



VP Bank Group
3 March 2015

VP Bank Group Annual results 2014

Park Hyatt Zurich





Welcome and introduction
Fredy Vogt
Chairman of the Board of Directors

Programme

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Welcome and introduction

Fredy Vogt, Chairman of the Board of Directors

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Annual results 2014 and developments in 2015

Siegbert Näscher, Chief Financial Officer

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Alfred W. Moeckli, Chief Executive Officer

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Questions and answers



Fredy Vogt
Chairman of the Board of Directors

The background of the slide is a dark blue space filled with a network of yellow and light blue dots connected by thin lines, resembling a constellation or a data network. In the lower-left quadrant, there is a large circular graphic with a yellow-to-orange gradient. Inside this circle, a stylized profile of a person's head is shown in black and yellow, looking through a telescope. The telescope's structure is depicted in black and yellow, extending from the person's eye towards the top of the circle. The overall aesthetic is modern and technological.

Annual results 2014 and developments in 2015

Siebert Näscher
Chief Financial Officer

Overview of topics

- **Annual results 2014**
 - **Profile and medium-term objectives as of 31 December 2014**
 - **Income statement**
 - **Balance sheet**
 - **Client assets under management**
 - **Segments**
 - **Dividend**
 - **Summary**
- **SNB decision of 15 January 2015**

Annual results 2014



VP Bank Group – profile as of 31 December 2014

**Shareholders' equity:
CHF 869 million**

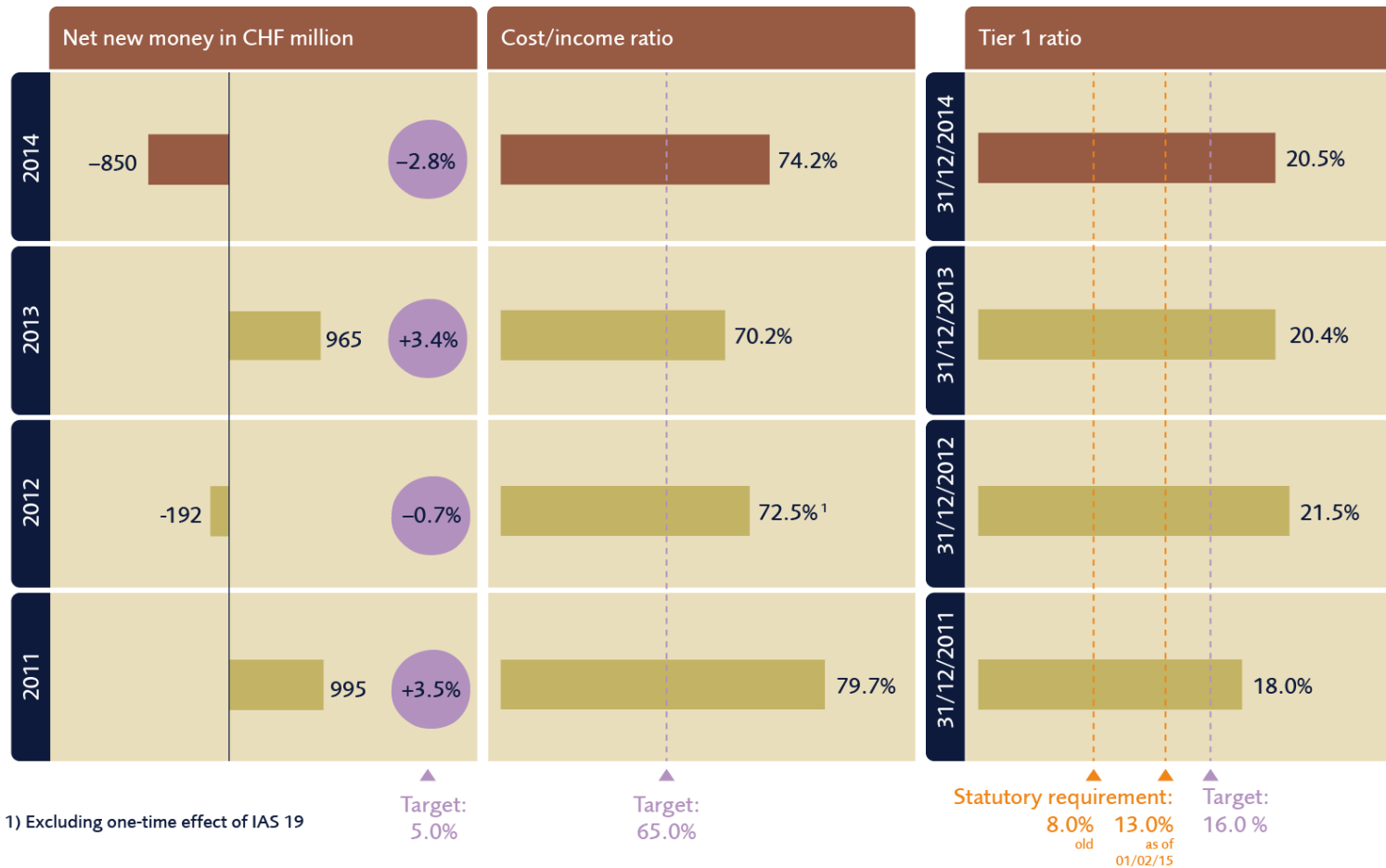
**Headcount
(FTE):
695**

**Client assets
under
management:
CHF 31 billion**

**Group net
Income:
CHF 20 million**

**S&P rating:
A-/Negative/A-2**

Medium-term objectives



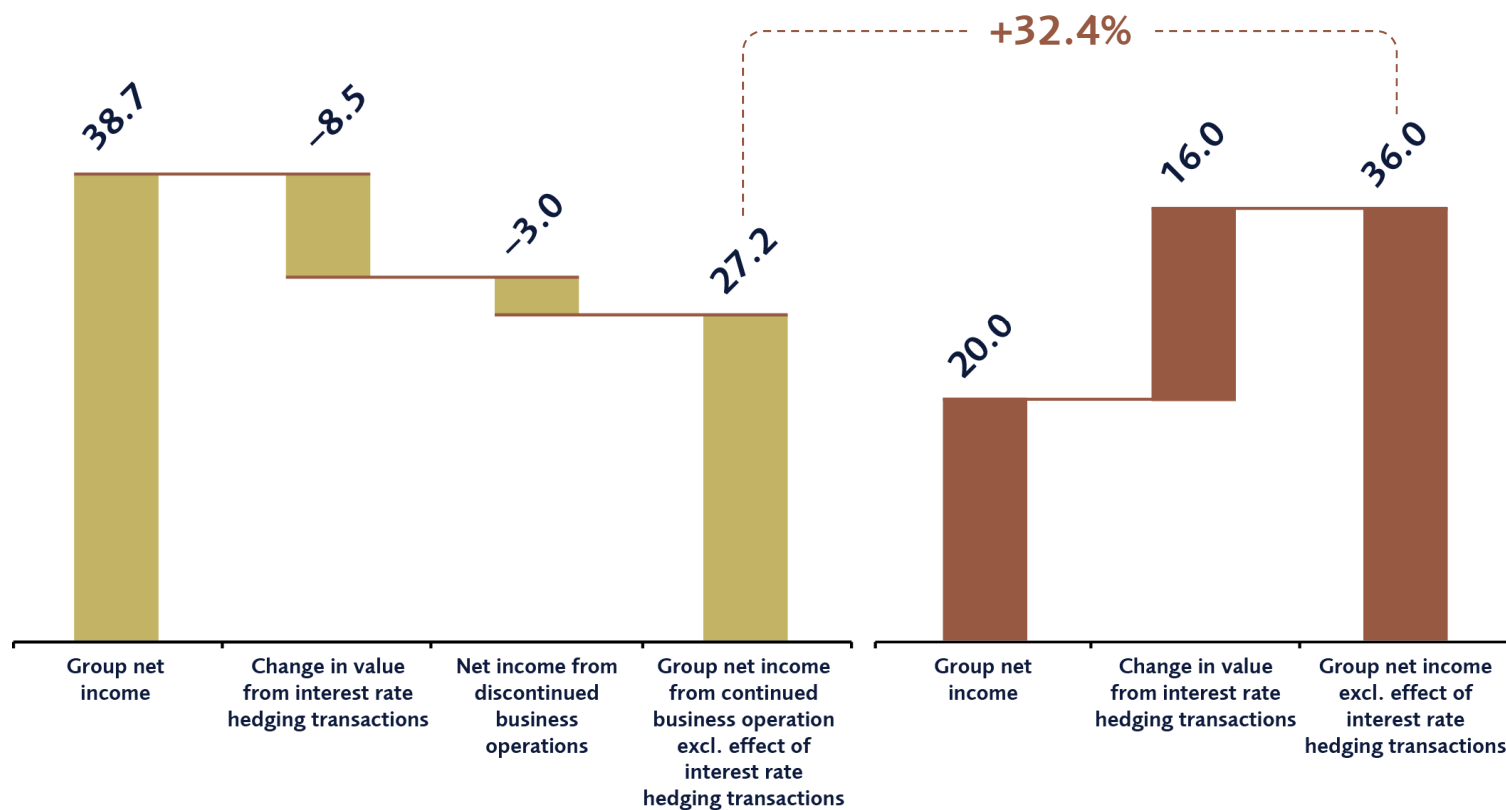
Income statement



Adjusted Group net income increases by 32.4%

in CHF million

2013
2014



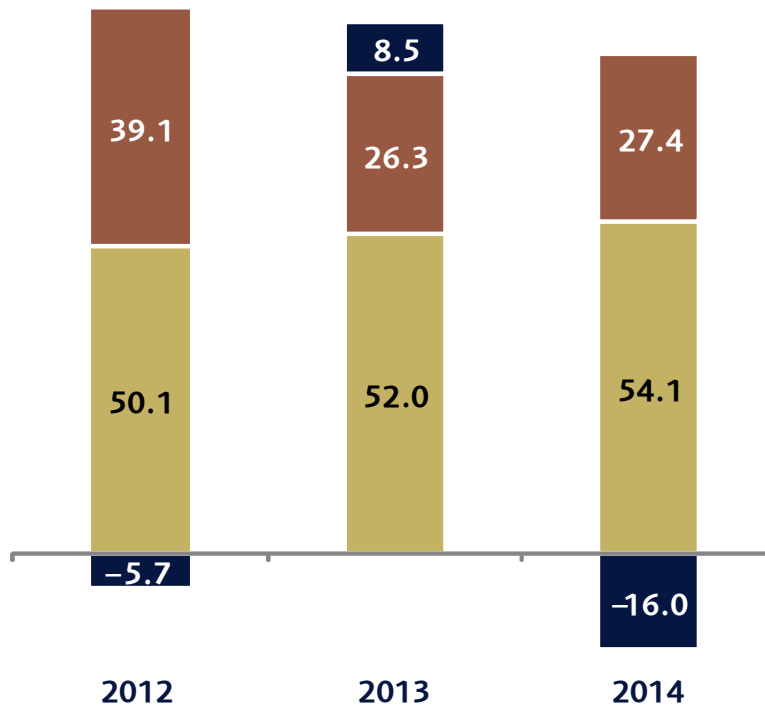
Income statement

in CHF million	2012	2013	2014
Gross income	235.2	239.4	222.7
Operating expenses	-170.5 ¹	-168.0	-165.3
Depreciation and provisions	-36.7	-33.4	-36.8
Taxes	-1.7	-2.3	-0.6
Discontinued companies	-1.8	3.0	0.0
Group net income	24.5	38.7	20.0
Adjusted Group net income	30.2	27.2	36.0

¹ Excluding one-time effect of IAS 19.

Interest business (1/2)

in CHF million

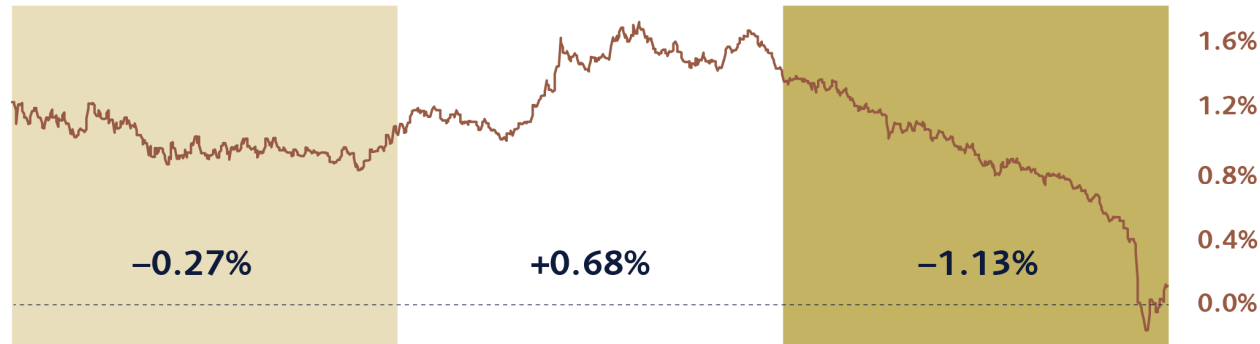


- Expansion of treasury activities
- Volume and margin increase in client business
- Volatility in connection with interest rate hedging transactions due to interest rate environment

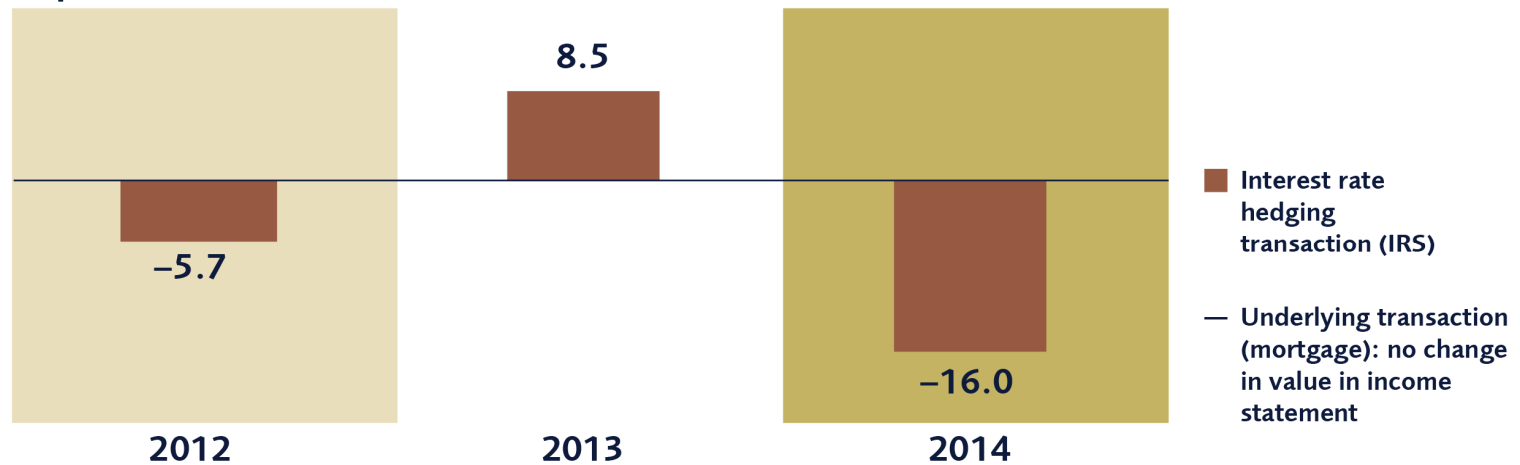
- Interest rate hedging transactions
- Treasury
- Clients

Interest business (2/2)

Interest rate development of CHF 10-year swap versus 6-month LIBOR

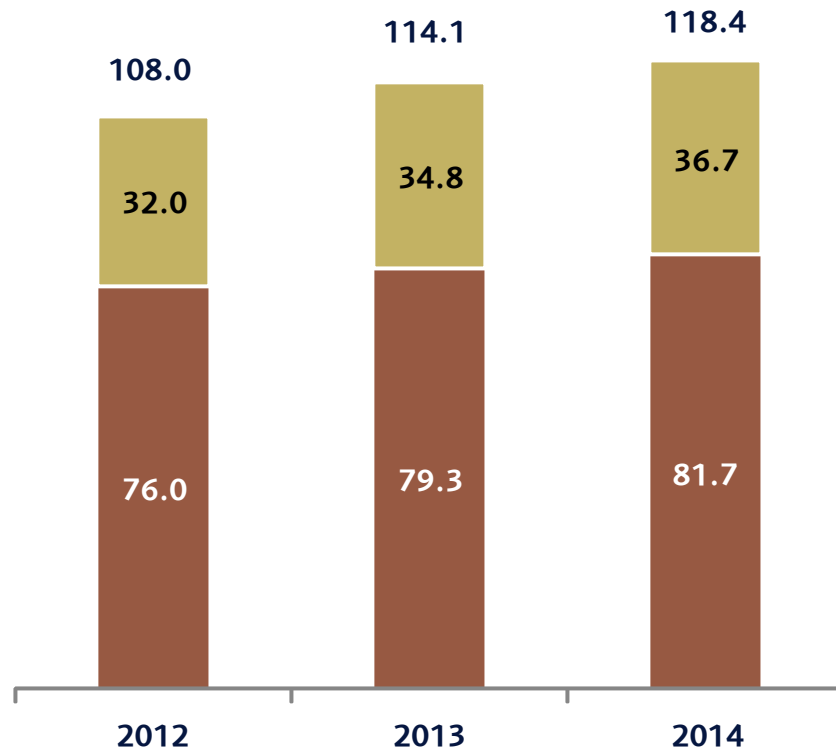


Impact on income statement in CHF million



Commission business and services

in CHF million

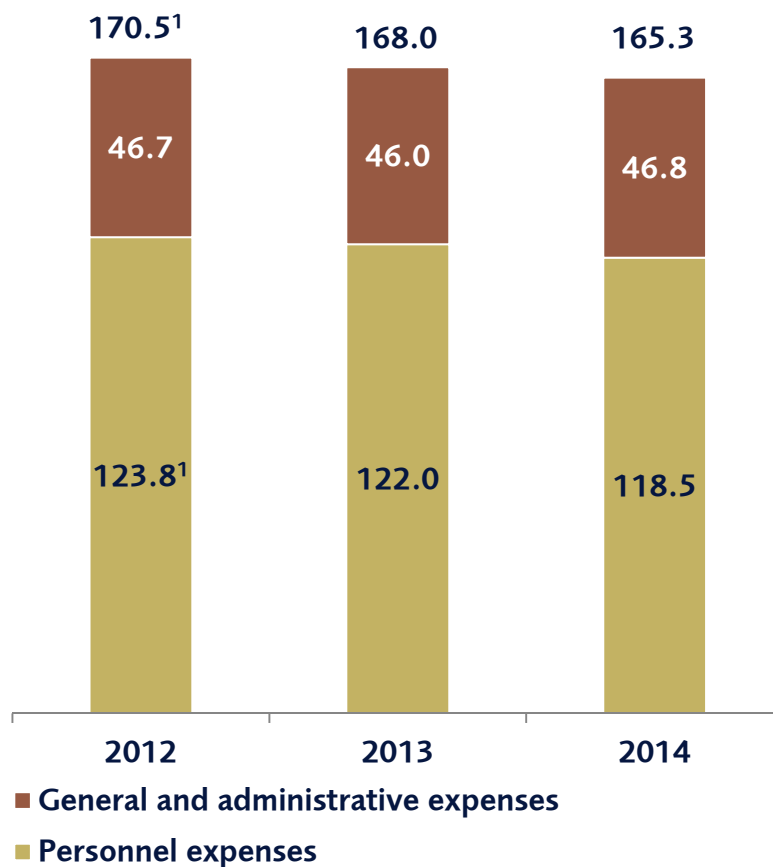


- Increase due to assumption of assets of HSBC Trinkaus & Burkhardt in Luxembourg
- Increase due to price and fee adjustments
- Increased client activity

■ Transaction-based income
■ Portfolio-based income

Operating expenses

in CHF million



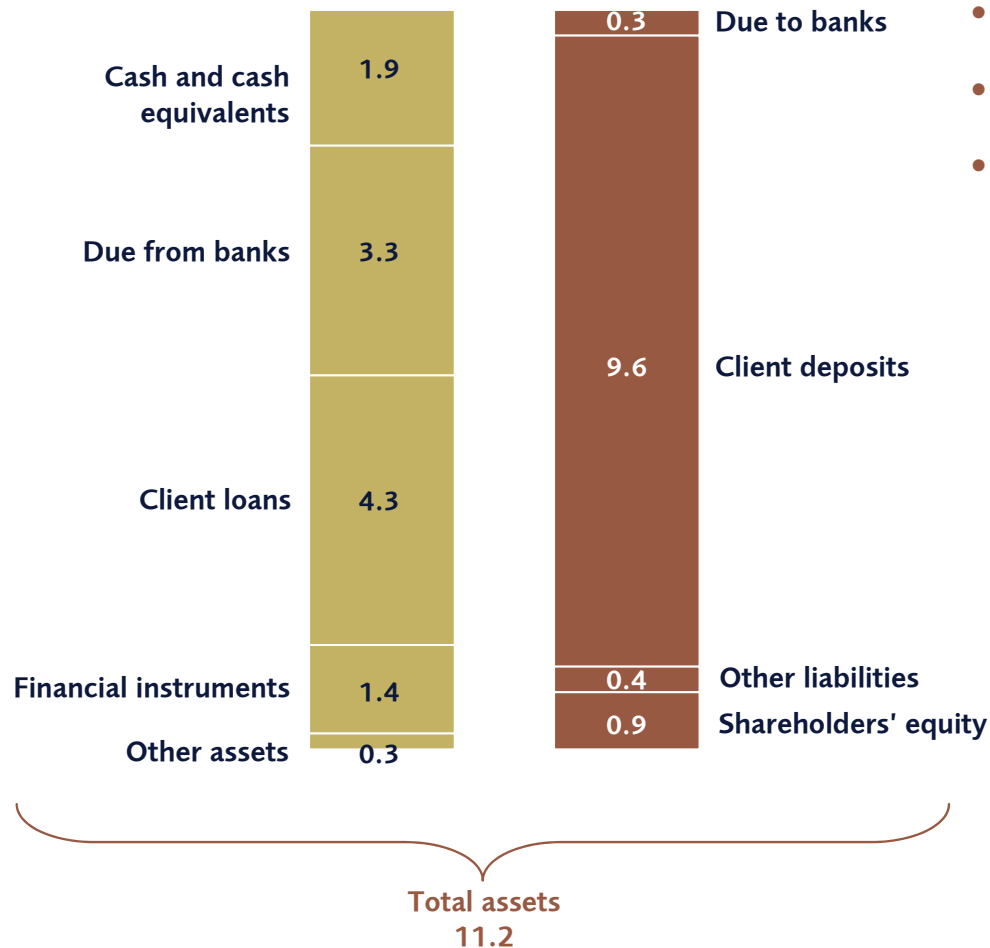
- Lower costs despite assumption of employees of HSBC Trinkaus & Burkhardt in Luxembourg
- Additional expenses in connection with projects aimed at achieving our growth objectives
- Ongoing cost reductions through strict cost discipline

Balance sheet



Solid balance sheet as of 31 December 2014

in CHF billion



- High level of liquid assets
- Increase in client loans
- Client deposits and shareholders' equity steady

Strong balance sheet ratios

	31/12/2012	31/12/2013	31/12/2014
Total assets in CHF billion	10.6	11.2	11.2
Risk-weighted assets in CHF billion	3.9	4.1	4.2
Tier 1 ratio	21.5%	20.4%	20.5%
Leverage ratio ¹	7.8%	7.5%	7.7%
Loan-to-deposit ratio ²	41.3%	40.7%	44.2%
Non-performing loans ³	0.6%	0.5%	0.3%
Share of ratings ⁴ ≥ A	95.4%	96.9%	92.0%

¹ Ratio of allocable shareholders' equity to total assets.

² Ratio of client deposits to client loans.

³ Ratio of non-performing loans to client loans.

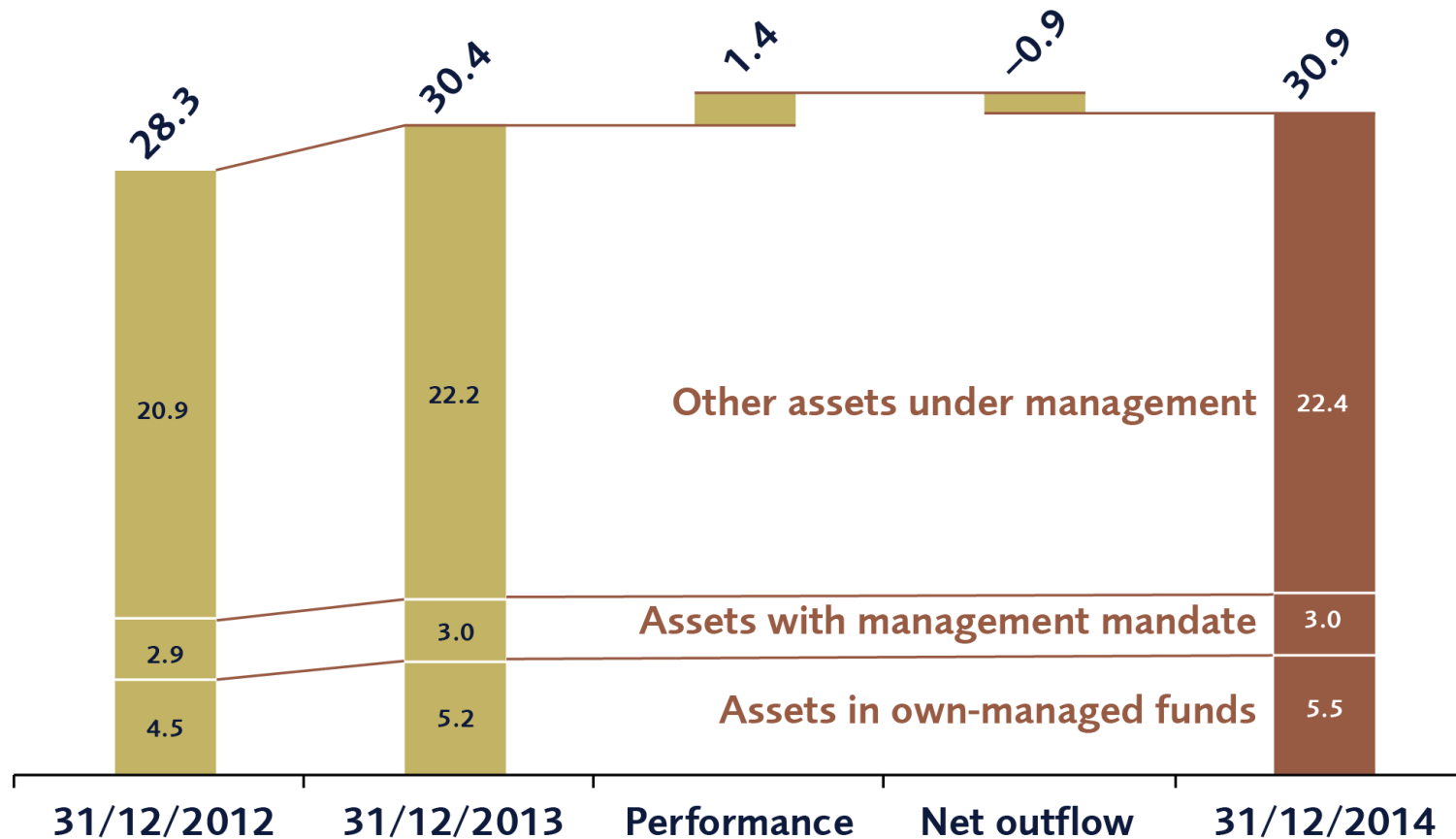
⁴ Claims versus banks and debt instruments.

Client assets under management

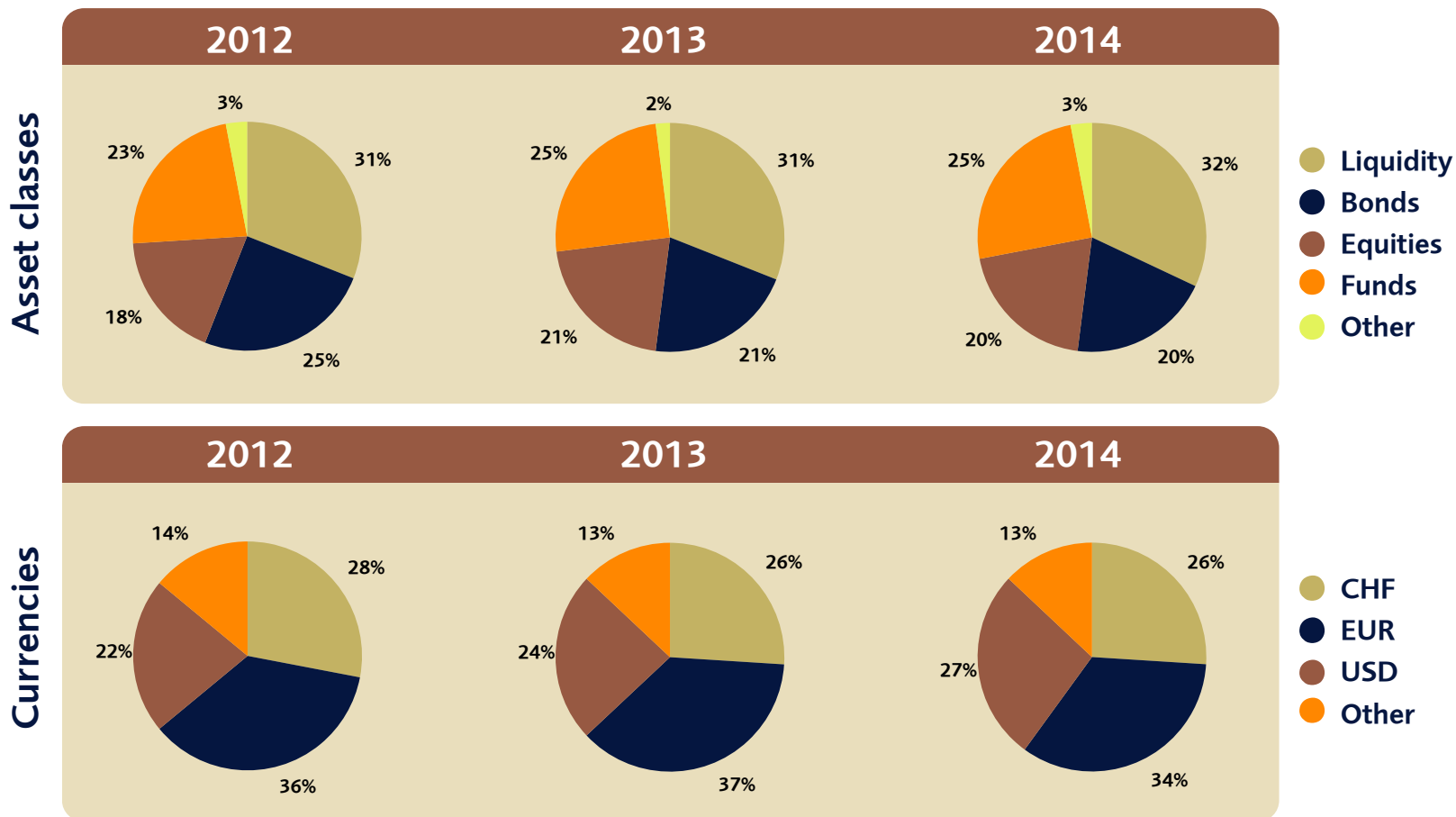


Stable level of client assets under management

in CHF billion



Minor changes in asset classes/currencies



Segments



Segment overview as of 31 December 2014

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF ¹	22.9 billion	12.3 billion	–	35.2 billion
Net new money in CHF	–0.2 billion	–0.6 billion	–	–0.8 billion
Pre-tax net income in CHF	48.2 million	14.4 million	–42.0 million	20.6 million
Gross margin in basis points ²	55	65	–	–
Headcount in FTEs	147	247	301	695

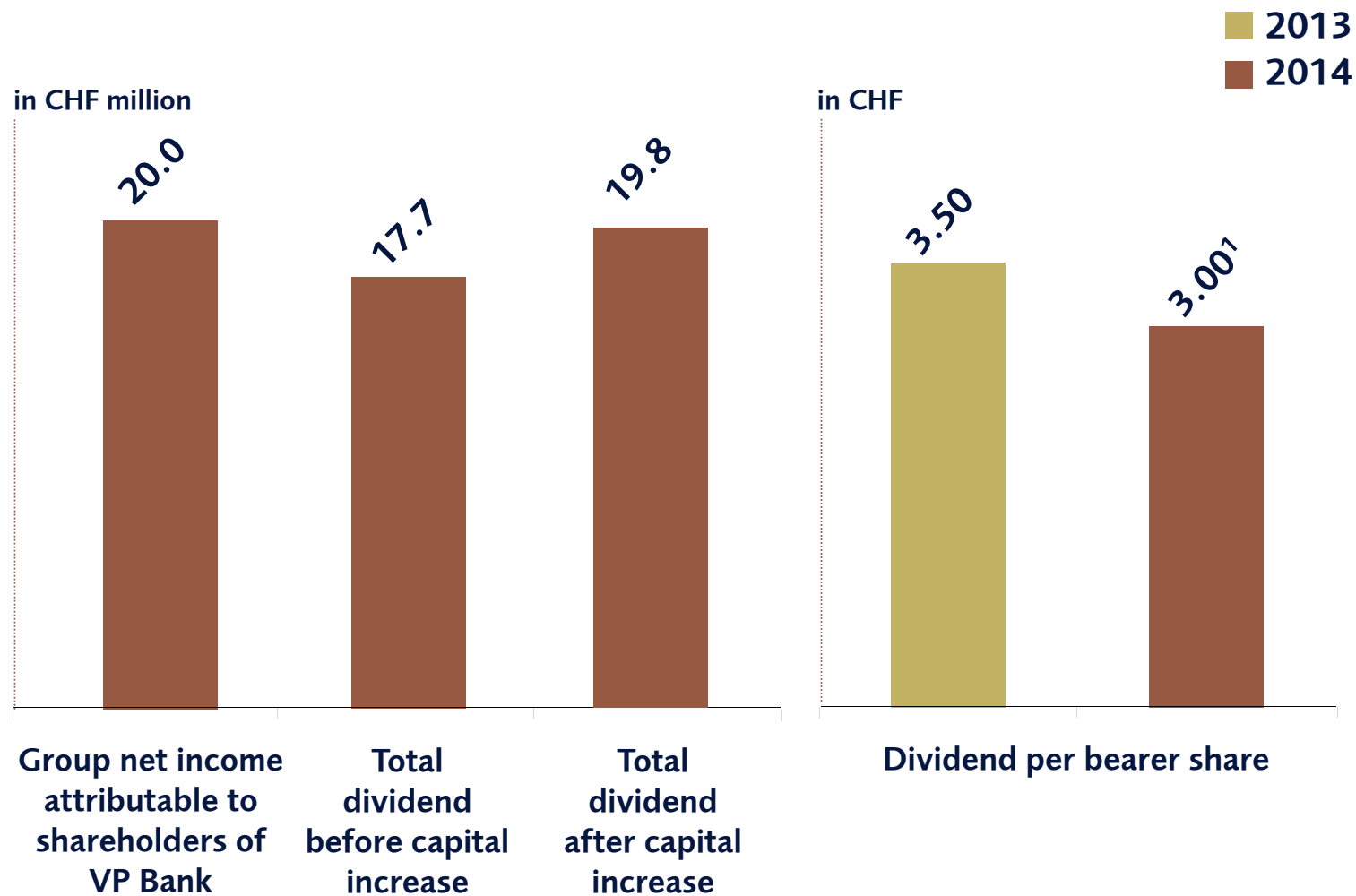
1) Client assets under management and client loans.

2) Gross income divided by average business volume.

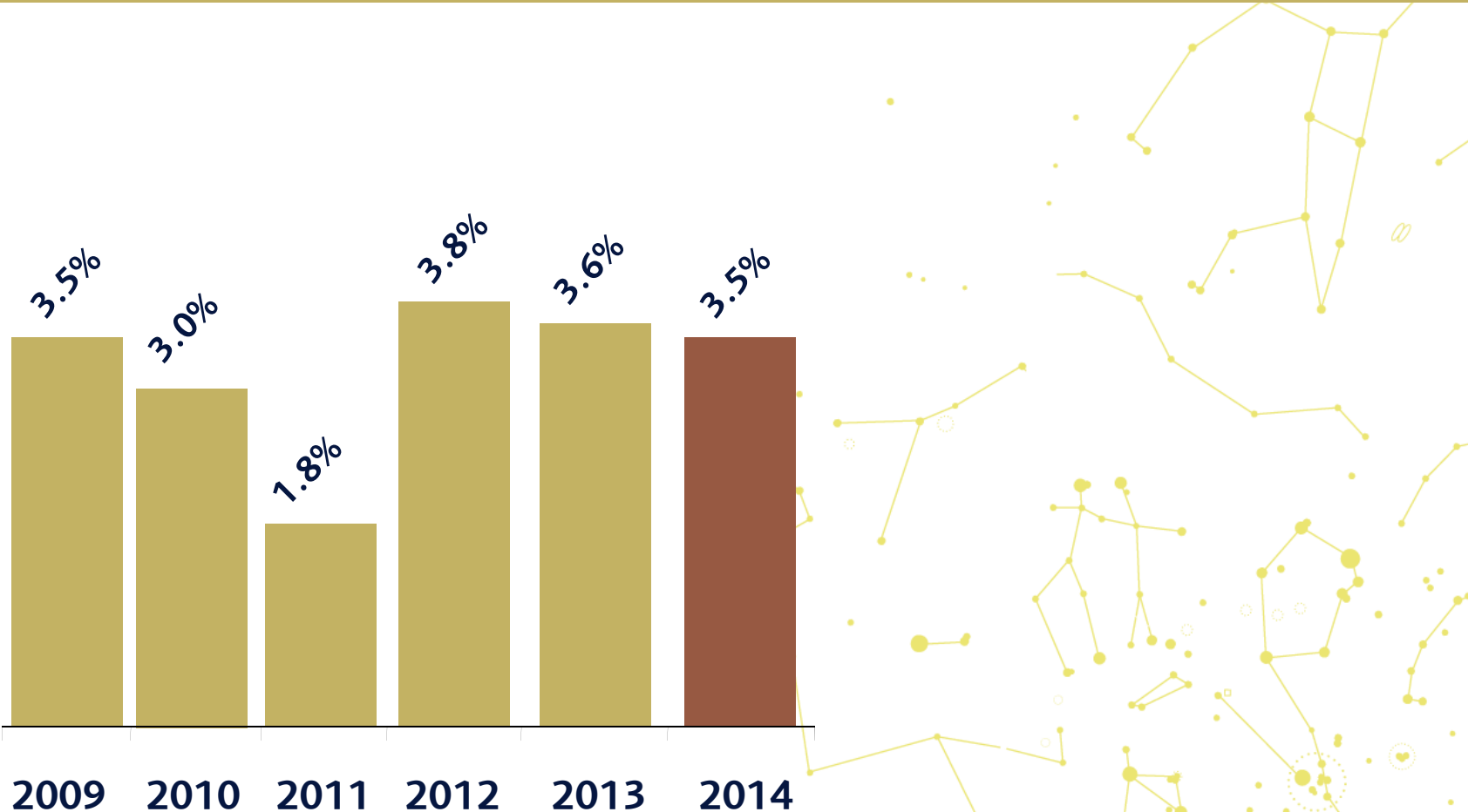
Dividend



Dividend



Constant dividend yield



Summary

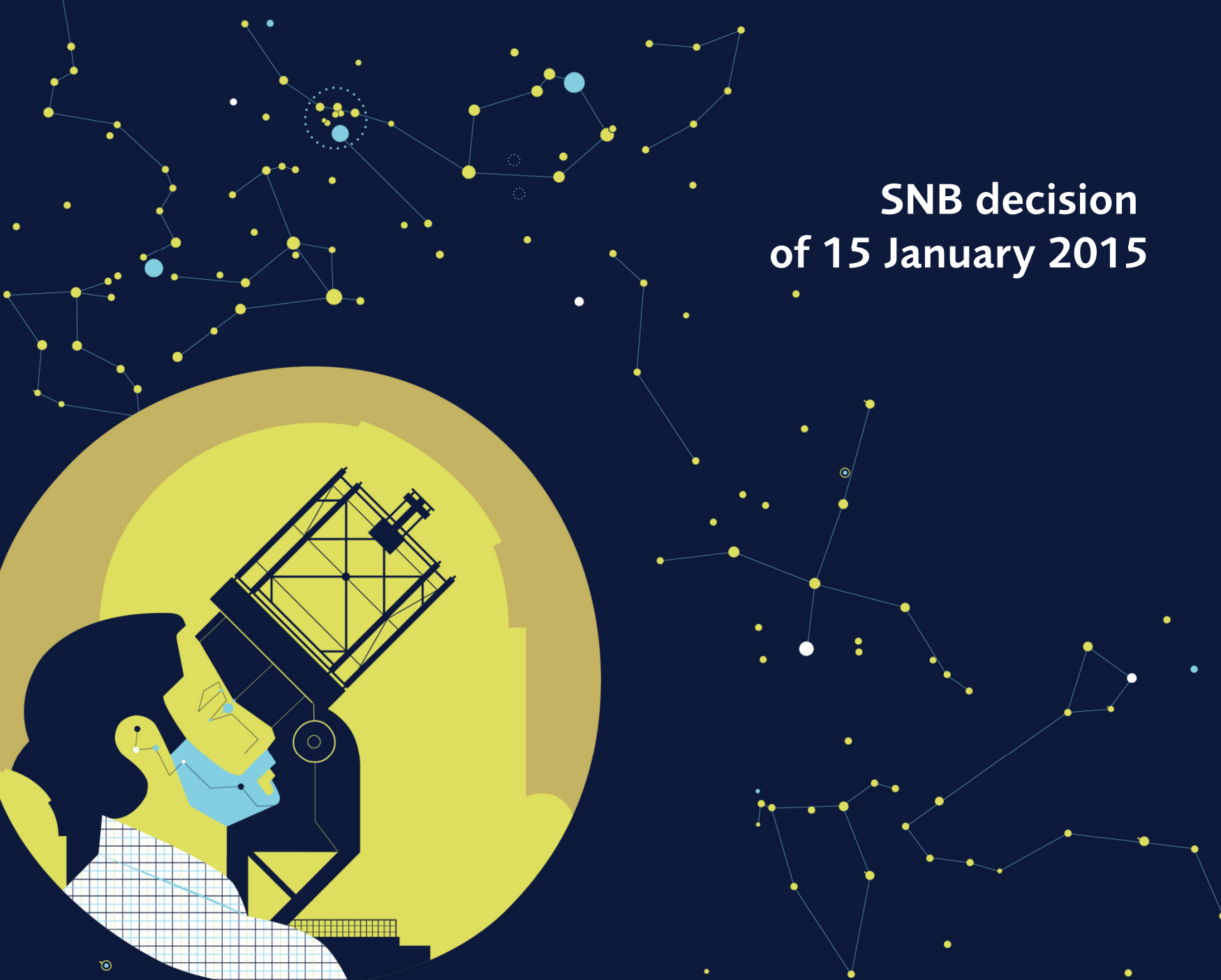


VP Bank Group – summary

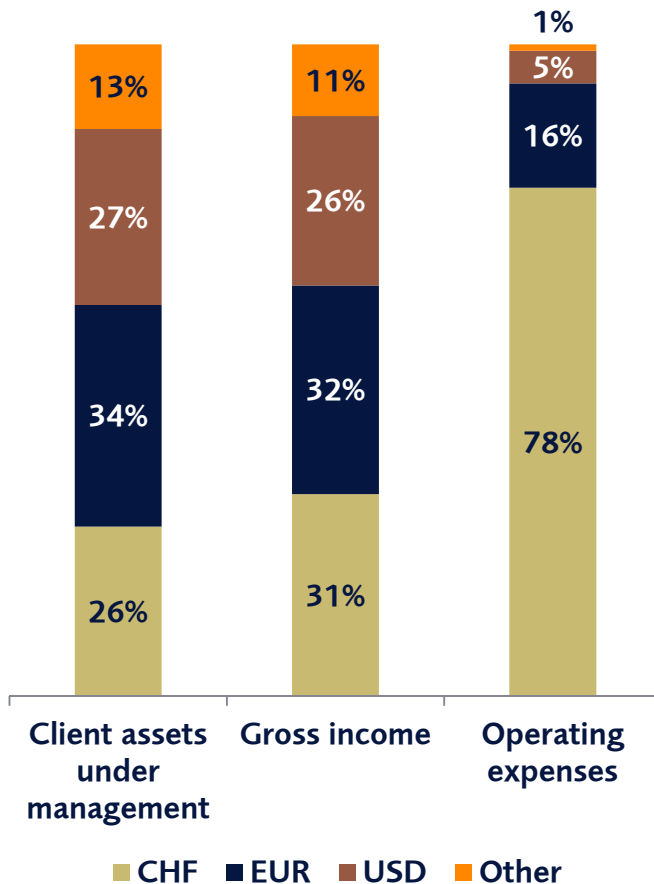
- **Constant equity capital**
- **Solid tier 1 ratio of 20.5%**
- **Increase in adjusted Group net income by 32.4%**
- **Increased income from operative business**
- **Lower operating expenses despite growth strategy**



**SNB decision
of 15 January 2015**



Stable basis – measures implemented



- Client assets under management higher than at end of 2014 thanks to takeover of Centrum Bank
- Mismatch of 47% for CHF income/costs
- No credit losses due to lifting of exchange rate floor
- Strengthening of income thanks to adjustment of interest rates for client loans/deposits
- Continued strict cost discipline



Important topics relating to strategy implementation

Alfred W. Moeckli
Chief Executive Officer

Location overview

BVI

- New CEO
- Revised strategy
- Separation of bank/trust

Luxembourg

- Cultural change
- HSBC integrated
- "Insieme" project
- VP Fund Solutions

Moscow

- New representative
- Greater activity

Hong Kong

- Greater activity in premium finance and market development

Vaduz

- Integration of Centrum Bank
- Apollo
- Structured investment process
- VP Fund Solutions

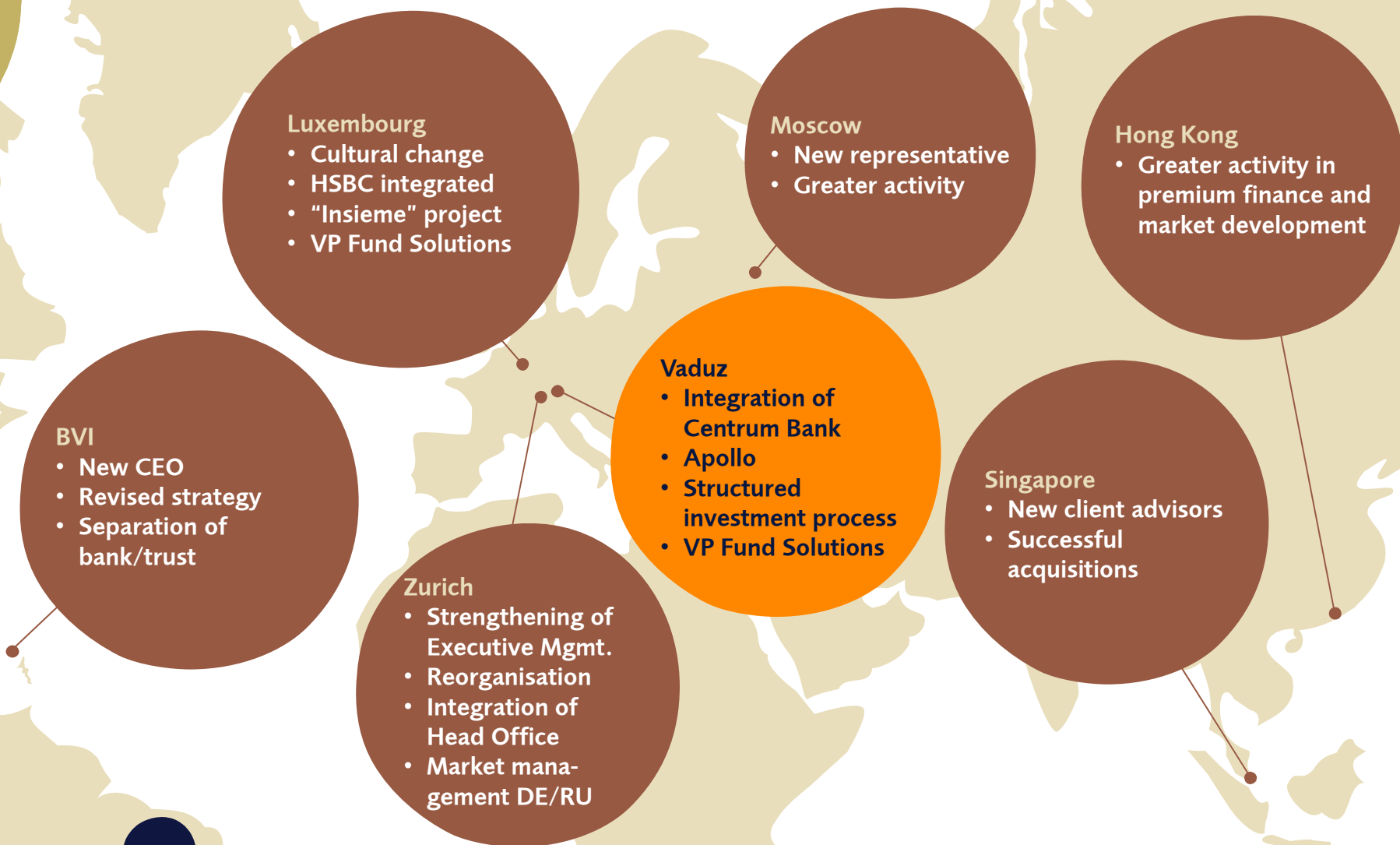
Singapore

- New client advisors
- Successful acquisitions

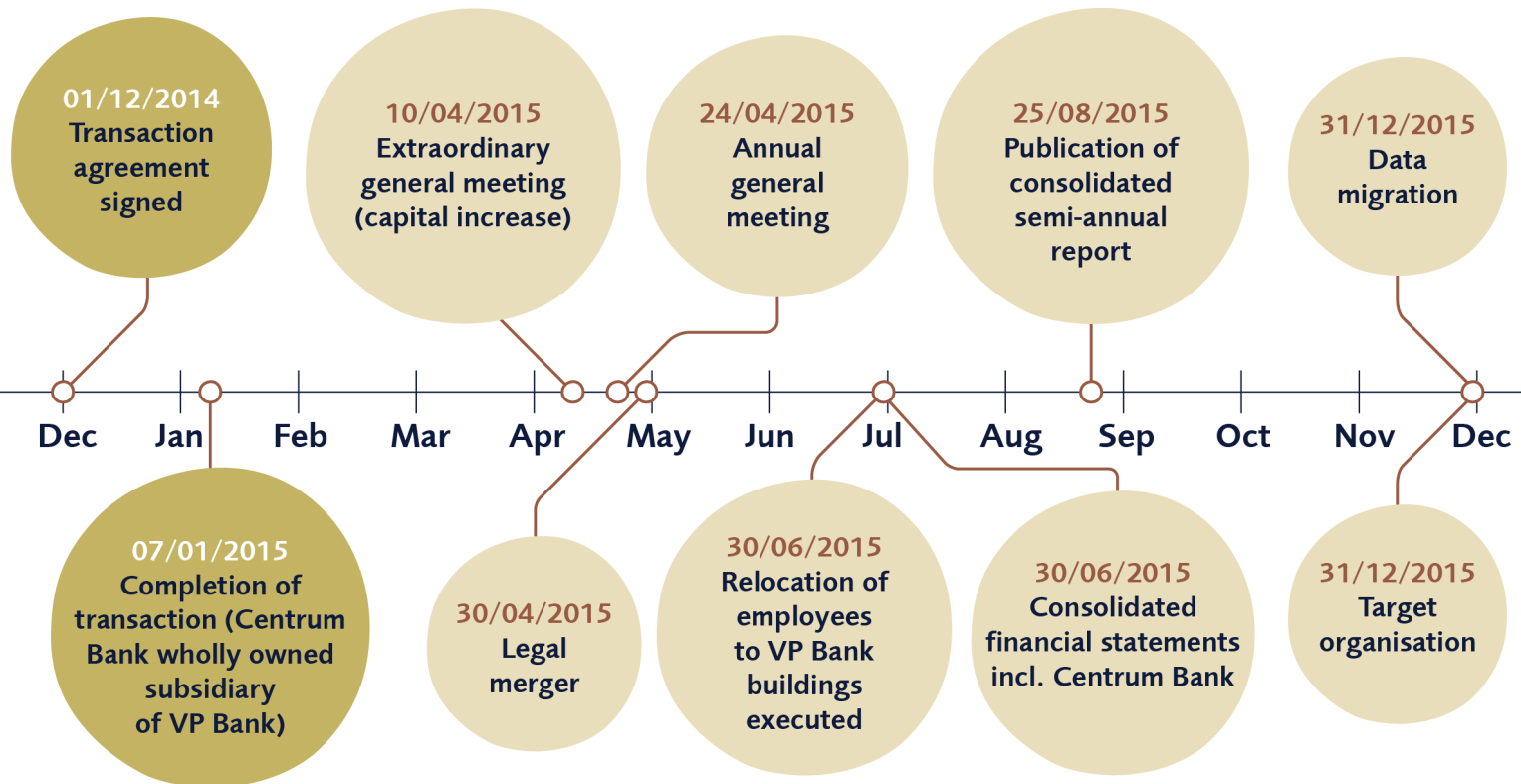
Zurich

- Strengthening of Executive Mgmt.
- Reorganisation
- Integration of Head Office
- Market management DE/RU

Location overview



Integration of Centrum Bank – timetable



Key figures of VP Bank and Centrum Bank

	VP Bank Group 31/12/2014	Centrum Bank 31/12/2014	Pro forma Group
Client assets in CHF billion	38.6	7.1	45.7
Total assets in CHF billion	11.2	1.9	13.1
Tier 1 ratio	20.5%	11.8%	19.5%
Headcount in FTEs	695	83	778

The above figures are estimates.

Data: VP Bank Group – IFRS; Centrum Bank – Liecht. GAAP

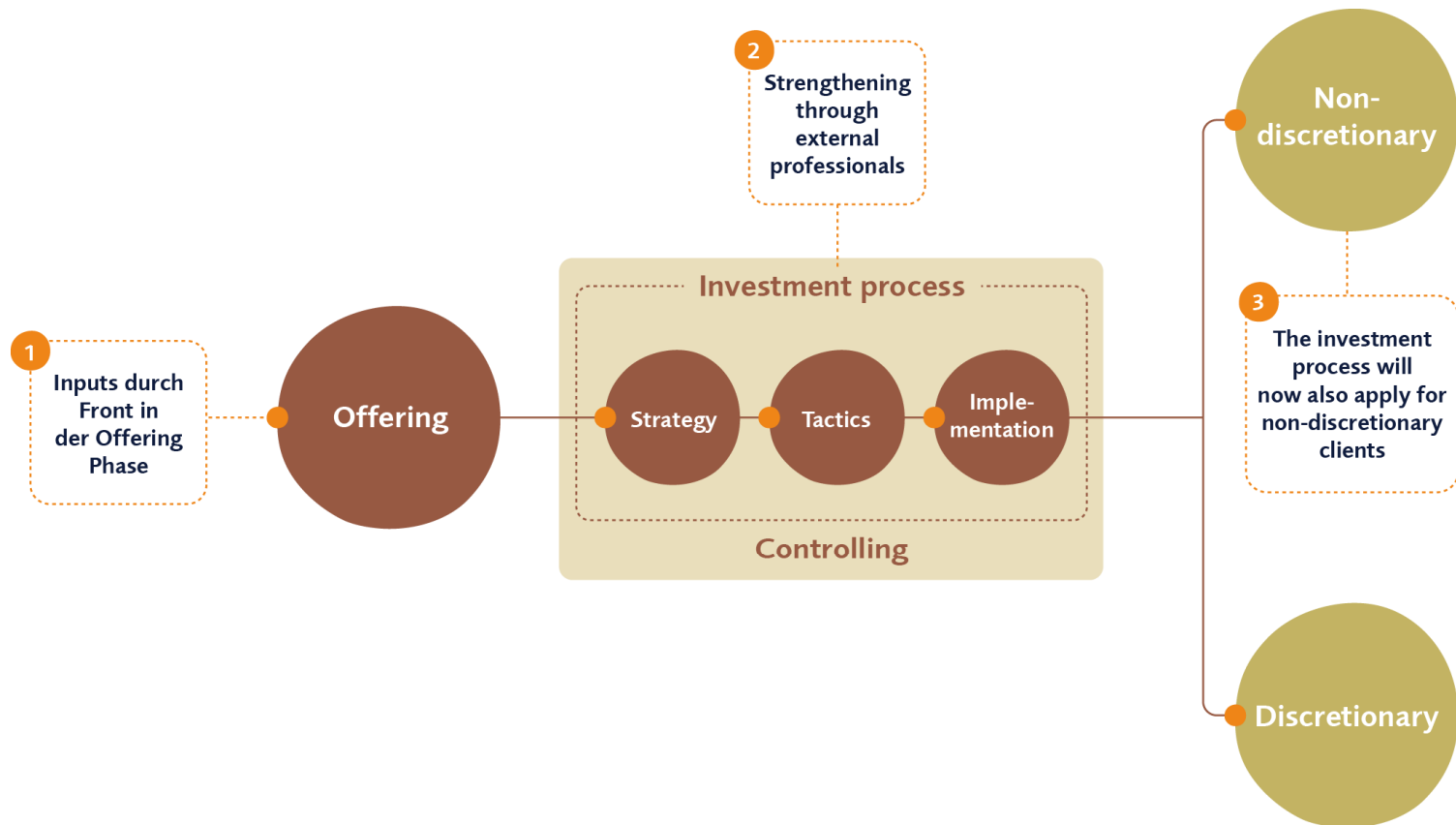
"Apollo" milestones

**Creation of
segment and
market purity**

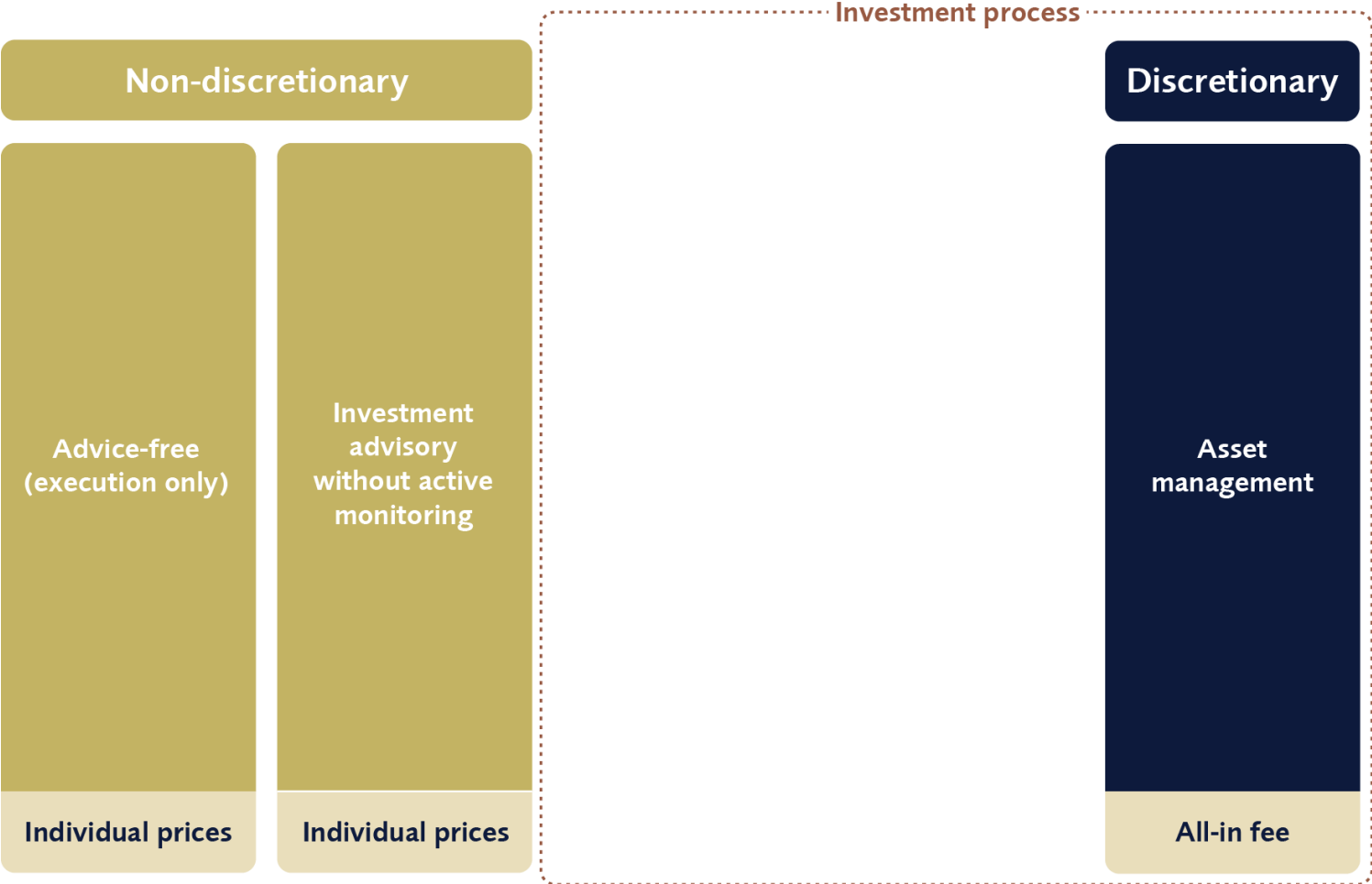
**Introduction of
"best manager
approach"**

**Improvement of
sales
excellence**

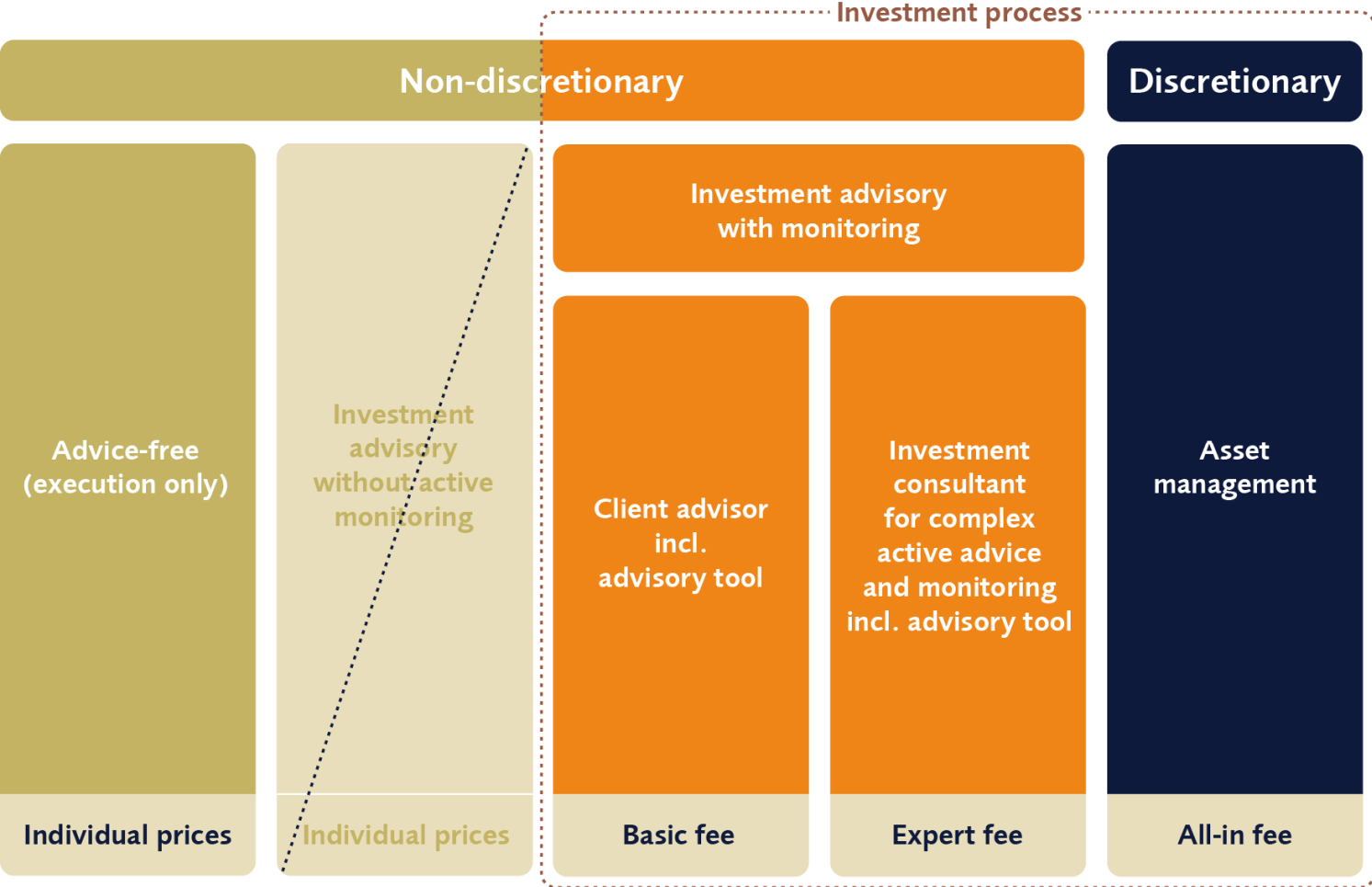
Optimisation of investment process



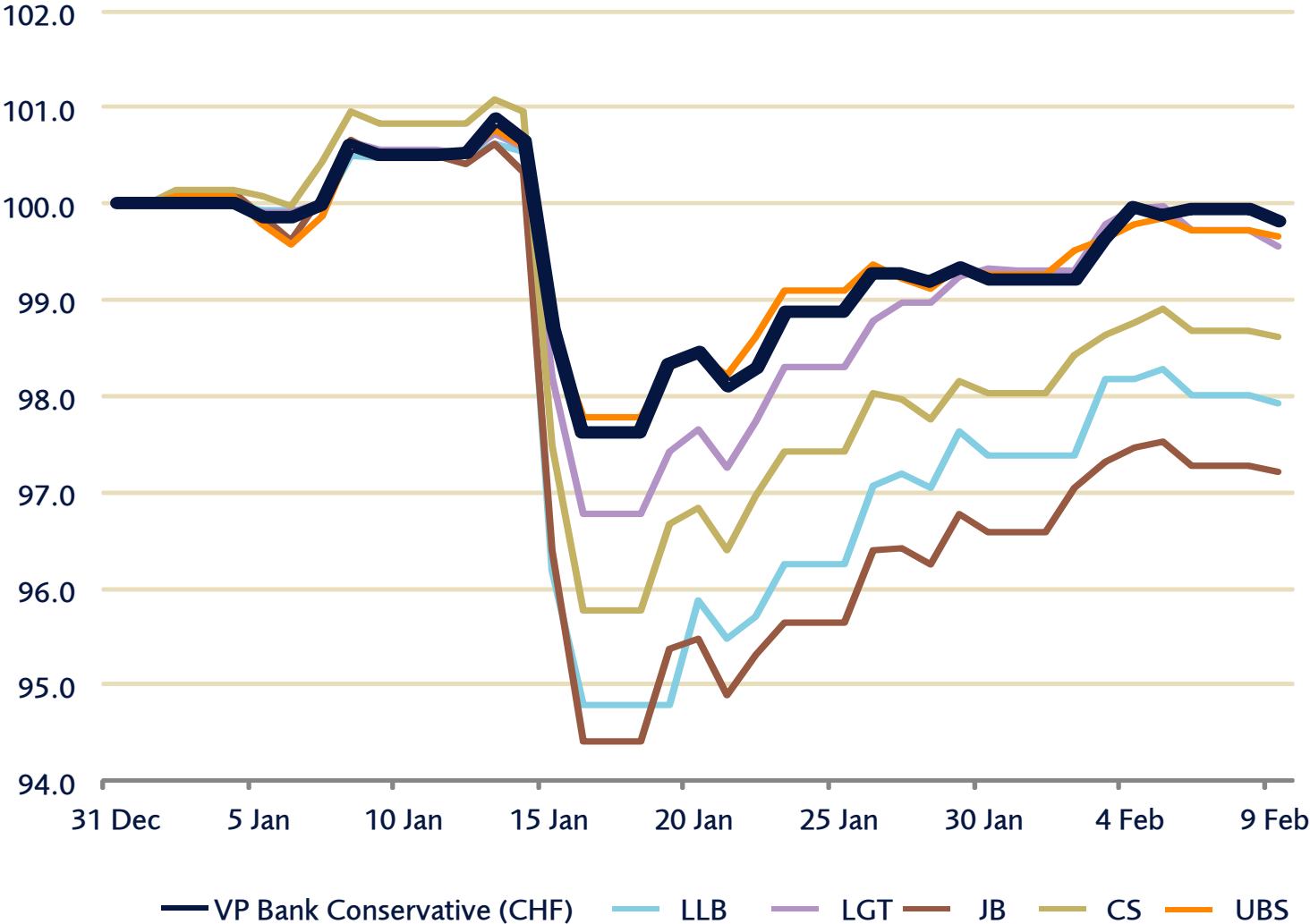
Investment offering – old world



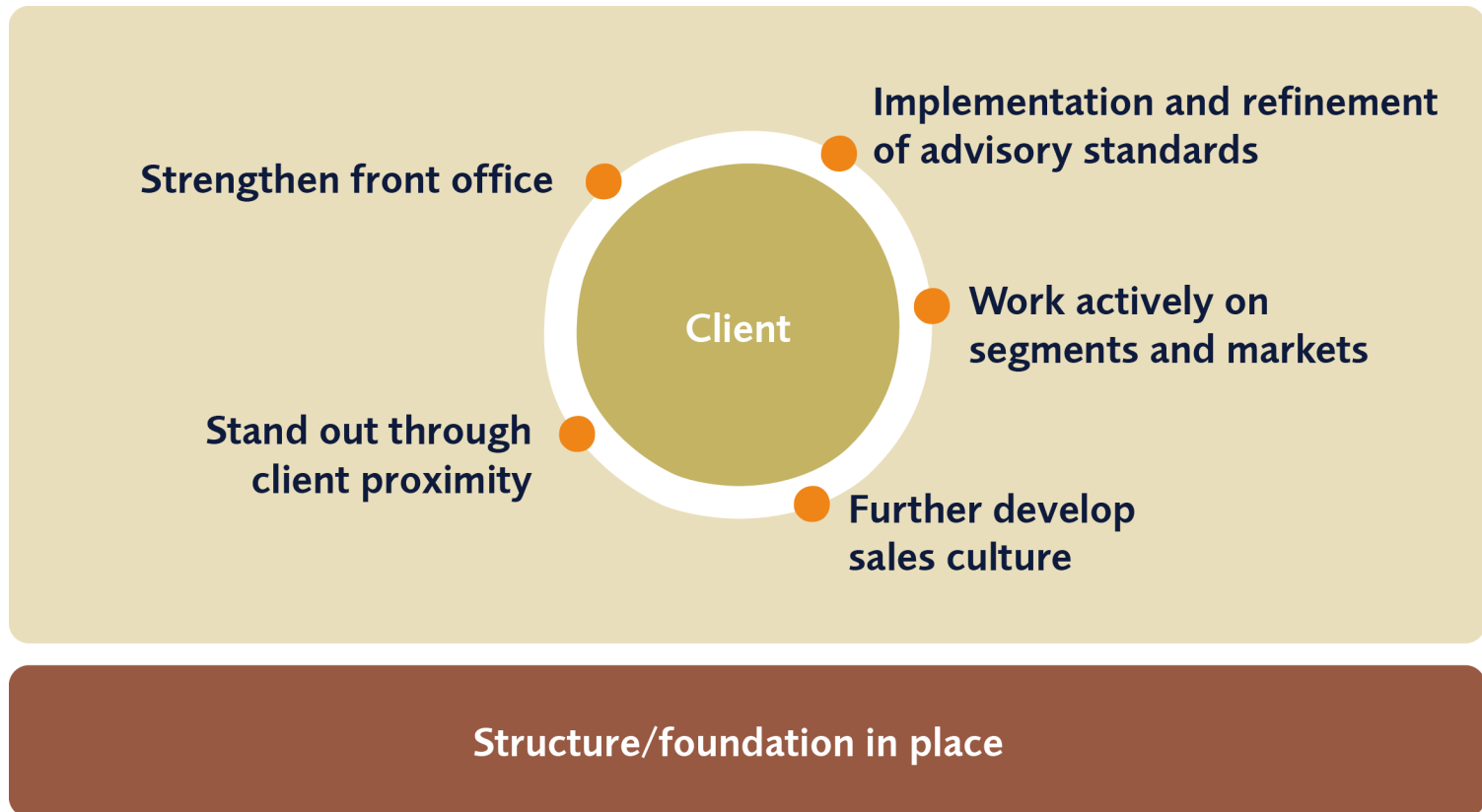
Investment offering – new world



Performance comparison after SNB decision



Topics in 2015



Location overview

Luxembourg

- Cultural change
- HSBC integrated
- "Insieme" project
- VP Fund Solutions

Moscow

- New representative
- Greater activity

Hong Kong

- Greater activity in premium finance and market development

BVI

- New CEO
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Zurich

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- Reorganisation
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- Market management DE/RU

VP Fund Solutions

- Head of VP Fund Solutions since 1 January 2015
- Luxembourg as the clear market leader in the European fund market – Liechtenstein as a niche player
- Exploitation of synergies
- Positioning as a provider of comprehensive fund services for fund promoters – in short a “one-stop shop”
- Complementary fund business with high asset and income potential – a third pillar
- Know-how and synergy potential in place – sales culture as a challenge



Corporate Center – topics in 2014 and 2015

Increase in efficiency	● Mobility	● Business process management	● Risk/management information systems		
Group integration	● IT system and data	● Business operations	● Corporate services		
Strategic topics	● Digital strategy: e-channels, interaction				
Rules and regulations	● Basel III	● AEOI	● MiFID II	● EMIR	● FATCA

Tax compliance at VP Bank

**Process of ensuring
tax transparency
of our clients
is well advanced**

**Expanded
LBA guideline on
tax compliance**

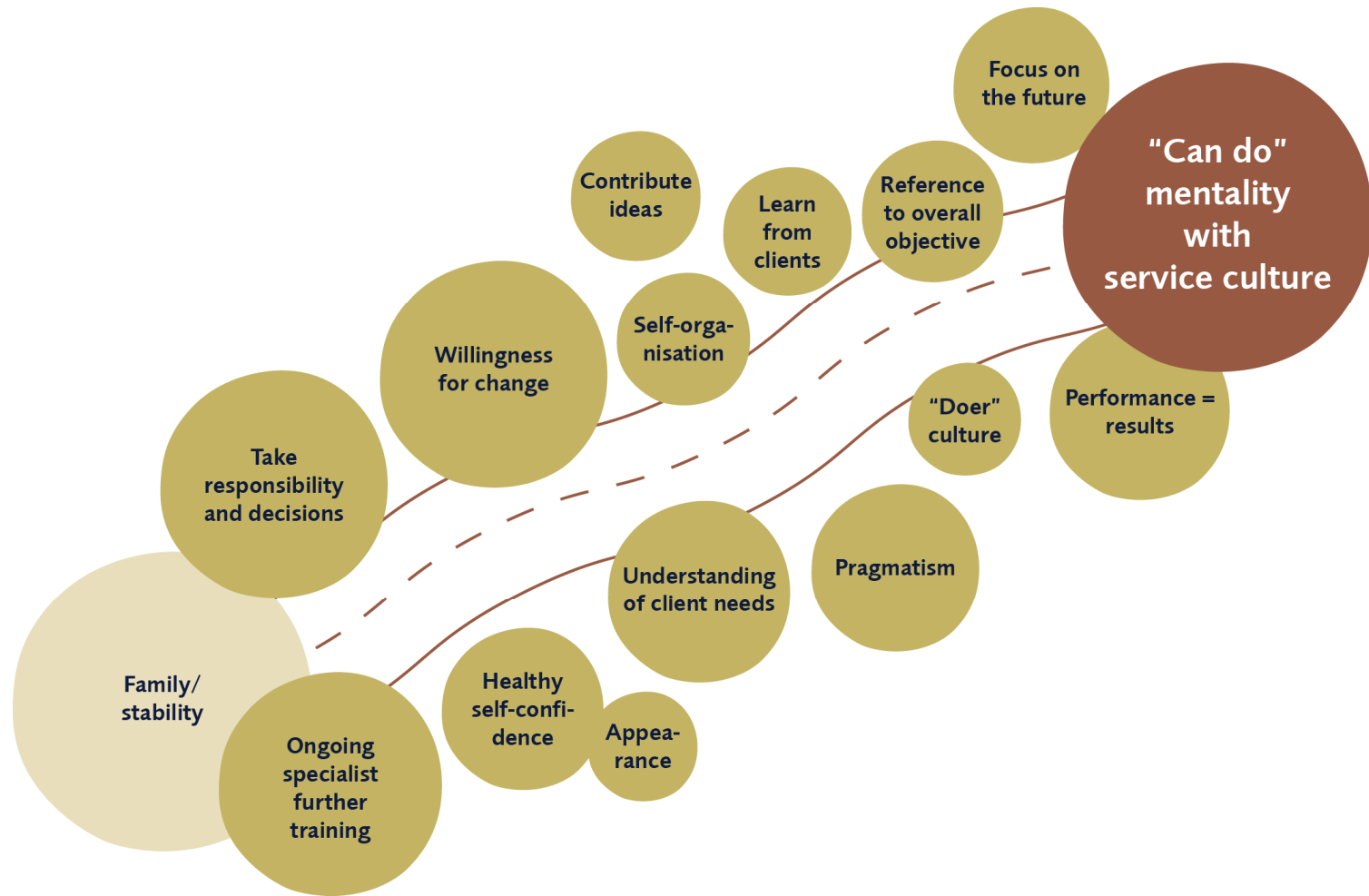
**Additional
active support
with a view to AEOI**

Outlook for 2015



1. Integration of Centrum Bank into VP Bank
2. Simplification/harmonisation of business processes and optimisation of resources at VP Bank in Luxembourg
3. Bundling/coordination of fund know-how
4. Strengthening of front offices as well as exploitation of savings potential and synergies
5. Targeted use of growth opportunities

Cultural development – vision





Questions and answers

