



VP Bank Group
07 March 2017

VP Bank Group 2016 annual results

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

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2016 annual results

Siegbert Näscher, Chief Financial Officer

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Welcome and introduction

Fredy Vogt
Chairman of the Board of Directors

2016 annual results

Siegbert Näscher,
Chief Financial Officer



Overview of topics

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



Profile



VP Bank in 2016 (1/2)

Group net income
CHF 58 million

Strong adjusted Group net income (+90%)

- Revenue increase in a challenging market environment
- Cost decreases following implementation of further synergies from fusion with Centrum Bank

Cost/income
ratio
68.4%

Significant improvement of the inflow of net new money

- High inflows in our growth markets
- Outflows owing to regulatory environment

Headcount
(FTEs)
738

Net new money
CHF 7 million

Client assets
under management
CHF 35.8 billion

VP Bank in 2016 (2/2)

- Risk-weighted assets significantly reduced and liquidity strengthened
- Additional share buyback programme launched
- Excellent Standard & Poor's rating – high security and stability

Tier 1 ratio
27.1%

Shareholders'
equity
CHF 937 million

Standard &
Poor's (S&P) rating
A–/Positive/A-2*

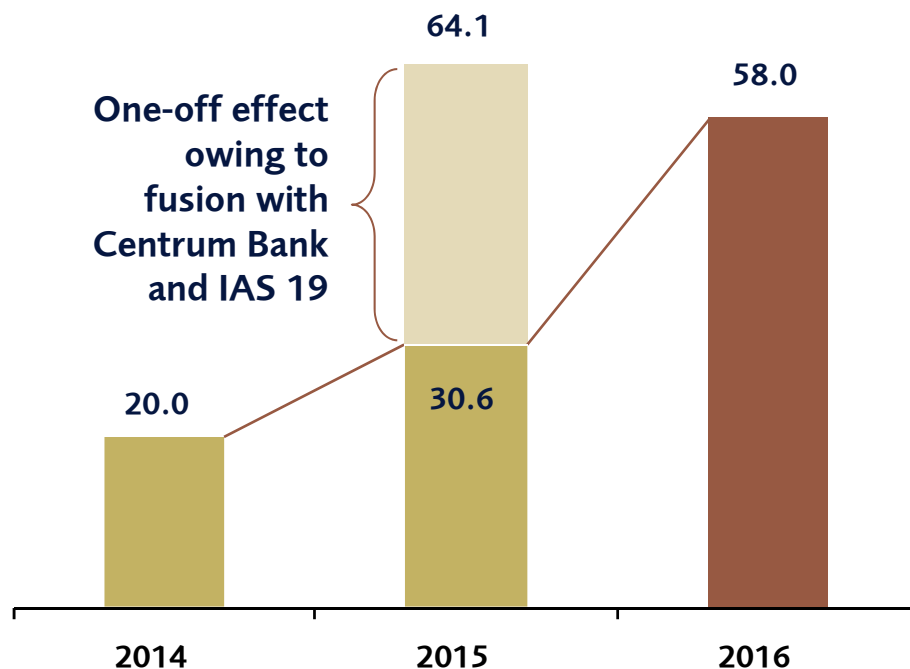
Conversion of bearer
shares into
registered shares A

Income statement



Adjusted Group net income rises significantly

in CHF million



- Significant improvement in adjusted Group net income over the last three years
 - Increase in revenues
 - Active cost management
- Increase of 90% in 2016

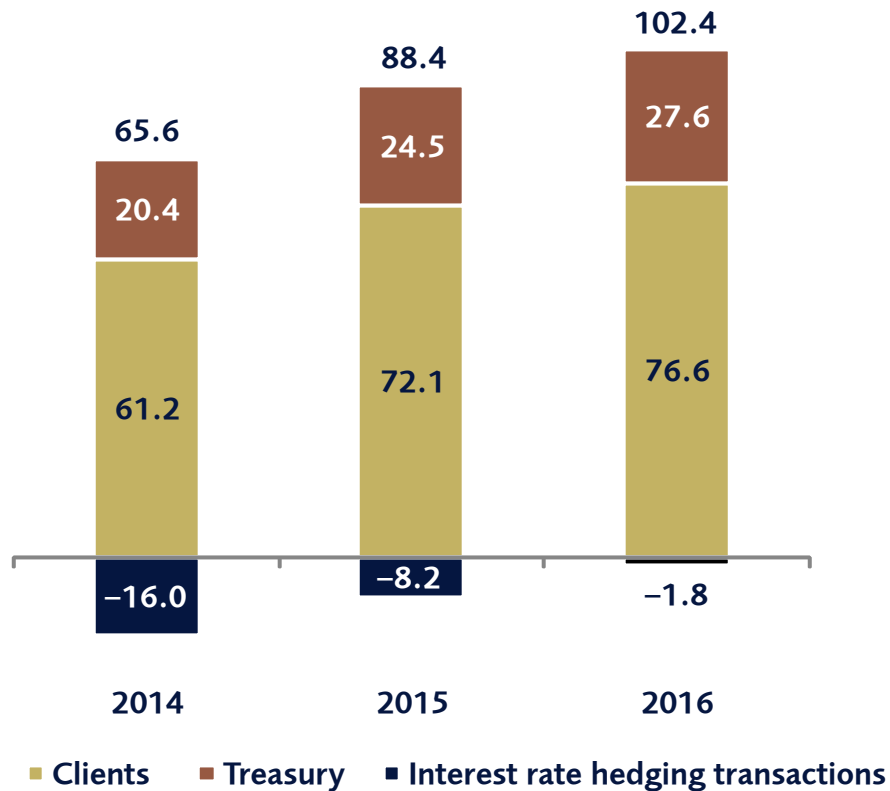
Income statement

in CHF million

	2014	2015	2016
Operating income	222.7	306.6	273.2
Operating expenses	-202.1	-246.4	-212.2
Taxes	-0.6	3.9	-3.0
Group net income	20.0	64.1	58.0

Interest business

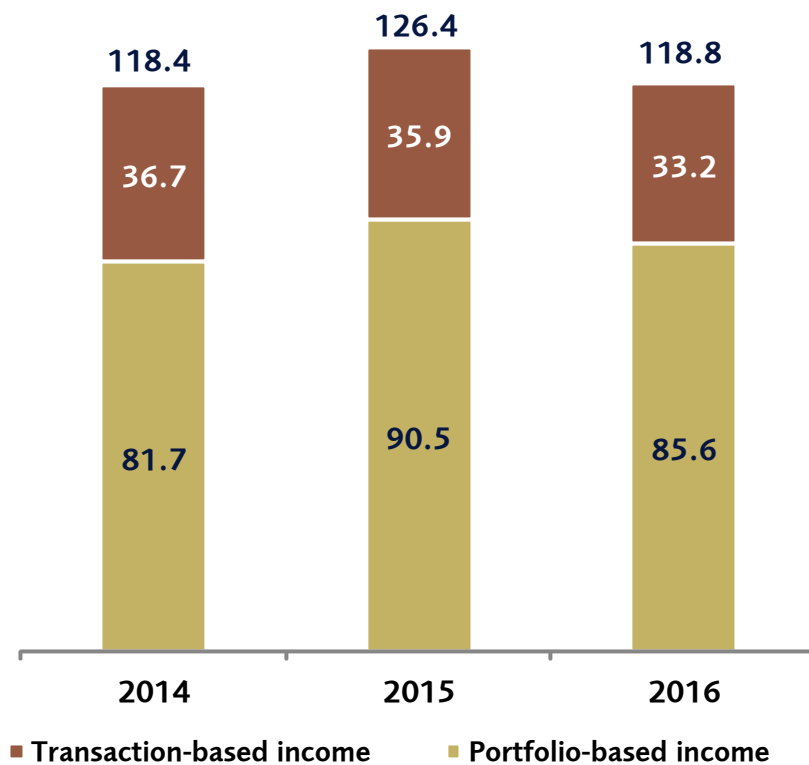
in CHF million



- Volume increase in client lending and expansion of margins
- Negative interest rate and decrease in client deposits
- Active treasury management and optimisation of risk/return profile of the balance sheet

Commission business and services

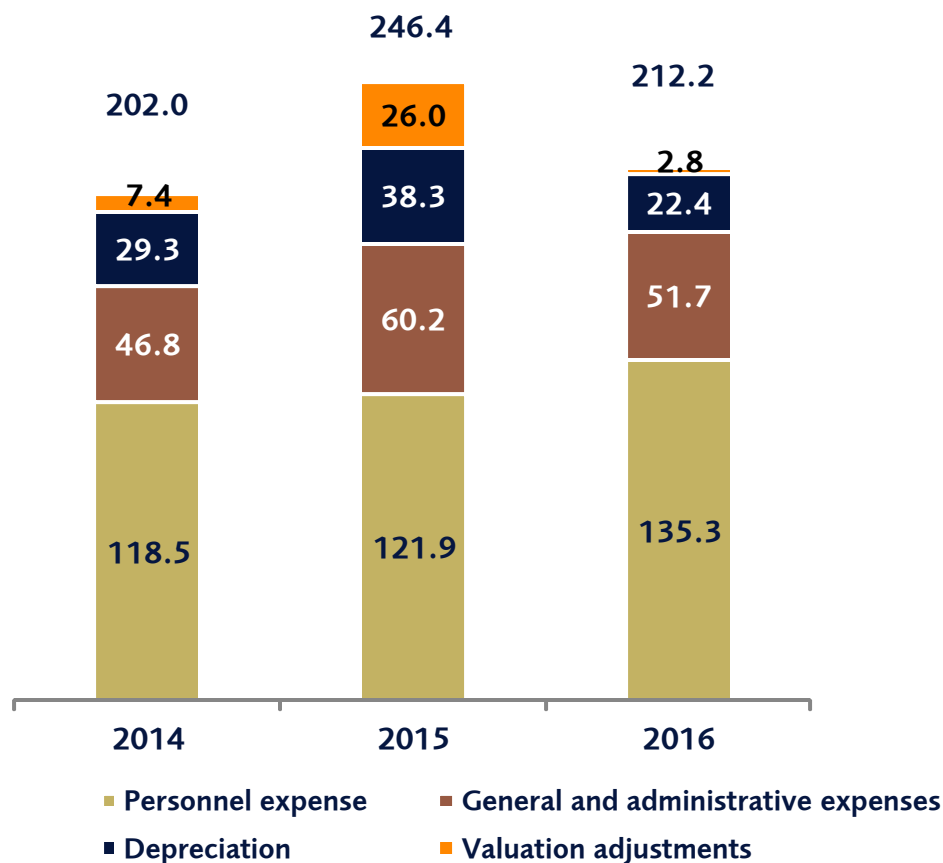
in CHF million



- Volatile financial markets and client uncertainty
- Restrained transaction volume

Operating expenses

in CHF million

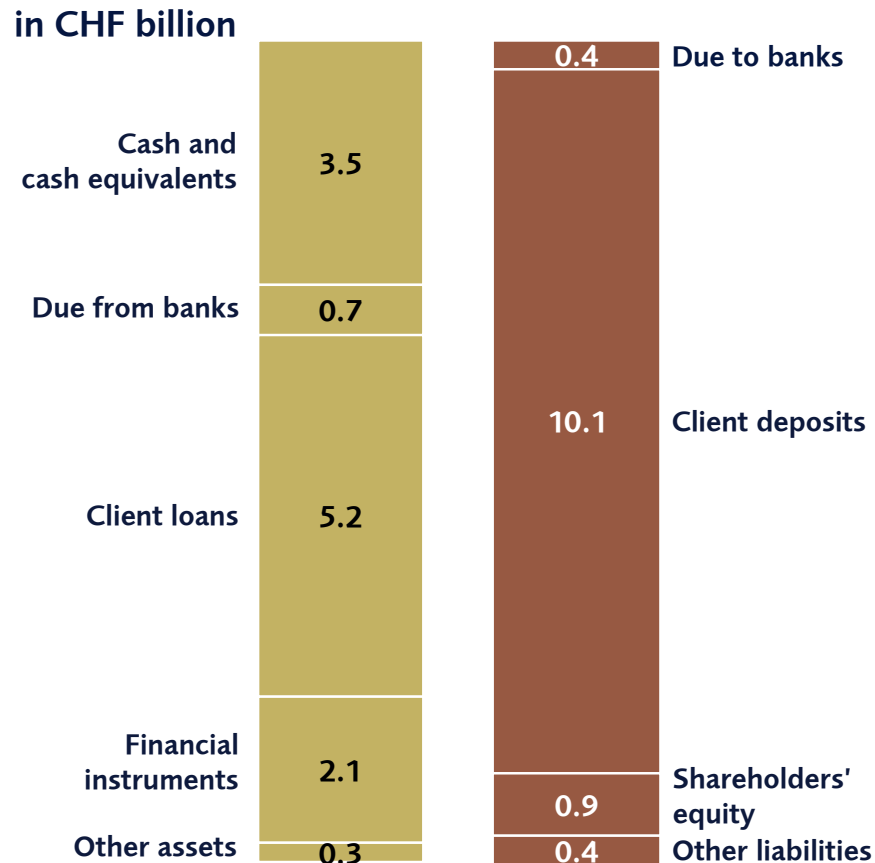


- No further integration costs in connection with the merger with Centrum Bank
- Cost reduction as a result of using synergies
- Expansion of front-office activities

Balance sheet



Sound balance sheet as at 31 December 2016



- Reduction of balance sheet total
- Increase in client lending
- High level of liquid assets and significant decrease in amounts due from banks
- Reduction of client deposits
- Further reduction of risk-weighted assets

Sound balance sheet and strong balance sheet ratios

	31.12.2014	31.12.2015	31.12.2016
Balance sheet total in CHF billion	11.2	12.4	11.8
Risk-weighted assets in CHF billion	4.2	3.7	3.5
Equity in CHF million	868.5	918.1	936.9
Core capital¹ in CHF million	860.5	911.2	938.5
Tier 1 ratio¹	20.5%	24.4%	27.1%
Leverage ratio²	7.7%	7.0%	7.8%
Loan-to-deposit ratio³	44.2%	46.5%	52.2%
Non-performing loans⁴	0.3%	0.4%	0.9%

¹ 2016 and 2015: calculations based on Basel III framework; 2014: calculations based on Basel II framework.

² Ratio of allocable shareholders' equity to balance sheet total.

³ Ratio of client deposits to client loans.

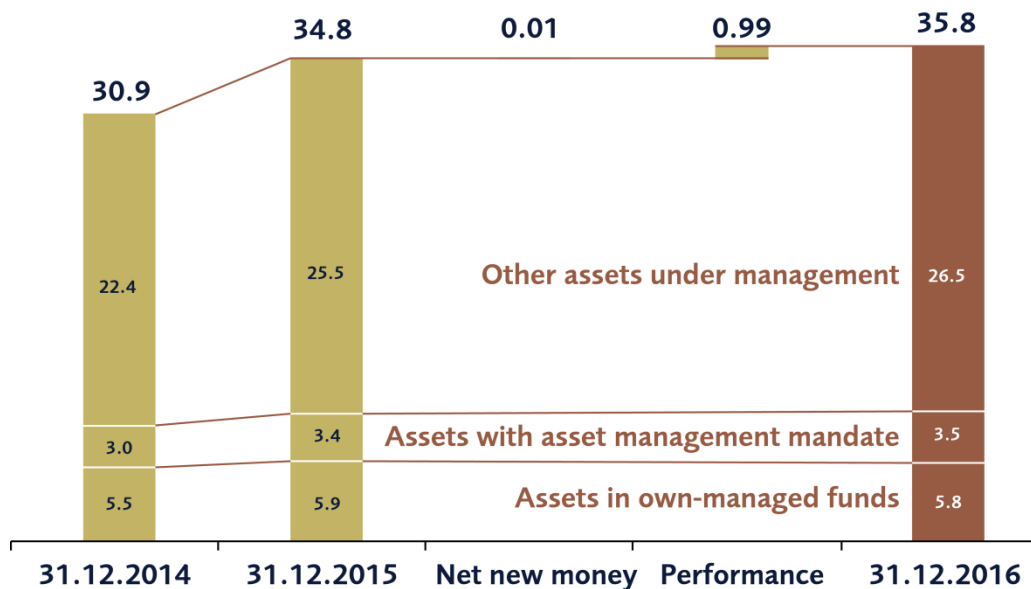
⁴ Ratio of non-performing loans to client loans.

**Client assets
under management**



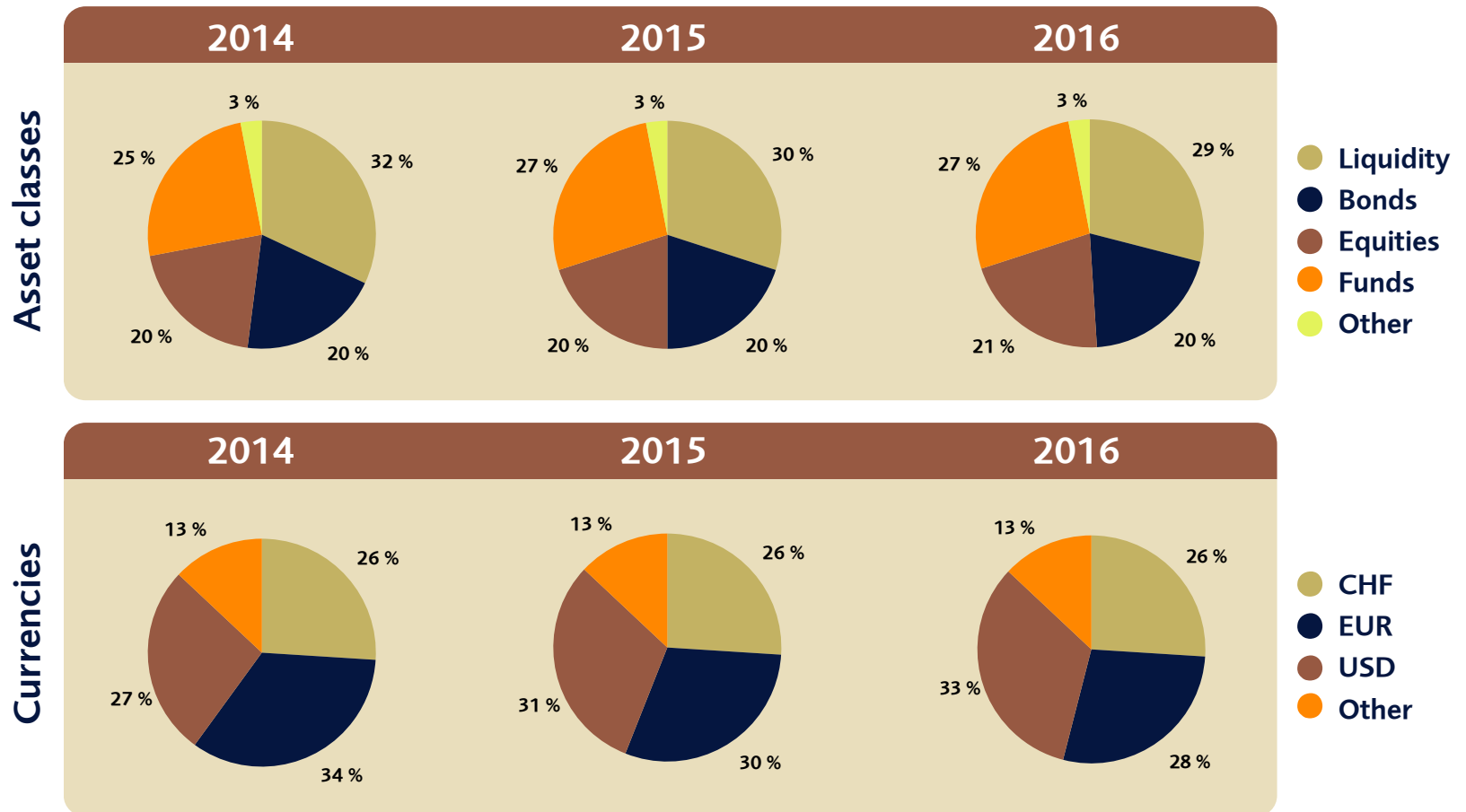
Increase in client assets under management

in CHF billion



- Positive development of inflow of net new money
- Significant inflows in Asia
- Outflows in Europe due to regulatory environment
- Decline in client deposits in the balance sheet had a partially negative effect on the inflow of net new money

Minimal changes in asset classes / currencies



Segments



Segment overview as of 31 December 2016

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF ¹	28.9 billion	12.1 billion	–	41.0 billion
Net new money in CHF	–0.2 billion	0.2 billion	–	0.0 billion
Pre-tax net income in CHF	94.7 million	2.3 million	–35.8 million	61.0 million
Gross margin in base points ²	62	57	–	–
Headcount in FTEs	174	233	331	738

¹ Client assets under management and client loans.

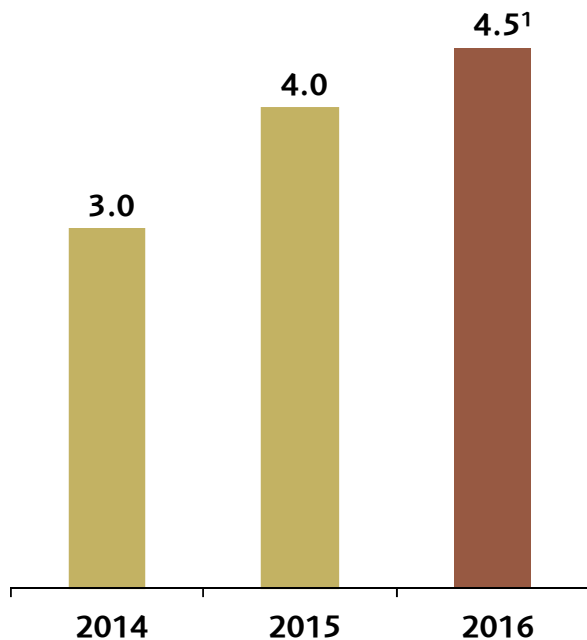
² Gross income divided by average business volume.

Dividends

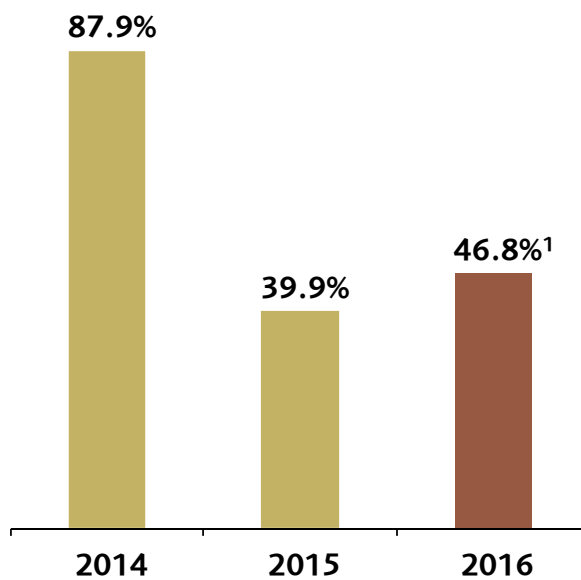


Dividends

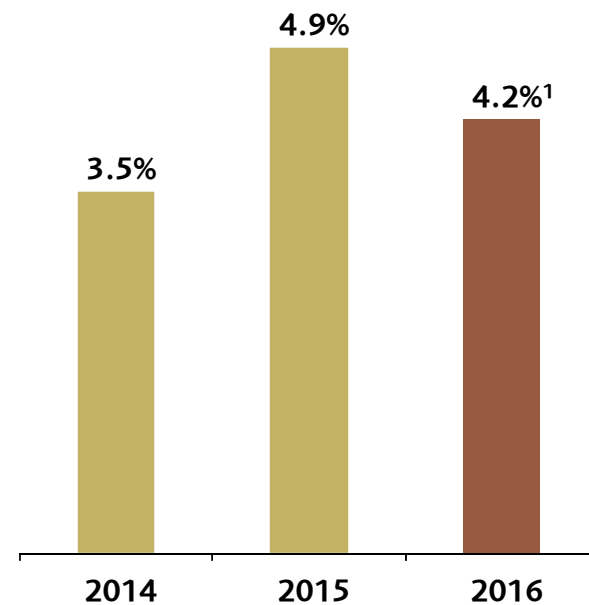
Dividends in CHF



Payout ratio



Dividend yield



Summary



VP Bank Group – summary



Growth in line with strategy

- Good inflow of new money in our growth markets

Strong operative performance

- Increase in revenues
- Reduction of costs as a result of using synergies

Secure and stable Bank

- High level of liquid assets
- Solid equity and strong tier 1 ratio
- Excellent Standard & Poor's rating



Strategy implementation

Alfred W. Moeckli
Chief Executive Officer

Reported cumulative net profit over three years

Period	Cumulative net profit over three years in CHF
2010 to 2012	65.5 million
2011 to 2013	89.1 million
2012 to 2014	105.9 million
2013 to 2015	122.8 million
2014 to 2016	142.1 million

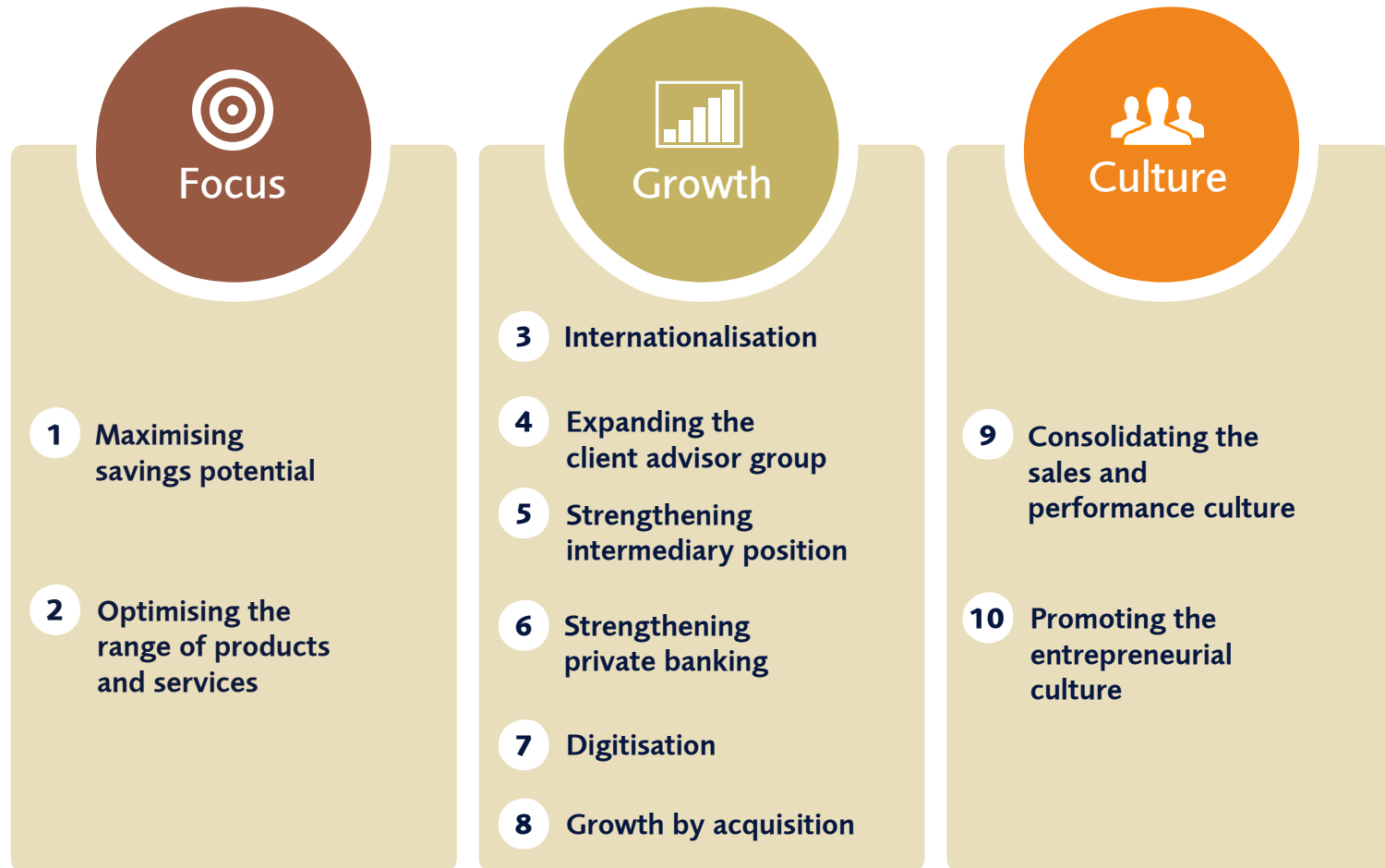
Medium-term goals 2020

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

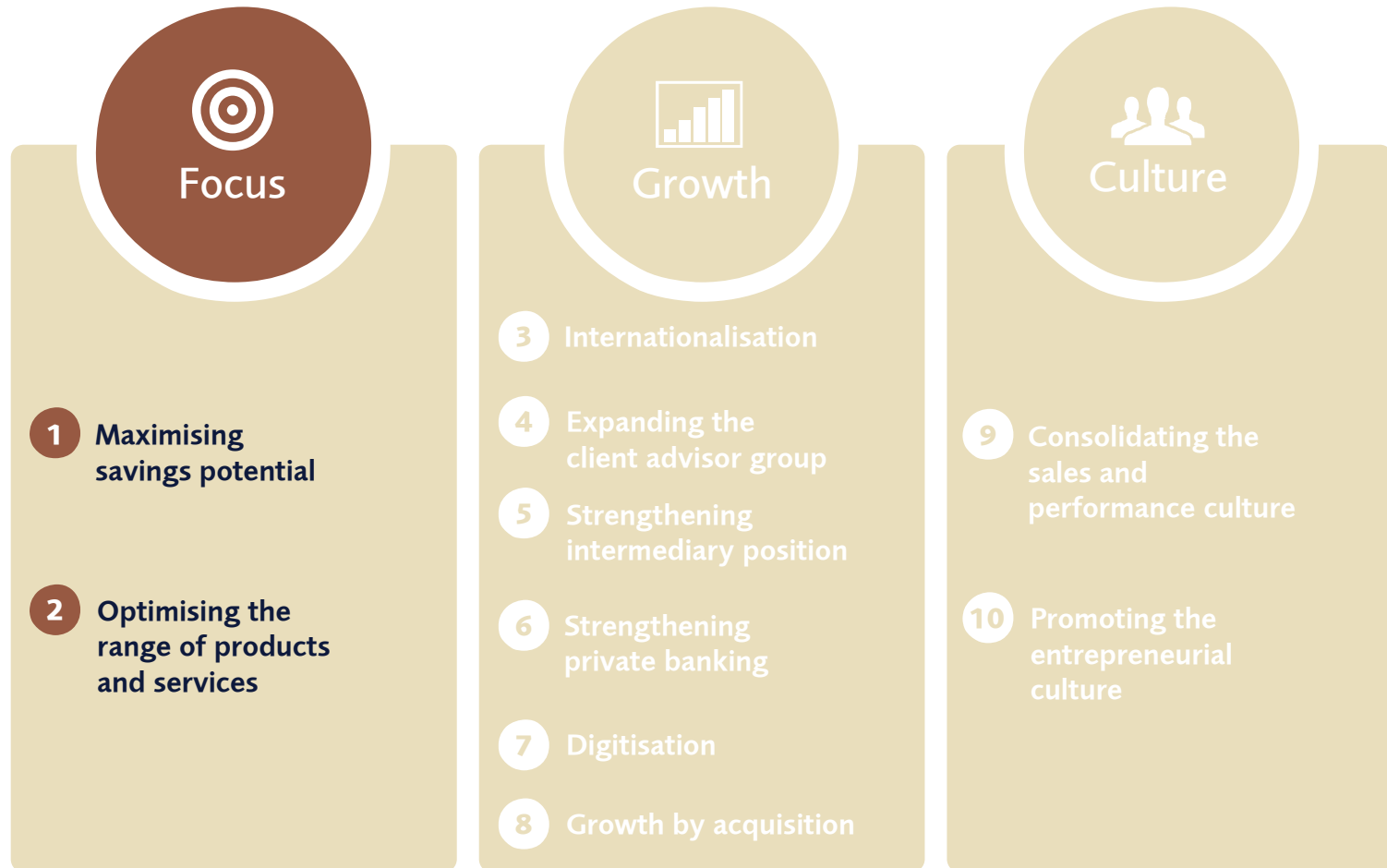
**Cost/income
ratio under
70 per cent**

**Group net income
of CHF 80 million**

Key issues in 2016



Key issues in 2016



Key issues in 2016



Internationalisation

Switzerland

- Key target market, also for developing Germany and Eastern Europe
- Increased marketing activities in Germany
- Focused recruitment of new client advisors
- Positive development of net new money

Luxembourg

- Fund business as an attractive growth segment
- Turnaround in a growth phase with profitability as the target

Asia

- Greatest potential for growth
- Considerable inflows of new money
- Boutique concept
- Growth by recommendation
- Relocation to new offices
- Strengthened leadership team
- Expansion of client advisor group

Key issues in 2016



"Relationship Manager Hiring" project

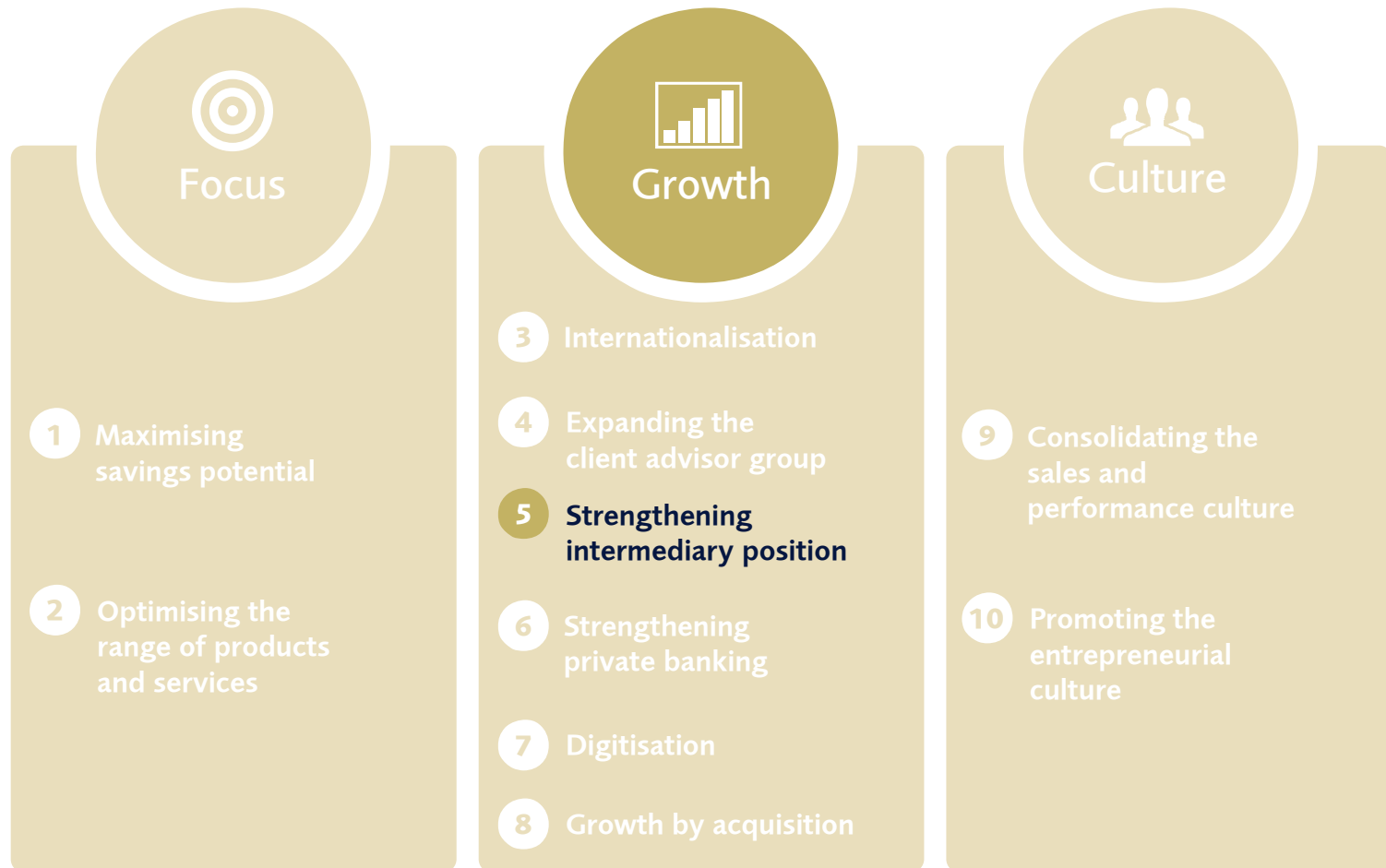
**Assistance from
well-established local
executive
search
companies**

**Overall,
around 75
client advisors
over the next
three years**

**Half of the
new client advisors
in Asia, the rest
in Switzerland,
Liechtenstein and
Luxembourg**

**First
promising
client advisors
already recruited**

Key issues in 2016



Focus on the intermediaries' requirements

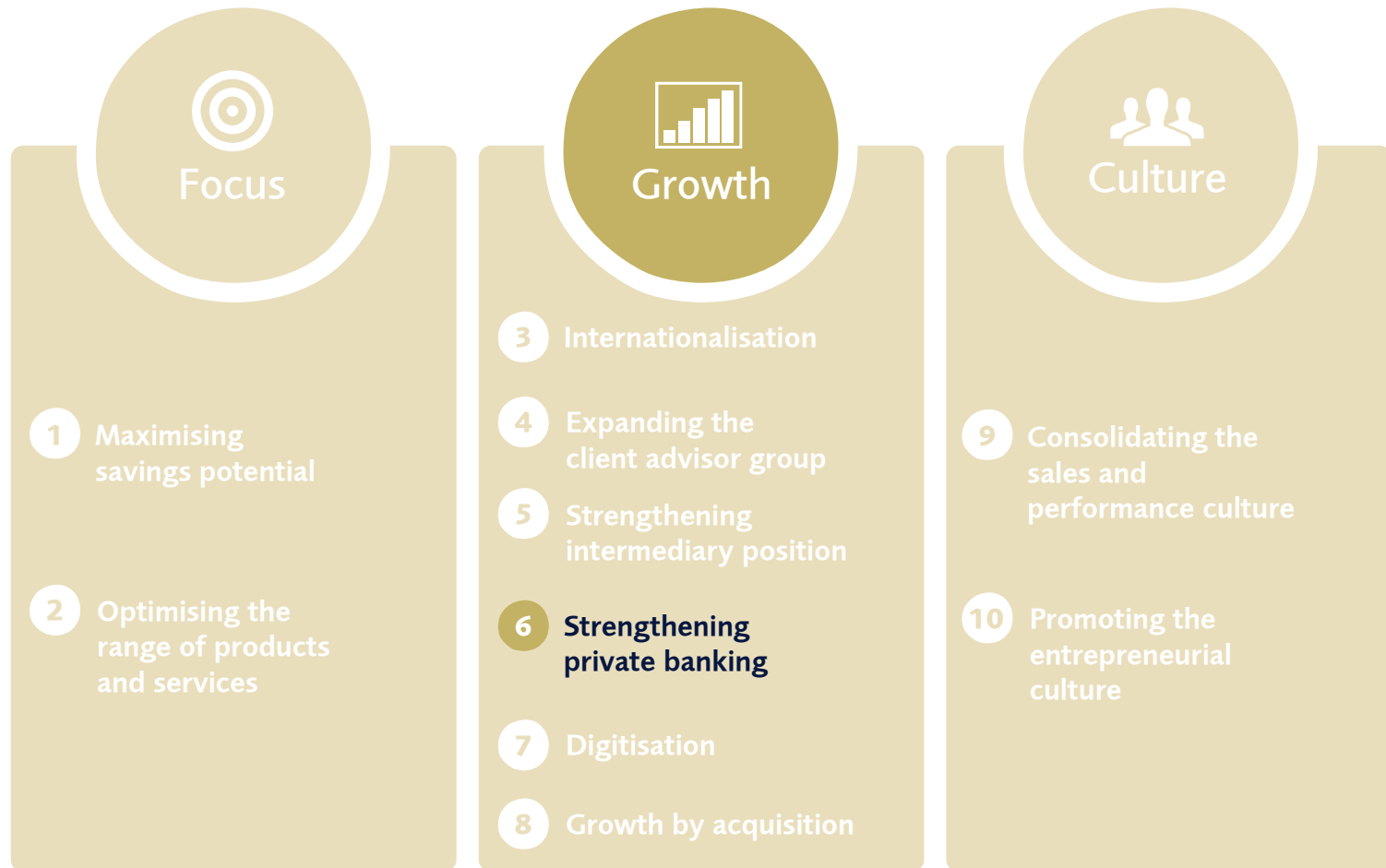
**Differentiated
personal
offering**

Segmentation

**New
comprehensive
advisory concept
by Key Account
Management**

**ProLink –
the new
information
platform for
intermediaries**

Key issues in 2016



Strengthening the private banking segment

Leverage points: quality of advisory services and offering

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

Redesign of
advisory
process

Introduction of
advisory
packages

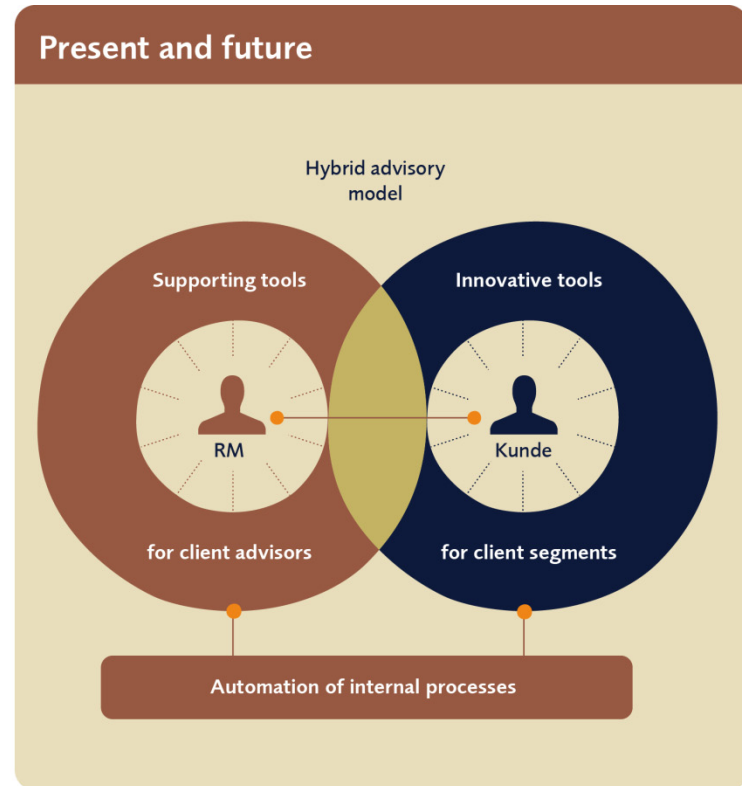
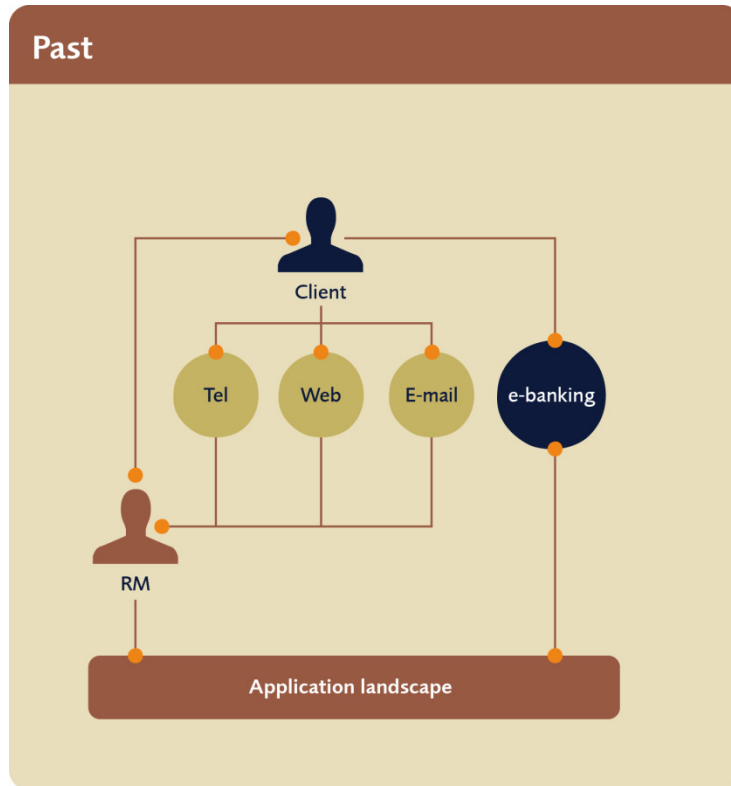
Introduction of
investment
advisory tool
Finfox

Virtual team
for handling
complex client
needs

Key issues in 2016



Going digital – its significance for VP Bank



Digitisation programme Next

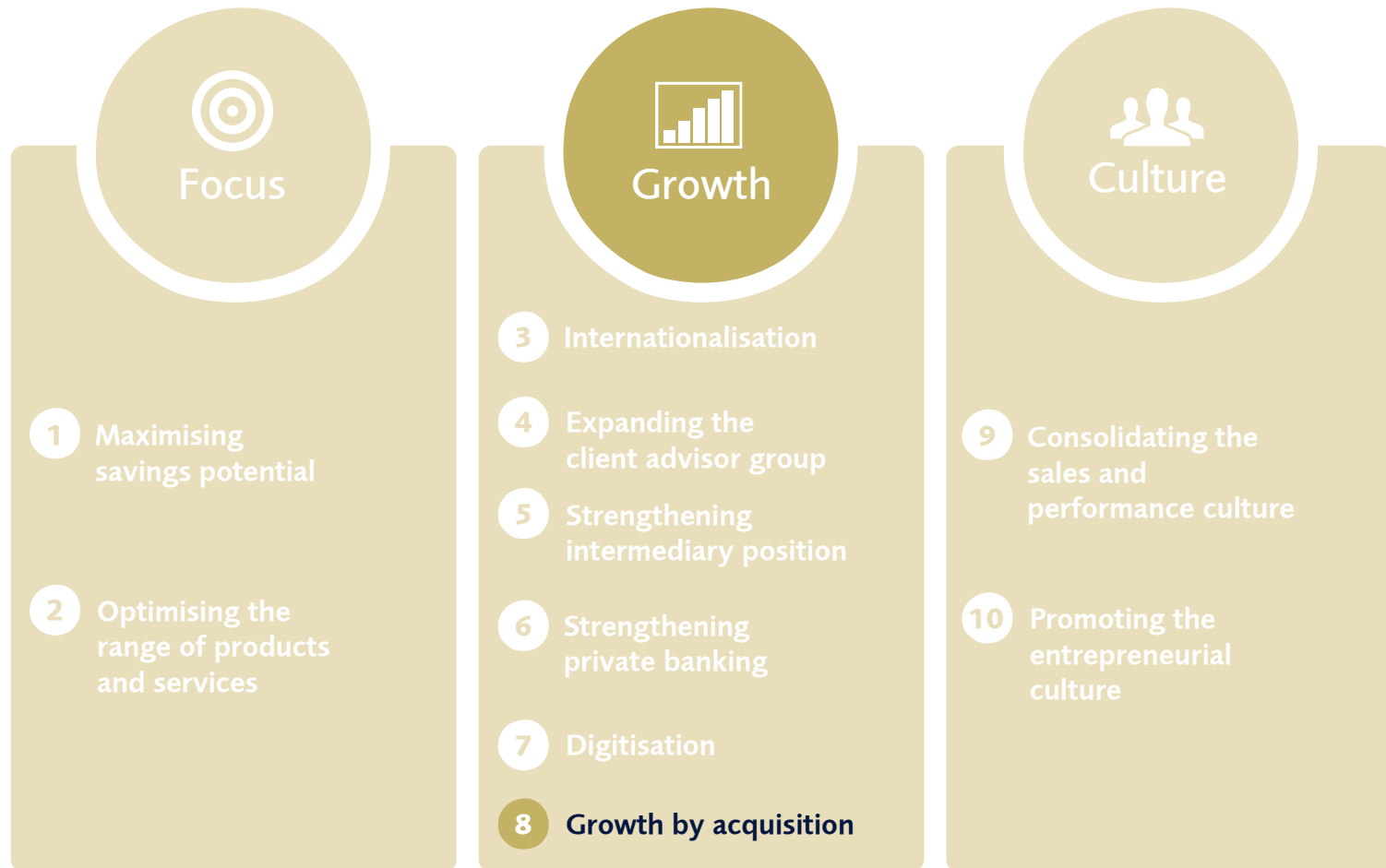
Phase 1

Modernising
existing
online
services

Phase 2

Targeted investment
in systems and data,
expansion of online
service offering

Key issues in 2016



Use of acquisition opportunities

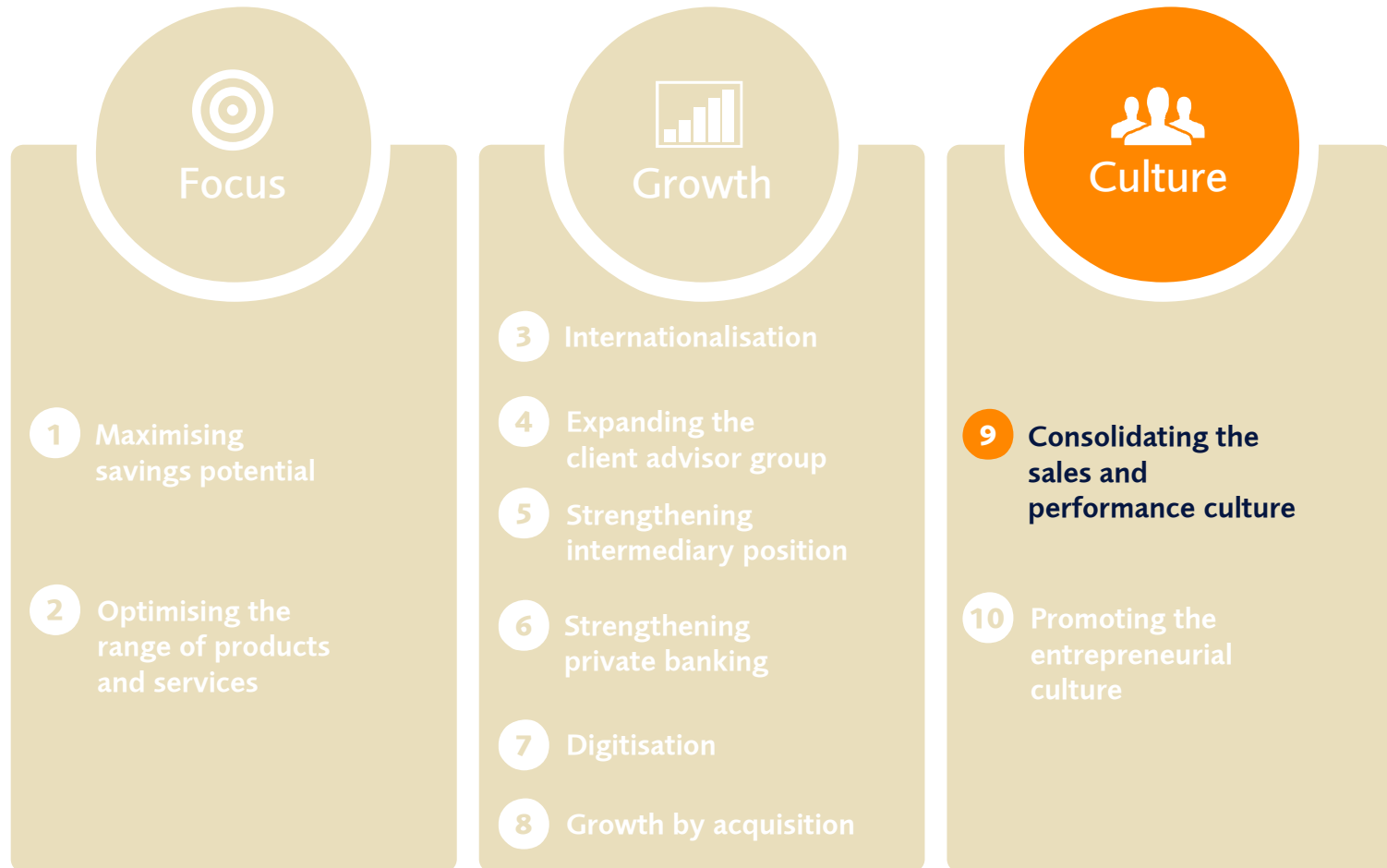
**Acquisition of
selected
portfolios and
advisory teams**

**Between
CHF 5 and 25 billion
in client assets
under management**

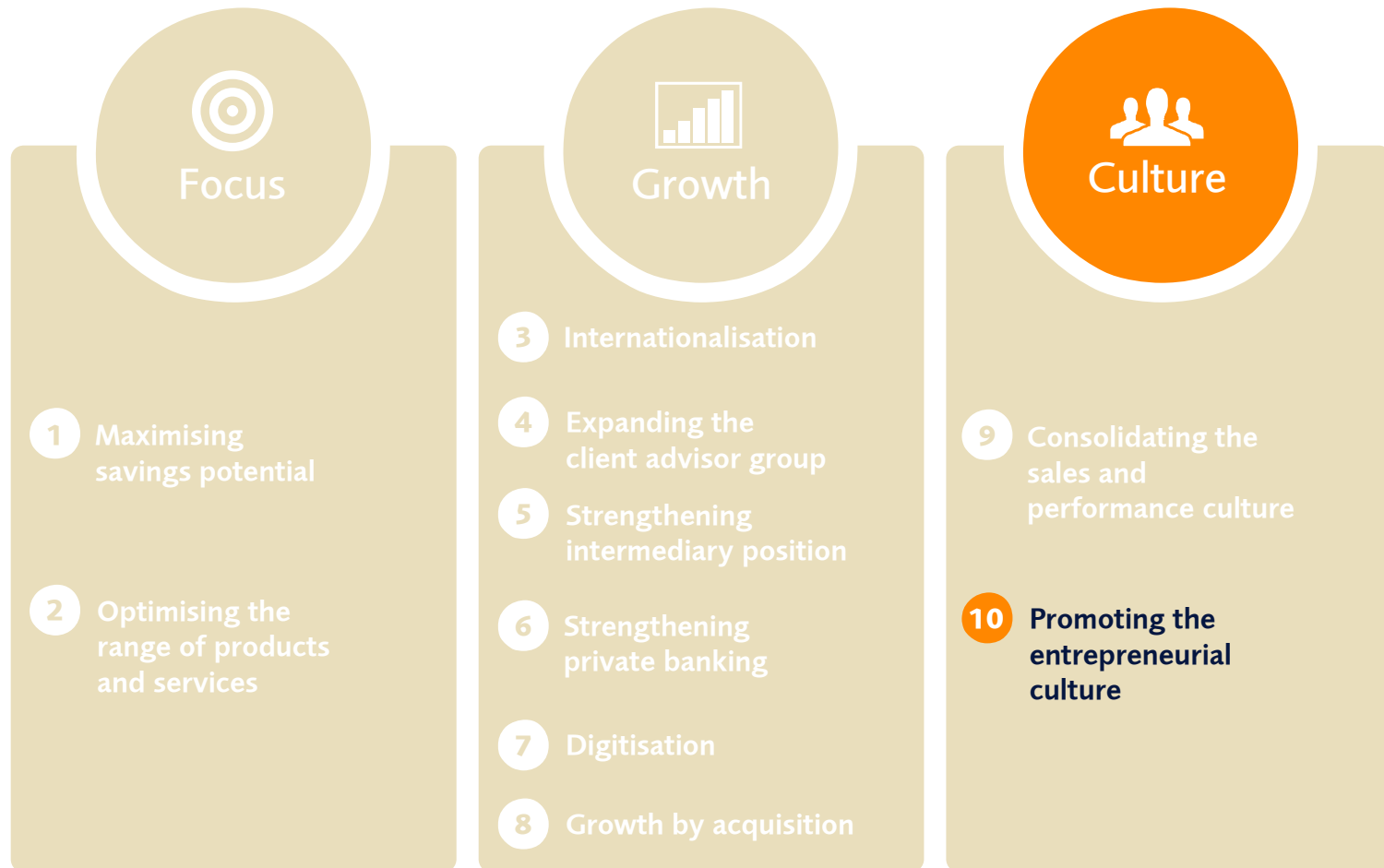
**Sufficient
shareholders'
equity
available**

**Cultural
fit
essential**

Key issues in 2016



Key issues in 2016



Culture-strengthening measures

Developing measures from the employee survey

- Involving employees
- Teamwork within the company
- Structures and processes
- Knowledge transfer

Leadership seminars

Noticeably improved working atmosphere

**Idea and innovation management
myContribution**

35 ideas submitted

Promoting apprentices, young specialists, students and graduates



**Questions and
answers**

