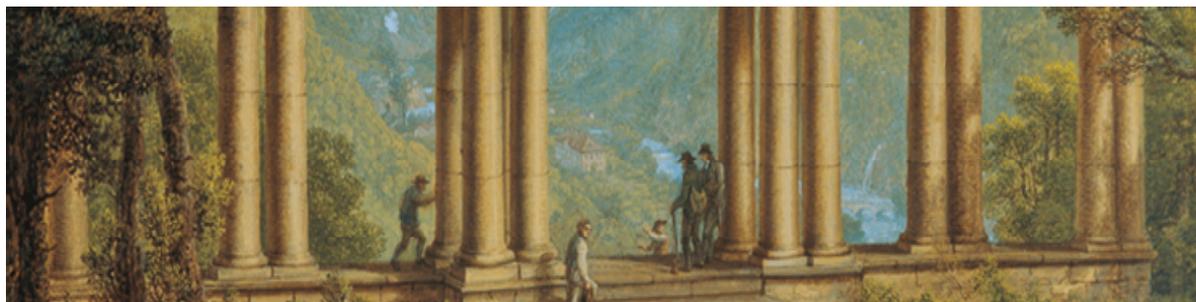




August 2021



Strong market position and a long-term approach

LGT continued to significantly expand its client business in the first half of 2021. Following an acceleration in net new asset growth at the end of 2020, LGT also recorded very strong net asset inflows of CHF 14.1 billion (+12% on an annualized basis) in the first half of 2021. As at the end of June, it achieved a group profit of CHF 180.6 million. LGT remains very well capitalized with the tier 1 capital ratio at 22.8%, and has a high level of liquidity. In terms of the split of LGT's three business units, the impact investing unit Lightrock has already been fully spun off from the group, while LGT Private Banking and LGT Capital Partners are now operating under separate management structures, and their new legal set-up will come into effect in 2022.

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 – positive.
- 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).
- Based on these excellent ratings the magazine Global Finance named LGT in 2017 as one of the 50 safest banks worldwide, LGT being one of four banks from Switzerland and Liechtenstein on the list.

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 June 30, 2021, LGT had a tier 1 ratio of 22.8 percent versus a regulatory minimum of 13 percent.

Comparison of tier 1 ratios in percent (as at 30.06.2021)

LGT	22.8	Deutsche Bank	13.2	JP Morgan	13.1
UBS Group AG	14.5	BNP	12.9	DBS Bank Ltd.	14.5
Société Générale	13.4	ING Bank (31.12.2020)	14.0	Credit Suisse Group	13.7
Julius Bär Group	16.7	Citigroup	11.8	HSBC Bank	15.6
ZKB (31.12.2020)	17.4	Vontobel	14.5	Lombard Odier (31.12.2020)	29.7

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 30.06.2021)

LGT	9.2	Deutsche Bank	4.8	JP Morgan	5.4
UBS Group AG	5.7	BNP	3.9	DBS Bank Ltd.	6.8
Société Générale	4.6	ING Bank (31.12.2020)	4.4	Credit Suisse Group	6.0
Julius Bär Group	4.1	Citigroup	5.8	HSBC Bank	5.3
ZKB (31.12.2020)	6.2	Vontobel	4.5	Lombard Odier (31.12.2020)	12.1

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 78 percent) and equity capital (currently 11 percent). Client deposits remained high in 2021, with clients attracted by conservatively managed balance sheets such as at LGT.

On June 30, 2021, LGT's liabilities of CHF 50.2 billion were composed as follows:

- CHF 5.5 bn (11.0%) shareholders' funds
- CHF 38.9 bn (77.5%) deposits from clients
- CHF 1.7 bn (3.3%) lending from banks
- CHF 4.1 bn (8.2%) others

High quality assets

On June 30, 2021, LGT's assets of CHF 50.2 billion were invested in the following categories:

- CHF 19.5 bn (38.7%) lending to clients
- CHF 5.2 bn (10.4%) interbank lending
- CHF 7.4 bn (14.7%) current account at central banks
- CHF 13.0 bn (25.9%) financial assets
- CHF 5.2 bn (10.3%) 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 19.5 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 15 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 5.2 bn) and invests into short term money market papers (CHF 3.1 bn). Both asset categories are highly diversified with a large number of mainly European banks of prime quality. Over 66 percent of counterparties had a rating of at least "AA," and over 95 percent a rating of at least "A". LGT is closely monitoring these positions and applies strict criteria in order to assess whether or not a bank qualifies for lending.

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.

General risk information

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