Off-balance sheet exposures	Total
Type of Counterparties			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	22,982	-	22,982
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	844,248	17,588	861,836
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	657,882	1,082	658,964
Total	1,525,112	18,670	1,543,782
Total assets after provision	52,142,215		
On-balance sheet exposures as percentage of total assets	2.92%		

## LGT BANK AG, Hong Kong Branch

### VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	EUR
<b>31 Dec 2017</b>		
Spot assets	26,959,462	4,593,227
Spot liabilities	(26,958,139)	(4,585,112)
Forward purchases	7,048,034	1,948,663
Forward sales	(7,032,681)	(1,955,134)
Net options position	-	-
Net long (or net short) position	<u>16,676</u>	<u>1,644</u>

	USD	EUR	CNY	AUD	JPY
<b>30 Jun 2017</b>					
Spot assets	26,859,707	4,340,079	641,675	1,574,075	2,241,059
Spot liabilities	(26,864,101)	(4,339,417)	(643,487)	(1,574,907)	(2,240,907)
Forward purchases	12,808,454	3,257,077	411,214	616,969	3,458,301
Forward sales	(12,798,699)	(3,256,282)	(410,977)	(618,568)	(3,457,869)
Net options position	-	-	-	-	-
Net long (or net short) position	<u>5,361</u>	<u>1,457</u>	<u>(1,575)</u>	<u>(2,431)</u>	<u>584</u>

At 31 Dec 2017, USD and EUR (30 Jun 2017: USD, EUR, CNY, AUD, JPY) 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 2017 and 30 Jun 2017.

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

## LGT BANK AG, Hong Kong Branch

### VII Off-Balance Sheet Exposures

(in thousands of Hong Kong Dollars, except ratios)

	31 Dec 2017	30 Jun 2017
Contingent Liabilities and Commitments		
Contractual Amount		
Direct Credit Substitutes	<b>144,348</b>	129,300
Transaction-related contingent items	<b>116,210</b>	114,008
Other commitments	<b>23,258,061</b>	23,853,549

The contractual amounts represent the amount at risk should the contract be fully drawn upon and the client default.

	31 Dec 2017	30 Jun 2017
Derivatives		
Contractual / Notional Amount		
Exchange rate and gold contracts	<b>25,045,706</b>	39,116,986
Interest rate contracts	<b>672,815</b>	670,899
Equity contracts	<b>7,918,252</b>	6,402,526
Others	<b>1,128,174</b>	1,610,415
	<b>34,764,947</b>	47,800,826

	31 Dec 2017		30 Jun 2017	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate and gold contracts	<b>171,273</b>	<b>167,937</b>	272,667	265,200
Interest rate contracts	<b>1,885</b>	<b>1,614</b>	1,931	1,649
Equity contracts	<b>116,853</b>	<b>116,853</b>	96,245	96,245
Others	<b>9,537</b>	<b>9,520</b>	12,106	12,062
	<b>299,548</b>	<b>295,924</b>	382,949	375,156

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 contractual amounts and fair values of the above derivatives are shown on a gross basis with no offsetting presentation due to bilateral netting agreements.



**VIII Liquidity**

	<b>31 Dec 2017</b>	31 Dec 2016
Average liquidity maintenance ratio ("LMR") for the twelve months period	<b>56.64%</b>	64.12%

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

**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 policies 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.

## **LGT BANK AG, Hong Kong Branch**

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### **IX Acquisition**

On 6 December, 2016, LGT agreed to acquire the private banking business of ABN AMRO in Hong Kong, Singapore and Dubai. The transaction was completed on 30 April 2017. The results of private banking business acquired from ABN AMRO have been reflected in LGT's financial statements starting from May 2017.

The cash consideration of HK\$1,343 million paid by LGT HK for the transaction was recorded as intangible assets. The amount on the balance sheet as at 31 Dec 2017 represented the balance after the deferred tax of HK\$111 million and amortization of HK\$45 million.

LGT HK received cash of HK\$9,495 million, being the difference between the assets and liabilities transferred from ABN AMRO Hong Kong.

### **X Accounting basis**

Starting from 2017, LGT HK adopted International Financial Reporting Standard ("IFRS") instead of Lichtenstein's General Accepted Accounting Principles ("GAAP"). Certain comparative figures have been restated to conform to such changes.

## LGT BANK AG, Hong Kong Branch

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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

	<b>31 Dec 2016</b>	31 Dec 2015
Capital adequacy ratio	<b>20.2%</b>	20.1%
Shareholders' funds	<b>3,643,430</b>	3,313,873

The Capital ratios of LGT Group are based on the guidelines of the Basle Committee on Banking Supervision (Basle III) and its implementation in the legislation of the European Union and of the Liechtenstein Government.

##### II Other Financial Information

	<b>31 Dec 2016</b>	31 Dec 2015
Total assets	<b>35,752,449</b>	34,239,235
Total Liabilities	<b>32,109,019</b>	30,925,362
Total loans and advances	<b>17,447,494</b>	19,150,659
Total customer deposits	<b>27,065,323</b>	25,492,928
	<b>31 Dec 2016</b>	31 Dec 2015
Pre-tax profit	<b>255,256</b>	219,844