



# Sound financial stability with LGT

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Marketing communication

## A successful and consistent approach

In the 2023 financial year, financial markets were characterised by persistent geopolitical uncertainties, as well as inflationary and other economic trends that were difficult to forecast. Despite this challenging environment, LGT achieved further strong growth. Total operating income increased 11 per cent compared with the previous year and amounted to CHF 2.57 billion. Group profit, which reflects a growth-related rise in operating expenses, totalled CHF 375.3 million. Net asset inflows were again very strong at CHF 21.9 billion, corresponding to an organic growth rate of 8 per cent. Assets under management rose 10 per cent to CHF 316.0 billion, reaching the highest year-end level in LGT's history. LGT is very well capitalised and maintains a high level of liquidity.

## General positioning

LGT is focusing exclusively on private banking and asset management and is geographically broadly diversified covering attractive international and domestic growth markets. The Group has banks in Liechtenstein, Switzerland, Austria, Singapore, Hong Kong and Australia. These six financial centres all benefit from top ratings by Standard & Poor's (BICRA 2 and 3).

## Strong credit ratings

LGT Bank Ltd. is one of the few pure private banks whose credit quality is rated by both Moody's and Standard & Poor's. The creditworthiness of its parent group, LGT Group Foundation, is fundamental for the rating. The strong ratings are based on both the solidity of LGT's balance sheet and earnings strength.

	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Long term rating	Aa2	A+
Short term rating	P-1	A-1

- Outlook: Moody's – stable; Standard & Poor's – stable.
- The Moody's rating was first accorded in 1996, S&P has rated LGT Bank since January 1997.
- The short-term ratings of Moody's (P-1) and S&P's (A-1) belong to the highest possible category of the respective rating agency and show that the rated institution has a strong capacity to repay short-term debt obligations.
- LGT Bank is the largest Bank in the Principality of Liechtenstein, which itself enjoys the highest possible sovereign rating of AAA (S&P).

## Strong CET 1 ratio

The common equity tier 1 capital ratio (CET 1) is a core measure of a bank's financial strength from a regulator's point of view and is based on the guidelines of the Basel Committee on Banking Supervision. As of December 31, 2024, LGT had a CET 1 ratio of 19.9 per cent versus a regulatory minimum of 13.8 per cent.

### Comparison of CET 1 ratios in per cent (as at 31.12.2023)

<b>LGT</b>	<b>19.9</b>	HSBC Holdings	14.8	Société Générale	13.1
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BNP Paribas	13.2	ING Group	14.7	Standard Chartered	14.1
Citigroup	12.1	JPMorgan Chase	15.0	UBS Group	14.5
DBS Group	14.6	Julius Baer Group	14.6	Vontobel	18.7
Deutsche Bank	13.7	Lombard Odier	32.0	ZKB	17.4
EFG International	17.0	Pictet Group (30.6.2023)	29.1		

### Solid leverage ratio

The leverage ratio is a key component of the Basel III framework and its implementation in the European Union (EU). The leverage ratio measures a bank's regulatory tier 1 capital (numerator) to its total business volume (denominator). A low ratio therefore represents a high level of debt relative to tier 1 capital.

#### Comparison of leverage ratios in per cent (as at 31.12.2023)

<b>LGT</b>	<b>7.7</b>	HSBC Holdings	5.6	Société Générale	4.3
BNP Paribas	4.6	ING Group	5.0	Standard Chartered	4.7
Citigroup	5.8	JPMorgan Chase	6.1	UBS Group	5.5
DBS Group	6.6	Julius Baer Group	4.9	Vontobel	5.4
Deutsche Bank	4.5	Lombard Odier (30.6.2023)	9.2	ZKB	6.6
EFG International	4.7	Pictet Group (30.6.2023)	7.8		

### Sound, client-based refinancing

The structure of LGT's liability side of the balance sheet has been constant for many years, with most of the Bank's refinancing coming from client deposits (currently 72 per cent) and equity capital (currently 10 per cent). Client deposits remained high in 2023, with clients attracted by conservatively managed balance sheets such as at LGT.

On December 31, 2023, LGT's liabilities of CHF 58.1 billion were composed as follows:

▪ CHF	6.0 bn	(10.3%)	shareholders' funds
▪ CHF	42.0 bn	(72.2%)	deposits from clients
▪ CHF	3.8 bn	(6.6%)	lending from banks
▪ CHF	6.4 bn	(10.9%)	others

### High quality assets

On December 31, 2023, LGT's assets of CHF 58.1 billion were invested in the following categories:

▪ CHF	17.3 bn	(29.7%)	lending to clients
▪ CHF	15.9 bn	(27.4%)	interbank lending
▪ CHF	3.8 bn	(6.5%)	current account at central banks
▪ CHF	14.8 bn	(25.5%)	financial assets
▪ CHF	6.3 bn	(10.9%)	others

LGT's assets have always been managed in a disciplined and conservative way which is reflected in the current strong quality of LGT's asset base

- LGT applies a prudent lending policy to clients. It practically only grants collateralised loans ("Lombard loans") against pledging of custody accounts and mortgages focused on residential properties and in combination with private banking assets mainly in Liechtenstein and Switzerland as well as high-quality international mortgages in prime locations. Thanks to strict lending guidelines credit losses have always been very low.
- LGT's Princely Portfolio has a strong track record of more than 20 years in terms of risk and return and is considered as a long-term investment by the Princely House of Liechtenstein.
- In order to manage its liquidity, LGT grants uncommitted short term lendings within the interbank market and invests into short term money market papers and bonds. The focus is on issuers and counterparties that are of first-class quality and are broadly diversified. Almost 88 per cent of LGT's money market lending and money market papers exposure have a rating of at least "AA", and over 99 per cent have a minimum rating of "A". LGT closely monitors these positions and follows strict criteria when assessing a counterparty's creditworthiness.

## Strong liquidity, conservative asset and liability management

Due to its sound refinancing base and the high quality of its assets, LGT Bank's liquidity ratio is significantly above the regulatory required minimum. LGT's extremely prudent balance sheet management is based on conservative maturity gaps between its assets and liabilities.

### Comparison of liquidity coverage ratios (LCR) in per cent (as at 31.12.2023)

<b>LGT</b>	<b>235.9</b>	HSBC Holdings	136.0	Société Générale	160.0
BNP Paribas	148.0	ING Group	143.0	Standard Chartered	144.9
Citigroup	116.1	JPMorgan Chase	113.0	UBS Group	215.7
DBS Group	144.0	Julius Baer Group	291.4	Vontobel	218.5
Deutsche Bank	140.0	Lombard Odier	205.0	ZKB <small>(30.9.2023)</small>	148.0
EFG International	219.0	Pictet Group	198.0		

## Deposit safety

The banks in Liechtenstein offer their clients a deposit protection program comparable to those of Swiss and other European banks.

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