

LGT BANK AG

(incorporated in Liechtenstein with limited liability)

HONG KONG BRANCH

Financial Information Disclosure Statements (Unaudited)
for the six months ended 30 June 2020

LGT BANK AG, Hong Kong Branch

Section A : Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

	Period ended 30 Jun 2020		Period ended 30 Jun 2019	
Interest income		359,234		608,603
Interest expenses		(207,751)		(444,242)
Other operating income				
Gains less losses arising from trading in foreign currencies		89,716		90,599
Gains less losses on securities held for trading purposes		103,767		99,565
Gains less losses from other trading activities		61,155		34,953
Net fees and commission income				
Gross fees and commission income	602,009		473,650	
Gross fees and commission expenses	(108,184)	493,825	(95,323)	378,327
Others		107,086		109,570
Operating income		1,007,032		877,375
Operating expenses				
Staff and rental expenses	(545,447)		(511,085)	
Other expenses	(341,974)		(308,177)	
(Charge) / release for other provisions	(9)	(887,430)	444	(818,818)
Change in allowances for expected credit losses		(5,630)		(4,766)
Profit before taxation		113,972		53,791
Tax expense		(23,888)		(9,587)
Profit after taxation		90,084		44,204

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II Balance Sheet Information

(in thousands of Hong Kong Dollars)

30 Jun 2020 31 Dec 2019

Assets

Due from Exchange Fund	447,501	374,645
Cash and balances with banks	6,009,013	5,764,726
Amount due from overseas offices of the institution	24,452,933	27,312,098
Investment securities	5,156,860	4,883,385
Loans and receivables	18,994,048	19,341,858
Fixed assets	440,219	504,045
Intangible assets	1,240,890	1,274,457
Total assets	56,741,464	59,455,214

Liabilities

Deposits and balances from banks	99,237	100,763
Deposit from customers		
Demand deposits and current accounts	9,991,209	7,880,324
Time, call and notice deposits	34,979,135	39,585,297
Amount due to overseas offices of the institution	9,328,995	10,022,102
Provision for commitments and contingent liabilities	9	-
Other liabilities	2,342,879	1,866,728
Total liabilities	56,741,464	59,455,214

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Cash and balances with banks

	30 Jun 2020	31 Dec 2019
Cash and balances with banks	6,011,215	5,766,067
Less: Allowances for expected credit losses	<u>(2,202)</u>	<u>(1,341)</u>
	<u>6,009,013</u>	<u>5,764,726</u>

(2) Loans and receivables

	30 Jun 2020	31 Dec 2019
Loans and advances to customers	17,523,990	18,337,943
Loans and advances to banks	475,650	316,510
Less:		
Allowances for expected credit losses	<u>(5,397)</u>	<u>(628)</u>
	<u>17,994,243</u>	<u>18,653,825</u>
Accrued interest receivables	30,356	65,366
Unrealized gains on derivative instruments	847,167	476,768
Other accounts	<u>122,282</u>	<u>145,899</u>
	<u>999,805</u>	<u>688,033</u>
	<u><u>18,994,048</u></u>	<u><u>19,341,858</u></u>

(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 2020		31 Dec 2019	
	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	610,129	606,453	631,492	631,482
Individuals				
Others	4,138,746	4,138,549	4,646,456	4,640,093
Loans and advances for use outside Hong Kong	<u>12,775,115</u>	<u>12,541,070</u>	<u>13,059,995</u>	<u>13,026,351</u>
	<u>17,523,990</u>	<u>17,286,072</u>	<u>18,337,943</u>	<u>18,297,926</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 2020
British Virgin Islands	8,083,013
Hong Kong	4,883,215
	<u>12,966,228</u>
	31 Dec 2019
British Virgin Islands	6,145,351
Hong Kong	6,249,503
	<u>12,394,854</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 2020 and 31 December 2019.
- (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 2020 and 31 December 2019.
- (7) There were no overdue loans and advances to customers and banks, balances with banks as at 30 June 2020 and 31 December 2019.
- (8) There were no repossessed assets, and no rescheduled loans and advances to customers and banks, balances with banks as at 30 June 2020 and 31 December 2019.
- (9) There were no overdue other assets at LGT HK as at 30 June 2020 and 31 December 2019.

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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:

	Banks	Official Sector	Non-bank private sector		Total
			Non-bank financial institution	Non-financial private sector	
30 Jun 2020					
Developed countries	34,116,958	620,408	876,226	1,095,428	36,709,020
of which					
- Liechtenstein	28,505,684	-	14,589	7,662	28,527,935
Offshore centres	1,044,141	-	1,307,054	3,543,963	5,895,158
Developing Asia-Pacific	942,436	804	429,405	4,040,949	5,413,594
	Banks	Official Sector	Non-bank private sector		Total
			Non-bank financial institution	Non-financial private sector	
31 Dec 2019					
Developed countries	39,080,123	628,191	1,607,102	1,068,121	42,383,537
of which					
- Liechtenstein	32,346,852	-	42,715	22,809	32,412,376
Offshore centres	206,147	-	124,995	5,035,020	5,366,162
Developing Asia-Pacific	1,600,224	2,640	246,695	1,655,338	3,504,897

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V Mainland Activities

(in thousands of Hong Kong Dollars, except ratios)

The Non-bank Mainland Exposures are as follows:

30 Jun 2020	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	713,434	3,399	716,833
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	114,242	3,706	117,948
Total	827,676	7,105	834,781
Total assets after provision	56,741,455		
On-balance sheet exposures as percentage of total assets	1.46%		
31 Dec 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	631,520	3,454	634,974
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	127,168	2,344	129,512
Total	758,688	5,798	764,486
Total assets after provision	59,455,214		
On-balance sheet exposures as percentage of total assets	1.28%		

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VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	CHF
30 Jun 2020		
Spot assets	33,416,927	1,473,822
Spot liabilities	(33,405,235)	(1,485,220)
Forward purchases	8,627,874	974,244
Forward sales	(8,631,562)	(961,031)
Net options position	-	-
Net long (or net short) position	8,004	1,815
	USD	CHF
31 Dec 2019		
Spot assets	35,057,304	1,591,191
Spot liabilities	(35,061,082)	(1,604,015)
Forward purchases	10,380,873	2,164,171
Forward sales	(10,316,512)	(2,152,207)
Net options position	-	-
Net long (or net short) position	60,583	(860)

At 30 Jun 2020, USD and CHF (31 Dec 2019: USD) 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 2020 and 31 Dec 2019.

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 2020	31 Dec 2019
Contingent Liabilities and Commitments		
Contractual Amount		
Direct credit substitutes	373,682	510,062
Transaction-related contingent items	3,772	3,792
Amount owing on partly paid shares and securities	409,482	499,131
Other commitments	22,327,934	25,546,785

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

	30 Jun 2020	31 Dec 2019
Derivatives		
Contractual / Notional Amount		
Exchange rate and gold contracts	39,493,228	42,082,588
Interest rate contracts	1,233,978	1,143,761
Equity contracts	10,478,174	8,561,911
Others	813,399	1,727,840
	<u>52,018,779</u>	<u>53,516,100</u>

	30 Jun 2020		31 Dec 2019	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate and gold contracts	275,671	267,663	276,599	268,279
Interest rate contracts	30,765	30,195	15,609	15,031
Equity contracts	525,647	525,647	157,400	157,400
Others	15,084	15,031	27,160	27,137
	<u>847,167</u>	<u>838,536</u>	<u>476,768</u>	<u>467,847</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 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 2020	30 Jun 2019
Average liquidity maintenance ratio ("LMR")	64.64%	61.49%

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 2019	31 Dec 2018
Capital adequacy ratio	19.9%	17.6%
Shareholders' funds	4,618,965	4,112,170

The Capital ratios of LGT Group are based on the guidelines of the Basel 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 2019	31 Dec 2018
Total assets	49,437,590	43,443,994
Total Liabilities	44,818,624	39,331,824
Total loans and advances	27,638,242	23,955,455
Total customer deposits	38,253,931	33,383,900
	31 Dec 2019	31 Dec 2018
Pre-tax profit	353,804	351,312