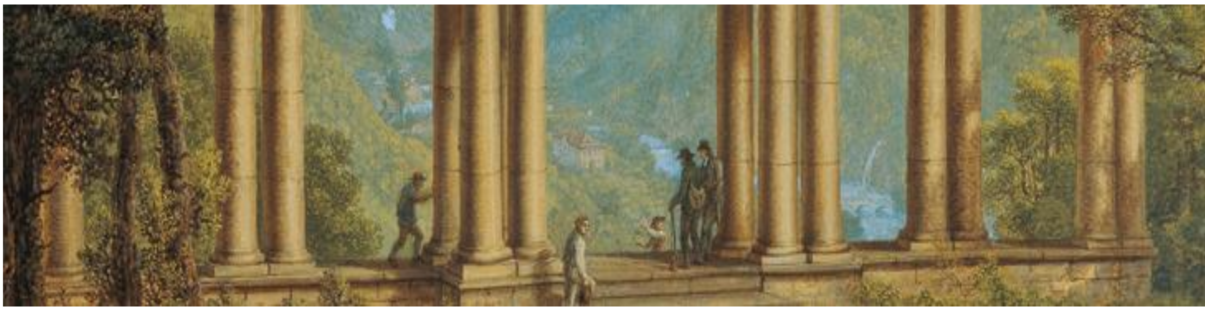
Sound financial stability with LGT

March 2023
Marketing communication



A successful and consistent approach

LGT grew profitably in 2022 and increased Group profit 19% to CHF 420.8 million. Assets under management increased slightly year on year to CHF 287.2 billion. Negative market performance and foreign currency effects were offset by strong net asset inflows of CHF 17.1 billion (+6%) and asset growth from the acquisition of Crestone and Validus Wealth. LGT is very well capitalized with a tier 1 capital ratio of 19.1% as at the end of 2022 and has a high level of liquidity.

Current positioning

LGT is also well positioned and protected against potential negative developments in the euro area. The Group has banks in Liechtenstein, Switzerland, Austria, Singapore and Hong Kong. These five financial centres have all received top ratings from 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.

	Moody's	**Standard & Poor's**
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.
- Moody's short term rating of P-1 is the highest possible while the S&P rating of A-1 reflects the second highest possible.
- LGT Bank is the largest Bank in the Principality of Liechtenstein, which itself enjoys the highest possible sovereign rating of AAA (S&P).

Strong tier 1 ratio

Tier 1 ratio is a core measure of the 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, 2022, LGT had a tier 1 ratio of 19.1 percent versus a regulatory minimum of 12.7 percent.

Comparison of tier 1 ratios in percent (as at 31.12.2022)

LGT	19.1	Deutsche Bank	13.4	JP Morgan	13.2
UBS Group AG	14.2	BNP	12.3	DBS Bank Ltd	14.6
Société Générale	13.5	ING Group	14.5	Credit Suisse Group	14.1
Julius Bär Group	14.0	Citigroup	12.1	HSBC Bank	16.8
ZKB	16.8	Vontobel	16.7	Lombard Odier (31.12.2021)	28.5

Solid leverage ratio

The introduction of a 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 percent (as at 31.12.2022)

LGT	7.3	Deutsche Bank	4.6	JP Morgan	5.6
UBS Group AG	5.7	BNP	4.4	DBS Bank Ltd	6.4
Société Générale	4.3	ING Group	5.1	Credit Suisse Group	7.7
Julius Bär Group	4.3	Citigroup	5.8	HSBC Bank	5.5
ZKB	6.2	Vontobel	5.0	Lombard Odier (31.12.2021)	6.4

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 73 percent) and equity capital (currently 10 percent). Client deposits remained high in 2022, with clients attracted by conservatively managed balance sheets such as at LGT.

On December 31, 2022, LGT's liabilities of CHF 61.1 billion were composed as follows:

- CHF 6.0 bn (9.8%) shareholders' funds
- CHF 44.5 bn (72.9%) deposits from clients
- CHF 4.5 bn (7.4%) lending from banks
- CHF 6.0 bn (9.9%) others

High quality assets

On December 31, 2022, LGT's assets of CHF 61.1 billion were invested in the following categories:

- CHF 19.0 bn (31.2%) lending to clients
- CHF 15.5 bn (25.4%) interbank lending
- CHF 3.9 bn (6.4%) current account at central banks
- CHF 16.6 bn (27.1%) financial assets
- CHF 6.0 bn (9.9%) 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 (CHF 19.0 bn). In fact, LGT practically only grants collateralized loans ("Lombard loans") against pledging of custody accounts and mortgages focused on residential properties mainly in Liechtenstein and Switzerland in combination with private banking assets. 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 (CHF 15.5 bn) and invests into short term money market papers (CHF 7.7 bn). Both asset categories are highly diversified with a large number of mainly European banks of prime quality. Over 77 percent of LGT's money market lending and money market papers exposure have a rating of at least "AA", and over 98 percent 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.

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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