

LGT BANK AG, HONG KONG BRANCH

(incorporated in Liechtenstein with limited liability)

Financial Information Disclosure Statements (Unaudited)
for the year ended 31 December 2023

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 2023	For the year ended 31 Dec 2022
Interest income	2,631,555	981,516
Interest expenses	(2,137,032)	(616,736)
Other operating income		
Gains less losses arising from trading in foreign currencies	143,634	153,718
Gains less losses on securities held for trading purposes	155,619	103,560
Gains less losses from other trading activities	93,336	89,994
Net fees and commission income		
Gross fees and commission income	1,345,096	1,385,725
Gross fees and commission expenses	(121,548) 1,223,548	(186,295) 1,199,430
Others	383,730	196,051
Operating income	2,494,390	2,107,533
Operating expenses		
Staff and rental expenses	(1,401,777)	(1,249,968)
Other expenses	(1,026,457)	(811,916)
Change in other provisions	19 (2,428,215)	(139) (2,062,023)
Change in allowances for expected credit losses	679	(287)
Losses from disposal of fixed assets	(11)	-
Profit before taxation	66,843	45,223
Tax expense	(17,037)	(13,518)
Profit after taxation	49,806	31,705

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II Balance Sheet Information

(in thousands of Hong Kong Dollars)

	31 Dec 2023	30 Jun 2023
Assets		
Due from Exchange Fund	93,936	-
Cash and balances with banks	6,063,469	5,552,053
Amount due from overseas offices of the institution	30,157,595	30,064,600
Investment securities	6,161,240	6,461,680
Loans and receivables	14,519,626	18,109,238
Investment in subsidiary	40,264	40,264
Fixed assets	583,025	317,330
Intangible assets	1,005,915	1,039,483
Total assets	<u>58,625,070</u>	<u>61,584,648</u>
Liabilities		
Due to Exchange Fund	-	377,494
Deposits and balances from banks	23,024	29,253
Deposit from customers		
Demand deposits and current accounts	5,964,536	8,290,237
Time, call and notice deposits	40,913,487	37,585,230
Amount due to overseas offices of the institution	8,938,498	13,194,486
Provision for commitments and contingent liabilities	22	-
Other liabilities	2,785,503	2,107,948
Total liabilities	<u>58,625,070</u>	<u>61,584,648</u>

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1)	Cash and balances with banks	31 Dec 2023	30 Jun 2023
	Cash and balances with banks	6,064,510	5,553,768
	Less: Allowances for expected credit losses	(1,041)	(1,715)
		<u>6,063,469</u>	<u>5,552,053</u>
(2)	Loans and receivables	31 Dec 2023	30 Jun 2023
	Loans and advances to customers	13,310,791	17,063,214
	Loans and advances to banks	76,803	61,923
	Less: Allowances for expected credit losses	(330)	(259)
		<u>13,387,264</u>	<u>17,124,878</u>
	Accrued interest receivables	391,338	256,454
	Unrealized gains on derivative instruments	561,064	549,307
	Other accounts	179,960	178,599
		<u>1,132,362</u>	<u>984,360</u>
		<u>14,519,626</u>	<u>18,109,238</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 2023		30 Jun 2023	
	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	651,533	651,255	957,033	957,033
Individuals				
Others	3,800,132	3,800,093	3,600,559	3,575,633
Loans and advances for use outside Hong Kong	8,859,126	8,771,969	12,505,622	12,391,705
	<u>13,310,791</u>	<u>13,223,317</u>	<u>17,063,214</u>	<u>16,924,371</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 2023	30 Jun 2023
British Virgin Islands	4,431,096	7,651,670
Hong Kong	4,585,633	4,691,768
	<u>9,016,729</u>	<u>12,343,438</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 2023 and 30 June 2023.
- (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 2023 and 30 June 2023.
- (7) There were no overdue loans and advances to customers and banks, balances with banks as at 31 December 2023 and 30 June 2023.
- (8) There were no repossessed assets, and no rescheduled loans and advances to customers and banks, balances with banks as at 31 December 2023 and 30 June 2023.
- (9) There were no overdue other assets at LGT HK as at 31 December 2023 and 30 June 2023.

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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 2023					
Developed countries	39,246,259	42,739	909,250	1,286,900	41,485,148
of which					
- Liechtenstein	34,859,007	-	5,017	3,072	34,867,096
	Banks	Official Sector	Non-bank private sector		Total
30 Jun 2023			Non-bank financial institution	Non-financial private sector	
Developed countries	39,899,152	47,986	1,341,298	3,002,149	44,290,585
of which					
- Liechtenstein	34,981,903	-	15,770	5,944	35,003,617

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V Mainland Activities

(in thousands of Hong Kong Dollars, except ratios)

The Non-bank Mainland Exposures are as follows:

31 Dec 2023	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	379,725	1,125	380,850
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	22,093	907	23,000
Total	401,818	2,032	403,850
Total assets after provision	58,625,048		
On-balance sheet exposures as percentage of total assets	0.69%		
30 Jun 2023	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	501,509	1,377	502,886
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	46,116	1,781	47,897
Total	547,625	3,158	550,783
Total assets after provision	61,584,647		
On-balance sheet exposures as percentage of total assets	0.89%		

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VI Currency Risk

(in thousands of Hong Kong Dollars)

	USD	CHF	
31 Dec 2023			
Spot assets	33,320,975	3,305,096	
Spot liabilities	(33,372,773)	(3,328,188)	
Forward purchases	7,400,960	2,174,820	
Forward sales	(7,313,440)	(2,160,590)	
Net options position	-	-	
Net long (or net short) position	35,722	(8,862)	
	USD	CHF	EUR
30 Jun 2023			
Spot assets	32,887,714	3,562,474	2,780,088
Spot liabilities	(32,928,034)	(3,574,666)	(2,772,508)
Forward purchases	6,545,458	2,983,768	504,824
Forward sales	(6,464,864)	(2,970,923)	(502,127)
Net options position	-	-	-
Net long (or net short) position	40,274	653	10,277

At 31 December 2023, USD and CHF (30 June 2023: USD and EUR) 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 2023 and 30 June 2023.

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 2023	30 Jun 2023
Contingent Liabilities and Commitments		
Contractual Amount		
Direct credit substitutes	928,004	869,867
Transaction-related contingent items	1,289	3,808
Amount owing on partly paid shares and securities	935,931	1,059,355
Other commitments	27,227,093	24,407,217

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

	31 Dec 2023	30 Jun 2023
Derivatives		
Contractual / Notional Amount		
Exchange rate contracts	28,920,852	28,249,221
Interest rate contracts	864,284	668,531
Equity contracts	9,295,150	9,438,121
Others	5,285,081	4,986,951
	<u>44,365,367</u>	<u>43,342,824</u>

	31 Dec 2023		30 Jun 2023	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Exchange rate contracts	214,613	208,054	258,709	253,945
Interest rate contracts	15,116	14,637	24,278	23,888
Equity contracts	270,354	270,354	224,127	224,127
Others	60,981	60,081	42,193	41,578
	<u>561,064</u>	<u>553,126</u>	<u>549,307</u>	<u>543,538</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 2023 31 Dec 2022

Average liquidity maintenance ratio ("LMR")	58.63%	59.73%
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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.

VIII Liquidity (continued)

(2) Liquidity Risk Management (continued)

Liquidity Risk Mitigation

LGT HK maintains a cushion of unencumbered and high quality liquid assets as 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 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.

LGT HK monitors various indicators as early warning signs in order to identify an increased level of liquidity stress at the earliest possible stage. 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 and Security 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 and escalation procedures, actions to be taken in the event of crisis and process for effective communication. The goal of the CFP is to ensure LGT HK has sufficient liquidity resources in stressed scenarios to meet its liabilities as they fall due. 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 at LGT level and the individual security limit.

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VIII Liquidity (continued)

(4) Concentration limits 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 2023	31 Dec 2022
	As % of total liabilities	As % of total liabilities
Deposits from non-bank customers	80.46%	80.07%
Borrowing from head office	15.27%	16.12%

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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 2023:

31 Dec 2023 <i>(in millions of Hong Kong Dollars)</i>	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	554	171	363	7	7	19	76	22	-
Due from Exchange Fund	94	94	-	-	-	-	-	-	-
Due from banks	36,621	9,911	11,913	9,642	3,342	1,790	23	-	-
Investment securities held	6,162	6,162	-	-	-	-	-	-	-
Loans and advances to non-bank customers	13,332	6,620	5,612	894	78	55	66	7	-
Other assets	1,809	-	1	58	33	-	-	-	1,717
Total on-balance sheet assets	58,572	22,958	17,889	10,601	3,460	1,864	165	29	1,717
Off-balance sheet claims:									
Other off-balance sheet claims	-	-	-	-	-	-	-	-	-
Total off-balance sheet claims	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities:									
Deposits from non-bank customers	47,172	22,645	9,718	9,660	3,338	1,788	23	-	-
Amount payable arising from derivative contracts	546	163	363	7	7	20	77	21	-
Due to banks	8,976	3,350	4,532	890	77	54	66	7	-
Other liabilities	1,438	9	110	122	502	54	690	7	(56)
Capital and reserves	485	-	50	-	-	-	-	-	435
Total on-balance sheet liabilities	58,617	26,167	14,773	10,679	3,924	1,916	856	35	379
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,653	3,653	-	-	-	-	-	-	-
Other off-balance sheet obligations	1,869	1,869	-	-	-	-	-	-	-
Total off-balance sheet obligations	5,522	5,522	-	-	-	-	-	-	-
Contractual Maturity Mismatch		(8,731)	3,116	(78)	(464)	(52)	(691)	(6)	
Cumulative Contractual Maturity Mismatch		(8,731)	(5,615)	(5,693)	(6,157)	(6,209)	(6,900)	(6,906)	

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

31 Dec 2023 <i>(in millions of Hong Kong Dollars)</i>	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	1,521								1,521
Off-balance sheet obligations:									
Irrevocable loan commitments or facilities granted	3,653	301	733	1,161	905	553	-	-	-
Other off-balance sheet obligations	1,869	-	-	-	-	-	-	-	1,869

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

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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 2022:

31 Dec 2022 <i>(in millions of Hong Kong Dollars)</i>	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 <i>(in millions of Hong Kong Dollars)</i>	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)

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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.

X Disclosure on Climate Risk Management

With reference to HKMA Supervisory Policy Manual GS-1, "Climate Risk Management", climate related disclosures in accordance with Task Force on Climate-related Financial Disclosures' (TCFD) recommendations is included within the TCFD Report for LGT Private Banking, hence it is not separately disclosed by LGT HK.

LGT BANK AG, Hong Kong Branch

Section B: Group Information (Consolidated Basis)

Financial Highlights of LGT Group (Consolidated Basis):

(in thousands of Swiss Francs, except ratios)

I Capital and Capital Adequacy

	31 Dec 2023	31 Dec 2022
Capital adequacy ratio	19.9%	19.1%
Shareholders' funds	5,987,025	6,021,758

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 2023	31 Dec 2022
Total assets	58,134,973	61,104,559
Total liabilities	52,147,948	55,082,801
Total loans and advances	33,213,867	34,564,496
Total customer deposits	41,778,734	44,339,919
	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022
Pre-tax profit	459,329	487,974