



Media release

LGT reports good results and strong net asset inflows in 2020

Vaduz, 15 March 2021. **LGT, the international Private Banking and Asset Management Group owned by the Princely House of Liechtenstein, achieved broad-based growth in the 2020 financial year and generated a group profit of CHF 291.5 million. Despite the extraordinary conditions, LGT reported strong net asset inflows of CHF 11.6 billion (+5%). Assets under management increased 6% to CHF 240.7 billion as at the end of 2020. LGT is well-positioned and confident that it will continue to achieve profitable growth in 2021, the year of its centennial.**

LGT reported good results for 2020, underscoring the strength of its client business. In a market environment impacted at all levels by the coronavirus pandemic, LGT's key priority was to serve as a reliable partner for its clients at all times. LGT achieved further organic revenue growth as a result of its well-established and broadly diversified international client business. In October 2020, LGT completed the final stage of its acquisition of LGT Vestra and bought the remaining equity held by the executive partners. LGT Vestra has developed into one of the UK's leading wealth managers in recent years, with assets under management of CHF 21.0 billion as at the end of 2020, up from CHF 8.0 billion as at the end of June 2016, shortly after the acquisition was announced.

LGT Group's total operating income increased 2% to CHF 1.85 billion in 2020, with income from services also rising by 2%, to CHF 1.19 billion. This was mainly due to higher income from the brokerage business and portfolio management mandates, while performance-based revenues were lower. Net interest income decreased 19% to CHF 230.7 million due to the negative interest rate environment and lower lending volumes. Income from trading activities and other operating income increased 19% to CHF 437.2 million, reflecting higher revenues from client trading in foreign exchange and derivatives.

Total operating expenses rose 3% year on year to CHF 1.39 billion. An increase in personnel expenses of CHF 5% to CHF 1.12 billion reflects a slight rise in headcount and, in particular, the earn-out payment of CHF 59 million in connection with the completion of the acquisition of LGT Vestra mentioned above. Excluding this one-time charge, personnel costs remained stable. Business and office expenses decreased by roughly 5% to CHF 268.6 million, mainly due to lower travel and event costs, partly offset by higher IT expenses. Depreciation, amortization and provisions totaled CHF 131.2 million, compared with CHF 117.2 million in the prior year, which saw a release of provisions.

The cost-income ratio remained largely stable at 75.0% as at the end of 2020, compared with 74.1% as at year-end 2019. Total group profit in 2020 was CHF 291.5 million, a decrease of 5% year on year. Excluding the one-off effect from the completion of the LGT Vestra acquisition, profit rose 14%.

LGT is very well capitalized with the tier 1 capital ratio at 21.9% as at the end of 2020, and has a high level of liquidity.

Accelerated net asset inflows in the second half of the year

LGT's strong performance in net new asset generation in previous years continued in 2020. Net asset inflows amounted to CHF 11.6 billion in 2020, which corresponds to a growth rate of 5%, following inflows of CHF 13.9 billion (+7%) in 2019. Net inflows in 2020 accelerated significantly during the second half of the year, following the negative impact of loan repayments

on net inflows during the market turbulence in the first-half of the year. Net asset inflows in all regions and from both Private Banking and Asset Management contributed to the strong result.

Assets under management rose 6% year on year to an all-time high of CHF 240.7 billion, reflecting net asset inflows, as well as negative currency effects and positive market and investment performance.

Strategy and outlook

LGT's targeted expansion in recent years has resulted in a strong international presence, both in more mature and growth markets. In Asia, the Bangkok office has developed well since opening in 2019 and now has a team of 24 employees. In the European market, LGT signed an agreement with UBS Europe SE in December 2020 to acquire its wealth management business in Austria, with around CHF 4 billion in assets under management and roughly 60 employees. With this transaction, which is expected to be completed in the third quarter of 2021, LGT will become the leading private bank in Austria, one of its core European markets. LGT also plans to reestablish a local presence in Germany and is assessing a number of related options. As previously announced, Roland Schubert, the current CEO of LGT Bank Ltd., based in Vaduz, will become a new member of the Board of Directors at the beginning of 2022. He will be succeeded as CEO by Roland Matt, who was most recently Group CEO of Liechtensteinische Landesbank, a role he assumed in 2012.

In May 2020, LGT announced it would introduce new corporate structures. These will enable the three LGT business units in private banking, asset management and impact investing to operate as independent companies and address their markets in a more targeted and flexible manner from the beginning of 2022. Implementation of this set-up is progressing according to plan, and the new management structures came into effect at the beginning of this year with Olivier de Perregaux, CFO of LGT Group since 2001, now leading LGT Private Banking as CEO, while LGT Capital Partners remains under the leadership of CEO Roberto Paganoni. As announced in February 2021, LGT's direct impact investing activities were integrated into the new Lightrock unit, led by CEO Pal Erik Sjatil. As a standalone company, Lightrock will in future give LGT private clients and other investors the opportunity to co-invest alongside the Princely Family of Liechtenstein. This underscores LGT's commitment to global impact investing, a segment in which it has been a pioneer for over 14 years. As a bank with a long-term focus, sustainable investing has been one of its key strategic priorities for many years, which it re-confirmed by becoming a signatory to the United Nations Principles for Responsible Banking in January 2021.

In 2021, the year of its centenary, LGT is very well positioned both in the market and to create further long-term value for its clients, employees and other stakeholders. LGT is confident that it will continue to generate profitable growth in 2021, despite a market environment that is expected to remain challenging due to the coronavirus pandemic.

H.S.H. Prince Max von und zu Liechtenstein, Chairman LGT: "We achieved good results and made considerable strategic progress in 2020, notwithstanding the many challenges that arose. Our clients, and the trust they place in us, played an important role in this, for which I would like to thank them. I would also like to thank our employees for their strong commitment, and for consistently embodying LGT's values such as reliability and long-term focus. Going forward, sustainability will continue to be a priority across our advisory services and investment solutions, and we intend to remain a pioneer in this area in 2021. Last year, we took important steps to strengthen our market position through our new organizational structure, and we will continue to systematically implement this structure in 2021. The fact that we are celebrating our centennial this year gives us additional incentive to further hone LGT's strengths for the future and create lasting values for our clients, the economy and society."

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 90 years. As at 31 December 2020, LGT managed assets of CHF 240.7 billion (USD 272.4 billion) for wealthy private individuals and institutional clients. LGT employs over 3800 people who work out of more than 20 locations in Europe, Asia, the Americas and the Middle East. www.lgt.com

Your contact

Christof Buri, Head of Marketing & Communications

Tel. +423 235 23 03

lgt.media@lgt.com

Key figures as per 31.12.2020

	31.12.2020	31.12.2019	Change (in %)
Consolidated income statement (in CHF m)			
Net interest income and credit losses	230.7	286.1	-19.4
Income from services	1 185.2	1 163.4	1.9
Income from trading activities and other operating income	437.2	368.2	18.7
Total operating income	1 853.1	1 817.7	2.0
Personnel expenses*	1 120.8	1 064.8	5.3
Business and office expenses	268.6	281.9	-4.7
Total operating expenses	1 389.4	1 346.7	3.2
Depreciation, amortization and provisions	131.2	117.2	12.0
Tax and minority interests	41.0	45.7	-10.4
Group profit	291.5	308.1	-5.4
Assets under management (in CHF bn)			
	240.7	227.9	5.6
Net asset inflow (in CHF bn)			
	11.6	13.9	
Total assets (in CHF bn)			
	49.9	49.4	0.9
Group equity capital (in CHF m)			
	4 837	4 619	4.7
Ratios (in %)			
Cost/income ratio	75.0%	74.1%	
Tier 1 ratio	21.9%	19.9%	
Liquidity Coverage Ratio	221.6%	218.3%	
Headcount			
	3 838	3 662	4.8
Rating Moody's/Standard & Poor's for LGT Bank Ltd.			
	Aa2/A+	Aa2/A+	

*Includes a one-time charge of CHF 59 million resulting from the earn-out payment in connection with the completion of the acquisition of LGT Vestra.

Final audit: 22 April 2021