



Media release

## **LGT reports further rise in profits and profitable growth in 2018**

Vaduz, 18 March 2019. **LGT, the international private banking and asset management group owned by the Princely House of Liechtenstein, reported further profitable growth and a substantial rise in group profit of 11% to CHF 314.1 million for the 2018 financial year. The results attest to LGT's broad earnings base, which is particularly beneficial in a challenging market environment, and its disciplined cost management with prudent investments. Net asset inflows were solid at CHF 6.8 billion. Assets under management decreased 2% to CHF 198.2 billion due to market and currency effects. With the recent opening of a new Private Banking location in Bangkok, LGT aims to build out its established position in the Asian market and further increase its presence in growth markets.**

In a market environment characterized by economic and political uncertainty, LGT remained on a path of profitable growth in the 2018 financial year. The bank benefited from its broad earnings base, which it has expanded systematically in recent years as part of its international growth strategy. Revenues and expenses for the private banking business in Asia and the Middle East acquired from ABN AMRO in May 2017 and for the London and Paris-based private debt manager European Capital Fund Management acquired in June 2017 were included in LGT's results on a full-year basis for the first time in 2018.

LGT's total operating income rose 9% in 2018 to CHF 1.68 billion, which reflects further organic growth and the successful integration of acquisitions. As a result of the increased asset base, income from services rose 8% to CHF 1.09 billion. Net interest income (incl. credit losses) increased substantially by 20% to CHF 277.8 million. The expanded business in Asia made a strong contribution to this result. Income from trading activities and other operating income rose 3% to CHF 307.8 million.

The developments on the expense side during the period under review also reflect the higher volume of business. Total operating expenses increased to CHF 1.24 billion, which corresponds to a rise of 9%, or 5% excluding the positive pension plan effect that resulted in a reduction in the previous year's cost base. Personnel expenses increased to CHF 924.0 million (+8%, or +2% excluding the pension plan effect), which is mainly due to the rise in headcount. Business and office expenses increased 15% to CHF 316.4 million. Depreciation, amortization and provisions remained stable at CHF 84.1 million (+1%).

The cost-income ratio remained unchanged at 74%. Group profit rose 11% to CHF 314.1 million.

LGT is very well capitalized with the tier 1 capital ratio at 17.6% as at 31 December 2018; liquidity remained at a high level.

### **Continued solid net new asset inflows**

LGT reported continued solid net new asset inflows in 2018 of CHF 6.8 billion, which corresponds to a growth rate of 3%. While net inflows in Private Banking remained high and well diversified across regions, LGT Capital Partners achieved high inflows in private markets, but was impacted in a number of other segments by the difficult market conditions.

As at 31 December 2018, assets under management totaled CHF 198.2 billion and were 2% lower than at the end of the previous year, as positive net new asset inflows were more than offset by negative market and currency effects.

## **Strategy and outlook**

Over the last few years, LGT has invested significantly in infrastructure and the implementation of new regulatory requirements. With the IT migration of LGT Bank Austria concluded at the beginning of 2019, all LGT Private Banking booking platforms, with the exception of the UK-based wealth management boutique LGT Vestra, now use Avaloq as their core banking system, which allows for a high level of operational efficiency. As part of its long-term growth strategy, LGT aims to further strengthen its international platforms, make greater use of economies of scale and further tap the possibilities offered by digitalization in order to consistently provide its clients with premium private banking and asset management services.

With the opening of its new onshore location in Bangkok at the beginning of March 2019, LGT is underscoring its successful growth trajectory in Asia and is further expanding its presence in attractive growth markets. LGT Securities (Thailand) Ltd. has received the necessary regulatory approvals and with its team of local and international experts, offers wealth management services for high-net-worth private Thai clients.

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

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT: "After the acquisitions made in the last few years and the implementation of many infrastructure- and regulation-related projects, 2018 was a year of consolidation for us. We increased our focus on operational improvements, strategic matters and on further developing our investment expertise in order to optimally prepare for the changing environment. Despite the challenging market conditions, we continued to grow and further increased profitability. With the support of our dedicated employees, our stable ownership structure and our long-term strategy, we want to make further progress on our growth path and create added value for our loyal clientele and for the environment in which we operate."

## **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 31 December 2018, LGT managed assets of CHF 198.2 billion (USD 201.2 billion) for wealthy private individuals and institutional clients. LGT employs over 3400 people who work out of more than 20 locations in Europe, Asia, the Americas and the Middle East. [www.lgt.com](http://www.lgt.com)

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## Key figures as per 31.12.2018

	31.12.2018	31.12.2017 <sup>1</sup>	Change (in %)
<b>Consolidated income statement (in CHF m)</b>			
Net interest income and credit losses	277.8	232.2	19.6
Income from services	1 090.2	1 005.1	8.5
Income from trading activities and other operating income	307.8	299.2	2.9
<b>Total operating income</b>	<b>1 675.8</b>	<b>1 536.6</b>	<b>9.1</b>
Personnel expenses	924.0	858.4	7.6
Business and office expenses	316.4	275.0	15.0
<b>Total operating expenses</b>	<b>1 240.3</b>	<b>1 133.3</b>	<b>9.4</b>
Depreciation, amortization and provisions	84.1	83.1	1.2
Tax and minority interests	37.2	36.7	1.4
<b>Group profit</b>	<b>314.1</b>	<b>283.4</b>	<b>10.8</b>
<b>Assets under management (in CHF bn)</b>			
	<b>198.2</b>	<b>201.8</b>	<b>-1.8</b>
<b>Net asset inflow (in CHF bn)<sup>2</sup></b>			
	<b>6.8</b>	<b>17.7</b>	
<b>Asset growth from acquisitions (in CHF bn)<sup>3</sup></b>			
	<b>-</b>	<b>18.3</b>	
<b>Total assets (in CHF bn)</b>			
	<b>43.4</b>	<b>41.9</b>	<b>3.7</b>
<b>Group equity capital (in CHF m)</b>			
	<b>4 112</b>	<b>4 113</b>	<b>-</b>
<b>Ratios (in %)</b>			
Cost/income ratio	74.0%	73.8%	
Tier 1 ratio	17.6%	18.8%	
Liquidity Coverage Ratio	203.3%	237.7%	
<b>Headcount</b>			
	<b>3 405</b>	<b>3 188</b>	<b>6.8</b>
<b>Rating Moody's/Standard &amp; Poor's for LGT Bank Ltd.</b>			
	<b>Aa2/A+</b>	<b>Aa2/A+</b>	

<sup>1</sup> As a result of the application of IFRS 9, the classification of the comparative figures for the 2017 financial year 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.

<sup>2</sup> Without acquisitions

<sup>3</sup> Acquisitions: ABN AMRO Private Banking in Asia and the Middle East as of May 2017 and European Capital Fund Management as of June 2017