



Media release

LGT reports very strong net asset inflows and higher net income in the first half of 2023, continuing its profitable growth path

Vaduz, 16 August 2023. **LGT, the international Private Banking and Asset Management Group owned by the Princely Family of Liechtenstein, achieved a group profit of CHF 223.6 million in the first half of 2023. This result was mainly driven by higher client assets and a favourable interest rate environment. Net asset inflows continued to be very strong in the first half of 2023, and amounted to CHF 15.8 billion. Assets under management increased to CHF 305.8 billion as at the end of June 2023, for the first time exceeding the CHF 300 billion mark. LGT is confident that it will continue to leverage its wealth advisory and investment expertise to achieve profitable growth for the full year 2023.**

In the first half of 2023, global markets were characterised by persistently high inflation rates and an uncertain economic outlook, which in part resulted in subdued client activity, while demand for advisory services remained high. In this environment, LGT continued to expand its client business and increase profitability, benefitting from a higher asset base, rising interest rate levels and the bank's stronger international presence.

The Group's total operating income increased 17% to CHF 1234.5 million in the first half of 2023. Income from services was CHF 741.5 million, down 5% year-on-year due to lower brokerage and performance fees. Both the Australian wealth manager LGT Crestone, which has been reflected in LGT's results since 12 May 2022, and LGT Wealth India, which was integrated in the second half of 2022, made positive contributions to the income from services result. Net interest income doubled to CHF 275.9 million, reflecting the positive interest rate environment and higher customer deposits. Income from trading activities and other operating income increased 69% to CHF 217.1 million, mainly driven by higher valuations of the bond portfolio and foreign exchange transactions.

Personnel expenses were CHF 687.0 million in the first half of 2023, up 18% year-on-year, reflecting organic headcount growth and the integration of LGT Crestone and LGT Wealth India, as well as higher accruals for long-term performance-related compensation. Business and office expenses rose 27% to CHF 202.0 million, due in particular to an increase in digitalisation project costs and higher business travel-related expenses. Overall, total operating expenses rose 20% to CHF 889.0 million.

The cost-income ratio was 72.0% as at the end of June 2023, compared with 72.9% as at 31 December 2022. Group profit for the first half of 2023 increased 3% year-on-year to CHF 223.6 million. LGT is very well capitalised and has a high level of liquidity.

Continued strong momentum in net asset inflows

In the first half of 2023, LGT recorded very strong net asset inflows of CHF 15.8 billion. This includes an inflow of around CHF 6.7 billion from a large pension fund client that mandated LGT Capital Partners to provide private equity and infrastructure-related management and advisory services. Adjusted for this one-time effect for the second half of 2023, annualised net new assets growth was around 9% of assets under management. With this excellent result, to which all regions and locations contributed, LGT continued its strong net new asset growth of the previous periods in the first half of 2023.

As at 30 June 2023, assets under management increased to CHF 305.8 billion and for the first time in LGT's history, exceeded the CHF 300 billion mark. This corresponds to a 6% increase in assets under management compared with year-end 2022, and was driven by strong net asset inflows and positive market performance, partially offset by negative foreign currency effects.

Strategy and outlook

LGT is confident that it will continue to leverage its wealth advisory and investment expertise to achieve profitable growth for the full year 2023. The bank will thereby build on its broad international network of locations in Europe, Asia, the Americas, Australia and the Middle East, as well as its comprehensive range of investment solutions with a strong focus on sustainable offerings. In this context, LGT was recently recognised at WealthBriefing's Wealth for Good Awards 2023 as the Best Bank for Sustainability, Best Bank for ESG Thought Leadership and for its Best Sustainability Offering (Investments).

As part of its long-term growth strategy, LGT will continue to focus on strengthening its international platforms. The new private banking office in Hamburg, Germany, which opened in October 2022, is developing successfully. As previously announced, LGT will be expanding its presence in Germany in January 2024 with new locations in North Rhine-Westphalia. In the UK, LGT expects to complete the acquisition of the abrdn wealth management business announced in March 2023 in the third quarter of 2023. LGT Capital Partners also further expanded its international presence in the first half of 2023, opening a new office, its fifteenth worldwide, in The Hague, in the Netherlands. The offices in Luxembourg and San Francisco, which opened at the beginning of the year, are developing successfully.

LGT is also placing a clear focus on developing modern digital products and services to enhance the client experience across a wide range of channels, and is investing CHF 200 million over the next five years to this end. The LGT Incubator and Accelerator Centre, which was recently opened in Barcelona, will support LGT over the coming years in its further digital evolution.

H.S.H. Prince Max von und zu Liechtenstein, Chairman LGT: "The results for the first half of 2023 once again highlight LGT's established presence in its international markets and its excellent local teams. We are confident that with the plans for further expansion that we have implemented and announced in recent months, and by building on our strong investment expertise in ESG in particular, we will continue on our profitable growth path. We greatly value the trust of our clients and remain committed to providing them with personal advice and first-class, sustainable investment solutions at all times."

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 30 June 2023, LGT managed assets of CHF 305.8 billion (USD 341.8 billion) for wealthy private individuals and institutional clients. LGT employs over 5000 people who work out of more than 25 locations in Europe, Asia, the Americas, Australia and the Middle East. www.lgt.com

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Key figures as per 30.06.2023

| | 01.01. - 30.06.2023 | 01.01. - 30.06.2022 | Change in % |
|---|---------------------|---------------------|-------------|
| Consolidated income statement (in CHF m) | | | |
| Net interest income and credit losses | 275.9 | 138.2 | 100 |
| Income from services | 741.5 | 784.6 | -5 |
| Income from trading activities and other operating income | 217.1 | 128.4 | 69 |
| Total operating income | 1 234.5 | 1 051.2 | 17 |
| Personnel expenses | 687.0 | 582.1 | 18 |
| Business and office expenses | 202.0 | 159.6 | 27 |
| Total operating expenses | 889.0 | 741.6 | 20 |
| Depreciation, amortization and provisions | 74.6 | 60.4 | 24 |
| Tax and minority interests | 47.4 | 32.0 | 48 |
| Group profit | 223.6 | 217.2 | 3 |
| Net asset inflow (in CHF bn) | | | |
| | 15.8 | 6.2 | |
| Asset growth from acquisition of Crestone (in CHF bn) | | | |
| | 0 | 15.6 | |
| | 30.06.2023 | 31.12.2022 | |
| Assets under management (in CHF bn) | | | |
| | 305.8 | 287.2 | 6 |
| Total assets (in CHF bn) | | | |
| | 59.4 | 61.1 | -3 |
| Group equity capital (in CHF m) | | | |
| | 6 106 | 6 022 | 1 |
| Ratios | | | |
| Cost/income ratio | 72.0% | 72.9% | |
| BIS/Basel III leverage ratio | 7.8% | 7.3% | |
| Common equity tier 1 capital ratio (CET 1) ¹ | 19.5% | 19.1% | |
| Liquidity coverage ratio (LCR) | 222.8% | 229.0% | |
| Headcount | | | |
| | 5 171 | 4 913 | 5 |
| Rating Moody's/Standard & Poor's for LGT Bank Ltd. | | | |
| | Aa2/A+ | Aa2/A+ | |

¹ LGT's CET 1 ratio equals tier 1 capital ratio and total capital ratio.

The half-year figures are unaudited.