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Media release

LGT reports strong net asset inflows and further business expansion in first half of 2019

Vaduz, 22 August 2019. **LGT, the international private banking and asset management group owned by the Princely House of Liechtenstein, achieved a group profit of CHF 155.6 million and further expanded its client business in the first half of 2019. The results reflect solid revenue growth despite a subdued start to the year, as well as further investments in LGT's market presence. Net asset inflows were once again strong at CHF 5.8 billion, corresponding to an annualized growth rate of 6%. Compared with the end of 2018, assets under management rose 8% to CHF 215.0 billion. LGT is confident that it will continue to achieve profitable growth in the second half of 2019.**

Following a subdued start to 2019 characterized by market uncertainties and low client activity, LGT reported solid, broad-based revenue growth, particularly in the second quarter. In the first half of 2019, the private banking and asset management group further invested in the expansion of its international presence and its client business. The local office opened in Bangkok in March and the agreement to acquire a majority stake in the Indian wealth manager Validus Wealth announced in June underscore LGT's successful growth trajectory.

LGT's total operating income increased 2% to CHF 848.2 million in the first half of 2019. Income from services decreased 1% and totaled CHF 536.1 million. This reflects the lower client activity at the beginning of the year, the smaller average asset base compared to the first half of 2018, as well as an accounting change, according to which certain transactions are now recognized under trading activities instead of services. Net interest income and credit losses remained stable at CHF 138.7 million. Due to the above-mentioned accounting change, income from trading activities and other operating income rose 16% to CHF 173.4 million.

Total operating expenses increased 4% to CHF 616.1 million in the first half of 2019. Personnel expenses rose 8% to CHF 482.2 million, mainly due to the increased headcount (+4%) resulting from ongoing investments in the client business. In contrast, business and office expenses fell 10% to CHF 133.9 million, as certain lease payments are now recognized under depreciation due to a change in the accounting standards (IFRS 16). The increase in depreciation, amortization and provisions reflects this accordingly.

The cost-income ratio was 74.0% as at the end of 2018, compared with 72.6% as at the end of June 2019. Overall, group profit totaled CHF 155.6 million for the first six months of 2019, compared with CHF 174.8 million (-11%) in the prior year period.

LGT is very well capitalized with the tier 1 capital ratio at 20.3% as at 30 June 2019, and has a high level of liquidity.

Broad-based net asset inflows

LGT once again reported strong net asset inflows in the first half of 2019 of CHF 5.8 billion, which corresponds to an annualized growth rate of 6%. All regions and both of LGT's business areas contributed to this result with positive net asset inflows.

As at 30 June 2019, assets under management totaled CHF 215.0 billion, representing a 8% increase compared with the end of the previous year. In addition to the net asset inflows, this rise is also attributable to positive market performance.

Strategy and outlook

LGT is confident that with its internationally broad-based business and strong market position in well-diversified client markets and asset classes, it will continue to achieve further profitable growth in 2019 and will continue to invest prudently in its business.

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT: "We closed the first half of 2019 with good results despite volatile market conditions. Thanks to our stability, long-term strategy and deep investment expertise, LGT continues to be a strong partner to its clients, as evidenced by our once again robust net asset inflows. In order to build out our strengths in a targeted manner, we are further investing in our market presence in Asia and in our investment competencies, with a particular focus on the expansion of our impact investing platform. With our broad client offering and our committed employees, we are very well positioned to take advantage of market opportunities and to further solidify our position as a leading private banking and asset management provider."

LGT in brief

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 at 30 June 2019, LGT managed assets of CHF 215.0 billion (USD 220.5 billion) for wealthy private individuals and institutional clients. LGT employs over 3500 people who work out of more than 20 locations in Europe, Asia, the Americas and the Middle East. www.lgt.com

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Key figures as per 30.06.2019

	30.06.2019	30.06.2018[1]	Change (in %)
Consolidated income statement (in CHF m)			
Net interest income and credit losses	138.7	139.3	-0.4
Income from services	536.1	541.8	-1.1
Income from trading activities and other operating income	173.4	150.1	15.5
Total operating income	**848.2**	**831.2**	**2.0**
Personnel expenses	482.2	445.4	8.2
Business and office expenses	133.9	148.5	-9.8
Total operating expenses	**616.1**	**593.9**	**3.7**
Depreciation, amortization and provisions	60.6	39.6	53.1
Tax and minority interests	16.0	22.9	-30.4
Group profit	**155.6**	**174.8**	**-11.0**
Net asset inflow (in CHF bn)	**5.8**	**5.0**	
	30.06.2019	**31.12.2018**	
Assets under management (in CHF bn)	**215.0**	**198.2**	**8.5**
Total assets (in CHF bn)	**46.9**	**43.4**	**7.9**
Group equity capital (in CHF m)	**4 339**	**4 112**	**5.5**
Ratios (in %)			
Cost/income ratio	72.6%	74.0%	
Tier 1 ratio	20.3%	17.6%	
Liquidity Coverage Ratio	231.7%	203.3%	
Headcount	**3 544**	**3 405**	**4.1**
Rating Moody's/Standard & Poor's for LGT Bank Ltd.	**Aa2/A+**	**Aa2/A+**	

1 As a result of the application of IFRS 9, the classification of the comparative figures for the first half of the financial year 2018 differs from the last published figures. Group profit remains unchanged. Credit losses are now recorded under net interest income and credit losses instead of under depreciation, amortization and provisions. In addition, dividends from investment securities are reflected in other operating income and are no longer part of net interest income.