



Media release

LGT reports excellent first-half 2020 results thanks to cost discipline and higher revenues

Vaduz, 27 August 2020. **LGT, the international private banking and asset management group owned by the Princely House of Liechtenstein, demonstrated its financial strength in the first half of 2020, notwithstanding the extraordinary conditions. Total operating income rose 6% to CHF 900.0 million, and thanks to strict cost management, group profit increased 23% to CHF 190.7 million. As at the end of June, assets under management amounted to CHF 218.7 billion (-4%). For the second half of the year, LGT expects its business performance to be solid, while remaining cautious due to uncertainties relating to the corona pandemic. Preparations in view of the announced repositioning of LGT Private Banking, LGT Capital Partners and Lightstone as stand-alone companies are progressing according to plan.**

LGT reported strong business results during the first half of 2020, which was characterized by the Covid-19 pandemic and the resulting market distortions, benefiting from an increase in client activity while slowing down the pace of its investments. During the lockdowns, which varied from region to region, LGT shifted to wide-scale home office operations under extraordinary circumstances. Thanks to its employees' high level of flexibility and efficient systems and processes, LGT was able to remain in close contact with clients and ensure high-quality service at all times.

As a result of higher brokerage income due to the volatile market developments and a larger asset base compared with the prior-year period, income from services rose 7% to CHF 572.3 million in the first half of 2020. Income from trading activities and other operating income also increased 7%, to CHF 185.3 million, due to increased client currency transactions. Net interest income rose 3% to CHF 142.4 million. Overall, total operating income increased 6% to CHF 900.0 million.

Both personnel expenses (CHF 482.3 million) and business and office expenses (CHF 134.9 million) remained largely unchanged compared with the prior-year period. Personnel expenses includes the full-year effect of the new hires in 2019, which was offset by lower accruals for long-term compensation elements. Business and office expenses reflects strict cost discipline and cost savings, as well as moderate investments in the further expansion of the business. Overall, total operating expenses amounted to CHF 617.2 million.

The cost-income ratio decreased significantly to 68.6% compared with 74.1% as at 31 December and 72.6% as at 30 June 2019. After accounting for higher provisions and tax expenses, group profit increased to CHF 190.7 million compared with CHF 155.6 million in the first half of 2019.

LGT is very well capitalized with a tier 1 capital ratio of 21.4% as at 30 June 2020, compared with 19.9% as at 31 December 2019, and has a very strong liquidity base.

Net asset inflows in Private Banking and Asset Management

Net asset inflows amounted to CHF 1.6 billion in the first half of 2020, with both Private Banking and Asset Management contributing to this growth. The slower growth rate compared with the previous periods is attributable to deleveraging primarily by clients in the Middle East and Asia during the market turbulence towards the end of the first and at the beginning of the second quarter. Since then, LGT has once again recorded strong inflows at the same level as prior to the outbreak of the pandemic.

Including negative market and currency effects, assets under management amounted to CHF 218.7 billion as at 30 June 2020, compared with CHF 227.9 billion as at the end of 2019.

Outlook

LGT expects its business performance to remain solid in the second half of the year and a good result for the full year 2020. LGT will remain vigilant with regards to costs, as the further developments and the economic impact of the pandemic remain uncertain.

On 5 May 2020, LGT announced that LGT Private Banking, LGT Capital Partners and Lightstone, the Group's three business units, will in future operate as independent pure-play companies in their fields. The corresponding preparations are progressing according to plan. The new organizational and management structures will come into force on 1 January 2021, while the implementation of the legal structures is planned to take place at the beginning of 2022.

H.S.H. Prince Max von und zu Liechtenstein, CEO of LGT Group and future Chairman of the three independent companies: "All of LGT Group's business units have developed well in the first half of 2020 and have shown their strength, professionalism and proximity to clients despite the unprecedented circumstances. This is in great part thanks to our employees around the world, who have demonstrated enormous commitment and great flexibility to ensure they assist their clients at all times. With our broad geographic footprint and in-depth investment expertise, with a special focus on sustainable and alternative investments, we believe we are well positioned in any scenario – a return to normality or a longer-term economic downturn – to achieve further growth and create value for our clients."

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 2020, LGT managed assets of CHF 218.7 billion (USD 230.8 billion) for wealthy private individuals and institutional clients. LGT employs over 3700 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 30.06.2020

	30.06.2020	30.06.2019	Change (in %)
Consolidated income statement (in CHF m)			
Net interest income and credit losses	142.4	138.7	2.7
Income from services	572.3	536.1	6.8
Income from trading activities and other operating income	185.3	173.4	6.9
Total operating income	900.0	848.2	6.1
Personnel expenses	482.3	482.2	0.0
Business and office expenses	134.9	133.9	0.7
Total operating expenses	617.2	616.1	0.2
Depreciation, amortization and provisions	67.3	60.6	11.1
Tax and minority interests	24.9	16.0	55.6
Group profit	190.7	155.6	22.6
Net asset inflow (in CHF bn)	1.6	5.8	
	30.06.2020	31.12.2019	
Assets under management (in CHF bn)	218.7	227.9	-4.0
Total assets (in CHF bn)	47.4	49.4	-4.1
Group equity capital (in CHF m)	4 475	4 619	-3.1
Ratios (in %)			
Cost/income ratio	68.6%	74.1%	
Tier 1 ratio	21.4%	19.9%	
Liquidity Coverage Ratio	206.4%	218.3%	
Headcount	3 758	3 662	2.6
Rating Moody's/Standard & Poor's for LGT Bank Ltd.	Aa2/A+	Aa2/A+	