

LGT BANK AG

HONG KONG BRANCH

(incorporated in Liechtenstein with limited liability)

Financial Information Disclosure Statements (Unaudited)
for the six months ended 30 June 2019

LGT BANK AG, Hong Kong Branch

Section A : Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

	Period ended 30 Jun 2019	Period ended 30 Jun 2018
Interest income	608,603	430,050
Interest expenses	(444,242)	(280,674)
Other operating income		
Gains less losses arising from trading in foreign currencies	90,599	59,225
Gains less losses on securities held for trading purposes	99,565	76,518
Gains less losses from other trading activities	34,953	48,476
Net fees and commission income		
Gross fees and commission income	473,650	515,716
Gross fees and commission expenses	(95,323)	(96,933)
Others	109,570	94,977
Operating income	877,375	847,355
Operating expenses		
Staff and rental expenses	(511,085)	(547,679)
Other expenses	(308,177)	(230,078)
Release for other provisions	444	11
Change in allowances for expected credit losses	(4,766)	1,454
Profit before taxation	53,791	71,063
Tax expense	(9,587)	(11,516)
Profit after taxation	44,204	59,547

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II Balance Sheet Information

(in thousands of Hong Kong Dollars)

	30 Jun 2019	31 Dec 2018
Assets		
Due from Exchange Fund	403,284	432,771
Cash and balances with banks	6,385,898	6,207,377
Amount due from overseas offices of the institution	30,917,072	25,726,894
Investment securities	5,091,735	5,007,984
Loans and receivables	19,715,676	17,838,013
Fixed assets	584,829	34,729
Intangible assets	1,308,025	1,341,593
Total assets	<u>64,406,519</u>	<u>56,589,361</u>
Liabilities		
Deposits and balances from banks	179,626	91,455
Deposit from customers		
Demand deposits and current accounts	9,681,604	8,997,774
Time, call and notice deposits	39,238,494	31,144,473
Amount due to overseas offices of the institution	13,871,801	14,982,725
Provision for commitments and contingent liabilities	4	448
Other liabilities	1,434,990	1,372,486
Total liabilities	<u>64,406,519</u>	<u>56,589,361</u>

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Cash and balances with banks

	30 Jun 2019	31 Dec 2018
Cash and balances with banks	6,387,120	6,209,019
Less: Allowances for expected credit losses	<u>(1,222)</u>	<u>(1,642)</u>
	<u>6,385,898</u>	<u>6,207,377</u>

(2) Loans and receivables

	30 Jun 2019	31 Dec 2018
Loans and advances to customers	18,966,796	16,624,036
Loans and advances to banks	159,522	347,347
Less:		
Allowances for expected credit losses	<u>(6,296)</u>	<u>(1,109)</u>
	<u>19,120,022</u>	<u>16,970,274</u>

Accrued interest receivables	81,128	69,732
Unrealized gains on derivative instruments	367,065	669,504
Other accounts	<u>147,461</u>	<u>128,503</u>
	<u>595,654</u>	<u>867,739</u>

	<u>19,715,676</u>	<u>17,838,013</u>
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(3) The breakdown of gross amount of loans and advances to customers by industry sectors and the corresponding balances covered by collateral or other security:

	30 Jun 2019		31 Dec 2018	
	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	886,260	885,430	1,029,324	1,028,700
Individuals				
Others	4,227,413	4,195,349	3,577,398	3,577,227
Loans and advances for use outside Hong Kong	<u>13,853,123</u>	<u>13,535,439</u>	<u>12,017,314</u>	<u>11,996,024</u>
	<u>18,966,796</u>	<u>18,616,218</u>	<u>16,624,036</u>	<u>16,601,951</u>

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III Additional Balance Sheet Information (continued)

(in thousands of Hong Kong Dollars)

- (4) 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 2019
British Virgin Islands	6,081,169
Hong Kong	6,296,774
	<u>12,377,943</u>
	31 Dec 2018
British Virgin Islands	4,952,094
Hong Kong	5,592,149
	<u>10,544,243</u>

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 ("BDR"). The transfer of risk applies when an advance is guaranteed by a party in a country which is different from that of the counterparty.

- (5) No allowances for loans and advances or other exposures of LGT HK have been set aside or maintained at the overseas head office as at 30 June 2019 and 31 December 2018.
- (6) Impaired financial assets are individually assessed assets which exhibit objective evidence of impairment on an individual basis. There were no impaired loans and advances to customers and banks, balances with banks as at 30 June 2019 and 31 December 2018.
- (7) There were no overdue loans and advances to customers and banks, balances with banks as at 30 June 2019 and 31 December 2018.
- (8) There were no repossessed assets, and no rescheduled loans and advances to customers and banks, balances with banks as at 30 June 2019 and 31 December 2018.
- (9) There were no overdue other assets at LGT HK as at 30 June 2019 and 31 December 2018.

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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 BDR, 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	
30 Jun 2019					
Developed countries of which	43,519,580	622,877	1,475,463	964,962	46,582,882
- Liechtenstein	36,352,735	-	61,320	32,199	36,446,254

	Non-bank private sector				Total
	Banks	Official Sector	Non-bank financial institution	Non-financial private sector	
31 Dec 2018					
Developed countries of which	35,801,527	1,408,766	533,927	933,612	38,677,832
- Liechtenstein	30,301,050	-	2,529	30,282	30,333,861
Offshore centres	2,722,395	-	169,387	4,497,770	7,389,552

LGT BANK AG, Hong Kong Branch

V Mainland Activities

(in thousands of Hong Kong Dollars, except ratios)

The Non-bank Mainland Exposures are as follows:

30 Jun 2019	On-balance sheet exposures	Off-balance sheet exposures	Total
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	690,171	11,217	701,388
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	142,973	1,424	144,397
Total	833,144	12,641	845,785
Total assets after provision	64,406,515		
On-balance sheet exposures as percentage of total assets	1.29%		
31 Dec 2018	On-balance sheet exposures	Off-balance sheet exposures	Total
Type of Counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	724,328	12,512	736,840
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	126,279	-	126,279
Total	850,607	12,512	863,119
Total assets after provision	56,588,913		
On-balance sheet exposures as percentage of total assets	1.50%		

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VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	CHF
30 Jun 2019		
Spot assets	34,011,646	1,555,377
Spot liabilities	(34,000,881)	(1,571,687)
Forward purchases	7,765,908	1,108,460
Forward sales	(7,759,531)	(1,086,205)
Net options position	-	-
Net long (or net short) position	<u><u>17,142</u></u>	<u><u>5,945</u></u>

	USD	CHF
31 Dec 2018		
Spot assets	29,157,613	1,334,931
Spot liabilities	(29,157,700)	(1,336,293)
Forward purchases	6,894,888	1,062,537
Forward sales	(6,873,757)	(1,063,878)
Net options position	-	-
Net long (or net short) position	<u><u>21,044</u></u>	<u><u>(2,703)</u></u>

At 30 Jun 2019, USD and CHF (31 Dec 2018: USD and CHF) constitute 10% or more of the total net position in all foreign currencies. There were no foreign currency net structural positions as at 30 Jun 2019 and 31 Dec 2018.

Net options position is 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)

	30 Jun 2019	31 Dec 2018
Contingent Liabilities and Commitments		
Contractual Amount		
* Direct credit substitutes	25,802	25,866
Transaction-related contingent items	403,974	138,570
* Amount owing on partly paid shares and securities	275,029	206,945
Other commitments	26,628,516	25,099,450

* Comparative figures have been restated and to conform to current period presentation

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

	30 Jun 2019	31 Dec 2018
Derivatives		
Contractual / Notional Amount		
Exchange rate and gold contracts	38,284,085	37,762,267
Interest rate contracts	1,020,824	994,727
Equity contracts	6,139,366	6,581,024
Others	1,364,789	855,679
	46,809,064	46,193,697

	30 Jun 2019		31 Dec 2018	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate and gold contracts	236,152	230,638	319,552	315,852
Interest rate contracts	16,316	15,892	7,490	6,961
Equity contracts	100,872	100,872	331,002	331,002
Others	13,725	13,725	11,460	11,455
	367,065	361,127	669,504	665,270

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.

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VIII Liquidity

For the quarter ended
30 Jun 2019 30 Jun 2018

Average liquidity maintenance ratio ("LMR")	61.49%	45.26%
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The average LMR is calculated based on the arithmetic mean of the Branch's average LMR for each calendar month in that quarter, as reported in the liquidity position return submitted to the Hong Kong Monetary Authority.

IX Disclosure on Remuneration

With reference to HKMA Supervisory Policy Manual CG-5, "Guideline on a sound remuneration system", remuneration information is disclosed by LGT Bank AG, hence it is not separately disclosed by LGT HK. For details on LGT Bank AG remuneration information, please refer to its Annual Report.

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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 2018	31 Dec 2017
Capital adequacy ratio	17.6%	18.8%
Shareholders' funds	4,112,170	4,112,667

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

II Other Financial Information

	31 Dec 2018	31 Dec 2017
Total assets	43,443,994	41,892,734
Total Liabilities	39,331,824	37,780,067
Total loans and advances	23,955,455	23,970,781
Total customer deposits	33,383,900	32,402,771
	31 Dec 2018	31 Dec 2017
Pre-tax profit	351,312	320,081