



Private  
Banking

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VALUES WORTH SHARING

# Annual Report 2020

LGT Bank Ltd., Vaduz



# “We were able to provide clients with the same level of high-quality service despite the pandemic.”

Roland Schubert, CEO

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**A look inside the Princely Collections: Veduta painting is the realistic depiction of a land or cityscape that gained popularity during the 18th century as a result of tourism in Italy. The examples thereof held in the Princely Collections demonstrate that beyond serving as mere records, many of these paintings are in fact works of art.**

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collections include key works of European art stretching over five centuries and are now among the world's major private art collections. The notion of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period. The House of Liechtenstein

has pursued this ideal consistently down the generations.

We make deliberate use of the works of art in the Princely Collections to accompany what we do. For us, they embody those values that form the basis for a successful partnership with our clients: expertise, reliability and a long-term perspective.

Cover image: Josef Höger, detail from “View of the park at Eisgrub Castle (Lednice),” 1867

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[www.liechtensteincollections.at](http://www.liechtensteincollections.at)

# Contents

- 4** Organizational structure
- 5** The business year in comparison
- 6** Annual report
- 8** Balance sheet
- 9** Off-balance sheet transactions
- 10** Profit and loss account
- 11** Appropriation of net profit
- 12** Flow of funds statement
- 14** Appendix to the financial statement
- 20** Notes on the balance sheet
- 34** Notes on off-balance sheet transactions
- 36** Notes to the profit and loss account
- 38** Additional information
- 42** Report of the statutory auditor
- 48** International presence

## Organizational structure

### December 2020

#### Board of Directors

Thomas Piske, Chairman  
 H.S.H. Prince Max von und zu Liechtenstein  
 H.S.H. Prince Hubertus Alois von und zu Liechtenstein  
 Gabrielle Nater-Bass  
 Olivier de Perregaux

#### Internal Audit

Daniel Hauser

#### Executive Board

Roland Schubert, CEO  
 Ivo Klein  
 Markus Werner  
 Mark Steiner

#### Statutory Auditor

PricewaterhouseCoopers AG, Zurich

### March 2021

#### Board of Directors

Olivier de Perregaux, Chairman  
 H.S.H. Prince Hubertus Alois von und zu Liechtenstein  
 Thomas Piske  
 Gabrielle Nater-Bass  
 Michael Bürge

#### Internal Audit

Daniel Hauser

#### Executive Board

Roland Schubert, CEO  
 Ivo Klein  
 Markus Werner  
 Mark Steiner

#### Statutory Auditor

PricewaterhouseCoopers AG, Zurich

## The business year in comparison

<b>Balance sheet</b>		2020	2019	absolute	Change %
Balance sheet total	CHF m	39 506.9	38 501.9	1 005.0	2.6
Shareholders' funds (after profit distribution)	CHF m	3 144.1	3 122.8	21.3	0.7
Client deposit	CHF m	22 538.3	23 171.1	-632.9	-2.7
Due from clients	CHF m	15 670.9	17 302.7	-1 631.7	-9.4
<b>Profit and loss account</b>					
Net interest income	CHF m	214.3	239.7	-25.4	-10.6
Net commission and fee income	CHF m	350.9	314.1	36.8	11.7
Income from financial transactions	CHF m	124.9	127.5	-2.6	-2.1
Gross operating income	CHF m	737.3	720.5	16.8	2.3
Personnel expenses	CHF m	279.0	268.9	10.1	3.8
Operating expenses	CHF m	290.6	275.5	15.1	5.5
Result on ordinary business activity	CHF m	140.2	145.4	-5.2	-3.6
Income tax	CHF m	18.4	14.8	3.6	24.4
Profit for the year	CHF m	121.7	130.6	-8.8	-6.8
<b>Capital ratio</b>					
Capital ratio	%	20.7	20.4	0.3	1.5
<b>Client assets under administration</b>					
Client assets under administration	CHF m	100 446.5	96 589.8	3 856.7	4.0
<b>Personnel (full-time equivalents)</b>					
Staff at year-end		1 090	1 050	40	3.8

# Annual report

In the 2020 financial year, which was characterized by extraordinary circumstances, LGT Bank Ltd. achieved a solid operating result in view of these conditions, as well as further growth in assets under management.

## Slight decrease in gross profit

Overall, LGT Bank Ltd. recorded gross profit of CHF 168 million in 2020, which corresponds to a decrease of CHF 8 million or 5 percent. Profit for the year decreased by CHF 9 million or 7 percent to CHF 122 million. The balance sheet total rose 3 percent to CHF 39 507 million.

In wealth management, the bank's core business, income from services increased 10 percent to CHF 424 million. This was mainly driven by increased client trading activity during the stock market crash in the first quarter and the rebound that followed. Net interest income decreased 11 percent to CHF 214 million compared with the prior year. This was primarily due to the massive reduction in USD interest rates, the persistently negative interest rate environment and the lower volume of loans to clients. The quality of the credit portfolio is very high despite the crisis, which is in particular reflected by very low value adjustments. Income from trading increased 1 percent to CHF 124 million. The valuation losses on the Group's own holdings of debt securities were offset by higher income from client transactions.

Business expenses were CHF 570 million, up 5 percent compared with the prior year. Operating expenses increased 6 percent to CHF 291 million. Personnel expenses rose 4 percent to CHF 279 million due to an increase in headcount and higher variable wage components. As at the end of 2020, the number of employees rose to 1090 in full-time equivalents (previous year: 1050).

Assets under management increased 4 percent to CHF 100 billion, driven by net asset inflows and positive market performance despite the coronavirus crisis.

## Strong capital base

LGT Bank Ltd. is very well capitalized. As at year-end 2020, the capital ratio was 21 percent of risk-weighted assets. It therefore remains substantially above the minimum regulatory requirement of 8 percent.

## Recognition of achievements

In 2020, LGT's achievements were once again recognized by a number of independent juries. LGT was awarded Best Private Bank for Alternatives for the third consecutive year by the Financial Times Group's PWM (Professional Wealth Management) and The Banker magazines. It also received a "highly commended" rating in the Impact and Sustainable Investing category. In the Handelsblatt Elite Report assessment, LGT Bank Ltd. achieved the highest score of all participating asset managers for the fifth year in a row and received the highest "summa cum laude" rating for the 18<sup>th</sup> consecutive time. The renowned Fuchsbriefer gave LGT Bank Ltd. a rating of "very good". In 2020, they also designated it as the best wealth manager in German-speaking countries and the best institution for sustainable investments. The fact that LGT Bank Ltd. is also an excellent employer was confirmed by the international Great Place to Work institute, which in 2020 certified LGT Bank Ltd. as a Great Place to Work for the first time.

## Successful handling of the coronavirus pandemic

Thanks to its well-coordinated and efficient response as well as the rapid implementation of targeted measures, LGT Bank Ltd. was able to successfully master the difficult situation resulting from the coronavirus pandemic throughout the course of the year. Within a very short period of time, the structures for widescale working-from-home operations were provided and it was ensured that clients continued to receive competent advice and the same level of high-quality service they are accustomed to, notwithstanding the difficult situation. Despite the unfavorable economic developments and increased volatility, the negative impact of the crisis arising from the pandemic on LGT Bank Ltd.'s financial and capital position was

limited in 2020. The pandemic also underscored the fact that every crisis gives rise to opportunities. For example, new digital forms of communication and collaboration were established, both internally and with clients. These changes are likely to become increasingly important in the future.

#### **Ownership structure of LGT Bank Ltd.**

All shares of LGT Bank Ltd. are held by LGT Group Holding Ltd., a 100 percent subsidiary of LGT Group Foundation. No own shares were acquired or taken as pledge, either directly or indirectly. LGT Bank Ltd. is part of LGT Group (LGT), a global Private Banking and Asset Management Group that takes an integrated approach to the management and development of the individual Group companies. The LGT Annual Report contains more detailed information on the Group's financial strength, expertise and development.

#### **Outlook**

The consequences of the pandemic have to date been enormous in scale and very heterogeneous: in economic terms, the virus has triggered a global recession that has temporarily hit some sectors very hard. In addition, the massive support programs that have been rolled out have significantly increased the global economy's already high level of government debt. In the short term, this will cement the strong link between fiscal and monetary policy. The low interest rate environment and central bank interventions in the bond markets will also persist. We will closely monitor the impact of these trends on the global economic and political landscape in the medium to long term. Despite the fact that COVID-19 containment measures are still in place, we are confident that we will remain well-capitalized with a high level of liquidity in 2021.

In the future, we will remain focused on offering our clients a broad range of asset classes and solutions as well as providing them with efficient services. We will also continue to place a strong emphasis on sustainability. In line with our long-term strategy, we intend to build on our strengths to achieve further

profitable growth. We remain very confident that with its strong capitalization and high level of liquidity, LGT Bank Ltd. is well-positioned to successfully address the challenges ahead.

In January 2021, we announced that Roland Matt will become CEO of LGT Bank Ltd. and a member of the Senior Management Board of LGT Private Banking effective 1 January 2022. He will succeed Roland Schubert, who has been appointed as a new member of the Board of Directors of LGT Bank Ltd. effective from the beginning of 2022, in these roles. Roland Matt has extensive leadership experience both in private banking and in the Liechtenstein financial center. We are pleased that Roland Matt will assume responsibility for LGT Bank Ltd. as CEO. With his experience, track record and personal background, he has the ideal prerequisites for this position.

We thank our clients for the trust they place in LGT and our employees for their exceptionally strong commitment throughout the reporting year.

Thomas Piske, Chairman of the Board of Directors  
Roland Schubert, CEO

## Balance sheet

Assets (TCHF)	Appendix	31.12.2020	31.12.2019	Change	
				absolute	%
Cash and cash equivalents		9 498 274	5 963 184	3 535 090	59.3
Debt instruments of public authorities and bills which are eligible for refinancing at central banks	3, 22	532 880	133 243	399 637	299.9
Due from banks	16	6 423 555	7 955 297	-1 531 742	-19.3
Due from clients	1, 16	15 670 948	17 302 685	-1 631 737	-9.4
of which mortgage loans	1, 16	3 147 768	3 276 941	-129 173	-3.9
Bonds and other fixed-interest bearing securities	2, 3, 4, 21, 23, 40	4 650 549	5 395 969	-745 420	-13.8
Participations	5, 7, 8, 40	295	295	0	0.0
Shares in affiliated companies	5, 6, 8, 21, 40	655	20 655	-20 000	-96.8
Intangible assets	9	96 941	122 393	-25 452	-20.8
Tangible assets	8	72 127	71 537	590	0.8
Other assets	41	2 514 529	1 475 690	1 038 839	70.4
Accrued income and prepaid expenses		46 170	60 978	-14 808	-24.3
<b>Total assets</b>		<b>39 506 923</b>	<b>38 501 926</b>	<b>1 004 997</b>	<b>2.6</b>
<b>Liabilities (TCHF)</b>					
Due to banks	16	12 002 243	10 871 062	1 131 181	10.4
Due to clients	16, 24	20 143 802	20 910 277	-766 475	-3.7
Securitized liabilities	12, 25	2 394 469	2 260 871	133 598	5.9
Other liabilities	42	1 568 903	1 023 000	545 903	53.4
Accrued expenses and deferred income		125 448	134 278	-8 830	-6.6
Provisions	13, 26, 37	27 474	29 631	-2 157	-7.3
Share capital	14	291 201	291 201	0	0.0
Revenue reserves	15	1 624 500	1 624 500	0	0.0
Profit carried forward		1 207 137	1 226 514	-19 377	-1.6
Profit for the year		121 746	130 592	-8 846	-6.8
<b>Total liabilities</b>		<b>39 506 923</b>	<b>38 501 926</b>	<b>1 004 997</b>	<b>2.6</b>

**Important:** This document is a non-binding English translation of the authoritative German annual report.



## Off-balance sheet transactions

Off-balance sheet (TCHF)	Appendix	31.12.2020	31.12.2019	absolute	Change %
<b>Contingent liabilities</b>	1, 27	<b>7 297 782</b>	<b>7 083 355</b>	<b>214 427</b>	<b>3.0</b>
of which liabilities from guarantees and indemnity agreements as well as from the furnishing of collateral	1, 27	7 297 782	7 083 355	214 427	3.0
<b>Credit risks</b>		<b>1 063 888</b>	<b>1 015 035</b>	<b>48 853</b>	<b>4.8</b>
of which irrevocable commitments	1	207 435	202 078	5 357	2.7
of which commitments to subscribe additional contributions for shares or other equity securities	1	856 453	812 957	43 496	5.4
<b>Derivative financial instruments</b>					
Positive replacement values	30, 41	1 209 106	630 446	578 660	91.8
Negative replacement values	30, 42	1 466 801	912 187	554 614	60.8
Contract volume	30	101 607 647	100 681 606	926 041	0.9
<b>Fiduciary transactions</b>	29	<b>309 986</b>	<b>801 272</b>	<b>-491 286</b>	<b>-61.3</b>

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## Profit and loss account

Profit and loss account (TCHF)	Appendix	2020	2019	absolute	Change %
Interest earned	32, 33, 34	380 827	653 903	-273 076	-41.8
Interest paid	33	-166 494	-414 206	247 712	-59.8
<b>Net interest income</b>		<b>214 332</b>	<b>239 697</b>	<b>-25 365</b>	<b>-10.6</b>
Equities and other non-fixed-interest securities		18	2	16	800.0
Participations		770	4 225	-3 455	-81.8
Shares in affiliated companies		57	101	-44	-43.6
<b>Current income from securities</b>		<b>845</b>	<b>4 328</b>	<b>-3 483</b>	<b>-80.5</b>
Commission income from lending business		5 205	5 564	-359	-6.5
Commission income from securities and investment business		404 571	366 501	38 070	10.4
Commission from other services		14 107	15 146	-1 039	-6.9
<b>Income from commission business and services</b>		<b>423 882</b>	<b>387 211</b>	<b>36 671</b>	<b>9.5</b>
Commission paid		-72 938	-73 071	133	-0.2
<b>Net commission and fee income</b>		<b>350 944</b>	<b>314 140</b>	<b>36 804</b>	<b>11.7</b>
<b>Income from financial transactions</b>		<b>124 905</b>	<b>127 542</b>	<b>-2 637</b>	<b>-2.1</b>
of which from trading	34	124 192	123 618	574	0.5
<b>Other ordinary income</b>	43	<b>46 275</b>	<b>34 748</b>	<b>11 527</b>	<b>33.2</b>
<b>Gross operating income</b>		<b>737 301</b>	<b>720 455</b>	<b>16 846</b>	<b>2.3</b>
Personnel expenses	35	-278 967	-268 864	-10 103	3.8
Operating expenses	36	-290 618	-275 511	-15 107	5.5
<b>Business expenses</b>		<b>-569 585</b>	<b>-544 375</b>	<b>-25 210</b>	<b>4.6</b>
<b>Gross profit</b>		<b>167 716</b>	<b>176 080</b>	<b>-8 364</b>	<b>-4.8</b>
Amortization of intangible assets and depreciation of tangible assets		-23 964	-24 800	836	-3.4
Other ordinary expenses	37, 44	-2 245	-3 911	1 666	-42.6
Value adjustments on receivables and funds allocated to provisions for contingent liabilities and credit risks		-1 660	-3 584	1 924	-53.7
Income from the release of value adjustments on receivables and from provisions for credit risks		324	1 621	-1 297	-80.0
<b>Result on ordinary business activity</b>		<b>140 171</b>	<b>145 406</b>	<b>-5 235</b>	<b>-3.6</b>
Income tax		-18 425	-14 814	-3 611	24.4
<b>Profit for the year</b>		<b>121 746</b>	<b>130 592</b>	<b>-8 846</b>	<b>-6.8</b>

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## Appropriation of net profit

<b>Appropriation of net profit – proposal of the Board of Directors to the general meeting of shareholders (TCHF)</b>	<b>2020</b>	<b>2019</b>
Profit for the year	121 746	130 592
Profit carried forward	1 207 137	1 226 514
Accumulated profit for the year	1 328 883	1 357 106
Profit distribution		
Allocation to legal reserves	0	0
Allocation to statutory reserves	0	0
Allocation to other reserves	0	0
Dividend on company capital	100 464	149 968
Other profit distribution	0	0
Profit carried forward	1 228 419	1 207 137

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## Flow of funds statement

Flow of funds statement (TCHF)	2020		2019	
	Source of funds	Application of funds	Source of funds	Application of funds
<b>Flow of funds from operating result (internal financing)</b>				
Profit for the year	121 746		130 592	
Depreciation of non-current assets	23 964	98	24 800	815
Value adjustments and provisions		2 157	4 420	
Accrued income and prepaid expenses	14 808		513	
Accrued expenses and deferred income		8 830	9 219	
Other positions		5		
Previous-year dividend		149 968		
<b>Balance</b>		<b>540</b>	<b>168 729</b>	
<b>Flow of funds from changes to non-current assets</b>				
Participations				
Shares in affiliated companies	20 000			
Securities and precious metals as non-current assets		139		
Intangible assets	9 215	20	1 411	
Properties	266	7 721	1 377	4 583
Other tangible assets	122	915	131	2 649
<b>Balance</b>	<b>20 808</b>			<b>4 313</b>
<b>Flow of funds from banking operations</b>				
<b>Medium and long-term business (&gt; 1 year)</b>				
Due to banks	74 578		53 221	
Due to clients		18 689		21 747
Bonds		230 722	413 418	
Medium-term notes		27 279		8 250
Other liabilities	22 701		45 464	
Due from banks		121 216	62 868	
Due from clients (excl. mortgage loans)	119 755		244 802	
Mortgage loans	47 803		51 543	
Other receivables	590	78 514		57 086
<b>Short-term business (≤ 1 year)</b>				
Due to banks	1 056 603		1 775 067	
Due to clients		747 784	1 964 785	
Other liabilities	914 800			454 848
Due from banks	1 652 961			1 834 372
Due from clients	1 464 179			1 539 654
Trading positions in securities and precious metals	372 656			794 717
Securities and precious metals held as current assets (excl. trading positions)		445 751	113 017	18 941
Other receivables		541 849	190 207	513
<b>Liquid funds</b>				
Cash and cash equivalents		3 535 090		348 681
<b>Balance</b>		<b>20 268</b>		<b>164 417</b>
<b>Total</b>	<b>20 808</b>	<b>20 808</b>	<b>168 729</b>	<b>168 729</b>





Josef Höger, detail from "View of Palais Rasumofsky from the garden pavilion," after 1837



## Notes on business activity

### General points

LGT Bank Ltd. with its registered office in Vaduz operates as a universal bank and securities trader. The company has branch offices in Hong Kong, Vienna and Dublin. The bank maintains representative offices in Bahrain, Davos (closed as of 31.12.2020), Geneva, Lugano and Zurich.

At 31 December 2020, LGT Bank Ltd. employed 1090 persons on a full-time equivalent basis (1050 in the previous year).

In 2020, the average headcount amounted to 1072 persons (1033 in the previous year).

As a universal bank, LGT Bank is active in the fields of wealth management (commission business and services) and trading, as well as in money market and lending business.

### Wealth management

LGT Bank Ltd. is one of the leading international names in traditional private banking. The bank offers a broad spectrum of products and services that enable clients to choose the best solution to suit their needs. Most earnings from commission business and services stem, among other things, from wealth management. The commission business and services also represents the bank's main source of revenue.

### Money market business

Within the scope of money market business, money in the form of call money, time deposits and fiduciary investments is deposited with the bank. Insofar as these funds are not required for lending business, they are placed with first-class banks, predominantly in Western Europe. These investments are being made in the form of easily convertible money market paper (certificates of deposit, Euro commercial papers). Despite its focus on private banking, interest margin business represents an important earnings stream for the bank.

### Trading business

LGT Bank Ltd. operates trading transactions for clients and for its own account in securities, foreign exchange and precious metals. The bank trades for its own account in accordance with conservative principles. Derivative instruments are used mostly for hedging purposes.

### Lending business

Most lending takes the form of Lombard loans and mortgages on residential property. Mortgages are granted primarily for financing properties in Liechtenstein and in Switzerland. Property financing in selected other countries is offered as part of integrated wealth management.

## Accounting policies

### Basic principles

The annual accounts are prepared in accordance with the act and ordinance on banks and investment firms (Banking Act, Bank Ordinance) and applicable provisions of the Law on Persons and Companies (PGR). LGT Bank Ltd. publishes its financial statement in thousands of Swiss francs (TCHF) unless otherwise stated.

Due to rounding, the numbers presented in this report may not always add up precisely to the totals in the tables and text.

### Consolidation

LGT Bank Ltd. does not prepare consolidated accounts because the ultimate parent company, the LGT Group Foundation, is itself subject to the Banking Act and prepares annual accounts at Group level. The consolidated accounts are available for inspection at LGT Marketing & Communications at the offices of LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, and can be accessed on the internet under [www.lgt.com](http://www.lgt.com)

### Recording and reporting of transactions

All business transactions are recorded in the company's accounts on the date of the transaction, and are valued from this date for the calculation of earnings.

### Foreign currency conversions

Assets and liabilities denominated in foreign currencies are converted at the rates applicable on the balance sheet date. For income and expenditure, the rates applicable at the time of the transaction are used. Futures contracts are valued at residual maturity rates.

The balance sheet and income statement positions of foreign operations are converted at the rates prevailing on the balance sheet date.

Conversion rates	31.12.2020	31.12.2019
1 EUR	1.0812	1.0870
1 USD	0.8838	0.9684
1 GBP	1.2076	1.2825
1 SGD	0.6686	0.7202
1 HKD	0.1140	0.1243
100 JPY	0.8561	0.8913

### Cash and cash equivalents, debt instruments of public authorities and bills which are eligible for refinancing at central banks, and claims on banks

Cash and cash equivalents and claims on banks are reported in the balance sheet at par value. For claims on banks, specific value adjustments and portfolio value adjustments are also deducted. Registered money market claims, rescriptions and treasury certificates are reported inclusive of amortized discounts.

### Due from clients

Non-impaired claims against clients are reported in the balance sheet at nominal value. Impaired claims, i.e. claims where it appears unlikely that the debtor will be able to meet his future obligations, are valued on an individual basis and the decrease in value is covered by specific value adjustments. Loans are rated as impaired at the latest if the contractual payments for capital and/or interest have been outstanding for more than 90 days. Interest which has been outstanding for more than 90 days is regarded as overdue. Overdue interest and interest which is in danger of not being received, is no longer recovered but is instead allocated to value adjustments.

The decrease in value is measured according to the difference between the book value of the claim and the probable recoverable amount, taking account of the estimated net present value on the balance sheet date. The net present value calculation is based on the current interest rate of the claim and the expected dates of the future incoming payments. Specific value adjustments are deducted directly from the corresponding claims.

In addition to the specific value adjustments, the bank makes portfolio value adjustments to cover any latent default risks present on the balance sheet date. In this connection, equivalent claims not entitled to specific value adjustments are grouped together into risk portfolios. A calculation model is then applied to each risk portfolio to determine the necessary portfolio value adjustments based on the probability of default and loss given default. Portfolio value adjustments are offset against the corresponding claims. Changes to the portfolio value adjustments are entered in the profit and loss account.

Impaired claims are reclassified as performing if the outstanding capital amounts and interest are again paid within the specified period under contractual agreements.

### Trading positions comprising securities and precious metals

Trading positions are valued at the market value on the balance sheet date. For positions which are not traded on a recognized exchange or for which there is no representative market, valuation is carried out at the lower of cost or market.

### Securities and precious metals held as current and non-current assets

Current assets are valued at the lower of cost or market. Money market papers are measured at amortized cost. Fixed-interest bearing securities assigned to non-current assets are reported in the balance sheet at the repayment amount. Premiums and discounts which have not yet been amortized are reported as accrued items. Only those debt instruments which are kept until maturity are recorded as non-current assets.

Precious metals held as current assets are valued at the market value on the balance sheet date. Precious metals held as non-current assets are reported at cost minus necessary value adjustments.

### Shares in affiliated companies and participations

Shares in affiliated companies and participations are valued at cost, taking into account necessary value adjustments. Shares in infrastructure companies are also reported in the balance sheet under participations. These items are insignificant in capital and voting shares. Subordinated loans to affiliated companies are reported at the nominal value.

### Intangible assets/tangible assets

Intangible assets are depreciated over the useful life (generally five to ten years). Properties for the bank's own use are valued at cost, including any appreciating investments, less depreciation over a fixed useful life (generally 50 years). Any building work carried out in rented properties is depreciated over the term of the rental agreement.

Other tangible assets such as machinery, furniture and vehicles are depreciated over their useful life (normally three to five years).

### Derivatives

The positive and negative replacement values of all derivative financial instruments are reported under the positions other assets or other liabilities. The positive and negative replacement values are reported in the balance sheet as gross figures and valued at fair value. If interest rate business positions are

hedged with derivatives, the difference between the fair value valuation and the accrual method is reported in the compensation account.

### Repurchase and reverse repurchase transactions (Repo transactions)

Repo transactions are used to refinance and fund money market transactions. They are entered in the balance sheet as advances against collateral and cash contributions or with pledging of securities held on own account. Securities provided to serve as cover thus continue to be posted in the corresponding balance sheet positions – securities received to serve as collateral are not reported in the balance sheet. Interest resulting from the transactions is posted as net interest income.

### Securities lending and borrowing transactions

Securities lending is recorded at the value of cash deposits which have been received or made, including interest accrued.

Securities which have been borrowed or accepted as collateral are only recorded in the balance sheet if the bank gains control of the contractual rights contained in these securities. Securities lent or provided as collateral are only taken off the balance sheet if the bank loses the contractual rights associated with these securities. The market values of the securities which have been either borrowed or lent are monitored daily so that additional collateral can be provided or requested where necessary.

Fees arising from securities lending and repurchase transactions, which have been received or paid, are entered as interest earned and interest paid.

### Amounts due to banks and clients

Amounts due to banks and clients are reported in the balance sheet at nominal value.

### Securitized liabilities

Securitized liabilities in the form of certificates and medium-term notes are reported in the balance sheet at repayment amount. Bonds are reported at amortized cost using the effective interest method.

### Other liabilities

Derivatives are reported at their fair value. The other items (settlement accounts, coupons etc.) are reported at their nominal value or the value of the repayment amount.



### Subordinated debt

Securitized subordinated debt is entered in the balance sheet at the value of the repayment amount. Non-securitized subordinated debt is reported at the nominal value.

### Value adjustments and provisions

In accordance with prudent accounting practice, specific value adjustments and provisions are made for all identifiable risks. To cover latent default risks, which, as experience has shown, exist in a loan portfolio, portfolio value provisions are also made based on a systematic approach. Value adjustments are offset directly against the corresponding asset position. Provisions are formed for uncertain liabilities and for threatened losses which are likely or certain on the balance sheet reporting date, but whose level or date of occurrence is uncertain. Provisions are reported under the same name in the balance sheet.

### Taxes

Taxes accruing to the result for the period under review are recorded as expenses in the accounting period in which the corresponding profit has occurred.

### Risk management

The risk policy complies with internal requirements and guidelines, Liechtenstein Banking Law, FMA communiqué no. 10/2009 "Risk-compatible capital adequacy requirements, risk management and control", the guidelines of the European Banking Authority and the principles of the Basel Committee on Banking Supervision.

The Board of Directors has overall responsibility for implementing risk policy. Whereas the functions of risk management are allocated to operational units, the Executive Board is responsible for overall risk control. The independent Risk Controlling Department monitors compliance with the issued provisions.

### Market risks

The bank's business activities mean that it is mainly exposed to risks associated with interest rate, credit spread and foreign currency fluctuations. Whereas the Trading Committee is responsible for controlling risks resulting from trading activities, the Asset and Liability Committee is responsible for controlling the stemming from the balance sheet structure.

These bodies restrict the risk positions by means of volume and sensitivity guidelines, and value-at-risk and loss limits. An analysis of the aggregate risks and the simulation of worst-case scenarios are carried out on a regular basis.

### Credit risks

Lending activities are primarily carried out in the interbank market or in secured form in private client business. The bank pursues a conservative lending policy where the same guidelines are applied for both monetary loans and guarantee credits. By strict limitation of the default risks, the formation of cluster and country risks is also countered. An internal rating procedure is applied as an instrument for efficient risk management and risk-adjusted calculation of conditions. Detailed reporting ensures that the Executive Board is constantly informed about developing risks.

### Operational risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. LGT Bank Ltd. has established a Group-wide committee which provides the Executive Board with support in the early identification of these risks and in implementing appropriate measures.

### Derivative financial instruments


Interest rate and currency swaps are regularly used to manage the bank's own risk positions. Within the framework of client business, foreign currency and precious metals options are used in addition to the aforesaid instruments.

The accounting and valuation principles remain unchanged compared to last year.

Josef Höger, detail from "Park landscape near Eisgrub Castle (Lednice) with a columned temple in the foreground on the left," 1830







“In its offering, LGT will continue to place a strong emphasis on sustainability.”

Thomas Piske, Chairman of the Board of Directors

## Notes on the balance sheet

### 1 Overview of collateral (TCHF)

		Mortgage-backed	Other collateral	Without collateral	Total
<b>Advances</b>					
Due from clients (excl. mortgage loans)		170 736	9 434 566	2 917 877	12 523 179
Mortgage loans					
Residential properties		2 668 314	0	0	2 668 314
Office and business premises		243 544	0	0	243 544
Commercial and industrial premises		123 713	0	0	123 713
Other		112 197	0	0	112 197
<b>Total</b>	<b>31.12.2020</b>	<b>3 318 504</b>	<b>9 434 566</b>	<b>2 917 877</b>	<b>15 670 948</b>
	31.12.2019	3 418 465	11 163 274	2 720 946	17 302 685

### Off-balance sheet transactions

Contingent liabilities		91	222 976	7 074 715	7 297 782
Irrevocable commitments		27 027	69 810	110 599	207 435
Commitments to subscribe additional contributions for shares or other equity securities		500	319 039	536 914	856 453
<b>Total</b>	<b>31.12.2020</b>	<b>27 618</b>	<b>611 825</b>	<b>7 722 228</b>	<b>8 361 670</b>
	31.12.2019	9 244	569 372	7 519 774	8 098 390

### Impaired due amounts (TCHF)

		Gross amount due	Estimated realization value of collateral	Net amount due	Specific value adjustments
<b>31.12.2020</b>		<b>39 569</b>	<b>29 197</b>	<b>10 372</b>	<b>10 372</b>
31.12.2019		51 693	38 285	13 408	13 408

### 2 Trading positions (TCHF)

	31.12.2020	Book value 31.12.2019	31.12.2020	Cost 31.12.2019	31.12.2020	Market value 31.12.2019
<b>Trading positions comprising securities and precious metals</b>						
Debt instruments	1 214 072	2 005 605	1 249 561	2 037 212	1 214 072	2 005 605
listed (traded on a recognized exchange)	953 306	1 714 190	987 567	1 738 790	953 306	1 714 190
unlisted	260 766	291 415	261 994	298 422	260 766	291 415
of which own bonds and medium-term notes	23 639	19 408	23 968	19 720	23 639	19 408
Equity paper	0	0	0	0	0	0
Precious metals	1 172 369	753 491	1 172 369	753 491	1 172 369	753 491
<b>Total</b>	<b>2 386 441</b>	<b>2 759 097</b>	<b>2 421 930</b>	<b>2 790 703</b>	<b>2 386 441</b>	<b>2 759 097</b>
of which central bank-eligible securities (eligible for repo transactions)	0	23 774	0	24 129	0	23 774

3 Securities and precious metals held as current assets (excl. trading positions) (TCHF)	Book value		Cost		Market value	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt instruments	3 969 358	3 523 607	4 202 891	3 610 607	4 032 679	3 572 287
Equity paper	0	0	0	0	0	0
Precious metals	0	0	0	0	0	0
<b>Total</b>	<b>3 969 358</b>	<b>3 523 607</b>	<b>4 202 891</b>	<b>3 610 607</b>	<b>4 032 679</b>	<b>3 572 287</b>
of which eligible as security for central bank borrowings	2 212 620	2 057 568	2 328 061	2 102 670	2 236 955	2 079 807

4 Securities and precious metals held as non-current assets (TCHF)	Book value		Cost		Market value	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt instruments	0	0	0	0	0	0
Equity paper	0	0	0	0	0	0
Precious metals	1 203	1 015	1 936	1 797	1 645	1 310
<b>Total</b>	<b>1 203</b>	<b>1 015</b>	<b>1 936</b>	<b>1 797</b>	<b>1 645</b>	<b>1 310</b>
of which eligible as security for central bank borrowings	0	0	0	0	0	0

5 Participations and shares in affiliated companies (TCHF)	31.12.2020	31.12.2019
	<b>Participations</b>	
with market value	0	0
without market value	295	295
<b>Total</b>	<b>295</b>	<b>295</b>
<b>Shares in affiliated companies</b>		
with market value	0	0
without market value	655	655
Subordinated claims against affiliated companies	0	20 000
<b>Total</b>	<b>655</b>	<b>20 655</b>

6 Affiliated companies	Business activity	Share capital	% share of votes	% share of capital	Business result TCHF
<b>Banks and investment firms</b>					
LGT Bank (Cayman) Ltd., Grand Cayman	bank	USD 600 000	100	83	-607

The capital of LGT Bank (Cayman) Ltd. is divided into 500 000 ordinary shares and 100 000 participating shares. Both categories of share have a par value of USD 1 per share. The participation comprises 100% of the ordinary shares, which have a preferential dividend. At 31 December 2020, the shares in banks and investment firms shown under the shares in affiliated companies item amounted to TCHF 655 (655 in the previous year).

## 7 Participations

The companies listed under participations serve only as infrastructure and are insignificant in terms of the share of capital and votes. There are no shares in banks and investment firms under participations.

8 Statement of changes in non-current assets (TCHF)	Cost	Accumulated depreciation/ write-ups	Book value 31.12.2019
Total participations (minority holdings)	295	0	295
Total shares in affiliated companies	20 655	0	20 655
Total securities and precious metals held as non-current assets	1 797	-782	1 015
Total intangible assets	167 249	-44 856	122 393
Properties			
Bank premises	210 786	-142 703	68 083
Other properties	9 616	-9 616	0
Other tangible assets	10 735	-7 281	3 454
Total tangible assets	231 137	-159 600	71 537
Fire insurance value of properties			209 060
Fire insurance value of other tangible assets			7 635
Real estate intended for sale (not included in the statement of changes in non-current assets)			1 230

## 9 Intangible assets

At 31 December 2020, this item included capitalized software licenses amounting to TCHF 18 and at 31 December 2019 amounting to TCHF 6. At 31 December 2020, this item also included goodwill and other acquired intangible assets amounting to TCHF 96 923 and at 31 December 2019 amounting to TCHF 122 387. These are depreciated over a ten-year period and arise from the acquisition of the private banking business of ABN AMRO in Hong Kong in 2017.

10 Pledged or assigned assets and assets subject to reservation of ownership (TCHF)	31.12.2020	31.12.2019
<b>Pledged or assigned assets and assets subject to reservation of ownership, without securities lending or repurchase transactions</b>		
Book value of pledged or assigned (assigned as collateral) assets	274 283	304 182
Actual liabilities	109 508	125 042
There are no assets subject to reservation of ownership.		
<b>Securities lending and repurchase transactions</b>		
Receivables from cash deposits in connection with securities borrowing and reverse repurchase transactions	3 037 171	4 478 075
Liabilities from cash deposits in connection with securities lending and repurchase transactions	1 231 985	147 439
Own securities lent or provided as collateral within the scope of securities lending, borrowing transactions and transferred from repurchase transactions	517 094	0
of which capable of being resold or pledged without restrictions	517 094	0
Securities borrowed or accepted as collateral within the scope of securities lending, borrowing transactions and reverse repurchase agreements which are capable of being resold or further pledged without restrictions	3 067 789	5 459 542
of which resold or further pledged securities	718 908	602 977

11 Liabilities in respect of own pension funds (TCHF)	31.12.2020	31.12.2019
<b>Total liabilities</b>	<b>31 098</b>	<b>36 762</b>

Investments	Disinvestments	Reclassifications	Write-ups	Depreciation	Book value 31.12.2020
0	0	0	0	0	295
0	-20 000	0	0	0	655
139	0	0	48	0	1 203
20	-9 215	0	0	-16 257	96 941
7 721	-266	0	0	-6 166	69 372
0	0	0	0	0	0
915	-122	0	50	-1 541	2 755
8 636	-388	0	50	-7 707	72 127
					218 076
					7 648
					1 230

## 12 Outstanding bonds at 31.12.2020

	Interest rate %	Year of issue	Earliest redemption date	Currency	Par value TCHF
LGT GIM Index Certificates	0.0	ongoing	28.02.2022	EUR	36 811
LGT GIM Index Certificates II	0.0	ongoing	30.06.2024	EUR	107 189
LGT GIM Index Certificates II/2	0.0	ongoing	31.03.2021	EUR	20 954
LGT GIM Index Certificates III	0.0	ongoing	31.07.2021	EUR	65 125
Crown Absolute Return Index Certificates	0.0	ongoing	30.11.2023	EUR	2 602
1.875% bond LGT Bank Ltd. 2013 – 8.2.2023	1.875	2013	08.02.2023	CHF	299 627
1.5% bond LGT Bank Ltd. 2014 – 10.5.2021	1.5	2014	10.05.2021	CHF	299 924
0.625% bond LGT Bank Ltd. 2015 – 25.11.2025	0.625	2015	25.11.2025	CHF	300 448
0.2% bond LGT Bank Ltd. 2016 – 12.10.2026	0.2	2016	12.10.2026	CHF	349 965
0.5% bond LGT Bank Ltd. 2017 – 12.05.2027	0.5	2017	12.05.2027	CHF	276 088
0.375% bond LGT Bank Ltd. 2019 – 5.7.2028	0.375	2019	05.07.2028	CHF	149 668
0.375% bond LGT Bank Ltd. 2019 – 15.11.2029	0.375	2019	15.11.2029	CHF	159 846
0.2% bond LGT Bank Ltd. 2020 – 4.11.2030	0.2	2020	04.11.2030	CHF	224 375

For product explanations see appendix 47 on page 40

13 Value adjustments and provisions (TCHF)	Status 31.12.2019	Application	Recoveries, overdue interest, currency differences	New allocations out of P/L account	Releases to P/L account	Status 31.12.2020
Value adjustments for default risks						
Specific value adjustments	13 408	-3 423	-92	535	-57	10 372
Portfolio value adjustments	13 143	0	-25	641	-268	13 492
Provisions for contingent liabilities and credit risks	3 070	0	0	483	0	3 552
Provisions for other business risks	8 602	-122	-172	361	0	8 668
Provisions for taxes and deferred taxes	15 927	-20 637	-144	18 016	0	13 161
Other provisions	2 033	0	-4	63	0	2 092
<b>Total value adjustments and provisions</b>	<b>56 183</b>	<b>-24 182</b>	<b>-437</b>	<b>20 099</b>	<b>-324</b>	<b>51 338</b>
less:						
Value adjustments	-26 551					-23 864
<b>Total provisions as per the balance sheet</b>	<b>29 631</b>					<b>27 474</b>

See also Point 37

14 Share capital (TCHF)	Total nominal value	Number of shares	31.12.2020 Capital entitled to a dividend	Total nominal value	Number of shares	31.12.2019 Capital entitled to a dividend
Share capital	291 201	2 912 008	291 201	291 201	2 912 008	291 201
<b>Total</b>	<b>291 201</b>	<b>2 912 008</b>	<b>291 201</b>	<b>291 201</b>	<b>2 912 008</b>	<b>291 201</b>

No authorized capital or contingent capital exists.

Major shareholders and groups of shareholders linked by voting rights	Nominal	31.12.2020 %	Nominal	31.12.2019 %
with voting right: LGT Group Holding Ltd.	291 201	100.0	291 201	100.0

LGT Group Holding Ltd. is a 100% subsidiary of LGT Group Foundation. The economic beneficiary of LGT Group Foundation is the Prince of Liechtenstein Foundation in Vaduz. The main economic beneficiary of the Prince of Liechtenstein Foundation is the reigning prince of Liechtenstein, H.S.H. Prince Hans-Adam II von und zu Liechtenstein.



## 15 Equity statement (TCHF)

<b>Equity capital at the start of the business year</b>	
Share capital paid in	291 201
Capital reserves	0
Legal reserves	218 500
Reserves for own shares	0
Statutory reserves	0
Other reserves	1 406 000
Accumulated profit for the year	1 357 106
<b>Total equity capital at the start of the business year (prior to profit distribution)</b>	<b>3 272 807</b>
+/- capital increase/capital reduction	0
+ premium	0
- Release of provisions for general banking risks	0
- dividend from the previous year's profit	-149 968
+ annual profit for the business year	121 746
<b>Total equity capital at the end of the business year (prior to profit distribution)</b>	<b>3 244 584</b>
of which:	
Share capital paid in	291 201
Capital reserves	0
Legal reserves	218 500
Reserves for own shares	0
Statutory reserves	0
Other reserves	1 406 000
Accumulated profit for the year	1 328 883

## 16 Maturity structure of assets, liabilities and provisions (TCHF)

On demand

Redeemable

		On demand	Redeemable
<b>Assets</b>			
Cash and cash equivalents		9 498 274	–
Due from banks		1 623 316	–
Due from clients		39 872	712 439
of which mortgage loans		936	14 045
Trading positions comprising securities and precious metals		2 386 441	–
Debt instruments and precious metals held as current assets (excl. trading positions)		3 436 478	–
of which debt instruments of public authorities and bills eligible for refinancing at central banks		–	–
Securities and precious metals held as non-current assets		1 203	–
Other assets		187 118	138 401
<b>Total assets</b>	<b>31.12.2020</b>	<b>17 172 702</b>	<b>850 841</b>
	31.12.2019	13 120 842	748 424
<b>Liabilities and provisions</b>			
Due to banks		4 891 789	3 902 392
Due to clients		11 567 272	6 327 969
Savings accounts		–	720 812
Other liabilities to clients		11 567 272	5 607 157
Securitized liabilities		–	–
Issued bonds		–	–
of which medium-term notes		–	–
Other securitized liabilities		–	–
Provisions (excl. provisions for general banking risks)		27 474	–
Other liabilities		162 841	138 401
<b>Total liabilities and provisions</b>	<b>31.12.2020</b>	<b>16 649 377</b>	<b>10 368 763</b>
	31.12.2019	13 203 840	11 473 849

Of the securities reported in the balance sheet under bonds and other fixed-interest bearing securities, instruments amounting to TCHF 2 168 368 (1 491 191 in the previous year) will become due in 2021. Issued bonds due in 2021 amount to TCHF 432 951 (41 352 in the previous year).

Due within 3 months	Due between 3 to 12 months	Due between 12 months to 5 years	Due after 5 years	Immobilized	Total
-	-	-	-	-	9 498 274
3 007 205	951 534	512 486	329 012	-	6 423 555
13 187 557	805 508	628 979	296 593	-	15 670 948
2 055 855	290 477	494 425	292 031	-	3 147 768
-	-	-	-	-	2 386 441
470 326	62 554	-	-	-	3 969 358
470 326	62 554	-	-	-	532 880
-	-	-	-	-	1 203
737 658	308 109	88 947	23 554	73 357	1 557 144
<b>17 402 747</b>	<b>2 127 705</b>	<b>1 230 412</b>	<b>649 159</b>	<b>73 357</b>	<b>39 506 923</b>
19 241 288	3 425 163	1 173 218	720 223	72 767	38 501 926
2 545 990	355 490	93 982	212 600	-	12 002 243
1 658 609	579 709	10 244	-	-	20 143 802
-	-	-	-	-	720 812
1 658 609	579 709	10 244	-	-	19 422 990
29 714	403 237	793 450	1 168 068	-	2 394 469
29 714	403 237	793 450	1 168 068	-	2 394 469
8 760	38 188	46 774	8 126	-	101 848
-	-	-	-	-	0
-	-	-	-	-	27 474
945 357	292 225	119 615	35 911	-	1 694 351
<b>5 179 669</b>	<b>1 630 661</b>	<b>1 017 291</b>	<b>1 416 579</b>	<b>0</b>	<b>36 262 339</b>
6 418 709	1 519 442	1 121 640	1 491 639	0	35 229 119

17 Transactions with closely associated persons (TCHF)	31.12.2020	31.12.2019
<b>Claims on affiliated companies</b>		
Due from banks	1 495 219	1 331 556
Due from clients	6 012 130	5 686 960
of which due from qualified participants	5 247 784	4 970 436
<b>Total</b>	<b>7 507 349</b>	<b>7 018 516</b>
<b>Liabilities to affiliated companies</b>		
Due to banks	9 557 179	9 251 135
Due to clients	519 803	445 092
of which due to qualified participants	3 702	22 142
Securitized liabilities	0	0
<b>Total</b>	<b>10 076 982</b>	<b>9 696 227</b>
<b>Loans to governing bodies</b>		
Members of the Board of Directors	1 775	1 775
Members of the Executive Board	5 815	4 233
Members of the governing bodies of the parent company	1 861	1 865
<b>Total</b>	<b>9 451</b>	<b>7 873</b>
<b>Liabilities to Prince of Liechtenstein Foundation (qualified participant)</b>		
Due to clients	187 808	120 512

**Significant transactions**

Transactions with closely associated persons such as securities transactions, payment transactions, lending facilities and interest on deposits were made under the same terms and conditions as applicable to third parties.

Counterparty	Type(s) of transaction	2020	2019
<b>LGT Group Holding Ltd., Vaduz</b>			
Interest earned	Debit interest	3 398	3 587
Other ordinary income	Income from real estate	1 321	1 877
Operating expenses	Services for accounting/controlling, internal audit, compliance, HR, marketing, risk controlling, legal & tax, property insurance	49 124	43 153
Contingent liabilities	Guarantees	14 341	–
<b>LGT Group Foundation, Vaduz</b>			
Interest earned	Debit interest	9 259	8 881
Operating expenses	Logo fee, marketing	20 818	20 634
<b>LGT Bank (Switzerland) Ltd., Basel</b>			
Interest earned	Debit interest, negative debit interest	6 010	10 954
Interest paid	Credit interest, negative credit interest	30 536	95 287
Commission income	Brokerage fees, custody fees	16 268	13 272
Commission paid	Client advisory services, investment management	3 761	3 657
Other ordinary income	Loan administration, management services	11 669	3 175
Personnel expenses	Staff interchange	1 551	1 602
Operating expenses	Income from real estate, services for IT, marketing, investment services	7 507	7 332
Commitments to subscribe additional contributions for shares or other equity securities	Payment commitments	135 700	118 610

Counterparty	Type(s) of transaction	2020	2019
<b>LGT Bank (Singapore) Ltd., Singapore</b>			
Interest earned	Debit interest, negative debit interest	844	6 674
Interest paid	Credit interest, negative credit interest	2 686	4 882
Commission income	Brokerage fees, custody fees	74 619	51 760
Commission paid	Client advisory services, investment management	7 675	3 166
Other ordinary income	Loan administration, management services, investment services, front support services, staff interchange	18 882	15 658
Operating expenses	Trading administration, IT, investment services	16 954	16 826
Contingent liabilities	Guarantees	7 033 176	6 839 805
Commitments to subscribe additional contributions for shares or other equity securities	Payment commitments	207 768	182 773
<b>LGT Capital Partners (FL) Ltd., Vaduz</b>			
Commission income	Distribution fees	72 132	73 019
<b>LGT Capital Partners Ltd., Pfäffikon</b>			
Interest paid	Negative credit interest	880	827
Commission paid	Portfolio management	1 729	1 687
Operating expenses	Logo fee	2 805	3 160
<b>LGT Capital Partners (Ireland) Ltd., Dublin</b>			
Commission income	Distribution fees	3 495	2 518
Other ordinary income	Income from real estate, services for IT, legal, accounting, facility	696	851
<b>LGT Capital Partners (Asia-Pacific) Ltd., Hong Kong</b>			
Other ordinary income	Income from real estate, services for accounting, facility, IT, HR	2 975	3 577
<b>LGT investment management companies</b>			
Interest earned	Debit interest	1 191	2 762
Interest paid	Negative credit interest	2 219	2 250
Commission income	Distribution fees, custody fees	7 700	9 451
Other ordinary income	Income from real estate, services for IT, facility, accounting, HR, legal	619	674
Contingent liabilities	Guarantees	9 993	10 047
<b>LGT (Middle East) Ltd., Dubai</b>			
Commission paid	Client advisory services	3 081	4 437
Other ordinary income	Consulting, staff interchange	875	355
<b>LGT Financial Services Ltd., Vaduz</b>			
Operating expenses	Facility management, property management, services for IT, payment transactions, securities administration	113 674	104 393
Other ordinary income	Income from real estate, services for IT	2 227	2 183
<b>LGT Global Invest Ltd., Cayman</b>			
Interest earned	Debit interest	942	1 709
<b>LGT Investment Management (Asia) Ltd., Hong Kong</b>			
Other ordinary income	Management services, investment services, accounting, compliance, staff interchange	1 831	1 784
Contingent liabilities	Guarantees	2 649	2 902
<b>LGT Capital Invest Mauritius PCC, Mauritius</b>			
Operating expenses	Logo fee	11 765	10 410
<b>LGT Certificates Ltd., Cayman</b>			
Commission income	Distribution fees	2 986	3 837
<b>LGT Vestra LLP, London</b>			
Other ordinary income	Consulting, staff interchange	1 148	2

18 Breakdown of balance sheet according to domicile (TCHF)	31.12.2020		31.12.2019	
	Domestic	Abroad	Domestic	Abroad
<b>Assets</b>				
Cash and cash equivalents	9 199 498	298 776	5 707 880	255 304
Debt instruments of public authorities and bills which are eligible for refinancing at central banks	150 212	382 668	0	133 243
Due from banks	3 986 303	2 437 252	6 284 722	1 670 575
Due from clients (excl. mortgage loans)	6 735 286	5 787 894	7 388 230	6 637 515
Mortgage loans	2 398 624	749 144	2 481 413	795 528
Bonds and other fixed-interest bearing securities	497 276	4 153 273	509 556	4 886 413
Participations	66	229	66	229
Shares in affiliated companies	0	655	20 000	655
Intangible assets	0	96 941	0	122 393
Tangible assets	65 785	6 341	63 453	8 084
Other assets	1 044 469	1 470 061	679 084	796 605
Accrued income and prepaid expenses	12 459	33 711	15 081	45 897
<b>Total assets</b>	<b>24 089 978</b>	<b>15 416 945</b>	<b>23 149 485</b>	<b>15 352 440</b>
<b>Liabilities</b>				
Due to banks	9 577 540	2 424 704	9 494 260	1 376 802
Due to clients (excl. savings accounts)	7 379 231	12 043 759	7 060 201	13 194 495
Savings accounts	526 431	194 381	550 706	104 874
Securitized liabilities	2 394 469	0	2 260 871	0
Other liabilities	659 836	909 067	500 501	522 499
Accrued expenses and deferred income	61 774	63 673	67 431	66 847
Provisions	25 663	1 811	23 631	6 000
Share capital	291 201	0	291 201	0
Legal reserves	218 500	0	218 500	0
Other reserves	1 406 000	0	1 406 000	0
Profit carried forward	1 207 137	0	1 226 514	0
Profit for the year	115 005	6 741	114 474	16 118
<b>Total liabilities</b>	<b>23 862 787</b>	<b>15 644 136</b>	<b>23 214 291</b>	<b>15 287 635</b>

Balance sheet items are broken down based on the client's domicile, mortgage loans by the location of the property. Domestic comprises Liechtenstein and Switzerland.

19 Breakdown of assets according to country/country group	31.12.2020		31.12.2019	
	TCHF	%	TCHF	%
<b>Country</b>				
Liechtenstein	7 860 878	19.9	7 532 893	19.6
Switzerland	16 229 100	41.1	15 616 592	40.6
Europe excl. Liechtenstein/Switzerland	7 928 397	20.1	6 918 223	18.0
North America	1 824 759	4.6	1 485 556	3.9
Caribbean	2 068 955	5.2	2 740 904	7.1
Latin America	75 862	0.2	71 026	0.2
Africa	116 680	0.3	119 414	0.3
Asia	2 744 531	6.9	3 216 872	8.4
Oceania	657 761	1.7	800 445	2.1
<b>Total assets</b>	<b>39 506 923</b>	<b>100.0</b>	<b>38 501 926</b>	<b>100.0</b>

20 Breakdown of balance sheet according to currencies (TCHF)	CHF	EUR	USD	Other	31.12.2020 Total
<b>Assets</b>					
Cash and cash equivalents	9 195 114	257 917	514	44 729	9 498 274
Debt instruments of public authorities and bills which are eligible for refinancing at central banks	150 212	0	331 385	51 283	532 880
Due from banks	2 678 677	1 622 740	1 559 362	562 777	6 423 555
Due from clients (excl. mortgage loans)	6 781 844	2 327 058	1 949 582	1 464 693	12 523 180
Mortgage loans	2 408 327	349 569	59 937	329 936	3 147 768
Bonds and other fixed-interest bearing securities	472 591	660 491	2 805 898	711 570	4 650 549
Participations	295	0	0	0	295
Shares in affiliated companies	655	0	0	0	655
Intangible assets	0	18	0	96 923	96 941
Tangible assets	65 785	2 880	0	3 461	72 127
Other assets	1 188 926	5 296	18 165	1 302 143	2 514 529
Accrued income and prepaid expenses	14 385	7 918	12 490	11 377	46 170
<b>Total assets</b>	<b>22 956 811</b>	<b>5 233 887</b>	<b>6 737 333</b>	<b>4 578 892</b>	<b>39 506 923</b>
Delivery claims from forex spot, forex futures and forex options transactions	13 196 037	17 365 012	41 477 930	19 571 427	91 610 406
<b>Total assets</b>	<b>36 152 846</b>	<b>22 598 899</b>	<b>48 215 264</b>	<b>24 150 320</b>	<b>131 117 329</b>
<b>Liabilities</b>					
Due to banks	2 012 491	1 830 995	6 463 544	1 695 215	12 002 243
Due to clients (excl. savings accounts)	3 741 677	3 722 243	9 245 500	2 713 569	19 422 990
Savings accounts	585 390	100 505	34 917	0	720 812
Securitized liabilities	2 150 188	244 280	0	0	2 394 469
Other liabilities	1 511 856	18 430	12 739	25 878	1 568 903
Accrued expenses and deferred income	63 045	10 261	35 708	16 433	125 448
Provisions	23 891	1 542	1 773	268	27 474
Share capital	291 201	0	0	0	291 201
Legal reserves	218 500	0	0	0	218 500
Other reserves	1 406 000	0	0	0	1 406 000
Profit carried forward	1 207 137	0	0	0	1 207 137
Profit for the year	115 005	-2 974	0	9 715	121 746
<b>Total liabilities</b>	<b>13 326 381</b>	<b>5 925 282</b>	<b>15 794 181</b>	<b>4 461 078</b>	<b>39 506 923</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	23 043 544	16 672 092	32 509 434	19 563 874	91 788 945
<b>Total liabilities</b>	<b>36 369 924</b>	<b>22 597 375</b>	<b>48 303 615</b>	<b>24 024 954</b>	<b>131 295 868</b>
<b>Net position per currency</b>	<b>-217 078</b>	<b>1 524</b>	<b>-88 351</b>	<b>125 366</b>	<b>-178 539</b>

Breakdown of balance sheet according to currencies (TCHF)	CHF	EUR	USD	Other	31.12.2019 Total
<b>Assets</b>					
Cash and cash equivalents	5 702 090	213 136	757	47 202	5 963 184
Debt instruments of public authorities and bills which are eligible for refinancing at central banks	0	0	77 441	55 802	133 243
Due from banks	4 904 964	886 814	1 711 142	452 376	7 955 297
Due from clients (excl. mortgage loans)	7 523 173	2 405 214	2 298 742	1 798 616	14 025 744
Mortgage loans	2 496 340	278 814	43 825	457 961	3 276 941
Bonds and other fixed-interest bearing securities	486 884	781 139	2 951 430	1 176 516	5 395 969
Participations	295	0	0	0	295
Shares in affiliated companies	20 655	0	0	0	20 655
Intangible assets	0	6	0	122 387	122 393
Tangible assets	63 453	3 596	0	4 488	71 537
Other assets	652 487	6 053	9 670	807 480	1 475 690
Accrued income and prepaid expenses	13 187	4 723	23 358	19 711	60 978
<b>Total assets</b>	<b>21 863 525</b>	<b>4 579 496</b>	<b>7 116 365</b>	<b>4 942 539</b>	<b>38 501 926</b>
Delivery claims from forex spot, forex futures and forex options transactions	13 817 139	15 524 246	43 826 058	18 115 210	91 282 655
<b>Total assets</b>	<b>35 680 666</b>	<b>20 103 742</b>	<b>50 942 424</b>	<b>23 057 749</b>	<b>129 784 581</b>
<b>Liabilities</b>					
Due to banks	1 034 625	2 078 111	6 262 899	1 495 426	10 871 062
Due to clients (excl. savings accounts)	3 153 222	4 694 032	9 822 146	2 585 296	20 254 696
Savings accounts	619 605	32 037	3 937	0	655 580
Securitized liabilities	1 954 569	306 303	0	0	2 260 871
Other liabilities	963 791	17 382	16 902	24 926	1 023 000
Accrued expenses and deferred income	58 112	7 251	51 511	17 404	134 278
Provisions	21 580	1 192	1 943	4 917	29 631
Share capital	291 201	0	0	0	291 201
Legal reserves	218 500	0	0	0	218 500
Other reserves	1 406 000	0	0	0	1 406 000
Profit carried forward	1 226 514	0	0	0	1 226 514
Profit for the year	114 474	9 283	0	6 835	130 592
<b>Total liabilities</b>	<b>11 062 193</b>	<b>7 145 589</b>	<b>16 159 338</b>	<b>4 134 805</b>	<b>38 501 926</b>
Delivery liabilities from forex spot, forex futures and forex options transactions	24 772 444	12 948 693	34 883 271	18 895 374	91 499 781
<b>Total liabilities</b>	<b>35 834 637</b>	<b>20 094 282</b>	<b>51 042 609</b>	<b>23 030 179</b>	<b>130 001 707</b>
<b>Net position per currency</b>	<b>-153 971</b>	<b>9 460</b>	<b>-100 185</b>	<b>27 570</b>	<b>-217 126</b>



21 Subordinated assets (TCHF)	31.12.2020	31.12.2019
<b>Balance sheet items</b>		
Bonds and other fixed-interest bearing securities	0	5 889
Shares in affiliated companies	0	20 000
<b>Total</b>	<b>0</b>	<b>25 889</b>

22 Debt instruments of public authorities and bills which are eligible for refinancing at central banks (TCHF)	31.12.2020	31.12.2019
Debt instruments of public authorities	532 880	133 243
<b>Total</b>	<b>532 880</b>	<b>133 243</b>

23 Bonds and other fixed-interest bearing securities (TCHF)	31.12.2020	31.12.2019
Money market paper	21 710	22 261
of which from public sector issuers	0	0
of which from other issuers	21 710	22 261
Bonds	4 628 839	5 373 708
of which from public sector issuers	477 688	549 915
of which from other issuers	4 151 151	4 823 793
of which own bonds	23 639	19 408
<b>Total</b>	<b>4 650 549</b>	<b>5 395 969</b>

24 Due to clients (TCHF)	31.12.2020	31.12.2019
Savings accounts	720 812	655 580
Other liabilities	19 422 990	20 254 696
<b>Total</b>	<b>20 143 802</b>	<b>20 910 277</b>

25 Securitized liabilities (TCHF)	31.12.2020	31.12.2019
Issued bonds	2 394 469	2 260 871
of which medium-term notes	101 848	123 531
Other securitized liabilities	0	0
<b>Total</b>	<b>2 394 469</b>	<b>2 260 871</b>

26 Provisions (TCHF)	31.12.2020	31.12.2019
Tax provisions	13 161	15 927
Other provisions	14 313	13 705
<b>Total</b>	<b>27 474</b>	<b>29 631</b>

## Notes on off-balance sheet transactions

<b>27 Contingent liabilities (TCHF)</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Credit guarantees and similar instruments	177 565	205 549
of which for affiliated companies	26 037	25 749
Performance guarantees and similar instruments	7 115 475	6 875 980
of which for affiliated companies	7 034 265	6 827 641
Irrevocable commitments and other contingent liabilities	4 743	1 826
of which for affiliated companies	0	0
<b>Total</b>	<b>7 297 782</b>	<b>7 083 355</b>

### 28 Commitment credits

Liabilities from deferred payments are reported in the balance sheet. There were no acceptance liabilities or other commitment credits at 31 December 2020 and 31 December 2019.

<b>29 Fiduciary transactions (TCHF)</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Fiduciary investments at third-party banks	309 986	801 272
Fiduciary investments at affiliated banks and investment firms	0	0
Fiduciary loans and other financial transactions in a fiduciary capacity	0	0
of which with affiliated companies	0	0
<b>Total</b>	<b>309 986</b>	<b>801 272</b>

**30 Open derivative financial instruments (TCHF)**

	positive replacement values	Trading instruments negative replacement values	contract volume	positive replacement values	Hedging-Instrumente negative replacement values	contract volume
<b>Interest rate instruments</b>						
Forward contracts incl. FRAs	0	0	0	0	0	0
Swaps	25 320	25 530	1 527 621	4 635	92 386	2 605 725
Futures	0	0	0	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange-traded)	0	0	0	0	0	0
<b>Forex/precious metals</b>						
Forward contracts	825 963	779 737	69 803 591	123 465	349 432	17 045 377
Swaps	0	0	0	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	80 839	70 833	7 428 950	0	0	0
Options (exchange-traded)	0	0	0	0	0	0
<b>Equity securities/indices</b>						
Forward contracts	0	0	0	0	0	0
Swaps	0	0	0	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	148 317	148 317	3 161 032	0	0	0
Options (exchange-traded)	0	0	0	0	0	0
<b>Credit derivatives</b>						
Credit default swaps	566	566	35 350	0	0	0
Total return swaps	0	0	0	0	0	0
First to default swaps	0	0	0	0	0	0
Other credit derivatives	0	0	0	0	0	0
<b>Total before consideration of the netting contracts</b>						
<b>31.12.2020</b>	<b>1 081 005</b>	<b>1 024 983</b>	<b>81 956 544</b>	<b>128 100</b>	<b>441 818</b>	<b>19 651 102</b>
31.12.2019	562 154	622 649	78 395 737	68 291	289 538	22 285 869
<b>Total after consideration of the netting contracts</b>						
				positive replacement values	negative replacement values	
<b>31.12.2020</b>				<b>469 856</b>	<b>727 552</b>	
31.12.2019				207 485	489 227	

## Notes to the profit and loss account

### 31 Offsetting of refinancing expenses with income from trading

The refinancing expenses arising from trading positions are not offset against income from trading activities.

32 Interest income from fixed-interest securities (TCHF)	2020	2019
Interest income from bonds	36 573	57 582
Interest income from money market paper	2 290	3 579
<b>Total</b>	<b>38 863</b>	<b>61 161</b>

33 Negative interest (TCHF)	2020	2019
Negative interest on assets (reduction of interest income)	69 330	63 494
Negative interest on liabilities (reduction of interest expense)	24 189	21 373
<b>Total</b>	<b>93 519</b>	<b>84 867</b>

34 Income from trading transactions (TCHF)	Reported in the P&L under	2020	2019
Interest income from fixed-interest securities	Interest income	35 240	57 991
Interest income from credit derivatives	Interest income	18	0
Trading in foreign exchange and precious metals	Income from financial transactions	88 501	80 502
Securities trading	Income from financial transactions	-3 859	17 429
Structured products and other income	Income from financial transactions	39 550	25 687
<b>Total</b>		<b>159 450</b>	<b>181 609</b>

35 Personnel expenses (TCHF)	2020	2019
Wages and salaries	225 457	213 710
Social security contributions, pensions and social assistance	27 867	27 057
of which for pensions	11 481	11 185
Other personnel expenses	8 475	8 143
<b>Subtotal</b>	<b>261 799</b>	<b>248 910</b>
Adjustment of liability for Long Term Incentive Scheme	17 168	19 954
<b>Total</b>	<b>278 967</b>	<b>268 864</b>
Emoluments to members of the Executive Board	4 991	3 134
Emoluments to members of the Board of Directors	100	100

36 Operating expenses (TCHF)	2020	2019
Occupancy expense	26 172	26 995
Expenses for IT, machinery, furniture, vehicles and other equipment	92 616	85 509
Other business expenses	171 830	163 007
<b>Total</b>	<b>290 618</b>	<b>275 511</b>

**37 Losses, extraordinary items, provisions**

The losses reported under the item "Other ordinary expenses" were incurred mainly in connection with lending business and settlements (see also Point 44).

No extraordinary items were recorded in the years 2020 and 2019.

The item provisions contains mainly tax provisions, provisions for projects, as well as provisions for other business risks (see also Points 13 and 26).

**38 Income and expenses broken down according to office or branch (TCHF)**

	2020		2019	
	FL	Abroad	FL	Abroad
Interest earned	332 393	48 434	553 626	100 277
Interest paid	-140 763	-25 731	-315 301	-98 905
Current income from securities	845	0	4 328	0
Income from commission business and services	247 873	176 009	236 788	150 423
Commission paid	-57 167	-15 771	-54 464	-18 607
Income from financial transactions	54 842	70 063	66 955	60 587
Other ordinary income	22 220	24 055	8 602	26 146
Operating expenses	-299 647	-269 938	-282 836	-261 539
Other ordinary expenses	-1 721	-524	-3 150	-761

The break down is based on the domicile of the booking branch.

**39 Return on assets (Net profit as a percentage of total assets)**

	2020	2019
Return on assets	0.31	0.34

## Additional information

40 Securities negotiable on the stock exchange (TCHF)	31.12.2020	31.12.2019
Bonds and other fixed-interest bearing securities	4 650 549	5 395 969
of which listed securities	4 296 988	4 998 116
of which listed and treated as current assets	4 296 988	4 998 116
of which listed and treated as non-current assets	0	0
of which unlisted securities	353 561	397 853
Participations	295	295
of which listed securities	0	0
of which unlisted securities	295	295
Shares in affiliated companies	655	655
of which listed securities	0	0
of which unlisted securities	655	655

41 Other assets (TCHF)	31.12.2020	31.12.2019
Positive replacement values of derivatives	1 209 106	630 446
Due from tax authorities	3 213	3 835
Compensation account	77 028	54 850
Physical holdings of precious metals	1 173 572	754 507
Other properties (classified as available for sale)	1 230	1 230
Other assets	50 380	30 822
<b>Total</b>	<b>2 514 529</b>	<b>1 475 690</b>

42 Other liabilities (TCHF)	31.12.2020	31.12.2019
Negative replacement values of derivatives	1 466 801	912 187
Coupons	333	334
Long Term Incentive Scheme liability	42 559	53 432
Liabilities personnel administration (excluding Long Term Incentive Scheme)	2 646	2 745
Clearing accounts	44 919	41 247
Fees	631	540
Liabilities Tax Authorities	11 013	12 515
<b>Total</b>	<b>1 568 903</b>	<b>1 023 000</b>

43 Other ordinary income (TCHF)	31.12.2020	31.12.2019
Compensation from Group companies	38 664	23 843
Income from real estate	5 689	6 305
Income from the release of provisions	313	535
Remaining other income	1 609	4 065
<b>Total</b>	<b>46 275</b>	<b>34 748</b>

A large component of other ordinary income in the current year is the compensation from other Group companies. This item comprises compensation for services, performed centrally by the bank on behalf of the Group companies. Income from real estate contains the net amounts (rent payments less maintenance costs) from the rental of bank-owned property to third parties and Group companies.

44 Other ordinary expenses (TCHF)	2020	2019
Losses from receivables and guarantees	93	588
Transaction losses	1 396	1 535
Creation of provisions for other business risks	361	257
Remaining other expenses	396	1 531
<b>Total</b>	<b>2 245</b>	<b>3 911</b>

See also Point 37

45 Breakdown of client assets (TCHF)	31.12.2020	31.12.2019
<b>Client assets</b>		
Client assets in own-managed funds (investment undertakings)	17 699 734	17 331 441
Client assets under management	16 760 679	15 914 526
Other client assets under administration	65 986 077	63 343 846
<b>Total client assets (including double counting)</b>	<b>100 446 490</b>	<b>96 589 813</b>
of which double counting	8 485 318	8 320 884

#### Method of calculation

Assets under administration are all client assets managed or held for investment purposes. In principle, this includes all client liabilities, fiduciary time deposits and all valued custody assets. They are stated according to the provisions of the Liechtenstein Banking Act.

#### Assets in own-managed funds

This item comprises the assets of the actively marketed investment funds of LGT.

#### Assets under management

The calculation of assets with a management mandate takes into account client deposits as well as the fair value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party institutions. The information covers both assets deposited with Group companies and assets deposited at third-party institutions for which a discretionary mandate is held.

#### Other assets under administration

The calculation of other assets under administration takes into account client deposits as well as the fair value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party institutions. The information covers assets for which an administrative or advisory mandate is exercised.

#### Double counting

This item covers investment fund units from own-managed funds as well as certain assets that are included in assets under management.

46 Foreign branch offices	Business activity	Domicile	Gross operating income TCHF	Headcount	Profit for the year TCHF	Tax on earnings TCHF
<b>Firms</b>						
LGT Bank AG, Zweigniederlassung Österreich	bank	Vienna	51 473	166	-5 669	795
LGT Bank Ltd., Hongkong Branch	bank	Hong Kong	236 716	427	9 715	4 465
LGT Bank Ltd., Dublin Branch	bank	Dublin	6 812	11	2 695	271

**47 Outstanding bonds**

**Product explanations for table 12 on page 23**

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The LGT GIM Index Certificates (EUR) are issued in the form of no-par-value promissory notes. These each relate to one of the LGT Premium Strategy GIM (EUR) indices administered by index sponsor LGT Capital Partners Ltd. These indices reflect the value development of a global, diversified portfolio that invests in various asset classes, where exchange rate fluctuations of the components included in the index are largely hedged against the Euro. Both traditional and alternative asset classes are included.

Both tranches of the Crown Absolute Return (EUR) Index Certificates are no-par-value. These each relate to one of the Crown Absolute Return (EUR) indices administered by index sponsor LGT Capital Partners Ltd. The two indices show the value development of a global, diversified portfolio that invests in alternative asset classes, where exchange rate fluctuations of the components included in the index are largely hedged against the Euro. In 2020, the LGT M-Smart Allocator (EUR) Index Certificates were fully redeemed.

**48 Total fees charged by the auditor (TCHF)**

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The total fees charged by the auditor are published in the Annual Report of LGT Group. The LGT Group Annual Report can be downloaded from the Internet at [www.lgt.com](http://www.lgt.com)





Josef Höger, detail from "View of the Border Castle on Bischofswarth pond from the south-west," 1839

# Report of the statutory auditor



## Report of the statutory auditor

to the General Meeting of

LGT Bank Ltd.

Vaduz

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of LGT Bank Ltd. ('the Company'), which comprise the balance sheet, the income statement, the cash flow statement and the notes – including the accounting principles – for the year ended 31 December 2020.

In our opinion, the financial statements (pages 8 to 40) give a true and fair view of the financial position of the Company and its financial performance for the year ended 31 December 2020 in accordance with Liechtenstein law.

#### Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the IESBA Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview



Overall materiality: CHF 32.4 million

In order to perform audit procedures that are appropriate in the circumstances, we have structured the scope of the audit to enable us to express an opinion on the financial statements as a whole, taking into account the organisation, internal controls and processes relating to accounting and the industry in which the Company operates.

As key audit matters, the following areas of focus were identified:

- Impairment of loans and advances due from clients
- Valuation of the provisions for other business risks

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### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall Materiality</b>	CHF 32.4 million
<b>How we determined it</b>	1% of total equity
<b>Rationale for the materiality benchmark applied</b>	We chose total equity as the benchmark because, in our view, it is the benchmark that best represents the solvency and stability of the Company and it is of major relevance for economic decisions made by the owners, clients and the regulator.

We agreed with the Audit Committee that we would report to them misstatements above CHF 1.6 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment of loans and advances due from clients

#### Key audit matter

We consider the audit of impairment of loans and advances due from clients as a key audit matter because they represent the largest item on the balance sheet. Furthermore, the Board of Directors has significant scope to apply judgement when estimating the present value of future cash flows of loans and advances from the clients.

As of 31 December 2020, the Company has CHF 15.7 billion of outstanding loans and advances due from clients, of which 0.15% was assessed as impaired.

*Please refer to page 15 to 16 (Accounting policies) and note 13 on page 28.*

#### How our audit addressed the key audit matter

We assessed the controls relating to the identification of impaired loans and advances due from clients and tested their effectiveness. In particular, we tested the relevant IT-based controls.

Further, we tested a sample of loans and advances due from clients with regard to the existence of an impairment event (the moment from which an individual impairment should be recorded). Where an individual impairment had been recorded, we checked whether the Company's forecasts of cash collections from the clients concerned were plausible and consistent with the individual impairment made. In doing so, we challenged the assumptions and compared them with independently obtained information.

We examined a sample of loans and advances due from clients for which the Company had not identified an impairment event (by reference to the impairment criteria for loans and advances due from clients as set out in the Accounting principles on page 15 to 16). We applied our own judgement as to whether the Board of Directors' conclusions were appropriate.

Our audit did not give rise to any objections regarding the impairment of loans and advances due from clients.

### Valuation of the provisions for other business risks

#### Key audit matter

We consider the audit of valuation of the provisions for other business risks as a key audit matter because the Company operates in a regulatory and legal environment that exposes it to the risk of litigation as well as to regulatory proceedings.

The Board of Directors has significant scope for judgement in estimating the provisions for other business risks. This applies in particular to assessing the outcome of litigation and regulatory proceedings against the Company.

As of 31 December 2020, the Company has provisions for other business risks in the amount of CHF 8.6 million.

*Please refer to page 17 (Accounting policies) and note 13 on page 28.*

#### How our audit addressed the key audit matter

We examined the analyses performed by the Company that form the basis for the valuation of the provisions required for the settlement of litigation and regulatory proceedings. The evidence we examined included, in particular, correspondence with external parties.

Further, we used our understanding of the Company's business and our inspection of its business correspondence to assess the completeness of the provisions.

With regard to as yet unidentified risks, we tested a sample of client complaints by inspecting the associated correspondence. In this way, we were able to assess the existence of systematic weaknesses for which provisions might have to be made. We also considered externally available information and assessed its potential implications for the Company.

Our audit did not give rise to any objections regarding the valuation of the provisions for other business risks.



### Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the stand-alone financial statements, the annual report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with the requirements of law and the provisions of Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related measures taken to remediate threats or safeguards taken.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

The chairman's report (page 6 to 7) for the year ended 31 December 2020 complies with Liechtenstein law and the Company's articles of incorporation. Furthermore, the chairman's report corresponds to the financial statements and contains no significant incorrect information according to our assessment.

We further confirm that the financial statement and the proposed appropriation of available earnings complies with Liechtenstein law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.



Roman Berlinger  
Liechtenstein Certified Public Accountant  
Auditor in charge



Philipp Gämperle  
Swiss Certified Public Accountant

Zurich, 06 April 2021



Ferdinand Runk, detail from "Eisgrub Castle (Lednice) with the aqueduct and Chinese pavilion," around 1815

## International presence

**LGT Private Banking** Austria, *Salzburg, Vienna*  
 Bahrain, *Manama*  
 Hong Kong SAR  
 Ireland, *Dublin*  
 Principality of Liechtenstein, *Vaduz*  
 Singapore  
 Switzerland, *Basel, Berne, Geneva, Lugano, Zurich*  
 Thailand, *Bangkok*  
 United Arab Emirates, *Dubai*  
 United Kingdom, *Bristol, Jersey, London*

**LGT Capital Partners** Australia, *Sydney*  
 China, *Beijing*  
 France, *Paris*  
 Germany, *Frankfurt am Main*  
 Hong Kong SAR  
 Ireland, *Dublin*  
 Japan, *Tokyo*  
 Principality of Liechtenstein, *Vaduz*  
 Switzerland, *Pfäffikon*  
 United Arab Emirates, *Dubai*  
 United Kingdom, *London*  
 United States, *New York*

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Josef Höger, detail from "View from the garden towards Fortress and Castle Liechtenstein at Mödling," 1844



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2021  
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