S&P Global
Ratings

RatingsDirect®

LGT Bank AG

Primary Credit Analyst:
Sophie Nehrer, Frankfurt + 49 693 399 9242; sophie.nehrer@spglobal.com

Secondary Contact:
Heiko Verhaag, CFA, FRM, Frankfurt + 49 693 399 9215; heiko.verhaag@spglobal.com

Table Of Contents

Table Of Contents (cont.)

LGT Bank AG

Ratings Score Snapshot

Global Scale Ratings
Issuer Credit Rating
A+/Stable/A-1
Resolution Counterparty Rating
AA-/--/A-1+

SACP: a+ → **Support: 0** → **Additional factors: 0**

Anchor	a-	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
A+/Stable/A-1
Resolution counterparty rating
AA-/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Key strengths	Key risks
Well-established international private-banking business model.	Intense competition and margin pressure in private banking.
Strong brand name and a stable ownership and management structure.	Market risk in the "Princely Portfolio" of long-term investments.
Sound liquidity position covering the deposit-driven funding profile.	Inherent legal and reputational risks from private-banking activities.

We expect that LGT Bank (LGT) will be able to maintain its stable performance despite the challenging economic environment. Global economic conditions have deteriorated in 2022 due to geopolitical tensions, higher inflation, and heightened economic uncertainty that has also depressed financial-asset valuations. While tail risks exist for banks across the board, we think that the impact on LGT will be limited, and expect the bank to demonstrate a stable performance in 2022. In 2021, LGT benefited from favorable market dynamics, including increases in the price of financial assets. This boosted the valuation of assets under management (AUM), as well as net new money inflow, which amounted to Swiss franc (CHF) 24.8 billion in 2021. For 2022, we expect slightly more muted growth, driven, among other things, by lower Lombard lending volumes, which could result in lower fees and interest income. However, volatility in the financial markets typically benefits private banks' trading activity.

The legal carve-out of LGT Group's asset-management activities is still ongoing, hence AUM and fee income remain unaffected for now. LGT Group, comprising the private-banking and asset-management businesses, had total assets of CHF52.9 billion as of end-2021. It derives about 72% of its operating earnings from private banking and about 34% from asset management. Reorganization efforts are still ongoing following the decision in 2020 to dissolve the group structure. Going forward, there will be three independent companies: LGT Private Banking, LGT Capital Partners for the asset-management business, and Lightrock for the impact-investing activities. While the impact-investing operations have been legally separated since early 2021, we understand that the legal carve-out of LGT's asset-management activities will take additional time and most likely not occur in 2022. That said, separate management structures are already in place. Once the legal separation is complete, the AUM and the related fee income of LGT Private Banking, of which LGT will be part, will be lower. However, we do not expect this to have an impact on our rating on LGT since we do not believe that the carve-out will materially impair LGT's strong private-banking franchise and solid profitability. We will continue to base our rating on LGT on the consolidated financials of LGT Private Banking.

LGT continues to use its strong capitalization for mergers and acquisitions (M&A), which enhances its franchise. LGT's acquisition of Australia-based Crestone Wealth Management, which marked the bank's entry into the Australian market, is now complete. The transaction contributed about CHF17 billion to LGT's private-banking AUM, which amounted to CHF206 billion at year-end 2021. Furthermore, LGT acquired a 30% stake in Germany-based digital wealth manager LIQID in March 2022. In our view, this will enable LGT to gain valuable insights into the future trend of digital wealth management, which is not LGT's own focus. The bank has also expanded its international presence in various markets, such as Japan. We expect that LGT will continue to pursue M&A to broaden its customer base in a consolidating industry.

LGT's future buffer of bail-inable instruments remains uncertain absent details on the domestic minimum requirement for own funds and eligible liabilities (MREL) framework. Currently, we do not assign any rating uplift for additional loss-absorbing capacity (ALAC) that would protect senior unsecured creditors in the event of a resolution. We expect Liechtenstein's Financial Market Authority to communicate its framework for MREL and bank-specific requirements in 2023. Based on the MREL requirements for LGT, including the volume and subordination level, we will assess whether a one-notch uplift for its ALAC would be appropriate or not. So far, the bank has issued a total of CHF510 million in senior nonpreferred bonds.

Outlook

The stable outlook reflects our view that LGT's revenue streams over the coming 12-24 months will be broadly stable despite the current asset-price volatility. During that period, we expect to gain more clarity on the local MREL requirements and the implications for LGT's issuance plans.

Downside scenario

We could take a negative rating action on LGT if a plunge in asset prices triggered a strong reduction in the value of the Princely Portfolio and AUM, weakening LGT's earnings capacity and risk-adjusted capitalization. While it is a more remote prospect, we could also consider a downgrade if lower earnings retention or larger acquisitions prevented the bank from maintaining strong capitalization, or if the ongoing reorganization has unexpected negative implications for the business.

Upside scenario

We could consider a positive rating action if we expected LGT to accumulate bail-inable capital beyond our expectations, resulting in an ALAC buffer above the adjusted threshold of 5.5% of S&P Global Ratings risk-weighted assets. This buffer would protect the bank's senior unsecured creditors should it become nonviable. However, we would consider an upgrade only if our comprehensive view of LGT were comparable with that of peers at the 'AA-' level, currently only a small group of global banks.

Key Metrics

LGT Bank AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2019a**	**2020a**	**2021a**	**2022f**	**2023f**
Growth in operating revenue	8.4	2.8	14.1	6.0-7.3	3.6-4.4
Growth in customer loans	8.0	(14.8)	9.9	2.7-3.3	3.6-4.4
Net interest income/average earning assets (NIM)	0.8	0.6	0.5	0.55-0.65	0.6-0.7
Cost to income ratio	78.7	75.7	79.1	76.0-79.9	75.2-79.1
Return on average common equity	7.1	6.2	6.5	6.0-6.6	6.3-7.0
New loan loss provisions/average customer loans	(0.0)	0.1	0.0	0.05-0.1	0.05-0.1
Gross nonperforming assets/customer loans	0.5	0.5	0.3	0.35-0.45	0.3-0.4
Risk-adjusted capital ratio	10.2	9.9	10.7	10.9-11.5	11.3-11.9

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' For Private Banks Based In Liechtenstein

We use the economic risk and industry risk scores from our Banking Industry Country Risk Assessment (BICRA) to determine a bank's anchor, the starting point in assigning an issuer credit rating. In the case of LGT, a private bank, we use the economic and industry risk factors for the country of origin, Liechtenstein. Hence, the anchor for LGT is 'a-', based on an economic risk score of '2' and an industry risk score of '3' for Liechtenstein. We view the economic and industry risk trends in the Liechtenstein banking industry as stable.

Economic risk in the Liechtenstein banking sector remains relatively low in a global context, despite its exposure to global free trade flow, challenges relating to the COVID-19 pandemic, and economic uncertainties arising from the war in Ukraine. Liechtenstein's wealth levels are among the highest of any rated sovereign, and risks from household debt remain average by European standards. Mirroring trends in neighboring countries such as Switzerland and Germany, house prices in Liechtenstein have risen moderately in recent years, and we expect this trend to continue without creating a credit-fueled asset-price bubble. Furthermore, we expect that credit losses in Liechtenstein's retail and corporate banking will remain low in 2022-2023, despite potential deleterious second-round effects from the war in Ukraine.

Our assessment of industry risk mainly reflects banks' off-balance-sheet business model focused on private banking and wealth management. We consider Liechtenstein banks' risk appetites to be restrained, with a conservative risk culture, but the high confidence sensitivity of their business model exposes the financial industry to reputational risk. Nevertheless, Liechtenstein has implemented international best practices for tax compliance and information exchange. In addition, the financial supervisory authority implements banking regulation and supervision in line with EU standards. Banks' funding structures are driven by ample private-banking deposits, which we consider neutral for Liechtenstein's banking sector.

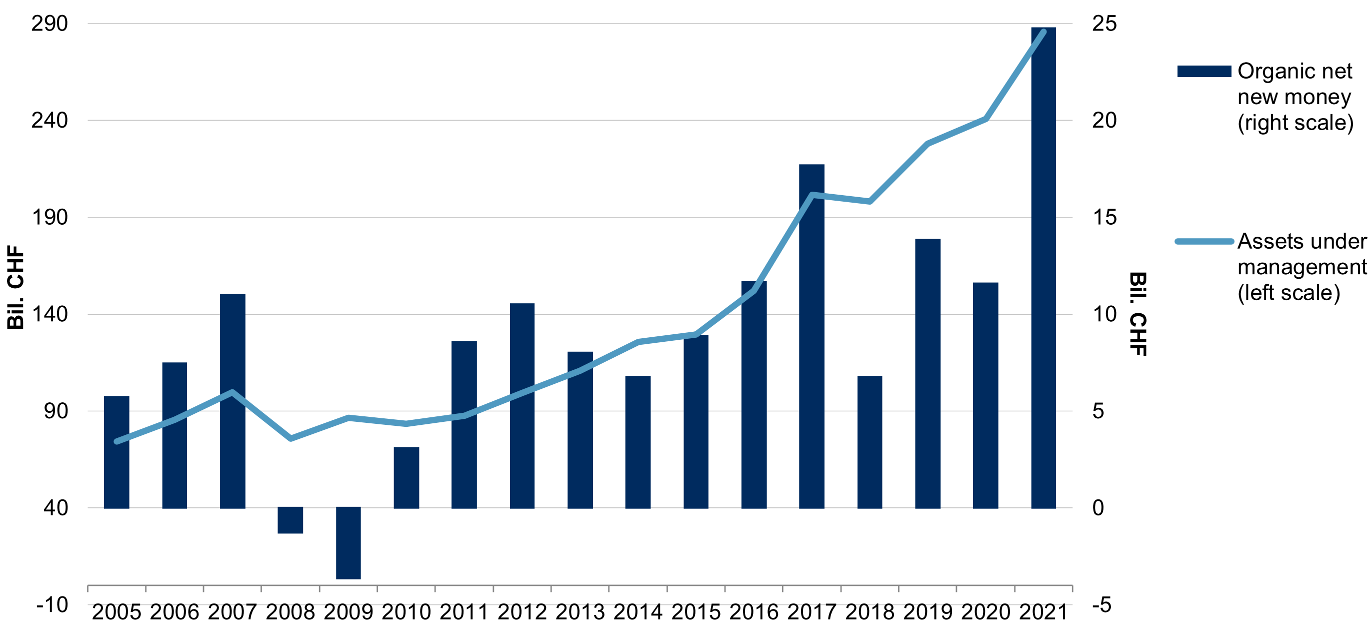
Business Position: Well-Established International Private-Banking Business

LGT's business position benefits from its standing as the leading financial institution in Liechtenstein, its well-established international franchise, the resulting operational and financial performances, which are stronger than peers', as well as its loyal client base. LGT has generated strong net asset inflows over the past decade, coping well with Liechtenstein's swift push to tax compliance in international private banking.

In our view, LGT will continue to attract new customers across its private-banking operations in Europe, the Middle East, Asia, and Australia. The group has continuously increased asset-gathering and reported assets under administration of CHF285.8 billion as of year-end 2021. The strong growth over the past five years included CHF74.6 billion of organic growth, in addition to benefits from acquisitions of around CHF22.8 billion. This underpins LGT's strong record of net new money generation and the smooth integration of acquisitions.

Chart 1

Organic Net New Money Generation Was Strong In 2021



CHF--Swiss franc. Source: S&P Global Ratings.

Furthermore, a key feature of LGT's business proposition continues to be the co-investment product known as the Princely Portfolio, part of a long-term investment strategy that includes a high share of alternative investments. We see this product as an important tool in creating customer loyalty and aligning the bank's interests with those of its clients.

LGT will further invest in its digitalization to improve efficiency and enhance the customer experience. This should limit risks to LGT's franchise from increasing competition from robo-advisors and large tech companies, which will likely expand their services to gradually attract wealthy customers. After acquiring a minority stake in LIQID in early 2022, LGT has now launched a collaboration with the digital asset manager.

Capital And Earnings: Strong But Potentially Volatile Risk-Adjusted Capitalization (RAC)

We assess LGT's capital and earnings as a rating strength. We base our assessment mainly on our RAC ratio for LGT Group, which was 10.7% as of year-end 2021, slightly up from 9.9% one year earlier, and which we expect will gradually improve toward 12%-13% over the coming 18-24 months.

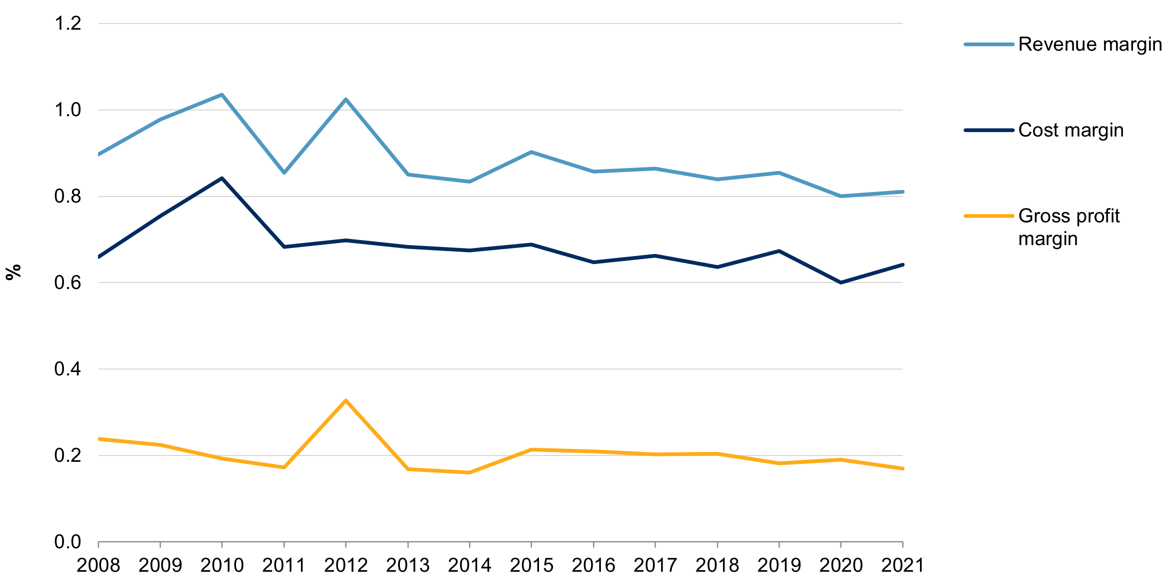
However, we note the comparably high volatility of the RAC ratio, reflecting the bank's on-balance-sheet investment in the Princely Portfolio, which consists, to a large extent, of alternative asset classes like private equity and hedge funds, and is valued at fair value.

In our calculation of LGT's total adjusted capital (TAC) position for 2021, we make a material deduction for the CHF2.2 billion of revaluation reserves, largely reflecting unrealized gains on the Princely Portfolio, which we do not treat as capital. However, we fully acknowledge these unrealized gains in our calculation of the bank's risk-weighted assets (RWAs), which materially reduces the risk weights for the on-balance-sheet investments. Overall, our lower TAC in the numerator and higher risk weights for exposures in the denominator result in a substantial difference between our RAC ratio and the group's regulatory common equity tier 1 ratio of 22.1% as of December 2021, calculated using the standardized approach. This compares with a required minimum regulatory total capital ratio of 12.5%.

In our view, LGT continues to deliver a solid financial performance, despite challenging operating conditions due to intense competition in private banking. That said, the current economic environment is challenging, and risks are skewed to the downside. Should those risks materialize and the economic environment be hampered longer than we expect, lower asset valuations and lower volumes in Lombard lending could result in lower fees and interest income. In our base case for 2022, we expect annual net income of about CHF360 million-CHF412 million and a return on equity of about 6.0%-6.5%.

Chart 2

LGT Is Largely Able To Defend Its Profit Margin



Revenue margin--operating revenues to average AUM. Cost margin--non-interest expenses to average AUM. Gross profit margin--preprovision operating income to average AUM. AUM--Assets under management. Source: S&P Global Ratings.

Risk Position: Low Credit Risk, With A Conservative Approach To Managing Operational Risks In Private Banking

We view LGT's credit risk as very low, since the loan portfolio is principally highly collateralized, and the bank demonstrates an outstanding loan-loss record in comparison with its private-bank peers. However, the bank remains exposed to potential reputational risks due to its focus on confidence-sensitive private banking and market risk in the Princely Portfolio.

LGT's loan portfolio increased to CHF19.4 billion as of year-end 2021, consisting primarily of Lombard lending, and, to a lesser extent, mortgage loans. While Lombard volumes increased in 2021, we expect a slightly weaker performance in 2022 on the back of heightened economic uncertainty and market volatility. The bank monitors the portfolio daily in accordance with prudent criteria, and the collateral portfolio is of high quality. The mortgage loan portfolio of CHF4.7 billion as of December 2021 is mainly concentrated in Liechtenstein and Switzerland and shows very conservative loan-to-value ratios. We do not expect any changes in LGT's conservative underwriting standards. LGT's cost of risk was only two basis points on average over the past five years, and we expect it to continue to compare favorably with that of private-bank peers in Liechtenstein and Switzerland.

As a private bank, LGT also remains sensitive to legal risks, including those related to money laundering. We reflect the risk largely in our starting point for the rating, as we see this as an industrywide characteristic. While recent rounds of sanctions against companies and individuals from Russia and Belarus put a spotlight on Liechtenstein's banks, the banks comply fully with EU sanctions. We understand that LGT has no material direct country risk exposure or reliance on Russian, Ukrainian, or Belarussian collateral. That said, we assume that the bank might have to unwind some existing business with Russian clients due to the sanctions, but we expect the overall impact to be limited and LGT's financial performance mostly unaffected.

Overall, we believe that our RAC framework adequately captures LGT's market and operational risk, as seen in its elevated market and operational risk charges, which constitute as much as 57% of our total RWAs as of December 2021.

Funding And Liquidity: LGT's Funding Profile Is Based On Customer Deposits And Ample Liquidity

LGT's balance sheet is largely driven by its deposit base and the use of Lombard loans by clients, with excess deposits held in cash and diversified investment securities. Wholesale funding is mainly used to manage the bank's liquidity needs over the short-to-medium term and to provide a buffer against varying levels of client activity.

LGT's strong deposit base (94% of the funding base as of December 2021) and moderate loan portfolio will, in our view, continue to support favorable and stable funding and loan-to-deposit ratios in the future. Respectively, these ratios were 192.5% and 48.7% at end-2021. LGT's funding profile continues to compare favorably with that of most financial institutions, reflecting the bank's business profile.

Despite strong metrics, our assessment of LGT's funding and liquidity is neutral to the rating. Given the short maturities of large parts of its assets and liabilities, the funding and liquidity metrics dilute some risks inherent to the business model. We see the bank's cautious funding and liquidity approach as a necessity, given that private-banking deposits are generally more confidence sensitive and potentially more volatile than those of retail banks. We envisage higher volatility in private banks' customer deposits, since we observe less granularity, volumes often in excess of deposit insurance limits, and large cash positions within the customers' asset allocations. In our view, LGT is addressing these liquidity risks properly by holding a large buffer of cash, money market instruments, and investment securities, while the size of the buffer is informed by liquidity stress-testing for different scenarios.

Support: No Uplift Absent Details On The Domestic MREL Framework

In our view, LGT has high systemic importance in Liechtenstein, owing to its strong brand reputation as part of the Liechtenstein financial center, its leading market position in Liechtenstein, and its ownership by the princely family of Liechtenstein.

However, since the passage of the European Union Bank Recovery and Resolution Directive into national law in 2017, we consider the likelihood of extraordinary government support for banks in Liechtenstein to be uncertain and no longer include uplift for government support in our ratings on systemic banks.

We consider the country's bank resolution framework to be effective, which generally allows us to include uplift for ALAC in our ratings on individual systemically important banks. However, Liechtenstein's Resolution Authority has not yet communicated the eligible liabilities or any bank-specific requirements. Once we get clarity on the requirements, which we expect to happen in 2023, we will assess the bank's plan to achieve the targets and consider the extent of the additional protection for senior preferred creditors. So far, LGT has issued around CHF510 million of MREL instruments.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis for LGT, and we consider them to be broadly in line with those of industry and domestic peers. We expect the bank to continue benefiting from investors' increasing focus on ESG-related topics.

LGT was a first mover in sustainability, and launched sustainable bond and equity funds in 2009. It has constantly refined its ESG strategy, including its approach to investment and sustainable corporate development, with specific goals that it wants to reach by 2025 defined in its sustainability strategy. Until 2030, LGT aims to reduce its net emissions associated with both its operations and investments to zero. The bank also plans to expand its product offering in sustainability and ESG.

At the same time, the private ownership by the Princely House of Liechtenstein via LGT Group Foundation may raise questions about the independence of the supervisory board and management. Ownership decisions about the size of the Princely Portfolio investments on LGT's balance sheet and about unexpected capital distributions could have an impact on LGT's creditworthiness. While being aware of tail risks, we think that governance is a neutral factor for the rating. We expect the stable corporate development to continue.

Hybrids

We rate LGT Bank's senior nonpreferred notes, which contractually rank below its senior unsecured debt, at 'A', one notch below the bank's stand-alone credit profile, reflecting the subordination risk over preferred senior unsecured debt. In addition, we believe that the senior nonpreferred notes would be subject to a possible conversion or write-down only in a resolution.

Resolution Counterparty Ratings (RCRs)

Our 'AA-' long-term RCR on LGT is one notch above the long-term issuer credit rating on this entity. The RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institution.

Key Statistics

Table 1

LGT Bank AG--Key Figures					
	--Year ended Dec. 31--				
(Mil. CHF)	**2021**	**2020**	**2019**	**2018**	**2017**
Adjusted assets	52,074.7	49,143.7	48,654.1	42,620.2	41,068.8
Customer loans (gross)	19,429.8	17,671.7	20,753.2	19,223.1	20,010.6
Adjusted common equity	2,774.6	2,405.7	2,223.2	2,124.3	1,671.1
Operating revenues	2,133.8	1,870.4	1,820.1	1,679.4	1,529.2
Noninterest expenses	1,688.6	1,415.4	1,433.1	1,270.8	1,171.5
Core earnings	388.7	379.0	349.0	367.8	328.4

CHF--Swiss franc.

Table 2

LGT Bank AG--Business Position					
	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (CHF mil.)	2,133.8	1,870.4	1,820.1	1,679.4	1,529.2

Table 2

LGT Bank AG--Business Position (cont.)

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Retail banking/total revenues from business line	71.7	74.6	76.0	78.2	76.3
Commercial and retail banking/total revenues from business line	71.7	74.6	76.0	78.2	76.3
Asset management/total revenues from business line	33.8	24.5	26.8	24.6	25.3
Other revenues/total revenues from business line	(5.5)	0.9	(2.8)	(2.8)	(1.6)
Return on average common equity	6.5	6.2	7.1	7.6	7.3

Table 3

LGT Bank AG--Capital And Earnings

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	22.1	21.9	19.9	17.6	18.8
S&P Global Ratings' RAC ratio before diversification	10.7	9.9	10.2	10.5	8.7
S&P Global Ratings' RAC ratio after diversification	10.0	9.2	9.7	10.1	8.1
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	9.7	13.3	15.8	16.8	14.7
Fee income/operating revenues	74.1	63.4	63.9	64.9	65.7
Market-sensitive income/operating revenues	15.2	22.3	18.7	16.2	17.7
Cost-to-income ratio	79.1	75.7	78.7	75.7	76.6
Preprovision operating income/average assets	0.9	0.9	0.8	1.0	0.9
Core earnings/average managed assets	0.8	0.8	0.8	0.9	0.8

RAC--Risk-adjusted capital.

Table 4

LGT Bank AG--Risk-Adjusted Capital Framework Data

(CHF 000s)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings' RWA**	**Average S&P Global Ratings' RW (%)**
Credit risk					
Government and central banks	15,050,006.8	283,760.4	1.9	254,090.3	1.7
Of which regional governments and local authorities	2,064,095.0	169,314.3	8.2	126,676.7	6.1
Institutions and CCPs	8,461,844.3	1,616,236.2	19.1	1,158,258.1	13.7
Corporate	5,535,226.8	2,323,101.9	42.0	2,458,704.4	44.4
Retail	16,776,246.1	5,862,631.0	34.9	6,050,271.0	36.1
Of which mortgage	4,401,318.5	1,642,232.0	37.3	1,121,564.9	25.5
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	985,295.8	1,301,866.6	132.1	1,165,636.9	118.3
Total credit risk	46,808,619.9	11,387,596.1	24.3	11,086,960.6	23.7
Credit valuation adjustment					
Total credit valuation adjustment	--	209,039.2	--	0.0	--

Table 4

LGT Bank AG--Risk-Adjusted Capital Framework Data (cont.)

Market risk					
Equity in the banking book	5,837,854.9	6,374,740.4	109.2	7,474,426.2	128.0
Trading book market risk	--	1,986,651.0	--	2,979,976.5	--
Total market risk	--	8,361,391.4	--	10,454,402.7	--
Operational risk					
Total operational risk	--	3,626,915.0	--	4,339,076.2	--

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification	--	23,584,941.7	--	25,880,439.5	100.0
Total diversification/ Concentration adjustments	--	--	--	1,806,942.5	7.0
RWA after diversification	--	23,584,941.7	--	27,687,382.0	107.0

		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Rating's RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		5,206,862.0	22.1	2,774,599.9	10.7
Capital ratio after adjustments‡		5,206,862.0	22.1	2,774,599.9	10.0

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CHF--Swiss franc. Sources: Company data as of Dec. 31, 2021, S&P Global Ratings.

Table 5

LGT Bank AG--Risk Position

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	9.9	(14.8)	8.0	(3.9)	56.1
Total diversification adjustment/S&P Global Ratings' RWA before diversification	7.0	8.1	5.3	4.3	7.8
Total managed assets/adjusted common equity (x)	19.1	20.7	22.2	20.5	25.1
New loan loss provisions/average customer loans	0.0	0.1	(0.0)	0.0	(0.0)
Net charge-offs/average customer loans	(0.0)	0.0	(0.0)	(0.0)	(0.1)
Gross nonperforming assets/customer loans + other real estate owned	0.3	0.5	0.5	0.4	0.3
Loan loss reserves/gross nonperforming assets	51.1	31.3	29.5	38.1	47.4

RWA--Risk-weighted asset.

Table 6

LGT Bank AG--Funding And Liquidity

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	90.1	87.2	89.8	89.7	90.1
Customer loans (net)/customer deposits	48.7	47.8	54.2	57.5	61.7
Long-term funding ratio	96.4	93.0	94.9	94.9	95.2

Table 6

LGT Bank AG--Funding And Liquidity (cont.)					
	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Stable funding ratio	192.5	192.0	163.0	160.3	139.4
Short-term wholesale funding/funding base	4.0	7.7	5.5	5.6	5.3
Broad liquid assets/short-term wholesale funding (x)	14.9	7.9	8.9	8.6	7.2
Broad liquid assets/total assets	50.2	51.3	42.6	41.3	32.6
Broad liquid assets/customer deposits	66.5	69.4	55.1	53.8	42.1
Net broad liquid assets/short-term customer deposits	62.1	60.9	49.0	47.6	36.5
Regulatory liquidity coverage ratio (LCR) (x)	168.1	N/A	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	40.7	60.2	54.1	54.1	53.1
Narrow liquid assets/3-month wholesale funding (x)	15.4	8.8	10.0	9.9	8.3

N/A--Not applicable.

LGT Bank AG--Rating Component Scores	
Issuer Credit Rating	**A+/Stable/A-1**
SACP	a+
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Strong
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Liechtenstein, July 12, 2022
- Research Update: Liechtenstein 'AAA/A-1+' Ratings Affirmed; Outlook Stable, May 27, 2022
- Bulletin: LGT's Planned Acquisition Of Crestone Marks Entrance Into Australia With Manageable Impact On Capital, Dec. 15, 2021
- Full Analysis: LGT Bank AG, Aug. 23, 2021

Ratings Detail (As Of August 15, 2022)*		
LGT Bank AG		
Issuer Credit Rating		A+/Stable/A-1
Resolution Counterparty Rating		AA-/--/A-1+
Senior Subordinated		A
Senior Unsecured		A+
Senior Unsecured		A-1
Issuer Credit Ratings History		
12-May-2020	*Foreign Currency*	A+/Stable/A-1
17-May-2018		A+/Positive/A-1
02-Mar-2017		A+/Stable/A-1
12-May-2020	*Local Currency*	A+/Stable/A-1
17-May-2018		A+/Positive/A-1
02-Mar-2017		A+/Stable/A-1
Sovereign Rating		
Liechtenstein		AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings’ credit ratings on the global scale are comparable across countries. S&P Global Ratings’ credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.