



Annual Report 2013

LGT Group





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LGT at a glance

LGT is a leading international private banking and asset management group that has been fully controlled by the Liechtenstein Princely Family for over 80 years. As per 31 December 2013, LGT managed assets of CHF 110.7 billion (USD 124.5 billion) for wealthy

private individuals and institutional clients. LGT employs approximately 1900 people who work out of more than 20 locations in Europe, the Americas, Asia and the Middle East.

Business areas

LGT Private Banking	LGT Asset Management
<p>Wealth management services for private clients, including:</p> <ul style="list-style-type: none"> ■ Investment advice and portfolio management ■ Trading advice and execution ■ Loan and credit facilities ■ Philanthropy services <p>LGT operates locally regulated banks in Liechtenstein, Switzerland, Austria, Hong Kong and Singapore. These banks have the principal focus of addressing the specific needs of wealthy private clients and they offer access to state-of-the-art investment services. LGT also manages the financial investments of the Liechtenstein Princely family.</p>	<p>Discretionary investment management of institutional client mandates and investment funds (operating under the brand of LGT Capital Partners)</p> <p>LGT Capital Partners is a global leader in managing alternative investments and multi-asset products with an excellent track record spanning over 15 years. An international team of over 300 specialists manages the assets of over 400 institutional investors including pension funds, insurance companies, sovereign wealth funds, banks and foundations. In addition to its headquarters in Pfäffikon, Switzerland, LGT Capital Partners has offices in New York, London, Dublin, Dubai, Hong Kong, Tokyo, Beijing, Frankfurt and Vaduz.</p>

Long-term strategy and corporate philosophy

LGT's private ownership and efficient governance facilitate quick and independent decision-making based on a long term perspective with regards to corporate strategy and development.

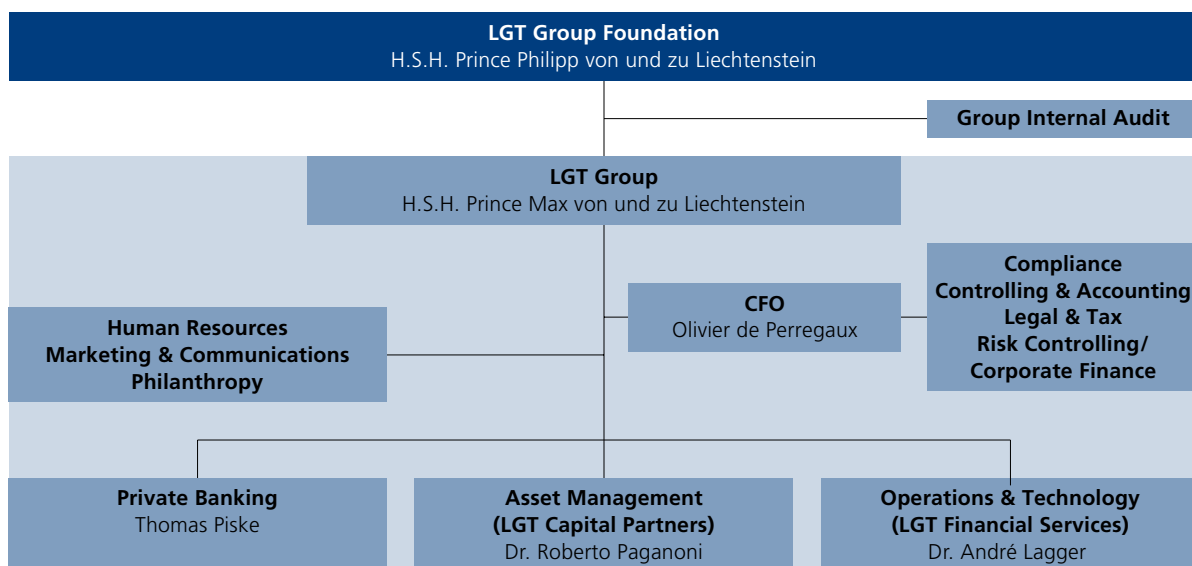
For the past 15 years, LGT has pursued two strategic priorities: the international expansion and diversification of its private banking business, as well as the establishment of an outstanding global investment capacity to serve the needs of the Liechtenstein Princely Family and of institutional and private clients. To maximize the alignment of interests among LGT's clients, employees and the shareholder it has been an important part of LGT's philosophy that the Princely Family and the employees co-invest in a substantial manner alongside clients. In a world of growing social and environmental pressures, LGT is looking to create shared value between business and society – ideally increasing growth and profits while at the same time creating a positive impact for the principal stakeholder, society and the environment.

Conservative balance sheet – financial stability

LGT has a healthy balance sheet, a high level of liquidity and a solid capitalization. Its equity capital is well above the legal requirements and reflects the financial strengths of the company in international comparison. LGT is one of the world's few international private banks to have its credit rating assessed by independent rating agencies such as Standard & Poor's (current rating for LGT: A+) and Moody's (current rating for LGT: A1). In 2013, Global Finance magazine included LGT as the only private bank in Switzerland and Liechtenstein in its list of the 50 safest banks in the world.



Organizational structure



Foundation Board

H.S.H. Prince Philipp von und zu Liechtenstein, Chairman
 Dr. Rodolfo Bogni¹
 K B Chandrasekar²
 Dr. Phillip Colebatch¹
 Sir Ronald Grierson²
 Dr. Dominik Koechlin^{1,2}
 Prof. Dr. Conrad Meyer²

Senior Management Board

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group
 Dr. André Lagger, CEO LGT Financial Services
 Dr. Roberto Paganoni, CEO LGT Capital Partners
 Olivier de Perregaux, CFO LGT Group
 Thomas Piske, CEO LGT Private Banking

Internal Audit

Daniel Hauser, Head Group Internal Audit

External Audit

PricewaterhouseCoopers Ltd., Zurich

¹ Member of the Human Resources and Compensation Committee

² Member of the Audit Committee

Financial highlights

		2013	2012	2011	2010	2009
Assets under administration	CHF m	110 717	102 118	86 932	86 079	89 023
of which client assets under administration	CHF m	107 899	99 448	84 486	83 547	86 604
of which LGT's Princely Portfolio	CHF m	2 818	2 670	2 446	2 532	2 419
Net asset inflow	CHF m	7 452	12 342	5 758	3 102	4 550
of which net new money	CHF m	7 452	10 515	8 562	3 102	-3 651
of which through acquisition	CHF m	0	1 827	0	0	8 201
of which through disposal	CHF m	0	0	-2 804	0	0
Total operating income	CHF m	895	957	709	883	779
Group profit	CHF m	139	214²	70	148	106
Appropriation of Foundation earnings and dividends	CHF m	-100¹	-206	-75	-75	-75
Group equity capital	CHF m	3 216	3 084²	2 701²	3 084	2 958
Total assets	CHF m	28 312	27 099²	26 248²	24 388	24 793
Ratios						
Tier 1	%	21.3	21.5	17.5	19.3	18.5
Cost/income	%	77	65 ²	75 ³	70 ⁴	74
Headcount at 31 December		1 921	1 830	1 779	1 889	1 985
Rating⁵						
Moody's		A1	Aa3	Aa3	Aa3	Aa3
Standard & Poor's		A+	A+	A+	A+	A+

¹ Proposed

² Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

³ Excluding charges in connection with the sale of LGT Bank in Liechtenstein & Co. OHG

⁴ Excluding payment to German authorities in 2010

⁵ LGT Bank Ltd., Vaduz

Chairman's report



H.S.H. Prince Philipp von und zu Liechtenstein, Chairman LGT Group (left) and H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group (right)

LGT Group achieved good results in the 2013 financial year. Supported by strong asset growth from new and existing clients and healthy market conditions LGT grew its income from services by 15% compared with 2012 to CHF 648.6 million. As interest rates remained low, net interest and similar income fell by 28% compared with the previous year to CHF 80.1 million. High-quality bonds, which LGT holds for liquidity management reasons, generated lower valuation gains in 2013 than in the exceptionally strong previous year, leading to a 42% drop in income from trading activities and other income to CHF 166.1 million. Overall, LGT posted a 7% decline in total operating income to CHF 894.8 million compared with 2012.

Solid group profit

Personnel expenses in the period under review were 20% higher reaching CHF 531.1 million, reflecting a one-off contribution of a change to the LGT pension fund plan recognized in 2012. Without this positive effect in the previous year, personnel expenses would have remained stable in 2013 despite higher headcount. Business and office expenses were reduced by 10% to CHF 157.3 million, thanks to good control over costs while making further substantial investments to grow the business. The cost-income ratio was 77%.

Depreciation, amortization and provisions (other operating expense) declined by 34% to CHF 57.6 million, reflecting goodwill amortization recognized in 2012. LGT Bank (Switzerland) Ltd.'s share of the upfront payment made by the Swiss banks under the withholding tax agreement with the United Kingdom is included in this amount. Tax expense was significantly lower year on year due to the tax effect of the aforementioned contribution of a change to the pension fund plan in 2012.

Overall, solid group profit of CHF 139.2 million was achieved for 2013, which is down 35% compared with the previous year. LGT Group is very well capitalized and maintains a high level of liquidity. The tier 1 capital ratio was 21.3% as at December 31, 2013, compared with 21.5% at year-end 2012.

Encouraging growth in net asset inflows

Net new asset inflows totaled CHF 7.5 billion in 2013. This represents a growth of 7% of assets under administration at the end of 2012. All the business sectors and regions contributed to this result. At year-end, assets under administration amounted to CHF 110.7 billion, compared with CHF 102.1 billion at the end of 2012.

Challenging environment

Steady improvement of our operations and financial results are critical as our private banking and asset management industry continues to go through an important period of change and consolidation. The change is driven by a number of factors: Several organizations have been severely impacted through the financial crisis and its consequences and have either given up their private banking and/or asset management business completely or are restructuring and changing their strategy and operations in a more radical way to remain competitive. A much more demanding and complex regulatory regime has changed many rules and regulations, thus increasing costs, complexity and risks to the industry. For private banking the paradigm shifts in the area of banking secrecy, client protection and tax compliance have been particularly important.

Last but not least our industry is confronted with a difficult investment environment characterized through extremely low interest rates, highly indebted economies in the US, the EU and Japan and with slower GDP and productivity growth in most of the developed and emerging markets.

Attractive strategic positioning

Against this challenging background LGT can build on solid foundations. The private ownership and governance through the Liechtenstein Princely Family has been the basis for corporate stability, long term orientation and an attractive culture. The simple business model focused on private banking and asset management has allowed for efficient organizational structures and decision making. After years of international expansion LGT enjoys today a growing and diversified client and market base. Early and consistent focus on asset allocation, alternative investments and manager selection have helped LGT to establish unique investment expertise, a strong investment track record and a global institutional client base. Fuelled through a growing client base and a strengthening presence, LGT's brand is gaining further momentum and LGT attributes such as our long-term orientation, our pursuit to generate positive social and environmental impact and the family based ownership structure attract not only private and institutional clients but also high potential employees for whom LGT has become an «employer of choice».

Growth in Private Banking

In our private banking business all our booking platforms have shown a very good development with an average annual growth in assets under administration of over 10 percent since 2011. Despite higher expenditures on legal, compliance and risk management we have managed costs successfully and were able to increase profitability by handling higher volumes on our platforms. The excellent quality of our services and products has again been confirmed by independent external institutions. The Handelsblatt Elite Report awarded us the highest possible rating and the German

market research company Fuchsbriefe ranked LGT among the ten best wealth managers in Europe. Going forward we want to fine-tune the regional strategies and concentrate even more on our core markets. By further developing our CRM system and advisory process we aim to enhance client satisfaction and increase our sales efficiency.

Benefiting from industry trends in Asset Management

In 2013 we saw strong inflows of new assets from institutional investors. We also started to benefit from the synergies of the planned integration of LGT Capital Management into LGT Capital Partners. We were able to strengthen our positioning as provider of multi alternatives solutions combined with strong asset allocation expertise. In the next few years we expect alternative investments to gain market share and become more mainstream. We will also benefit from industry trends in asset management, namely the growing demand for solution-based products which are tailored to specific needs of global clients. In an increasingly complex investment landscape the importance of asset allocation expertise is increasingly recognized.

Outlook

LGT Group has made a good start to the current year and, barring any unexpected developments in what generally remains a challenging economic environment, remains confident of generating good results. We achieved good results in 2013 in an environment that remained challenging, and we are pleased with the progress we made in our core businesses. We are strategically well placed and, thanks to our solid capital base, can take a flexible approach to investing in our services and our market presence. We remain very optimistic about LGT's future.

Corporate governance

LGT Group and its holding company, LGT Group Foundation, are 100 percent controlled by the Prince of Liechtenstein Foundation (POLF), the beneficiary of which is H.S.H. Reigning Prince Hans-Adam II. von und zu Liechtenstein. The POLF names the Foundation Board of LGT Group Foundation. The Group's Foundation Board meets at least four times a year and has constituted two separate committees (Audit Committee; Human Resources and Compensation Committee). The Chairman of the Group's Foundation Board is H.S.H. Prince Philipp von und zu Liechtenstein. The Group's Foundation Board has appointed the Group CEO, H.S.H. Prince Max von und zu Liechtenstein, who is responsible for the strategic and operational management of the Group.

The compensation system is supervised by the Human Resources and Compensation Committee, and consists of a fixed salary component, a yearly bonus and a long-term incentive scheme (LTIS). As a privately held company, LGT has developed an internal LTIS based on an option scheme. Senior management and other key people are entitled to participate in the LTIS. The LTIS is calculated according to a predefined formula which includes, in particular, the result of operating activities, the investment performance of the Princely Portfolio and the Group's cost of capital. LTIS options are granted yearly and can be exercised between three to seven years after grant. In addition to direct compensation, the employees has the possibility to co-invest directly in client products. These co-investments are at the full risk/benefit of the subscribing employee.

Internal Audit reports directly to the Group's Board of Trustees. In accordance with a general principle, the external auditors are re-evaluated on a regular basis.

The consolidated LGT Group is supervised by the Liechtenstein Financial Market Authority (FMA). Local companies are supervised by their local authorities.

Although it is a privately held company, LGT aims to follow the standard practices of public companies; therefore LGT applies a transparent and proactive communication policy. LGT Bank Ltd. is rated by Moody's and Standard & Poor's. The LGT Group has applied International Financial Reporting Standards (IFRS) since 1996.

Consolidated financial statements

Report of the group auditors



Report of the group auditor
to the Foundation Supervisory Board
of LGT Group Foundation
Vaduz

As auditor of the group, we have audited the consolidated financial statements (income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, pages 13 to 80) and the consolidated chairman's report (pages 8 to 10) of LGT Group Foundation for the year ended 31 December 2013.

These consolidated financial statements and the consolidated chairman's report are the responsibility of the Foundation Board. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Liechtenstein and International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements and the consolidated chairman's report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Liechtenstein law.

The consolidated chairman's report is in accordance with the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

A handwritten signature in black ink, appearing to read 'R. Birrer'.

Rolf Birrer
Auditor in charge

A handwritten signature in black ink, appearing to read 'G. Andermatt'.

Guido Andermatt

Zurich, 24 April 2014

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Consolidated income statement

Consolidated income statement (TCHF)	Note	2013	2012 ¹	Change	
				absolute	%
Interest earned and similar income		167 967	203 784	-35 817	-18
Interest expense		-87 895	-92 645	4 750	-5
Net interest and similar income	1	80 072	111 139	-31 067	-28
Income from services	2	648 576	562 062	86 514	15
Income from trading activities	3	144 355	255 065	-110 710	-43
Other operating income	4	21 761	29 150	-7 389	-25
Total operating income		894 764	957 416	-62 652	-7
Personnel expenses	5	-531 073	-442 123	-88 950	20
Business and office expenses	6	-157 302	-175 701	18 399	-10
Other operating expenses	7	-57 602	-86 884	29 282	-34
Total operating expenses		-745 977	-704 708	-41 269	6
Operating profit before tax		148 787	252 708	-103 921	-41
Tax expense	8	-5 547	-32 004	26 457	-83
Profit for the year		143 240	220 704	-77 464	-35
Attributable to:					
Equity holders of the parent entity		139 180	213 650	-74 470	-35
Non-controlling interests		4 060	7 054	-2 994	-42

¹ Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (TCHF)	Note	2013	2012 ¹	Change absolute	Change %
Profit for the year		143 240	220 704	-77 464	-35
Other comprehensive income					
Other comprehensive income that may be reclassified to the income statement					
Changes in cumulative translation adjustments		2 135	10 433	-8 298	-80
Change in revaluation reserves that will be reclassified to the income statement, net of tax	25	155 678	259 802	-104 124	-40
thereof investments in associates		148 619	223 534	-74 915	-34
thereof available-for-sale securities		11 501	40 578	-29 077	-72
thereof cash flow hedge		-4 442	-4 310	-132	3
Total other comprehensive income that may be reclassified to the income statement		157 813	270 235	-112 422	-42
Other comprehensive income that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit plans, net of tax	25	43 183	-27 429	70 612	-257
Total other comprehensive income that may not be reclassified to the income statement		43 183	-27 429	70 612	-257
Total comprehensive income for the year		344 236	463 510	-119 274	-26
Attributable to:					
Equity holders of the parent entity		340 176	456 456	-116 280	-25
Non-controlling interests		4 060	7 054	-2 994	-42

¹ Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated balance sheet

Consolidated balance sheet (TCHF)	Note	2013	31.12.2012 ¹ restated	01.01.2012 ¹ restated	Change absolute	Change %
Assets						
Cash in hand, balances with central banks	9	7 697 095	5 903 959	2 619 966	1 793 136	30
Loans and advances to banks	10	2 984 370	4 010 212	6 530 566	-1 025 842	-26
Loans and advances to customers	11	7 559 575	7 243 838	6 288 793	315 737	4
Securities held for trading purposes	12	6 109	8 935	4 948	-2 826	-32
Derivative financial instruments	30	762 609	756 918	1 435 273	5 691	1
Financial assets designated at fair value	13	3 481 853	3 442 402	3 538 563	39 451	1
Other investment securities	14	1 883 196	1 962 237	2 220 926	-79 041	-4
Investments in associates	15	2 818 936	2 671 693	2 446 237	147 243	6
Property and equipment	16	184 289	180 928	181 280	3 361	2
Intangible assets	17	247 862	272 882	265 470	-25 020	-9
Prepayments and accrued income		104 411	88 981	81 843	15 430	17
Deferred tax assets	8	37 202	38 533	41 386	-1 331	-3
Other assets	18	544 932	517 763	593 061	27 169	5
Total assets		28 312 439	27 099 281	26 248 312	1 213 158	4
Liabilities						
Amounts due to banks	19	993 647	1 231 402	1 855 132	-237 755	-19
Amounts due to customers	20	20 507 700	19 094 587	17 253 591	1 413 113	7
Derivative financial instruments	30	674 802	805 327	1 512 064	-130 525	-16
Financial liabilities designated at fair value	21	545 546	590 047	659 520	-44 501	-8
Certificated debt	22	1 634 729	1 572 986	1 516 851	61 743	4
Accruals and deferred income		79 693	85 892	60 867	-6 199	-7
Current tax liabilities		32 605	10 277	10 194	22 328	217
Deferred tax liabilities	8	63 242	85 050	72 445	-21 808	-26
Other liabilities	23	487 759	461 231	536 191	26 528	6
Provisions	24	76 723	78 234	70 571	-1 511	-2
Total liabilities		25 096 446	24 015 033	23 547 426	1 081 413	5
Group equity capital						
Foundation capital		339 044	339 044	339 044	0	0
Retained earnings		1 691 712	1 758 147	1 619 497	-66 435	-4
Cumulative translation adjustments		-39 729	-41 864	-52 297	2 135	-5
Other reserves	25	1 220 346	1 021 485	789 112	198 861	19
Total Group equity capital and reserves attributable to LGT's equity holder		3 211 373	3 076 812	2 695 356	134 561	4
Non-controlling interests		4 620	7 436	5 530	-2 816	-38
Total Group equity capital		3 215 993	3 084 248	2 700 886	131 745	4
Total liabilities and Group equity capital		28 312 439	27 099 281	26 248 312	1 213 158	4

¹ Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

Consolidated statement of changes in equity (TCHF)	Foundation capital ¹	Retained earnings	Cumulative translation adjustments	Other reserves	Total attributable to LGT's equity	Non-controlling interests	Total
1 January 2013	339 044	1 758 147	-41 864	1 021 485	3 076 812	7 436	3 084 248
Appropriation of Foundation earnings and dividends	0	-205 615	0	0	-205 615	-6 876	-212 491
Net profit	0	139 180	0	0	139 180	4 060	143 240
Changes in cumulative translation adjustments	0	0	2 135	0	2 135	0	2 135
Change in revaluation reserves, net of tax	0	0	0	155 678	155 678	0	155 678
thereof investments in associates	0	0	0	148 619	148 619	0	148 619
thereof available-for-sale securities	0	0	0	11 501	11 501	0	11 501
thereof cash flow hedge	0	0	0	-4 442	-4 442	0	-4 442
Actuarial gains/losses	0	0	0	43 183	43 183	0	43 183
Change in non-controlling interests	0	0	0	0	0	0	0
31 December 2013	339 044	1 691 712	-39 729	1 220 346	3 211 373	4 620	3 215 993

	Foundation capital ¹	Retained earnings	Cumulative translation adjustments	Other reserves	Total attributable to LGT's equity	Non-controlling interests	Total
1 January 2012 before the adoption of IAS 19R	339 044	1 850 937	-52 297	789 112	2 926 796	5 530	2 932 326
Effect of adoption of IAS 19R ²	0	-231 440	0	0	-231 440	0	-231 440
1 January 2012 after the adoption of IAS 19R	339 044	1 619 497	-52 297	789 112	2 695 356	5 530	2 700 886
Appropriation of Foundation earnings and dividends	0	-75 000	0	0	-75 000	-5 105	-80 105
Net profit	0	213 650	0	0	213 650	7 054	220 704
Changes in cumulative translation adjustments	0	0	10 433	0	10 433	0	10 433
Change in revaluation reserves, net of tax	0	0	0	259 802	259 802	0	259 802
thereof investments in associates	0	0	0	223 534	223 534	0	223 534
thereof available-for-sale securities	0	0	0	40 578	40 578	0	40 578
thereof cash flow hedge	0	0	0	-4 310	-4 310	0	-4 310
Actuarial gains/losses	0	0	0	-27 429	-27 429	0	-27 429
Change in non-controlling interests	0	0	0	0	0	-43	-43
31 December 2012	339 044	1 758 147	-41 864	1 021 485	3 076 812	7 436	3 084 248

¹ Foundation capital is fully paid and cannot be broken down to units.

² Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

Consolidated cash flow statement (TCHF)	Note	2013	2012 ¹
Cash flow from operating activities			
Profit after tax		143 240	220 704
Impairment, depreciation, provisions		44 617	69 429
Tax expense	8	5 547	32 004
Changes in accrued income and expenses		88 750	163 591
Interest and similar income received		182 682	209 219
Interest paid		-64 290	-72 491
Income tax paid		-12 716	-14 924
Cash flow from operating activities before changes in operating assets and liabilities		387 830	607 532
Loans and advances to banks		1 014 135	2 545 790
Loans and advances to customers		-315 804	-958 011
Trading securities and financial instruments designated at fair value		-71 903	18 064
Amounts due to banks		-237 840	-623 635
Amounts due to customers		1 422 096	1 848 879
Other assets and other liabilities		-276 586	-337 211
Cash flow from changes in operating assets and liabilities		1 534 098	2 493 876
Net cash flow from operating activities		1 921 928	3 101 408
Cash flow from investing activities			
Proceeds from sales of property and equipment		284	1 033
Purchase of property and equipment	16	-24 353	-20 627
Purchase of other intangible assets	17	-372	-49 378
Cash outflow on acquisition/foundation of subsidiaries		0	-19 836
Additions of share of investments in associates	15	0	-8 336
Disposals of share of investments in associates	4, 15	2 291	265
Proceeds from sales of investment securities	14	1 984 761	2 715 823
Purchase of investment securities	14	-1 943 908	-2 423 571
Net cash flow from investing activities		18 703	195 373
Cash flow from financing activities			
Issue of certificated debt		344 203	340 489
Repayment of certificated debt		-282 462	-284 354
Dividends paid to non-controlling interests		-6 876	-5 105
Dividends paid to beneficiary		-205 615	-75 000
Change in non-controlling interests		0	-43
Net cash flow from financing activities		-150 750	-24 013
Effects of exchange rate changes on cash		3 255	11 225
Change in cash in hand, balances with central banks		1 793 136	3 283 993
At the beginning of the period	9	5 903 959	2 619 966
At the end of the period	9	7 697 095	5 903 959
Change in cash in hand, balances with central banks		1 793 136	3 283 993

¹ Refer to page 30 "Changes in accounting policies, comparability and other adjustments" for more information with regard to the adoption of IAS 19R.

Notes to the consolidated financial statements

Group accounting principles

Introduction

LGT Group Foundation, Herrengasse 12, Vaduz, Principality of Liechtenstein, is the holding company of LGT Group, a global financial services institution. The beneficiary of LGT Group Foundation is the Prince of Liechtenstein Foundation. The beneficiary of the Prince of Liechtenstein Foundation is the reigning prince of Liechtenstein, H.S.H. Prince Hans-Adam II. of Liechtenstein.

The terms "LGT Group", "LGT" or "Group" mean LGT Group Foundation together with its subsidiary undertakings and the term "Company" refers to LGT Group Foundation.

Presentation of amounts

The Group publishes its financial statements in thousand Swiss Francs (TCHF) unless otherwise stated.

Accounting principles

The consolidated financial statements for the financial year 2013 are prepared in accordance with International Financial Reporting Standards (IFRS). LGT has applied IFRS rules since 1996. The consolidated financial statements are prepared on the historical cost convention, as modified by revaluation of available-for-sale financial assets, financial assets and liabilities held at fair value through profit or loss and all derivative instruments. A summary of the principal Group accounting policies is set out below.

The Group CEO and the Group CFO considered the consolidated financial statements on 9 April 2014. They were approved for issue by the Audit Committee of the LGT Group Foundation Board on 23 April 2014. The Foundation Board approved the consolidated financial statements for issue on 24 April 2014. The accounts were presented for approval at the Foundation Meeting to the Foundation Supervisory Board on 24 April 2014. The Foundation Board proposed to the Foundation Meeting of 24 April 2014 the payment of CHF 100 millions to the Prince of Liechtenstein Foundation. The accounts on pages 13 to 80 were approved by the Foundation Board on 24 April 2014 and are signed on its behalf by H.S.H. Prince Philipp of Liechtenstein, Chairman, and Olivier de Perregaux, Group CFO.

Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Subsidiaries are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed through income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. A list of the Group's principal subsidiary undertakings is provided in note 33.

Investments in associates

Investments in associates are investments in companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights or has significant interests in funds which are managed by the Group but no voting rights. LGT associates are accounted for by the equity method of accounting and are initially recognized at fair value plus transaction costs. Unrealized gains on transactions between the Group and its associates are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The investments in associates are reported in note 15.

The Group's share of its associates' post-acquisition profit or loss is recognized in the income statement, or in other reserves. Its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Swiss Francs, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
- income and expenses for each account of the income statement are translated at average exchange rates;
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign exchange rates

The foreign exchange rates for the major currencies which have been applied are as follows:

	Average rate	2013 Year-end rate
CHF per 1 USD	0.9237	0.8891
CHF per 1 EUR	1.2271	1.2252
CHF per 1 GBP	1.4498	1.4724

	Average rate	2012 Year-end rate
CHF per 1 USD	0.9327	0.9148
CHF per 1 EUR	1.2047	1.2068
CHF per 1 GBP	1.4826	1.4863

Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and interest points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Commission income

Commission income and any associated expense arising from the provision of private banking and investment management services, credit commissions and interest are all accounted for using the accrual method. Fixed commissions receivable and payable are accounted for evenly over the life of the relevant contract.

Performance fees are defined as management fees payable for the provision of investment management services, but which are conditional on the performance of the fund or account under contract, compared to the performance of a specified benchmark. They are accrued according to the contract terms for the measurement period when they can be reliably measured, and are invoiced only after confirmation of the performance fee calculation.

Property and equipment

Property and equipment and their subsequent costs are stated at cost less accumulated depreciation and accumulated impairment losses. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Property and equipment are periodically reviewed for impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Depreciation on it is provided, on a straight-line basis, from the date of purchase, over the estimated useful life of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Estimated asset lives vary in line with the following:

Freehold buildings	50 years
Leasehold improvements	period of lease
IT equipment	3–5 years
Office equipment	5 years
Motor vehicles	4 years

Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on a business combination of subsidiaries is included in "goodwill and other intangible assets". Goodwill on a business combination of investments in associates is included in "investments in associates". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to ten years.

Other intangible assets

Other intangible assets are recognized on the balance sheet at cost determined at the date of acquisition and are amortized using the straight-line method over their estimated useful economic life, not exceeding 20 years. The amortization is recognized in other operating expenses in the income statement.

At each balance sheet date other intangible assets are reviewed for indications of impairment or changes in estimated future benefits. If such indication exists, an analysis is performed to assess whether the carrying amount of other intangible assets is fully recoverable. An impairment is charged if the carrying amount exceeds the recoverable amount.

Financial instruments

Financial assets

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and advances to customers and to banks are reported at their amortized cost less allowances for any impairment or losses.

Investment securities

Investment securities are classified as financial assets at fair value through profit or loss, available-for-sale and held-to-maturity securities. They are recognized on the balance sheet and initially measured at fair value, which is the cost on the consideration given or received to acquire them. Subsequent to initial recognition, securities are remeasured to fair value, except held-to-maturity securities which are carried at amortized cost subject to a test for impairment. To the extent that quoted prices are not readily available, fair value is based on either internal valuation models or management's estimate of amounts that could be realized, based on observable market data, assuming an orderly liquidation over a reasonable period of time.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

The Group designates financial assets and liabilities at fair value through profit or loss when either

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Held-to-maturity securities

Held-to-maturity securities are financial assets with fixed or determinable payments and fixed maturity that LGT has the positive intention and ability to hold to maturity. Held-to-maturity securities are carried at amortized cost subject to a test for impairment. The difference between initial recognition and nominal value is amortized over the period to maturity. This amount and interest income are stated as net interest income.

Available-for-sale securities

Available-for-sale securities are those securities that do not properly belong in trading securities or held-to-maturity securities. They are initially recognized at fair value (plus transaction costs). Available-for-sale securities are subsequently remeasured at fair value or amounts derived from cash flow models. Fair values for unlisted equity securities are measured using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as income from investment securities.

Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction cost incurred. Borrowings are subsequently stated at amortized cost, any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

Other liabilities

Other liabilities are reported at amortized cost. Interest and discounts are taken to net interest and similar income on an accrual basis.

Derivative financial instruments and hedging

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

In the case of hedging transactions involving derivative financial instruments, on the inception of transaction it is determined whether the specific transaction is

- a hedge of the value of a balance sheet item (a fair value hedge), or
- a hedge of a future cash flow or obligation (a cash flow hedge).

Derivatives categorized in this manner are treated as hedging instruments in the financial statements if they fulfill the following criteria:

- existence of documentation that specifies the underlying transaction (balance sheet item or cash flow), the hedging instrument as well as the hedging strategy/relationship,
- effective elimination of the hedged risks through the hedging transaction during the entire reporting period (high correlation),
- sustained high effectiveness of the hedging transaction.

A hedge is regarded as highly effective if actual results are within a range of 80 percent to 125 percent.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in the fair value of the hedged asset or liability that is attributable to that specific hedged risk. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the hedged portfolio in other assets or other liabilities as appropriate.

If the hedge no longer meets the criteria for hedge accounting, in the case of interest-bearing financial instruments the difference between the carrying amount of the hedged position at that time and the value that this position would have exhibited without hedging is amortized to net profit or loss over the remaining period to maturity of the original hedge. In the case of non-interest-bearing financial instruments, on the other hand, this difference is immediately recorded in the income statement.

Changes in the fair value of derivatives that have been recorded as a cash flow hedge, that fulfill the criteria mentioned above and that prove to be effective in hedging risk are reported under other reserves in Group equity capital. If the hedged cash flow or the obligation leads to direct recognition in the income statement, the hedging instrument's cumulative gains or losses from previous periods in Group equity capital are included in the income statement in the same period as the hedged transaction.

Certain derivative transactions represent financial hedging transactions and are in line with the risk management principles of the Group. However, in view of the strict and specific guidelines of IFRS, they do not fulfill the criteria to be treated as hedging transactions for accounting purposes. They are therefore reported as trading positions. Changes in value are recorded in the income statement in the corresponding period.

Measurement of fair values

For financial instruments traded in active markets, the measurement of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges as well as exchange traded derivatives.

A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is measured using valuation techniques. In these techniques, fair values are measured from observable data in respect of similar financial instruments, using models to measure the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve or FX rates) existing at the consolidated balance sheet dates.

The Group uses widely recognized valuation models for measuring fair values of non-standardized financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in note 29.

The output of a model is always a measure or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions

the Group holds. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The fair value of over-the-counter (OTC) derivatives is measured using valuation methods that are commonly accepted in the financial markets, such as present value techniques and option pricing models. The fair value of foreign exchange forwards is generally based on current forward exchange rates.

Private equity investments for which market quotations are not readily available are valued at their fair values as determined in good faith by the respective Board of Directors in consultation with the investment manager. In this respect, investments in other investment companies (fund investments) which are not publicly traded are normally valued at the underlying net asset value as advised by the managers or administrators of these investment companies, unless the respective Board of Directors are aware of good reasons why such a valuation would not be the most appropriate indicator of fair value.

In estimating the fair value of private equity fund investments, the respective Board of Directors considers all appropriate and applicable factors (including a sensitivity to non-observable market factors) relevant to their value, including but not limited to the following:

- reference to the fund investment's reporting information including consideration of any time lags between the date of the latest available reporting and the balance sheet date of the respective Group entity in those situations where no December valuation of the underlying fund is available. This includes a detailed analysis of exits (trade sales, initial public offerings, etc.) which the fund investments have gone through in the period between the latest available reporting and the balance sheet date of the respective Group entity, as well as other relevant valuation information. This information is a result of continuous contact with the investment managers and, specifically, by monitoring calls made to the investment managers, distribution notices received from the investment managers in the period between the latest available report and the balance sheet date of the respective

Group entity, as well as the monitoring of other financial information sources and the assessment thereof;

- reference to transaction prices;
- result of operational and environmental assessments: periodic valuation reviews are made of the valuations of the underlying investments as reported by the investment managers to measure if the values are reasonable, accurate and reliable. These reviews include a fair value estimation using widely recognised valuation methods such as multiple analysis and discounted cash flow analysis;
- review of management information provided by the managers/administrators of the fund investments on a regular basis; and

mark-to-market valuations for quoted investments held by the managers/administrators of the fund investments which make up a significant portion of the relevant Group entity's net asset value.

If the respective Board of Directors comes to the conclusion upon recommendation of the investment manager after applying the above-mentioned valuation methods, that the most recent valuation reported by the manager/administrator of a fund investment is materially misstated, it will make the necessary adjustments using the results of its own review and analysis. Typically, the fair value of such investments are remeasured based on the receipt of periodic (usually quarterly) reporting provided to the investors in such vehicles by the managers or administrators. For new investments in such vehicles, prior to the receipt of fund reporting, the investments are usually valued at the amount contributed, which is considered to be the best indicator of fair value.

In cases when the fair value of unlisted equity instruments cannot be measured reliably, the instruments are carried at cost less impairment.

Impairment of financial assets

Assets carried at amortized cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more

events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount

of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to

period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

Assets carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in profit or loss on equity instruments are not reversed through the income statement, they are reversed through equity. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated.

Provisions

Provisions for restructuring costs, legal claims and other operational risk are recognized, when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount has been reliably estimated.

Fiduciary transactions

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Repurchase and reverse repurchase transactions (repo transactions)

Repo transactions are used to refinance and fund money market transactions. They are entered in the balance sheet as advances against collateral and cash contributions or with pledging of securities held in the Group's own account. Securities provided to serve as collateral thus continue to be posted in the corresponding balance sheet positions – securities received to serve as collateral are not reported in the balance sheet. Interest resulting from the transactions is posted as net interest income.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Or a contingent liability is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Leasing

The leases entered into by the Group are operating leases. The expenses from operating leases (the rights and responsibilities of ownership remain with the lessor) are disclosed in business and office expenses.

Cash in hand

For the purpose of the consolidated cash flow statement, cash in hand comprises liquid assets including cash and balances with central banks and post offices.

Taxation

Corporate tax payable is provided on the taxable profits of LGT Group companies at the applicable current rates. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Employee benefits

Short-term benefits

Salaries are recognized in the income statement upon payment. The amount for bonuses is accrued and will be paid at the beginning of the following year.

Medium-term benefits

Senior management and other key people of the Group are entitled to participate in a long-term incentive scheme. The incentive scheme gives the holder the possibility to participate in the development of the economic value added of the Group. In principle, the economic value added represents the operating profit of the Group and the return on LGT's Princely Portfolio after adjustments for capital and refinancing costs. Options granted under the scheme cannot be exercised for a period of 3 years from the date of grant of option (vesting period) and are exercisable within 3 to 7 years from the date of grant of option. The annual costs of the scheme are charged to the profit and loss account. The accruals are shown as other liabilities until their realization.

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method and takes the specific features of each plan including risk sharing between the employee and employer into account. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling (if any), are recognised immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Client assets under administration

Client assets under administration are stated according to the provisions of the Liechtenstein banking law.

Events after the reporting period

There are no events to report that had an influence on the balance sheet and income statement for 2013.

Management's judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances.

Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that

the net present value of estimated cash flows differs by +5 percent, the provision would be estimated TCHF 190 (2012: TCHF 96) lower. If the net present value differs by -5 percent, the provision would be estimated TCHF 190 (2012: TCHF 96) higher.

Impairment of goodwill

The fair value of goodwill is reviewed annually and management assesses whether an impairment charge needs to be recognized.

Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are measured by using valuation techniques. Where valuation techniques (for example, models) are used to measure fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

Changes in assumptions could affect reported fair value of financial instruments. For example, to the extent that management used a tightening of 20 basis points in the credit spread, the fair value of derivative financial instruments would be measured at TCHF 82 191 (2012: TCHF -52 903) as compared to their reported fair value of TCHF 87 807 (2012: TCHF -48 409) at the balance sheet date.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below their cost (cost is defined as historical cost). This determination of what is significant or prolonged requires judgment. In making this judgment the Group evaluates the following factors: (i) extent of the decline is substantial (in excess of 20 percent of cost) or, (ii) the fair value is three balance sheet dates in succession (on a semi-annual basis) or more below cost. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Had all the declines in fair value below cost been considered significant or prolonged, the Group would suffer an additional TCHF 2 285 (2012: TCHF 3 058)

loss in its financial statements, being the transfer of the total fair value reserve to the income statement.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Based on the final outcome of the above-mentioned judgment areas (impairment losses on loans and advances, fair value of derivatives and impairment of afs equity investments), the Group would need to decrease income tax by TCHF 393 (2012: TCHF 932), in case of favorable market conditions, and decrease income tax by TCHF 440 (2012: TCHF 956), in case of unfavorable market conditions.

Changes in accounting policies, comparability and other adjustments

Standards and interpretations that have been adopted

The Group applied the following new and revised standards and interpretations for the first time in the financial year beginning on 1 January 2013:

- Amendments to IAS 1 Financial Statement (effective 1 July 2012)

The revised standard requires the grouping together for presentation purposes of items within other comprehensive income into those that may be reclassified to profit or loss and those that may not be.

- Amendments to IAS 19 Employee Benefits (effective 1 January 2013)

These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains/losses have to be recognized through other comprehensive income starting 1 January 2013. The revised standard has to be applied retrospectively. The impact on the restated Group's consolidated financial statements is shown on page 30 of this report.

- **Amendment to IAS 36 Impairment of Assets**
(early adopted as of 1 January 2013)
The amendment reverses an unintended requirement in IAS 36 resulting from the introduction of IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill has been allocated. The Group early applied this amendment as of 1 January 2013. The application had no impact on the Group's financial statements.
- **IFRS 10 Consolidated Financial Statements/IAS 27 Separate Financial Statements** (effective 1 January 2013)
IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. Sets out the accounting requirements for the preparation of consolidated financial statements.
- **IFRS 11 Joint Arrangements** (effective 1 January 2013)
IFRS 11 classifies joint arrangements as either joint operations or joint ventures and focuses on the nature of the rights and obligations of the arrangement. IFRS 11 requires the use of the equity method of accounting for joint arrangements by eliminating the option to use the proportionate consolidation method, which is not applied by LGT.
- **IFRS 12 Disclosure of Interest in Other Entities/IAS 28 Associates and Joint Ventures**
(effective 1 January 2013)
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and, in particular, unconsolidated structured entities. The adoption of IFRS 10, IFRS 11 and IFRS 12 did not have significant impact on the Group's consolidated financial statements.
- **IFRS 13 Fair Value Measurement**
(effective 1 January 2013)
IFRS 13 establishes a single source of guidance for all fair value measurements under IFRS. IFRS 13 provides a revised definition of fair value and guidance

on how it should be applied where its use is already required or permitted by other standards within IFRS and introduces more comprehensive disclosure requirements on fair value measurement. The adoption of the standard did not have material impact on the Group's consolidated financial statements.

- **Amendments to IFRS 7 Financial Instruments: Disclosure/IAS 32 Financial Instruments: Presentation**
(effective 1 January 2013)
The IASB issued disclosure requirements intended to enable users to assess the effect (or potential effect) of offsetting arrangements on an entity's financial position. IFRS 7 requires that entities disclose both gross and net amounts associated with master netting agreements and similar arrangements, including the effects of financial collateral, whether or not presented net on the face of the balance sheet. The Group has provided the extended disclosures in the note 31 "Offsetting financial assets and financial liabilities" of this report.

Standards and interpretations that have not yet been adopted

New and revised standards and interpretations were published that must be applied for financial years beginning on or after 1 January 2014. The Group has chosen not to adopt these in advance.

The new and revised standards and interpretations that will be relevant to the Group are as follows:

- **IFRS 9 Financial Instruments**
(effective date not yet determined)
IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new hedge accounting rules will allow LGT to better reflect their risk management activities in the financial statements. The guidance in IAS 39 on impairment of financial assets continues to apply.
- **Amendments to IAS 39 –**
Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)
- **Amendment to IAS 32 Financial Instruments –**
Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

Changes in accounting policies, comparability and other adjustments

IAS 19 (revised) Employee Benefits

In June 2011, the IASB issued revisions to IAS 19 Employee Benefits ("IAS 19R" or "the revised standard"). As at 1 January 2013, LGT Group adopted IAS 19R retrospectively in accordance with the transitional provisions set out in the standard. The revised standard introduces changes in recognition, measurement, presentation and disclosure of post-employment benefits. IAS 19R eliminates the "corridor method", under which the recognition of actuarial gains and losses was deferred. Instead, the full defined benefit obligation net of plan assets is now recorded on the balance sheet, with changes resulting from re-measurements recognized immediately in other comprehensive income. The measurement of the defined benefit obligation takes

into account risk sharing features. In addition, IAS 19R requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognizing an expected return on plan assets. The revised standard also enhances the disclosure requirements for defined benefit plans, requiring more information about the characteristics of such plans and the risks to which entities are exposed through participation in those plans, as set out in note 37.

The opening balance sheet as at 1 January 2012 and the comparative figures have been presented as if IAS 19R had always been applied. The effect of adoption on prior periods is shown in the tables below.

Effect on total comprehensive income (TCHF)	Effect on the income statement			Effect on other comprehensive income			
	Pension costs/benefits	Tax expense	Net profit	Gains/(losses) on defined benefit plans, before tax	Income tax on gains/(losses) on defined benefit plans	Other comprehensive income	Total comprehensive income
Amount previously reported for the year 2012	-51 629	-32 212	215 969	0	0	0	486 204
Effect of adoption of IAS 19R	2 527	208	-2 319	-32 722	5 293	-27 429	-29 748
Restated amount for the year 2012	-49 102	-32 004	213 650	-32 722	5 293	-27 429	456 456

Effect on the consolidated balance sheet (TCHF)	Other assets	Deferred tax assets	Other liabilities	Deferred tax liabilities	Retained earnings	Other reserves	Group equity
Amount previously reported at 1 January 2012	635 579	2 676	302 339	78 665	1 850 937	789 112	2 932 326
Effect of adoption of IAS 19R	-42 518	38 710	233 852	-6 220	-231 440	0	-231 440
Restated amount at 1 January 2012	593 061	41 386	536 191	72 445	1 619 497	789 112	2 700 886

Amount previously reported at 31 December 2012	642 273	6 976	274 121	103 925	1 991 906	1 048 914	3 345 436
Effect of adoption of IAS 19R	-124 510	31 557	187 110	-18 875	-233 759	-27 429	-261 188
Restated amount at 31 December 2012	517 763	38 533	461 231	85 050	1 758 147	1 021 485	3 084 248



Details on the consolidated income statement

1	Net interest and similar income (TCHF)	2013	2012
	Interest earned and similar income		
	Banks	32 517	63 536
	Customers	111 142	108 576
	Interest income from investment securities	23 308	31 672
	Dividend income from investment securities	1 000	0
	Total interest earned and similar income	167 967	203 784
	Interest expense		
	Banks	-14 518	-15 413
	Interest on certificated debt	-42 443	-37 759
	Customers	-30 934	-39 473
	Total interest expense	-87 895	-92 645
	Net interest and similar income	80 072	111 139
2	Income from services (TCHF)	2013	2012
	Commission income from securities and investment business		
	Investment management fees	365 921	315 336
	Brokerage fees	126 461	102 088
	Honoraria and consulting	862	349
	Administration fees and other income from investment business	145 005	135 705
	Total commission income from securities and investment business	638 249	553 478
	Commission income from other services		
	Lending business	5 388	4 418
	Accounts and clearing business	21 977	18 691
	Total commission income from other services	27 365	23 109
	Commission expenses	-17 038	-14 525
	Total income from services	648 576	562 062
3	Income from trading activities (TCHF)	2013	2012
	Foreign exchange, notes		
	Translation gain/(loss)	8 888	18 505
	Trading gain/(loss)	51 877	59 767
	Interest and dividend income	39 448	43 810
	Profit/(loss) on securities trading	8 336	2 319
	Profit/(loss) on financial instruments designated at fair value	26 401	122 846
	Other trading activities	9 405	7 818
	Total income from trading activities	144 355	255 065

4 Other operating income (TCHF)	Note	2013	2012
Income from investment securities			
Realized net result on available-for-sale securities		2 114	15 713
Total income from investment securities		2 114	15 713
Realized net result on disposals of subsidiaries		104	-150
Realized net result on disposals of associates		995	0
Realized net result on investments in associates		536	-437
Other		18 012	14 024
Total other operating income		21 761	29 150

5 Personnel expenses (TCHF)		2013	2012
Personnel expenses, including Directors' emoluments, consisting of			
salaries		239 903	228 407
bonuses		164 447	148 744
pension costs/benefits		31 472	-49 102
social security costs		29 919	27 987
other personnel expenses		18 863	20 875
Total personnel expenses before long-term incentive scheme		484 604	376 911
Long-term incentive scheme	38	46 469	65 212
Total personnel expenses		531 073	442 123
Headcount at 31 December		1 921	1 830

6 Business and office expenses (TCHF)		2013	2012
Business and office expenses, consisting of			
rents and office expenses		32 330	33 559
IT expenses		32 730	34 860
information and communication expenses		20 906	20 019
travel and entertainment expenses		13 530	12 632
legal and professional expenses		20 193	23 329
advertising expenses		18 123	36 220
general expenses		19 490	15 082
Total business and office expenses		157 302	175 701

7 Other operating expenses (TCHF)	Note	2013	2012
Depreciation on property and equipment	16	20 596	19 903
Amortization of intangible assets	17	25 535	41 861
Impairment on investment in associates	15	0	5 593
Other depreciation		3 437	2 012
Total depreciation and amortization and impairment		49 568	69 369
Credit losses	11	4 351	2 102
Recovery of credit losses	11	-1 417	-663
Total credit losses/(recoveries)		2 934	1 439
Provision for operational risks		605	12 371
Other provisions		3 221	2 378
Total changes in provisions and other losses		3 826	14 749
Other operating expenses		1 274 ¹	1 327 ¹
Total other operating expenses		57 602	86 884

¹ Capital tax is included in other operating expenses.

8 Taxation (TCHF)	2013	2012
Income tax expense		
Current income tax expense	33 434	12 385
Deferred income tax expense	-27 887	19 619
Total income tax expense	5 547²	32 004²
Reconciliation of the expected to the effective income tax expense		
Profit before tax	148 787	252 708
Income tax expense calculated at a tax rate of 12.5% ¹ (2012: 12.5%)	18 598	31 589
Tax rate difference on income components	-10 746	14 207
Income not subject to tax	-2 305	-13 792
Total income tax expense	5 547	32 004

¹ The rate used is the domestic tax rate of Liechtenstein.

² Capital tax is included in other operating expenses.

	2013	2012
Deferred income tax expense comprises the following temporary differences		
Losses available for offset against future taxable income	0	2 158
Accelerated depreciation for tax purposes	-281	-98
Provisions	-29 197	5 226
Financial instruments	1 653	1 278
Pension	-87	12 547
Other temporary differences	25	-1 492
Total deferred income tax expense	-27 887	19 619
Deferred income tax assets and liabilities relate to the following items		
Deferred income tax assets		
Accelerated depreciation for tax purposes	3 562	3 555
Provisions	365	0
Financial instruments	1 521	3 253
Pension	31 557	31 557
Other temporary differences	197	168
Total deferred income tax assets	37 202	38 533
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	1 303	1 442
Provisions	46 394	75 220
Financial instruments	1 569	1 952
Pension	7 796	0
Other temporary differences	6 180	6 436
Total deferred income tax liabilities	63 242	85 050
Movement on the deferred income tax assets and liabilities is as follows		
At 1 January	46 517	31 059
Income statement charge	-27 887	19 619
Available-for-sale securities: fair value measurement	-304	257
Actuarial gains/losses on defined benefit plans	7 709	-5 293
Other changes	0	873
Cumulative translation adjustments	5	2
At 31 December	26 040	46 517

Income tax on other comprehensive income	2013			2012		
	Before tax	Tax (expense) /Tax benefit	Net of tax	Before tax	Tax (expense) /Tax benefit	Net of tax
Change in revaluation reserves	155 374	304	155 678	260 059	-257	259 802
Cumulative translation adjustments	2 135	0	2 135	10 433	0	10 433
Actuarial gains/losses on defined benefit plans	50 892	-7 709	43 183	-32 722	5 293	-27 429
Other comprehensive income	208 401	-7 405	200 996	237 770	5 036	242 806

There are losses available for offset against future income which are currently not shown in the balance sheet as the consumption is remote.

Details on the consolidated balance sheet

9	Cash in hand, balances with central banks (TCHF)	2013	2012
	Cash in hand	28 573	29 010
	Balances with central banks	7 668 522	5 872 476
	Balances with post offices	0	2 473
	Total cash in hand, balances with central banks	7 697 095	5 903 959

10	Loans and advances to banks (TCHF)	2013	2012
	Loans and advances to OECD banks	2 149 020	3 730 205
	Loans and advances to non-OECD banks	835 350	280 007
	Total loans and advances to banks	2 984 370	4 010 212

11	Loans and advances to customers (TCHF)	2013			2012		
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	Mortgage-backed	3 523 379	-4 948	3 518 431	3 181 005	-4 841	3 176 164
	Other collateral	3 882 217	-7 569	3 874 648	3 626 836	-5 395	3 621 441
	Without collateral	178 408	-11 912	166 496	457 764	-11 531	446 233
	Total loans and advances to customers	7 584 004	-24 429	7 559 575	7 265 605	-21 767	7 243 838

Specific allowance for impairment	2013			2012				
	Mortgage-backed	Other collateral	Without collateral	Total	Mortgage-backed	Other collateral	Without collateral	Total
At 1 January	4 841	5 363	5 841	16 045	3 547	5 465	6 155	15 167
Charges to allowance	309	3 307	428	4 044	1 326	15	298	1 639
Release of allowance	-207	-1 065	-145	-1 417	-30	-109	-524	-663
Allowance utilized	0	-120	-222	-342	0	0	-52	-52
Currency translation	6	-2	69	73	-2	-8	-36	-46
At 31 December	4 949	7 483	5 971	18 403	4 841	5 363	5 841	16 045

Portfolio allowance for impairment	2013			2012				
	Mortgage-backed	Other collateral	Without collateral	Total	Mortgage-backed	Other collateral	Without collateral	Total
At 1 January	0	32	5 690	5 722	0	0	5 260	5 260
Charges to allowance	0	57	250	307	0	33	430	463
Release of allowance	0	0	0	0	0	0	0	0
Currency translation	0	-3	0	-3	0	-1	0	-1
At 31 December	0	86	5 940	6 026	0	32	5 690	5 722
Total allowance for impairment				24 429				21 767

	2013	2012
Additional information on credit risks		
Non-performing customers' loans	36 254	76 558

Additional information about loans and advances is shown separately in the risk management notes.

12 Securities held for trading purposes (TCHF)	2013	2012
Total securities held for trading purposes	6 109	8 935
thereof listed	4 414	8 931

13 Financial assets designated at fair value (TCHF)	2013	2012
Securities designated at fair value to match financial liabilities through profit or loss	546 958	595 902
Other securities designated at fair value through profit or loss ^{1,2}	2 934 895	2 846 500
Total financial assets designated at fair value	3 481 853	3 442 402

¹ Thereof listed TCHF 1 768 685 (2012: TCHF 1 552 258)

² Thereof subordinated securities TCHF 5 902 (2012: TCHF 5 709)

14 Investment securities (TCHF)	2013	2012
Available-for-sale securities		
At 1 January	1 962 237	2 220 926
Currency translation	-51 501	-22 984
Additions	1 943 908	2 423 571
Disposals and redemption	-1 984 761	-2 715 823
Revaluations	13 313	56 547
At 31 December	1 883 196	1 962 237
Total investment securities	1 883 196	1 962 237
thereof fixed-income securities maturing within one year	553 401	403 273
thereof listed	871 608	1 151 081
Specific allowance for impairment on available-for-sale securities		
At 1 January	4 040	4 040
Release of impairment	0	0
At 31 December	4 040	4 040

15 Investments in associates (TCHF)	2013	2012
At 1 January	2 669 506	2 446 237
Additions	0	0
Disposals	0	-265
Revaluation through other comprehensive income	148 619	223 534
At 31 December	2 818 125	2 669 506
Details of investments in associates		
Fixed-income	758 076	801 393
Real estate investment trusts	80 317	66 152
Equities	781 184	610 011
Hedge fund investments	647 887	585 026
Private equity investments	532 626	569 833
Cash	18 035	37 091
Total investments in associates	2 818 125	2 669 506

LGT's investments in associates at 31 December 2013

Name	Principal activity
Financial Investments SP, Grand Cayman	Investment company
Financial Investments 2 SP, Grand Cayman	Investment company

LGT's investments in associates at 31 December 2012

Name	Principal activity
LGT Capital Invest Limited, Grand Cayman	Investment company
LGT Portfolio Management Limited, Grand Cayman	Investment company

Investments in other associates (TCHF)	2013	2012
At 1 January	2 187	0
Additions	0	8 336
Disposals	-1 297	0
Income	536	-437
Dividends	-559	0
Impairment	0	-5 593
Currency translation	-56	-119
At 31 December	811	2 187
Details of investments in other associates		
Assets	3 479	5 019
Liabilities	689	2 956
Operating income	3 566	3 846
Net profit/(loss)	1 787	-1 327

LGT's investments in other associates at 31 December 2013

Name	Principal activity	Ownership interest in % of ordinary/participation shares held
Quantis Investment Management Zrt., Budapest	Investment management company	30.00

LGT's investments in other associates at 31 December 2012

Name	Principal activity	Ownership interest in % of ordinary/participation shares held
Peak Holdings S.a.r.l., Luxembourg	Clearing services/startup	30.20
Quantis Investment Management Zrt., Budapest	Investment management company	30.00

The shares in Peak Holding S.a.r.l., Luxembourg were sold as per 21.10.2013

16 Property and equipment (TCHF)	Freehold bank premises	Other freehold property	Leasehold improvements	Office equipment	Motor vehicles	Total
Cost						
At 1 January 2013	264 394	0	33 339	72 668	361	370 762
Currency translation	10	0	-94	-85	0	-169
Additions	8 655	0	2 611	13 046	41	24 353
Reclassifications	-1 163	0	1 163	0	0	0
Disposals	-1 965	0	-186	-8 530	-60	-10 741
At 31 December 2013	269 931	0	36 833	77 099	342	384 205
Accumulated depreciation						
At 1 January 2013	116 629	0	16 999	56 068	138	189 834
Currency translation	0	0	-28	-29	0	-57
Charge for the year	6 682	0	4 386	9 439	89	20 596
Reclassifications	-111	0	111	0	0	0
Disposals	-1 965	0	-186	-8 247	-59	-10 457
At 31 December 2013	121 235	0	21 282	57 231	168	199 916
Net book value at 31 December 2013						
	148 696	0	15 551	19 868	174	184 289

Property and equipment (TCHF)	Freehold bank premises	Other freehold property	Leasehold improvements	Office equipment	Motor vehicles	Total
Cost						
At 1 January 2012	262 280	1 900	30 885	66 275	481	361 821
Currency translation	-22	0	-21	-58	0	-101
Additions	4 205	0	4 591	11 703	128	20 627
Disposals	-2 069	-1 900	-2 131	-5 296	-248	-11 644
Addition to scope of consolidation	0	0	15	44	0	59
At 31 December 2012	264 394	0	33 339	72 668	361	370 762
Accumulated depreciation						
At 1 January 2012	112 119	849	15 063	52 231	279	180 541
Currency translation	-2	0	-13	-31	0	-46
Charge for the year	6 581	19	4 069	9 128	106	19 903
Disposals	-2 069	-868	-2 131	-5 296	-247	-10 611
Addition to scope of consolidation	0	0	11	36	0	47
At 31 December 2012	116 629	0	16 999	56 068	138	189 834
Net book value at 31 December 2012						
	147 765	0	16 340	16 600	223	180 928

Insurance value of tangible assets	2013	2012
Insurance value	395 082	377 802

17 Intangible assets (TCHF)	Goodwill	Software	Other intangible assets	Total
Cost				
At 1 January 2013	159 997	145 185	61 459	366 641
Currency translation	-83	0	117	34
Additions	0	372	0	372
Disposals	0	0	0	0
At 31 December 2013	159 914	145 557	61 576	367 047
Accumulated amortization and impairment				
At 1 January 2013	20 347	56 479	16 933	93 759
Currency translation	-109	0	0	-109
Charge for the year	2 759	14 556	8 220	25 535
Disposals	0	0	0	0
At 31 December 2013	22 997	71 035	25 153	119 185
Net book value at 31 December 2013	136 917	74 522	36 423	247 862

Intangible assets (TCHF)	Goodwill	Software	Other intangible assets	Total
Cost				
At 1 January 2012	131 628	145 185	40 561	317 374
Currency translation	-59	0	-52	-111
Additions	0	0	0	0
Disposals	0	0	0	0
Addition to scope of consolidation	28 428	0	20 950	49 378
At 31 December 2012	159 997	145 185	61 459	366 641
Accumulated amortization and impairment				
At 1 January 2012	210	41 961	9 733	51 904
Currency translation	-6	0	0	-6
Charge for the year	20 143	14 518	7 200	41 861
Disposals	0	0	0	0
At 31 December 2012	20 347	56 479	16 933	93 759
Net book value at 31 December 2012	139 650	88 706	44 526	272 882

Goodwill

Goodwill is allocated to the following organizational units (cash-generating units; CGUs) based on the anticipated synergies:

	2013	2012
LGT Bank (Schweiz) AG, Basel	104 155	104 155
LGT Capital Partners AG, Pfäffikon	7 262	9 995
LGT Capital Management AG, Pfäffikon	25 500	25 500
Total	136 917	139 650

The three organizational units represent the level at which the goodwill is monitored for internal management purposes.

The calculation of the realizable amount of the units was based on the respective fair value less costs to sell. The value of client assets was determined on the market prices of companies with similar business activities, for 2013 in the range of 1–4%. An additional calculation of the realizable amount of the three organizational units based on the fair value in use was lower than the value of client assets. The higher of both values is used for impairment testing. The goodwill was reduced in 2013 in the amount of TCHF 2 759.

18 Other assets (TCHF)	2013	2012
Precious metals	508 700	444 101
Other	36 232	73 662
Total other assets	544 932	517 763

19 Amounts due to banks (TCHF)	2013	2012
Deposits on demand	395 261	774 396
Time deposits	598 386	457 006
Total amounts due to banks	993 647	1 231 402

20 Amounts due to customers (TCHF)	2013	2012
Deposits on demand	11 766 481	9 758 402
Time deposits	6 987 369	7 746 355
Savings deposits	1 753 850	1 589 830
Total amounts due to customers	20 507 700	19 094 587

21 Financial liabilities designated at fair value (TCHF)	2013	2012
Certificate issues designated at fair value	545 546	590 047
Total financial liabilities designated at fair value	545 546	590 047

There were no gains or losses attributable to changes in the credit risk for those financial liabilities designated at fair value in 2013 (2012: TCHF 0).

Certificate issues designated at fair value at 31 December (TCHF)

Product	Date of issue	Nominal value '000	Interest rate %	Maturity ¹⁶	Fair value 2013	Fair value 2012
LGT GIM Index Certificates ¹	up to 2004	EUR 51 463	–	28.02.2017	63 051	61 704
LGT GIM Index Certificates II ²	up to 2006	EUR 126 645	–	30.06.2014	155 163	166 445
LGT GIM Index Certificates II/2 ³	2006	EUR 31 498	–	31.03.2016	38 591	41 826
LGT GIM Index Certificates III ⁴	up to 2008	EUR 73 919	–	31.07.2016	90 564	105 420
LGT GIM Index Certificates IV ⁵	continuously	EUR 0	–	31.03.2018	0	155
Crown Absolute Return Index Certificates ⁶	continuously	EUR 5 261	–	30.11.2018	6 446	5 628
Crown Absolute Return Index Certificates II ⁷	continuously	EUR 835	–	31.07.2014	1 023	1 486
Crown Alternative SV Index Certificates ⁸	continuously	EUR 52 250	–	30.06.2017	64 016	57 606
LGT GATS Index Certificates ⁹	continuously	EUR 40 112	–	30.09.2014	49 145	54 895
LGT M-Smart Allocator Index Certificates ¹⁰	continuously	EUR 48 620	–	31.08.2017	59 568	57 415
LGT ex Equities Emerging Markets Leaders IU Certificates ¹¹	continuously	USD 961	–	31.12.2027	854	1 797
LGT ex Equities GEM IU Index Certificates ¹²	continuously	USD 0	–	31.12.2027	0	1 993
LGT ex Fixed Income Emerging Markets IU Index Certificates ¹³	continuously	USD 8 726	–	31.12.2027	7 758	11 029
LGT ex Hedge Funds GIM IU Index Certificates ¹⁴	continuously	USD 7 563	–	31.12.2027	6 724	14 614
LGT ex Hedge Funds GATS IU Index Certificates ¹⁵	continuously	USD 2 973	–	31.12.2027	2 643	8 034
Total certificate issues designated at fair value at 31 December					545 546	590 047

¹ Linked to the performance of LGT Premium Strategy GIM (EUR) index administered by LGT Capital Management Ltd. with a duration from 2002 to 2017 incl. one 5-year extension option.

² Linked to the performance of LGT Premium Strategy GIM II (EUR) index administered by LGT Capital Management Ltd. with a duration from 2004 to 2014 incl. two 5-year extension options.

³ Linked to the performance of LGT Premium Strategy GIM II (EUR) index administered by LGT Capital Management Ltd. with a duration from 2006 to 2016 incl. two 5-year extension options.

⁴ Linked to the performance of LGT Premium Strategy GIM III (EUR) index administered by LGT Capital Management Ltd. with a duration from 2006 to 2016 incl. two 5-year extension options.

⁵ Linked to the performance of LGT Premium Strategy GIM IV (EUR) index administered by LGT Capital Management Ltd. with a duration from 2008 to 2018 incl. two 5-year extension options.

⁶ Linked to the Crown Absolute Return (EUR) index administered by LGT Capital Partners Ltd. with a duration from 2003 to 2018 incl. one 5-year extension option.

⁷ Linked to the Crown Absolute Return II (EUR) index administered by LGT Capital Partners Ltd. with a duration from 2004 to 2014 incl. two 5-year extension options.

⁸ Linked to the Crown Alternative SV (EUR) index administered by LGT Capital Partners Ltd. with a duration from 2007 to 2017 incl. two 5-year extension options.

⁹ Linked to the performance of LGT Premium Strategy GATS (EUR) index administered by LGT Capital Management Ltd. with a duration from 2004 to 2014 incl. two 5-year extension options.

¹⁰ Linked to the LGT M-Smart Allocator (EUR) index administered by LGT Capital Management Ltd. with a duration from 2007 to 2017 incl. two 5-year extension options.

¹¹ Linked to the LGT ex Equity Emerging Markets II (USD) index administered by LGT Capital Management Ltd. with a duration from 2007 to 2027 incl. two 5-year extension options.

¹² Linked to the LGT ex Equity Emerging Markets III (USD) index administered by LGT Capital Management Ltd. with a duration from 2007 to 2027 incl. two 5-year extension options.

¹³ Linked to the LGT ex Fixed Income Emerging Markets II (USD) index administered by LGT Capital Management Ltd. with a duration from 2007 to 2027 incl. two 5-year extension options.

¹⁴ Linked to the LGT ex Hedge Funds GIM IU (USD) index administered by LGT Capital Partners Ltd. with a duration from 2007 to 2027 incl. two 5-year extension options.

¹⁵ Linked to the LGT ex Hedge Funds GATS IU (USD) index administered by LGT Capital Partners Ltd. with a duration from 2007 to 2027 incl. two 5-year extension options.

¹⁶ Maturity represents the earliest possible notice.

22 Certified debt (TCHF)	2013	2012
Bond issues (net book value) ¹	1 482 699	1 441 845
Subordinated cash bonds (fixed-rate medium term notes) ²	470	920
Other cash bonds (fixed-rate medium term notes)	151 560	130 221
Total certificated debt	1 634 729	1 572 986

¹ Net book value of bond issues is calculated using the effective interest method. Bonds held by LGT Group companies are eliminated.

² Interest 2013 is payable on the subordinated cash bonds at various rates ranging from 2.0625% to 2.9375%. The interest charge for the year on these bonds was TCHF 14 (2012: TCHF 25).

Bond issues at 31 December (TCHF)

Issuer	Date of issue	Nominal value	Interest rate %	Maturity	Net book value 2013	Net book value 2012
LGT Finance Ltd.	08.10.2009	CHF 250 000	2.125	08.07.2013	0	242 062
LGT Finance Ltd.	10.02.2006	CHF 250 000	2.25	10.02.2014	240 827	231 712
LGT Finance Ltd.	25.05.2011	CHF 200 000	2.125	25.11.2015	182 855	189 586
LGT Finance Ltd.	08.12.2009	CHF 300 000	2.75	08.12.2016	287 905	290 884
LGT Finance Ltd.	12.05.2010	CHF 250 000	2.50	12.05.2017	246 958	242 963
LGT Bank Ltd.	02.07.2012	CHF 250 000	2.00	02.07.2019	238 358	244 638
LGT Bank Ltd.	08.02.2013	CHF 300 000	1.875	08.02.2023	285 796	0
Total bond issues at 31 December					1 482 699	1 441 845

23 Other liabilities (TCHF)	2013	2012
Amounts due to long-term incentive scheme	106 384	74 047
Amounts due to bonuses	171 496	135 613
Post employment benefit obligation	135 654	187 110
Other	74 225	64 461
Total other liabilities	487 759	461 231

24 Provisions (TCHF)	2013	2012
At 1 January	78 234	70 571
Current year expenses	5 801 ¹	17 830
Provisions released	-1 975	-3 081
Provisions utilized	-5 289	-7 025
Currency translation	-48	-61
At 31 December	76 723	78 234

¹ Since the middle of 2008, LGT has coordinated the implementation of a comprehensive groupwide program to regularize its business with US private clients with the US tax authorities. This program has been consistently employed since the start of 2009. Consequently, the Board of Directors of LGT Bank (Switzerland) Ltd. has decided not to participate in Category 2 of the DoJ (US Department of Justice) program.

25 Other reserves (TCHF)	2013	2012
Revaluation reserves – investments in associates	1 153 999	1 005 380
Revaluation reserves – available-for-sale securities	48 429	36 928
Revaluation reserves – cash flow hedge	2 164	6 606
Revaluation reserves – actuarial gains/losses	15 754	-27 429
Total other reserves	1 220 346	1 021 485
Revaluation reserves – investments in associates		
At 1 January	1 005 380	781 846
Disposals	0	0
Gain/(loss) from change in fair value	148 619	223 534
At 31 December	1 153 999	1 005 380
Revaluation reserves – available-for-sale securities		
At 1 January	36 928	-3 650
Disposals	-2 114	-15 713
Gain/(loss) from change in fair value	13 311	56 548
Deferred income tax	304	-257
At 31 December	48 429	36 928
Revaluation reserves – cash flow hedge		
At 1 January	6 606	10 916
Gain/(loss) from change in fair value	-4 442	-4 310
At 31 December	2 164	6 606
Revaluation reserves – actuarial gains/losses		
At 1 January	-27 429	0
Gain/(loss) on defined benefit pension plans	50 892	-32 722
Deferred income tax	-7 709	5 293
At 31 December	15 754	-27 429

26 Contingent liabilities, commitments and fiduciary transactions (TCHF)	2013	2012
Contingent liabilities		
Credit guarantees and similar instruments	189 479	227 532
Other contingent liabilities	84 910	80 474
Total contingent liabilities	274 389	308 006
Committed credit lines and other commitments	568 404	313 008
of which irrevocable commitments	568 404	306 526
Fiduciary transactions	770 687	1 139 702
of which fiduciary investments	770 687	1 139 702

Information about derivative financial instruments is shown separately in note 30.

27 Pledged and assigned assets/assets subject to reservation of ownership, which are used to secure own liabilities (TCHF)¹	2013	2012
Book value of pledged and assigned assets (as collateral)	365 868	361 307
of which financial assets designated at fair value	365 868	361 307
Actual commitments	53 349	43 815

¹ There are no assets subject to reservation of ownership.

The assets are pledged for commitments in respect of lombard limits at central banks, for securities deposits relating to X-Clear/Swiss Stock Exchange and limits for cash settlement of securities transactions with EUROCLEAR BANK SA.

28 Lending transactions and pension transactions with securities (TCHF)¹	2013	2012
Claims from cash deposits in connection with securities borrowing and reverse repurchase transactions	444 979	1 135 885
Liabilities from cash deposits in connection with securities lending and repurchase transactions	88 910	0
Own securities lent or provided as collateral within the scope of securities lending or borrowing transactions, as well as own securities transferred from repurchase transactions	26 649	0
of which capable of being resold or further pledged without restrictions	26 649	0
Securities borrowed or accepted as collateral within the scope of securities lending or borrowing transactions, as well as securities received from reverse repurchase transactions, which are capable of being resold or further pledged without restrictions	1 703 422	1 349 277
of which resold or further pledged	603 111	101 620

¹ These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the bank acts as an intermediary.

29 Fair value measurement (TCHF)

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. In measuring fair value, the Group utilizes various valuation approaches and applies a hierarchy for prices and inputs that maximizes the use of observable market information, where available.

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which the instrument is classified in its entirety is based upon the lowest level input that is significant to the position's fair value measurement.

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges and exchange traded derivatives.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes investments in hedge funds, mutual funds, the majority of OTC derivative contracts and structured debt.

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes mainly private equity investments, issued structured debt as well as equity investments with significant unobservable components.

Valuation governance

LGT's fair value measurement and model governance framework includes controls that are intended to ensure an adequate quality of fair value measurements reported in the financial statements. Responsibility for the ongoing measurement of financial and nonfinancial instruments at fair value resides with Trading and Treasury, but is validated by Group Risk Controlling, which is independent of Trading and Treasury. In carrying out their valuation responsibility, Trading and Treasury is required to consider the availability and quality of external market information and to provide justification and rationale for their fair value estimates.

Independent price verification is undertaken by Group Risk Controlling. The objective of the independent-price-verification process is to validate the business's estimates of fair value against available market information and other relevant data. By benchmarking the business's fair value estimates with observable market prices and other independent sources, the degree of valuation uncertainty embedded in these measurements is assessed and managed as required in the governance framework.

Valuation techniques

Valuation techniques are used to value positions for which a market price is not available from market sources. This includes in principal all derivatives transacted in the OTC market. LGT uses widely recognized valuation techniques for determining fair values that are not actively traded and quoted. The most frequently applied valuation techniques include discounted value of expected cash flow and option pricing methodologies.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "present value". When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by estimating the expected future cash flows using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models.

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models.

Fair value disclosure and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Group's financial and non-financial assets and liabilities is summarized in the table below.

Fair value at the end of the period	Level 1	Level 2	Level 3	2013 Total
Assets				
Loans and advances to banks ¹	0	2 991 078	0	2 991 078
Loans and advances to customers ¹	0	7 651 715	0	7 651 715
Securities held for trading purposes	4 415	1 694	0	6 109
Derivative financial instruments	0	762 609	0	762 609
Financial assets designated at fair value	1 864 180	1 614 627	3 046	3 481 853
Available-for-sale securities	1 259 998	568 717	54 481	1 883 196
Precious metals	508 700	0	0	508 700
Total assets at fair value	3 637 293	13 590 440	57 527	17 285 260
Liabilities				
Amounts due to banks ¹	0	994 253	0	994 253
Amounts due to customers ¹	0	20 510 641	0	20 510 641
Derivative financial instruments	0	672 909	1 893	674 802
Financial liabilities designated at fair value	0	545 546	0	545 546
Certificated debts ¹	0	1 702 821	0	1 702 821
Total liabilities at fair value	0	24 426 170	1 893	24 428 063

There have been no transfers from Level 2 to Level 1 and vice versa.

Fair value at the end of the period	Level 1	Level 2	Level 3	2012 Total
Assets				
Loans and advances to banks ¹	0	4 015 996	0	4 015 996
Loans and advances to customers ¹	0	7 366 166	0	7 366 166
Securities held for trading purposes	8 931	4	0	8 935
Derivative financial instruments	0	756 918	0	756 918
Financial assets designated at fair value	1 807 864	1 628 628	5 910	3 442 402
Available-for-sale securities	1 657 762	282 448	22 027	1 962 237
Precious metals	444 101	0	0	444 101
Total assets at fair value	3 918 658	14 050 160	27 937	17 996 755
Liabilities				
Amounts due to banks ¹	0	1 232 474	0	1 232 474
Amounts due to customers ¹	0	19 100 575	0	19 100 575
Derivative financial instruments	0	802 876	2 451	805 327
Financial liabilities designated at fair value	0	590 047	0	590 047
Certificated debts ¹	0	1 688 337	0	1 688 337
Total liabilities at fair value	0	23 414 309	2 451	23 416 760

There have been no transfers from Level 2 to Level 1 and vice versa.

¹ These items are not measured at fair value in the balance sheet but fair value is disclosed in the notes. See page 80 for a reconciliation to the carrying amount.

Reconciliation of Level 3 items

	Derivative financial instruments	Financial assets/ liabilities designated at fair value	Available- for-sale securities	2013 Total
Assets				
At 1 January	0	5 910	22 027	27 937
Total gains or losses	0	-534	3 386	2 852
thereof in profit or loss	0	122	-244	-122
thereof in other comprehensive income	0	-656	3 630	2 974
Purchases	0	125	32 545	32 670
Issues	0	0	0	0
Sales	0	-2 244	-3 477	-5 721
Redemptions	0	-224	0	-224
Currency translation	0	13	0	13
Transfers in/out of Level 3	0	0	0	0
At 31 December	0	3 046	54 481	57 527
Liabilities				
At 1 January	2 451	0	0	2 451
Total gains or losses	-585	0	0	-585
thereof in profit or loss	-585	0	0	-585
thereof in other comprehensive income	0	0	0	0
Purchases	0	0	0	0
Issues	0	0	0	0
Sales	0	0	0	0
Redemptions	0	0	0	0
Currency translation	27	0	0	27
Transfers in/out of Level 3	0	0	0	0
At 31 December	1 893	0	0	1 893

There have been no transfers either in or out of Level 3 in 2013.

Reconciliation of Level 3 items

	Derivative financial instruments	Financial assets/ liabilities designated at fair value	Available- for-sale securities	2012 Total
Assets				
At 1 January	0	9 252	11 724	20 976
Total gains or losses	0	401	-634	-233
thereof in profit or loss	0	401	2 316	2 717
thereof in other comprehensive income	0	0	-2 950	-2 950
Purchases	0	832	18 176	19 008
Issues	0	0	0	0
Sales	0	0	-3 600	-3 600
Redemptions	0	-4 575	-3 639	-8 214
Transfers in/out of Level 3	0	0	0	0
At 31 December	0	5 910	22 027	27 937
Liabilities				
At 1 January	2 235	0	0	2 235
Total gains or losses	216	0	0	216
thereof in profit or loss	216	0	0	216
thereof in other comprehensive income	0	0	0	0
Purchases	0	0	0	0
Issues	0	0	0	0
Sales	0	0	0	0
Redemptions	0	0	0	0
Transfers in/out of Level 3	0	0	0	0
At 31 December	2 451	0	0	2 451

There have been no transfers either in or out of Level 3 in 2012.

Gains or losses included in profit or loss for financial instruments measured at fair value based on Level 3	2013	2012
Total gains or losses included in profit or loss for the period	480	1 507
Total gains or losses for the period included in income from trading activities for assets/liabilities held at the end of the reporting period	-1 219	195

30 Derivative financial instruments

In the normal course of business, LGT Group and its subsidiaries use various derivative financial instruments to meet the financial needs of their customers, to generate revenues through trading and market-making activities, and to manage their exposure to fluctuations in interest and foreign exchange rates. Derivatives used for trading purposes include foreign exchange forwards, stock options and warrants as well as forward rate agreements (FRAs). Within the context of asset and liability management, interest rate swaps are primarily employed. LGT Group controls the credit risk from derivative financial instruments through its credit approval process and the use of control limits and monitoring procedures. LGT Group uses the same credit procedures when entering into derivatives as it does for traditional lending products.

The following table summarizes the total outstanding volumes in derivative financial instruments. Positive and negative replacement values are stated at gross values, without taking into consideration the effect of master netting agreements.

Types of derivative financial instruments held for trading (TCHF)	2013			2012		
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
Interest rate products						
Interest rate swaps	380 672	5 749	8 148	302 039	3 796	7 192
OTC options	0	0	0	769	10	10
Foreign exchange products						
Foreign exchange forwards	76 218 679	673 029	560 483	74 400 598	679 286	693 242
Foreign exchange swaps	125 077	580	2 430	1 221 769	2 770	6 786
Foreign exchange OTC options	3 237 383	18 663	18 191	2 870 471	31 735	31 724
Precious metal products						
Precious metal forwards	670 398	8 238	13 650	829 490	21 257	21 295
Precious metal swaps	0	0	0	227	0	1
Precious metal OTC options	635 241	36 902	33 929	363 416	6 435	6 599
Derivatives on shares and indices						
OTC Options	139 347	12 475	12 484	109 957	1 210	1 332
Credit derivatives						
Swaps	72 515	1 522	1 522	68 705	832	832
Other products	579 485	2 305	7 487	412 068	1 998	3 971
Total contracts	82 058 797	759 463	658 324	80 579 509	749 329	772 984

Types of derivative financial instruments held for hedging (TCHF)	2013			2012		
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
Interest rate products						
Interest rate swaps (Cash flow hedges)	300 000	3 146	0	380 000	7 589	0
Interest rate swaps (Fair value hedges) ¹	915 330	0	16 478	750 030	0	32 343
Total contracts	1 215 330	3 146	16 478	1 130 030	7 589	32 343

¹ LGT Group applied fair value hedge accounting for a portfolio hedge of interest rate risk for the first time in the 2012 reporting period by using interest rate swaps to hedge its exposure to market fluctuations of fixed-rate instruments. The fair value adjustment of the underlying instruments related to interest rate risk was TCHF -11 420 (2012: TCHF 4 837). A matching amount of TCHF 11 297 (2012: TCHF -4 863) is included in the replacement value attributable to derivative hedging instruments.

31 Offsetting financial assets and liabilities

Financial assets and liabilities subject to offsetting netting arrangements and similar agreements

Assets at 31 December 2013 (TCHF)	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amount of financial assets pre- sented on the balance sheet	Amounts not set off on the balance sheet Impact of Master Netting Agreements	Cash collateral	Net amount
Positive market values from derivative financial instruments	581 498	0	581 498	368 697	66 848	145 953
Total assets	581 498	0	581 498	368 697	66 848	145 953
Liabilities at 31 December 2013 (TCHF)	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Amounts not set off on the balance sheet Impact of Master Netting Agreements	Cash collateral	Net amount
Negative market values from derivative financial instruments	396 547	0	396 547	348 602	11 862	36 083
Total liabilities	396 547	0	396 547	348 602	11 862	36 083

Assets at 31 December 2012 (TCHF)	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amount of financial assets pre- sented on the balance sheet	Amounts not set off on the balance sheet Impact of Master Netting Agreements	Cash collateral	Net amount
Positive market values from derivative financial instruments	561 688	0	561 688	364 970	146 597	50 121
Total assets	561 688	0	561 688	364 970	146 597	50 121
Liabilities at 31 December 2012 (TCHF)	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Amounts not set off on the balance sheet Impact of Master Netting Agreements	Cash collateral	Net amount
Negative market values from derivative financial instruments	538 089	0	538 089	364 970	113 827	59 292
Total liabilities	538 089	0	538 089	364 970	113 827	59 292

32 Capital resources

Capital adequacy and the use of capital are monitored by the Group and by individual operating units, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision and implemented by the Liechtenstein Government for supervisory purposes.

The Basel Committee guidelines require minimum risk ratios for all international banks of 8%. These ratios measure capital adequacy by comparing the Group's eligible capital with balance sheet assets, off-balance sheet commitments and market positions at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, first being multiplied by a conversion factor and then being assigned a risk weighting according to the amount of capital deemed to be necessary for them. Off-balance sheet commitments and default risk positions are also multiplied and risk-weighted. Market risk is calculated with the standard approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The following table analyzes the Group's capital resources as defined for regulatory purposes.

Capital resources (TCHF)		2013	2012
Capital resources		3 215 993	3 345 436
thereof non-controlling interests		4 620	7 436
thereof "innovative" instruments		0	0
Other deductions		-207 592	-463 214
Net core capital before adjustments		3 008 401	2 882 222
upper tier 2 capital		0	0
lower tier 2 capital		80	178
tier 3 capital		0	0
Other deductions (intangible assets)		-247 862	-272 882
Net capital resources		2 760 619	2 609 518
Required capital (TCHF)			
	Approach		
Credit risk	Standard	859 896	789 607
On-balance sheet		844 448	774 521
Non-counterpart risks		15 448	15 086
Market risk	Standard	48 146	53 948
thereof interest rate risks		14 573	11 280
thereof equity position risks		710	586
thereof foreign exchange risks		6 429	14 997
thereof commodities risks		26 344	27 070
thereof option risks		90	15
Operational risk	Basic indicator	128 059	127 464
Total		1 036 101	971 019
Capital adequacy ratio		21.3%	21.5%
Net capital resources		2 760 619	2 609 518

33 Subsidiaries

The Group's principal subsidiary undertakings at 31 December 2013 were:

Name	Principal activity	Registered office	Ownership interest in % of ordinary shares held ¹
LGT Bank Ltd.	Banking	Vaduz – Liechtenstein	100.0
LGT Capital Management Ltd.	Asset management	Vaduz – Liechtenstein	100.0
LGT Fondsleitung Ltd.	Asset management	Vaduz – Liechtenstein	100.0
LGT Funds SICAV	Asset management	Vaduz – Liechtenstein	100.0
LGT Premium Strategy AGmVK	Asset management	Vaduz – Liechtenstein	100.0
LGT Strategy Units (Liec) AGmVK	Asset management	Vaduz – Liechtenstein	100.0
LGT Capital Partners Advisers Ltd.	Investment advisers	Vaduz – Liechtenstein	100.0
LGT Private Equity Advisers Ltd.	Investment advisers	Vaduz – Liechtenstein	60.0
LGT Swiss Life Non Traditional Advisers Ltd., in Liquidation	Investment advisers	Vaduz – Liechtenstein	62.8
LGT Financial Services Ltd.	Services company	Vaduz – Liechtenstein	100.0
LGT Audit Revisions AG	Audit services	Vaduz – Liechtenstein	100.0
LGT Bank (Switzerland) Ltd.	Banking	Basel – Switzerland	100.0
Artinba Ltd.	Fine art services	Basel – Switzerland	100.0
Global Fine Art Services AG, in Liquidation	Fine art services	Basel – Switzerland	100.0
LGT Capital Management Ltd.	Asset management	Pfäffikon SZ – Switzerland	100.0
LGT Capital Partners Ltd.	Investment advisers	Pfäffikon SZ – Switzerland	100.0
LGT Investment Partners Ltd.	Investment advisers	Pfäffikon SZ – Switzerland	100.0
LGT Holding International Ltd.	Holding company	Pfäffikon SZ – Switzerland	100.0
Crown Verwaltungsgesellschaft mbH	Investment advisers	Munich – Germany	50.0
LGT Capital Partners (U.K.) Limited	Investment advisers	London – United Kingdom	100.0
LGT Bank (Ireland) Ltd.	Banking	Dublin – Ireland	100.0
LGT Capital Partners (Ireland) Ltd.	Asset management	Dublin – Ireland	100.0
LGT Fund Managers (Ireland) Ltd.	Fund administrator	Dublin – Ireland	100.0
LGT Holding Denmark ApS	Holding company	Copenhagen – Denmark	100.0
LGT Fund Management (Lux) S.A.	Asset management	Luxembourg – Luxembourg	100.0

¹ Ownership interest equals voting interest.

Name	Principal activity	Registered office	Ownership interest in % of ordinary shares held ¹
LGT Bank (Singapore) Ltd.	Banking	Singapore	100.0
LGT Investment Consulting (Beijing) Ltd. ²	Investment consulting	Beijing - China	100.0
LGT Capital Partners (Asia-Pacific) Limited	Investment advisers	Hong Kong – China	100.0
LGT Investment Management (Asia) Ltd.	Investment advisers	Hong Kong – China	100.0
LGT Holding (Malaysia) Ltd.	Holding company	Labuan – Malaysia	100.0
LGT Capital Partners (Japan) Co. Ltd. (formerly LGT Investment Management (Japan) KK)	Investment advisers	Tokyo – Japan	100.0
LGT Capital Partners (Dubai) Ltd. ²	Investment advisers	Dubai - United Arab Emirates	100.0
LGT (Middle East) Ltd.	Investment advisers	Dubai - United Arab Emirates	100.0
LGT Capital Partners (USA) Inc.	Investment advisers	New York – USA	100.0
LGT Clerestory LLC	Investment advisers	New York – USA	100.0
LGT Capital Partners Holding (USA) Inc.	Holding company	New York – USA	100.0
LGT Bank (Cayman) Ltd.	Banking	Grand Cayman – Cayman Islands	100.0
LGT Certificates Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Finance Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Global Invest Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Investments Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Participations Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT (Uruguay) S.A.	Bank representation	Montevideo - Uruguay	100.0

¹ Ownership interest equals voting interest.

² have been established during 2013

LGT Financial Consulting GmbH has been liquidated as per 24 September 2013.

LGT Funds II SICAV has been liquidated as per 30 December 2013.

LGT Investments AGmV has been liquidated as per 30 December 2013.

34 Interests in unconsolidated structured entities

The Group is principally involved with structured entities through investments in and loans to structured entities and sponsoring structured entities that provide specialized investment opportunities to investors.

Interests in unconsolidated structured entities (TCHF) Domicile	2013		2012	
	Number	NAV	Number	NAV
Cayman Islands	5	7 926 118	4	7 487 527
Finland	1	245 036	1	241 357
Germany	2	147 092	2	163 447
Guernsey	4	783 955	4	1 101 696
Ireland	23	7 710 959	20	7 105 998
Liechtenstein	4	9 415 940	5	8 995 822
Luxembourg	10	4 850 223	8	3 054 501
Switzerland	3	1 216 738	3	1 436 399
USA	2	131 394	2	150 155
Total	54	32 427 455	49	29 736 902

Nature of risk

Risk associated with unconsolidated structured entities

The following table summarizes the carrying values recognized in the statement of financial position of the Group's interests in unconsolidated structured entities. The maximum exposure to loss presented in the table below is contingent in nature and may arise as a result of the provision of liquidity facilities, and any other funding commitments, such as financial guarantees provided by the Group.

Financial statement at 31 December 2013 (TCHF)	Financial instruments (fair value through profit and loss)	Financial instruments (available for sale)	Financial instruments (trading)	Loans	Commitments and guarantees	Collaterals	Maximum exposure to loss
Domicile							
Cayman Islands	1 056 867	263 540	0	14 884	293 946	-144 346	1 484 891
Finland	0	0	0	0	2 450	0	2 450
Germany	0	170	0	0	2 695	0	2 865
Guernsey	0	292	0	0	0	0	292
Ireland	0	9 119	0	78 107	207 567	0	294 793
Liechtenstein	1 484	0	0	0	21 836	-21 836	1 484
Luxembourg	0	425	0	858	47 530	0	48 813
Switzerland	0	5 957	2 705	0	0	0	8 662
USA	0	12 680	0	0	0	0	12 680
Total	1 058 351	292 183	2 705	93 849	576 024	-166 182	1 856 930

Financial statement at 31 December 2012 (TCHF)	Financial instruments (fair value through profit and loss)	Financial instruments (available for sale)	Financial instruments (trading)	Loans	Commitments and guarantees	Collaterals	Maximum exposure to loss
Domicile							
Cayman Islands	1 031 544	256 971	0	153 627	168 494	-103 496	1 507 140
Finland	0	0	0	0	6 034	0	6 034
Germany	0	181	0	0	2 655	0	2 836
Guernsey	0	187	0	0	0	0	187
Ireland	0	8 664	0	117 091	139 777	0	265 532
Liechtenstein	1 827	0	4	8	22 459	-22 466	1 832
Luxembourg	0	597	0	18 521	47 578	0	66 696
Switzerland	0	6 449	2 812	0	0	0	9 261
USA	0	9 105	0	0	0	0	9 105
Total	1 033 371	282 154	2 816	289 247	386 997	-125 962	1 868 623

35 Operating segments

Headquartered in Vaduz, Principality of Liechtenstein, LGT Group is the Private Banking and Asset Management Group of the Princely House of Liechtenstein. The Group's segmental reporting comprises the four operating business units Private Banking, Traditional Asset Management, Alternative Asset Management and Operations & Technology. The remaining not directly connected operating income and expenses including consolidation adjustments are shown under Corporate Center.

LGT's reportable segments are strategic business units that offer different products and services to external and internal customers. They are managed separately because each business unit requires different technology and marketing strategies.

The segment reporting reflects the internal management structure. The segments are based upon the products and services provided or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on a managed basis. Both the external and the internal reports are prepared in accordance with International Financial Reporting Standards (IFRS).

Private Banking offers private clients comprehensive services around the world. Traditional Asset Management (LGT Capital Management) is a specialist in the allocation of assets and selection of investment managers, and manages and monitors a wide range of investment funds. Alternative Asset Management (LGT Capital Partners) is a specialist in the alternative asset classes of hedge funds and private equity. Operations & Technology (LGT Financial Services) is the IT and business service provider.

The accounting policies of the operating segments are the same as those described in the summary of the Group accounting principles. Income and expenses are assigned to the individual business lines in accordance with current market prices and based on the client relationships. Indirect costs resulting from services provided internally are accounted for according to the principle of causation and are recorded as a revenue increase for the service provider and as a cost increase for the service beneficiary. Depreciation and provisions are stated at effective costs.

Information about the operating incomes from external customers for each product and service, or group of similar products and services, is not available and the cost to develop it would be excessive.

Operating segments at 31 December 2013 (TCHF)

Total external operating income
Total internal operating income ¹
Total segment operating income (total revenue)
Operating expenses
Segment result before tax
Tax expense ²
Non-controlling interests
Net profit of LGT Group
Net interest and similar income ³
Income from services
Income from trading activities
Depreciation
Credit (losses) recoveries
Change in provisions and other losses
Profit/(loss) of associates
Headcount
Assets under administration in CHFm ⁴
Segment assets
Segment liabilities
Investments in associates
Property and equipment
Goodwill and other intangible assets
Capital expenditure

Operating segments at 31 December 2012 (TCHF)

Total external operating income
Total internal operating income ¹
Total segment operating income (total revenue)
Operating expenses
Segment result before tax
Tax expense ²
Non-controlling interests
Net profit of LGT Group
Net interest and similar income ³
Income from services
Income from trading activities
Depreciation
Credit (losses) recoveries
Change in provisions and other losses
Profit/(loss) of associates
Headcount
Assets under administration in CHFm ⁴
Segment assets
Segment liabilities
Investments in associates
Property and equipment
Goodwill and other intangible assets
Capital expenditure

¹ Operating income from transactions with other segments at market prices.

² The Group does not allocate tax expense (tax income) to reportable segments.

³ Management primarily relies on net interest income, not the gross income and expense, in managing the segments.

Private Banking	Traditional Asset Management	Alternative Asset Management	Operations & Technology	Corporate Center ⁵	Group
607 596	47 797	111 261	11 087	117 023	894 764
22 588	35 150	26 145	124 863	-208 746	0
630 184	82 947	137 406	135 950	-91 723	894 764
-468 975	-62 672	-91 842	-131 921	9 433	-745 977
161 209	20 275	45 564	4 029	-82 290	148 787
					-5 547
					-4 060
					139 180
103 114	-3 922	-220	4 657	-23 557	80 072
390 544	89 145	159 272	5 356	4 259	648 576
132 943	-2 412	-1 746	1 130	14 440	144 355
-16 504	-43	-502	-21 562	-10 957	-49 568
-2 934	0	0	0	0	-2 934
-3 685	0	0	0	-141	-3 826
0	532	0	0	149 618	150 150
1 108	106	203	308	196	1 921
66 648	22 143	20 102	0	1 824	110 717
27 601 079	160 334	144 096	445 116	-38 186	28 312 439
24 247 070	65 605	87 464	357 928	338 379	25 096 446
0	811	0	0	2 818 125	2 818 936
167 850	19	2 045	14 375	0	184 289
118 789	39 479	7 263	82 331	0	247 862
13 411	0	1 468	9 474	0	24 353

Private Banking	Traditional Asset Management	Alternative Asset Management	Operations & Technology	Corporate Center ⁵	Group
690 057	32 205	112 989	12 178	109 987	957 416
10 815	43 251	22 281	119 869	-196 216	0
700 872	75 456	135 270	132 047	-86 229	957 416
-456 404	-80 119	-101 041	-133 674	66 530	-704 708
244 468	-4 663	34 229	-1 627	-19 699	252 708
					-32 004
					-7 054
					213 650
136 456	-71	-104	4 382	-29 524	111 139
340 272	75 290	132 942	3 685	9 873	562 062
216 145	-419	-992	625	39 706	255 065
-16 741	-24	-1 270	-20 757	-30 577	-69 369
-1 439	0	0	0	0	-1 439
-3 469	0	0	0	-11 280	-14 749
0	563	0	0	222 534	223 097
1 047	135	178	291	179	1 830
61 195	20 649	18 211	0	2 063	102 118
26 192 373	136 261	126 704	573 513	70 430	27 099 281
22 889 652	63 856	71 944	488 127	501 454	24 015 033
0	869	0	0	2 670 824	2 671 693
167 603	21	1 134	12 170	0	180 928
121 263	45 225	9 996	96 398	0	272 882
10 609	22	521	9 475	0	20 627

⁴ Assets under administration include double-counted assets and LGT's Princely Portfolio.

⁵ Corporate Center includes the net result of the Princely Portfolio, net Group financing cost, the cost of all Group functions and consolidation adjustments.

Geographical information at 31 December 2013 (TCHF)	Operating income¹	Capital expenditure	Non-current assets
Liechtenstein	390 073	11 885	178 099
Switzerland	371 781	7 165	163 997
Other Europe	20 837	715	83 145
Americas	20 099	423	657
Asia	91 974	4 165	6 253
Group	894 764	24 353	432 151

**Geographical information
at 31 December 2012 (TCHF)**

Liechtenstein	486 908	12 316	194 436
Switzerland	503 349	825	169 203
Other Europe	-81 405	5 110	83 114
Americas	66 696	20	3 041
Asia	-18 132	2 356	4 016
Group	957 416	20 627	453 810

¹ Operating income is attributed to countries/regions on the basis of the LGT Group companies domicile.

36 Client assets under administration (CHF m)

Client assets under administration (excluding Princely Portfolio) which are stated according to the provisions of the Liechtenstein banking law are as follows:

	2013	2012
Client assets in own-managed funds	25 039	23 018
Client assets under management	27 447	24 803
Other client assets under administration	55 413	51 627
Total client assets under administration (including double counting)	107 899	99 448
thereof double counting	13 007	12 416
Net asset inflow	7 452	12 342
thereof net new money	7 452	10 515
thereof through acquisition	0	1 827

Client assets in own-managed funds

This item covers the assets of all the actively marketed investment funds of LGT Group.

Client assets under management

The calculation of assets with management mandate takes into account client deposits as well as the fair value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party institutions. The information covers both assets deposited with Group companies and assets deposited at third-party institutions for which Group companies hold a discretionary mandate.

Other client assets under administration

The calculation of other client assets under administration takes into account client deposits as well as the fair value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party institutions. The information covers assets for which an administrative or advisory mandate is exercised.

Double counting

This item covers investment fund units from own-managed funds as well as certain assets that are included in client assets under management.

Custodian assets

Custodian assets are excluded.

37 Pensions	2013	2012
Principal actuarial assumptions		
Discount rate ¹	2.25%	2.0%
Average future salary increases	1.00%	1.00%
Future pension increases	0.00%	0.00%
Mortality tables used	BVG 2010 GT	BVG 2010 GT
Average retirement age	60/60	60/60
Employees covered by the major plans ²	1 569	1 507
Retirees covered by the major plans	447	424
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	26.1	26.0
Female	28.7	28.6
Balance sheet (end of year)		
Fair value of plan assets	942 424	855 337
Defined benefit obligation	-1 078 078	-1 042 447
Funded status	-135 654	-187 110
Unrecognized asset due to IAS 19.64	0	0
Net asset/(liability)	-135 654	-187 110
Income statement³		
Service cost	-26 815	-30 246
Interest cost	-21 129	-25 421
Interest income	17 387	19 574
Past service cost	0	-16 363
Curtailement, settlement, plan amendment gain/loss	0	103 704
Administration expense	-201	-243
Net pension expenses	-30 758	51 005
Actual return on plan assets	40 721	65 077
Movement in the asset/(liability) recognized in the balance sheet		
At 1 January	-187 110	42 518
True-up opening balance sheet	0	-276 370
Expense recognized in the profit & loss statement	-30 758	51 005
Employer's contributions (following year expected contribution)	31 322	28 459
Total prepaid (accrued) pension cost	564	79 464
whereof operating income (expense)	4 306	85 311
whereof financing income (expense)	-3 742	-5 847
Total (gains)/losses recognized in OCI	50 892	-32 722
Change of unrecognized assets due to IAS 19.64	0	0
At 31 December	-135 654	-187 110

¹ Includes application of the discount rate to the funded status, rather than only the defined benefit obligation, under the new IAS 19 rules which apply from 2013

² Apprentices, trainees and certain part-time employees are not covered by the plans.

³ In July 2012 the board of trustees decided a plan amendment. The preferred early retirement conditions have been cancelled. This led to an income of CHF m 103.7 in the income statement. During a transition period some vested rights of the preferred early retirement are granted as compensation. The impact is CHF m 16.3 in the income statement.

	2013	2012
Movement in the defined benefit obligation		
At 1 January	-1 042 447	-1 009 292
Service cost	-26 815	-30 246
Employees' contributions	-18 344	-16 571
Past service cost	0	-16 363
Interest cost	-21 129	-25 421
Curtailments/settlements	0	103 704
Benefits paid	3 099	29 967
Actuarial gains (losses) on benefit obligation	27 558	-78 225
At 31 December	-1 078 078	-1 042 447
Defined benefit obligation participants	-746 071	0
Defined benefit obligation pensioners	-332 007	0
Duration	16.4	0
Movement in the fair value of plan assets		
At 1 January	855 337	775 440
Interest income	17 387	19 574
Employer's contributions	31 322	28 459
Employees' contributions	18 344	16 571
Benefits paid	-3 099	-29 967
Administration expense	-201	-243
Return on plan assets excluding amount recognized in net interest	23 334	45 503
At 31 December	942 424	855 337

Composition and fair value of plan assets at 31 December 2013	Quoted in an active market		Domestic	Other Foreign	Total	%
	Domestic	Foreign				
Cash and cash equivalents	0	0	48 344	0	48 344	5.1
Real estate	0	0	56 720	0	56 720	6.0
Bonds	2 229	97 707	0	0	99 936	10.6
AAA to BBB -	2 229	97 707	0	0	99 936	10.6
below BBB-	0	0	0	0	0	0.0
not rated	0	0	0	0	0	0.0
Equity	97 957	189	0	0	98 146	10.4
Investment funds	43 111	150 415	349 852	87 399	630 777	66.9
Bonds	0	18 482	211 368	8 113	237 963	25.3
Equity	4 364	79 613	108 669	5 810	198 456	21.1
Real estate	30 385	29 805	16 728	0	76 918	8.2
Commodities	8 362	0	13 087	0	21 449	2.3
Alternative Investments	0	22 515	0	73 476	95 991	10.2
Derivatives	0	0	554	0	554	0.1
Currencies	0	0	554	0	554	0.1
Other assets/liabilities	3 707	0	4 240	0	7 947	0.9
Total	147 004	248 311	459 710	87 399	942 424	100.0

The plan assets include property occupied by the Group with a fair value of TCHF 13 200 (2012: TCHF 16 822).

	2013	2012
Defined benefit pension plans		
Remeasurements DBO	27 558	-78 225
Actuarial gains/(losses) arising from plan experience	-15 777	990
Actuarial gains/(losses) arising from demographic assumptions	0	0
Actuarial gains/(losses) arising from financial assumptions	43 335	-79 215
Remeasurements assets	23 334	45 503
True-up of opening balance sheet	0	-276 370
Total recognized in OCI/equity	50 892	-309 092

Sensitivities	DBO	Service cost
Discount rate +0.25%	-40 538	-1 999
Discount rate -0.25%	43 335	2 143
Salary increase +0.25%	15 263	1 070
Salary increase -0.25%	-14 195	-1 024
Pension increase +0.25%	28 322	971
Pension increase -0.25% (not lower than 0%)	0	0
Increase of one year life expectancy at retirement age	38 432	1 389

The Group expects to contribute TCHF 30 153 to its defined benefit pension plans in 2014 (2013: TCHF 31 322).

The measurement date for the Group's defined benefit plans is 31 December.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Nature of plans

IAS 19 (revised) specifies new disclosure requirements with relation to pension plans, the regulatory framework and risk characteristics.

Regulatory framework

Pension plan legal structure

LGT currently operates two employer-specific defined benefit pension schemes, i.e. the LGT Group Personnel Welfare and Pension Foundation (Personalvorsorgestiftung (PVS) der LGT Gruppe) in Switzerland and in Liechtenstein. Both pension schemes consist of a pension plan and a capital savings plan. The pension fund is a separate legal entity. Under Swiss and Liechtenstein law, all employees are required to be members of the pension scheme. Minimum benefits are stipulated by law (for old-age, disability, death and termination). LGT's pension schemes cover more than legally prescribed minimum requirements.

The Foundation Board of the welfare and pension fund foundation comprises 8 individuals for the pension fund in Switzerland, and 6 individuals for the pension fund in Liechtenstein – 50% of whom are employer representatives, and the other 50% are employee representatives.

Other entity's responsibilities

The members of the Foundation Board decide about the benefits to be provided, how these are to be financed, and the fund's asset allocation. They are responsible vis à vis the beneficiaries and the authorities.

Special situation

The pension scheme has no minimum funding requirement (when the pension fund is in a surplus position), although it does have a minimum contribution requirement as specified below. In accordance with national legal provisions, where a pension fund is operated in a surplus position, limited restrictions apply in terms of the board member's ability to apply benefits to the members of the locally determined "free reserves". In cases where the pension fund enters into an underfunded status, the active members together with LGT are required to make additional contributions until such time as the pension fund is again in a fully funded position.

Funding arrangements that affect future contributions

Swiss and Liechtenstein law provides for minimum pension obligations on retirement. Swiss and Liechtenstein law also prescribes minimum annual contribution requirements. An employer may provide or contribute a higher amount than specified by Swiss and Liechtenstein law – such amounts are specified under the terms and conditions of the pension schemes. In addition, employers are able to make one-off contributions or prepayments to these pension funds. Although these contributions cannot be withdrawn, they are available to the company to offset its future employer cash contributions to the pension fund.

Even though a surplus may exist in the pension fund, Swiss and Liechtenstein law requires that minimum annual contribution requirements continue. For the active members of the pension fund, annual contributions are required from both the employer and the employee. The employer contributions must be at least equal to the employee contributions, but may be higher, as stated separately in the regulations of the pension fund.

Minimum annual contribution obligations are determined with reference to an employee's age and current salary, however, as indicated above, these can be increased under the pension schemes.

In the event that an employee leaves the employ of LGT prior to reaching a pensionable age, the termination benefit (pension scheme) and the cumulative balance of the savings contributions (capital savings scheme) are withdrawn from the pension scheme and invested in the pension scheme of the employee's new employer.

In the event of the liquidation of LGT, or the pension fund, LGT has no right to any refund of any surplus in the pension fund. Any surplus balance is to be allocated to the members (active and pensioners).

General Risk

The company faces the risk that the equity ratio can be affected by a bad performance of the assets of the pension fund, or a change of assumptions. Therefore the sensitivities applying to the main assumptions (discount rate and salary increase) have been calculated and disclosed.

38 Long-term incentive scheme

Movements in the number of options outstanding

Number of series	8	9	10	11	12	13	14	15	Total
Year of issue	2006	2007	2008	2009	2010	2011	2012	2013	
Duration from	1.4.06	1.4.07	1.4.08	1.4.09	1.4.10	1.4.11	1.4.12	1.4.13	
Duration to	1.4.13	1.4.14	1.4.15	1.4.16	1.4.17	1.4.18	1.4.19	1.4.20	
At 1 January 2013	275	2 148	2 757	2 766	3 070	3 256	3 296	0	17 568
Granted	0	0	0	0	0	0	0	3 249	3 249
Exercised	-275	-837	-220	-619	-439	0	0	0	-2 390
Lapsed/without value	0	0	-2	0	-7	-28	-88	0	-125
At 31 December 2013	0	1 311	2 535	2 147	2 624	3 228	3 208	3 249	18 302

Number of series	7	8	9	10	11	12	13	14	Total
Year of issue	2005	2006	2007	2008	2009	2010	2011	2012	
Duration from	1.4.05	1.4.06	1.4.07	1.4.08	1.4.09	1.4.10	1.4.11	1.4.12	
Duration to	1.4.12	1.4.13	1.4.14	1.4.15	1.4.16	1.4.17	1.4.18	1.4.19	
At 1 January 2012	34	325	2 183	2 794	2 879	3 108	3 329	0	14 652
Granted	0	0	0	0	0	0	0	3 312	3 312
Exercised	-34	-50	-15	0	-74	0	0	0	-173
Lapsed/without value	0	0	-20	-37	-39	-38	-73	-16	-223
At 31 December 2012	0	275	2 148	2 757	2 766	3 070	3 256	3 296	17 568

Options outstanding at the end of the year were as follows:

Number of series	Year of issue	Expiry date	Exercise price (CHF)	2013	2012
8	2006	1.4.2013	28 194	0	275
9	2007	1.4.2014	32 634	1 311	2 148
10	2008	1.4.2015	37 061	2 535	2 757
11	2009	1.4.2016	32 859	2 147	2 766
12	2010	1.4.2017	34 760	2 624	3 070
13	2011	1.4.2018	13 871	3 228	3 256
14	2012	1.4.2019	12 877	3 208	3 296
15	2013	1.4.2020	14 546	3 249	0
				18 302	17 568

In 2013, the fair value changes of the options of TCHF 46 469 were charged to personnel expenses (2012: TCHF 65 212 charged to personnel expenses). Significant inputs to measure the fair value of the options are the economic value added as described in the Group accounting principles under employee medium-term benefits and the exercise price shown above.

39 Related-party transactions (TCHF)	2013	2012
The following emoluments were made by the Group to the members of the Foundation Board and to Group and business unit executives during the year.		
Total emoluments of Foundation Board members	3 490	3 045
Salaries and bonuses	10 416	15 463
Long-term incentive scheme	1 735	0
Total emoluments of Group and business unit executives	12 151	15 463
The following loans, advances and commitments made by the Group to and on behalf of the above-mentioned related parties were outstanding at year-end		
Advances	4 035	4 136
Mortgages and other loans	4 293	3 409
Total	8 328	7 545

Hedge fund and private equity co-investment plan of senior LGT managers

Each year the employees of LGT Capital Partners Ltd., which acts as investment manager for LGT's alternative assets investment vehicles, and members of LGT Group's management are invited to invest in the same private equity and hedge fund investments as LGT's customers. At 31 December 2013, LGT's employees had committed a total of USD 80.6 million (2012: USD 51.0 million) to the alternative investment co-investment plans.

Transactions with the Prince of Liechtenstein Foundation

A number of Group transactions were concluded with the Prince of Liechtenstein Foundation (POLF), the beneficiary of the LGT Group Foundation, in the normal course of business, including loans, deposits and other transactions. The transactions were carried out at commercial terms and market rates and were reported as follows:

	2013	2012
Loans	1 142	0
Deposits	40 108	1 178

Transactions with post-employment benefit plans

A number of Group transactions were concluded with post-employment benefit plans in the normal course of business, including loans, deposits and other transactions. The transactions were carried out at commercial terms and market rates and were reported as follows:

	2013	2012
Deposits	48 295	34 812

Advances to and due to investments in associates

A number of Group transactions were concluded with investments in associates in the normal course of business, including loans, deposits and other transactions. The transactions were carried out at commercial terms and market rates and were reported as follows:

	2013	2012
Loans	0	102 809
Financial assets at fair value and investment securities	0	2 669 506
Deposits	0	264 410

40 Operating lease commitments (TCHF)

The group leases various offices and warehouses under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
Not later than one year	23 909	26 225
Later than one year and not later than five years	67 675	76 145
Later than five years	31 117	29 725
Subtotal	122 701	132 095
Less sublease rentals received under non-cancellable leases	12 293	16 401
Total	110 408	115 694

Operating leasing expenses in the gross amount of TCHF 27 752 are included in operating expenses. (2012: TCHF 30 064).

Risk management

Risk management

Risk management framework and process

Risk is defined by the adverse impact on profitability of several distinct sources of uncertainty. Taking risk is inherent to the financial business and an inevitable consequence of being in business. This note presents information about the Group's risk exposure and the objectives, policies and processes for measuring and managing the different risk categories.

The risk policy of LGT Group comprises two key elements. The risk strategy, which details the overall approach to risk-taking desired by the Board, and the risk principles, which translate the risk strategy into operating standards for both the risk organization and the required risk processes.

Consistent with the overall business strategy, the aim of risk management is to achieve an appropriate balance between risk and return and minimize potentially adverse effects on the financial performance of the Group.

LGT Group employs the "Internal Capital Adequacy Assessment Process" (ICAAP), based on the standards of the Basel Committee on Banking Supervision, to ensure a capital basis appropriate to its risk situation. Several risk management policies are designed to identify, assess and analyze the different risk categories, to set guidelines, appropriate risk limits and controls and to monitor the risks and adherence to limits with reliable and up-to-date information systems. The effectiveness of the risk policy, risk process and risk organization is regularly reviewed. The figure illustrates the four equivalent key elements of the LGT Group risk process.



The Foundation Board is responsible for the Group's risk policy and its regular review. On a daily basis risk monitoring is conducted by the line management. The overall responsibility lies within the executive management teams of each business unit. The risk controlling unit oversees the risk-taking activities of the Group. The control of risk is thus conducted outside of and independently of line management. LGT Group's risk controlling unit is responsible for risk supervising and risk reporting for the whole Group.

LGT Group has identified several types of risk to which it is exposed to and applied them in ICAAP.

Strategic and business risk			
Market risk Interest rates Currency Equity prices Asset and Liability Management	Liquidity and funding risk Cash flows Refinancing	Credit risk Counterparty default Concentration Collateral	Operational risk Processes Employees Technology External
Regulatory and reputational risk			

Strategic and business risk

Strategic risk is the danger of losses arising from strategic decisions, changes in the economic and competitive environment, inadequate or insufficient implementation of strategic objectives, or lack of capability to adjust to changing economic needs. Moreover, it comprises the danger of losses resulting from the dependency on highly qualified staff.

Business risk arises from unexpected changes in market conditions having a negative impact on profitability.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non-trading activities is monitored by Group Risk Controlling and for the trading portfolios by the Risk Management of the Trading Department. Regular reports are submitted to Group Management and the Heads of the Business Units.

Trading portfolios also include those positions arising from market-making transactions where the Group acts as principal in the market. Non-trading portfolios primarily arise from the interest rate management of the Group's banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's available-for-sale investments.

The asset and liability management (ALM) manages the interest rate risk in the banking book and the group-wide foreign exchange rate risk. The ALM profile and the corresponding risks are limited on LGT Group level and for each of the banking entities separately. The risk limits are defined as the change in the market value of equity given a standardized shift in interest and exchange rates respectively. In addition gap limits are defined to limit maturity mismatch activities. The limits set for the ALM profile are considered to be conservative.

Market risk measurement

As part of the management of market risk, the most important measurement category for the Group is the sensitivity analysis of its trading and non-trading portfolios, to estimate the market risk of positions held, based on assumptions for changes in interest rates, foreign exchange rates, equity prices and volatility. The Board sets limits on the total fair value change that may be accepted for the Group, trading and non-trading separately. These limits are monitored by Group Risk Controlling for the trading portfolios on a daily basis, and for the non-trading portfolios on a monthly basis. On the basis of the sensitivity analysis the Group undertakes various hedging strategies and also enters into interest rate swaps to match the interest rate risk associated with loans to which the fair value option has been applied. The table on the next page shows a summary of LGT Group's sensitivity analysis.

In addition, market risks on the trading portfolios are managed by limiting the volume and maximum loss accepted overall and by position.

LGT Group performs stress tests to get an indication of the potential size of losses that could arise in extreme conditions. The stress testing applies stress movements of each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions or regions. The stress testing is tailored to the business and typically uses scenario analysis.

Market risk organization and reporting

Responsibility for risk control lies with the Asset and Liability Committee (ALCO) which defines basic principles for the refinancing activity of the LGT Group (focusing on medium to long-term money) and advises the Group CEO on capital market transactions. The control of the ALM risks is primarily applied by way of an active management of the repricing gaps in the different time bands. Transactions carried out in the ALM area must be notified to the ALCO by a representative of Group Risk Controlling at the next meeting. Moreover, the Group Trading and Investment Committee (GTIC) is responsible for the regular review of all trading activities and to ensure the effectiveness of the risk policy, risk processes and the risk organization.

Summary sensitivity analysis

Negative fair value change reflected in income statement at 31 December 2013 (TCHF)	Interest rate +100 bp	Currency -20%	Equity price -10%
Trading portfolio/designated at fair value	20 305	226 409	525
Total	20 305	226 409	525

Negative fair value change reflected in income statement at 31 December 2012 (TCHF)	Interest rate +100 bp	Currency -20%	Equity price -10%
Trading portfolio/designated at fair value	9 641	274 077	574
Total	9 641	274 077	574

Negative fair value change reflected in equity at 31 December 2013 (TCHF)	Interest rate +100 bp	Currency -20%	Equity price -10%
Non-trading portfolios	14 674	257 127	653
Investment in associates	0	0	281 813
Total	14 674	257 127	282 466

Negative fair value change reflected in equity at 31 December 2012 (TCHF)	Interest rate +100 bp	Currency -20%	Equity price -10%
Non-trading portfolios	14 231	230 436	704
Investment in associates	0	0	266 951
Total	14 231	230 436	267 655

Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group CEO sets limits on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored daily.

Currency risk strategy and measurement

Exchange rate risk control is implemented within the framework of LGT Group's overall appetite for risk. The aim of an appropriate asset and liability risk management system is to manage the exchange rate risk of LGT Group and the Group companies to optimum effect. The limits must be applied using appropriate limit types to reflect the risk. In this context gap limits for limiting matching maturities within specific maturity segments are used.

The following table summarizes the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorized by currency.

Foreign exchange exposure at 31 December 2013 (TCHF)	Swiss Francs	Euros	US Dollars	Other	Total
Cash in hand, balances with central banks	7 666 887	28 184	1 016	1 008	7 697 095
Loans and advances to banks	563 079	251 908	1 181 499	987 884	2 984 370
Loans and advances to customers	3 832 768	1 187 127	1 501 350	1 038 330	7 559 575
Securities held for trading purposes	1 828	545	3 736	0	6 109
Financial assets designated at fair value	1 807 131	646 058	190 276	838 388	3 481 853
Available-for-sale securities	597 563	194 096	253 600	837 937	1 883 196
Investments in associates	2 818 936	0	0	0	2 818 936
Remaining assets	1 273 828	34 585	56 975	515 917	1 881 305
Total assets	18 562 020	2 342 503	3 188 452	4 219 464	28 312 439
Amounts due to banks	153 380	265 769	410 797	163 701	993 647
Amounts due to customers	5 295 187	4 987 378	7 603 281	2 621 854	20 507 700
Financial liabilities designated at fair value	0	527 567	17 979	0	545 546
Certificated debt	1 614 977	19 752	0	0	1 634 729
Remaining liabilities	1 350 435	24 369	18 729	21 291	1 414 824
Total liabilities	8 413 979	5 824 835	8 050 786	2 806 846	25 096 446
Net foreign exchange exposure of balance sheet	10 148 041	-3 482 332	-4 862 334	1 412 618	3 215 993
Derivative financial instruments	-6 801 793	3 480 922	4 850 082	-1 393 320	135 891
Total net foreign exchange exposure	3 346 248	-1 410	-12 252	19 298	3 351 884

Foreign exchange exposure at 31 December 2012 (TCHF)	Swiss Francs	Euros	US Dollars	Other	Total
Cash in hand, balances with central banks	5 877 613	24 251	898	1 197	5 903 959
Loans and advances to banks	508 833	780 011	1 796 596	924 772	4 010 212
Loans and advances to customers	3 699 558	1 083 389	1 512 326	948 565	7 243 838
Securities held for trading purposes	793	0	2 137	6 005	8 935
Financial assets designated at fair value	1 484 254	1 130 421	231 491	596 236	3 442 402
Available-for-sale securities	810 057	180 264	243 739	728 177	1 962 237
Investments in associates	2 671 693	0	0	0	2 671 693
Remaining assets	1 357 239	39 484	23 982	435 300	1 856 005
Total assets	16 410 040	3 237 820	3 811 169	3 640 252	27 099 281
Amounts due to banks	63 476	398 503	367 366	402 057	1 231 402
Amounts due to customers	4 761 128	4 451 573	6 893 586	2 988 300	19 094 587
Financial liabilities designated at fair value	0	552 579	37 468	0	590 047
Certificated debt	1 562 705	10 281	0	0	1 572 986
Remaining liabilities	1 476 039	19 268	13 560	17 144	1 526 011
Total liabilities	7 863 348	5 432 204	7 311 980	3 407 501	24 015 033
Net foreign exchange exposure of balance sheet	8 546 692	-2 194 384	-3 500 811	232 751	3 084 248
Derivative financial instruments	-5 398 529	2 176 384	3 463 205	-227 728	13 332
Total net foreign exchange exposure	3 148 163	-18 000	-37 606	5 023	3 097 580

Interest rate risk

Interest rate risk associated with non-trading financial instruments (loans and advances, fixed-income securities, term deposits, certificated debt, and derivative financial instruments) is part of the Group's asset and liability management process. Interest rate risk is measured by the use of gap analysis and interest rate sensitivities. The Asset and Liability Committee decides on any appropriate use of derivative financial instruments. The principal interest-related derivatives used are interest rate swaps and forward rate agreements. LGT Group also applies fair value hedge accounting to mortgage loan portfolio interest rate risk.

Interest rate risk strategy and measurement

Interest rate risk control is implemented within the framework of LGT Group's overall appetite for risk. The aim of an appropriate asset and liability risk management system is to manage the interest rate risk of LGT Group and the Group companies to optimum effect. The limits must be applied using appropriate limit types to reflect the risk. The following limit types are used in this context:

- Gap limits for limiting matching maturities within specific maturity segments.
- Interest rate sensitivity limits for limiting the maximum potential loss on the fair value of equity resulting from detrimental market movements in interest rates.

The following analysis shows the absolute changes in fair values given a change of the respective key rate by +100 basis points.

Interest rate sensitivity analysis (CHF m)	Within 6 months	More than 6 and less than 12 months	More than 1 and less than 5 years	More than 5 years	Total
All currencies 2013	0.2	-5.6	-6.6	18.0	6.0
All currencies 2012	2.1	-4.5	-1.5	2.4	-1.5
CHF 2013	4.9	30.0	8.7	21.7	65.3
CHF 2012	5.4	25.2	4.7	3.2	38.5
USD 2013	-0.8	0.4	-7.0	-1.3	-8.7
USD 2012	-1.8	-14.5	-1.0	-0.5	-17.8
EUR 2013	-2.3	-23.3	-3.8	-2.2	-31.6
EUR 2012	0.6	-6.8	-2.4	-0.3	-8.9

The table below summarizes the average interest rate by major currencies for monetary financial instruments not carried at fair value through profit or loss:

	31 December 2013			31 December 2012		
	CHF in %	EUR in %	USD in %	CHF in %	EUR in %	USD in %
Assets						
Loans and advances to banks	0.07	0.35	0.59	0.16	0.27	0.49
Loans and advances to customers	1.38	1.58	1.57	1.46	1.70	1.87
Available-for-sale securities	2.28	0.89	1.31	2.42	0.84	1.58
Liabilities						
Amounts due to banks	0.08	0.35	0.23	0.22	0.15	0.33
Amounts due to customers	0.13	0.03	0.10	0.15	0.02	0.14
Certificated debt	2.20	0.66	-	2.20	1.05	-

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet a financial commitment to a customer, creditor or investor in whatever location or currency. The management of liquidity is primarily directed toward ensuring that local funding requirements can be met. The distribution of sources and maturities of deposits is managed actively in order to ensure access to funds and to avoid a concentration of funding demand at any one time or from any one source. Sources of liquidity are regularly reviewed by a separate team in Group Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Liquidity management is subject to the overall monitoring and control of Group Treasury, which also manages excess liquidity for individual entities. LGT Bank Ltd., Vaduz, which attracts the majority of customers' cash deposits within the Group, also performs the Group Treasury function.

The Group's liquidity management process includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. The Group maintains an active presence in global money markets to enable this to happen;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- managing the concentration and profile of debt maturities.

Group Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees. The assumptions regarding gross loan commitments are based on expert opinions and also differentiated by the type of limit and the client type.

In the following table, assets and liabilities are structured according to contractual terms. It summarizes the overall funding and investment structure of the Group.

Cash flow of assets and liabilities at 31 December 2013 (TCHF)	Within 1 month	More than 1 and less than 3 months	More than 3 and less than 12 months	More than 1 and less than 5 years	More than 5 years	Total
Cash in hand, balances with central banks	7 697 095	0	0	0	0	7 697 095
Loans and advances to banks	1 215 315	1 119 235	656 106	0	0	2 990 656
Loans and advances to customers	3 714 675	1 039 872	840 089	1 661 849	464 259	7 720 744
Securities held for trading purposes	0	4 399	400	1 334	0	6 133
Derivative financial instruments	37 112 893	25 802 488	14 153 514	26 879	18 036	77 113 810
Financial assets designated at fair value	25 649	1 704 941	571 312	1 260 110	0	3 562 012
Available-for-sale securities	150 476	680 887	466 337	592 697	26 801	1 917 198
Investments in associates	0	2 818 936	0	0	0	2 818 936
Remaining assets	0	614 108	0	0	0	614 108
Total assets	49 916 103	33 784 866	16 687 758	3 542 869	509 096	104 440 692
Amounts due to banks	734 402	169 757	77 212	12 786	0	994 157
Amounts due to customers	18 848 960	787 194	569 916	310 823	0	20 516 893
Derivative financial instruments	37 088 299	25 794 737	14 058 087	40 328	11 133	76 992 584
Financial liabilities designated at fair value	0	545 546	0	0	0	545 546
Certificated debt	1 000	261 109	50 733	868 701	606 884	1 788 427
Remaining liabilities	0	82 749	0	0	0	82 749
Total liabilities	56 672 661	27 641 092	14 755 948	1 232 638	618 017	100 920 356
Committed credit lines	7 639	70 175	180 989	56 381	253 220	568 404

Cash flow of assets and liabilities at 31 December 2012 (TCHF)	Within 1 month	More than 1 and less than 3 months	More than 3 and less than 12 months	More than 1 and less than 5 years	More than 5 years	Total
Cash in hand, balances with central banks	5 903 959	0	0	0	0	5 903 959
Loans and advances to banks	2 105 387	1 142 713	771 234	0	0	4 019 334
Loans and advances to customers	3 703 380	796 014	940 370	1 602 689	358 557	7 401 011
Securities held for trading purposes	0	2 816	0	6 130	0	8 946
Derivative financial instruments	42 822 779	20 890 100	12 583 856	207 652	6 487	76 510 874
Financial assets designated at fair value	4 666	1 721 817	499 365	1 265 080	0	3 490 928
Available-for-sale securities	302 936	514 345	269 558	870 678	40 738	1 998 255
Investments in associates	0	2 671 693	0	0	0	2 671 693
Remaining assets	0	533 918	0	0	0	533 918
Total assets	54 843 108	28 273 416	15 064 382	3 952 230	405 782	102 538 918
Amounts due to banks	1 027 153	136 439	65 563	3 939	0	1 233 094
Amounts due to customers	17 345 109	733 199	712 777	316 518	0	19 107 603
Derivative financial instruments	42 802 609	20 848 470	12 638 762	228 054	7 600	76 525 495
Financial liabilities designated at fair value	0	590 047	0	0	0	590 047
Certificated debt	6 767	10 228	291 230	1 112 214	284 958	1 705 397
Remaining liabilities	0	164 128	0	0	0	164 128
Total liabilities	61 181 638	22 482 511	13 708 332	1 660 725	292 558	99 325 764
Committed credit lines	17 899	48 074	28 783	164 372	53 880	313 008

Derivative cash flows at 31 December 2013 (TCHF)	Within 1 month	More than 1 and less than 3 months	More than 3 and less than 12 months	More than 1 and less than 5 years	More than 5 years	Total
Derivatives held for trading/hedging						
Foreign exchange derivatives						
Outflow	37 087 438	25 792 185	14 047 308	10 318	0	76 937 249
Inflow	37 112 801	25 801 348	14 148 838	10 152	0	77 073 139
Interest rate derivatives						
Outflow	861	2 552	10 778	30 010	11 133	55 334
Inflow	92	1 140	4 675	16 726	18 036	40 669
Other derivatives						
Outflow	0	0	0	0	0	0
Inflow	0	0	0	0	0	0
Total outflow	37 088 299	25 794 737	14 058 086	40 328	11 133	76 992 583
Total inflow	37 112 893	25 802 488	14 153 513	26 878	18 036	77 113 808

Derivative cash flows at 31 December 2012 (TCHF)	Within 1 month	More than 1 and less than 3 months	More than 3 and less than 12 months	More than 1 and less than 5 years	More than 5 years	Total
Derivatives held for trading/hedging						
Foreign exchange derivatives						
Outflow	42 802 014	20 846 292	12 626 963	196 617	0	76 471 886
Inflow	42 822 631	20 888 203	12 577 369	197 016	0	76 485 219
Interest rate derivatives						
Outflow	595	2 178	11 798	31 437	7 600	53 608
Inflow	148	1 897	6 487	10 637	6 487	25 656
Other derivatives						
Outflow	0	0	0	0	0	0
Inflow	0	0	0	0	0	0
Total outflow	42 802 609	20 848 470	12 638 761	228 054	7 600	76 525 494
Total inflow	42 822 779	20 890 100	12 583 856	207 653	6 487	76 510 875

Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet its contractual obligation and causes LGT Group to incur a financial loss. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. Further there is also credit risk in derivative financial instruments and off-balance sheet financial instruments, such as loan commitments and financial guarantee contracts.

Within LGT Group credit risk is primarily incurred by LGT Bank Ltd., Vaduz. Therefore the credit risk management and control are centralized in this unit. The conservative lending policy is established by internal directives, guidelines and written policy papers. These guidelines include: (i) regulations on maximum single credit lines, (ii) limits on unsecured lending exposures to any one customer or customer group, and (iii) strict credit handling procedures and internal controls.

Credit risk strategy

Lending is an integrated part of the business philosophy of LGT Group and thus complementary to the wealth management services offered. Any transaction must be viewed in the context of the whole client relationship. It is not the policy of LGT Group to extend credit facilities on a stand-alone basis, but only in conjunction with assets deposited or to be deposited with LGT Group. The risk appetite of LGT is low to moderate. The center for lending business within LGT Group is the credit function at LGT Bank Vaduz.

As part of its comprehensive system for monitoring lending exposures, regular reports are provided at a Group level to the Foundation Board on (i) credit risk ratings, (ii) allowances, (iii) country exposures and (iv) bank limits. Stress Testing on securities and property collateral is executed regularly and on an ad hoc basis if requested by management. In addition, ad hoc reports of special events, as well as daily reports of global exposures to specific customers, are also provided on request.

Credit risk measurement

Loans and advances

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available rating data. The Group regularly validates the performance of the rating tools and their predictive power with regard to default events.

Debt securities and other bills

For debt securities and other bills, external ratings such as Standard & Poor's or Moody's are used for managing the credit risk exposures. The credit function at LGT Bank Vaduz is responsible for extending counterparty limits, while Treasury is managing the individual positions within these limits. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

Assets by countries

In addition to the limitation of credit exposures of customers or customer groups, LGT Group has restricted the group of countries in which credit risks may be incurred. Limits are established for these countries which are reviewed by the Foundation Board at least annually. The table below shows the allocation of assets by countries/country groups:

Assets by countries/country group (TCHF)¹	2013	in %	2012	in %
Liechtenstein and Switzerland	13 097 574	46.3	12 610 893	46.5
Europe	5 089 436	18.0	6 276 361	23.2
Americas	5 539 735	19.5	4 489 677	16.6
Asia	2 374 682	8.4	1 666 280	6.1
Other countries	2 211 012	7.8	2 056 070	7.6
Total	28 312 439	100.0	27 099 281	100.0

¹ Based on risk domicile of the assets

Derivative financial instruments

The Group maintains strict control limits on net open derivative positions. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Group, which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements (an add-on factor is calculated depending on underlying risks and time to maturity of the contract).

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day. As member of the CLS (Continuous Linked Settlement) network LGT is able to mitigate major parts of its daily settlement risk via forex netting.

Off-balance sheet financial instruments

The primary purpose of off-balance sheet financial instruments is to ensure that funds are available to a customer as required. LGT Group has credit commitments in the form of guarantees and standby letters. These credit commitments carry the same credit risk as loans, and therefore the same lending criteria and identical limitation processes are applied.

Risk limit control and mitigation policies

LGT Group systematically manages, limits and controls concentrations of credit risk. As part of the credit risk management policy, exposures are structured by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical segments. The risks and their changes are closely monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Centralized loan approval procedures ensure a consistent lending process.

In line with the conservative credit policy a major part of the Group's credit exposure is mitigated. The principal collaterals used within LGT Group are mortgages over residential properties and charges over financial instruments such as debt securities, equities and funds. Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market prices or indexes of similar assets. Because of the fact that mortgages are granted primarily within Liechtenstein and Switzerland, LGT Group is exposed to the market trends of the real estate sector in these countries.

Collateral accepted as security for assets (TCHF)	2013	2012
Fair value of financial assets accepted as collateral that the Group is permitted to sell or repledge in the absence of default	457 218	1 143 504

When trading derivatives with banking counterparties in the Interbank market, the Group uses netting and credit support agreements to mitigate credit risk.

Impairment and provisioning policies

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require it. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including reconfirmation of its enforceability) and the anticipated receipts for that individual account.

Assets are summarized separately if contractual interest or principal payments are past due but the Group believes that impairment is not appropriate yet.

Distribution of loans and advances by credit quality (TCHF)	2013		2012	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	7 361 877	2 984 370	7 012 334	4 010 212
Past due but not impaired	189 846	0	213 145	0
Impaired	32 281	0	40 126	0
Total loans and advances (gross)	7 584 004	2 984 370	7 265 605	4 010 212
Less allowance for impairment	24 429	0	21 767	0
Total loans and advances (net)	7 559 575	2 984 370	7 243 838	4 010 212

Distribution of loans and advances which were past due but not impaired (TCHF)	2013		2012	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Past due up to 30 days	174 643	0	158 058	0
Past due 31–60 days	3 402	0	12 387	0
Past due more than 60 days	11 801	0	42 700	0
Total	189 846	0	213 145	0

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Impaired loans and advances (TCHF)	2013		2012	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Specific allowance for impairment	18 403	0	16 045	0
Portfolio allowance for impairment	6 026	0	5 722	0
Total	24 429	0	21 767	0

LGT Group obtained assets by taking possession of collateral held as security. Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Carrying amount of collateral and other credit enhancements obtained (TCHF)	2013	2012
	Residential, commercial and industrial property	0

Loans and advances to banks are highly diversified with a large number of mainly European banks of prime quality. Over 26 percent of counterparties had a rating of at least "AA", and 90 percent a rating of at least "A". LGT is closely monitoring these positions and applies strict criteria in order to assess whether or not a bank qualifies for lending.

Credit lending is typically granted to LGT Bank's private banking clientele in the context of the bank's comprehensive wealth management business. Lending activities are granted in accordance with conservative lending and valuation criteria with a robust tracking record; the majority of mortgage loans remains concentrated in Liechtenstein and Switzerland. Loans and advances to customers are qualitatively assigned within an internal rating system.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. They can be caused deliberately or accidentally or be of natural origin and encompass all elements of the organization. Operational risks are inherent in all types of products, activities, processes and systems.

LGT Group has established a group-wide Operational Risk Committee which provides the Group CEO with support in the early identification of these risks and in implementing appropriate measures. These tasks are based on the principles stipulated in the 'Sound Practices for the Management and Supervision of Operational Risk' issued by the Basel Committee on Banking Supervision. The set guidelines ensure that risk management takes care of all defined risk categories:

- Internal and external fraud
- Employment practices and workplace safety
- Customers, products and business practices
- Damage to physical assets
- Business disruption and system failures
- Execution, delivery and process management.

Operational risk measurement

The operational risk measurement approach is based on appropriate measures adapted for business units, such as an internal monitoring system, and on the three dimensions risk self-assessment, key risk indicators and error event data base, in which the above risk categories are assessed. In case of essential operational risk events, the business units and group functions immediately inform Group Risk Controlling that analyses, monitors and reports relevant data and initiates appropriate actions.

Regulatory risk

Regulatory risk is the overall risk that a change in laws and regulations or a non-compliance with them will materially impact a security, business, sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape.

Therefore the regulatory risk management of LGT Group focuses on the early identification of new regulatory requirements, the effective adoption of new regulatory requirements within LGT Group and the implementation of processes and procedures to ensure that all business lines within LGT Group permanently meet the respective legal and regulatory requirements.

Reputational risk

Ultimately, if risks are not identified, adequately managed and monitored, this may lead – apart from financial losses – to reputation being damaged. Reputational risk is defined as the risk of potential damage through deterioration of LGT Group's reputation or due to negative perception of its image among customers, counterparties, equity holders and/or regulatory authorities.

LGT Group pursues a holistic reputation risk management consisting of both preventive measures and a dedicated crisis management. Preventive measures are defined within the code of conduct introduced by LGT Group. Within the crisis management LGT Group has established processes and organizational structures to address crises and specifically trained all corresponding employees in order to guarantee quick and adequate responses to potential crises.

Fair value of financial instruments not carried at fair value

Fair value information is used for business purposes in measuring an enterprise's overall financial position. Fair value information permits comparisons of financial instruments having substantially the same economic characteristics.

Financial assets (TCHF)	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and advances to banks	2 984 370	2 991 078	4 010 212	4 015 996
Loans and advances to customers	7 559 575	7 651 715	7 243 838	7 366 166
Financial liabilities (TCHF)				
Amounts due to banks	993 647	994 253	1 231 402	1 232 474
Amounts due to customers	20 507 700	20 510 641	19 094 587	19 100 575
Certificated debt	1 634 729	1 702 821	1 572 986	1 688 337

Loans and advances to banks

The measured fair value of loans and advances to banks is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

Loans and advances to customers

Loans and advances are stated net of impairments. The measured fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

Amounts due to banks or to customers

The calculation of the fair values of the amounts due to banks or customers is based on the discounted cash flow method using interest rates for new debts with similar remaining maturity.

Certificated debt

The aggregated fair values are calculated under the discounted cash flow method. The model is based on a current yield curve appropriate for the remaining term to maturity.

Pillar III disclosures according to Basel II

Geographical credit risk at 31 December 2013 (TCHF)	Switzerland	Oceania	North America	Liechtenstein	Latin America
Loans and advances					
Liquid assets	7 666 807	61	1 071	80	0
Loans and advances to banks	394 505	7 048	246 845	216 820	38
Loans and advances to customers	352 754	112 515	161 034	381 172	102 147
Mortgages	1 570 336	5 106	0	1 434 229	0
Securities	11 063	454 149	423 505	12 980	85 281
Other assets	36 469	2 676	1 627	103 312	340
Replacement value after netting	221 039	2 106	55 562	48 402	1 126
Total	10 252 973	583 661	889 644	2 196 995	188 932
Off-balance sheet					
Contingent liabilities	11 501	1 319	6 575	100 281	6 108
Commitments	11 128	0	0	9 652	0
Deposit and reserve liabilities	0	0	120 136	13 097	0
Add-ons	218 928	7 804	40 849	92 841	1 161
Securities	0	0	0	0	0
General allowance	0	-86	0	-2 376	0
Total 2013	10 494 530	592 698	1 057 204	2 410 490	196 201
Total 2012	9 030 490	609 194	836 137	3 649 872	177 287
Impaired loans					
Impaired loans	21 778	898	117	15 123	27
Specific allowance	7 239	0	57	1 406	0

	Europe	Caribbean	Asia	Africa	Total
Loans and advances					
Liquid assets	28 044	0	86	9	7 696 158
Loans and advances to banks	1 428 379	250	904 742	1 209	3 199 836
Loans and advances to customers	1 315 444	939 892	718 838	35 276	4 119 072
Mortgages	272 138	0	183 120	0	3 464 929
Securities	1 993 999	3 357 980	514 548	1 778	6 855 283
Other assets	19 598	8 733	4 882	41	177 678
Replacement value after netting	372 084	47 917	14 232	140	762 608
Total	5 429 686	4 354 772	2 340 448	38 453	26 275 564
Off-balance sheet					
Contingent liabilities	60 104	30 352	8 395	4 964	229 599
Commitments	43 089	0	47	0	63 916
Deposit and reserve liabilities	86 698	46 053	0	0	265 984
Add-ons	376 345	125 324	5 079	173	868 504
Securities	347	3 253	0	0	3 600
General allowance	-3 564	0	0	0	-6 026
Total 2013	5 992 705	4 559 754	2 353 969	43 590	27 701 141
Total 2012	7 323 718	3 418 862	1 587 251	43 752	26 676 563
Impaired loans					
Impaired loans	11 193	1 080	140	50	50 406
Specific allowance	9 693	7	0	0	18 402

Credit risk/distribution according to counterparty or sector at 31 December 2013 (TCHF)	States and central banks	Public authorities	Administrative facilities	Multilateral development banks	International organizations
Loans and advances					
Liquid assets	7 696 158	0	0	0	0
Loans and advances to banks	193 018	0	192 482	5 007	0
Loans and advances to customers	39 707	7 053	7 183	38 920	0
Mortgages	0	0	0	0	0
Securities	459 245	5 487	502 886	258 288	0
Other assets	734	7	228	1 246	0
Replacement value after netting	4 246	33	109	1 325	1 564
Total	8 393 108	12 580	702 888	304 786	1 564
Off-balance sheet					
Contingent liabilities	2 875	17	529	296	0
Commitments	0	0	3 817	0	0
Deposit and reserve liabilities	0	0	0	0	0
Add-ons	2 420	173	2 815	2 711	1 325
Securities	0	0	0	0	0
General allowance	0	0	0	0	0
Total 2013	8 398 403	12 770	710 049	307 793	2 889
Total 2012	7 294 656	141 779	581 401	347 813	4 333
Impaired loans					
Impaired loans	0	0	0	0	0
Specific allowance	0	0	0	0	0

	Banks	Corporates	Retail	Mortgage-backed	Overdue
Loans and advances					
Liquid assets	0	0	0	0	0
Loans and advances to banks	1 877 718	18 618	0	0	0
Loans and advances to customers	448 930	1 743 708	1 750 886	67 578	14 454
Mortgages	15 990	43 872	51 598	3 319 910	33 562
Securities	1 660 725	878 796	0	0	0
Other assets	17 611	7 289	150 147	345	0
Replacement value after netting	448 566	95 992	25 485	0	0
Total	4 469 540	2 788 275	1 978 116	3 387 833	48 016
Off-balance sheet					
Contingent liabilities	18 384	124 011	82 234	889	0
Commitments	131	3 527	40 381	16 060	0
Deposit and reserve liabilities	0	265 984	0	0	0
Add-ons	277 190	223 565	30 801	0	0
Securities	0	0	0	0	0
General allowance	0	-6 026	0	0	0
Total 2013	4 765 245	3 399 336	2 131 532	3 404 782	48 016
Total 2012	5 404 669	3 325 664	2 303 756	3 067 534	50 307
Impaired loans					
Impaired loans	0	3 665	3 586	1 958	41 196
Specific allowance	0	3 662	3 586	607	10 548

Credit risk/distribution according to counterparty or sector at 31 December 2013 (TCHF)	Investment in associates	Covered notes	Short-term	Investment fund shares	Other	Total
Loans and advances						
Liquid assets	0	0	0	0	0	7 696 158
Loans and advances to banks	0	0	912 993	0	0	3 199 836
Loans and advances to customers	0	0	654	0	0	4 119 073
Mortgages	0	0	0	0	0	3 464 932
Securities	320 935	0	0	2 768 922	0	6 855 284
Other assets	0	0	72	0	0	177 679
Replacement value after netting	0	0	185 289	0	0	762 609
Total	320 935	0	1 099 008	2 768 922	0	26 275 571
Off-balance sheet						
Contingent liabilities	0	0	365	0	0	229 600
Commitments	0	0	0	0	0	63 916
Deposit and reserve liabilities	0	0	0	0	0	265 984
Add-ons	0	0	327 503	0	0	868 503
Securities	3 600	0	0	0	0	3 600
General allowance	0	0	0	0	0	-6 026
Total 2013	324 535	0	1 426 876	2 768 922	0	27 701 148
Total 2012	272 336	0	1 734 189	2 148 126	0	26 676 563
Impaired loans						
Impaired loans	0	0	0	0	0	50 405
Specific allowance	0	0	0	0	0	18 403

Credit risk/credit risk reduction at 31 December 2013 (TCHF)	Covered by financial collateral	Covered by guarantees and credit derivatives	Mortgage-backed	Other collateral	Total
Loans and advances					
Liquid assets	0	0	0	0	0
Loans and advances to banks	444 979	0	0	0	444 979
Loans and advances to customers	2 584 981	9 287	68 358	131 884	2 794 510
Mortgages	34 486	500	3 352 108	4 136	3 391 230
Securities	0	0	0	0	0
Other assets	1 647	395	345	53	2 440
Replacement value after netting	90 697	0	0	27 272	117 969
Total	3 156 790	10 182	3 420 811	163 345	6 751 128
Off-balance sheet					
Contingent liabilities	135 740	4	889	3 728	140 361
Commitments	1 395	0	16 060	0	17 455
Deposit and reserve liabilities	0	0	0	0	0
Add-ons	83 238	0	0	8 450	91 688
Securities	0	0	0	0	0
General allowance	0	0	0	0	0
Total 2013	3 377 163	10 186	3 437 760	175 523	7 000 632
Total 2012	4 519 199	22 123	3 103 911	173 351	7 818 584
Impaired loans					
Impaired loans	1 297	0	28 845	48	30 190
Specific allowance	1	0	7 353	0	7 354

Segmentation of credit risk at 31 December 2013 (TCHF)	0%	10%	20%	35%	50%
Loans and advances					
Liquid assets	7 696 158	0	0	0	0
Loans and advances to banks	447 209	0	2 297 916	0	449 162
Loans and advances to customers	2 718 876	0	4 461	3 281	77 049
Mortgages	38 698	0	500	2 366 173	724 999
Securities	566 861	0	1 334 199	0	1 531 594
Other assets	3 043	0	14 317	32	8 834
Replacement value after netting	117 973	0	433 142	0	195 534
Total	11 588 818	0	4 084 535	2 369 486	2 987 172
Off-balance sheet					
Contingent liabilities	139 468	0	1 835	181	1 028
Commitments	1 395	0	0	4 680	4 715
Deposit and reserve liabilities	0	0	0	0	0
Add-ons	91 830	0	414 902	0	189 589
Securities	0	0	0	0	0
General allowance	0	0	0	0	0
Total 2013	11 821 511	0	4 501 272	2 374 347	3 182 504
Total 2012	11 517 277	0	4 315 545	2 147 421	3 366 581
Impaired loans					
Impaired loans	1 344	0	0	1 090	3 968
Specific allowance	1	0	0	311	3 515

	75%	100%	150%	≥ 200%	Total
Loans and advances					
Liquid assets	0	0	0	0	7 696 158
Loans and advances to banks	0	71	5 479	0	3 199 837
Loans and advances to customers	145 283	1 167 558	2 564	0	4 119 072
Mortgages	0	330 797	3 764	0	3 464 931
Securities	0	647 675	2 774 955	0	6 855 284
Other assets	0	151 453	0	0	177 679
Replacement value after netting	99	15 861	0	0	762 609
Total	145 382	2 313 415	2 786 762	0	26 275 570
Off-balance sheet					
Contingent liabilities	0	87 087	0	0	229 599
Commitments	0	53 125	0	0	63 915
Deposit and reserve liabilities	0	265 984	0	0	265 984
Add-ons	134	172 049	0	0	868 504
Securities	0	0	3 600	0	3 600
General allowance	0	-6 026	0	0	-6 026
Total 2013	145 516	2 885 634	2 790 362	0	27 701 146
Total 2012	119 018	3 040 085	2 170 636	0	26 676 563
Impaired loans					
Impaired loans	4 051	39 953	0	0	50 406
Specific allowance	1 250	13 325	0	0	18 402

In certain cases, our Pillar III disclosures can differ from the way we manage our risks and how these risks are disclosed in other sections of this annual report.

LGT Group Foundation

Report of the statutory auditors



Report of the statutory auditor
to the Foundation Supervisory Board of
LGT Group Foundation
Vaduz

As statutory auditor, we have audited the accounting records and the financial statements (balance sheet, income statement and notes; pages 87 to 97) of LGT Group Foundation for the year ended 31 December 2013.

These financial statements are the responsibility of the Foundation Board. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Liechtenstein, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Liechtenstein law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

A handwritten signature in black ink, appearing to be 'R. Birrer'.

Rolf Birrer
Auditor in charge

A handwritten signature in black ink, appearing to be 'G. Andermatt'.

Guido Andermatt

Zurich, 24 April 2014

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PricewaterhouseCoopers Ltd is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

Income statement

Income statement (TCHF)	Note	2013	2012
Interest and dividend income			
Interest earned		0	0
Interest paid and similar charges		-1 015	-1 544
Net interest		-1 015	-1 544
Current income from participations		122 707	100 341
Total interest and dividend income		121 692	98 797
Income from commission and service fee activities			
Commission expenses		-49	-72
Income from financial transactions (all from trading activities)		151	412
Other operating income	1	46 880	51 210
Total operating income		168 674	150 347
Administrative expenses			
Personnel expenses	2	-13 535	-18 571
Business and office expenses	3	-8 462	-27 320
Total administrative expenses		-21 997	-45 891
Other operating expenses		-744	-12 675
Depreciation, allowances and provision on subsidiary undertakings, affiliated companies and securities treated as current assets		-7 217	-1 367
Profit for the period		138 716	90 414
Appropriation of available Foundation earnings			
Balance at the beginning of the period		181 124	296 325
Profit for the period		138 716	90 414
		319 840	386 739
The Foundation Board proposes to the Foundation Meeting of 24 April 2014:			
Payment to the Prince of Liechtenstein Foundation		-100 000	-205 615
Balance to be carried forward		219 840	181 124

The accounting principles and the notes on pages 89 to 97 form part of these accounts.

The accounts on pages 87 to 97 were approved by the Foundation Board on 24 April 2014 and are signed on its behalf by H.S.H. Prince Philipp von und zu Liechtenstein, Chairman, and Olivier de Perregaux, CFO.

Balance sheet

Balance sheet (TCHF)	Note	2013	2012
Assets			
Loans and advances to banks (subsidiary undertakings)	4	1 459	777
of which on demand		1 459	777
Participations (shares in associated companies)	5	1 173 538	1 181 084
Other assets	6	100 527	74 567
Total assets		1 275 524	1 256 428
Liabilities			
Amounts due to banks	7	540 500	451 333
of which due daily		0	0
of which other loans		540 500	451 333
Other liabilities	8	19 339	17 169
Accrued expenses and deferred income		12 282	16 968
Provisions	9	44 519	45 175
Foundation capital		339 044	339 044
Profit/loss to be carried forward		181 124	296 325
Profit for the period	10	138 716	90 414
Total liabilities		1 275 524	1 256 428
Off-balance sheet items (TCHF)			
Collateralization guarantees and similar instruments		5 011	4 936
Guarantees and similar instruments		2 118 437	1 981 492
of which for affiliated companies		2 094 846	1 954 679
Put options¹			
Contract volume		0	9 888

The guarantees and similar instruments are valued with the carrying amount (2012: except 2 guarantees without specified amount, which were valued with their pro memoria value).

¹ Put option in favor of a Group company expired on 31 October 2013.

The accounting principles and the notes on pages 89 to 97 form part of these accounts.

Notes to the financial statements

Accounting principles

Introduction

The accounting principles are in accordance with the Liechtenstein Law on Persons and Companies (PGR) and the Liechtenstein Banking Law and its directives. A summary of the most important accounting principles, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared using the historical cost convention. All transactions are recorded on a trade date basis.

Foreign currencies

Revenue items denominated in foreign currencies are translated at the exchange rates ruling on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling on the balance sheet date, except financial fixed assets, which are translated at historical rates. Exchange differences are entered in the income statement.

Participations

Participations represent investments in subsidiary undertakings and are stated at cost, less any provision for permanent diminution in value.

Debt instruments and shares

Realized gains or losses arising from the disposal of securities are entered in the income statement. Securities held as current assets (short-term assets) are shown at fair value. Other securities are stated at the lower of cost or fair value.

Dividends

Proposed dividends from subsidiary undertakings are accrued as receivables in the accounts.

Loans and advances

These items are calculated at nominal values. Value adjustments for identifiable individual risks are set off against the corresponding asset positions.

Financial liabilities and provisions

These items are shown at nominal values. Provisions have been created for operational and other risks.

Derivative financial instruments

Derivative financial instruments that are held for trading purposes are valued at their fair market value with changes in fair market value recognized in income from trading activities. The related positive and negative replacement values are stated at gross values. Income and expense arising on derivatives used in the context of asset and liability management, primarily interest rate swaps and forward rate agreements, are recognized on an accrual basis, as this reflects the Group's risk management.

Risk management

Risks are defined by the adverse impact on profitability of several distinct sources of uncertainty. LGT Group Foundation is exposed to market risks, credit risks, liquidity risks, operational and business event risks. The Foundation Board is responsible for the risk policy and its regular review. The risk policy comprises two key elements:

- risk strategy, which details the overall approach to risk-taking desired by the Board; and
- risk principles, which translate the risk strategy into operating standards for both the risk organization and required risk processes.

Risk management on a daily basis is conducted by the line management. The overall responsibility lies within the executive management teams of each business unit. The risk controlling unit oversees the risk-taking activities of LGT Group Foundation and reports directly to the Board.

Details on the income statement and balance sheet

Overview

LGT Group Foundation was established on 20 July 2001 and is the top holding company of LGT Group. Its purpose is the holding of the majority of the subsidiaries of LGT Group. For a complete list of subsidiary undertakings see note 5 below.

The profit for the business year 2013 amounts to 138 716. The balance sheet total increased by 19 096 or 1.5% to 1 275 524.

1 Other operating income (TCHF)	2013	2012
Income from subsidiary undertakings (license fees, income from service level agreements and service charge for comfort letters)	46 344	50 396
Other	536	814
Total other operating income	46 880	51 210

2 Personnel expenses (TCHF)	2013	2012
Personnel expenses, including Foundation Board members, consisting of		
salaries	3 605	3 545
bonuses	5 301	6 157
pension costs	400	267
social security costs	376	559
other personnel expenses	274	608
Personnel expenses before long-term incentive scheme	9 956	11 136
Long-term incentive scheme	3 579	7 435
Total personnel expenses	13 535	18 571

3 Business and office expenses (TCHF)	2013	2012
Business and office expenses, consisting of		
information and communication expenses	39	46
travel and entertainment expenses	784	736
legal and professional expenses	3 454	6 557
advertising expenses	3 920	19 919
other expenses	265	62
Total business and office expenses	8 462	27 320

4 Loans and advances to banks (subsidiary undertakings) on demand

The loans and advances to banks are bank accounts with LGT Bank Ltd., Vaduz.

5 Participations (TCHF)	2013	2012
Acquisition cost	1 290 148	1 495 830
Accumulated depreciation	-109 064	-107 980
Opening balance	1 181 084	1 387 850
Investments	45	114 318
Depreciation	-5 217	-1 084
Disposals/Capital decrease	-2 291	-320 000
Liquidation	-83	0
Closing balance	1 173 538	1 181 084

All participations of LGT Group Foundation are unlisted.

The subsidiary undertakings of LGT Group Foundation at 31 December 2013 were:

Name	Principal activity
------	--------------------

LGT Bank Ltd.	Banking
LGT Capital Management Ltd.	Asset management
LGT Fondsleitung Ltd.	Asset management
LGT Funds SICAV ¹	Asset management
LGT Premium Strategy AGmvK ¹	Asset management
LGT Strategy Units (Lie) AGmvK ¹	Asset management
LGT Capital Partners Advisers Ltd.	Investment advisers
LGT Private Equity Advisers Ltd.	Investment advisers
LGT Swiss Life Non Traditional Advisers Ltd., in Liquidation	Investment advisers
LGT Financial Services Ltd.	Services company
LGT Audit Revisions AG	Audit services
LGT Bank (Singapore) Ltd.	Banking
LGT Capital Partners (Asia-Pacific) Ltd.	Investment advisers
LGT Investment Management (Asia) Ltd.	Investment advisers
LGT Holding (Malaysia) Ltd.	Holding company
LGT (Middle East) Ltd.	Investment advisers
LGT Bank (Cayman) Ltd.	Banking
LGT Certificates Ltd. ⁵	Holding company
LGT Finance Ltd.	Holding company
LGT Global Invest Ltd.	Holding company
LGT Participations Ltd.	Holding company
LGT (Uruguay) S.A.	Bank representation

¹ Companies with variable share capital structure, only part of fund manager held by LGT Group Foundation.

² Partly held via LGT Global Invest Ltd., Grand Cayman.

³ Voting rights held via LGT Bank Ltd., Vaduz.

⁴ Partly held via LGT Bank Ltd., Vaduz.

⁵ Company with variable share capital structure, only founder's shares held by LGT Group Foundation.

LGT Funds II SICAV has been liquidated as per 30 December 2013.

LGT Investments AGmvK has been liquidated as per 30 December 2013.

Registered office	% of voting rights held	% of capital held	Share capital (paid in)		Net profit of the subsidiary in business year 2013 ('000)	
Vaduz – Liechtenstein	100.0	100.0	CHF	291 200 800	CHF	301 874
Vaduz – Liechtenstein	100.0	100.0	CHF	1 000 000	CHF	4 534
Vaduz – Liechtenstein	100.0	100.0	CHF	1 000 000	CHF	0
Vaduz – Liechtenstein	100.0	100.0	CHF	50 000	CHF	0
Vaduz – Liechtenstein	100.0	100.0	CHF	50 000	CHF	0
Vaduz – Liechtenstein	100.0	100.0	CHF	50 000	CHF	0
Vaduz – Liechtenstein	100.0	100.0	CHF	250 000	CHF	1 950
Vaduz – Liechtenstein	60.0	60.0	CHF	1 000 000	CHF	9 680
Vaduz – Liechtenstein	62.8	62.8	CHF	1 000 000	CHF	501
Vaduz – Liechtenstein	100.0	100.0	CHF	1 000 000	CHF	-2 150
Vaduz – Liechtenstein	100.0	100.0	CHF	100 000	CHF	3
Singapore	100.0	100.0	SGD	370 000 000	CHF	5 870
Hong Kong – China	100.0	100.0	HKD	66 000 000	HKD	4 679
Hong Kong – China	100.0 ²	100.0 ²	HKD	24 000 000	HKD	1 051
Labuan – Malaysia	100.0	100.0	CHF	90 100 000	CHF	-33
Dubai – United Arab Emirates	100.0	100.0	USD	17 000 000	USD	-5 255
Grand Cayman – Cayman Islands	100.0 ³	100.0 ⁴	USD	600 000	CHF	10 940
Grand Cayman – Cayman Islands	100.0	100.0	CHF	1	CHF	0
Grand Cayman – Cayman Islands	100.0	100.0	USD	50 001	CHF	1 506
Grand Cayman – Cayman Islands	100.0	100.0	CHF	4	CHF	973
Grand Cayman – Cayman Islands	100.0	100.0	CHF	7	CHF	-20
Montevideo – Uruguay	100.0	100.0	UYU	9 647 616	USD	64

The book value of the participations in banks and investment firms is CHF 827 355 903.

6 Other assets (TCHF)	2013	2012
Dividend proposed from LGT Bank Ltd., Vaduz	94 640	64 064
Receivables from subsidiary undertakings	2 569	4 323
Receivables from others	3 318	6 180
Total	100 527	74 567

7 Amounts due to banks (TCHF)	2013	2012
Amounts due to LGT Bank Ltd., Vaduz	540 500	451 333
Total	540 500	451 333

8 Other liabilities (TCHF)	2013	2012
Bonuses	7 034	6 050
Salaries	987	986
Long-term incentive scheme	10 533	9 108
Social security costs	366	444
Others	419	581
Total	19 339	17 169

9 Provisions (TCHF)	2013	2012
Opening balance	45 175	33 922
Current year expenses	744	12 675
Provisions released	-478	-631
Provisions utilized	-922	-791
Closing balance	44 519	45 175

10 Statement of changes in equity (TCHF)	2013	2012
Equity at the beginning of the business year	725 783	710 369
Payment to the Prince of Liechtenstein Foundation	-205 615	-75 000
Profit for the period	138 716	90 414
Total equity at the end of the business year	658 884	725 783

11 Headcount	2013	2012
Headcount at 31 December	9	9

12	Analysis of balance sheet by origin at 31 December 2013 (TCHF)	Foreign	%	Domestic	%	Total	%
Assets							
	Loans and advances to banks	0	0.00	1 459	100.00	1 459	100.00
	Participations	651 699	55.53	521 839	44.47	1 173 538	100.00
	Other assets	59	0.06	100 468	99.94	100 527	100.00
	Total assets	651 758	51.10	623 766	48.90	1 275 524	100.00
Liabilities							
	Amounts due to banks	0	0.00	540 500	100.00	540 500	100.00
	Other liabilities	0	0.00	19 339	100.00	19 339	100.00
	Accrued expenses and deferred income	12 132	98.78	150	1.22	12 282	100.00
	Provisions	12 019	27.00	32 500	73.00	44 519	100.00
	Foundation capital	0	0.00	658 884	100.00	658 884	100.00
	Total liabilities	24 151	1.89	1 251 373	98.11	1 275 524	100.00

	Analysis of balance sheet by origin at 31 December 2012 (TCHF)	Foreign	%	Domestic	%	Total	%
Assets							
	Loans and advances to banks	0	0.00	777	100.00	777	100.00
	Participations	659 190	55.81	521 894	44.19	1 181 084	100.00
	Other assets	55	0.07	74 512	99.93	74 567	100.00
	Total assets	659 245	52.47	597 183	47.53	1 256 428	100.00
Liabilities							
	Amounts due to banks	0	0.00	451 333	100.00	451 333	100.00
	Other liabilities	0	0.00	17 169	100.00	17 169	100.00
	Accrued expenses and deferred income	16 654	98.15	314	1.85	16 968	100.00
	Provisions	12 675	28.06	32 500	71.94	45 175	100.00
	Foundation capital	0	0.00	725 783	100.00	725 783	100.00
	Total liabilities	29 329	2.33	1 227 099	97.67	1 256 428	100.00

13 Breakdown of assets according to country/country group (TCHF)	2013	%	2012	%
Liechtenstein	623 766	48.91	597 183	47.53
Europe excl. Liechtenstein	47	0.00	2 345	0.19
Americas	255 224	20.01	255 224	20.31
Asia	396 487	31.08	401 676	31.97
Total assets	1 275 524	100.00	1 256 428	100.00

14 Foreign exchange exposure at 31 December 2013 (TCHF)	Swiss Francs	US Dollars	Euros	Other	Total
Assets					
Loans and advances to banks	1 459	0	0	0	1 459
Participations	872 913	10 024	0	290 601	1 173 538
Other assets	100 527	0	0	0	100 527
Total assets	974 899	10 024	0	290 601	1 275 524
Liabilities					
Amounts due to banks	540 500	0	0	0	540 500
Other liabilities	19 339	0	0	0	19 339
Accrued expenses and deferred income	12 217	44	21	0	12 282
Provisions	32 500	0	12 019	0	44 519
Foundation capital	658 884	0	0	0	658 884
Total liabilities	1 263 440	44	12 040	0	1 275 524

Foreign exchange exposure at 31 December 2012 (TCHF)	Swiss Francs	US Dollars	Euros	Other	Total
Assets					
Loans and advances to banks	777	0	0	0	777
Participations	872 967	15 224	0	292 893	1 181 084
Other assets	74 567	0	0	0	74 567
Total assets	948 311	15 224	0	292 893	1 256 428
Liabilities					
Amounts due to banks	449 000	0	0	2 333	451 333
Other liabilities	17 169	0	0	0	17 169
Accrued expenses and deferred income	16 756	40	98	74	16 968
Provisions	33 900	0	11 275	0	45 175
Foundation capital	725 783	0	0	0	725 783
Total liabilities	1 242 608	40	11 373	2 407	1 256 428

15	Analysis of current assets and liabilities by maturity at 31 December 2013 (TCHF)	On demand	Within 3 months	More than 3 and less than 12 months	More than 12 months	Total
Current assets						
	Loans and advances to banks	1 459	0	0	0	1 459
	Other assets	0	5 286	95 241	0	100 527
	Total current assets	1 459	5 286	95 241	0	101 986
Current liabilities						
	Amounts due to banks	0	540 500	0	0	540 500
	Other liabilities	0	785	18 554	0	19 339
	Accrued expenses and deferred income	0	1 189	3 093	8 000	12 282
	Total current liabilities	0	542 474	21 647	8 000	572 121

	Analysis of current assets and liabilities by maturity at 31 December 2012 (TCHF)	On demand	Within 3 months	More than 3 and less than 12 months	More than 12 months	Total
Current assets						
	Loans and advances to banks	777	0	0	0	777
	Other assets	0	7 503	64 064	3 000	74 567
	Total current assets	777	7 503	64 064	3 000	75 344
Current liabilities						
	Amounts due to banks	0	451 333	0	0	451 333
	Other liabilities	0	1 025	16 144	0	17 169
	Accrued expenses and deferred income	0	843	4 125	12 000	16 968
	Total current liabilities	0	453 201	20 269	12 000	485 470

16 Emoluments to members of the management

The emoluments to the members of the Foundation Board and to the Group and business unit executives employed by the Foundation are disclosed under note 39 in the consolidated financial statements of LGT Group Foundation.

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United Kingdom	London		
United States of America	New York		
Uruguay	Montevideo		



The illustrations in this brochure are details from Johann Baptist Lampi, "Portrait of Prince Johann I of Liechtenstein", 1816

Portrait of Prince Johann I of Liechtenstein

This portrait of Prince Johann I of Liechtenstein was completed in 1816, one year after the Congress of Vienna. The work shows the Prince in his most senior military function as Field Marshal. He is wearing a white general's uniform and is decorated with the Order of the Golden Fleece as well as with the great ribbon, the embroidered star and the Maria Theresia Order, which was awarded to him in 1801. The Prince holds his hands loosely in front of his chest. A cannon is shown in the background, a symbol of his numerous military services, particularly during the Napoleonic Wars. The panoramic landscape evokes the distant battlefields on which the Prince once fought. The Prince's gaze is directed slightly towards the left. His facial expression exudes a lofty, self-confident smile, conveying his sovereignty as a politician and statesman in a most agreeable fashion. As an enthusiastic follower of the Classicist art movement, in this portrait Lampi draws upon the strict, clear forms of the genre. Prince Johann I withdrew from active service in 1810 and, as a keen supporter of art and architecture, dedicated himself to the expansion and renovation of his residences. He concentrated on remodelling the Baroque gardens of the Garden Palace in the Rossau in Vienna, and of the Moravian castles Eisgrub and Feldsberg into landscaped gardens. To this day, these gardens are amongst the most famous of their kind.

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