



VP Bank Group  
8 March 2016

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# VP Bank Group Annual results 2015

Park Hyatt, Zurich





## **Welcome and introduction**

**Fredy Vogt**  
**Chairman of the Board of Directors**

# Schedule

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**Welcome and introduction**

Fredy Vogt, Chairman of the Board of Directors

2

**Annual results 2015**

Siegbert Näscher, Chief Financial Officer

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**Strategy implementation**

Alfred W. Moeckli, Chief Executive Officer

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**Questions and answers**



## **Welcome and introduction**

**Fredy Vogt**  
**Chairman of the Board of Directors**



# Annual results 2015

Siebert Näscher  
Chief Financial Officer

# Overview of topics

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- Profile
- Income statement
- Balance sheet
- Client assets under management
- Segments
- Dividends
- Summary



# Profile



# VP Bank in 2015 (1/2)

Group net income  
CHF 64.1 million

Cost/income  
ratio  
59.4%

Headcount  
734  
FTEs

Net new money  
CHF 6 billion

Client assets  
under management  
CHF 34.8 billion

- Merger with and successful integration of Centrum Bank
- Increased efficiency thanks to continued Group integration
- Challenging interest-rate and currency developments
- Expansion of front-office activities and positive influx of net new money in our growth markets



## VP Bank in 2015 (2/2)

- Increase in share capital
- Issue of two bonds
- Completion of two share buybacks
- Implementation of Basel III / CRD IV

Tier 1 ratio  
24.4%

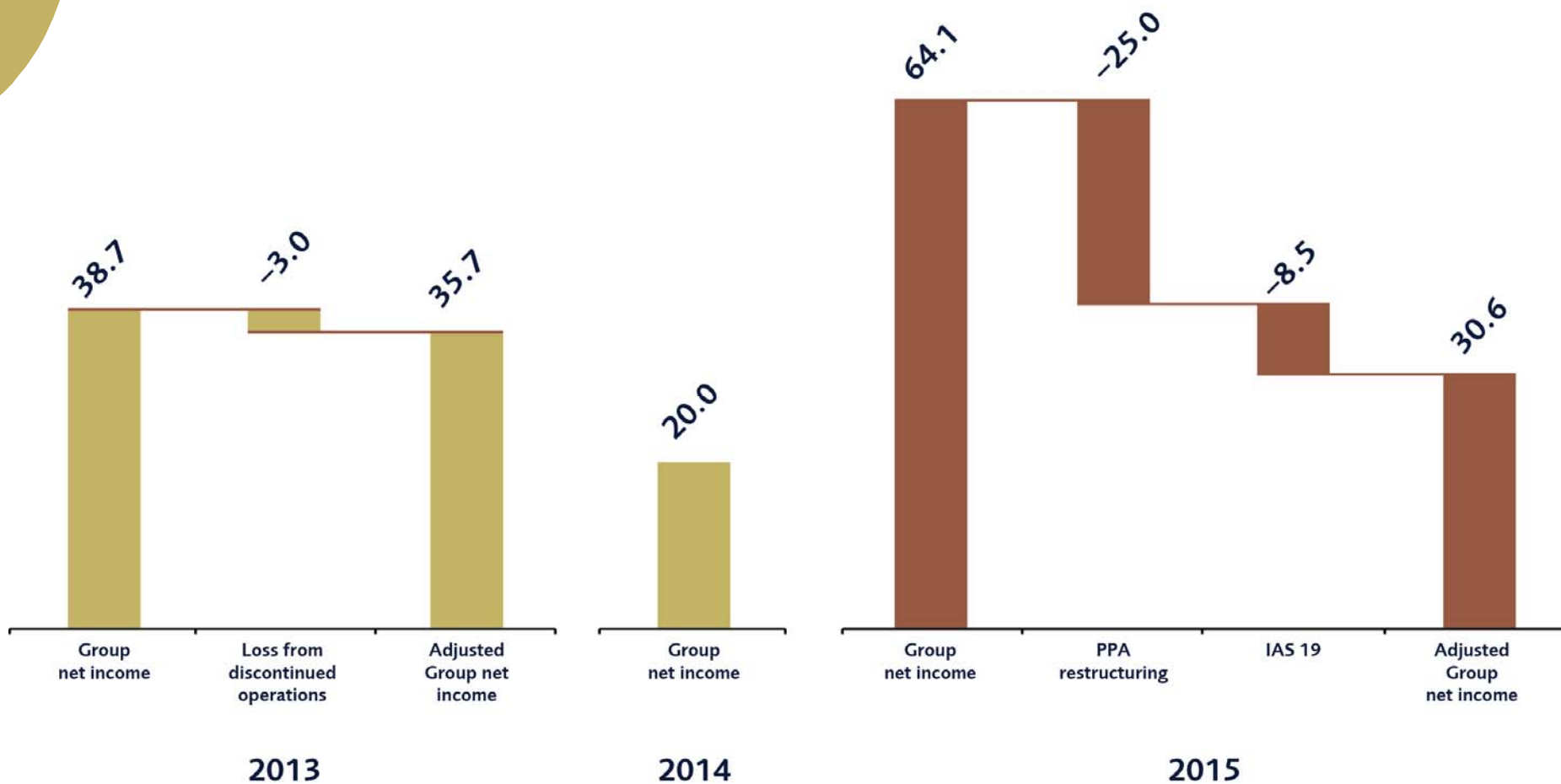
Shareholders'  
equity  
CHF 918 million

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

# Income statement



# Adjusted Group net income rising

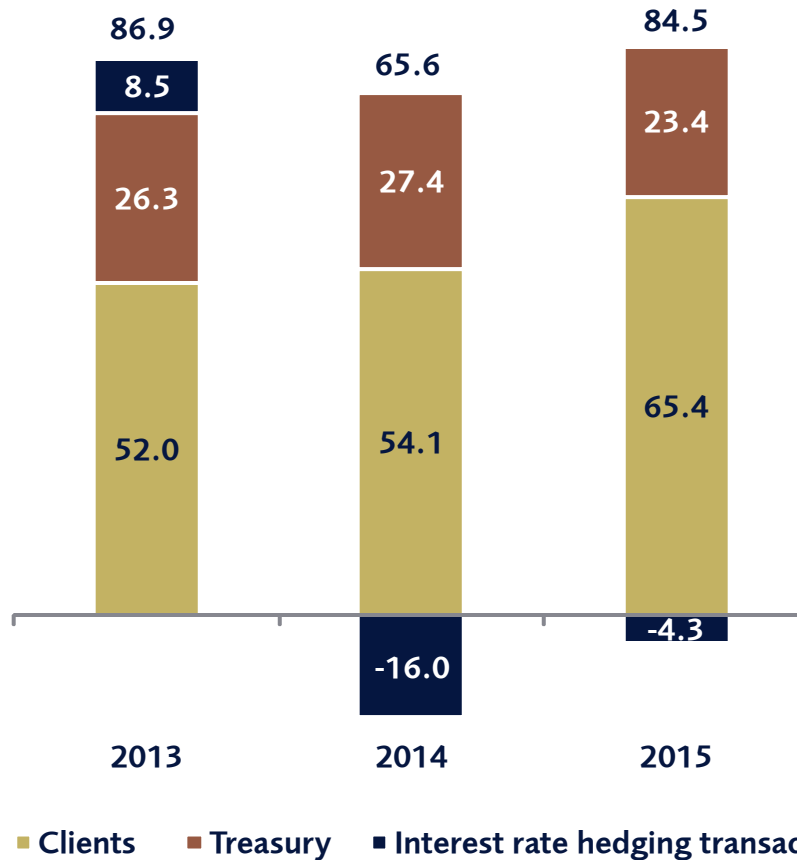


# Income statement

| in CHF million              | 2013        | 2014        | 2015        |
|-----------------------------|-------------|-------------|-------------|
| Gross income                | 239.4       | 222.7       | 306.6       |
| Operating expenses          | -168.0      | -165.3      | -182.1      |
| Depreciation and provisions | -33.4       | -36.8       | -64.3       |
| Taxes                       | -2.3        | -0.6        | 3.9         |
| Discontinued companies      | 3.0         | 0.0         | 0.0         |
| <b>Group net income</b>     | <b>38.7</b> | <b>20.0</b> | <b>64.1</b> |

# Interest business

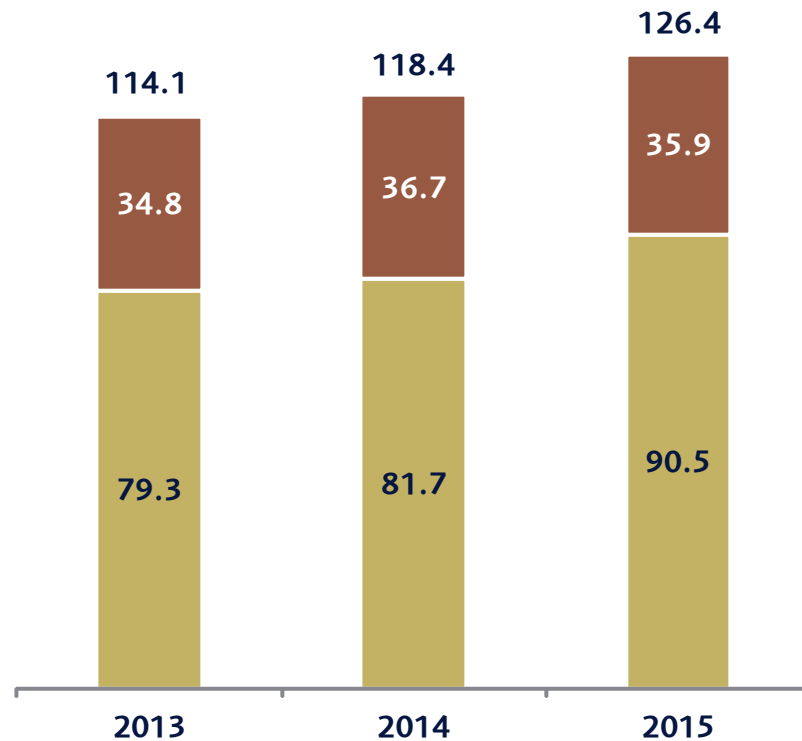
in CHF million



- Volume and margin increase in client lending
- Reduction in interest expense in client deposits
- Low interest-rate environment and negative SNB interest rate impact on treasury result
- Introduction of hedge accounting in order to reduce volatility

# Commission business and services

in CHF million

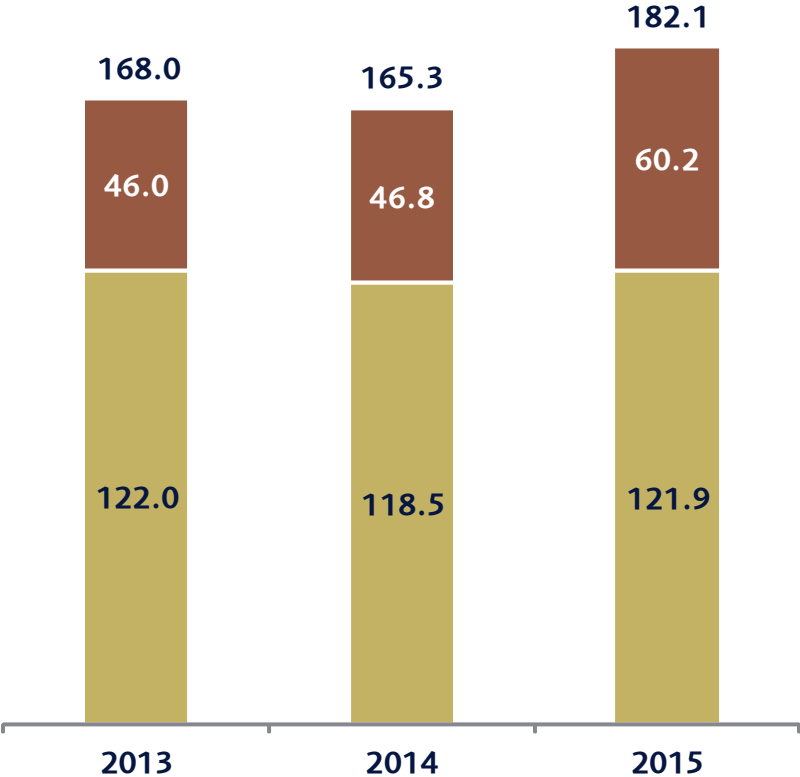


■ Transaction-based income ■ Portfolio-based income

- Increase resulting from the acquisition of client assets under management at Centrum Bank
- Appreciation of the Swiss franc cuts earnings base
- Restrained transaction volume

# Operating expenses

in CHF million



■ Personnel expense

■ General and administrative expenses

- Integration and restructuring costs resulting from the Centrum Bank merger and integration
- Cost reductions as a result of using Group synergies
- Reduction in personnel costs as a result of IAS 19

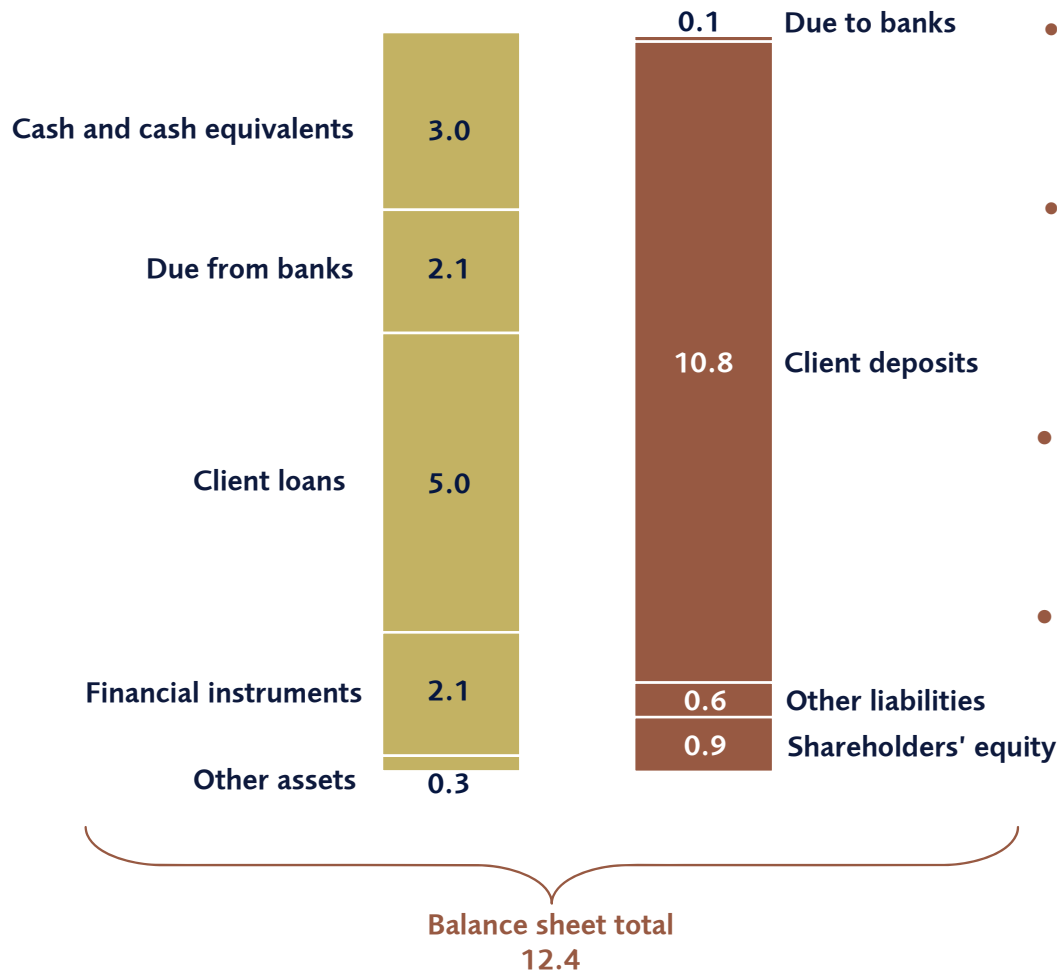
# Balance sheet





# Sound balance sheet as at 31 December 2015

in CHF billion



- Increase in total assets as a result of the Centrum Bank merger
- Marked increase in client lending and deposits, as well as financial instruments
- High level of liquid assets, significant decrease in amounts due from banks
- Increase in shareholders' equity

# Solid and strong balance sheet ratios

|  | 31.12.2013 | 31.12.2014 | 31.12.2015 |
|--|------------|------------|------------|
| Total assets in CHF billion              | 11.2       | 11.2       | 12.4       |
| Risk-weighted assets in CHF billion      | 4.1        | 4.2        | 3.7        |
| Equity in CHF million                    | 888.7      | 868.5      | 918.1      |
| Core capital in CHF million <sup>1</sup> | 840.8      | 860.5      | 910.9      |
| Tier 1 ratio <sup>1</sup>                | 20.4%      | 20.5%      | 24.4%      |
| Leverage ratio <sup>2</sup>              | 7.5%       | 7.7%       | 7.0%       |
| Loan-to-deposit ratio <sup>3</sup>       | 40.7%      | 44.2%      | 46.5%      |
| Non-performing loans <sup>4</sup>        | 0.5%       | 0.3%       | 0.4%       |

<sup>1</sup> 2015 calculation based on Basel III framework; 2014 and 2013 calculations based on Basel II framework

<sup>2</sup> 2015 calculation based on Basel III framework; 2014 and 2013 ratio of allocable shareholders' equity to total assets

<sup>3</sup> Ratio of client deposits to client loans

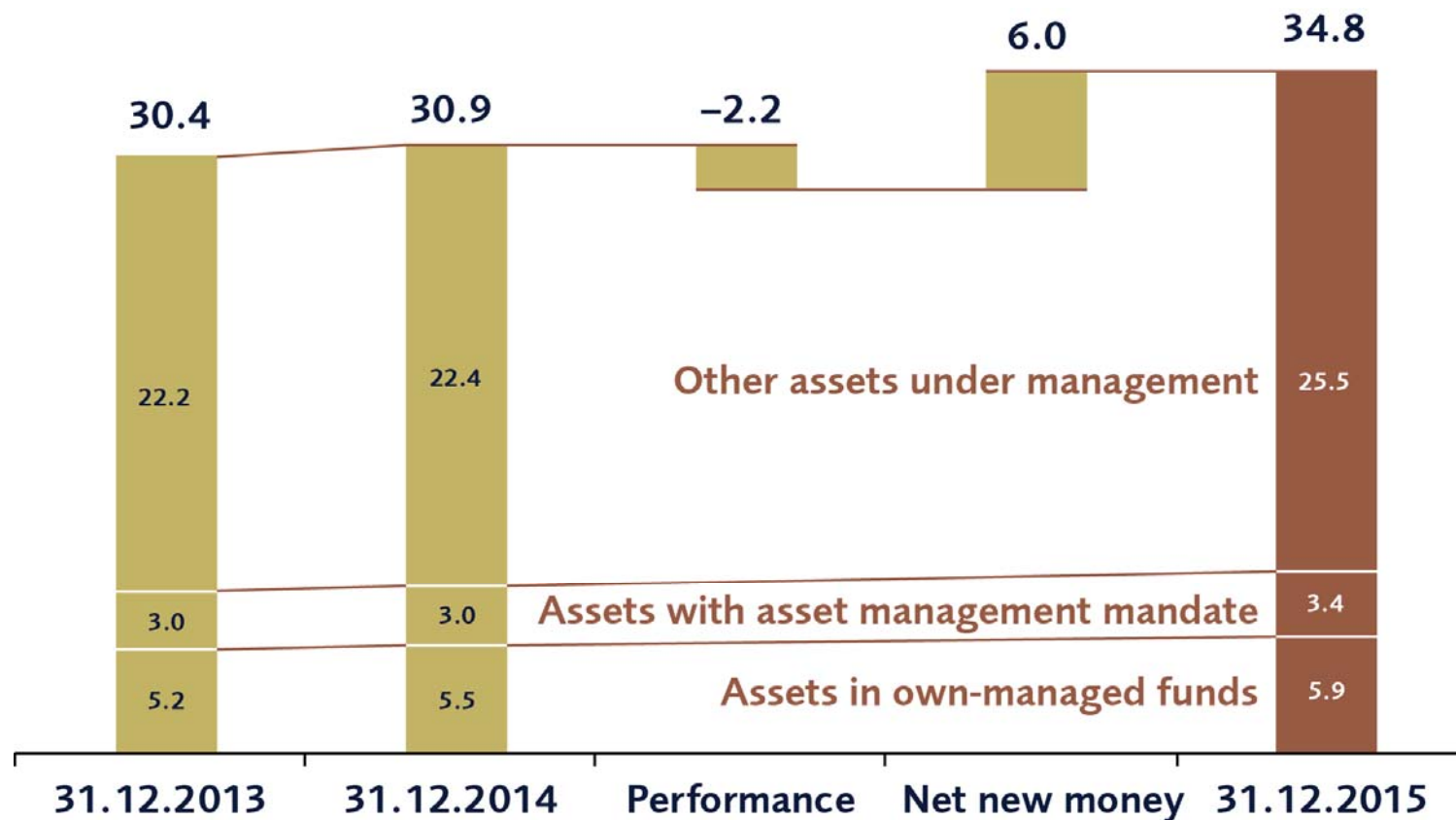
<sup>4</sup> Ratio of non-performing loans to client loans

# Client assets under management

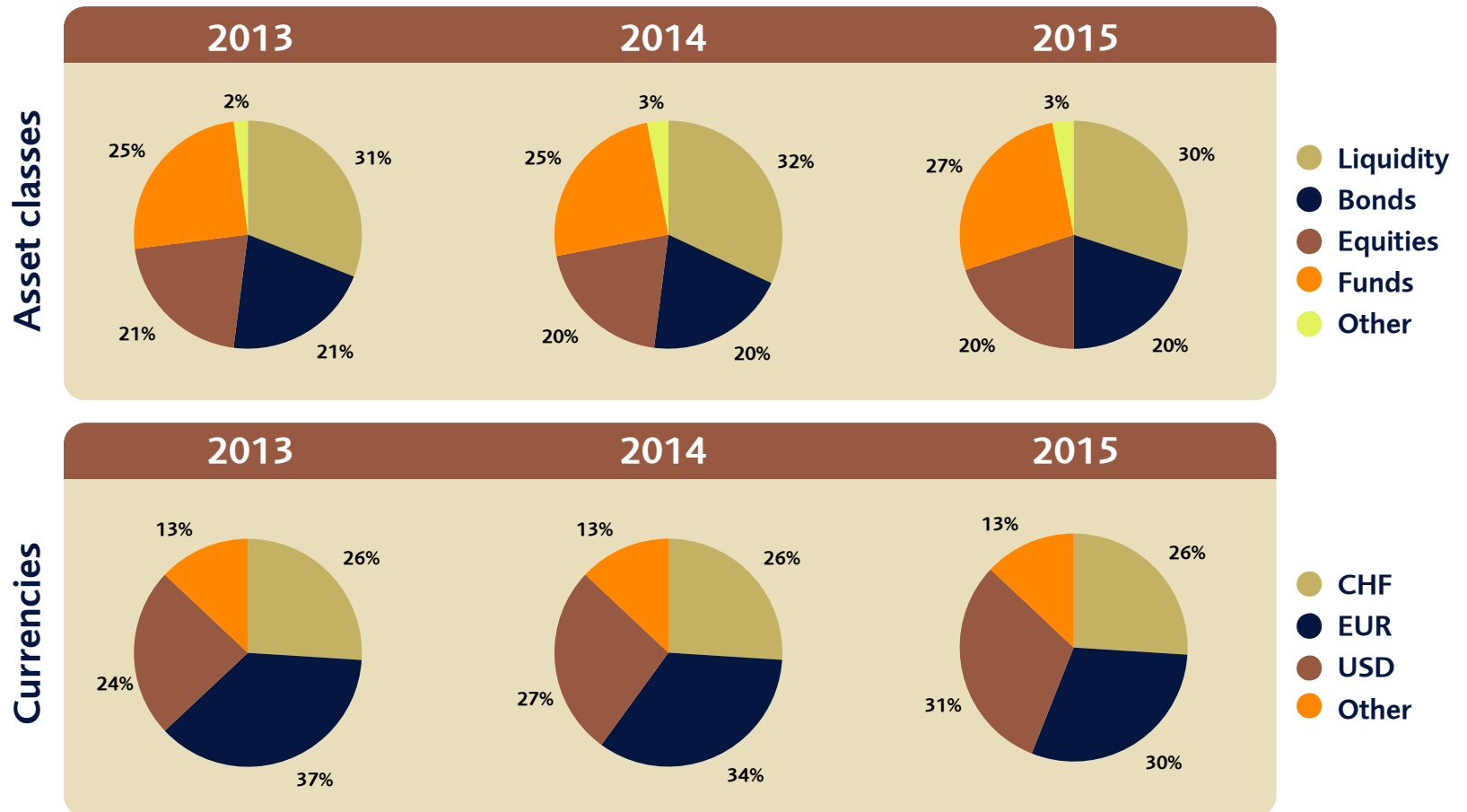


# Increase in client assets under management

in CHF billion



# Minimal changes in asset classes / currencies



# Segments



# Segment overview as of 31 December 2015

|  | Client Business Liechtenstein | Client Business International | Corporate Center | Group        |
|--|-------------------------------|-------------------------------|------------------|--------------|
| Business volume in CHF <sup>1</sup>      | 28.4 billion                  | 11.3 billion                  | –                | 39.8 billion |
| Net new money in CHF                     | 5.8 billion                   | 0.2 billion                   | –                | 6 billion    |
| Pre-tax net income in CHF                | 77.2 million                  | –2.6 million                  | –14.4 million    | 60.2 million |
| Gross margin in base points <sup>2</sup> | 65                            | 59                            | –                | –            |
| Headcount in FTEs                        | 169                           | 233                           | 333              | 734          |

<sup>1</sup> Client assets under management and client loans

<sup>2</sup> Gross income divided by average business volume

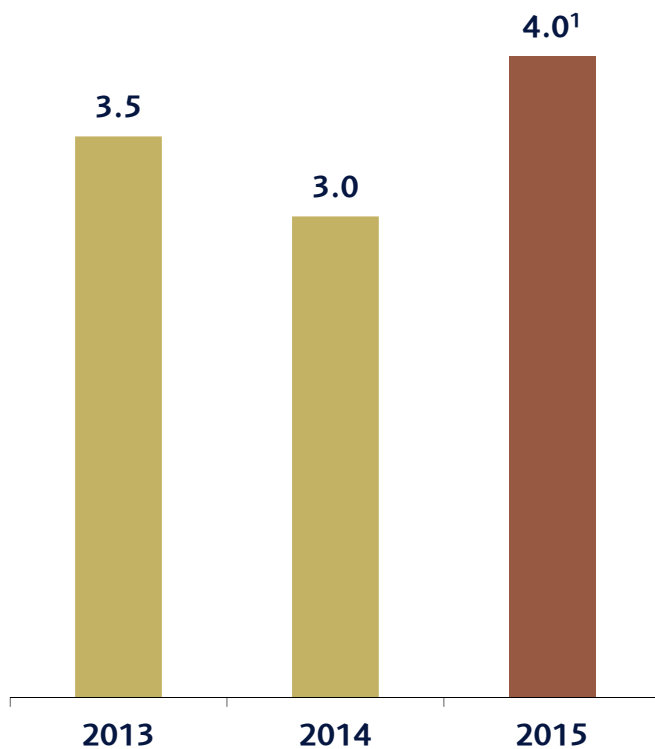
# Dividends



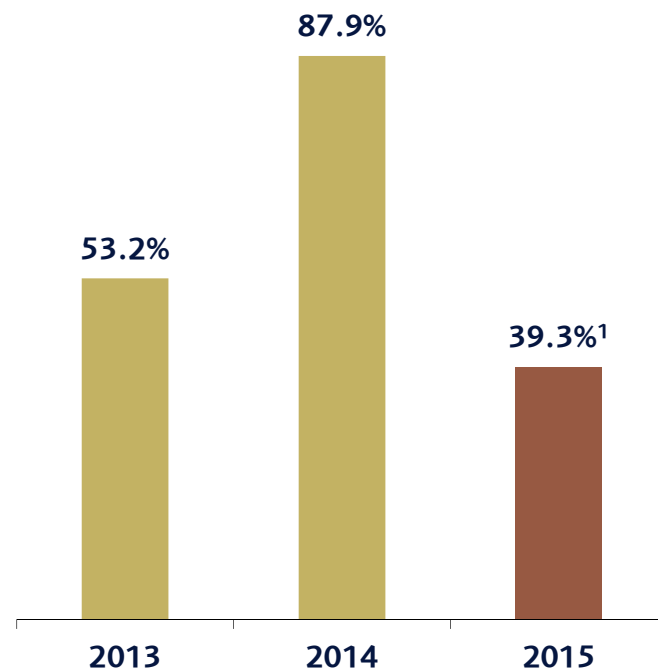


# Dividends

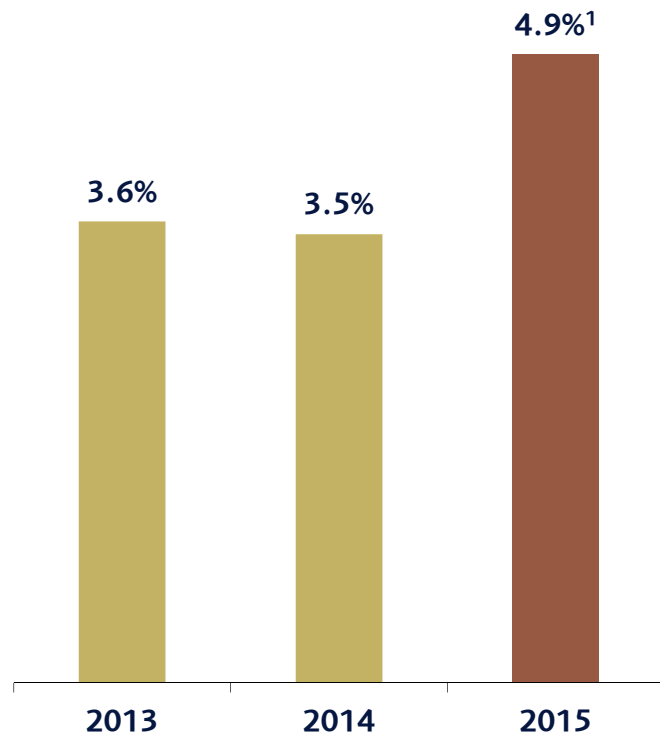
## Dividends in CHF



## Payout ratio



# Consistently high dividend yield



<sup>1</sup> Proposal to the annual general meeting 26

# Summary



# VP Bank Group – summary



## Growth in line with strategy

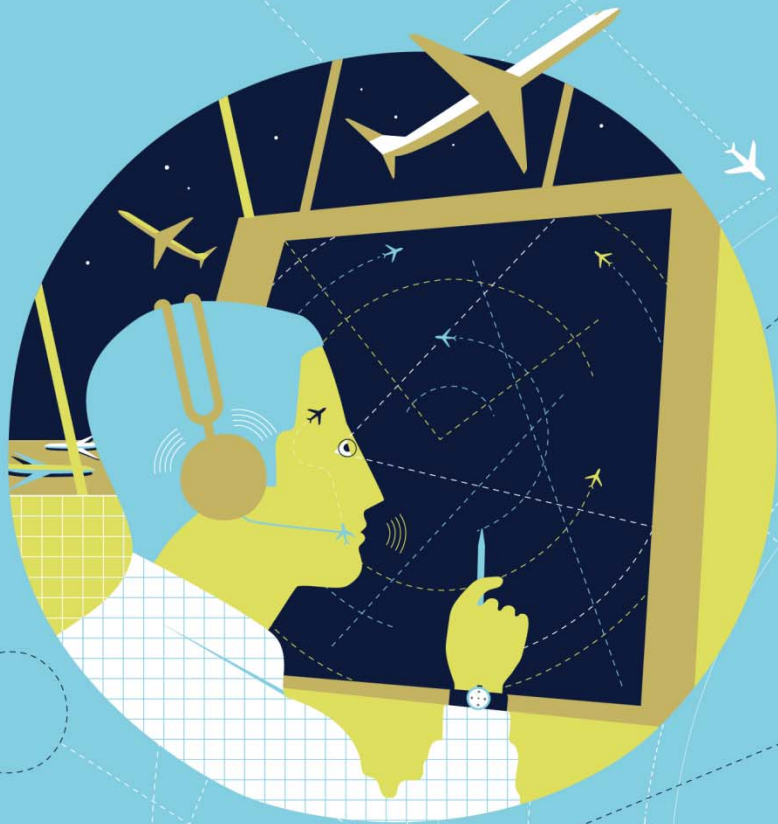
- Merger with Centrum Bank
- Inflow of net new money in our growth markets

## Strong operative performance

- Integration of Centrum Bank
- Using of Group synergies
- Further development of front-office activities

## Secure and stable Bank

- Increase in shareholders' equity
- High tier 1 ratio



## **Strategy implementation**

**Alfred W. Moeckli  
Chief Executive Officer**

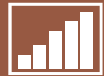
# Medium-term goals 2020

**Client assets  
under management  
of CHF 50 billion**

**Cost/income  
ratio under  
70 per cent**

**Group net income  
of CHF 80 million**

# Key issues in 2016



## Growth

- 1 Internationalisation
- 2 Strengthening intermediary position
- 3 Strengthening private banking
- 4 Expanding the fund business in Luxembourg/Liechtenstein
- 5 Client-oriented digitalisation and process automation



## Focus

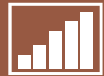
- 6 Optimising the balance sheet
- 7 Reducing internal complexity



## Culture

- 8 Strengthening the sales and performance culture
- 9 Strengthening the entrepreneurial culture

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# Internationalisation

## Luxembourg

**2015:**  
Set-up adjusted  
**2016:**  
Expansion of front office

## Asia

**2015:**  
Successful growth  
**2016:**  
Front-office expansion and collaboration between locations

## Switzerland

**2015:**  
Focus on sales organisation  
**2016:**  
Reinforced market development

# Use of acquisition opportunities

Acquisition of selected portfolios and advisory teams

Between CHF 5 and 25 billion in client assets under management

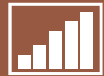
Sufficient shareholders' equity available

Cultural fit essential

Markets

- Switzerland
- Luxembourg
- Liechtenstein

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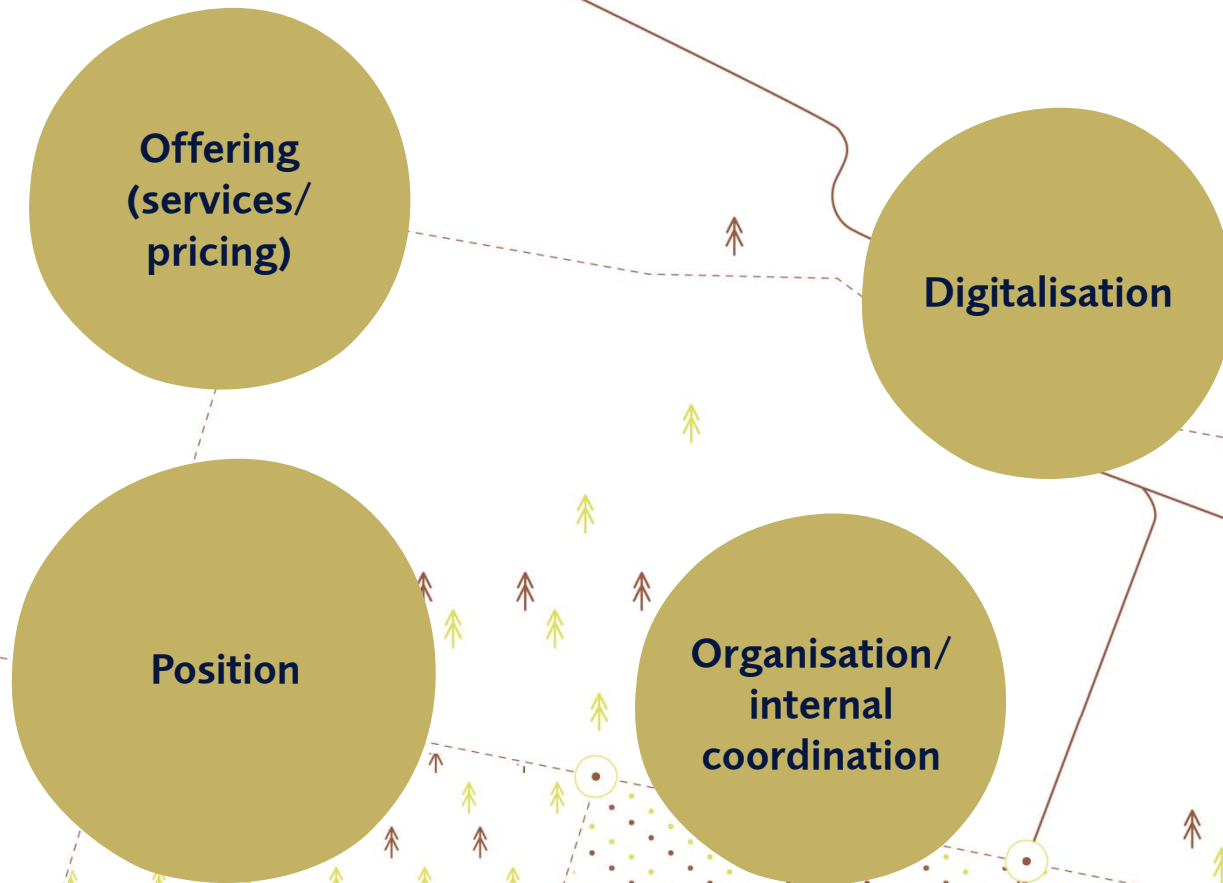
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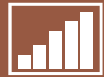
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# Strengthening intermediary position



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# Strengthening the private banking segment

Leverage points: quality of advisory services and offering

## "Professional" clients

- For qualified private investors and external asset managers with an intense interest in the financial markets

## Advisory clients

- Consistent first-class quality of advisory services throughout the Group
- Realistic service promise
- Price for advisory services

## UHNWI

- Complex needs call for interdisciplinary solutions
- Systematic bundling and use of competencies

Development of active advisory

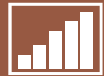
Redesign of advisory process

Introduction of advisory packages

Introduction of investment advisory tool

Virtual team for handling complex client needs

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# Expanding the fund business VP Fund Solutions

## Significance and positioning

Already an  
important  
existing business  
segment

Addition  
to intermediary  
and private-  
banking business

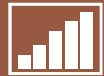
Two locations,  
Luxembourg  
and  
Liechtenstein

Increasing  
importance

One-stop shop  
fund  
management  
and custodian  
bank from a  
single source



# Key issues in 2016



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# Centrum Bank – successful integration

- Completed in January 2016
- All objectives achieved
- Project plan implemented on schedule
- IT landscape integrated
- Integration costs below budget
- Rapid cultural integration of employees under way
- Fewer job losses than expected





## Questions and answers

