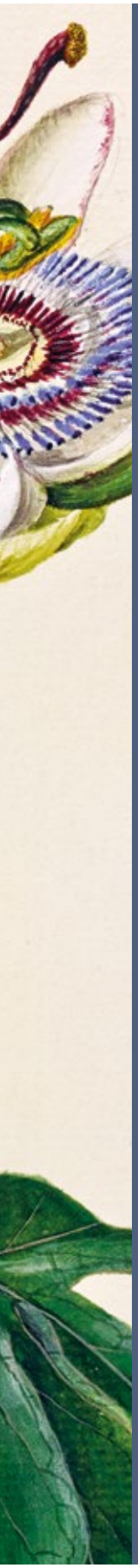


Annual Report 2015

LGT Group

Bauer brothers, Hortus Botanicus, detail from "Lilium," 1776/1804

A look inside the Princely Collections: The illustrations in this publication are part of the Codex Liechtenstein – in the Codex's more than 2700 separate plant illustrations, the Bauer brothers created a synthesis of art and science: faithful in detail, yet obeying the high aesthetic requirements of art.

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: Bauer brothers, Hortus Botanicus, detail from "Passiflora caerulea L.," c. 1779

www.liechtensteincollections.at

Contents

“Our consistently high level of growth and very good results for 2015 are the result of our commitment to pursuing our long-term international growth strategy.”

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 2015, LGT managed assets of CHF 132.2 billion (USD 132.2 billion) for wealthy private individuals and institutional clients. LGT employs approximately 2200 people who work out of more than 20 locations in Europe, the Americas, Asia, Australia 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

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 over 400 institutional investors including pension funds, insurance companies, sovereign wealth funds, banks and foundations. In addition to its headquarters in Pfäffikon, Switzerland, LGT Capital Partners has offices in New York, London, Dublin, Dubai, Hong Kong, Tokyo, Beijing, Sydney and Vaduz.

Long-term strategy and corporate philosophy

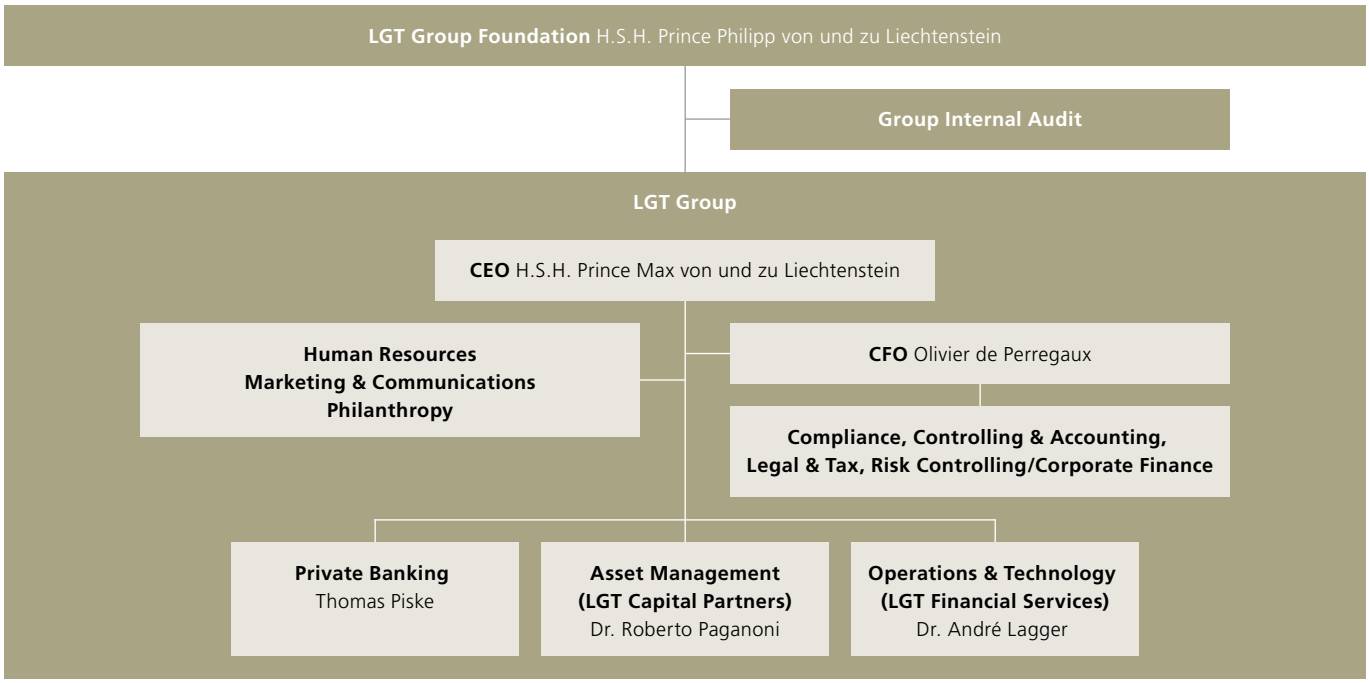
LGT's private ownership and efficient governance facilitate quick and independent decision-making based on a long term perspective with regards to corporate strategy and development.

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 (current rating for LGT: A+) and Moody's (current rating for LGT: Aa2).

Organizational structure



Foundation Board

H.S.H. Prince Philipp von und zu Liechtenstein, Chairman
Dr. Rodolfo Bogni [1, 2]
K.B. Chandrasekar [3, 4]
Dr. Phillip Colebatch [1, 2, 4]
Dr. Dominik Koechlin [†]
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
[†] Deceased on 12 July 2015

Financial highlights

		2015	2014	2013	2012	2011
Assets under administration	**CHF m**	**132 236**	**128 795**	**107 319**[2]	**102 118**	**86 932**
of which client assets under administration	CHF m	129 341	125 786	104 501[2]	99 448	84 486
of which LGT's Princely Portfolio	CHF m	2 895	3 009	2 818	2 670	2 446
Net new assets	**CHF m**	**8 783**	**14 429**	**8 015**[2]	**12 342**	**5 758**
of which net new money	CHF m	8 783	6 755	8 015[2]	10 515	8 562
of which through acquisition	CHF m	0	7 674	0	1 827	0
of which through disposal	CHF m	0	0	0	0	-2 804
Total operating income	**CHF m**	**1 149**	**1 010**	**895**	**957**	**709**
Group profit	**CHF m**	**211**	**165**	**139**	**214**	**70**
Appropriation of Foundation earnings and dividends	**CHF m**	**-100**[1]	**-100**	**-100**	**-206**	**-75**
Group equity capital	**CHF m**	**3 314**	**3 354**	**3 216**	**3 084**	**2 701**
Total assets	**CHF m**	**34 239**	**35 533**	**28 312**	**27 099**	**26 248**
Ratios						
Tier 1	%	20.1	18.4	21.3	21.5	17.5
Cost/income ratio	%	71	75	77	65	75[3]
Liquidity coverage ratio	%	142.7	130.0	–	–	–
Headcount at 31 December		**2 212**	**2 081**	**1 921**	**1 830**	**1 779**
Rating[4]						
Moody's		Aa2	A1	A1	Aa3	Aa3
Standard & Poor's		A+	A+	A+	A+	A+

[1] Proposed
[2] Adjusted for reclassified special mandate
[3] Excluding charges in connection with the sale of LGT Bank in Liechtenstein & Co. OHG
[4] 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 2015 financial year was characterized by economic volatility and monetary policy effects. Against this backdrop, LGT achieved very good results and significantly increased its total operating income by 14 percent to CHF 1149.3 million year-on-year. Net interest and similar income rose by 25 percent to CHF 115.3 million, reflecting efficient balance sheet management. Income from services was up 12 percent to CHF 783.7 million, attributable to both a larger asset base and strong client activity. Income from trading activities and other operating income rose 16 percent to CHF 250.4 million.

Total operating expenses increased by a moderate 14 percent to CHF 929.5 million in the period under review. Personnel expenses accounted for CHF 631.9 million (+6 percent) of this increase, which is primarily attributable to staff recruitment and performance-related compensation in line with better performance. Business and office expenses increased by 13 percent to CHF 186.9 million.

The cost-income ratio improved from 75.4 percent at the end of 2014 to 71.2 percent as at 31 December 2015. Depreciation, amortization and provisions rose from CHF 56.2 million last year to CHF 110.7 million for 2015. This increase was driven in part by the straight line amortization of intangible assets from a private banking portfolio integrated in 2015 and by specific provisions.

Overall, group profit increased by 28 percent to CHF 211.0 million in 2015. LGT is very well capitalized and has a high level of liquidity. The tier 1 ratio was 20.1 percent as at 31 December 2015, compared to 18.4 percent for the previous year.

In 2015, LGT generated net asset inflows totaling CHF 8.8 billion, which represents growth of 7 percent and exceeds the strong performance reported for the previous year. Positive net asset inflows in both Private Banking and Asset Management contributed to this development. Assets under management grew by 2.7 percent to CHF 132.2 billion compared to year-end 2014, despite negative currency effects.

Acquisition of a majority stake in UK-based Vestra Wealth

Following the acquisition announced on 14 March 2016 of a majority stake of approximately 75 percent in Vestra Wealth LLP – a successful London-based wealth management boutique that manages assets of GBP 5.6 billion – LGT now also has a significant foothold in the British private banking market.

This important step is in line with LGT's international growth strategy, and gives the bank access to UK-based clients and the independent financial advisors business. LGT also benefits from London's preeminent position as a hub for clients from other countries. The transaction is subject to approval by the FCA.

Private Banking with strong regional platforms

The improved utilization of capacities combined with stable margins resulted in sound profitability in our Private Banking business. A significant contribution was made by the lending business, which maintained an excellent portfolio quality. The growth momentum of the last few years continued in 2015, with strong inflows in all regions. LGT's international diversification strategy, pursued since 1998, is clearly paying off. With three core platforms in Liechtenstein, Switzerland and Asia, and rapidly growing entities in Austria and the Middle East, our Private Banking business has an excellent geographic mix. In 2015 LGT was once again recognized by a number of independent juries as a leading private bank. It was given a "summa cum laude" rating – the highest possible accolade – for the 13th consecutive year by the Handelsblatt Elite Report. The prestigious Fuchsbriefe gave LGT a "wholly commended" rating and designated the bank as the best provider in Liechtenstein. Going forward, the strategic priorities will lie in further focusing the offering for private clients, optimizing the interface with the Asset Management business, driving the digitalization strategy forward, and intensifying brand positioning and awareness.

Asset Management benefits from trend towards alternative investments

In our Asset Management business, we saw strong net asset inflows from institutional investors, particularly in the private equity and insurance linked securities business, but also for hedge funds and multi-asset solutions. Good investment performance and the higher asset base resulted in increased profitability. LGT is also benefiting from a trend towards alternative investments, which further continued in 2015. Private investors are also showing an increased interest in the diversification and yield-generating characteristics of alternative asset classes. In order to address these new demands, LGT Capital Partners has continuously expanded its product offering in the core segments as well as in innovative specialized segments. Going forward, the strategic priorities are to further globalize the multi-alternatives platform and optimize internal processes and procedures with a focus on efficiency and investment performance.

Profitable growth strategy

Since the beginning of 2011, the group's assets under management have increased by over 50 percent, from CHF 86.1 billion to CHF 132.2 billion, of which approximately CHF 10 billion is attributable to targeted acquisitions.

This international growth has resulted in revenue diversification, economies of scale, and (despite an ongoing high level of investment in new business areas) increased and broad-based profitability. Efficient operating platforms, such as LGT's centralized IT infrastructure and services, have also made an important contribution to this development. A decisive factor in the successful development of the company remains its stable ownership structure, which allows for a long-term orientation and low management and staff turnover.

Key factors that are highly valued by clients are the group's professional investment management capabilities, an open product architecture, as well as the possibility to invest alongside the owners of LGT, the Princely Family of Liechtenstein. LGT is continuously expanding its alternative investment expertise, and is a leading provider in this space, particularly in the private equity and hedge fund segments, as well as in insurance-linked investments.

Outlook

We are optimistic in our business outlook for 2016 and beyond. In a fragile environment with a high level of economic and political uncertainty, we are well positioned with a strong balance sheet as well as a stable ownership and management structure. This also allows us to selectively take advantage of growth opportunities in the ongoing consolidation process in the private banking and asset management segments. Our consistently high level of growth and very good results for 2015 are the result of our commitment to pursuing our long-term international growth strategy, and our constant efforts to enhance quality. We will continue on this path, and therefore offer our clients and employees a high degree of stability, which is of immense value, particularly in this challenging environment.

Corporate governance

LGT and its holding company, LGT Group Foundation, are 100% 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 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 Group auditor

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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of LGT Group Foundation, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 14 to 78), and the chairman's report (pages 8 to 10) for the year ended 31 December 2015.

Foundation Board's Responsibility

The Foundation Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Liechtenstein law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Liechtenstein law as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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pwc

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Liechtenstein law.

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

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

PricewaterhouseCoopers AG

Rolf Birrer
Auditor in charge

Daniel Pajer

Zurich, 28 April 2016

Consolidated income statement

Consolidated income statement (TCHF)	Note	2015	2014	Change absolute	Change %
Interest earned and similar income		225 277	168 162	57 115	34
Interest expense		-110 021	-75 703	-34 318	45
Net interest and similar income	1	**115 256**	**92 459**	**22 797**	**25**
Income from services	2	783 694	701 844	81 850	12
Income from trading activities	3	176 323	164 229	12 094	7
Other operating income	4	74 069	51 242	22 827	45
Total operating income		**1 149 342**	**1 009 774**	**139 568**	**14**
Personnel expenses	5	-631 859	-595 512	-36 347	6
Business and office expenses	6	-186 935	-165 483	-21 452	13
Other operating expenses	7	-110 704	-56 161	-54 543	97
Total operating expenses		**-929 498**	**-817 156**	**-112 342**	**14**
Operating profit before tax		**219 844**	**192 618**	**27 226**	**14**
Tax expense	8	-8 803	-27 443	18 640	-68
Profit for the year		**211 041**	**165 175**	**45 866**	**28**
Attributable to:					
Equity holders of the parent entity		211 020	164 980	46 040	28
Non-controlling interests		21	195	-174	-89

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

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (TCHF)	Note	2015	2014	Change absolute	Change %
Profit for the year		**211 041**	**165 175**	**45 866**	**28**
Other comprehensive income					
Other comprehensive income that may be reclassified to the income statement					
Changes in cumulative translation adjustments		-10 665	610	-11 275	-1 848
Change in other reserves, net of tax	25	-33 166	242 039	-275 205	-114
thereof investments in associates		-13 719	218 899	-232 618	-106
thereof available-for-sale securities		-18 068	24 058	-42 126	-175
thereof cash flow hedge		-1 379	-918	-461	50
Total other comprehensive income that may be reclassified to the income statement		**-43 831**	**242 649**	**-286 480**	**-118**
Other comprehensive income that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit plans, net of tax	25	-107 688	-164 956	57 268	-35
Total other comprehensive income that may not be reclassified to the income statement		**-107 688**	**-164 956**	**57 268**	**-35**
Total comprehensive income for the year		**59 522**	**242 868**	**-183 346**	**-75**
Attributable to:					
Equity holders of the parent entity		59 496	242 673	-183 177	-75
Non-controlling interests		26	195	-169	-87

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

Consolidated balance sheet

Consolidated balance sheet (TCHF)	Note	2015	2014	Change absolute	Change %
Assets					
Cash in hand, balances with central banks	9	4 533 193	9 271 191	-4 737 998	-51
Loans and advances to banks	10	7 304 389	4 547 824	2 756 565	61
Loans and advances to customers	11	11 846 270	10 501 690	1 344 580	13
Securities held for trading purposes	12	657	5 398	-4 741	-88
Derivative financial instruments	30	784 649	1 542 335	-757 686	-49
Financial assets designated at fair value	13	2 158 223	2 740 986	-582 763	-21
Available-for-sale securities	14	3 611 479	2 648 976	962 503	36
Investments in associates	15	2 895 487	3 009 842	-114 355	-4
Property and equipment	16	130 574	201 576	-71 002	-35
Intangible assets	17	377 469	414 646	-37 177	-9
Prepayments and accrued income		108 511	123 392	-14 881	-12
Deferred tax assets	8	85 691	63 509	22 182	35
Other assets	18	402 643	461 876	-59 233	-13
Total assets		**34 239 235**	**35 533 241**	**-1 294 006**	**-4**
Liabilities					
Amounts due to banks	19	784 209	1 350 562	-566 353	-42
Amounts due to customers	20	25 492 928	26 182 580	-689 652	-3
Derivative financial instruments	30	1 045 516	1 379 421	-333 905	-24
Financial liabilities designated at fair value	21	455 809	532 742	-76 933	-14
Certificated debt	22	1 899 376	1 712 801	186 575	11
Accruals and deferred income		74 495	77 277	-2 782	-4
Current tax liabilities		50 024	73 142	-23 118	-32
Deferred tax liabilities	8	5 798	9 539	-3 741	-39
Other liabilities	23	1 007 528	774 752	232 776	30
Provisions	24	109 679	86 038	23 641	27
Total liabilities		**30 925 362**	**32 178 854**	**-1 253 492**	**-4**
Equity					
Foundation capital		339 044	339 044	0	0
Retained earnings		1 914 982	1 756 692	158 290	9
Cumulative translation adjustments		-49 789	-39 119	-10 670	27
Other reserves	25	1 109 305	1 297 429	-188 124	-14
Total equity and reserves attributable to LGT's equity holder		**3 313 542**	**3 354 046**	**-40 504**	**-1**
Non-controlling interests		331	341	-10	-3
Total equity		**3 313 873**	**3 354 387**	**-40 514**	**-1**
Total liabilities and equity		**34 239 235**	**35 533 241**	**-1 294 006**	**-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	Cumulative translation adjust-ments	Other reserves	Total attribut-able 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 cumulative translation adjustments	0	0	-10 670	0	-10 670	5	-10 665
Change 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 statement of changes in equity	Foundation capital[1]	Retained earnings	Cumulative translation adjust-ments	Other reserves	Total attribut-able to LGT's equity holders	Non-controlling interests	Total
1 January 2014	**339 044**	**1 691 712**	**-39 729**	**1 220 346**	**3 211 373**	**4 620**	**3 215 993**
Profit for the year	**0**	**164 980**	**0**	**0**	**164 980**	**195**	**165 175**
Other comprehensive income, net of tax							
Changes in cumulative translation adjustments	0	0	610	0	610	0	610
Change in other reserves, net of tax	0	0	0	242 039	242 039	0	242 039
thereof investments in associates	0	0	0	218 899	218 899	0	218 899
thereof available-for-sale securities	0	0	0	24 058	24 058	0	24 058
thereof cash flow hedge	0	0	0	-918	-918	0	-918
Actuarial gains/losses	0	0	0	-164 956	-164 956	0	-164 956
Total other comprehensive income, net of tax	**0**	**0**	**610**	**77 083**	**77 693**	**0**	**77 693**
Total comprehensive income	**0**	**164 980**	**610**	**77 083**	**242 673**	**195**	**242 868**
Transactions with owners							
Appropriation of Foundation earnings and dividends	0	-100 000	0	0	-100 000	-4 066	-104 066
Change in non-controlling interests	0	0	0	0	0	-408	-408
Total transactions with owners	**0**	**-100 000**	**0**	**0**	**-100 000**	**-4 474**	**-104 474**
31 December 2014	**339 044**	**1 756 692**	**-39 119**	**1 297 429**	**3 354 046**	**341**	**3 354 387**

[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	2015	2014
Cash flow from operating activities			
Profit after tax		211 041	165 175
Impairment, depreciation, provisions		91 006	52 970
Tax expense	8	8 803	27 443
Changes in accrued income and expenses		-119 519	292 008
Interest and similar income received		225 150	166 845
Interest paid		-93 232	-65 758
Income tax paid		-38 491	-35 070
Cash flow from operating activities before changes in operating assets and liabilities		**284 758**	**603 613**
Loans and advances to banks		-2 757 313	477 145
Loans and advances to customers		-1 387 924	-2 333 705
Trading securities and financial instruments designated at fair value		459 220	718 596
Amounts due to banks		-563 631	356 775
Amounts due to customers		-610 419	3 045 553
Other assets and other liabilities		675 836	-431 889
Cash flow from changes in operating assets and liabilities		**-4 184 231**	**1 832 475**
Net cash flow from operating activities		**-3 899 473**	**2 436 088**
Cash flow from investing activities			
Proceeds from sales of property and equipment	16	83 199	256
Purchase of property and equipment	16	-38 119	-30 014
Sale of intangible assets	17	7 481	76
Purchase of intangible assets	17	0	-186 973
Cash inflow from sale of subsidiaries		611	1 502
Disposals of share of investments in associates	15	638	51 011
Proceeds from sales of investment securities	14	2 598 511	2 924 732
Purchase of investment securities	14	-3 677 698	-3 595 631
Net cash flow from investing activities		**-1 025 377**	**-835 041**
Cash flow from financing activities			
Issue of certificated debt		438 521	364 439
Repayment of certificated debt		-251 946	-286 367
Dividends paid to non-controlling interests		0	-4 066
Dividends paid to beneficiary		-2	-100 000
Change in non-controlling interests		-36	-408
Net cash flow from financing activities		**186 537**	**-26 402**
Effects of exchange rate changes on cash		315	-549
Change in cash in hand, balances with central banks		**-4 737 998**	**1 574 096**
At the beginning of the period	9	9 271 191	7 697 095
At the end of the period	9	4 533 193	9 271 191
Change in cash in hand, balances with central banks		**-4 737 998**	**1 574 096**

Notes to the consolidated financial statements
Group accounting principles

Introduction

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

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

Presentation of amounts

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

Accounting principles

The consolidated financial statements for the financial year 2015 are prepared in accordance with International Financial Reporting Standards (IFRS). LGT has applied IFRS rules since 1996. The consolidated financial statements are prepared on the historical cost convention, as modified by revaluation of available-for-sale financial assets, financial assets and liabilities held at fair value through profit or loss and all derivative instruments. A summary of the principal Group accounting policies is set out below.

The CEO and the CFO of LGT considered the consolidated financial statements on 6 April 2016. They were approved for issue by the Audit Committee of the LGT Group Foundation Board on 27 April 2016. The Foundation Board approved the consolidated financial statements for issue on 28 April 2016. The accounts were presented for approval at the Foundation Meeting to the Foundation Supervisory Board on 28 April 2016. The Foundation Board proposed to the Foundation Meeting of 28 April 2016 the distribution of CHF 100 million to the Prince of Liechtenstein Foundation. The accounts on pages 14 to 78 were approved by the Foundation Board on 28 April 2016 and are signed on its behalf by H.S.H. Prince Philipp of Liechtenstein, Chairman, and Olivier de Perregaux, CFO of LGT.

Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Subsidiaries are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are 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. A list of the Group's principal subsidiary undertakings is provided in note 33.

Investments in associates

Investments in associates are investments in companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% 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.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").
The consolidated financial statements are presented in Swiss francs, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the

transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

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

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

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

Foreign exchange rates

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

		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

		2014
	Average rate	Year-end rate
CHF per 1 USD	0.9169	0.9936
CHF per 1 EUR	1.2134	1.2024
CHF per 1 GBP	1.5089	1.5492

Interest income and expense

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

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

Commission income

Commission income and any associated expense arising from the provision of private banking and investment management services, credit commissions and interest are all 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.

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

Intangible assets

Goodwill

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

Software

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

Other intangible assets

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

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

Financial instruments

Financial assets

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

Loans and advances

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

Investment securities

Investment securities are classified as financial assets at fair value through profit or loss, held-to-maturity 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, except held-to-maturity securities which are carried at amortized cost subject to a test for impairment. To the extent that quoted prices are not readily available, fair value is based on either internal valuation models or management's estimate of amounts that could be realized, based on observable market data, assuming an orderly liquidation over a reasonable period of time.

Financial assets at fair value through profit or loss

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

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

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

Held-to-maturity securities

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

Available-for-sale securities

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

Borrowings

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

Other liabilities

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

Derivative financial instruments and hedging

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

In the case of hedging transactions involving derivative financial instruments, on the inception of 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%.

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

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

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

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

Measurement of fair values

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

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

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

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

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

The output of a model is always a measure or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

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

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

mation 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.

Impairment of financial assets

Assets carried at amortized cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that 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.

Assets carried at fair value

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

Renegotiated loans

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

Provisions

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

Fiduciary transactions

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

Repurchase and reverse repurchase transactions (repo transactions)

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

Contingent liabilities

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

Leasing

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

Cash in hand

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

Taxation

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

Employee benefits

Short-term benefits

Salaries are recognized in the income statement upon payment. The amount for bonuses is accrued and will be paid at the beginning of the following year. For deferred bonuses the payout is spread over several years.

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.

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.

Client assets under administration

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

Events after the reporting period

On 14 March 2016 LGT announced the acquisition of a 75% stake in Vestra Wealth LLP, primarily from external investors in the firm. The remaining stake will continue to be held by the firm's executive partners. Vestra Wealth is a UK-focused wealth management boutique that has experienced significant organic growth and value creation since its inception in 2008. As at February 2016, it managed assets amounting to GBP 5.6 billion on behalf of its clients. The partnership has 234 staff and offices in London, Bristol and Jersey. It provides a comprehensive range of investment management and wealth planning services to UK high-net-worth individuals, whilst its Private Office offers an outsourced private investment office service to ultra-high net worth clients. After completion of the transaction, which is subject to FCA approval, Vestra Wealth will be renamed LGT Vestra and will remain a partnership between LGT and the original partners.

The acquisition is expected to represent an optimal and systematic continuation of LGT's international growth strategy. It enables LGT to gain a foothold in the important British private banking sector and gives the Group access to UK-based clients and independent financial advisors. In addition, LGT will now be able to benefit from London's preeminent position as a hub for clients from around the world. The financial effects of this transaction have not been recognized at 31 December 2015. At the time the financial statements were authorized for issue, the FCA approval was pending and therefore the group had not yet completed the accounting for the acquisition of Vestra Wealth LLP. In particular, the independent valuations of the assets and liabilities had not been finalized.

Management's judgments

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

Impairment losses on loans and advances

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

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +5%, the provision would be estimated to be TCHF 338 (2014: TCHF 188) lower. If the net present value differs by -5%, the provision would be estimated to be TCHF 338 (2014: TCHF 188) higher.

Impairment of goodwill

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

Fair value of derivatives

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

Changes in assumptions could affect reported fair value of financial instruments. For example, to the extent that management used a tightening of 20 basis points in the credit spread, the fair value of derivative financial instruments would be measured at TCHF -267 193 (2014: TCHF 156 809) as compared with their reported fair value of TCHF -260 867 (2014: TCHF 162 914) on the balance sheet date.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below their cost (cost is defined as historical cost). This determination of what is significant or prolonged requires judgment. In making this judgment the Group evaluates the following factors: (i) extent of the decline is substantial (in excess of 20% 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 10 902 (2014: TCHF 1 403) loss in its financial statements, being the transfer of the total fair value reserve to the income statement.

Income taxes

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

Based on the final outcome of the above-mentioned judgment areas (impairment losses on loans and advances, fair value of derivatives and impairment of available-for-sale equity investments), the Group would need to increase income tax by TCHF 42 (2014: TCHF 23), in case of favorable market conditions, and decrease income tax by TCHF 2 196 (2014: TCHF 962), in case of unfavorable market conditions.

Changes in accounting policies, comparability and other adjustments

Standards and interpretations that have been adopted

The Group applied no new or revised standards and interpretations in the financial year beginning on 1 January 2015.

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 2016. The Group has chosen not to adopt these in advance.

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

- IFRS 9 Financial Instruments
  (effective 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). The Group is currently assessing the impact of the new requirements on the Group's financial statements and is prearranging 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 2016 are not expected to have any significant impact on the reported results or financial position of the Group:

- 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 and IAS 28 Investments in associates
  (effective 1 January 2016)
- Amendments to IAS 1 Presentation of financial statements
  (effective 1 January 2016)

Bauer brothers, Hortus Botanicus, detail from "Amaryllis belladonna," c. 1778

Details on the consolidated income statement

1 Net interest and similar income (TCHF)[1]	2015	2014
Interest earned and similar income		
Banks	62 073	18 528
Customers	136 777	118 299
Interest income from investment securities	25 998	29 897
Dividend income from investment securities	429	1 438
Total interest earned and similar income	**225 277**	**168 162**
Interest expense		
Banks	-46 094	-12 465
Customers	-26 718	-27 349
Interest on certificated debt	-37 209	-35 889
Total interest expense	**-110 021**	**-75 703**
Net interest and similar income	**115 256**	**92 459**

[1] Negative interest paid TCHF 32 890, negative interest received TCHF 3 866.

2 Income from services (TCHF)	2015	2014
Commission income from securities and investment business		
Investment management fees	437 729	390 381
Brokerage fees	137 759	118 301
Administration fees and other income from investment business	197 604	182 224
Total commission income from securities and investment business	**773 092**	**690 906**
Commission income from other services		
Lending business	5 899	5 364
Accounts and clearing business	22 239	20 829
Total commission income from other services	**28 138**	**26 193**
Commission expenses	-17 536	-15 255
Total income from services	**783 694**	**701 844**

3 Income from trading activities (TCHF)	2015	2014
Foreign exchange, precious metals	147 924	77 571
Interest and dividend income	36 310	41 609
Profit/loss on securities trading	9 721	10 579
Profit/loss on financial instruments designated at fair value	-19 253	29 235
Other trading activities	1 621	5 235
Total income from trading activities	**176 323**	**164 229**

4	Other operating income (TCHF)	2015	2014
	Income from investment securities		
	Realized net result on available-for-sale securities	7 034	15 235
	Total income from investment securities	**7 034**	**15 235**
	Realized net result on disposals of subsidiaries	-10	315
	Realized net result on disposals of associates	-844	23 192
	Realized net result on investments in associates	0	4
	Other[1]	67 889	12 496
	Total other operating income	**74 069**	**51 242**

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

5	Personnel expenses (TCHF)	Note	2015	2014
	Personnel expenses before long-term incentive scheme			
	Salaries		287 962	252 322
	Bonuses		208 287	189 427
	Social security costs		38 675	33 733
	Pension costs		46 986	34 146
	Other personnel expenses		25 306	21 909
	Total personnel expenses before long-term incentive scheme		**607 216**	**531 537**
	Long-term incentive scheme	38	24 643	63 975
	Total personnel expenses		**631 859**	**595 512**
	Headcount at 31 December		2 212	2 081

6	Business and office expenses (TCHF)	2015	2014
	Rents and office expenses	36 110	32 842
	IT expenses	33 161	32 129
	Information and communication expenses	24 601	21 964
	Travel and entertainment expenses	17 321	15 061
	Legal and professional expenses	30 930	27 774
	Advertising expenses	26 719	16 646
	General expenses	18 093	19 067
	Total business and office expenses	**186 935**	**165 483**

7 Other operating expenses (TCHF)	Note	2015	2014
Depreciation on property and equipment	16	25 522	23 682
Amortization of intangible assets	17	28 884	19 968
Impairment on available-for-sale securities		12 928	0
Other depreciation		2 401	1 728
Total depreciation and amortization and impairment		**69 735**	**45 378**
Credit losses	11	9 345	2 939
Recovery of credit losses	11	-332	-2 581
Total credit losses/recoveries		**9 013**	**358**
Provision for operational risks		29 196	23 540
Other provisions		871	-14 376
Total changes in provisions and other losses		**30 067**	**9 164**
Other operating expenses		1 889	1 261
Total other operating expenses		**110 704**	**56 161**

8 Taxation (TCHF)	2015	2014
Income tax expense		
Current income tax expense	14 629	75 597
Deferred income tax expense	-5 826	-48 154
Total income tax expense	**8 803**	**27 443**
Reconciliation of the expected to the effective income tax expense		
Profit before tax	219 844	192 618
Income tax expense calculated at a tax rate of 12.5% [1] (2014: 12.5%)	27 481	24 077
Tax rate difference on income components	-20 449	15 946
Income not subject to tax	1 771	-12 580
Total income tax expense	**8 803**	**27 443**

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

	2015	2014
Deferred income tax expense comprises the following temporary differences		
Accelerated depreciation for tax purposes	-313	-220
Provisions	16	-46 491
Financial instruments	860	-1 867
Pensions	-1 797	180
Other temporary differences	-4 592	244
Total deferred income tax expense	**-5 826**	**-48 154**
Deferred income tax assets and liabilities relate to the following items		
Deferred income tax assets		
Accelerated depreciation for tax purposes	3 403	3 422
Provisions	867	831
Financial instruments	3 320	3 282
Pensions	77 849	55 738
Other temporary differences	252	236
Total deferred income tax assets	**85 691**	**63 509**
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	758	1 030
Provisions	288	241
Financial instruments	2 542	2 022
Pensions	0	0
Other temporary differences	2 210	6 246
Total deferred income tax liabilities	**5 798**	**9 539**
Movement on the deferred income tax assets and liabilities is as follows		
At 1 January	-53 970	26 040
Income statement charge	-5 826	-48 154
Available-for-sale securities: fair value measurement	-377	560
Actuarial gains/losses on defined benefit plans	-19 728	-32 157
Other changes	20	-210
Cumulative translation adjustments	-12	-49
At 31 December	**-79 893**	**-53 970**

Income tax on other comprehensive income			2015			2014
	Before tax	Tax expense/ tax benefit	Net of tax	Before tax	Tax expense/ tax benefit	Net of tax
Cumulative translation adjustments	-10 665	0	-10 665	610	0	610
Change in other reserves	-33 543	377	-33 166	242 599	-560	242 039
Actuarial gains/losses on defined benefit plans	-127 416	19 728	-107 688	-197 113	32 157	-164 956
Other comprehensive income	**-171 624**	**20 105**	**-151 519**	**46 096**	**31 597**	**77 693**

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)	2015	2014
Cash in hand	25 955	26 294
Balances with central banks	4 507 238	9 244 897
Total cash in hand, balances with central banks	**4 533 193**	**9 271 191**

10 Loans and advances to banks (TCHF)	2015	2014
Loans and advances to OECD banks	6 693 914	3 919 863
Loans and advances to non-OECD banks	610 475	627 961
Total loans and advances to banks	**7 304 389**	**4 547 824**

11 Loans and advances to customers (TCHF)	2015 Gross amount	2015 Impairment allowance	2015 Carrying amount	2014 Gross amount	2014 Impairment allowance	2014 Carrying amount
Mortgage-backed	4 223 241	-12 634	4 210 607	3 930 307	-8 770	3 921 537
Other collateral	7 064 719	-5 852	7 058 867	6 288 978	-9 026	6 279 952
Without collateral	585 559	-8 763	576 796	306 506	-6 305	300 201
Total loans and advances to customers	**11 873 519**	**-27 249**	**11 846 270**	**10 525 791**	**-24 101**	**10 501 690**

Specific allowance for impairment	2015 Mortgage-backed	2015 Other collateral	2015 Without collateral	2015 Total	2014 Mortgage-backed	2014 Other collateral	2014 Without collateral	2014 Total
At 1 January	3 200	7 414	6 135	16 749	4 949	7 483	5 971	18 403
Charges to allowance	5 582	0	3 044	8 626	686	181	785	1 652
Release of allowance	-177	-123	-32	-332	-2 071	-251	-259	-2 581
Allowance utilized	-2 000	-3 281	-16	-5 297	-342	0	-285	-627
Reclassifications	0	0	0	0	-18	0	18	0
Currency translation	4	-18	-563	-577	-4	1	-95	-98
At 31 December	**6 609**	**3 992**	**8 568**	**19 169**	**3 200**	**7 414**	**6 135**	**16 749**
Portfolio allowance for impairment								
At 1 January	5 570	1 612	170	7 352	4 670	1 206	150	6 026
Charges to allowance	455	239	25	719	900	367	20	1 287
Release of allowance	0	0	0	0	0	0	0	0
Currency translation	0	9	0	9	0	39	0	39
At 31 December	**6 025**	**1 860**	**195**	**8 080**	**5 570**	**1 612**	**170**	**7 352**
Total allowance for impairment				**27 249**				**24 101**

	2015	2014
Additional information on credit risks		
Non-performing customers' loans	78 725	44 052

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

12 Securities held for trading purposes (TCHF)	2015	2014
Total securities held for trading purposes	**657**	**5 398**
thereof listed	657	4 601

13 Financial assets designated at fair value (TCHF)	2015	2014
Securities designated at fair value to match financial liabilities through profit or loss	455 809	532 160
Other securities designated at fair value through profit or loss [1,2]	1 702 414	2 208 826
Total financial assets designated at fair value	**2 158 223**	**2 740 986**

[1] Thereof listed TCHF 1 373 839 (2014: TCHF 1 049 740)
[2] Thereof subordinated securities TCHF 15 174 (2014: TCHF 5 800)

14 Available-for-sale securities (TCHF)	2015	2014
At 1 January	2 648 976	1 883 196
Currency translation	-92 345	55 028
Additions	3 677 698	3 595 631
Impairment	-12 928	0
Disposals and redemption	-2 598 511	-2 924 732
Revaluations	-11 411	39 853
At 31 December	**3 611 479**	**2 648 976**
Total available-for-sale securities	**3 611 479**	**2 648 976**
thereof fixed-income securities maturing within one year	632 504	587 540
thereof listed	1 215 827	1 041 469
Specific allowance for impairment on available-for-sale securities		
At 1 January	4 040	4 040
Increase of impairment	12 928	0
At 31 December	**16 968**	**4 040**

15 Investments in associates (TCHF)	2015	2014
At 1 January	3 009 204	2 818 125
Additions	0	0
Disposals	0	-51 011
Dividends	-99 998	0
Revaluation through other comprehensive income	-13 719	242 090
At 31 December	**2 895 487**	**3 009 204**
Details of investments in associates		
Fixed-income	666 831	649 687
Real estate investment trusts	141 300	170 020
Equities	809 289	828 434
Hedge fund investments	747 036	792 324
Private equity investments	511 922	539 249
Cash	19 109	29 490
Total investments in associates	**2 895 487**	**3 009 204**

LGT's investments in associates at 31 December 2015 and 2014

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

Investments in other associates	2015	2014
At 1 January	638	811
Additions	0	0
Disposals	-694	0
Income	0	4
Dividends	0	-141
Impairment	0	0
Currency translation	56	-36
At 31 December	**0**	**638**
Details of investments in other associates		
Assets	0	3 189
Liabilities	0	1 064
Operating income	0	2 143
Net profit/loss	0	13

LGT's investments in other associates at 31 December 2014

Name	Principal activity	Ownership interest in % of ordinary/participation shares held
Quantis Investment Management Zrt., Budapest	Investment management company	30.0

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

	2015	2014
Total of investments in associates	**2 895 487**	**3 009 842**

16

Property and equipment (TCHF)	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**

Property and equipment	Freehold buildings	Leasehold improvements	IT/Office equipment	Motor vehicles	Total
Cost					
At 1 January 2014	269 931	36 833	77 099	342	384 205
Currency translation	0	529	437	0	966
Additions to scope of consolidation	10 626	0	707	0	11 333
Additions	15 115	2 081	12 804	14	30 014
Disposals	-3 413	-72	-8 038	-17	-11 540
At 31 December 2014	**292 259**	**39 371**	**83 009**	**339**	**414 978**
Accumulated depreciation					
At 1 January 2014	121 235	21 282	57 231	168	199 916
Currency translation	0	196	237	0	433
Additions to scope of consolidation	0	0	655	0	655
Depreciation	7 131	5 017	11 445	89	23 682
Disposals	-3 413	-48	-7 822	-1	-11 284
At 31 December 2014	**124 953**	**26 447**	**61 746**	**256**	**213 402**
Net book value at 31 December 2014	**167 306**	**12 924**	**21 263**	**83**	**201 576**

Insurance value of tangible assets	2015	2014
Insurance value	384 595	420 615

17 Intangible assets (TCHF)	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**

Intangible assets	Goodwill	Software	Other intangible assets	Total
Cost				
At 1 January 2014	159 914	145 557	61 576	367 047
Currency translation	337	0	-146	191
Additions to scope of consolidation	88 647	0	98 010	186 657
Additions	0	316	0	316
Disposals	0	-97	0	-97
At 31 December 2014	**248 898**	**145 776**	**159 440**	**554 114**
Accumulated amortization and impairment				
At 1 January 2014	22 997	71 035	25 153	119 185
Currency translation	336	0	0	336
Amortization	0	14 578	5 390	19 968
Disposals	0	-21	0	-21
At 31 December 2014	**23 333**	**85 592**	**30 543**	**139 468**
Net book value at 31 December 2014	**225 565**	**60 184**	**128 897**	**414 646**

Goodwill

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

	2015	2014
LGT Bank (Switzerland) Ltd., Basel	192 802	192 802
LGT Capital Partners Ltd., Pfäffikon	32 763	32 763
Total	**225 565**	**225 565**

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

The calculation of the realizable amount of the units was based on the respective fair value less costs to sell. The value of client assets was determined on the market prices of companies with similar business activities, for 2015 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 two organizational units based on the fair value in use was lower than the value of client assets. The higher of both values is used for impairment testing.

18 Other assets (TCHF)	2015	2014
Precious metals	362 847	437 057
Other	39 796	24 819
Total other assets	**402 643**	**461 876**

19 Amounts due to banks (TCHF)	2015	2014
Deposits on demand	550 272	766 423
Time deposits	233 937	584 139
Total amounts due to banks	**784 209**	**1 350 562**

20 Amounts due to customers (TCHF)	2015	2014
Deposits on demand	16 971 684	16 377 916
Time deposits	7 096 663	8 124 242
Savings deposits	1 424 581	1 680 422
Total amounts due to customers	**25 492 928**	**26 182 580**

21 Financial liabilities designated at fair value (TCHF)	2015	2014
Certificate issues designated at fair value	455 809	532 742
Total financial liabilities designated at fair value	**455 809**	**532 742**

There were no gains or losses attributable to changes in the credit risk for those financial liabilities designated at fair value in 2015 (2014: TCHF 0).

Certificate issues designated at fair value at 31 December

Product	Date of issue	Interest rate %	Maturity[9]	Fair value 2015	Fair value 2014
LGT GIM Index Certificates[1]	up to 2004	0	28.02.2017	50 594	65 564
LGT GIM Index Certificates II[2]	up to 2006	0	30.06.2019	116 619	143 174
LGT GIM Index Certificates II/2[3]	2006	0	31.03.2016	26 512	31 896
LGT GIM Index Certificates III[4]	up to 2008	0	31.07.2016	81 874	91 349
Crown Absolute Return Index Certificates[5]	continuously	0	30.11.2018	6 096	6 584
Crown Alternative SV Index Certificates[6]	continuously	0	30.06.2017	84 523	89 478
LGT GATS Index Certificates[7]	continuously	0	30.09.2019	34 929	43 699
LGT M-Smart Allocator Index Certificates[8]	continuously	0	31.08.2017	54 662	60 998
Total certificate issues designated at fair value at 31 December				**455 809**	**532 742**

[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 2016 incl. two 5-year extension options.
[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 2016 incl. two 5-year extension options.
[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)	2015	2014
Bond issues (net book value)[1]	1 678 545	1 558 784
Subordinated cash bonds (fixed-rate medium term notes)[2]	160	220
Other cash bonds (fixed-rate medium term notes)	161 143	136 758
Shares in bond issues of the Swiss mortgage lending institution	59 528	17 039
Total certificated debt	**1 899 376**	**1 712 801**

[1] Net book value of bond issues is calculated using the effective interest method. Bonds held by LGT companies are eliminated.
[2] Interest 2015 is payable on the subordinated cash bonds at various rates ranging from 2.375 to 2.9375%. The interest charge for the year on these bonds was TCHF 5 (2014: TCHF 10).

Bond issues at 31 December

Issuer	Date of issue	Nominal value		Interest rate %	Maturity	Net book value 2015	Net book value 2014
LGT Finance Ltd.	25.05.2011	CHF	200 000	2.125	25.11.2015	0	174 901
LGT Finance Ltd.	08.12.2009	CHF	300 000	2.750	08.12.2016	296 703	287 590
LGT Finance Ltd.	12.05.2010	CHF	250 000	2.500	12.05.2017	236 990	247 508
LGT Bank Ltd.	02.07.2012	CHF	250 000	2.000	02.07.2019	248 987	250 885
LGT Bank Ltd.	10.02.2014	CHF	300 000	1.500	10.05.2021	298 073	299 222
LGT Bank Ltd.	08.02.2013	CHF	300 000	1.875	08.02.2023	297 464	298 678
LGT Bank Ltd.	25.11.2015	CHF	300 000	0.625	25.11.2025	300 328	0
Total bond issues at 31 December						**1 678 545**	**1 558 784**

23 Other liabilities (TCHF)	2015	2014
Amounts due to long-term incentive scheme	126 761	148 225
Amounts due to bonuses	270 815	237 557
Post employment benefit obligations	469 356	331 610
Other	140 596	57 360
Total other liabilities	**1 007 528**	**774 752**

24 Provisions (TCHF)	2015			2014		
	Operational risk	Other	Total	Operational risk	Other	Total
At 1 January	57 137	28 901	86 038	33 415	43 308	76 723
Current year expenses	29 851	2 838	32 689	24 180	89	24 269
Provisions released	-655	-1 967	-2 622	-640	-14 465	-15 105
Provisions utilized	-136	-3 719	-3 855	-49	-26	-75
Reclassification	0	-262	-262	0	0	0
Currency translation	-2 277	-32	-2 309	231	-5	226
At 31 December	**83 920**	**25 759**	**109 679**	**57 137**	**28 901**	**86 038**

25 Other reserves (TCHF)	2015	2014
Revaluation reserves – investments in associates	1 311 908	1 372 897
Revaluation reserves – available-for-sale securities	54 420	72 488
Revaluation reserves – cash flow hedge	-133	1 246
Revaluation reserves – actuarial gains/losses	-256 890	-149 202
Total other reserves	**1 109 305**	**1 297 429**
Revaluation reserves – investments in associates		
At 1 January	1 372 897	1 153 999
Disposals	0	-23 192
Gains/losses from change in fair value	-13 719	242 090
Appropriation of Foundation earnings and dividends	-47 270	0
At 31 December	**1 311 908**	**1 372 897**
Revaluation reserves – available-for-sale securities		
At 1 January	72 488	48 429
Disposals	-7 034	-15 234
Gains/losses from change in fair value	-11 411	39 853
Deferred income tax	377	-560
At 31 December	**54 420**	**72 488**
Revaluation reserves – cash flow hedge		
At 1 January	1 246	2 164
Gains/losses from change in fair value	-1 379	-918
At 31 December	**-133**	**1 246**
Revaluation reserves – actuarial gains/losses		
At 1 January	-149 202	15 754
Gains/losses on defined benefit pension plans	-127 416	-197 113
Deferred income tax	19 728	32 157
At 31 December	**-256 890**	**-149 202**

26 Contingent liabilities, commitments and fiduciary transactions (TCHF)	2015	2014
Contingent liabilities		
Credit guarantees and similar instruments	207 765	257 515
Other contingent liabilities	85 976	80 612
Total contingent liabilities	**293 741**	**338 127**
Committed credit lines and other commitments	**480 804**	**559 676**
of which irrevocable commitments	440 658	559 676
Fiduciary transactions	**1 109 539**	**604 370**
of which fiduciary investments	1 109 539	604 370

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]	2015	2014
Book value of pledged and assigned assets (as collateral)	483 495	520 563
of which available-for-sale securities	297 505	0
of which financial assets designated at fair value	54 372	469 170
of which mortgages	131 618	51 393
Actual commitments	402 931	222 376

[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]	2015	2014
Claims from cash deposits in connection with securities borrowing and reverse repurchase transactions	3 254 929	1 108 770
Liabilities from cash deposits in connection with securities lending and repurchase transactions	0	250 548
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	0	158 727
of which capable of being resold or further pledged without restrictions	0	158 727
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	3 836 451	1 990 257
of which resold or further pledged	303 082	502 236

[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 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	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.

Fair value at the end of the period	Level 1	Level 2	Level 3	2014 Total
Assets				
Loans and advances to banks[1]	0	4 551 335	0	4 551 335
Loans and advances to customers[1]	0	10 638 701	0	10 638 701
Securities held for trading purposes	4 601	797	0	5 398
Derivative financial instruments	0	1 542 335	0	1 542 335
Financial assets designated at fair value	1 153 860	1 584 296	2 830	2 740 986
Available-for-sale securities	1 907 087	685 171	56 718	2 648 976
Precious metals	437 057	0	0	437 057
Total assets at fair value	**3 502 605**	**19 002 635**	**59 548**	**22 564 788**
Liabilities				
Amounts due to banks[1]	0	1 351 331	0	1 351 331
Amounts due to customers[1]	0	26 187 846	0	26 187 846
Derivative financial instruments	0	1 378 352	1 069	1 379 421
Financial liabilities designated at fair value	0	532 742	0	532 742
Certificated debt[1]	0	1 832 542	0	1 832 542
Total liabilities at fair value	**0**	**31 282 813**	**1 069**	**31 283 882**

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 78 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	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.

Reconciliation of Level 3 items

	Derivative financial instruments	Financial assets/liabilities designated at fair value	Available-for-sale securities	2014 Total
Assets				
At 1 January	**0**	**3 046**	**54 481**	**57 527**
Total gains/losses	0	-742	5 789	5 047
thereof in profit/loss	0	-665	-234	-899
thereof in other comprehensive income	0	-77	6 023	5 946
Purchases	0	799	41 651	42 450
Issues	0	0	0	0
Sales	0	-234	-45 203	-45 437
Redemptions	0	0	0	0
Currency translation	0	-39	0	-39
Transfers into/out of Level 3	0	0	0	0
At 31 December	**0**	**2 830**	**56 718**	**59 548**
Liabilities				
At 1 January	**1 893**	**0**	**0**	**1 893**
Total gains/losses	-788	0	0	-788
thereof in profit/loss	-788	0	0	-788
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	-36	0	0	-36
Transfers into/out of Level 3	0	0	0	0
At 31 December	**1 069**	**0**	**0**	**1 069**

There were no transfers either into or out of Level 3 in 2014.

Gains/losses included in profit/loss for financial instruments measured at fair value based on Level 3	2015	2014
Total gains/losses included in profit/loss for the period	1 328	-81
Total gains/losses for the period included in income from trading activities for assets/liabilities held at the end of the reporting period	1 117	-884

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 market-making activities, and to manage their exposure to fluctuations in interest and foreign exchange rates. Derivatives used for trading purposes include foreign exchange forwards, stock options and warrants as well as forward rate agreements (FRAs). Within the context of asset and liability management, interest rate swaps are primarily employed. LGT 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	2015 Notional amount	2015 Positive replacement value	2015 Negative replacement value	2014 Notional amount	2014 Positive replacement value	2014 Negative replacement value
Interest rate products						
Interest rate swaps	509 230	1 762	3 098	477 007	2 416	4 402
OTC options	1 984	11	11	0	0	0
Foreign exchange products						
Foreign exchange forwards	97 760 903	699 803	926 836	82 361 396	1 371 592	1 173 475
Foreign exchange swaps	638 842	4 429	2 140	312 614	3 136	7 408
Foreign exchange OTC options	3 706 674	25 107	20 128	5 965 098	27 896	28 053
Precious metal products						
Precious metal forwards	1 150 169	5 570	6 405	3 599 482	38 006	34 130
Precious metal swaps	170	9	0	0	0	0
Precious metal OTC options	251 783	23 950	13 034	803 987	44 727	25 127
Derivatives on shares and indices						
OTC Options	341 011	15 842	14 275	211 422	14 068	10 587
Credit derivatives						
Swaps	0	0	0	51 868	1 166	1 166
Other products	1 119 266	7 318	22 266	1 687 565	37 101	60 828
Total contracts	**105 480 032**	**783 801**	**1 008 193**	**95 470 439**	**1 540 108**	**1 345 176**

Types of derivative financial instruments held for hedging	2015 Notional amount	2015 Positive replacement value	2015 Negative replacement value	2014 Notional amount	2014 Positive replacement value	2014 Negative replacement value
Interest rate products						
Interest rate swaps (cash flow hedges)	160 000	848	0	220 000	2 227	0
Interest rate swaps (fair value hedges)[1]	725 080	0	37 323	775 330	0	34 245
Total contracts	**885 080**	**848**	**37 323**	**995 330**	**2 227**	**34 245**

[1] LGT applied fair value hedge accounting for a portfolio hedge of interest rate risk for the first time in 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 10 165 (2014: TCHF 23 362). A matching amount of TCHF -9 739 (2014: TCHF -23 310) 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 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	385 335	14 662	0	32 239
Total assets	**3 687 165**	**0**	**3 687 165**	**385 335**	**14 662**	**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	316 880	238 744	0	81 877
Total liabilities	**637 501**	**0**	**637 501**	**316 880**	**238 744**	**0**	**81 877**

Assets at 31 December 2014	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	1 108 770	0	1 108 770	0	0	1 096 804	11 966
Positive market values from derivative financial instruments	882 854	0	882 854	722 994	64 276	0	95 584
Total assets	**1 991 624**	**0**	**1 991 624**	**722 994**	**64 276**	**1 096 804**	**107 550**

Liabilities at 31 December 2014	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	250 548	0	250 548	0	0	244 406	6 142
Negative market values from derivative financial instruments	1 107 737	0	1 107 737	723 921	280 872	0	102 944
Total liabilities	**1 358 285**	**0**	**1 358 285**	**723 921**	**280 872**	**244 406**	**109 086**

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 and 2% tier 2 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		2015	2014
Capital resources		3 313 873	3 354 387
thereof non-controlling interests		331	341
thereof "innovative" instruments		0	0
Other adjustments		15 042	-132 240
Intangible assets		-377 469	-414 646
CET 1 capital		**2 951 446**	**2 807 501**
additive tier 1 instruments (2014: upper tier 2 capital)		0	0
Tier 1 capital		**2 951 446**	**2 807 501**
tier 2 items (2014: lower tier 2 capital)		23	36
Own funds		**2 951 469**	**2 807 537**
Required capital	**Approach**		
Credit risk	Standard	**904 331**	**994 643**
On-balance sheet		904 331	978 561
Non-counterparty risks		0	16 082
Market risk	Standard	**100 395**	**79 785**
Operational risk	Basic indicator	**152 694**	**143 098**
Credit valuation adjustment risk	Standard	**17 863**	**0**
Total		**1 175 283**	**1 217 526**
Capital adequacy ratio[1]		**20.1%**	**18.4%**

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

33 Subsidiaries

The Group's principal subsidiary undertakings at 31 December 2015 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	Asset management	Vaduz – Liechtenstein	100.0
LGT Capital Partners (FL) Ltd.	Asset management	Vaduz – Liechtenstein	100.0
LGT Fondsleitung Ltd.	Asset management	Vaduz – Liechtenstein	100.0
LGT Funds SICAV	Asset management	Vaduz – Liechtenstein	100.0
LGT Portfolio Management AGmvK	Asset management	Vaduz – Liechtenstein	100.0
LGT Premium Strategy AGmvK	Asset management	Vaduz – Liechtenstein	100.0
LGT Strategy Units (Lie) AGmvK	Asset management	Vaduz – Liechtenstein	100.0
LGT Capital Partners Advisers Ltd.	Investment advisers	Vaduz – Liechtenstein	100.0
LGT Private Equity Advisers Ltd.	Investment advisers	Vaduz – Liechtenstein	60.0
LGT Financial Services Ltd.	Services company	Vaduz – Liechtenstein	100.0
LGT Audit Revisions Aktiengesellschaft	Audit services	Vaduz – Liechtenstein	100.0
LGT Bank (Switzerland) Ltd.	Banking	Basel – Switzerland	100.0
LGT Capital Partners Ltd.	Asset management	Pfäffikon SZ – Switzerland	100.0
LGT ILS Partners Ltd.	Asset management	Pfäffikon SZ – Switzerland	100.0
LGT Investment Partners Ltd.	Investment advisers	Pfäffikon SZ – Switzerland	100.0
LGT Holding International Ltd.	Holding company	Pfäffikon SZ – Switzerland	100.0
LGT Capital Partners (U.K.) Ltd.	Investment advisers	London – United Kingdom	100.0
LGT Bank (Ireland) Ltd.	Banking	Dublin – Ireland	100.0
LGT Capital Partners (Ireland) Ltd.	Asset management	Dublin – Ireland	100.0
LGT Fund Managers (Ireland) Ltd.	Fund administrator	Dublin – Ireland	100.0
LGT Holding Denmark ApS	Holding company	Copenhagen – Denmark	100.0
LGT Fund Management (Lux) S.A.	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 Partners (USA) Inc. [2]	Investment advisers	New York – USA	100.0
LGT Bank (Cayman) Ltd.	Banking	Grand Cayman – Cayman Islands	100.0
LGT Certificates Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Finance Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT Global Invest Ltd.	Holding company	Grand Cayman – Cayman Islands	100.0
LGT 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.	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.

[2] Merger of LGT Capital Partners (USA) Inc., New York with LGT Capital Partners Holding (USA) Inc., New York and LGT Clerestory LLC, New York on 31 October 2015.

Crown Verwaltungsgesellschaft mbH, Munich was sold on 15 June 2015.

Artinba Ltd., Basel was liquidated on 22 July 2015.

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		2015		2014
Domicile	**Number**	**NAV**	**Number**	**NAV**
Cayman Islands	6	4 200 869	4	3 358 342
Finland	1	217 443	1	240 471
Germany	2	95 608	2	131 773
Guernsey	5	1 455 257	4	997 008
Ireland	29	8 543 236	25	8 039 873
Liechtenstein	6	14 218 940	6	14 379 483
Luxembourg	13	7 611 062	12	6 400 484
Switzerland	3	920 201	3	1 064 781
United Kingdom	1	189 413	1	67 962
USA	2	39 366	2	118 127
Total	**68**	**37 491 395**	**60**	**34 798 304**

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 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**

Financial statement at 31 December 2014 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	1 053 056	293 086	0	151 323	408 156	-377 650	1 527 971
Finland	0	0	0	0	2 405	0	2 405
Germany	0	150	0	4	2 822	0	2 976
Guernsey	0	418	0	0	0	0	418
Ireland	0	10 529	1 380	156 383	253 956	0	422 248
Liechtenstein	0	0	1	0	28 818	-28 814	5
Luxembourg	0	370	769	19 526	87 376	0	108 041
Switzerland	0	7 079	568	0	0	0	7 647
USA	0	17 838	0	0	0	0	17 838
Total	**1 053 056**	**329 470**	**2 718**	**327 236**	**783 533**	**-406 464**	**2 089 549**

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 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
Client assets under administration in CHF m[4]	86 435	44 928	0	873	132 236

[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] Client assets under administration include double-counted assets and LGT's Princely Portfolio.
[5] Corporate Center includes the net result of the Princely Portfolio, net Group financing cost, the cost of all Group functions and consolidation adjustments.

Geographical information at 31 December 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.

Operating segments at 31 December 2014	Private Banking	Asset Management	Operations & Technology	Corporate Center[5]	Group
Net interest income and similar income[1]	105 040	-3 537	5 536	-14 580	92 459
Non-interest income (other income)	570 551	263 091	7 483	76 190	917 315
Total internal operating income[2]	38 664	9 730	128 097	-176 491	0
Total operating income	**714 255**	**269 284**	**141 116**	**-114 881**	**1 009 774**
Personnel expenses	-304 206	-150 743	-57 738	-82 825	-595 512
Business and office expenses	-207 158	-54 486	-57 976	154 137	-165 483
Depreciation, amortization and impairment	-17 002	-727	-23 077	-4 572	-45 378
Credit losses/recoveries	-722	0	364	0	-358
Changes in provisions and other losses	-18 150	-291	0	9 277	-9 164
Other operating expenses	-1 194	-108	0	41	-1 261
Total operating expenses	**-548 432**	**-206 355**	**-138 427**	**76 058**	**-817 156**
Segment result before tax	**165 823**	**62 929**	**2 689**	**-38 823**	**192 618**
Tax expense[3]					-27 443
Non-controlling interests					-195
Net profit					**164 980**
Profit/loss of associates	0	4	0	242 090	242 094
Additional information:					
Segment assets	**34 950 951**	**398 627**	**506 630**	**-322 967**	**35 533 241**
Property and equipment	183 299	4 512	13 765	0	201 576
Intangible assets	302 157	44 641	67 848	0	414 646
Capital expenditure	19 172	2 928	7 914	0	30 014
Investments in associates	0	638	0	3 009 204	3 009 842
Segment liabilities	**31 353 762**	**231 093**	**420 262**	**173 737**	**32 178 854**
Headcount	1 247	323	316	195	2 081
Client assets under administration in CHF m[4]	84 241	43 776	0	778	128 795

[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] Client assets under administration include double-counted assets and LGT's Princely Portfolio.
[5] Corporate Center includes the net result of the Princely Portfolio, net Group financing cost, the cost of all Group functions and consolidation adjustments.

Geographical information at 31 December 2014	Operating income[1]	Capital expenditure	Non-current assets
Liechtenstein	374 855	9 781	158 686
Switzerland	636 562	16 645	367 628
Other Europe	-197 138	581	82 546
Americas	86 958	1 712	2 447
Asia	108 423	1 293	4 913
Other countries	114	2	2
Group	**1 009 774**	**30 014**	**616 222**

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

36 Client assets under administration (CHF m)

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

	2015	2014
Client assets in own-managed funds	25 547	25 542
Client assets under management	32 658	31 216
Other client assets under administration	71 136	69 028
Total client assets under administration (including double counting)	**129 341**	**125 786**
of which double counting	12 966	12 937
Net new assets	**8 882**	**14 429**
of which net new money	8 882	6 755
of which through acquisition	0	7 674

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

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

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

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

Custodian assets
Custodian assets are excluded.

37 Pensions (TCHF)	2015	2014
Principal actuarial assumptions		
Discount rate	0.90%	1.10%
Average future salary increases	1.00%	1.00%
Future pension increases	0.00%	0.00%
Mortality tables used	BVG 2015 GT	BVG 2010 GT
Average retirement age	60/60	60/60
Employees covered by the major plans[1]	1 716	1 671
Retirees covered by the major plans	478	453
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	27.1	26.2
Female	29.3	28.8
Balance sheet (end of year)		
Fair value of plan assets	1 139 144	1 086 511
Defined benefit obligation	-1 608 500	-1 418 121
Funded status	**-469 356**	**-331 610**
Unrecognized asset due to IAS 19.64	0	0
Net assets/liabilities	**-469 356**	**-331 610**
Income statement		
Service cost	-43 590	-27 724
Interest cost	-15 769	-24 567
Interest income	12 121	21 514
Past service cost	0	0
Curtailment, settlement, plan amendment gains/losses	0	0
Administration expense	-193	-292
Net pension expenses	**-47 431**	**-31 069**
Actual return on plan assets	2 573	90 227
Movement in the assets/liabilities recognized in the balance sheet		
At 1 January	-331 610	-135 654
True-up opening balance sheet	0	0
Expense recognized in the income statement	-47 431	-31 069
Employer's contributions (following year expected contribution)	37 101	32 226
Total prepaid/accrued pension cost	-10 330	1 157
whereof operating income/expense	-6 682	4 210
whereof financing income/expense	-3 648	-3 053
Total gains/losses recognized in other comprehensive income	-127 416	-197 113
Change of unrecognized assets due to IAS 19.64	0	0
At 31 December	**-469 356**	**-331 610**

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

	2015	2014
Movement in the defined benefit obligation		
At 1 January	-1 418 121	-1 078 078
Service cost	-43 590	-27 724
Employees' contributions	-21 648	-18 947
Past service cost	0	0
Interest cost	-15 769	-24 567
Curtailments/settlements	0	0
Benefits paid	8 496	-2 979
Actuarial gains/losses on benefit obligation	-117 868	-265 826
At 31 December	**-1 608 500**	**-1 418 121**
Defined benefit obligation participants	-1 180 412	-1 029 920
Defined benefit obligation pensioners	-428 088	-388 201
Duration	19.3	18.3
Movement in the fair value of plan assets		
At 1 January	1 086 511	942 424
Interest income	12 121	21 514
Employer's contributions	37 101	32 226
Employees' contributions	21 648	18 947
Benefits paid	-8 496	2 979
Administration expense	-193	-292
Return on plan assets excluding amount recognized in net interest	-9 548	68 713
At 31 December	**1 139 144**	**1 086 511**

Composition and fair value of plan assets at 31 December 2015	Quoted in an active market			Other	Total	%
	Domestic	Foreign	Domestic	Foreign		
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**

Composition and fair value of plan assets at 31 December 2014	Quoted in an active market Domestic	Foreign	Other Domestic	Foreign	Total	%
Cash and cash equivalents	0	0	43 561	0	43 561	4.0
Real estate	0	0	56 720	0	56 720	5.2
Bonds	2 809	104 070	0	0	106 879	9.8
AAA to BBB -	2 809	100 505	0	0	103 314	9.5
below BBB-	0	0	0	0	0	0.0
not rated	0	3 565	0	0	3 565	0.3
Equity	112 798	209	0	0	113 007	10.5
Investment funds	55 559	172 384	472 548	69 537	770 028	70.9
Bonds	0	28 993	251 910	6 863	287 766	26.5
Equity	4 407	58 761	156 760	4 558	224 486	20.7
Real estate	41 848	50 165	17 771	0	109 784	10.1
Commodities	9 304	0	16 136	0	25 440	2.3
Alternative investments	0	34 465	29 971	58 116	122 552	11.3
Derivatives	0	0	-12 769	0	-12 769	-1.2
Currencies	0	0	-12 769	0	-12 769	-1.2
Other assets/liabilities	4 677	0	4 408	0	9 085	0.8
Total	**175 843**	**276 663**	**564 468**	**69 537**	**1 086 511**	**100.0**

The plan assets include property occupied by the Group with a fair value of TCHF 13 200 (2014: TCHF 13 200).

Defined benefit pension plans	2015	2014
Remeasurements DBO	**-117 868**	**-265 826**
Actuarial gains/losses arising from plan experience	-61 112	1 179
Actuarial gains/losses arising from demographic assumptions	-35 492	0
Actuarial gains/losses arising from financial assumptions	-21 264	-267 005
Remeasurements assets	**-9 548**	**68 713**
True-up of opening balance sheet	**0**	**0**
Total recognized in other comprehensive income	**-127 416**	**-197 113**

Sensitivities	DBO	Service cost
Discount rate +0.25%	-76 390	-3 780
Discount rate -0.25%	82 833	4 124
Salary increase +0.25%	25 542	1 863
Salary increase -0.25%	-24 733	-1 793
Pension increase +0.25%	55 345	2 129
Pension increase -0.25% (not lower than 0%)	0	0
Increase of one year life expectancy at retirement age	61 441	2 633

The Group expects to contribute TCHF 34 201 to its defined benefit pension plans in 2016 (2015: TCHF 37 101).
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	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**

Number of series	9	10	11	12	13	14	15	16	Total
Year of issue	2007	2008	2009	2010	2011	2012	2013	2014	
Duration from	1.4.2007	1.4.2008	1.4.2009	1.4.2010	1.4.2011	1.4.2012	1.4.2013	1.4.2014	
Duration to	1.4.2014	1.4.2015	1.4.2016	1.4.2017	1.4.2018	1.4.2019	1.4.2020	1.4.2021	
At 1 January 2014	1 311	2 535	2 147	2 624	3 228	3 208	3 249	0	18 302
Granted	0	0	0	0	0	0	0	3 488	3 488
Exercised	-1 311	-715	-312	-322	-521	0	0	0	-3 181
Lapsed/without value	0	-10	-5	-5	-29	-48	-55	0	-152
At 31 December 2014	**0**	**1 810**	**1 830**	**2 297**	**2 678**	**3 160**	**3 194**	**3 488**	**18 457**

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

Number of series	Year of issue	Expiry date	Exercise price (CHF)	2015	2014
10	2008	1.4.2015	37 061	0	1 810
11	2009	1.4.2016	32 859	1 098	1 830
12	2010	1.4.2017	34 760	1 536	2 297
13	2011	1.4.2018	13 871	2 175	2 678
14	2012	1.4.2019	12 877	2 104	3 160
15	2013	1.4.2020	14 546	3 134	3 194
16	2014	1.4.2021	13 773	3 412	3 488
17	2015	1.4.2022	14 180	3 477	0
				16 936	**18 457**

The fair value changes of the options of TCHF 24 643 for 2015 were charged to personnel expenses (2014: TCHF 63 975). 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)

	2015	2014
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	**3 325**	**3 325**
Salaries and bonuses	19 792	12 500
Long-term incentive scheme	8 304	3 514
Total emoluments of Group and business unit executives	**28 096**	**16 014**
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	2 500	2 365
Mortgages and other loans	3 668	4 034
Total	**6 168**	**6 399**

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 2015, LGT's employees had committed a total of USD 99.0 million (2014: USD 85.2 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:

	2015	2014
Deposits	901	2 074

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:

	2015	2014
Deposits	69 245	43 528

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:

	2015	2014
Not later than one year	31 292	26 823
Later than one year and not later than five years	92 144	86 676
Later than five years	22 427	25 702
Subtotal	**145 863**	**139 201**
Less sublease rentals received under non-cancellable leases	5 241	8 448
Total	**140 622**	**130 753**

Operating leasing expenses in the gross amount of TCHF 29 198 are included in operating expenses. (2014: TCHF 28 239).

Bauer brothers, Hortus Botanicus, detail from “Amaranthus tricolor L.,” c. 1779

Risk management

Risk management framework and process

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

The risk policy of LGT 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 Interest rates Currency Equity prices Asset and Liability Management	**Liquidity and funding risk** Cash flows Refinancing	**Credit risk** Counterparty default Concentration Collateral	**Operational risk** Processes Employees Technology External
Regulatory and reputational risk			

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

Strategic and business risk

Strategic risk is the danger of losses arising from strategic decisions, changes in the economic and competitive environment, inadequate or insufficient implementation of strategic objectives, or lack of capability to adjust to changing economic needs. Moreover, it comprises the danger of losses resulting from the dependency on highly qualified staff.
Business risk arises from unexpected changes in market conditions having a negative impact on profitability.

Market risk

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

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

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

The asset and liability management (ALM) manages the interest rate risk in the banking book and the group-wide foreign exchange rate risk. The ALM profile and the corresponding risks are limited on 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.

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.

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 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 income statement at 31 December 2014	Interest rate +100 bps	Currency -20%	Equity price -10%
Trading portfolio/designated at fair value	9 197	171 916	388
Total	**9 197**	**171 916**	**388**

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**

Negative fair value change reflected in equity at 31 December 2014	Interest rate +100 bps	Currency -20%	Equity price -10%
Non-trading portfolios	23 340	401 571	4 283
Investments in associates	0	0	300 920
Total	**23 340**	**401 571**	**305 203**

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.

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 2015 (TCHF)	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**

Foreign exchange exposure at 31 December 2014	CHF	EUR	USD	Other	Total
Cash in hand, balances with central banks	9 210 468	58 492	1 220	1 011	9 271 191
Loans and advances to banks	1 236 225	1 017 643	1 656 762	637 194	4 547 824
Loans and advances to customers	4 602 167	1 661 330	2 857 994	1 380 199	10 501 690
Securities held for trading purposes	767	769	2 435	1 427	5 398
Financial assets designated at fair value	1 353 880	537 961	27 862	821 283	2 740 986
Available-for-sale securities	641 119	406 466	461 456	1 139 935	2 648 976
Investments in associates	3 009 842	0	0	0	3 009 842
Remaining assets	2 258 184	44 797	61 725	442 628	2 807 334
Total assets	**22 312 652**	**3 727 458**	**5 069 454**	**4 423 677**	**35 533 241**
Amounts due to banks	133 166	259 495	601 468	356 433	1 350 562
Amounts due to customers	5 733 468	6 498 112	10 895 911	3 055 089	26 182 580
Financial liabilities designated at fair value	0	532 742	0	0	532 742
Certificated debt	1 694 839	17 962	0	0	1 712 801
Remaining liabilities	2 280 199	57 037	37 578	25 355	2 400 169
Total liabilities	**9 841 672**	**7 365 348**	**11 534 957**	**3 436 877**	**32 178 854**
Net foreign exchange exposure of balance sheet	**12 470 980**	**-3 637 890**	**-6 465 503**	**986 800**	**3 354 387**
Derivative financial instruments	-8 858 999	3 475 331	6 453 489	-859 674	210 147
Total net foreign exchange exposure	**3 611 981**	**-162 559**	**-12 014**	**127 126**	**3 564 534**

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.

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 2015	**-6.3**	**-4.3**	**-8.8**	**37.4**	**18.0**
All currencies 2014	-2.0	-7.9	-12.6	32.1	9.6
CHF 2015	**1.5**	**10.2**	**7.3**	**41.6**	**60.6**
CHF 2014	2.1	18.2	9.4	33.9	63.6
USD 2015	**-5.7**	**-10.8**	**-7.0**	**-0.8**	**-24.3**
USD 2014	2.1	-7.4	-12.3	-0.5	-18.1
EUR 2015	**-4.0**	**-2.7**	**-4.9**	**-3.4**	**-15.0**
EUR 2014	-5.9	-17.1	-4.6	-0.8	-28.4

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 2015			31 December 2014		
	CHF in %	EUR in %	USD in %	CHF in %	EUR in %	USD in %
Assets						
Loans and advances to banks	-0.64	0.08	0.60	0.07	0.30	0.31
Loans and advances to customers	0.93	1.09	1.70	1.12	1.33	1.53
Available-for-sale securities	2.06	0.39	0.89	1.82	0.47	1.05
Liabilities						
Amounts due to banks	0.05	-0.02	0.13	0.07	0.06	0.14
Amounts due to customers	-0.06	0.01	0.08	0.10	0.02	0.05
Certificated debt	1.72	0.61	0.00	2.04	0.61	0.00

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 2015 (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	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
Securities held for trading purposes	0	657	0	0	0	657
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
Investments in associates	0	2 895 487	0	0	0	2 895 487
Total assets	**52 265 762**	**51 942 892**	**20 497 787**	**2 861 044**	**684 642**	**128 252 127**
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

Cash flow of assets and liabilities at 31 December 2014	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	9 271 191	0	0	0	0	9 271 191
Loans and advances to banks	2 780 248	616 953	1 151 229	0	0	4 548 430
Loans and advances to customers	5 559 832	1 825 863	1 113 323	1 656 344	510 009	10 665 371
Securities held for trading purposes	0	2 719	0	2 432	265	5 416
Derivative financial instruments	32 890 666	36 115 587	17 275 917	66 157	12 304	86 360 631
Financial assets designated at fair value	76 684	1 153 574	411 733	628 981	0	2 270 972
Available-for-sale securities	241 503	755 902	538 825	1 033 834	120 915	2 690 979
Investments in associates	0	3 009 842	0	0	0	3 009 842
Total assets	**50 820 124**	**43 480 440**	**20 491 027**	**3 387 748**	**643 493**	**118 822 832**
Amounts due to banks	1 124 774	144 388	78 758	3 713	0	1 351 633
Amounts due to customers	24 651 792	764 418	474 190	302 810	0	26 193 210
Derivative financial instruments	32 755 905	36 105 046	17 216 687	90 505	16 318	86 184 461
Certificated debt	1 120	11 742	226 067	927 599	700 029	1 866 557
Total liabilities	**58 533 591**	**37 025 594**	**17 995 702**	**1 324 627**	**716 347**	**115 595 861**
Committed credit lines	559 676	0	0	0	0	559 676
Contingent liabilities	338 127	0	0	0	0	338 127

Derivative cash flows at 31 December 2015 (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	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**

Derivative cash flows at 31 December 2014	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	32 754 973	36 102 435	17 207 585	62 783	3 600	86 131 376
Inflow	32 890 428	36 114 840	17 272 891	59 759	3 604	86 341 522
Interest rate derivatives						
Outflow	933	2 611	9 101	27 722	12 718	53 085
Inflow	237	747	3 025	6 398	8 699	19 106
Other derivatives						
Outflow	0	0	0	0	0	0
Inflow	0	0	0	0	0	0
Total outflow	**32 755 906**	**36 105 046**	**17 216 686**	**90 505**	**16 318**	**86 184 461**
Total inflow	**32 890 665**	**36 115 587**	**17 275 916**	**66 157**	**12 303**	**86 360 628**

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.

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.

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 50% of the debt securities had a rating of at least "Aa/AA," with over 92% 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]	2015	in %	2014	in %
Liechtenstein and Switzerland	14 014 709	40.9	17 107 614	48.1
Other Europe	8 234 255	24.0	6 372 206	17.9
Americas	930 598	2.8	5 762 283	16.2
Asia	3 081 542	9.0	3 179 173	9.0
Other countries	7 978 131	23.3	3 111 965	8.8
Total	**34 239 235**	**100.0**	**35 533 241**	**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.

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)	2015	2014
Fair value of financial assets accepted as collateral that the Group is permitted to sell or repledge in the absence of default	3 251 194	1 111 781

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)	2015 Loans and advances to banks	2015 Loans and advances to customers	2014 Loans and advances to banks	2014 Loans and advances to customers
Neither past due nor impaired	7 304 389	11 066 870	4 547 824	10 093 557
Past due but not impaired	0	769 121	0	409 067
Impaired	0	37 528	0	23 167
Total loans and advances (gross)	**7 304 389**	**11 873 519**	**4 547 824**	**10 525 791**
Less allowance for impairment	0	27 249	0	24 101
Total loans and advances (net)	**7 304 389**	**11 846 270**	**4 547 824**	**10 501 690**

Distribution of loans and advances which were past due but not impaired (TCHF)	2015 Loans and advances to banks	2015 Loans and advances to customers	2014 Loans and advances to banks	2014 Loans and advances to customers
Past due up to 30 days	0	697 331	0	373 658
Past due 31–60 days	0	7 016	0	536
Past due more than 60 days	0	64 774	0	34 873
Total	**0**	**769 121**	**0**	**409 067**

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)	2015 Loans and advances to banks	2015 Loans and advances to customers	2014 Loans and advances to banks	2014 Loans and advances to customers
Specific allowance for impairment	0	19 170	0	16 749
Portfolio allowance for impairment	0	8 079	0	7 352
Total	**0**	**27 249**	**0**	**24 101**

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)	2015	2014
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 30% of counterparties had a rating of at least "AA", and over 86% a rating of at least "A". LGT is closely monitoring these positions and applies strict criteria in order to assess whether or not a bank qualifies for lending.

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

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. 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.

Operational risk measurement

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.

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.

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.

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.

Loans and advances to banks

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

Loans and advances to customers

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

Amounts due to banks or to customers

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

Certificated debt

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

Financial assets (TCHF)	2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Loans and advances to banks	7 304 389	7 306 523	4 547 824	4 551 335
Loans and advances to customers	11 846 270	12 006 633	10 501 690	10 638 701
Financial liabilities (TCHF)				
Amounts due to banks	784 209	784 232	1 350 562	1 351 331
Amounts due to customers	25 492 928	25 495 177	26 182 580	26 187 846
Certificated debt	1 899 376	2 006 562	1 712 801	1 832 542

Bauer brothers, Hortus Botanicus, detail from “Cucurbita pepo L.,” c. 1778

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

As statutory auditor, we have audited the accounting records and the financial statements (income statement, balance sheet and notes) on pages 82 to 91 and the chairman's report of LGT Group Foundation on pages 8 to 10 for the year ended 31 December 2015.

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 and the chairman's report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the 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 Pájer

Zurich, 28 April 2016

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Income statement

Income statement (TCHF)	Note	2015	2014
Interest and dividend income			
Interest earned		0	0
Interest expense and similar charges		-783	-1 139
Net interest		**-783**	**-1 139**
Current income from participations		101 030	125 986
Total interest and dividend income		**100 247**	**124 847**
Commission expenses		-23	-49
Income from financial transactions (all from trading activities)		268	466
Other operating income	1	52 399	59 792
Total operating income		**152 891**	**185 056**
Administrative expenses			
Personnel expenses	2	-13 936	-15 201
Business and office expenses	3	-21 652	-8 353
Total administrative expenses		**-35 588**	**-23 554**
Other operating expenses		-24 627	-366
Depreciation, allowances and provision on subsidiary undertakings, affiliated companies and securities treated as current assets		-6 454	-3 558
Profit for the period		**86 222**	**157 578**
Appropriation of available Foundation earnings			
Balance at the beginning of the period		277 418	219 840
Profit for the period		86 222	157 578
Total available Foundation earnings		**363 640**	**377 418**
The Foundation Board proposes to the Foundation meeting of 28 April 2016:			
Distribution to the Prince of Liechtenstein Foundation		-100 000	-100 000
Balance to be carried forward		**263 640**	**277 418**

The accounting principles and the notes on pages 84 to 91 form part of these accounts. The accounts on pages 82 to 91 were approved by the Foundation Board on 28 April 2016 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	2015	2014
Assets			
Loans and advances to banks (subsidiary undertakings)	4	673	1 212
of which on demand		673	1 212
Participations (shares in associated companies)	5	1 290 603	1 247 978
Other assets	6	103 383	106 031
Total assets		**1 394 659**	**1 355 221**
Liabilities			
Amounts due to banks	7	597 500	569 200
of which loans		597 500	569 200
Other liabilities	8	29 815	22 064
Accrued expenses and deferred income		5 170	12 610
Provisions	9	59 490	34 885
Foundation capital		339 044	339 044
Profit/loss to be carried forward		277 418	219 840
Profit for the period	10	86 222	157 578
Total liabilities		**1 394 659**	**1 355 221**
Off-balance sheet items			
Collateralization guarantees and similar instruments		4 447	4 918
Guarantees and similar instruments		3 079 803	5 437 267
of which for affiliated companies		3 063 395	5 411 242

The guarantees and similar instruments are valued with the carrying amount. The accounting principles and the notes on pages 84 to 91 form part of these accounts.

Notes to the financial statements
Accounting principles

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

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.

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

Foreign currencies
Revenue items denominated in foreign currencies are translated at the exchange rates 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.

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

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

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

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

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

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

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

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

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

Details on the income statement and balance sheet

Overview

LGT Group Foundation was established on 20 July 2001 and is the top holding company of LGT. Its purpose is the holding of the majority of the subsidiaries of LGT. For a complete list of subsidiary undertakings see note 5 below.
The profit for the business year 2015 amounts to TCHF 86 222. The balance sheet total increased by TCHF 39 438 or 2.9% to TCHF 1 394 659.

1	Other operating income (TCHF)	2015	2014
	Income from subsidiary undertakings (license fees, income from service level agreements and service charge for comfort letters)	52 396	48 682
	Other	3	11 110
	Total other operating income	**52 399**	**59 792**

2	Personnel expenses (TCHF)	2015	2014
	Personnel expenses before long-term incentive scheme		
	Salaries	4 907	3 635
	Bonuses	4 760	5 739
	Social security costs	553	522
	Pension costs	361	399
	Other personnel expenses	462	171
	Personnel expenses before long-term incentive scheme	**11 043**	**10 466**
	Long-term incentive scheme	2 893	4 735
	Total personnel expenses	**13 936**	**15 201**

3	Business and office expenses (TCHF)	2015	2014
	Information and communication expenses	32	38
	Travel and entertainment expenses	717	788
	Legal and professional expenses	13 613	2 720
	Advertising expenses	6 923	4 807
	Other expenses	367	0
	Total business and office expenses	**21 652**	**8 353**

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

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

5 Participations (TCHF)	2015	2014
Acquisition cost	1 365 799	1 287 802
Accumulated depreciation	-117 821	-114 264
Opening balance	**1 247 978**	**1 173 538**
Investments	49 079	78 658
Impairment	-6 454	-3 558
Disposals/capital decrease	0	0
Liquidation	0	-660
Closing balance	**1 290 603**	**1 247 978**

All participations of LGT Group Foundation are unlisted.

The subsidiary undertakings of LGT Group Foundation at 31 December 2015 were:

Name	Principal activity	Registered office
LGT Bank Ltd.	Banking	Vaduz – Liechtenstein
LGT Capital Invest AGmvK [1]	Asset management	Vaduz – Liechtenstein
LGT Capital Partners (FL) Ltd.	Asset management	Vaduz – Liechtenstein
LGT Fondsleitung Ltd.	Asset management	Vaduz – Liechtenstein
LGT Funds SICAV [1]	Asset management	Vaduz – Liechtenstein
LGT Portfolio Management AGmvK [1]	Asset management	Vaduz – Liechtenstein
LGT Premium Strategy AGmvK [1]	Asset management	Vaduz – Liechtenstein
LGT Strategy Units (Lie) AGmvK [1]	Asset management	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 services	Vaduz – Liechtenstein
LGT Bank (Singapore) Ltd. [2]	Banking	Singapore
LGT Capital Partners (Asia-Pacific) Ltd.	Investment advisers	Hong Kong – China
LGT Investment Management (Asia) Ltd.	Investment advisers	Hong Kong – China
LGT Holding (Malaysia) Ltd.	Holding company	Labuan – Malaysia
LGT (Middle East) Ltd. [4]	Investment advisers	Dubai – United Arab Emirates
LGT Bank (Cayman) Ltd.	Banking	Grand Cayman – Cayman Islands
LGT Certificates Ltd. [7]	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
LGT (Uruguay) S.A.	Bank representation	Montevideo – Uruguay

[1] Companies with variable share capital structure, only part of fund manager held by LGT Group Foundation.
[2] Share capital increase of SGD 50 000 000 on 11 February 2015.
[3] Partly held via LGT Global Invest Ltd., Grand Cayman.
[4] Share capital increase of USD 15 000 000 on 18 December 2015.
[5] Voting rights held via LGT Bank Ltd., Vaduz.
[6] Partly held via LGT Bank Ltd., Vaduz.
[7] Company with variable share capital structure, only founder's shares held by LGT Group Foundation.

The book value of the participations in banks and investment firms is CHF 944 420 652.

% of voting rights held	% of capital held	Share capital (paid in)		Net profit of the subsidiary in business year 2015 ('000)	
100.0	100.0	CHF	291 200 800	CHF	112 333
100.0	100.0	CHF	50 000	CHF	0
100.0	100.0	CHF	1 000 000	CHF	2 075
100.0	100.0	CHF	1 000 000	CHF	0
100.0	100.0	CHF	50 000	CHF	0
100.0	100.0	CHF	50 000	CHF	0
100.0	100.0	CHF	50 000	CHF	0
100.0	100.0	CHF	50 000	CHF	0
100.0	100.0	CHF	250 000	CHF	27
60.0	60.0	CHF	1 000 000	CHF	30
100.0	100.0	CHF	1 000 000	CHF	4 096
100.0	100.0	CHF	100 000	CHF	86
100.0	100.0	SGD	520 000 000	CHF	1 630
100.0	100.0	HKD	66 000 000	HKD	1 390
100.0[3]	100.0[3]	HKD	24 000 000	HKD	3 831
100.0	100.0	CHF	90 100 000	CHF	-37
100.0	100.0	USD	40 000 000	USD	-6 857
100.0[5]	100.0[6]	USD	600 000	CHF	6 915
100.0	100.0	CHF	1	CHF	0
100.0	100.0	USD	50 001	CHF	635
100.0	100.0	CHF	4	CHF	-15 959
100.0	100.0	CHF	7	CHF	-10
100.0	100.0	UYU	4 600 000	USD	-134

6 Other assets (TCHF)	2015	2014
Dividend proposed	100 000	100 000
Receivables from subsidiary undertakings	521	3 119
Receivables from others	2 862	2 912
Total	**103 383**	**106 031**

7 Amounts due to banks (TCHF)	2015	2014
Amounts due to LGT Bank Ltd., Vaduz	597 500	569 200
Total	**597 500**	**569 200**

8 Other liabilities (TCHF)	2015	2014
Salaries	985	986
Bonuses	8 195	8 678
Social security costs	318	79
Long-term incentive scheme	12 317	11 769
Others	8 000	552
Total	**29 815**	**22 064**

9 Provisions (TCHF)	2015	2014
Opening balance	**34 885**	**44 519**
Current year expenses	24 605	366
Provisions released	0	-10 000
Provisions utilized	0	0
Closing balance	**59 490**	**34 885**

10 Statement of changes in equity (TCHF)	2015	2014
Equity at the beginning of the business year	716 462	658 884
Payment to the Prince of Liechtenstein Foundation	-100 000	-100 000
Profit for the period	86 222	157 578
Total equity at the end of the business year	**702 684**	**716 462**

11 Headcount	2015	2014
Headcount at 31 December	10	9

12 Analysis of balance sheet by origin at 31 December 2015 (TCHF)	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**

Analysis of balance sheet by origin at 31 December 2014	Domestic	%	Foreign	%	Total	%
Assets						
Loans and advances to banks	1 212	100.0	0	0.0	1 212	100.0
Participations	521 279	41.8	726 699	58.2	1 247 978	100.0
Other assets	2 788	2.6	103 243	97.4	106 031	100.0
Total assets	**525 279**	**38.8**	**829 942**	**61.2**	**1 355 221**	**100.0**
Liabilities						
Amounts due to banks	569 200	100.0	0	0.0	569 200	100.0
Other liabilities	22 064	100.0	0	0.0	22 064	100.0
Accrued expenses and deferred income	12 243	97.1	367	2.9	12 610	100.0
Provisions	22 500	64.5	12 385	35.5	34 885	100.0
Foundation capital	716 462	100.0	0	0.0	716 462	100.0
Total liabilities	**1 342 469**	**99.1**	**12 752**	**0.9**	**1 355 221**	**100.0**

13 Breakdown of assets according to country/country group (TCHF)	2015	%	2014	%
Liechtenstein	522 287	37.4	525 279	38.8
Other Europe	0	0.0	37	0.0
Americas	355 495	25.5	355 495	26.2
Asia	516 877	37.1	474 410	35.0
Total assets	**1 394 659**	**100.0**	**1 355 221**	**100.0**

14

Foreign exchange exposure at 31 December 2015 (TCHF)	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**

Foreign exchange exposure at 31 December 2014	CHF	EUR	USD	Other	Total
Assets					
Loans and advances to banks	1 212	0	0	0	1 212
Participations	872 352	0	13 724	361 902	1 247 978
Other assets	105 869	0	0	162	106 031
Total assets	**979 433**	**0**	**13 724**	**362 064**	**1 355 221**
Liabilities					
Amounts due to banks	569 200	0	0	0	569 200
Other liabilities	22 064	0	0	0	22 064
Accrued expenses and deferred income	12 428	56	83	43	12 610
Provisions	22 500	12 385	0	0	34 885
Foundation capital	716 462	0	0	0	716 462
Total liabilities	**1 342 654**	**12 441**	**83**	**43**	**1 355 221**

15 Analysis of current assets and liabilities by maturity at 31 December 2015 (TCHF)

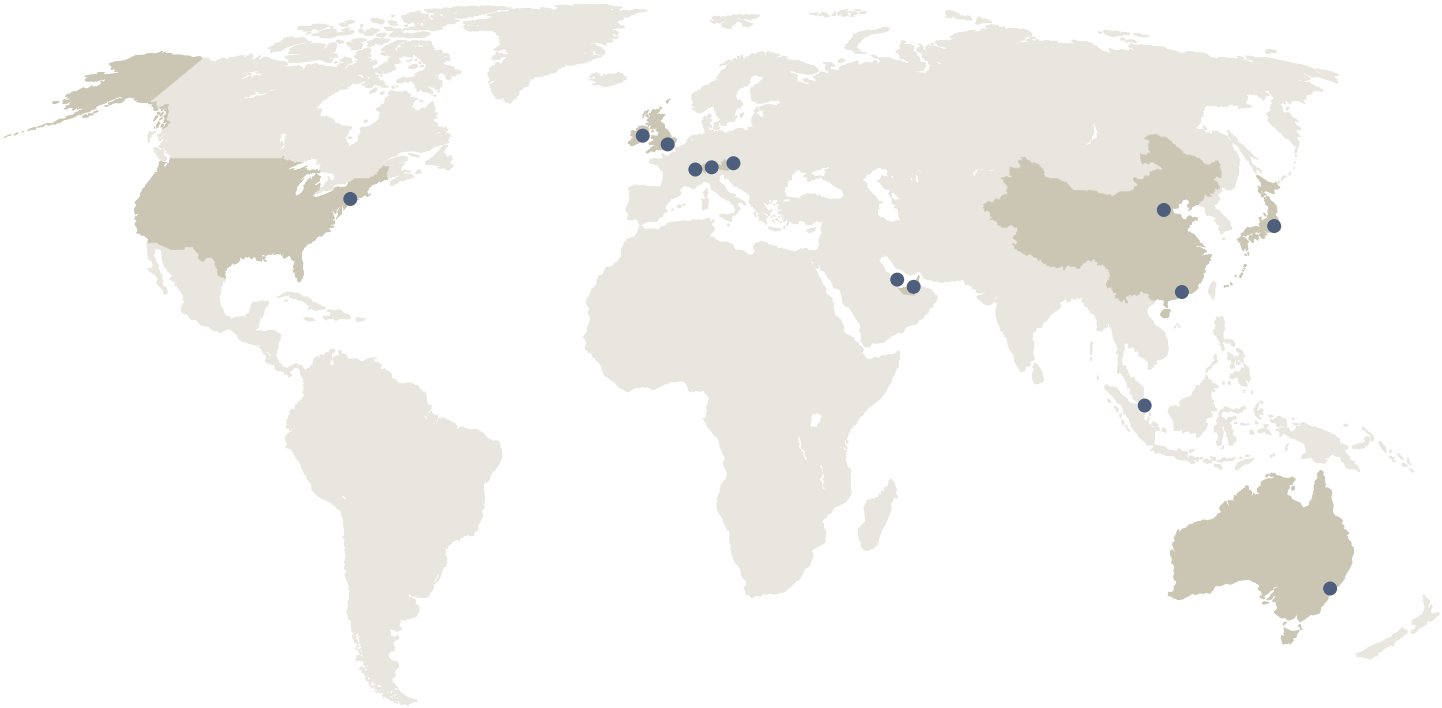
	On demand	Within 3 months	More than 3 and less than 12 months	More than 12 months	Total
Current assets					
Loans and advances to banks	673	0	0	0	673
Other assets	0	250	103 133	0	103 383
Total current assets	**673**	**250**	**103 133**	**0**	**104 056**
Current liabilities					
Amounts due to banks	0	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**

Analysis of current assets and liabilities by maturity at 31 December 2014	On demand	Within 3 months	More than 3 and less than 12 months	More than 12 months	Total
Current assets					
Loans and advances to banks	1 212	0	0	0	1 212
Other assets	0	3 259	102 772	0	106 031
Total current assets	**1 212**	**3 259**	**102 772**	**0**	**107 243**
Current liabilities					
Amounts due to banks	0	569 200	0	0	569 200
Other liabilities	0	631	21 433	0	22 064
Accrued expenses and deferred income	0	5 610	3 000	4 000	12 610
Total current liabilities	**0**	**575 441**	**24 433**	**4 000**	**603 874**

16 Emoluments to members of the management

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

International presence



Europe	Principality of Liechtenstein, *Vaduz* Austria, *Salzburg, Vienna* Ireland, *Dublin* Switzerland, *Basel, Berne, Chur, Davos, Geneva, Lugano, Pfäffikon, Zurich* United Kingdom, *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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Bauer brothers, Hortus Botanicus, detail from “Lilium candidum L.,” c. 1778

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