Annual Report 2016

LGT Group

Unknown artist, detail from "Large bulbous vase with cover, Imari decoration and bronze gilding," late 17th century

A look inside the Princely Collections: The images in this publication represent a selection of pieces from an extensive porcelain collection that includes examples of the early European manufactories Meissen and Doccia-Ginori, as well as the Du Paquier porcelain manufactory founded in 1718. The collection also features Japanese and Chinese porcelain. Imari porcelain, which was traditionally made using a palette of cobalt blue, rust red and white, and often gilded, was named after a port of the same name located near Arita in Japan.

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collections include key works of European art stretching over five centuries and are now among the world's major private art collections. The notion of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period. The House of Liechtenstein has pursued this ideal consistently down the generations. We make deliberate use of the works of art in the Princely Collections to accompany what we do. For us, they embody those values that form the basis for a successful partnership with our clients: a long-term focus, skill and reliability.

Cover image: Unknown artist, detail from "Four-sided Imari bottle vase with cover," 18th century, Qianlong Period (1736–1795)

www.liechtensteincollections.at

Contents

"We are relentless in our efforts to further improve our investment expertise and the quality of our services."

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT

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 2016, LGT managed assets of CHF 152.1 billion (USD 149.7 billion) for wealthy private individuals and institutional clients. LGT employs over 2600 people who work out of more than 20 locations in Europe, Asia, the Americas and the Middle East.

Business areas

LGT Private Banking

Wealth management services for private clients, including:

- Investment advice and portfolio management
- Trading advice and execution
- Loan and credit facilities
- Philanthropy services and impact investing

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.

LGT Asset Management

Discretionary investment management of institutional client mandates and investment funds (operating under the brand of LGT Capital Partners)

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 350 specialists manages the assets of more than 450 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, Sydney and Vaduz.

Long-term strategy and corporate philosophy

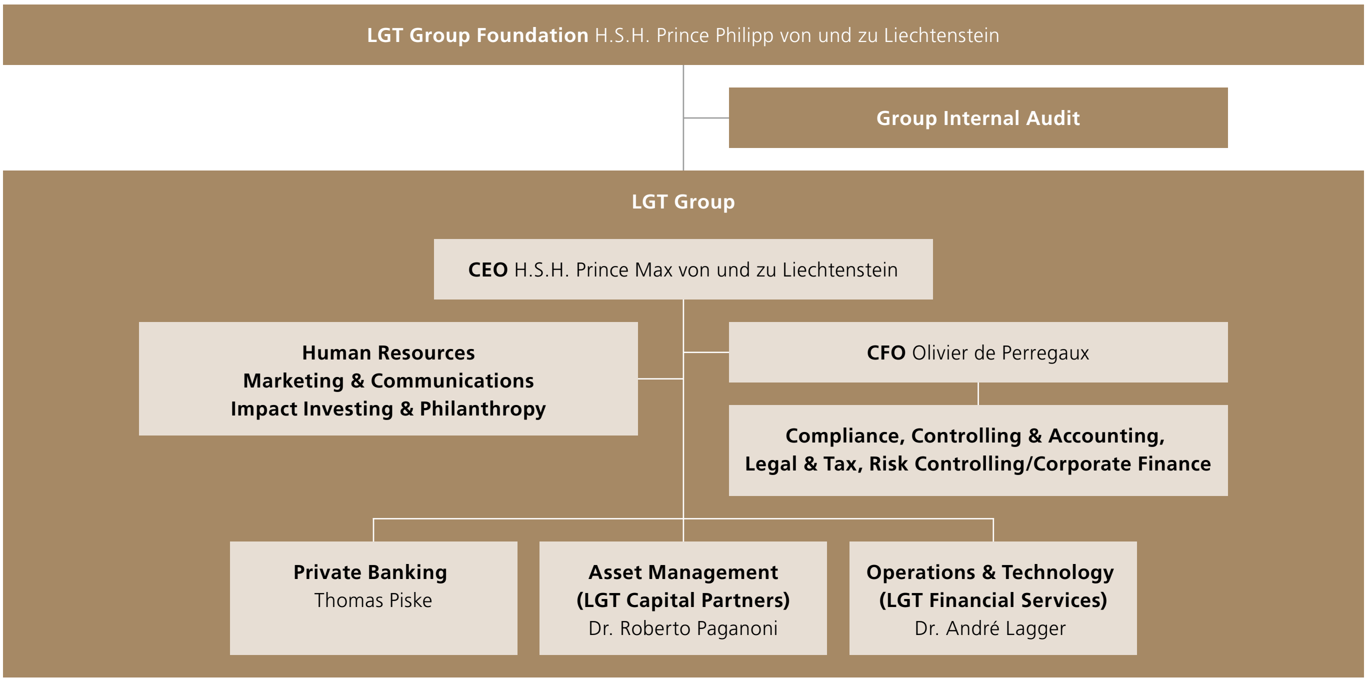
LGT's private ownership and efficient governance facilitate quick and independent decision-making based on a long term perspective with regards to corporate strategy and development.

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 (A+) and Moody's (Aa2).

Organizational structure



Foundation Board	H.S.H. Prince Philipp von und zu Liechtenstein, Chairman[1] Dr. Rodolfo Bogni[1,2] Juan Bosch[2] K.B. Chandrasekar[3,4] Dr. Phillip Colebatch[1,2,4] Mark Jordy[3] Prof. Dr. Conrad Meyer[3,4]
Senior Management Board	H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Dr. André Lagger, CEO LGT Financial Services Dr. Roberto Paganoni, CEO LGT Capital Partners Olivier de Perregaux, CFO LGT Thomas Piske, CEO LGT Private Banking
Internal Audit	Daniel Hauser, Head Group Internal Audit
External Audit	PricewaterhouseCoopers AG, Zurich

[1] Member of the HR and Nomination Committee
[2] Member of the HR and Compensation Committee
[3] Member of the Audit Committee
[4] Member of the Risk Committee

Financial highlights

		2016	2015	2014	2013	2012
Assets under administration	**CHF m**	**152 101**	**129 341**	**125 786**	**104 501**[2]	**99 448**
Net new assets	**CHF m**	**19 687**	**8 882**	**14 429**	**8 015**[2]	**12 342**
of which net new money	CHF m	11 668	8 882	6 755	8 015[2]	10 515
of which through acquisition	CHF m	8 019	0	7 674	0	1 827
Total operating income	**CHF m**	**1 206**	**1 149**	**1 010**	**895**	**957**
Group profit	**CHF m**	**230**	**211**	**165**	**139**	**214**
Appropriation of Foundation earnings and dividends	**CHF m**	**-100**[1]	**-100**	**-100**	**-100**	**-206**
Group equity capital	**CHF m**	**3 643**	**3 314**	**3 354**	**3 216**	**3 084**
Total assets	**CHF m**	**35 752**	**34 239**	**35 533**	**28 312**	**27 099**
Ratios						
Tier 1	%	20.2	20.1	18.4	21.3	21.5
Cost/income ratio	%	74.2	71.2	75.4	76.9	64.5
Liquidity coverage ratio	%	191.0	142.7	130.0	–	–
Headcount at 31 December		**2 632**	**2 212**	**2 081**	**1 921**	**1 830**
Rating[3]						
Moody's		Aa2	Aa2	A1	A1	Aa3
Standard & Poor's		A+	A+	A+	A+	A+

[1] Proposed
[2] Adjusted for reclassified special mandate
[3] LGT Bank Ltd., Vaduz

Chairman's report

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

The 2016 financial year was characterized by economic and political uncertainties, which was reflected in subdued client activity. Despite this market environment, LGT continued on its growth path. Total operating income increased 5 percent compared to the previous year to CHF 1.2 billion. Net interest and similar income rose to CHF 172.3 million thanks to efficient balance sheet management, and income from services increased to CHF 823.9 million as a result of the larger asset base. At CHF 210.0 million, income from trading activities and other operating income was lower than in 2015, reflecting a one-off contribution from a real estate sale recognized in the previous year's result.

Total operating expenses increased 2 percent in 2016 to CHF 950.9 million. Personnel expenses rose 6 percent to CHF 670.5 million, reflecting higher staff levels and performance-related compensation in accordance with the success of the business, as well as a positive effect from pension plan adjustments. Business and office expenses rose 20 percent to CHF 224.9 million, which is mainly attributable to further business expansion. The cost-income ratio was 74.2 percent as per year-end 2016, compared to 71.2 percent at the end of 2015.

Overall, group profit rose 9 percent in 2016 to CHF 230.0 million. LGT is very well capitalized and has a high level of liquidity. The tier 1 capital ratio was 20.2 percent as at 31 December 2016, compared to 20.1 percent for the previous year.

Continued strong net new asset growth

In 2016, LGT reported record net asset inflows totaling CHF 11.7 billion, which corresponds to a 9 percent growth of assets under management at year-end 2015. All regions and both of the group's business areas contributed to this positive result.

Assets under management rose 18 percent, from CHF 129.3 billion as per year-end 2015 to CHF 152.1 billion. This includes CHF 8.0 billion in assets under management from the acquisition of a majority stake in LGT Vestra completed in the first half of 2016. The related income and expenses are reflected in LGT's financial statements starting from the second half of 2016.

Consistent implementation of growth strategy

LGT continued to consistently implement its international growth strategy in 2016. With the London-based wealth management boutique LGT Vestra, LGT now has a notable foothold in the important British market. The acquisition of the ABN AMRO private banking business in Asia and the Middle East announced in the fourth quarter of 2016 will significantly further strengthen LGT's position in these attractive growth markets. The transaction is envisaged to be completed in the second quarter of 2017, subject to regulatory approval.

On 3 March 2017, LGT announced that it will acquire the London- and Paris-based private debt manager European Capital Fund Management, including a team of more than

20 specialists. With this transaction, which is also expected to close in the second quarter of 2017, the group will complement the private markets offering and enhance one of the core competencies of its asset management division, LGT Capital Partners.

Private Banking: international diversification pays off

LGT's private banking business reported high net asset inflows and strong growth in all regions thanks to its strong market presence and attractive positioning. With locations in Zurich, Geneva, London, Dubai, Singapore, Hong Kong, Vaduz and Vienna, LGT is represented in all key private banking centers. These hubs feature attractive onshore markets, are easy to reach for clients and provide outstanding access to the important growth regions. LGT consciously focuses on locations in jurisdictions that offer an optimal environment in terms of their financial stability and legal certainty. In 2016, the bank was awarded "Best Private Bank for Growth Strategy" by the Financial Times publications Professional Wealth Management and The Banker for the consistent implementation of its growth strategy. LGT also achieved an outstanding result in this year's Handelsblatt Elite Report assessment, receiving the highest possible score among wealth managers in German-speaking countries. In the rankings conducted by the renowned Fuchsbriefe, the bank was awarded an excellent second place standing in the overall ranking of all the financial institutions tested. In order to further strengthen its market position in private banking, LGT will significantly update and expand its digital service offering in the coming years and offer its clients attractive new advisory packages.

Asset Management: quantitative and qualitative growth

In 2016, LGT also reported strong net asset inflows in its business with institutional investors, particularly in the private equity and insurance-based investments segments, as well as in other liquid alternative investments and multi-asset solutions. The bank also attracted important new clients, especially in North America and Asia. Thanks to the strong investment performance and growth in assets under management, LGT also reported an increase in revenues. Due to low interest rates and high stock prices, LGT in 2016 once again benefited from growing interest from institutional and private investors in alternative investments as a means to optimize returns and diversify, as well as from the rapidly increasing importance of ESG investments (environmental, social and governance) for institutional clients. These long-term trends are reflected in the strategic priorities for the coming years, in particular the expansion of the multi-alternatives platform and the strong focus on ESG factors in all investment segments. Other priorities include further strengthening global presence and optimizing internal processes with regard to efficiency and investment performance.

Leading position in the sustainability segment

LGT is one of the leading private banking and asset management groups with respect to the comprehensive integration of sustainability in business processes as well as product offering. In addition to the aforementioned accolade received for the bank's growth strategy, in 2016, LGT was also awarded "Best Private Bank for Socially Responsible Investing" by the Financial Times publications Professional Wealth Management and The Banker. As per the end of 2016, around 7 percent of assets within Asset Management were invested in sustainable investment solutions, and as a matter of principle, LGT does not invest in companies involved in manufacturing, stockpiling or supplying controversial weapons. Since 2013, LGT has evaluated its external private equity and hedge fund managers based on the integration of ESG criteria in their investment philosophy and investment processes. In 2016, around half of the 171 managers evaluated received a good or very good rating. In order to more firmly embed the issue of sustainability in Private Banking and provide investors with greater support in investing their assets sustainably, LGT will introduce a proprietary sustainability rating for its private banking clients in 2017.

Outlook

We are optimistic in our business outlook for 2017 and beyond, despite ongoing market uncertainties. The good result achieved in the 2016 financial year and the further strong net new asset growth in particular reflect the high level of trust that our clients place in LGT. Honoring this trust by providing our clients with investment expertise and a stable platform in this challenging environment is our number one priority.

Corporate governance

LGT 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 four separate committees (HR and Compensation Committee, HR and Nomination Committee, Risk Committee as well as Audit Committee). The Committees assist the Foundation Board in fulfilling its oversight responsibilities by law and internal or external regulations. Each Committee is authorized by the Foundation Board to oversee any activity within its terms of reference.

The HR and Compensation Committee reviews the compensation guidelines of the Group, discusses and determines amendments to or the creation of compensation plans and proposes the compensation of the Senior Group Management. The compensation system supervised by the HR and Compensation Committee 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 have the possibility to co-invest directly in client products. These co-investments are at the full risk/benefit of the subscribing employee.

The HR and Nomination Committee defines and reviews the performance appraisal, development and succession plans of the Senior Group Management, discusses and reviews the talent management situation and development of LGT and reviews the personnel and HR risk reporting of LGT.

The activities of the Risk Committee include a periodic review of the general risk limits, a regular assessment of adequacy of the group wide risk organization, a periodical review of the risk strategy and framework as well as a periodical review of the risk tolerance/appetite.

The activities of the Audit Committee include the review of financial information, monitoring the adequacy of the system of internal controls which management and the Board Members have established as well as monitoring the qualifications, independence and performance of the external auditors and Group Internal Audit. The external auditors are re-evaluated on a regular basis.

The consolidated LGT is supervised by the Liechtenstein Financial Market Authority (FMA). Companies outside Liechtenstein 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. LGT has applied International Financial Reporting Standards (IFRS) since 1996.

Consolidated financial statements of LGT Group

Report of the statutory auditor

Report of the statutory auditor

to the Foundation Supervisory Board of LGT Group Foundation

Vaduz

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of LGT Group Foundation and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, including a summary of significant accounting policies for the year ended 31 December 2016.

In our opinion, the accompanying consolidated financial statements (pages 20 to 86) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Liechtenstein law.

Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the Liechtenstein audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 36.4 million representing 1% of total equity

We concluded full scope audit work at twelve reporting units in six countries. Our audit scope addressed 88% of the Group's operating profit before tax and 93% of the Group's total assets. In addition, we have performed analytical procedures over the remaining 33 reporting units in 17 countries. In aggregate, these reporting units were immaterial from the Group audit perspective.

As key audit matters the following areas of focus have been identified:

- Impairment of loans and advances to customers
- Goodwill impairment assessment
- Valuation of the provision for operational risk

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Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 36.4 million
How we determined it	1% of total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because, in our view, it is the benchmark that best represents the solvency and stability of the Group, which is of major relevance for economic decisions made by the owners, customers and the regulator.

We agreed with the Audit Committee that we would report to them misstatements above CHF 1.8 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matter
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

Key audit matter	*How our audit addressed the key audit matter*
We consider the valuation of loans and advances to customers as a key audit matter because they represent the largest item on the balance sheet. Furthermore, the Foundation Board has significant scope to apply judgement when estimating the present value of future cash flows arising from such loans and advances. As of 31 December 2016, the Group has CHF 12.8 billion of outstanding loans and advances to customers, of which 0.3% were assessed as impaired. We focused our audit on two areas: • The Group's timely identification of impairment events (i.e. the point in time at which an impairment is recognised). • The determination of the amount of the impairment when an impairment event is identified. The impairment event and the determination of the amount of the impairment depend on the type of lending product and customer. *Refer to note 14.1 on pages 31 to 32 (Accounting principles), note 11 on page 42 and note 5 on pages 82 to 85 (Risk management).*	We assessed and tested the controls relating to the identification of impaired loans and advances to customers. We tested the IT-based controls in the loan management system. We concluded that we can rely on these controls for the purposes of our audit. We also tested a sample of loans and advances to customers in order to establish whether the impairment event was identified in a timely manner. Where impairment had been identified, we examined the forecasts of future cash flows prepared by Management to support the calculation of the impairment. In doing so, we challenged the assumptions and compared them with external evidence. We concluded that the calculated impairment allowances were within an acceptable range. We examined a sample of loans and advances to customers for which Management did not identify an impairment event (using the criteria set out on page 31 'Impairment of financial assets'). We formed our own judgement as to whether the Foundation Board's conclusions were appropriate. Our testing included the use of external evidence regarding the counterparties. We found no significant deviations in our tests from the Foundation Board's conclusions.

Goodwill impairment assessment

Key audit matter	*How our audit addressed the key audit matter*
We consider the goodwill impairment assessment as a key audit matter because the Foundation Board has significant scope for judgement in estimating the value of each cash-generating unit (CGU), in general, and the client asset multiples to be applied, in particular. Goodwill is allocated to three CGUs: • LGT Bank (Switzerland) Ltd. (CHF 193m) • LGT Capital Partners Ltd (CHF 33m) • LGT UK Holdings Ltd. (CHF 115m). *Refer to note 12.1 on page 28 (Accounting principles) and note 17 on page 46.*	We assessed whether the Group's approach to identifying the CGUs concerned was appropriate and that the Group correctly allocated goodwill to each of these CGUs. We benchmarked the assumptions applied by Management, for example, by comparing its client asset multiples with the client asset multiples of comparable listed organisations. In addition, we estimated independently an appropriate control premium based on recent transactions comparable with the CGUs concerned. We performed sensitivity analyses on the above assumptions to determine the extent of the change required in them, either individually or collectively, that would cause the goodwill to be impaired. Taking into account the uncertainties inherent in the model used to measure the fair value of each CGU and the limitations to the comparison of valuation multiples and control premiums with those of companies engaged in similar business activities, we conclude based on the work performed that the assumptions used for the goodwill impairment assessment are within an acceptable range.

Valuation of the provision for operational risks

Key audit matter	*How our audit addressed the key audit matter*
We focused on this area because the Group operates in a regulatory and legal environment that exposes it to litigation arising from claims and disputes, as well as to regulatory proceedings. The Foundation Board has significant scope for judgement in estimating the provision required for the settlement of claims and disputes and for regulatory proceedings against the Group. As of 31 December 2016, the Group has a provision for operational risks in the amount of CHF 67 million. *Refer to note 15 on page 33 (Accounting principles) and note 24 on page 49.*	We examined the analyses performed by the Group that form the basis for its judgement in estimating the provision required for the settlement of claims and disputes and for regulatory proceedings, together with the relevant supporting evidence, such as correspondence with external parties and legal opinions obtained. Further, we applied our understanding of the business and our reading of the relevant correspondence to challenge the completeness of the exposures identified and the need for a provision. With regard to unidentified risks, we tested a sample of customer complaints by reading correspondence with customers to understand whether there were indicators of the existence of systemic issues for which a provision may need to be recognised in the consolidated financial statements. We also considered externally available information and assessed its potential implications for the Group. Given the information available, we consider the Foundation Board's judgements regarding the Group's provision for operational risks to be acceptable.

Other information in the annual report

The Foundation Board is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the chairman's report, and the stand-alone financial statements of LGT Group Foundation and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Foundation Board for the consolidated financial statements

The Foundation Board is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Liechtenstein law, and for such internal control as the Foundation Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Foundation Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Foundation Board intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Foundation Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Foundation Board or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Foundation Board or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Foundation Board or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The chairman's report (pages 8 to 9) is in accordance with the consolidated financial statements.

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

PricewaterhouseCoopers AG

Rolf Birrer	Daniel Pajer
Auditor in charge	

Zurich, 27 April 2017

Unknown artist, detail from "Imari plate," 18th century

Consolidated income statement

Consolidated income statement (TCHF)	Note	2016	2015	Change absolute	Change %
Interest earned and similar income		344 922	225 277	119 645	53
Interest expense		-172 585	-110 021	-62 564	57
Net interest and similar income	1	**172 338**	**115 256**	**57 082**	**50**
Income from services	2	823 866	783 694	40 172	5
Income from trading activities	3	196 183	176 323	19 860	11
Other operating income	4	13 786	74 069	-60 283	-81
Total operating income		**1 206 171**	**1 149 342**	**56 829**	**5**
Personnel expenses	5	-670 480	-631 859	-38 621	6
Business and office expenses	6	-224 857	-186 935	-37 922	20
Other operating expenses	7	-55 578	-110 704	55 126	-50
Total operating expenses		**-950 915**	**-929 498**	**-21 417**	**2**
Operating profit before tax		**255 256**	**219 844**	**35 412**	**16**
Tax expense	8	-25 230	-8 803	-16 427	187
Profit for the year		**230 026**	**211 041**	**18 985**	**9**
Attributable to:					
Equity holders of the parent entity		230 023	211 020	19 003	9
Non-controlling interests		3	21	-18	-85

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

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (TCHF)	Note	2016	2015	Change absolute	Change %
Profit for the year		**230 026**	**211 041**	**18 985**	**9**
Other comprehensive income					
Other comprehensive income that may be reclassified to the income statement					
Changes in foreign currency translation		-11 920	-10 665	-1 255	12
Changes in other reserves, net of tax		142 021	-33 166	175 187	-528
thereof investments in associates	25	98 834	-13 719	112 553	-820
thereof available-for-sale securities	25	43 946	-18 068	62 014	-343
thereof cash flow hedge	25	-759	-1 379	620	-45
Total other comprehensive income that may be reclassified to the income statement		**130 101**	**-43 831**	**173 932**	**-397**
Other comprehensive income that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit plans, net of tax	25	69 432	-107 688	177 120	-164
Total other comprehensive income that may not be reclassified to the income statement		**69 432**	**-107 688**	**177 120**	**-164**
Total comprehensive income for the year		**429 558**	**59 522**	**370 036**	**622**
Attributable to:					
Equity holders of the parent entity		429 555	59 496	370 059	622
Non-controlling interests		3	26	-23	-88

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

Consolidated balance sheet

Consolidated balance sheet (TCHF)	Note	2016	2015	Change absolute	Change %
Assets					
Cash in hand, balances with central banks	9	6 487 016	4 533 193	1 953 823	43
Loans and advances to banks	10	4 661 578	7 304 389	-2 642 811	-36
Loans and advances to customers	11	12 785 916	11 846 270	939 646	8
Securities held for trading purposes	12	0	657	-657	-100
Derivative financial instruments	30	875 953	784 649	91 304	12
Financial assets designated at fair value	13	2 231 273	2 158 223	73 050	3
Available-for-sale securities	14	4 543 969	3 611 479	932 490	26
Investments in associates	15	2 894 321	2 895 487	-1 166	0
Property and equipment	16	140 497	130 574	9 923	8
Intangible assets	17	511 418	377 469	133 949	35
Prepayments and accrued income		130 738	108 511	22 227	20
Deferred tax assets	8	65 421	85 691	-20 270	-24
Other assets	18	424 347	402 643	21 704	5
Total assets		**35 752 449**	**34 239 235**	**1 513 214**	**4**
Liabilities					
Amounts due to banks	19	713 864	784 209	-70 345	-9
Amounts due to customers	20	27 065 323	25 492 928	1 572 395	6
Derivative financial instruments	30	818 894	1 045 516	-226 622	-22
Financial liabilities designated at fair value	21	429 657	455 809	-26 152	-6
Certificated debt	22	2 025 287	1 899 376	125 911	7
Accruals and deferred income		76 183	74 495	1 688	2
Current tax liabilities		15 579	50 024	-34 445	-69
Deferred tax liabilities	8	7 174	5 798	1 376	24
Other liabilities	23	866 776	1 007 528	-140 752	-14
Provisions	24	90 282	109 679	-19 397	-18
Total liabilities		**32 109 019**	**30 925 362**	**1 183 657**	**4**
Equity					
Foundation capital		339 044	339 044	0	0
Retained earnings		2 089 638	1 914 982	174 656	9
Foreign currency translation		-61 710	-49 789	-11 921	24
Other reserves	25	1 276 125	1 109 305	166 820	15
Total equity and reserves attributable to LGT's equity holder		**3 643 096**	**3 313 542**	**329 554**	**10**
Non-controlling interests		334	331	3	1
Total equity		**3 643 430**	**3 313 873**	**329 557**	**10**
Total liabilities and equity		**35 752 449**	**34 239 235**	**1 513 214**	**4**

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	Foreign currency translation	Other reserves	Total attribut-able to LGT's equity holders	Non-controlling interests	Total
1 January 2016	**339 044**	**1 914 982**	**-49 789**	**1 109 305**	**3 313 542**	**331**	**3 313 873**
Profit for the year	**0**	**230 023**	**0**	**0**	**230 023**	**3**	**230 026**
Other comprehensive income, net of tax							
Changes in foreign currency translation	0	0	-11 920	0	-11 920	0	-11 920
Changes in other reserves, net of tax	0	0	0	142 021	142 021	0	142 021
thereof investments in associates	0	0	0	98 834	98 834	0	98 834
thereof available-for-sale securities	0	0	0	43 947	43 947	0	43 947
thereof cash flow hedge	0	0	0	-759	-759	0	-759
Actuarial gains/losses	0	0	0	69 432	69 432	0	69 432
Total other comprehensive income, net of tax	**0**	**0**	**-11 920**	**211 453**	**199 533**	**0**	**199 533**
Total comprehensive income	**0**	**230 023**	**-11 920**	**211 453**	**429 556**	**3**	**429 559**
Transactions with owners							
Appropriation of Foundation earnings and dividends	0	-55 367	0	-44 633	-100 000	0	-100 000
Change in non-controlling interests	0	0	0	0	0	0	0
Total transactions with owners	**0**	**-55 367**	**0**	**-44 633**	**-100 000**	**0**	**-100 000**
31 December 2016	**339 044**	**2 089 638**	**-61 710**	**1 276 125**	**3 643 096**	**334**	**3 643 430**

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

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

Consolidated statement of changes in equity	Foundation capital[1]	Retained earnings	Foreign currency translation	Other reserves	Total attributable to LGT's equity holders	Non-controlling interests	Total
1 January 2015	**339 044**	**1 756 692**	**-39 119**	**1 297 429**	**3 354 046**	**341**	**3 354 387**
Profit for the year	**0**	**211 020**	**0**	**0**	**211 020**	**21**	**211 041**
Other comprehensive income, net of tax							
Changes in foreign currency translation	0	0	-10 670	0	-10 670	5	-10 665
Changes in other reserves, net of tax	0	0	0	-33 166	-33 166	0	-33 166
thereof investments in associates	0	0	0	-13 719	-13 719	0	-13 719
thereof available-for-sale securities	0	0	0	-18 068	-18 068	0	-18 068
thereof cash flow hedge	0	0	0	-1 379	-1 379	0	-1 379
Actuarial gains/losses	0	0	0	-107 688	-107 688	0	-107 688
Total other comprehensive income, net of tax	**0**	**0**	**-10 670**	**-140 854**	**-151 524**	**5**	**-151 519**
Total comprehensive income	**0**	**211 020**	**-10 670**	**-140 854**	**59 496**	**26**	**59 522**
Transactions with owners							
Appropriation of Foundation earnings and dividends	0	-52 730	0	-47 270	-100 000	0	-100 000
Change in non-controlling interests	0	0	0	0	0	-36	-36
Total transactions with owners	**0**	**-52 730**	**0**	**-47 270**	**-100 000**	**-36**	**-100 036**
31 December 2015	**339 044**	**1 914 982**	**-49 789**	**1 109 305**	**3 313 542**	**331**	**3 313 873**

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

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

Consolidated cash flow statement

Consolidated cash flow statement (TCHF)	Note	2016	2015
Cash flow from operating activities			
Profit after tax		230 026	211 041
Impairment, depreciation, provisions		34 861	91 006
Tax expense	8	25 230	8 803
Changes in accrued income and expenses		-47 492	-119 519
Interest and similar income received		340 117	225 150
Interest paid		-154 644	-93 232
Income tax paid		-51 226	-38 491
Cash flow from operating activities before changes in operating assets and liabilities		**376 872**	**284 758**
Loans and advances to banks		2 654 342	-2 757 313
Loans and advances to customers		-935 740	-1 387 924
Trading securities and financial instruments designated at fair value		-104 636	459 220
Amounts due to banks		-70 463	-563 631
Amounts due to customers		1 557 295	-610 419
Other assets and other liabilities		-540 919	675 836
Cash flow from changes in operating assets and liabilities		**2 559 880**	**-4 184 231**
Net cash flow from operating activities		**2 936 751**	**-3 899 473**
Cash flow from investing activities			
Proceeds from sales of property and equipment	16	75	83 199
Purchase of property and equipment	16	-31 534	-38 119
Sale of intangible assets	17	0	7 481
Purchase of intangible assets	17	-395	0
Cash inflow from sale of subsidiaries		0	611
Cash outflow on acquisition of subsidiaries	41	-175 820	0
Disposals of share of investments in associates	15	0	638
Proceeds from sales of investment securities	14	3 043 027	2 598 511
Purchase of investment securities	14	-3 943 147	-3 677 698
Net cash flow from investing activities		**-1 107 793**	**-1 025 377**
Cash flow from financing activities			
Issue of certificated debt		449 575	438 521
Repayment of certificated debt		-323 665	-251 946
Dividends paid to beneficiary		0	-2
Change in non-controlling interests		0	-36
Net cash flow from financing activities		**125 911**	**186 537**
Effects of exchange rate changes on cash		-1 046	315
Change in cash in hand, balances with central banks		**1 953 823**	**-4 737 998**
At the beginning of the period	9	4 533 193	9 271 191
At the end of the period	9	6 487 016	4 533 193
Change in cash in hand, balances with central banks		**1 953 823**	**-4 737 998**

Notes to the consolidated financial statements
Group accounting principles

1. Introduction

LGT Group Foundation, Herrengasse 12, Vaduz, Principality of Liechtenstein, is the holding company of LGT, 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. von und zu 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.

2. Presentation of amounts

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

Due to rounding, the numbers presented in this report may not add up precisely to the totals provided in the tables and text.

3. Accounting principles

The consolidated financial statements for the financial year 2016 are prepared in accordance with International Financial Reporting Standards (IFRS). LGT has applied IFRS rules since 1996. A summary of the principal Group accounting policies is set out below.

The CEO and the CFO of LGT considered the consolidated financial statements on 12 April 2017. They were approved for issue by the Audit Committee of the LGT Group Foundation Board on 26 April 2017. The Foundation Board approved the consolidated financial statements for issue on 27 April 2017. The accounts were presented for approval at the Foundation Meeting to the Foundation Supervisory Board on 27 April 2017. The Foundation Board proposed to the Foundation Meeting of 27 April 2017 the distribution of CHF 100 million to the Prince of Liechtenstein Foundation. The accounts on pages 20 to 86 were approved by the Foundation Board on 27 April 2017 and are signed on its behalf by H.S.H. Prince Philipp von und zu Liechtenstein, Chairman, and Olivier de Perregaux, CFO of LGT.

4. Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Intercompany transactions, balances as well as gains and losses on transactions between Group companies are eliminated. Subsidiaries are deconsolidated from the date that control ceases. A list of the Group's principal subsidiary undertakings is provided in note 33.

5. Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. 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 recognized in the 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.

6. 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 and 50 percent of the voting rights. They may also indicate a significant interest in investment funds, which are managed by the Group but in which there are no voting rights. LGT associates are recognized using the equity method, and are initially recognized shown 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.

7. Foreign currencies

7.1. 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.

7.2. 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.

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

8. Foreign exchange rates

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

		2016
	Average rate	Year-end rate
CHF per 1 USD	0.9884	1.0161
CHF per 1 EUR	1.0891	1.0719
CHF per 1 GBP	1.3396	1.2556

		2015
	Average rate	Year-end rate
CHF per 1 USD	0.9669	1.0002
CHF per 1 EUR	1.0748	1.0872
CHF per 1 GBP	1.4771	1.4750

9. 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.

Negative interest on assets and liabilities is accrued in the period in which it is incurred and is presented within interest expense or interest earned, respectively.

10. 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 recognized using the accrual method. Fixed commissions receivable and payable are recognized 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. 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.

11. 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 is done 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

12. Intangible assets

12.1. 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 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.

12.2. 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.

12.3. 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.

13. Financial instruments

13.1. 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.

13.2. Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on 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.

13.3. Investment securities

Investment securities are classified as financial assets at fair value through profit or loss and available-for-sale 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 at fair value. 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.

13.4. 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.

13.5. 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. 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.

13.6. 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.

13.7. Other liabilities

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

13.8. 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 the 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 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 the 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.

13.9. 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 is 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 recognized 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.

14. Impairment of financial assets

14.1. 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 the 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.

14.2. 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.

14.3. 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.

15. 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.

16. 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.

17. 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.

18. Securities lending and borrowing transactions
Securities lending is recorded at the value of cash deposits which have been received or made, including interest accrued.

Securities which have been borrowed or accepted as collateral are only recorded in the balance sheet if the bank gains control of the contractual rights contained in these securities. Securities lent or provided as collateral are only taken off the balance sheet if the bank loses the contractual rights associated with these securities. The market values of the securities which have been either borrowed or lent are monitored daily so that additional collateral can be provided or requested where necessary.

Fees arising from securities lending and repurchase transactions, which have been received or paid, are entered as interest income and interest expense.

19. 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.

20. Leasing
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. The expenses from operating leases are recognized in business and office expenses.

21. 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.

22. Taxation
Corporate tax payable is provided on the taxable profits of 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.

23. Employee benefits
23.1. 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. For deferred bonuses the payout is spread over several years.

23.2. 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 three years from the date of grant of option and are exercisable within three to seven years from the date of grant of option. The annual costs of the scheme are charged to the income statement. The accruals are shown as other liabilities until their realization.

23.3. 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 recognized 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 recognized 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.

24. Assets under administration

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

25. Events after the reporting period

LGT has reached an agreement with ABN AMRO to acquire its private banking business in Hong Kong, Singapore and Dubai with approx. CHF 20 billion in assets under administration. The acquisition by way of an asset purchase agreement marks a major step in the implementation of LGT's growth strategy and will further enhance its strong footprint in Asia and the Middle East. LGT expects to increase its assets under administration to more than CHF 40 billion in Asia and to approx. CHF 170 billion overall. Completion of the transaction is envisaged to take place in the second quarter of 2017, subject to approvals of the relevant authorities.

On 3 March 2017, LGT announced that it will acquire the London- and Paris-based private debt-manager European Capital Fund Management, including a team of more than 20 specialists. With this transaction, which is also expected to close in the second quarter of 2017, the group will complement the private markets offering and enhance one of the core competencies of its asset management division, LGT Capital Partners.

26. Management's judgments

The Group makes estimates and assumptions that affect the amounts reported in the financial statements. 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.

26.1. 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 to be TCHF 641 (2015: TCHF 338) lower. If the net present value differs by -5 percent, the provision would be estimated to be TCHF 641 (2015: TCHF 338) higher.

26.2. Impairment of goodwill

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

26.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets is 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 47 236 (2015: TCHF -267 193) as compared with their reported fair value of TCHF 57 059 (2015: TCHF -260 867) on the balance sheet date.

26.4. 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 below cost on three balance sheet dates or more in succession (on a semi-annual basis). 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 have suffered an additional TCHF 1901 (2015: TCHF 10 902) loss in its financial statements, being the transfer of the total fair value reserve to the income statement.

26.5. 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 available-for-sale equity investments), the Group would need to increase income tax by TCHF 80 (2015: TCHF 42), in case of favorable market conditions, and decrease income tax by TCHF 1546 (2015: TCHF 2196), in case of unfavorable market conditions.

27. Changes in accounting policies, comparability and other adjustments

27.1. 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 2016:

- IFRS 14 Regulatory deferral accounts (effective 1 January 2016)
- Amendments to IFRS 11 Joint Arrangements (effective 1 January 2016)
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (effective 1 January 2016)
- Amendments to IAS 27 Separate financial statements (effective 1 January 2016)
- Amendments to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 28 Investments in associates (effective 1 January 2016)
- Amendments to IAS 1 Presentation of financials statements (effective 1 January 2016)

The adoption has not led to any changes in the Group Accounting Principles. The standards and interpretations did not have any impact on the reported results or financial position of the Group.

27.2. 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 2017. 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:

- Amendments to IAS 7 Cash flow statement
  (effective 1 January 2017, early adoption permitted)
- IFRS 9 Financial Instruments
  (effective 1 January 2018, early adoption permitted)
  In July 2014, the IASB issued IFRS 9, which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new classification and measurement requirements for financial assets and financial liabilities, replaces the current rules for impairment of financial assets with the expected credit loss impairment model and amends the requirements for hedge accounting (separately issued in November 2013). LGT carried out a detailed review of its financial instruments and conducted the SPPI test on portfolio level. In order to estimate the impact of IFRS 9 a simulation was performed on instrument level. The Group is adjusting its processes and systems based on the new requirements of IFRS 9 and is conducting the implementation of the new Standard.
- IFRS 15 Revenue from Contracts with Customers
  (effective 1 January 2018, early adoption permitted)
  In May 2014, the IASB issued the new standard which specifies how and when revenue is recognized. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single, principles based five-step model to be applied to all contracts with customers. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures.
  The Group is currently assessing the impact of the new requirements on the Group's financial statements.
- IFRS 16 Leases
  (effective 1 January 2019, early adoption permitted)
  In January, 2016, the IASB finally issued the new standard on lease accounting. Under IFRS 16 lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognizes a lease liability reflecting future lease payments and a right-of-use asset. The Group is currently assessing the impact of the new requirements on the Group's financial statements.

Other new and revised standards and interpretations:
Based on initial analyses, the following new and revised standards and interpretations which have to be applied for financial years beginning on or after 1 January 2017 are not expected to have any significant impact on the reported results or financial position of the Group:

- Amendments to IAS 12 Income taxes
  (effective 1 January 2017, early adoption permitted)

Unknown artist, detail from "Large bowl with Imari decoration," c. 1700

Details on the consolidated income statement

1 Net interest and similar income (TCHF)[1]

	2016	2015
Interest earned and similar income		
Banks	160 504	62 073
Customers	162 776	136 777
Interest income from investment securities	18 943	25 998
Dividend income from investment securities	2 699	429
Total interest earned and similar income	**344 922**	**225 277**
Interest expense		
Banks	-104 563	-46 094
Customers	-36 961	-26 718
Interest on certificated debt	-31 060	-37 209
Total interest expense	**-172 585**	**-110 021**
Net interest and similar income	**172 338**	**115 256**

[1] Negative interest paid TCHF 40 552 (2015: TCHF 32 890), negative interest received TCHF 6814 (2015: TCHF 3866).

2 Income from services (TCHF)

	2016	2015
Commission income from securities and investment business		
Investment management fees	482 781	437 729
Brokerage fees	132 078	137 759
Administration fees and other income from investment business	203 540	197 604
Total commission income from securities and investment business	**818 399**	**773 092**
Commission income from other services		
Lending business	5 808	5 899
Accounts and clearing business	21 943	22 239
Total commission income from other services	**27 751**	**28 138**
Commission expenses	-22 284	-17 536
Total income from services	**823 866**	**783 694**

3 Income from trading activities (TCHF)

	2016	2015
Foreign exchange, precious metals	111 299	147 924
Interest and dividend income	41 262	36 310
Profit/loss on securities trading	24 931	9 721
Profit/loss on financial instruments designated at fair value	9 291	-19 253
Other trading activities	9 400	1 621
Total income from trading activities	**196 183**	**176 323**

4 Other operating income (TCHF)	2016	2015
Income from investment securities		
Realized net result on available-for-sale securities	147	7 034
Total income from investment securities	**147**	**7 034**
Realized net result on disposals of subsidiaries	0	-10
Realized net result on disposals of associates	0	-844
Other [1]	13 638	67 889
Total other operating income	**13 786**	**74 069**

[1] Thereof TCHF 46 396 gain from sale of tangible assets in 2015.

5 Personnel expenses (TCHF)	Note	2016	2015
Personnel expenses before long-term incentive scheme			
Salaries		319 437	287 962
Bonuses		222 225	208 287
Social security costs		42 199	38 675
Pension costs [1]		4 116	46 986
Other personnel expenses		27 716	25 306
Total personnel expenses before long-term incentive scheme		**615 693**	**607 216**
Long-term incentive scheme	38	54 787	24 643
Total personnel expenses		**670 480**	**631 859**
Headcount at 31 December		2 632	2 212

[1] Thereof TCHF 51 909 gain from amendment of pension plan in 2016 (adjustment to the reduction rate in case of early retirement).

6 Business and office expenses (TCHF)	2016	2015
Rents and office expenses	41 680	36 110
IT expenses	42 144	33 161
Information and communication expenses	27 746	24 601
Travel and entertainment expenses	19 824	17 321
Legal and professional expenses	34 980	30 930
Advertising expenses	32 449	26 719
General expenses	26 034	18 093
Total business and office expenses	**224 857**	**186 935**

7	Other operating expenses (TCHF)	Note	2016	2015
	Depreciation on property and equipment	16	22 882	25 522
	Amortization of intangible assets	17	31 542	28 884
	Impairment on available-for-sale securities		0	12 928
	Other depreciation		2 368	2 401
	Total depreciation and amortization and impairment		**56 792**	**69 735**
	Credit losses	11	13 239	9 345
	Recovery of credit losses	11	-4 934	-332
	Total credit losses/recoveries		**8 305**	**9 013**
	Provision for operational risks	24	-12 607	29 196
	Other provisions	24	-7	871
	Total changes in provisions and other losses		**-12 614**	**30 067**
	Other operating expenses		3 094	1 889
	Total other operating expenses		**55 578**	**110 704**

8	Taxation (TCHF)	2016	2015
	Income tax expense		
	Current income tax expense	17 219	14 629
	Deferred income tax expense	8 011	-5 826
	Total income tax expense	**25 230**	**8 803**
	Reconciliation of the expected to the effective income tax expense		
	Profit before tax	255 256	219 844
	Income tax expense calculated at a tax rate of 12.5% [1] (2015: 12.5%)	31 907	27 481
	Applicable tax rates differing from assumed tax rate	814	-1 519
	Use of tax losses carried forward	-9 531	-23 432
	Income not subject to tax and expenses not deductible for tax purposes	1 595	10 594
	Other impacts	445	-4 321
	Total income tax expense	**25 230**	**8 803**

[1] The rate used is the domestic tax rate in Liechtenstein.

	2016	2015
Deferred income tax expense comprises the following temporary differences		
Accelerated depreciation for tax purposes	-739	-313
Provisions	-474	16
Financial instruments	1 390	860
Pensions	5 565	-1 797
Other temporary differences	2 268	-4 592
Total deferred income tax expense	**8 011**	**-5 826**
Deferred income tax assets and liabilities relate to the following items		
Deferred income tax assets		
Accelerated depreciation for tax purposes	3 995	3 403
Provisions	1 192	867
Financial instruments	1 102	3 320
Pensions	58 669	77 849
Other temporary differences	463	252
Total deferred income tax assets	**65 421**	**85 691**
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	511	758
Provisions	123	288
Financial instruments	2 374	2 542
Other temporary differences	4 165	2 210
Total deferred income tax liabilities	**7 174**	**5 798**
Movement on the deferred income tax assets and liabilities is as follows		
At 1 January	-79 893	-53 970
Income statement charge	8 011	-5 826
Available-for-sale securities: fair value measurement	74	-377
Actuarial gains/losses on defined benefit plans	13 614	-19 728
Other changes	-32	20
Foreign currency translation	-21	-12
At 31 December	**-58 247**	**-79 893**

Income tax on other comprehensive income			2016			2015
	Before tax	Tax expense/ tax benefit	Net of tax	Before tax	Tax expense/ tax benefit	Net of tax
Foreign currency translation	-11 920	0	-11 920	-10 665	0	-10 665
Changes in other reserves	142 095	-74	142 021	-33 543	377	-33 166
Actuarial gains/losses on defined benefit plans	83 046	-13 614	69 432	-127 416	19 728	-107 688
Other comprehensive income	**213 221**	**-13 688**	**199 533**	**-171 624**	**20 105**	**-151 519**

There are losses available for offset against future income which are currently not shown in the balance sheet, as the utilization of the carry forward losses is uncertain.

Details on the consolidated balance sheet

9 Cash in hand, balances with central banks (TCHF)	2016	2015
Cash in hand	23 531	25 955
Balances with central banks	6 463 486	4 507 238
Total cash in hand, balances with central banks	**6 487 016**	**4 533 193**

10 Loans and advances to banks (TCHF)	2016	2015
Loans and advances to OECD banks	4 012 164	6 693 914
Loans and advances to non-OECD banks	649 414	610 475
Total loans and advances to banks	**4 661 578**	**7 304 389**

11 Loans and advances to customers (TCHF)			2016			2015
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Mortgage-backed	4 430 343	-14 393	4 415 950	4 223 241	-12 634	4 210 607
Other collateral	7 875 395	-6 273	7 869 122	7 064 719	-5 852	7 058 867
Without collateral	515 316	-14 471	500 844	585 559	-8 763	576 796
Total loans and advances to customers	**12 821 053**	**-35 137**	**12 785 916**	**11 873 519**	**-27 249**	**11 846 270**

Specific allowance for impairment				2016				2015
	Mortgage-backed	Other collateral	Without collateral	Total	Mortgage-backed	Other collateral	Without collateral	Total
At 1 January	6 609	3 992	8 568	19 169	3 200	7 414	6 135	16 749
Charges to allowance	1 563	2 323	8 537	12 423	5 582	0	3 044	8 626
Release of allowance	-179	-2 284	-2 470	-4 934	-177	-123	-32	-332
Allowance utilized	0	0	-190	-190	-2 000	-3 281	-16	-5 297
Currency translation	-10	-33	-193	-236	4	-18	-563	-577
At 31 December	**7 984**	**3 999**	**14 251**	**26 234**	**6 609**	**3 992**	**8 568**	**19 169**
Portfolio allowance for impairment								
At 1 January	6 025	1 860	195	8 080	5 570	1 612	170	7 352
Charges to allowance	384	407	25	816	455	239	25	719
Release of allowance	0	0	0	0	0	0	0	0
Currency translation	0	8	0	8	0	9	0	9
At 31 December	**6 409**	**2 274**	**220**	**8 903**	**6 025**	**1 860**	**195**	**8 080**
Total allowance for impairment				**35 137**				**27 249**

	2016	2015
Additional information on credit risks		
Non-performing customers' loans	69 656	78 725

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

12 Securities held for trading purposes (TCHF)	2016	2015
Total securities held for trading purposes	**0**	**657**
thereof listed	0	657

13 Financial assets designated at fair value (TCHF)	2016	2015
Securities designated at fair value to match financial liabilities through profit or loss	429 657	455 809
Other securities designated at fair value through profit or loss[1]	1 801 616	1 702 414
Total financial assets designated at fair value	**2 231 273**	**2 158 223**

[1] Thereof subordinated securities TCHF 5324 (2015: TCHF 15 174)

14 Available-for-sale securities (TCHF)	2016	2015
At 1 January	3 611 479	2 648 976
Currency translation	-9 710	-92 345
Additions	3 943 147	3 677 698
Impairment	0	-12 928
Disposals and redemption	-3 043 027	-2 598 511
Revaluations	42 080	-11 411
At 31 December	**4 543 969**	**3 611 479**
Total available-for-sale securities	**4 543 969**	**3 611 479**
thereof fixed-income securities maturing within one year	615 366	632 504
thereof listed	1 648 272	1 215 827
Specific allowance for impairment on available-for-sale securities		
At 1 January	16 968	4 040
Increase of impairment	0	12 928
Disposal	-12 928	0
At 31 December	**4 040**	**16 968**

15 Investments in associates (TCHF)	2016	2015
At 1 January	2 895 487	3 009 204
Additions	0	0
Disposals	0	0
Dividends	-100 000	-99 998
Revaluation through other comprehensive income	98 834	-13 719
At 31 December	**2 894 321**	**2 895 487**
Details of investments in associates		
Fixed-income	719 097	666 831
Real estate investment trusts	167 069	141 300
Equities	900 516	809 289
Hedge fund investments	654 635	747 036
Private equity investments	474 772	511 922
Cash	-21 768	19 109
Total investments in associates	**2 894 321**	**2 895 487**

LGT's investments in associates at 31 December 2016 and 2015

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

Investments in other associates	2016	2015
At 1 January	0	638
Additions	0	0
Disposals	0	-694
Income	0	0
Dividends	0	0
Impairment	0	0
Currency translation	0	56
At 31 December	**0**	**0**

The shares in Quantis Investment Management Zrt., Budapest were sold in April 2015.

	2016	2015
Total investments in associates	**2 894 321**	**2 895 487**

16 **Property and equipment (TCHF)**

Property and equipment (TCHF)	Freehold buildings	Leasehold improvements	IT/Office equipment	Motor vehicles	Total
Cost					
At 1 January 2016	204 737	42 103	80 739	386	327 965
Currency translation	0	-127	-400	0	-527
Additions	1 835	12 906	16 792	0	31 534
Reclassifications	0	795	-795	0	0
Disposals	0	-1 837	-5 437	0	-7 274
Additions from change in the scope of consolidation	0	1 718	5 723	0	7 440
At 31 December 2016	**206 572**	**55 557**	**96 622**	**386**	**359 137**
Accumulated depreciation					
At 1 January 2016	114 982	27 377	54 712	320	197 391
Currency translation	0	-71	-320	0	-391
Depreciation	5 786	4 358	12 716	22	22 882
Reclassifications	0	433	-433	0	0
Disposals	0	-1 792	-5 408	0	-7 200
Additions from change in the scope of consolidation	0	1 212	4 746	0	5 957
At 31 December 2016	**120 768**	**31 517**	**66 013**	**342**	**218 640**
Net book value at 31 December 2016	**85 804**	**24 040**	**30 609**	**44**	**140 497**

Property and equipment	Freehold buildings	Leasehold improvements	IT/Office equipment	Motor vehicles	Total
Cost					
At 1 January 2015	292 259	39 371	83 009	339	414 978
Currency translation	0	-425	-200	0	-625
Additions	12 306	8 615	17 134	64	38 119
Reclassifications	0	0	15	0	15
Disposals	-99 828	-5 458	-19 219	-17	-124 522
At 31 December 2015	**204 737**	**42 103**	**80 739**	**386**	**327 965**
Accumulated depreciation					
At 1 January 2015	124 953	26 447	61 746	256	213 402
Currency translation	0	-38	-187	0	-225
Depreciation	7 007	6 426	12 008	81	25 522
Reclassifications	0	0	15	0	15
Disposals	-16 978	-5 458	-18 870	-17	-41 323
At 31 December 2015	**114 982**	**27 377**	**54 712**	**320**	**197 391**
Net book value at 31 December 2015	**89 755**	**14 726**	**26 027**	**66**	**130 574**

Insurance value of tangible assets	2016	2015
Insurance value	378 646	384 595

17 **Intangible assets (TCHF)**

Intangible assets (TCHF)	Goodwill	Software	Other intangible assets	Total
Cost				
At 1 January 2016	248 869	145 776	151 147	545 792
Currency translation	-4 651	0	-2 027	-6 678
Additions	0	395	0	395
Disposals	0	0	0	0
Additions from change in the scope of consolidation	120 181	0	51 506	171 687
At 31 December 2016	**364 399**	**146 171**	**200 626**	**711 196**
Accumulated amortization and impairment				
At 1 January 2016	23 304	100 170	44 849	168 323
Currency translation	79	0	-166	-86
Amortization	0	14 591	16 951	31 542
Disposals	0	0	0	0
At 31 December 2016	**23 383**	**114 761**	**61 635**	**199 778**
Net book value at 31 December 2016	**341 016**	**31 411**	**138 992**	**511 418**

Intangible assets	Goodwill	Software	Other intangible assets	Total
Cost				
At 1 January 2015	248 898	145 776	159 440	554 114
Currency translation	-29	0	-812	-841
Additions	0	0	0	0
Disposals	0	0	-7 481	-7 481
At 31 December 2015	**248 869**	**145 776**	**151 147**	**545 792**
Accumulated amortization and impairment				
At 1 January 2015	23 333	85 592	30 543	139 468
Currency translation	-29	0	0	-29
Amortization	0	14 578	14 306	28 884
Disposals	0	0	0	0
At 31 December 2015	**23 304**	**100 170**	**44 849**	**168 323**
Net book value at 31 December 2015	**225 565**	**45 606**	**106 298**	**377 469**

Goodwill

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

	2016	2015
LGT Bank (Switzerland) Ltd., Basel	192 802	192 802
LGT Capital Partners Ltd., Pfäffikon	32 763	32 763
LGT UK Holdings Ltd., London	115 452	0
Total	**341 016**	**225 565**

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 of disposal. The value of client assets was determined based on the market prices of companies with similar business activities, for asset management companies in the range of 4 to 8% and for private banking companies in the range of 1 to 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 to determine whether an impairment is required.

18 Other assets (TCHF)

Other assets (TCHF)	2016	2015
Precious metals	371 660	362 847
Other	52 687	39 796
Total other assets	**424 347**	**402 643**

19 Amounts due to banks (TCHF)

Amounts due to banks (TCHF)	2016	2015
Deposits on demand	553 541	550 272
Time deposits	160 323	233 937
Total amounts due to banks	**713 864**	**784 209**

20 Amounts due to customers (TCHF)

Amounts due to customers (TCHF)	2016	2015
Deposits on demand	17 515 102	16 971 684
Time deposits	8 176 934	7 096 663
Savings deposits	1 373 287	1 424 581
Total amounts due to customers	**27 065 323**	**25 492 928**

21 Financial liabilities designated at fair value (TCHF)

Financial liabilities designated at fair value (TCHF)	2016	2015
Certificate issues designated at fair value	429 657	455 809
Total financial liabilities designated at fair value	**429 657**	**455 809**

There were no gains or losses attributable to changes in the credit risk for those financial liabilities designated at fair value in 2016 (2015: TCHF 0).

Certificate issues designated at fair value at 31 December

Product	Date of issue	Interest rate %	Maturity[9]	Fair value 2016	Fair value 2015
LGT GIM Index Certificates[1]	continuously	0	28.02.2017	49 668	50 594
LGT GIM Index Certificates II[2]	continuously	0	30.06.2019	112 736	116 619
LGT GIM Index Certificates II/2[3]	continuously	0	31.03.2021	25 046	26 512
LGT GIM Index Certificates III[4]	continuously	0	31.07.2021	78 353	81 874
Crown Absolute Return Index Certificates[5]	continuously	0	30.11.2018	5 836	6 096
Crown Alternative SV Index Certificates[6]	continuously	0	30.06.2017	72 472	84 523
LGT GATS Index Certificates[7]	continuously	0	30.09.2019	31 746	34 929
LGT M-Smart Allocator Index Certificates[8]	continuously	0	31.08.2017	53 800	54 662
Total certificate issues designated at fair value at 31 December				**429 657**	**455 809**

[1] Linked to the performance of LGT Premium Strategy GIM (EUR) index administered by LGT Capital Partners (FL) 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 Partners (FL) Ltd. with a duration from 2004 to 2019 incl. one 5-year extension option.
[3] Linked to the performance of LGT Premium Strategy GIM II (EUR) index administered by LGT Capital Partners (FL) Ltd. with a duration from 2006 to 2021 incl. one 5-year extension option.
[4] Linked to the performance of LGT Premium Strategy GIM III (EUR) index administered by LGT Capital Partners (FL) Ltd. with a duration from 2006 to 2021 incl. one 5-year extension option.
[5] 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.
[6] 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.
[7] Linked to the performance of LGT Premium Strategy GATS (EUR) index administered by LGT Capital Partners (FL) Ltd. with a duration from 2004 to 2019 incl. one 5-year extension option.
[8] Linked to the LGT M-Smart Allocator (EUR) index administered by LGT Capital Partners (FL) Ltd. with a duration from 2007 to 2017 incl. two 5-year extension options.
[9] Maturity represents the earliest possible notice.

22 Certificated debt (TCHF)

	2016	2015
Bond issues (net book value)[1]	1 719 915	1 678 545
Subordinated cash bonds (fixed-rate medium term notes)[2]	20	160
Other cash bonds (fixed-rate medium term notes)	185 494	161 143
Shares in bond issues of the Swiss mortgage lending institution	119 858	59 528
Total certificated debt	**2 025 287**	**1 899 376**

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

[2] Interest 2016 is payable on the subordinated cash bonds at a rate of 2.9375%. The interest charge for the year on these bonds was TCHF 3 (2015: TCHF 5).

Bond issues at 31 December

Issuer	Date of issue	Nominal value		Interest rate %	Maturity	Net book value 2016	Net book value 2015
LGT Finance Ltd.	08.12.2009	TCHF	300 000	2.750	08.12.2016	0	296 703
LGT Finance Ltd.	12.05.2010	TCHF	250 000	2.500	12.05.2017	241 668	236 990
LGT Bank Ltd.	02.07.2012	TCHF	250 000	2.000	02.07.2019	239 072	248 987
LGT Bank Ltd.	10.02.2014	TCHF	300 000	1.500	10.05.2021	297 088	298 073
LGT Bank Ltd.	08.02.2013	TCHF	300 000	1.875	08.02.2023	298 504	297 464
LGT Bank Ltd.	25.11.2015	TCHF	300 000	0.625	25.11.2025	299 713	300 328
LGT Bank Ltd.	12.10.2016	TCHF	350 000	0.200	12.10.2026	343 872	0
Total bond issues at 31 December						**1 719 915**	**1 678 545**

23 Other liabilities (TCHF)

	2016	2015
Amounts due to long-term incentive scheme	150 223	126 761
Amounts due for bonus payments	279 479	270 815
Post-employment benefit obligations	352 519	469 356
Other	84 555	140 596
Total other liabilities	**866 776**	**1 007 528**

24 Provisions (TCHF)

	Operational risk	Other	2016 Total	Operational risk	Other	2015 Total
At 1 January	83 920	25 759	109 679	57 137	28 901	86 038
Current year expenses	1 628	1	1 629	29 851	2 838	32 689
Provisions released	-14 235	-8	-14 243	-655	-1 967	-2 622
Provisions utilized	-3 655	-2 402	-6 058	-136	-3 719	-3 855
Reclassification	0	5	5	0	-262	-262
Currency translation	-730	0	-730	-2 277	-32	-2 309
At 31 December	**66 926**	**23 356**	**90 282**	**83 920**	**25 759**	**109 679**

In the normal course of business, the Group is involved in various legal proceedings. The Group builds provisions for pending and threatened legal proceedings if the management is of the opinion that such proceedings are more likely than not to result in a financial obligation or loss and if the amount of such obligation or loss can already be reasonably estimated.

A business relationship with a client was opened in 2010. In the same year three payment orders were executed and the amounts were transferred to other banks. The client claimed in 2014 that the last transfer was not duly approved by the client and that it should not have been executed by LGT Bank (Switzerland) Ltd.

25 Other reserves (TCHF)	2016	2015
Revaluation reserves – investments in associates	1 366 109	1 311 908
Revaluation reserves – available-for-sale securities	98 367	54 420
Revaluation reserves – cash flow hedge	-892	-133
Revaluation reserves – actuarial gains/losses	-187 459	-256 890
Total other reserves	**1 276 125**	**1 109 305**
Revaluation reserves – investments in associates		
At 1 January	1 311 908	1 372 897
Disposals	0	0
Gains/losses from change in fair value	98 834	-13 719
Appropriation of Foundation earnings and dividends	-44 633	-47 270
At 31 December	**1 366 109**	**1 311 908**
Revaluation reserves – available-for-sale securities		
At 1 January	54 420	72 488
Disposals	-147	-7 034
Fair value hedge adjustment	2 088	0
Gains/losses from change in fair value	42 080	-11 411
Deferred income tax	-74	377
At 31 December	**98 367**	**54 420**
Revaluation reserves – cash flow hedge		
At 1 January	-133	1 246
Gains/losses from change in fair value	-759	-1 379
At 31 December	**-892**	**-133**
Revaluation reserves – actuarial gains/losses		
At 1 January	-256 890	-149 202
Gains/losses on defined benefit pension plans	83 046	-127 416
Deferred income tax	-13 614	19 728
At 31 December	**-187 459**	**-256 890**

26 Contingent liabilities, commitments and fiduciary transactions (TCHF)

	2016	2015
Contingent liabilities		
Credit guarantees and similar instruments	231 764	207 765
Other contingent liabilities	83 353	85 976
Total contingent liabilities	**315 117**	**293 741**
Committed credit lines and other commitments	**905 958**	**480 804**
of which irrevocable commitments	775 351	440 658
Fiduciary transactions	**3 927 588**	**1 109 539**
of which fiduciary investments	3 927 588	1 109 539

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]

	2016	2015
Book value of pledged and assigned assets (as collateral)	463 149	483 495
of which available-for-sale securities	239 186	297 505
of which financial assets designated at fair value	19 967	54 372
of which mortgages	203 996	131 618
Actual commitments	411 356	402 931

[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 loans from Swiss mortgage lending institution, for securities deposits relating to SIX X-Clear/SIX Swiss Exchange and limits for cash settlement of securities transactions with EUROCLEAR BANK SA.

28 Lending transactions and pension transactions with securities (TCHF)[1]

	2016	2015
Claims from cash deposits in connection with securities borrowing and reverse repurchase transactions	1 204 042	3 254 929
Liabilities from cash deposits in connection with securities lending and repurchase transactions	41 480	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	15 881	0
of which capable of being resold or further pledged without restrictions	15 881	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	1 891 552	3 836 451
of which resold or further pledged	377 749	303 082

[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, exchange traded derivatives and precious metals.

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 consolidated financial statements. Responsibility for the ongoing measurement of financial and non-financial 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 principle 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	2016 Total
Assets				
Loans and advances to banks[1]	0	4 669 321	0	4 669 321
Loans and advances to customers[1]	0	12 946 882	0	12 946 882
Securities hold for trading purposes	0	0	0	0
Derivative financial instruments	0	875 953	0	875 953
Financial assets designated at fair value	1 800 496	429 743	1 034	2 231 273
Available-for-sale securities	2 971 460	1 426 677	145 832	4 543 969
Precious metals	371 660	0	0	371 660
Total assets at fair value	**5 143 616**	**20 348 576**	**146 866**	**25 639 058**
Liabilities				
Amounts due to banks[1]	0	714 151	0	714 151
Amounts due to customers[1]	0	27 071 584	0	27 071 584
Derivative financial instruments	0	818 729	165	818 894
Financial liabilities designated at fair value	0	429 657	0	429 657
Certificated debt[1]	0	2 118 852	0	2 118 852
Total liabilities at fair value	**0**	**31 152 973**	**165**	**31 153 138**

There were 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	2015 Total
Assets				
Loans and advances to banks[1]	0	7 306 523	0	7 306 523
Loans and advances to customers[1]	0	12 006 633	0	12 006 633
Securities held for trading purposes	657	0	0	657
Derivative financial instruments	0	784 649	0	784 649
Financial assets designated at fair value	1 698 867	455 949	3 407	2 158 223
Available-for-sale securities	1 960 658	1 592 728	58 093	3 611 479
Precious metals	362 847	0	0	362 847
Total assets at fair value	**4 023 029**	**22 146 482**	**61 500**	**26 231 011**
Liabilities				
Amounts due to banks[1]	0	784 232	0	784 232
Amounts due to customers[1]	0	25 495 177	0	25 495 177
Derivative financial instruments	0	1 043 533	1 983	1 045 516
Financial liabilities designated at fair value	0	455 809	0	455 809
Certificated debt[1]	0	2 006 562	0	2 006 562
Total liabilities at fair value	**0**	**29 785 313**	**1 983**	**29 787 296**

There were 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 86 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	2016 Total
Assets				
At 1 January	**0**	**3 407**	**58 093**	**61 500**
Total gains/losses	0	-2 211	13 238	11 027
thereof in profit/loss	0	-2 211	-157	-2 368
thereof in other comprehensive income	0	0	13 395	13 395
Purchases	0	0	105 210	105 210
Issues	0	0	0	0
Sales	0	-131	-30 709	-30 840
Redemptions	0	0	0	0
Currency translation	0	-31	0	-31
Transfers into/out of Level 3	0	0	0	0
At 31 December	**0**	**1 034**	**145 832**	**146 866**
Liabilities				
At 1 January	**1 983**	**0**	**0**	**1 983**
Total gains/losses	-1 791	0	0	-1 791
thereof in profit/loss	-1 791	0	0	-1 791
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	-28	0	0	-28
Transfers into/out of Level 3	0	0	0	0
At 31 December	**165**	**0**	**0**	**165**

There were no transfers either into or out of Level 3 in 2016.

Reconciliation of Level 3 items

	Derivative financial instruments	Financial assets/liabilities designated at fair value	Available-for-sale securities	2015 Total
Assets				
At 1 January	**0**	**2 830**	**56 718**	**59 548**
Total gains/losses	0	1 169	10 320	11 489
thereof in profit/loss	0	1 169	172	1 341
thereof in other comprehensive income	0	0	10 148	10 148
Purchases	0	0	38 863	38 863
Issues	0	0	0	0
Sales	0	-478	-47 808	-48 286
Redemptions	0	0	0	0
Currency translation	0	-114	0	-114
Transfers into/out of Level 3	0	0	0	0
At 31 December	**0**	**3 407**	**58 093**	**61 500**
Liabilities				
At 1 January	**1 069**	**0**	**0**	**1 069**
Total gains/losses	1 017	0	0	1 017
thereof in profit/loss	1 017	0	0	1 017
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	-103	0	0	-103
Transfers into/out of Level 3	0	0	0	0
At 31 December	**1 983**	**0**	**0**	**1 983**

There were no transfers either into or out of Level 3 in 2015.

Gains/losses included in profit/loss for financial instruments measured at fair value based on Level 3	2016	2015
Total gains/losses included in profit/loss for the period	1 762	1 328
Total gains/losses for the period included in income from trading activities for assets/liabilities held at the end of the reporting period	2 141	1 117

30 Derivative financial instruments (TCHF)

In the normal course of business, LGT and its subsidiaries use various derivative financial instruments to meet the financial needs of their customers, to generate revenues through trading, 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 controls the credit risk from derivative financial instruments through its credit approval process and the use of control limits and monitoring procedures. LGT 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			2016			2015
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
Interest rate products						
Interest rate swaps	379 748	13 059	8 695	509 230	1 762	3 098
OTC options	7 240	69	69	1 984	11	11
Foreign exchange products						
Foreign exchange forwards	84 087 845	764 308	691 995	97 760 903	699 803	926 836
Foreign exchange swaps	942 656	13 133	10 356	638 842	4 429	2 140
Foreign exchange OTC options	4 266 266	37 090	29 228	3 706 674	25 107	20 128
Precious metal products						
Precious metal forwards	716 343	13 705	14 317	1 150 169	5 570	6 405
Precious metal swaps	2 836	108	14	170	9	0
Precious metal OTC options	319 492	8 767	9 703	251 783	23 950	13 034
Derivatives on shares and indices						
OTC Options	611 500	11 151	6 129	341 011	15 842	14 275
Other products	1 160 279	14 287	25 367	1 119 266	7 318	22 266
Total contracts	**92 494 205**	**875 677**	**795 872**	**105 480 032**	**783 801**	**1 008 193**

Types of derivative financial instruments held for hedging			2016			2015
	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)	60 000	276	0	160 000	848	0
Interest rate swaps (fair value hedges)[1]	914 055	0	23 022	725 080	0	37 323
Total contracts	**974 055**	**276**	**23 022**	**885 080**	**848**	**37 323**

[1] LGT 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 -2010 (2015: TCHF 10 165).
A matching amount of TCHF 1907 (2015: TCHF -9739) is included in the replacement value attributable to derivative hedging instruments.

31 Offsetting financial assets and liabilities (TCHF)

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

Assets at 31 December 2016	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amount of financial assets presented on the balance sheet	Amounts not set off on the balance sheet			Net amount
				Impact of master netting agreements	Cash collateral	Financial instruments collateral	
Central bank funds sold and securities purchased under resale agreements	1 204 042	0	1 204 042	0	0	1 199 889	4 153
Positive market values from derivative financial instruments	603 993	0	603 993	468 570	59 616	0	75 807
Total assets	**1 808 035**	**0**	**1 808 035**	**468 570**	**59 616**	**1 199 889**	**79 960**

Liabilities at 31 December 2016	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			Net amount
				Impact of master netting agreements	Cash collateral	Financial instruments collateral	
Central bank funds sold and securities purchased under resale agreements	41 480	0	41 480	0	0	41 480	0
Negative market values from derivative financial instruments	652 220	0	652 220	468 570	109 710	0	73 941
Total liabilities	**693 700**	**0**	**693 700**	**468 570**	**109 710**	**41 480**	**73 941**

Assets at 31 December 2015	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amount of financial assets presented on the balance sheet	Amounts not set off on the balance sheet			Net amount
				Impact of master netting agreements	Cash collateral	Financial instruments collateral	
Central bank funds sold and securities purchased under resale agreements	3 254 929	0	3 254 929	0	0	3 213 563	41 366
Positive market values from derivative financial instruments	432 236	0	432 236	394 226	5 771	0	32 239
Total assets	**3 687 165**	**0**	**3 687 165**	**394 226**	**5 771**	**3 213 563**	**73 605**

Liabilities at 31 December 2015	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			Net amount
				Impact of master netting agreements	Cash collateral	Financial instruments collateral	
Negative market values from derivative financial instruments	637 501	0	637 501	394 226	161 398	0	81 877
Total liabilities	**637 501**	**0**	**637 501**	**394 226**	**161 398**	**0**	**81 877**

32 Capital resources (TCHF)

Capital adequacy and the use of capital are monitored by the Group and by individual operating units. Starting February 1, 2015, the calculation of regulatory capital incorporates the capital requirements following the Capital Requirements Regulation No. 575/2013 (CRR) and the Capital Requirements Directive No. 2013/36/EU (CRD 4) as implemented into Liechtenstein law. The minimum capital requirement is 8% of risk weighted assets which consists at least of 4.5% common equity tier 1 (CET 1) capital, 1.5% additional tier 1 capital. In addition, LGT has to fulfill 5% buffer requirements (2.5% capital conservation buffer and 2.5% systemic risk buffer). The whole buffer requirement must be fulfilled with CET 1 capital.

Capital 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.

All results are based on the full application of the final CRR and CRD 4 framework in the European Union and thus without consideration of applicable transitional rules. 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		2016	2015
Capital resources		3 643 430	3 313 873
thereof non-controlling interests		334	331
Other adjustments		-83 457	15 042
Intangible assets		-511 418	-377 469
CET 1 capital		**3 048 554**	**2 951 446**
additive tier 1 instruments		0	0
Tier 1 capital		**3 048 554**	**2 951 446**
tier 2 items		0	23
Own funds		**3 048 554**	**2 951 469**
Required capital	**Approach**		
Credit risk	Standard	**929 625**	**904 331**
Market risk	Standard	**92 237**	**100 395**
Operational risk	Basic indicator	**168 264**	**152 694**
Credit valuation adjustment risk	Standard	**17 951**	**17 863**
Total		**1 208 077**	**1 175 283**
Capital adequacy ratio[1]		**20.2%**	**20.1%**

[1] CET 1 capital ratio: 20.2% (2015: 20.1%); Tier 1 capital ratio: 20.2% (2015: 20.1%); Total capital ratio: 20.2% (2015: 20.1%)

33 Subsidiaries

The Group's principal subsidiary undertakings at 31 December 2016 were:

Name	Principal activity	Registered office	Ownership interest in % of ordinary shares held[1]
LGT Bank Ltd.	Banking	Vaduz – Liechtenstein	100.0
LGT Capital Invest AGmvK	Investment company	Vaduz – Liechtenstein	100.0
LGT Capital Partners (FL) Ltd.	Investment management	Vaduz – Liechtenstein	100.0
LGT Fondsleitung Ltd.	Investment management	Vaduz – Liechtenstein	100.0
LGT Funds SICAV	Investment company	Vaduz – Liechtenstein	100.0
LGT Portfolio Management AGmvK	Investment company	Vaduz – Liechtenstein	100.0
LGT Premium Strategy AGmvK	Investment company	Vaduz – Liechtenstein	100.0
LGT Strategy Units (Lie) AGmvK	Investment company	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 Financial Services Ltd.	Services company	Vaduz – Liechtenstein	100.0
LGT Audit Revisions Aktiengesellschaft	Audit company	Vaduz – Liechtenstein	100.0
LGT Group Holding Ltd.[2]	Holding company	Vaduz – Liechtenstein	100.0
LGT Bank (Switzerland) Ltd.	Banking	Basel – Switzerland	100.0
LGT Capital Partners Ltd.	Investment management	Pfäffikon SZ – Switzerland	100.0
LGT ILS Partners Ltd.	Investment management	Pfäffikon SZ – Switzerland	100.0
LGT Investment Partners Ltd.	Investment management	Pfäffikon SZ – Switzerland	100.0
LGT Holding International Ltd.	Holding company	Pfäffikon SZ – Switzerland	100.0
LGT Capital Partners (U.K.) Ltd.	Investment advisers	London – United Kingdom	100.0
LGT UK Holdings Limited[3]	Holding company	London – United Kingdom	100.0
LGT Vestra LLP[4]	Investment management	London – United Kingdom	75.57
LGT Vestra US Ltd.[4]	Investment management	London – United Kingdom	75.57
LGT Vestra (Jersey) Ltd.[4]	Investment management	St Helier – Jersey	75.57
LGT Ireland Ltd. (formerly LGT Bank (Ireland) Ltd.)	Holding company	Dublin – Ireland	100.0
LGT Capital Partners (Ireland) Ltd.	Investment 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.	Holding company	Luxembourg – Luxembourg	100.0
LGT Bank (Singapore) Ltd.	Banking	Singapore	100.0
LGT Investment Consulting (Beijing) Ltd.	Investment consulting	Beijing – China	100.0
LGT Capital Partners (Asia-Pacific) Ltd.	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.	Investment advisers	Tokyo – Japan	100.0
LGT Capital Partners (Dubai) Ltd.	Investment advisers	Dubai – United Arab Emirates	100.0
LGT (Middle East) Ltd.	Investment advisers	Dubai – United Arab Emirates	100.0
LGT Capital Invest Mauritius PCC (Cell D)[5]	Holding company	Ebène – Mauritius	100.0
LGT Capital Partners (USA) Inc.	Investment management	New York – USA	100.0

[1] Ownership interest equals voting interest. Ownership interest is unchanged from previous year unless specified.
[2] Has been established on 26 September 2016
[3] Has been established on 18 February 2016
[4] Have been acquired on 17 June 2016, capital ownership 100%
[5] Has been added to the scope of consolidation in January 2016

Name	Principal activity	Registered office	Ownership interest in % of ordinary shares held[1]
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 Investment Portfolio 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., in Liquidation	Bank representation	Montevideo – Uruguay	100.0
LGT Capital Partners (Australia) PTY Ltd.	Investment advisers	Sydney – Australia	100.0

[1] Ownership interest equals voting interest. Ownership interest is unchanged from previous year unless specified.

34 Interests in unconsolidated structured entities (TCHF)

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		2016		2015
Domicile	Number	NAV	Number	NAV
Cayman Islands	4	3 482 664	6	4 200 869
Finland	1	112 789	1	217 443
Germany	3	644 400	2	95 608
Guernsey	5	1 626 597	5	1 455 257
Ireland	33	9 526 138	29	8 543 236
Liechtenstein	6	16 794 704	6	14 218 940
Luxembourg	19	8 816 236	13	7 611 062
Mauritius	1	4 562	0	0
Switzerland	3	847 680	3	920 201
United Kingdom	2	272 793	1	189 413
USA	2	20 209	2	39 366
Total	**79**	**42 148 772**	**68**	**37 491 395**

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 2016 Domicile	Financial instruments (fair value through profit and loss)	Financial instruments (available-for-sale)	Financial instruments (trading)	Loans	Commit-ments and guarantees	Collateral	Maximum exposure to loss
Cayman Islands	428	1 280 599	0	48 427	1 077 568	-1 057 919	1 349 103
Germany	0	87	0	0	0	0	87
Guernsey	0	459	0	0	1 983	0	2 442
Ireland	0	7 102	0	177 884	279 971	0	464 957
Liechtenstein	0	3 353	0	5 091	473 491	-478 582	3 353
Luxembourg	0	292	0	65 559	60 715	0	126 566
Mauritius	0	4 562	0	0	0	0	4 562
Switzerland	0	6 684	0	0	0	0	6 684
USA	0	30 835	0	0	0	0	30 835
Total	**428**	**1 333 973**	**0**	**296 961**	**1 893 728**	**-1 536 501**	**1 988 589**

Financial statement at 31 December 2015 Domicile	Financial instruments (fair value through profit and loss)	Financial instruments (available-for-sale)	Financial instruments (trading)	Loans	Commit-ments and guarantees	Collateral	Maximum exposure to loss
Cayman Islands	909	1 249 444	0	94 162	1 069 632	-1 096 781	1 317 366
Germany	0	120	0	0	2 555	0	2 675
Guernsey	0	440	0	0	0	0	440
Ireland	0	11 824	519	289 199	179 560	0	481 102
Liechtenstein	0	0	0	6 188	137 841	-144 029	0
Luxembourg	0	2 386	0	54 713	73 905	0	131 004
Switzerland	0	7 425	138	0	0	0	7 563
USA	0	33 392	0	0	0	0	33 392
Total	**909**	**1 305 031**	**657**	**444 262**	**1 463 493**	**-1 240 810**	**1 973 542**

35 Operating segments (TCHF)

LGT is the private banking and asset management group of the Princely House of Liechtenstein. It has its headquarters in Vaduz, Principality of Liechtenstein. The Group's segmental reporting comprises the three operating business units: Private Banking, Asset Management and Operations & Technology. All the remaining operating income and expenses, which are not directly connected to these business units, 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 pursues its own specific client strategy and requires different technology as well as marketing strategy.

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. The 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 a comprehensive range of services around the world. Asset Management manages discretionary mandates and investment funds for institutional and private investors worldwide focusing on alternative investments and multi-asset solutions. Operations & Technology is the IT and business service provider for the whole Group.

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 income from external customers for each product and service, or group of similar products and services, is not available. The costs of developing such reporting would be excessive.

Operating segments at 31 December 2016	Private Banking	Asset Management	Operations & Technology	Corporate Center[5]	Group
Net interest income and similar income[1]	181 250	-3 889	5 159	-10 182	172 338
Non-interest income (other income)	713 253	301 263	10 020	9 297	1 033 834
Total internal operating income[2]	38 825	24 210	152 159	-215 194	0
Total operating income	**933 328**	**321 584**	**167 338**	**-216 079**	**1 206 171**
Personnel expenses	-398 258	-167 910	-60 987	-43 324	-670 480
Business and office expenses	-291 867	-72 023	-73 016	212 049	-224 857
Depreciation, amortization and impairment	-28 377	-1 339	-22 416	-4 661	-56 792
Credit losses/recoveries	-11 480	0	0	3 174	-8 305
Changes in provisions and other losses	4 292	0	0	8 321	12 614
Other operating expenses	-2 520	-162	0	-412	-3 094
Total operating expenses	**-728 209**	**-241 434**	**-156 420**	**175 148**	**-950 915**
Segment result before tax	**205 119**	**80 150**	**10 918**	**-40 931**	**255 256**
Tax expense[3]					-25 230
Non-controlling interests					-3
Net profit					**230 023**
Profit/loss of associates	0	0	0	98 834	98 834
Additional information:					
Segment assets	**35 291 184**	**368 622**	**173 880**	**-81 237**	**35 752 449**
Property and equipment	118 563	6 093	15 841	0	140 497
Intangible assets	439 566	40 441	31 411	0	511 418
Capital expenditure	20 952	2 801	7 780	0	31 534
Investments in associates	0	0	0	2 894 321	2 894 321
Segment liabilities	**31 291 909**	**229 616**	**72 847**	**514 646**	**32 109 019**
Headcount	1 704	377	320	231	2 632
Assets under administration in CHF m[4]	106 416	45 257	0	428	152 101

[1] Management primarily relies on net interest income, not gross income and expense, in managing the segments.
[2] Operating income from transactions with other segments at market prices.
[3] The Group does not allocate tax expense/tax income to reportable segments.
[4] Assets under administration include double-counted assets.
[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 2016	Operating income[1]	Capital expenditure	Non-current assets
Liechtenstein	340 765	9 642	199 305
Switzerland	491 548	15 613	275 544
Other Europe	115 159	2 424	168 613
Americas	48 030	855	2 850
Asia	200 974	2 998	5 602
Other countries	9 695	1	1
Group	**1 206 171**	**31 534**	**651 915**

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

Operating segments at 31 December 2015	Private Banking	Asset Management	Operations & Technology	Corporate Center[5]	Group
Net interest income and similar income[1]	127 556	-4 083	7 104	-15 321	115 256
Non-interest income (other income)	687 820	297 944	15 260	33 062	1 034 086
Total internal operating income[2]	38 789	11 298	134 891	-184 978	0
Total operating income	**854 165**	**305 159**	**157 255**	**-167 237**	**1 149 342**
Personnel expenses	-332 379	-154 189	-55 471	-89 820	-631 859
Business and office expenses	-216 220	-54 906	-60 832	145 023	-186 935
Depreciation, amortization and impairment	-28 224	-1 076	-22 933	-17 502	-69 735
Credit losses/recoveries	-5 839	0	0	-3 174	-9 013
Changes in provisions and other losses	-2 853	-2 587	0	-24 627	-30 067
Other operating expenses	-1 253	1	-641	4	-1 889
Total operating expenses	**-586 768**	**-212 757**	**-139 877**	**9 904**	**-929 498**
Segment result before tax	**267 397**	**92 402**	**17 378**	**-157 333**	**219 844**
Tax expense[3]					-8 803
Non-controlling interests					-21
Net profit					**211 020**
Profit/loss of associates	0	-844	0	-13 719	-14 563
Additional information:					
Segment assets	**33 755 537**	**342 929**	**612 554**	**-471 785**	**34 239 235**
Property and equipment	109 586	4 666	16 322	0	130 574
Intangible assets	289 320	42 541	45 608	0	377 469
Capital expenditure	25 698	1 480	10 941	0	38 119
Investments in associates	0	0	0	2 895 487	2 895 487
Segment liabilities	**29 934 801**	**215 650**	**521 317**	**253 594**	**30 925 362**
Headcount	1 357	342	313	200	2 212
Assets under administration in CHF m[4]	86 435	42 033	0	873	129 341

[1] Management primarily relies on net interest income, not gross income and expense, in managing the segments.
[2] Operating income from transactions with other segments at market prices.
[3] The Group does not allocate tax expense/tax income to reportable segments.
[4] Assets under administration include double-counted assets.
[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 2015	Operating income[1]	Capital expenditure	Non-current assets
Liechtenstein	416 265	16 056	146 631
Switzerland	484 272	17 472	279 623
Other Europe	68 023	936	74 448
Americas	35 589	44	2 325
Asia	144 524	3 611	5 015
Other countries	669	0	1
Group	**1 149 342**	**38 119**	**508 043**

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

36 Assets under administration (CHF m)

Assets under administration which are stated according to the provisions of the Liechtenstein banking law are as follows:

	2016	2015
Assets in own-managed funds	26 949	25 547
Assets under management	44 192	32 658
Other assets under administration	80 960	71 136
Total assets under administration (including double counting)	**152 101**	**129 341**
of which double counting	13 439	12 966
Net new assets	**19 687**	**8 882**
of which net new money	11 668	8 882
of which through acquisition	8 019	0

Assets in own-managed funds
This item covers the assets of all the actively marketed investment funds of LGT.

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 assets under administration
The calculation of other 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 assets under management.

Custodian assets
Custodian assets are excluded.

37 Pensions (TCHF)	2016	2015
Principal actuarial assumptions		
Discount rate	0.65%	0.90%
Average future salary increases	1%, from age 55 0%	1%
Future pension increases	0%	0%
Mortality tables used	BVG 2015 GT mod	BVG 2015 GT
Average retirement age	60/60	60/60
Employees covered by the major plans [1]	1 782	1 716
Retirees covered by the major plans	488	478
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	27.2	27.1
Female	29.5	29.3
Balance sheet (end of year)		
Fair value of plan assets	1 236 632	1 139 144
Defined benefit obligation	-1 589 151	-1 608 500
Funded status	**-352 519**	**-469 356**
Unrecognized asset due to IAS 19.64	0	0
Net assets/liabilities	**-352 519**	**-469 356**
Income statement		
Service cost	-49 211	-43 590
Interest cost	-14 622	-15 769
Interest income	10 398	12 121
Past service cost	0	0
Curtailment, settlement, plan amendment gains/losses	51 909	0
Administration expense	-255	-193
Net pension expenses	**-1 781**	**-47 431**
Actual return on plan assets	51 867	2 573
Movement in the assets/liabilities recognized in the balance sheet		
At 1 January	-469 356	-331 610
True-up opening balance sheet	0	0
Expense recognized in the income statement	-1 781	-47 431
Employer's contributions (following year expected contribution)	35 572	37 101
Total prepaid/accrued pension cost	33 791	-10 330
whereof operating income/expense	38 015	-6 682
whereof financing income/expense	-4 224	-3 648
Total gains/losses recognized in other comprehensive income	83 046	-127 416
Change of unrecognized assets due to IAS 19.64	0	0
At 31 December	**-352 519**	**-469 356**

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

	2016	2015
Movement in the defined benefit obligation		
At 1 January	-1 608 500	-1 418 121
Service cost	-49 211	-43 590
Employees' contributions	-21 103	-21 648
Past service cost	0	0
Interest cost	-14 622	-15 769
Curtailments/settlements	51 909	0
Benefits paid	10 799	8 496
Actuarial gains/losses on benefit obligation	41 577	-117 868
At 31 December	**-1 589 151**	**-1 608 500**
Defined benefit obligation participants	-1 121 334	-1 180 412
Defined benefit obligation pensioners	-467 817	-428 088
Duration	16.7	19.3
Movement in the fair value of plan assets		
At 1 January	1 139 144	1 086 511
Interest income	10 398	12 121
Employer's contributions	35 572	37 101
Employees' contributions	21 103	21 648
Benefits paid	-10 799	-8 496
Administration expense	-255	-193
Return on plan assets excluding amount recognized in net interest	41 469	-9 548
At 31 December	**1 236 632**	**1 139 144**

Composition and fair value of plan assets at 31 December 2016	Quoted in an active market		Other		Total	%
	Domestic	Foreign	Domestic	Foreign		
Cash and cash equivalents	0	0	74 534	19 204	93 738	7.6
Real estate	0	0	44 010	0	44 010	3.6
Bonds	2 777	64 464	0	0	67 241	5.4
AAA to BBB -	2 777	64 281	0	0	67 058	5.4
below BBB-	0	183	0	0	183	0.0
not rated	0	0	0	0	0	0.0
Equity	94 782	0	0	0	94 782	7.7
Investment funds	68 400	194 040	534 622	112 800	909 862	73.6
Bonds	0	58 803	258 831	20 641	338 275	27.4
Equity	6 692	56 851	218 266	4 797	286 606	23.2
Money market	0	0	3 544	0	3 544	0.3
Real estate	61 708	62 138	17 769	0	141 615	11.5
Commodities	0	0	5 600	0	5 600	0.5
Alternative investments	0	16 248	30 612	87 362	134 222	10.9
Derivatives	0	1	-2 687	0	-2 686	-0.2
Currencies	0	0	-2 687	0	-2 687	-0.2
Options	0	1	0	0	1	0.0
Other assets/liabilities	20 031	0	9 654	0	29 685	2.4
Total	**185 990**	**258 505**	**660 133**	**132 004**	**1 236 632**	**100.0**

Composition and fair value of plan assets at 31 December 2015	Quoted in an active market Domestic	Foreign	Other Domestic	Foreign	Total	%
Cash and cash equivalents	0	0	74 584	0	74 584	6.5
Real estate	0	0	47 760	0	47 760	4.2
Bonds	2 807	84 742	0	0	87 549	7.7
AAA to BBB -	2 807	82 727	0	0	85 534	7.5
below BBB-	0	2 015	0	0	2 015	0.2
not rated	0	0	0	0	0	0.0
Equity	116 195	0	0	0	116 195	10.2
Investment funds	51 463	195 040	479 979	76 296	802 778	70.5
Bonds	0	48 680	264 537	5 449	318 666	28.0
Equity	3 838	62 987	161 342	5 935	234 102	20.5
Real estate	47 625	58 673	19 037	0	125 335	11.0
Commodities	0	0	4 141	0	4 141	0.4
Alternative investments	0	24 700	30 922	64 912	120 534	10.6
Derivatives	0	0	-7 716	0	-7 716	-0.7
Currencies	0	0	-7 716	0	-7 716	-0.7
Other assets/liabilities	14 110	0	3 884	0	17 994	1.6
Total	**184 575**	**279 782**	**598 491**	**76 296**	**1 139 144**	**100.0**

The plan assets include property occupied by the Group with a fair value of TCHF 13 530 (2015: TCHF 13 200).

Defined benefit pension plans	2016	2015
Remeasurements DBO	**41 577**	**-117 868**
Actuarial gains/losses arising from plan experience	-20 429	-24 814
Actuarial gains/losses arising from demographic assumptions	107 816	-31 942
Actuarial gains/losses arising from financial assumptions	-45 810	-61 112
Remeasurements assets	**41 469**	**-9 548**
True-up of opening balance sheet	**0**	**0**
Total recognized in other comprehensive income	**83 046**	**-127 416**

Sensitivities	DBO	Service cost
Discount rate +0.25%	-64 603	-2 743
Discount rate -0.25%	69 357	2 974
Salary increase +0.25%	11 686	939
Salary increase -0.25%	-11 420	-913
Pension increase +0.25%	48 648	1 527
Pension increase -0.25% (not lower than 0%)	0	0
Increase of one year life expectancy at retirement age	58 613	2 248

The Group expects to contribute TCHF 36 127 to its defined benefit pension plans in 2017 (2016: TCHF 35 572).

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 recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared with 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 eight individuals for the pension fund in Switzerland, and six 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	11	12	13	14	15	16	17	18	Total
Year of issue	2009	2010	2011	2012	2013	2014	2015	2016	
Duration from	1.4.2009	1.4.2010	1.4.2011	1.4.2012	1.4.2013	1.4.2014	1.4.2015	1.4.2016	
Duration to	1.4.2016	1.4.2017	1.4.2018	1.4.2019	1.4.2020	1.4.2021	1.4.2022	1.4.2023	
At 1 January 2016	1 098	1 536	2 175	2 104	3 134	3 412	3 477	0	16 936
Granted	0	0	0	0	0	0	0	3 539	3 539
Exercised	-1 098	-300	-422	-318	-623	0	0	0	-2 761
Lapsed/without value	0	-3	-3	-2	-10	-25	-31	0	-74
At 31 December 2016	**0**	**1 233**	**1 750**	**1 784**	**2 501**	**3 387**	**3 446**	**3 539**	**17 640**

Number of series	10	11	12	13	14	15	16	17	Total
Year of issue	2008	2009	2010	2011	2012	2013	2014	2015	
Duration from	1.4.2008	1.4.2009	1.4.2010	1.4.2011	1.4.2012	1.4.2013	1.4.2014	1.4.2015	
Duration to	1.4.2015	1.4.2016	1.4.2017	1.4.2018	1.4.2019	1.4.2020	1.4.2021	1.4.2022	
At 1 January 2015	1 810	1 830	2 297	2 678	3 160	3 194	3 488	0	18 457
Granted	0	0	0	0	0	0	0	3 477	3 477
Exercised	-1 806	-728	-756	-490	-1 038	0	0	0	-4 818
Lapsed/without value	-4	-4	-5	-13	-18	-60	-76	0	-180
At 31 December 2015	**0**	**1 098**	**1 536**	**2 175**	**2 104**	**3 134**	**3 412**	**3 477**	**16 936**

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

Number of series	Year of issue	Expiry date	Exercise price (CHF)	2016	2015
11	2009	1.4.2016	32 859	0	1 098
12	2010	1.4.2017	34 760	1 233	1 536
13	2011	1.4.2018	13 871	1 750	2 175
14	2012	1.4.2019	12 877	1 784	2 104
15	2013	1.4.2020	14 546	2 501	3 134
16	2014	1.4.2021	13 773	3 387	3 412
17	2015	1.4.2022	14 180	3 446	3 477
18	2016	1.4.2023	13 786	3 539	0
				17 640	**16 936**

The fair value changes of the options of TCHF 54 787 for 2016 were charged to personnel expenses (2015: TCHF 24 643). 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)

	2016	2015
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	**3 310**	**3 325**
Salaries and bonuses	22 799	19 792
Long-term incentive scheme	5 538	8 304
Total emoluments of Group and business unit executives	**28 337**	**28 096**
The following loans, advances and commitments made by the Group at preferential terms customary in the banking industry to and on behalf of the above-mentioned related parties were outstanding at year-end		
Advances	1 233	2 500
Mortgages and other loans	3 333	3 668
Total	**4 566**	**6 168**

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 adviser to LGT's alternative assets investment vehicles, and members of LGT's management are invited to invest in the same private equity and hedge fund investments as LGT's customers. At 31 December 2016, LGT's employees had committed a total of USD 136.5 million (2015: USD 99.0 million) to the alternative investment co-investment plans.

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. The following deposits were reported at the year-end:

	2016	2015
Deposits	908	901

Post-employment benefit plans

A number of Group transactions were concluded with post-employment benefit plans in the normal course of business. The following deposits were reported at the year-end:

	2016	2015
Deposits	74 534	69 245

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:	2016	2015
Not later than one year	38 263	31 292
Later than one year and not later than five years	110 162	92 144
Later than five years	36 143	22 427
Subtotal	**184 568**	**145 863**
Less sublease rentals received under non-cancellable leases	3 917	5 241
Total	**180 651**	**140 622**

Operating leasing expenses in the gross amount of TCHF 37 829 are included in operating expenses. (2015: TCHF 29 198).

41 Business combinations (TCHF)

LGT Vestra LLP, London

On 17 June 2016, LGT acquired a stake of 75.57% of the voting shares in LGT Vestra LLP, London (formerly Vestra Wealth LLP, London). LGT Vestra LLP has been fully consolidated according to the acquisition method.

The entity and its subsidiaries contributed TCHF 29 530 to operating income and TCHF -1184 to LGT's profit in the period from 1 July to 31 December 2016. If the business had been already acquired on 1 January 2016, the operating income of LGT would have amounted to TCHF 1 226 484 and the Group profit to TCHF 229 253.

Details of the net assets acquired and goodwill are as follows:	2016
Cash paid	175 820
Deferred payment	0
Total purchase price	**175 820**
Fair value of net assets acquired	-55 639
Total goodwill	**120 181**

The goodwill arising from the acquisition consists largely of synergies expected from combining the operations, the know-how of the employees acquired and obtaining a significant foothold and network in the British market.

The assets and liabilities arising from the acquisition are as follows:	2016
Loans and advances to banks	7 741
Property and equipment	1 447
Intangible assets	51 506
Prepayments and accrued income	11 163
Other assets	5 400
Accruals and deferred income	4 407
Other liabilities	17 210
Net assets acquired	**55 639**
Purchase price paid in cash or cash equivalents	175 820
Cash and cash equivalents in purchased entities	0
Cash outflow on acquisition	**-175 820**

Unknown artist, detail from “Octagonal Imari baluster vase,” 18th century

Risk management

1. 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 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 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 (risk mitigation) 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 risk process.

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 units oversee the risk-taking activities of the Group. The control of risk is thus conducted outside of and independently of line management. LGT's risk controlling units are responsible for risk supervising and risk reporting for the whole Group.

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

Risk categories

Strategic and business risk

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

Regulatory and reputational risk

Additional unaudited information in the context of the Capital Requirements Regulation (CRR, part 8) is available on the internet (www.lgt.com).

2. 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.

3. 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 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 and key rate duration limits are defined to limit maturity mismatch activities. The limits set for the ALM profile are considered to be conservative.

3.1. 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'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 performs stress tests to obtain 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.

3.2. 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 (focusing on medium to long-term money) and advises the CEO of LGT 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 for ensuring the effectiveness of the risk policy, risk processes and the risk organization.

Summary sensitivity analysis (TCHF)

Negative fair value change reflected in income statement at 31 December 2016	Interest rate +100 bps	Currency -20%	Equity price -10%
Trading portfolio/designated at fair value	11 433	342 075	112
Total	**11 433**	**342 075**	**112**

Negative fair value change reflected in income statement at 31 December 2015	Interest rate +100 bps	Currency -20%	Equity price -10%
Trading portfolio/designated at fair value	9 919	322 107	420
Total	**9 919**	**322 107**	**420**

Negative fair value change reflected in equity at 31 December 2016	Interest rate +100 bps	Currency -20%	Equity price -10%
Non-trading portfolios	33 929	588 655	333 776
Investments in associates	0	0	289 432
Total	**33 929**	**588 655**	**623 208**

Negative fair value change reflected in equity at 31 December 2015	Interest rate +100 bps	Currency -20%	Equity price -10%
Non-trading portfolios	16 176	431 872	35 823
Investments in associates	0	0	289 549
Total	**16 176**	**431 872**	**325 372**

3.3. 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 CEO of LGT sets limits on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored daily.

3.4. Currency risk strategy and measurement

Exchange rate risk control is implemented within the framework of LGT’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 and the Group companies to optimum effect. The limits must be applied using appropriate limit types to reflect the risk. In this context value-at-risk limits are defined for each major currency.

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 2016 (TCHF)	CHF	EUR	USD	Other	Total
Cash in hand, balances with central banks	6 273 824	25 206	1 458	186 528	6 487 016
Loans and advances to banks	697 122	1 118 866	2 221 153	624 437	4 661 578
Loans and advances to customers	4 814 669	2 499 789	3 759 337	1 712 121	12 785 916
Securities held for trading purposes	0	0	0	0	0
Financial assets designated at fair value	98 714	445 749	552 299	1 134 511	2 231 273
Available-for-sale securities	1 610 760	358 254	1 407 343	1 167 612	4 543 969
Investments in associates	2 894 321	0	0	0	2 894 321
Remaining assets	1 466 535	27 060	47 399	607 381	2 148 375
Total assets	**17 855 945**	**4 474 924**	**7 988 989**	**5 432 590**	**35 752 449**
Amounts due to banks	31 095	114 828	278 921	289 020	713 864
Amounts due to customers	4 876 340	6 111 306	12 578 074	3 499 603	27 065 323
Financial liabilities designated at fair value	0	429 657	0	0	429 657
Certificated debt	2 019 850	5 437	0	0	2 025 287
Remaining liabilities	1 688 915	73 389	48 999	63 585	1 874 888
Total liabilities	**8 616 200**	**6 734 617**	**12 905 994**	**3 852 208**	**32 109 019**
Net foreign exchange exposure of balance sheet	**9 239 745**	**-2 259 693**	**-4 917 005**	**1 580 382**	**3 643 430**
Derivative financial instruments	-5 590 898	2 283 561	4 829 586	-1 434 097	88 152
Total net foreign exchange exposure	**3 648 847**	**23 868**	**-87 419**	**146 285**	**3 731 582**

Foreign exchange exposure at 31 December 2015	CHF	EUR	USD	Other	Total
Cash in hand, balances with central banks	4 311 963	87 021	1 381	132 828	4 533 193
Loans and advances to banks	2 041 323	1 465 899	2 884 268	912 899	7 304 389
Loans and advances to customers	5 016 680	2 422 755	3 021 368	1 385 467	11 846 270
Securities held for trading purposes	399	0	258	0	657
Financial assets designated at fair value	101 968	694 375	500 271	861 609	2 158 223
Available-for-sale securities	1 455 526	555 780	756 046	844 127	3 611 479
Investments in associates	2 895 487	0	0	0	2 895 487
Remaining assets	1 479 221	6 773	22 089	381 454	1 889 537
Total assets	**17 302 567**	**5 232 603**	**7 185 681**	**4 518 384**	**34 239 235**
Amounts due to banks	32 498	215 891	308 878	226 942	784 209
Amounts due to customers	4 478 094	6 109 476	11 834 818	3 070 540	25 492 928
Financial liabilities designated at fair value	0	455 809	0	0	455 809
Certificated debt	1 894 209	5 167	0	0	1 899 376
Remaining liabilities	2 107 227	90 546	56 351	38 916	2 293 040
Total liabilities	**8 512 028**	**6 876 889**	**12 200 047**	**3 336 398**	**30 925 362**
Net foreign exchange exposure of balance sheet	**8 790 539**	**-1 644 286**	**-5 014 366**	**1 181 986**	**3 313 873**
Derivative financial instruments	-5 718 912	1 534 033	5 077 412	-1 098 882	-206 349
Total net foreign exchange exposure	**3 071 627**	**-110 253**	**63 046**	**83 104**	**3 107 524**

3.5. 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 and key rate duration analysis. 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 also applies fair value hedge accounting to mortgage loan portfolio interest rate risk.

3.6. Interest rate risk strategy and measurement

Interest rate risk control is implemented within the framework of LGT'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 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.
- Key rate duration 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 2016	**-2.5**	**-9.7**	**-10.2**	**52.0**	**29.6**
All currencies 2015	-6.3	-4.3	-8.8	37.4	18.0
CHF 2016	**5.0**	**3.4**	**11.0**	**57.1**	**76.5**
CHF 2015	1.5	10.2	7.3	41.6	60.6
USD 2016	**-1.9**	**-5.2**	**-11.7**	**-1.1**	**-19.9**
USD 2015	-5.7	-10.8	-7.0	-0.8	-24.3
EUR 2016	**-2.9**	**-3.4**	**-1.8**	**-3.9**	**-12.0**
EUR 2015	-4.0	-2.7	-4.9	-3.4	-15.0

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 2016			31 December 2015		
	CHF in %	EUR in %	USD in %	CHF in %	EUR in %	USD in %
Assets						
Loans and advances to banks	-0.40	-0.17	0.89	-0.64	0.08	0.60
Loans and advances to customers	0.94	1.05	1.94	0.93	1.09	1.70
Available-for-sale securities	0.62	0.13	1.24	2.06	0.39	0.89
Liabilities						
Amounts due to banks	-0.04	-0.16	0.71	0.05	-0.02	0.13
Amounts due to customers	-0.12	-0.03	0.28	-0.06	0.01	0.08
Certificated debt	1.23	0.45	0.00	1.72	0.61	0.00

4. 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 2016 (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	6 461 117	0	0	0	0	6 461 117
Loans and advances to banks	2 271 443	1 002 690	1 176 832	0	0	4 450 965
Loans and advances to customers	8 725 615	1 095 851	1 024 424	1 370 923	733 776	12 950 589
Derivative financial instruments	37 468 691	37 411 130	10 402 464	207 790	5 244	85 495 319
Financial assets designated at fair value	24 701	72 930	551 600	2 707 309	217 464	3 574 004
Available-for-sale securities	179 617	823 001	407 751	50 963	0	1 461 332
Total assets	**55 131 184**	**40 405 602**	**13 563 070**	**4 336 986**	**956 484**	**114 393 326**
Amounts due to banks	501 307	3 093	74 381	0	0	578 781
Amounts due to customers	24 263 382	920 883	835 824	304 914	0	26 325 003
Derivative financial instruments	37 394 438	37 442 235	10 367 865	214 234	894	85 419 666
Certificated debt	875	36 395	322 989	687 280	1 088 515	2 136 054
Total liabilities	**62 160 002**	**38 402 606**	**11 601 059**	**1 206 428**	**1 089 409**	**114 459 504**
Committed credit lines	905 958	0	0	0	0	905 958
Contingent liabilities	315 117	0	0	0	0	315 117

Cash flow of assets and liabilities at 31 December 2015	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	4 506 088	0	0	0	0	4 506 088
Loans and advances to banks	2 703 761	2 265 415	1 964 798	0	0	6 933 974
Loans and advances to customers	6 731 482	1 748 047	1 307 118	1 560 526	641 001	11 988 174
Derivative financial instruments	38 014 416	44 671 800	16 715 099	210 996	5 194	99 617 505
Financial assets designated at fair value	47 869	37 036	192 082	960 848	38 447	1 276 282
Available-for-sale securities	262 146	324 450	318 690	128 674	0	1 033 960
Total assets	**52 265 762**	**49 046 748**	**20 497 787**	**2 861 044**	**684 642**	**125 355 983**
Amounts due to banks	313 655	17 832	43 186	0	0	374 673
Amounts due to customers	23 242 853	908 661	445 522	316 385	0	24 913 421
Derivative financial instruments	38 231 172	44 722 599	16 663 074	237 638	6 632	99 861 115
Certificated debt	863	10 380	334 937	675 258	1 012 581	2 034 019
Total liabilities	**61 788 543**	**45 659 472**	**17 486 719**	**1 229 281**	**1 019 213**	**127 183 228**
Committed credit lines	480 804	0	0	0	0	480 804
Contingent liabilities	293 741	0	0	0	0	293 741

Derivative cash flows at 31 December 2016 (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	37 393 894	37 440 126	10 359 823	144 128	0	85 337 971
Inflow	37 468 848	37 411 924	10 399 639	144 151	0	85 424 562
Interest rate derivatives						
Outflow	545	2 110	8 042	70 107	894	81 698
Inflow	-157	-794	2 826	63 639	5 244	70 758
Other derivatives						
Outflow	0	0	0	0	0	0
Inflow	0	0	0	0	0	0
Total outflow	**37 394 439**	**37 442 236**	**10 367 865**	**214 235**	**894**	**85 419 669**
Total inflow	**37 468 691**	**37 411 130**	**10 402 465**	**207 790**	**5 244**	**85 495 320**

Derivative cash flows at 31 December 2015	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	38 230 750	44 720 043	16 655 086	211 118	0	99 816 997
Inflow	38 014 546	44 672 985	16 713 345	209 784	0	99 610 660
Interest rate derivatives						
Outflow	422	2 555	7 988	26 520	6 632	44 117
Inflow	-130	-1 185	1 754	1 212	5 194	6 845
Other derivatives						
Outflow	0	0	0	0	0	0
Inflow	0	0	0	0	0	0
Total outflow	**38 231 172**	**44 722 598**	**16 663 074**	**237 638**	**6 632**	**99 861 114**
Total inflow	**38 014 416**	**44 671 800**	**16 715 099**	**210 996**	**5 194**	**99 617 505**

5. Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet its contractual obligation and causes LGT 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 credit risk is primarily incurred by LGT Bank Ltd., Vaduz. Therefore the credit risk management and control are centralized in this unit. The Group Credit Committee (GCC) together with the Chief Credit Officer (CCO) has the overall responsibility for the credit business also including comprehensive credit portfolio management as well as credit risk relevant aspects with regard to trading counterparties, proprietary books and country exposures. 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.

5.1. Credit risk strategy

Lending is an integrated part of the business philosophy of LGT 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 to extend credit facilities on a stand-alone basis, but only in conjunction with assets deposited or to be deposited with LGT. The risk appetite of LGT is low to moderate. The center for lending business within LGT is the credit function at LGT Bank Ltd., 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 of securities and property collateral is carried out 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.

5.2. 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 Ltd., Vaduz is responsible for extending counterparty limits, while Treasury Department manages the individual positions within these limits. The investments in these securities and bills are viewed as a method of gaining improved credit quality mapping and, at the same time, of maintaining a readily available financing source to meet the funding requirement.

Over 64% of the debt securities had a rating of at least "Aa/AA," with over 94% being rated at least "A."

Assets by countries

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

Assets by countries/country group (TCHF)[1]	2016	in %	2015	in %
Liechtenstein and Switzerland	14 733 074	41.2	14 014 709	40.9
Other Europe	7 017 043	19.7	8 234 255	24.0
Americas	1 475 360	4.1	930 598	2.8
Asia	4 221 452	11.8	3 081 542	9.0
Other countries	8 305 520	23.2	7 978 131	23.3
Total	**35 752 449**	**100.0**	**34 239 235**	**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 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.

5.3. Risk limit control and mitigation policies

LGT 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 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 is exposed to the market trends of the real estate sector in these countries.

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

Collateral accepted as security for assets (TCHF)	2016	2015
Fair value of financial assets accepted as collateral that the Group is permitted to sell or repledge in the absence of default	1 210 082	3 251 194

5.4. 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)		2016		2015
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	4 661 578	12 201 956	7 304 389	11 066 870
Past due but not impaired	0	571 483	0	769 121
Impaired	0	47 614	0	37 528
Total loans and advances (gross)	**4 661 578**	**12 821 053**	**7 304 389**	**11 873 519**
Less allowance for impairment	0	35 137	0	27 249
Total loans and advances (net)	**4 661 578**	**12 785 916**	**7 304 389**	**11 846 270**

Distribution of loans and advances which were past due but not impaired (TCHF)		2016		2015
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Past due up to 30 days	0	544 095	0	697 331
Past due 31–60 days	0	3 629	0	7 016
Past due more than 60 days	0	23 760	0	64 774
Total	**0**	**571 483**	**0**	**769 121**

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.

Allowance for impairment (TCHF)		2016		2015
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Specific allowance for impairment	0	26 234	0	19 170
Portfolio allowance for impairment	0	8 903	0	8 079
Total	**0**	**35 137**	**0**	**27 249**

LGT 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)	2016	2015
Residential, commercial and industrial property	850	850

Loans and advances to banks are highly diversified with a large number of mainly European banks of prime quality. Over 42% of counterparties had a rating of at least "AA", and over 96% 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.

6. 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. This risk 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 has established a group-wide Operational Risk Committee which provides the CEO of LGT 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.

The operational risk measurement approach is based on three dimensions: a risk self-assessment, key risk indicators and an error event data base. In the case of essential operational risk events, the business units and group functions immediately inform Group Risk Controlling which then analyses, monitors and reports relevant data and initiates appropriate actions.

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

8. 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's reputation or due to negative perception of its image among customers, counterparties, equity holders and/or regulatory authorities.

LGT 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. Within the context of crisis management LGT has established processes and organizational structures to address crises and specifically trained all respective employees in order to ensure rapid and adequate responses to potential crises.

9. 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.

9.1. 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.

9.2. 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.

9.3. 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.

9.4. 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.

Financial assets (TCHF)		2016		2015
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and advances to banks	4 661 578	4 669 321	7 304 389	7 306 523
Loans and advances to customers	12 785 916	12 946 882	11 846 270	12 006 633
Financial liabilities (TCHF)				
Amounts due to banks	713 864	714 151	784 209	784 232
Amounts due to customers	27 065 323	27 071 584	25 492 928	25 495 177
Certificated debt	2 025 287	2 118 852	1 899 376	2 006 562

Unknown artist, detail from "Imari baluster vase," early 18th century

Financial statements of LGT Group Foundation

Report of the statutory auditor

pwc

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

Report on the financial statements

As statutory auditor, we have audited the financial statements (income statement, balance sheet and notes) on pages 90 to 98 and the chairman's report of LGT Group Foundation on pages 8 to 9 for the year ended 31 December 2016.

These financial statements and the chairman's report 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 financial statements, the chairman's report, and the proposed appropriation of available earnings comply with Liechtenstein law and the foundation's articles of incorporation.

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

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

PricewaterhouseCoopers AG

Rolf Birrer
Auditor in charge

Daniel Pajer

Zurich, 27 April 2017

PricewaterhouseCoopers AG, Birchstrasse 160, PO Box, CH-8050 Zurich, Switzerland
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Income statement

Income statement (TCHF)	Note	2016	2015
Interest and dividend income			
Interest earned		0	0
Interest expense and similar charges		-3 075	-783
Net interest		**-3 075**	**-783**
Current income from participations		1 025 030	101 030
Total interest and dividend income		**1 021 955**	**100 247**
Commission earnings/expenses		26	-23
Income from financial transactions (all from trading activities)		109	268
Other operating income	1	87 617	52 399
Total operating income		**1 109 707**	**152 891**
Administrative expenses			
Personnel expenses	2	-15 856	-13 936
Business and office expenses	3	-40 177	-21 652
Total administrative expenses		**-56 033**	**-35 588**
Other operating expenses		-583	-24 627
Release of provisions		8 896	0
Depreciation, allowances and provision on subsidiary undertakings, affiliated companies and securities treated as current assets	6	-259 711	-6 454
Profit for the period		**802 276**	**86 222**
Appropriation of available Foundation earnings			
Balance at the beginning of the period		263 640	277 418
Profit for the period		802 276	86 222
Total available Foundation earnings		**1 065 916**	**363 640**
The Foundation Board proposes to the Foundation meeting of 27 April 2017:			
Distribution to the Prince of Liechtenstein Foundation		-100 000	-100 000
Balance to be carried forward		**965 916**	**263 640**

The accounting principles and the notes on pages 92 to 98 form part of these accounts. The accounts on pages 90 to 98 were approved by the Foundation Board on 27 April 2017 and are signed on its behalf by H.S.H. Prince Philipp von und zu Liechtenstein, Chairman, and Olivier de Perregaux, CFO of LGT.

Balance sheet

Balance sheet (TCHF)	Note	2016	2015
Assets			
Loans and advances to banks (subsidiary undertakings)	4	348	673
of which on demand		348	673
Shares and other non-fixed-income securities	5	3 047 628	0
Participations	6	1 169 360	1 290 603
Other assets	7	10 247	103 383
Total assets		**4 227 583**	**1 394 659**
Liabilities			
Amounts due to banks	8	2 742 000	597 500
of which loans		2 742 000	597 500
Other liabilities	9	28 401	29 815
Accrued expenses and deferred income		1 470	5 170
Provisions	10	50 752	59 490
Foundation capital		339 044	339 044
Profit/loss to be carried forward		263 640	277 418
Profit for the period	11	802 276	86 222
Total liabilities		**4 227 583**	**1 394 659**
Off-balance sheet items			
Collateralization guarantees and similar instruments		4 384	4 447
Guarantees and similar instruments		2 962 998	3 079 803
of which for affiliated companies		2 961 880	3 063 395

The guarantees and similar instruments are valued with the carrying amount. The accounting principles and the notes on pages 92 to 98 form part of these accounts.

Notes to the financial statements
Accounting principles

1. 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.

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

2. Basis of accounting

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

3. Foreign currencies

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

4. Participations

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

5. 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.

6. Dividends

Proposed dividends from subsidiary undertakings and shares and other non-fixed income securities are accrued as receivables in the accounts.

7. Loans and advances

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

8. Financial liabilities and provisions

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

9. 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.

10. 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. For a complete list of subsidiary undertakings see note 6 below.
The profit for the business year 2016 amounts to TCHF 802 276. The balance sheet total increased by TCHF 2 832 924 or 203.1% to TCHF 4 227 583.

1	Other operating income (TCHF)	2016	2015
	Income from subsidiary undertakings (license fees, income from service level agreements and service charge for comfort letters)	70 306	52 396
	Others	17 311	3
	Total other operating income	**87 617**	**52 399**

2	Personnel expenses (TCHF)	2016	2015
	Personnel expenses before long-term incentive scheme		
	Salaries	5 006	4 907
	Bonuses	5 063	4 760
	Social security costs	517	553
	Pension costs	349	361
	Other personnel expenses	214	462
	Personnel expenses before long-term incentive scheme	**11 149**	**11 043**
	Long-term incentive scheme	4 707	2 893
	Total personnel expenses	**15 856**	**13 936**

3	Business and office expenses (TCHF)	2016	2015
	Information and communication expenses	35	32
	Travel and entertainment expenses	846	717
	Legal and professional expenses	24 946	13 613
	Advertising expenses	8 293	6 923
	Other expenses	6 057	367
	Total business and office expenses	**40 177**	**21 652**

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	Shares and other non-fixed-income securities (TCHF)	2016	2015
	Opening balance	**0**	**0**
	Investments	3 147 628	0
	Distributions	-100 000	0
	Closing balance	**3 047 628**	**0**

6 Participations (TCHF)	2016	2015
Acquisition cost	1 414 878	1 365 799
Accumulated depreciation	-124 275	-117 821
Opening balance	**1 290 603**	**1 247 978**
Investments	1 300 413	49 079
Impairment	-259 711	-6 454
Disposals/capital decrease	-1 161 945	0
Closing balance	**1 169 360**	**1 290 603**

All participations of LGT Group Foundation are unlisted.

The subsidiary undertakings of LGT Group Foundation at 31 December 2016 were:

Name	Principal activity	Registered office	% of voting rights held	% of capital held	Share capital (paid in)		Net profit of the subsidiary in business year 2016 ('000)	
LGT Group Holding Ltd.[1]	Holding company	Vaduz – Liechtenstein	100.0	100.0	CHF	200 000	CHF	-3 211
LGT (Uruguay) S.A. in Liquidation	Bank representation	Montevideo – Uruguay	100.0	100.0	UYU	4 600 000	USD	-149
LGT Capital Invest Mauritius PCC (Cell D)	Holding company	Ebène – Mauritius	100.0	100.0	USD	1	USD	133
LGT Investment Management (Asia) Ltd.	Investment advisers	Hong Kong – China	100.0[2]	100.0[2]	HKD	24 000 000	HKD	3 674
LGT Capital Partners (Asia-Pacific) Ltd.	Investment advisers	Hong Kong – China	100.0	100.0	HKD	66 000 000	HKD	833

[1] Has been established on 26 September 2016.
[2] Partly held via LGT Global Invest Ltd., Grand Cayman.

The book value of the participations in banks and investment firms is CHF 1 169 359 966.

The following subsidiaries were transferred to LGT Group Holding Ltd. in 2016:
- LGT Bank Ltd., Banking, Vaduz – Liechtenstein
- LGT Capital Invest AGmvK, Investment company, Vaduz – Liechtenstein
- LGT Capital Partners (FL) Ltd., Investment management, Vaduz – Liechtenstein
- LGT Fondsleitung Ltd., Investment management, Vaduz – Liechtenstein
- LGT Funds SICAV, Investment company, Vaduz – Liechtenstein
- LGT Portfolio Management AGmvK, Investment company, Vaduz – Liechtenstein
- LGT Premium Strategy AGmvK, Investment company, Vaduz – Liechtenstein
- LGT Strategy Units (Lie) AGmvK, Investment company, Vaduz – Liechtenstein
- LGT Capital Partners Advisers Ltd., Investment advisers, Vaduz – Liechtenstein
- LGT Private Equity Advisers Ltd., Investment advisers, Vaduz – Liechtenstein
- LGT Financial Services Ltd., Services company, Vaduz – Liechtenstein
- LGT Audit Revisions Aktiengesellschaft, Audit company, Vaduz – Liechtenstein
- LGT Bank (Singapore) Ltd., Banking, Singapore
- LGT Holding (Malaysia) Ltd., Holding company, Labuan – Malaysia
- LGT (Middle East) Ltd., Investment advisers, Dubai – United Arab Emirates
- LGT Bank (Cayman) Ltd., Banking, Grand Cayman – Cayman Islands
- LGT Certificates Ltd., Holding company, Grand Cayman – Cayman Islands
- LGT Finance Ltd., Holding company, Grand Cayman – Cayman Islands
- LGT Global Invest Ltd., Holding company, Grand Cayman – Cayman Islands
- LGT Participations Ltd., Holding company, Grand Cayman – Cayman Islands

7	Other assets (TCHF)	2016	2015
	Dividend proposed	0	100 000
	Receivables from subsidiary undertakings	10 046	521
	Receivables from others	201	2 862
	Total	**10 247**	**103 383**

8	Amounts due to banks (TCHF)	2016	2015
	Amounts due to LGT Bank Ltd., Vaduz	2 742 000	597 500
	Total	**2 742 000**	**597 500**

9	Other liabilities (TCHF)	2016	2015
	Salaries	805	985
	Bonuses	7 633	8 195
	Social security costs	74	318
	Long-term incentive scheme	13 889	12 317
	Others	6 000	8 000
	Total	**28 401**	**29 815**

10	Provisions (TCHF)	2016	2015
	Opening balance	**59 490**	**34 885**
	Current year expenses	158	24 605
	Provisions released	-8 896	0
	Provisions utilized	0	0
	Closing balance	**50 752**	**59 490**

11	Statement of changes in equity (TCHF)	2016	2015
	Equity at the beginning of the business year	702 684	716 462
	Payment to the Prince of Liechtenstein Foundation	-100 000	-100 000
	Profit for the period	802 276	86 222
	Total equity at the end of the business year	**1 404 960**	**702 684**

12	Headcount	2016	2015
	Headcount at 31 December	10	10

13 Analysis of balance sheet by origin at 31 December 2016 (TCHF)	Domestic	%	Foreign	%	Total	%
Assets						
Loans and advances to banks	348	100.0	0	0.0	348	100.0
Shares and other non-fixed-income securities	0	0.0	3 047 628	100.0	3 047 628	100.0
Participations	1 158 734	99.1	10 626	0.9	1 169 360	100.0
Other assets	2 065	20.2	8 182	79.8	10 247	100.0
Total assets	**1 161 147**	**27.5**	**3 066 436**	**72.5**	**4 227 583**	**100.0**
Liabilities						
Amounts due to banks	2 742 000	100.0	0	0.0	2 742 000	100.0
Other liabilities	28 401	100.0	0	0.0	28 401	100.0
Accrued expenses and deferred income	998	67.9	472	32.1	1 470	100.0
Provisions	22 500	44.3	28 252	55.7	50 752	100.0
Foundation capital	1 404 960	100.0	0	0.0	1 404 960	100.0
Total liabilities	**4 198 859**	**99.3**	**28 724**	**0.7**	**4 227 583**	**100.0**

Analysis of balance sheet by origin at 31 December 2015	Domestic	%	Foreign	%	Total	%
Assets						
Loans and advances to banks	673	100.0	0	0.0	673	100.0
Participations	521 279	40.4	769 324	59.6	1 290 603	100.0
Other assets	335	0.3	103 048	99.7	103 383	100.0
Total assets	**522 287**	**37.4**	**872 372**	**62.6**	**1 394 659**	**100.0**
Liabilities						
Amounts due to banks	597 500	100.0	0	0.0	597 500	100.0
Other liabilities	29 815	100.0	0	0.0	29 815	100.0
Accrued expenses and deferred income	4 930	95.4	240	4.6	5 170	100.0
Provisions	22 500	37.8	36 990	62.2	59 490	100.0
Foundation capital	702 684	100.0	0	0.0	702 684	100.0
Total liabilities	**1 357 429**	**97.3**	**37 230**	**2.7**	**1 394 659**	**100.0**

14 Breakdown of assets according to country/country group (TCHF)	2016	%	2015	%
Liechtenstein	1 161 148	27.5	522 287	37.4
Other Europe	5 089	0.1	0	0.0
Americas	3 047 519	72.1	355 495	25.5
Asia	10 955	0.2	516 877	37.1
Other countries	2 872	0.1	0	0
Total assets	**4 227 583**	**100.0**	**1 394 659**	**100.0**

15 Foreign exchange exposure at 31 December 2016 (TCHF)	CHF	EUR	USD	Other	Total
Assets					
Loans and advances to banks	348	0	0	0	348
Shares and other non-fixed-income securities	3 047 520	108	0	0	3 047 628
Participations	1 158 734	0	0	10 626	1 169 360
Other assets	10 247	0	0	0	10 247
Total assets	**4 216 849**	**108**	**0**	**10 626**	**4 227 583**
Liabilities					
Amounts due to banks	2 742 000	0	0	0	2 742 000
Other liabilities	28 401	0	0	0	28 401
Accrued expenses and deferred income	711	198	111	450	1 470
Provisions	22 500	28 252	0	0	50 752
Foundation capital	1 404 960	0	0	0	1 404 960
Total liabilities	**4 198 572**	**28 450**	**111**	**450**	**4 227 583**

Foreign exchange exposure at 31 December 2015	CHF	EUR	USD	Other	Total
Assets					
Loans and advances to banks	673	0	0	0	673
Participations	872 352	0	22 224	396 027	1 290 603
Other assets	103 383	0	0	0	103 383
Total assets	**976 408**	**0**	**22 224**	**396 027**	**1 394 659**
Liabilities					
Amounts due to banks	597 500	0	0	0	597 500
Other liabilities	29 815	0	0	0	29 815
Accrued expenses and deferred income	4 366	4	570	230	5 170
Provisions	22 725	36 765	0	0	59 490
Foundation capital	702 684	0	0	0	702 684
Total liabilities	**1 357 090**	**36 769**	**570**	**230**	**1 394 659**

16

Analysis of current assets and liabilities by maturity at 31 December 2016 (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	348	0	0	0	348
Shares and other non-fixed-income securities	3 047 628	0	0	0	3 047 628
Other assets	0	10 054	193	0	10 247
Total current assets	**3 047 976**	**10 054**	**193**	**0**	**3 058 223**
Current liabilities					
Amounts due to banks	0	2 742 000	0	0	2 742 000
Other liabilities	0	74	24 327	4 000	28 401
Accrued expenses and deferred income	0	1 312	158	0	1 470
Total current liabilities	**0**	**2 743 386**	**24 485**	**4 000**	**2 771 871**

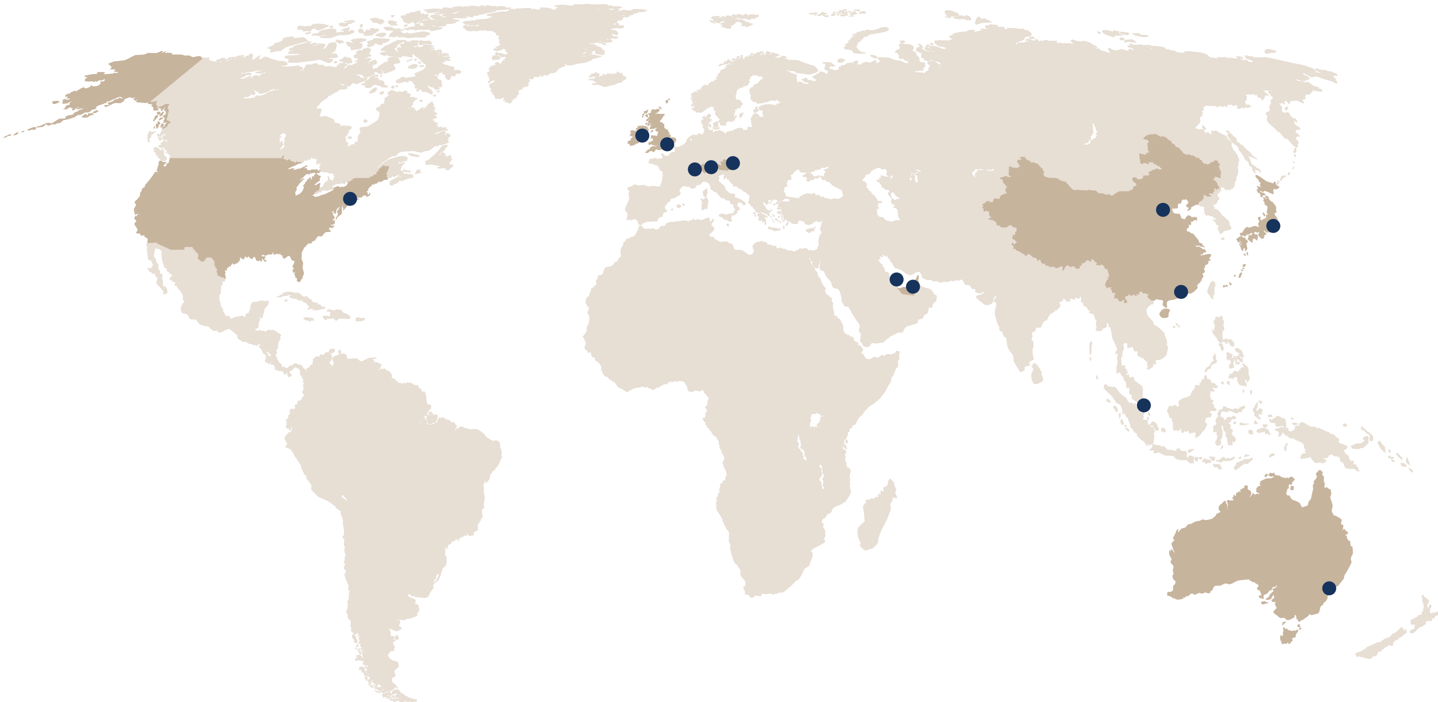
Analysis of current assets and liabilities by maturity at 31 December 2015	On demand	Within 3 months	More than 3 and less than 12 months	More than 12 months	Total
Current assets					
Loans and advances to banks	673	0	0	0	673
Other assets	0	250	103 133	0	103 383
Total current assets	**673**	**250**	**103 133**	**0**	**104 056**
Current liabilities					
Amounts due to banks	0	597 500	0	0	597 500
Other liabilities	0	317	23 498	6 000	29 815
Accrued expenses and deferred income	0	1 999	3 171	0	5 170
Total current liabilities	**0**	**599 816**	**26 669**	**6 000**	**632 485**

17 Emoluments to members of the management

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

Unknown artist, detail from "Two large bowls with Imari decoration," c. 1740/50, Qianlong Period (1736–1795)

International presence



Europe
Principality of Liechtenstein, *Vaduz*
Austria, *Salzburg, Vienna*
Ireland, *Dublin*
Switzerland, *Basel, Berne, Chur, Davos, Geneva, Lugano, Pfäffikon, Zurich*
United Kingdom, *Bristol, Jersey, London*

America
United States, *New York*

Asia
China, *Beijing*
Hong Kong
Japan, *Tokyo*
Singapore

Australia
Sydney

Middle East
Bahrain, *Manama*
United Arab Emirates, *Dubai*

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A complete address list of all LGT locations can be seen at www.lgt.com

Unknown artist, detail from “Four-sided Imari bottle vase with cover,” 18th century, Qianlong Period (1736–1795)

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