

LGT BANK AG, HONG KONG BRANCH

(incorporated in Liechtenstein with limited liability)

Financial Information Disclosure Statements (Unaudited)
for the year ended 31 December 2022

LGT BANK AG, Hong Kong Branch

Section A : Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

	For the year ended 31 Dec 2022	For the year ended 31 Dec 2021
Interest income	981,516	293,274
Interest expenses	(616,736)	(83,046)
Other operating income		
Gains less losses arising from trading in foreign currencies	153,718	201,693
Gains less losses on securities held for trading purposes	103,560	209,348
Gains less losses from other trading activities	89,994	162,483
Net fees and commission income		
Gross fees and commission income	1,385,725	1,574,402
Gross fees and commission expenses	(186,295)	(224,511)
Others	196,051	215,877
Operating income	2,107,533	2,349,520
Operating expenses		
Staff and rental expenses	(1,249,968)	(1,361,653)
Other expenses	(811,916)	(803,571)
Charge for other provisions	(139)	-
Change in allowances for expected credit losses	(287)	482
Profit before taxation	45,223	184,778
Tax expense	(13,518)	(36,371)
Profit after taxation	<u>31,705</u>	<u>148,407</u>

LGT BANK AG, Hong Kong Branch

II Balance Sheet Information

(in thousands of Hong Kong Dollars)

	31 Dec 2022	30 Jun 2022
Assets		
Due from Exchange Fund	402,769	396,481
Cash and balances with banks	5,716,455	4,707,305
Amount due from overseas offices of the institution	27,932,708	20,977,911
Investment securities	6,673,511	5,482,678
Loans and receivables	17,617,462	18,491,955
Fixed assets	362,827	414,560
Intangible assets	1,073,051	1,106,618
Total assets	<u>59,778,783</u>	<u>51,577,508</u>
Liabilities		
Deposits and balances from banks	177,173	103,917
Deposit from customers		
Demand deposits and current accounts	9,184,588	13,333,878
Time, call and notice deposits	38,553,721	26,972,991
Amount due to overseas offices of the institution	9,619,043	8,927,349
Other liabilities	2,244,258	2,239,373
Total liabilities	<u>59,778,783</u>	<u>51,577,508</u>

LGT BANK AG, Hong Kong Branch

III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Cash and balances with banks

	31 Dec 2022	30 Jun 2022
Cash and balances with banks	5,718,307	4,709,000
Less: Allowances for expected credit losses	(1,852)	(1,695)
	<u>5,716,455</u>	<u>4,707,305</u>

(2) Loans and receivables

	31 Dec 2022	30 Jun 2022
Loans and advances to customers	16,516,629	17,314,777
Loans and advances to banks	7,774	9,989
Less:		
Allowances for expected credit losses	(367)	(540)
	<u>16,524,036</u>	<u>17,324,226</u>
Accrued interest receivables	204,641	33,488
Unrealized gains on derivative instruments	695,622	980,147
Other accounts	193,163	154,094
	<u>1,093,426</u>	<u>1,167,729</u>
	<u>17,617,462</u>	<u>18,491,955</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:

	31 Dec 2022		30 Jun 2022	
	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	1,113,403	1,113,240	1,167,781	1,167,661
Individuals				
Others	4,039,737	4,039,548	4,552,181	4,547,806
Loans and advances for use outside Hong Kong	11,363,489	11,358,540	11,594,815	11,584,436
	<u>16,516,629</u>	<u>16,511,328</u>	<u>17,314,777</u>	<u>17,299,903</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:

	31 Dec 2022	30 Jun 2022
British Virgin Islands	6,542,555	6,327,782
Hong Kong	5,276,427	5,796,458
	<u>11,818,982</u>	<u>12,124,240</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 Bank AG, Hong Kong Branch ("LGT HK") have been set aside or maintained at the overseas head office as at 31 December 2022 and 30 June 2022.
- (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 31 December 2022 and 30 June 2022.
- (7) There were no overdue loans and advances to customers and banks, balances with banks as at 31 December 2022 and 30 June 2022.
- (8) There were no repossessed assets, and no rescheduled loans and advances to customers and banks, balances with banks as at 31 December 2022 and 30 June 2022.
- (9) There were no overdue other assets at LGT HK as at 31 December 2022 and 30 June 2022.

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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	
31 Dec 2022					
Developed countries	37,123,873	48,496	1,614,691	1,748,628	40,535,688
of which					
- Liechtenstein	32,001,830	-	26,774	6,800	32,035,404
	Banks	Official Sector	Non-bank private sector		Total
			Non-bank financial institution	Non-financial private sector	
30 Jun 2022					
Developed countries	30,089,349	37,384	1,759,366	1,402,273	33,288,372
of which					
- Liechtenstein	25,156,288	-	36,922	1,467	25,194,677

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:

31 Dec 2022	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	609,545	1,401	610,946
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	59,105	541	59,646
Total	668,650	1,942	670,592

Total assets after provision

59,778,783

On-balance sheet exposures as percentage of total assets

1.12%

30 Jun 2022

	On-balance sheet exposures	Off-balance sheet exposures	Total
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Type of Counterparties

PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs

768,370

3,479

771,849

Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures

66,900

157

67,057

Total

835,270

3,636

838,906

Total assets after provision

51,577,508

On-balance sheet exposures as percentage of total assets

1.62%

LGT BANK AG, Hong Kong Branch

VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	CHF
31 Dec 2022		
Spot assets	34,971,475	2,549,901
Spot liabilities	(35,001,928)	(2,474,544)
Forward purchases	6,982,527	2,426,609
Forward sales	(6,922,205)	(2,496,568)
Net options position	-	-
Net long (or net short) position	29,869	5,398

	USD	GBP	JPY	EUR	CNY	CHF	SGD
30 Jun 2022							
Spot assets	28,045,054	2,062,175	1,821,151	3,102,469	1,092,399	848,542	762,188
Spot liabilities	(28,066,841)	(2,059,432)	(1,821,144)	(3,102,299)	(1,089,749)	(844,560)	(760,994)
Forward purchases	7,423,037	1,661,040	1,721,573	967,863	120,889	1,690,936	167,387
Forward sales	(7,403,133)	(1,663,552)	(1,721,329)	(966,763)	(122,814)	(1,694,529)	(168,381)
Net options position	-	-	-	-	-	-	-
Net long (or net short) position	(1,883)	231	251	1,270	725	389	200

At 31 December 2022, USD and CHF (30 June 2022: USD, GBP, JPY, EUR, CNY, CHF and SGD) constitute 10% or more of the total net position in all foreign currencies.

There were no foreign currency net structural positions as at 31 December 2022 and 30 June 2022.

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)

	31 Dec 2022	30 Jun 2022
Contingent Liabilities and Commitments		
Contractual Amount		
Direct credit substitutes	820,133	742,477
Transaction-related contingent items	3,788	3,806
Amount owing on partly paid shares and securities	1,022,784	1,155,152
Other commitments	28,194,746	26,706,680

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

	31 Dec 2022	30 Jun 2022
Derivatives		
Contractual / Notional Amount		
Exchange rate contracts	27,010,226	25,886,737
Interest rate contracts	611,931	808,454
Equity contracts	6,605,491	9,631,857
Others	3,979,101	5,325,963
	<u>38,206,749</u>	<u>41,653,011</u>

	31 Dec 2022		30 Jun 2022	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate contracts	340,066	329,664	355,019	347,992
Interest rate contracts	21,367	20,963	19,558	18,789
Equity contracts	282,811	282,811	552,949	552,949
Others	51,378	50,884	52,621	52,051
	<u>695,622</u>	<u>684,322</u>	<u>980,147</u>	<u>971,781</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

(1) Liquidity Maintenance Ratios

For the quarter ended
31 Dec 2022 31 Dec 2021

Average liquidity maintenance ratio ("LMR")	59.73%	61.24%
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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.

(2) Liquidity Risk Management

Governance

Liquidity risk is the risk that LGT HK may not be able to fund increases in assets and meet obligations as they fall due without incurring unacceptable losses. The objective of liquidity and funding risk management is to ensure that LGT HK can meet its liabilities at all times as they fall due and maintain sufficient resources to fund the business on a permanent basis.

LGT Group ("LGT") aims to manage liquidity and funding risk centrally from a group perspective, i.e. individual legal entity has limited possibilities to take on liquidity risk under internal balance sheet management guidelines. Head Office requires LGT HK to manage the liquidity structure of its assets, liabilities and commitments to maintain cash flows approximately are balanced and all funding obligations are met when due. Head Office will provide full financial support to LGT HK if required.

The Risk Management Committee ("RMC") of LGT HK is the governance committee to ensure LGT HK business activities are conducted in a safe and sound manner consistent with the bank's risk management philosophy and business strategy. The RMC of LGT HK is supported by the Assets & Liabilities Committee ("ALCO") of LGT HK which oversees the liquidity risk management by formulating and reviewing LGT HK's Liquidity Policy ("The Policy"). The Policy clearly defines the structure, responsibilities and functional units for liquidity risk management. It also sets out the risk tolerance limits which are in line with the risk appetite set by the Foundation Board.

The Policy serves as a mean of communicating LGT HK's liquidity risk strategy and risk management process. It articulates LGT HK's liquidity risk management approach including how to identify, measure, monitor and control liquidity risk. It is reviewed and approved annually by the ALCO of LGT HK and endorsed by Board of Directors of LGT Bank AG.

Funding Strategy

LGT HK's main funding source is customer deposits. Funding source from customer deposits is considered adequately diversified due to the large number of different groups of depositors. LGT HK ensures its local funding strategy is in line with LGT's for a diversified, longer term and stickier liabilities. LGT HK closely monitors the concentration of customer deposits and the ALCO of LGT HK reviews the concentration level of funding from customers on at least a monthly basis.

Liquidity Risk Mitigation

LGT HK maintains a cushion of unencumbered, liquid and readily marketable assets as an insurance against liquidity shortfall. Assets are considered to be liquid assets if they can be easily and immediately converted into cash at no or little cost via outright sale or via simple repurchase transactions, even in times of stress.

LGT BANK AG, Hong Kong Branch

VIII Liquidity (continued)

(2) Liquidity Risk Management (continued)

Liquidity Risk Mitigation (continued)

LGT HK aims to maintain an appropriate mix of high quality liquid assets as a source of liquidity for meeting emergency funding needs. The type, size and tenor of liquid assets to be acquired allow LGT HK to meet funding needs under severe stress scenarios. The liquid asset portfolio consists of cash, claims on Exchange Fund, Nostro account balances, bank placements and marketable debt securities. The potential mitigating measures include the increase of holdings of liquid assets, diversification of liabilities emphasizing stickier and / or longer-term liabilities and reducing the average maturity of the lending business.

Liquidity Stress Testing

LGT adopts a cash-flow approach in stress-testing to monitor its liquidity positions regularly based on severe but plausible scenarios to identify potential sources of liquidity strain under stressed conditions covering the impacts of LGT's specific stress and market-wide stress and a combination of both. Group Risk controlling and Security ("GRS") conducts stress tests and monitors the adherence to the defined limits for all entities of LGT including LGT HK. The result enables LGT HK to assess its ability to generate sufficient liquidity from both sides of the balance sheet to meet funding needs under adverse conditions and the risk tolerance level. Stress testing results of LGT HK are presented in the monthly ALCO meeting.

Contingency Funding Plan

LGT HK maintains a contingency funding plan ("CFP") that sets up the strategies, process and the roles and responsibilities for addressing potential liquidity shortfalls in emergency situations. It includes identification of early warning indicators of stress scenarios, monitoring & escalation procedures, actions to be taken in the event of crisis and process for effective communication. The CFP is updated and reviewed at least annually.

(3) Concentration limits on collateral pool

The concentration risk of collateral pool is governed by the counterparty limit and individual security limit.

The largest exposure in term of counterparty among the collateral pool

	31 Dec 2022	31 Dec 2021
Inter-American Development Bank	19.24%	26.03%

The largest exposure in term of individual security among the collateral pool

	31 Dec 2022	
Nordic Investment Bank	4.18%	
		31 Dec 2021
Asian Development Bank	4.84%	

(4) Concentration limit on sources of funding

LGT HK's funding sources are primarily non-bank customer deposits and borrowing from Head Office. Limit for the top 10 non-bank third-party customer deposits is set in the Liquidity Policy.

Significant funding instruments

	31 Dec 2022	31 Dec 2021
	As % of total liabilities	As % of total liabilities
Deposits from non-bank customers	80.07%	77.25%
Borrowing from head office	16.12%	18.14%

LGT BANK AG, Hong Kong Branch

VIII Liquidity (continued)

(5) Liquidity Gap

The table below shows the on- and off-balance sheet items, broken down into maturity buckets of LGT HK as at 31 December 2022:

31 Dec 2022 (in millions of Hong Kong Dollars)	Total	Up to 7 Days	8 Days up to 1 Month	Over 1 Month up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 5 Years	Over 5 Years	Balancing Amount
On-balance sheet assets:									
Currency notes and coins	-	-	-	-	-	-	-	-	-
Amount receivable arising from derivative contracts	689	298	366	4	4	10	37	22	-
Due from Exchange Fund	403	403	-	-	-	-	-	-	-
Due from banks	33,804	10,574	11,145	8,308	2,289	1,468	20	-	-
Investment securities held	6,675	6,675	-	-	-	-	-	-	-
Loans and advances to non-bank customers	16,539	8,968	5,987	1,207	207	77	79	14	-
Other assets	1,629	-	67	15	-	-	29	-	1,518
Total on-balance sheet assets	59,739	26,918	17,565	9,534	2,500	1,555	165	36	1,518
Off-balance sheet claims:									
Other off-balance sheet claims	-	-	-	-	-	-	-	-	-
Total off-balance sheet claims	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities:									
Deposits from non-bank customers	47,864	25,997	9,794	8,301	2,286	1,466	20	-	-
Amount payable arising from derivative contracts	678	287	366	4	4	10	37	22	-
Due to banks	9,814	4,003	3,863	1,230	552	73	79	14	-
Other liabilities	1,063	12	82	17	516	50	296	6	84
Capital and reserves	354	-	32	-	-	-	-	-	322
Total on-balance sheet liabilities	59,773	30,299	14,137	9,552	3,358	1,599	432	42	406
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,781	3,781	-	-	-	-	-	-	-
Other off-balance sheet obligations	1,850	1,850	-	-	-	-	-	-	-
Total off-balance sheet obligations	5,631	5,631	-	-	-	-	-	-	-
Contractual Maturity Mismatch		(9,012)	3,428	(18)	(858)	(44)	(267)	(6)	
Cumulative Contractual Maturity Mismatch		(9,012)	(5,584)	(5,602)	(6,460)	(6,504)	(6,771)	(6,777)	

The below table shows information on the LGT HK's estimated cash flows arising from selected items based on behavioural assumptions:

31 Dec 2022 (in millions of Hong Kong Dollars)	Total	Up to 7 Days	8 Days up to 1 Month	Over 1 Month up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 5 Years	Over 5 Years	Balancing Amount
Demand, savings and current account deposits - according to the lowest month-end balance recorded in past 12 months	2,464								2,464
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,781	393	820	1,158	843	567	-	-	-
Other off-balance sheet obligations	1,851	-	-	-	-	-	-	-	1,851

The information of above tables is extracted from the HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23)

LGT BANK AG, Hong Kong Branch

VIII Liquidity (continued)

(5) Liquidity Gap (continued)

The table below shows the on- and off-balance sheet items, broken down into maturity buckets of LGT HK as at 31 December 2021:

31 Dec 2021 (in millions of Hong Kong Dollars)	Total	Up to 7 Days	8 Days up to 1 Month	Over 1 Month up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 5 Years	Over 5 Years	Balancing Amount
On-balance sheet assets:									
Currency notes and coins	1	1	-	-	-	-	-	-	-
Amount receivable arising from derivative contracts	617	104	479	4	7	14	13	6	-
Due from Exchange Fund	398	398	-	-	-	-	-	-	-
Due from banks	25,656	16,644	6,289	1,931	516	276	-	-	-
Investment securities held	5,850	5,850	-	-	-	-	-	-	-
Loans and advances to non-bank customers	17,476	8,550	6,791	1,516	252	252	86	29	-
Other assets	1,790	-	46	17	-	1	29	-	1,697
Total on-balance sheet assets	51,788	31,547	13,605	3,468	775	543	128	35	1,697
Off-balance sheet claims:									
Other off-balance sheet claims	-	-	-	-	-	-	-	-	-
Total off-balance sheet claims	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities:									
Deposits from non-bank customers	40,016	34,096	3,184	1,947	513	276	-	-	-
Amount payable arising from derivative contracts	609	97	479	4	6	15	13	6	-
Due to banks	9,446	3,331	3,608	1,526	274	252	426	29	-
Other liabilities	1,296	17	127	20	565	49	408	3	107
Capital and reserves	422	-	148	-	-	-	-	-	274
Total on-balance sheet liabilities	51,789	37,541	7,546	3,497	1,358	592	847	38	381
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,655	3,655	-	-	-	-	-	-	-
Other off-balance sheet obligations	1,385	1,385	-	-	-	-	-	-	-
Total off-balance sheet obligations	5,040	5,040	-	-	-	-	-	-	-
Contractual Maturity Mismatch		(11,034)	6,059	(29)	(583)	(49)	(719)	(3)	
Cumulative Contractual Maturity Mismatch		(11,034)	(4,975)	(5,004)	(5,587)	(5,636)	(6,355)	(6,358)	

The below table shows information on the LGT HK's estimated cash flows arising from selected items based on behavioural assumptions:

31 Dec 2021 (in millions of Hong Kong Dollars)	Total	Up to 7 Days	8 Days up to 1 Month	Over 1 Month up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 5 Years	Over 5 Years	Balancing Amount
Demand, savings and current account deposits - according to the lowest month-end balance recorded in past 12 months	4,884								4,884
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,655	654	699	1,025	785	492	-	-	-
Other off-balance sheet obligations	1,385	-	-	-	-	-	-	-	1,385

The information of above tables is extracted from the HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23)

LGT BANK AG, Hong Kong Branch

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.

LGT BANK AG, Hong Kong Branch

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 2022	31 Dec 2021
Capital adequacy ratio	19.1%	22.1%
Shareholders' funds	6,021,758	6,046,823

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 2022	31 Dec 2021
Total assets	61,104,559	52,875,628
Total liabilities	55,082,801	46,828,805
Total loans and advances	34,564,496	24,705,191
Total customer deposits	44,339,919	39,871,882

	For the year ended 31 Dec 2022	For the year ended 31 Dec 2021
Pre-tax profit	487,974	403,139