VP Bank Group
30 August 2016

VP Bank Group
2016 semi-annual results

Park Hyatt, Zurich

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Welcome and introduction

Fredy Vogt
Chairman of the Board of Directors

Schedule

1 **Welcome and introduction**

Fredy Vogt, Chairman of the Board of Directors

2 **2016 semi-annual results**

Siegbert Näscher, Chief Financial Officer

3 **Business update**

Alfred W. Moeckli, Chief Executive Officer

4 **Questions and answers**

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2016 semi-annual results

Siegbert Näscher
Chief Financial Officer

Overview of topics

- Profile as of 30 June 2016
- Income statement
- Balance sheet
- Client assets under management
- Segments
- Summary

Profile as of 30 June 2016

VP Bank in the first half of 2016 (1/2)

Group net income
CHF 24.4 million

Cost/income ratio
68.9%

Headcount (FTEs)
735

Net new money
CHF –0.2 billion

Client assets under management
CHF 34 billion

- Expansion of front-office activities and positive inflow of net new money in our growth markets
- Cost base significantly reduced thanks to synergies
- Challenging market environment

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VP Bank in the first half of 2016 (2/2)

- Risk-weighted assets reduced
- Bank counterparty risk significantly reduced
- Strengthened liquidity
- Additional share buyback programme launched

Tier 1 ratio
25.7%

Shareholders' equity
CHF 890 million

Standard & Poor's rating
A–/Stable/A-2

Conversion of bearer shares into registered shares A

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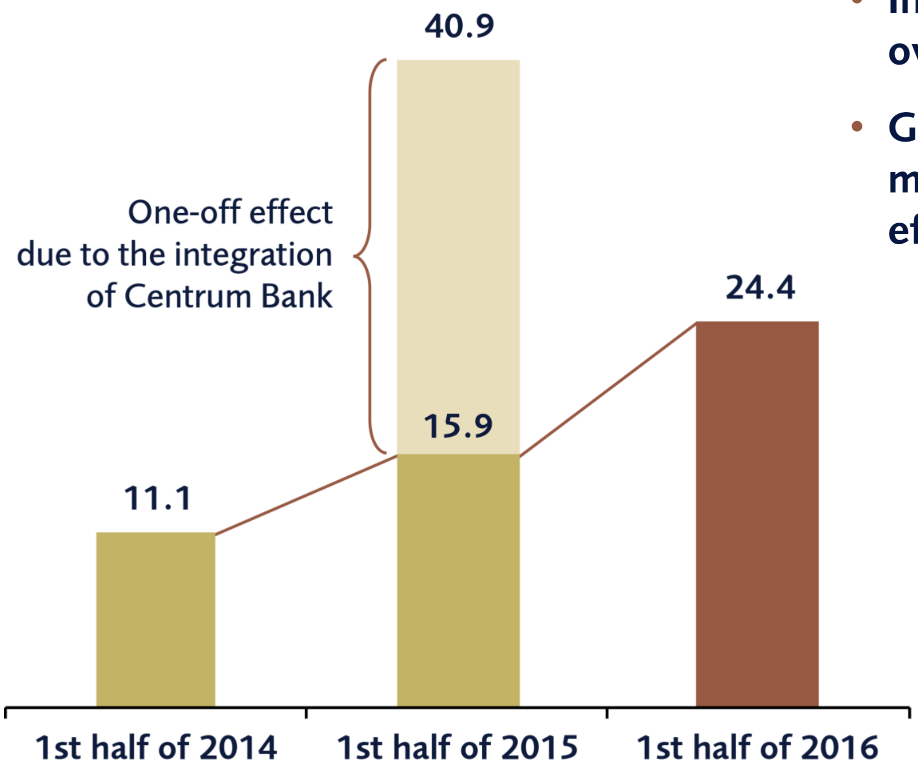
Income statement

Adjusted Group net income rises

in CHF million



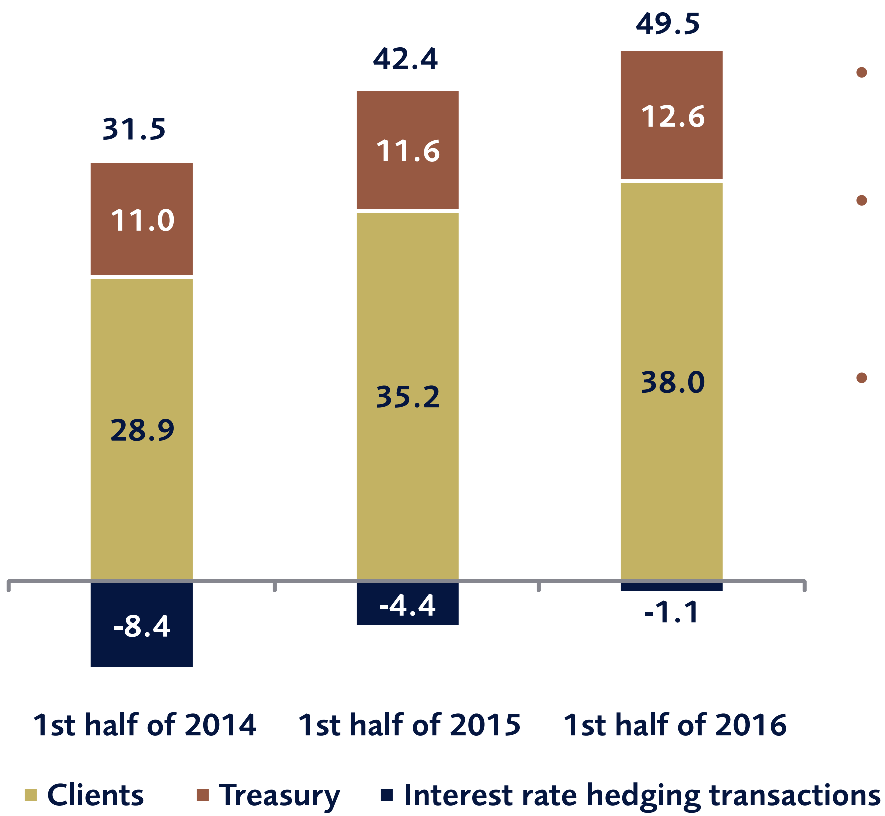
- Increase in Group net income over the last three years
- Growth of 53.2% in the first six months of 2016, excluding the effects of acquisitions

Income statement

in CHF million	1st half of 2014	1st half of 2015	1st half of 2016
Gross income	**110.5**	**172.5**	**129.8**
Operating expenses	–84.5	–96.8	–89.4
Depreciation and provisions	–15.1	–36.5	–12.1
Taxes	0.1	1.7	–3.9
Group net income	**11.1**	**40.9**	**24.4**

Interest business

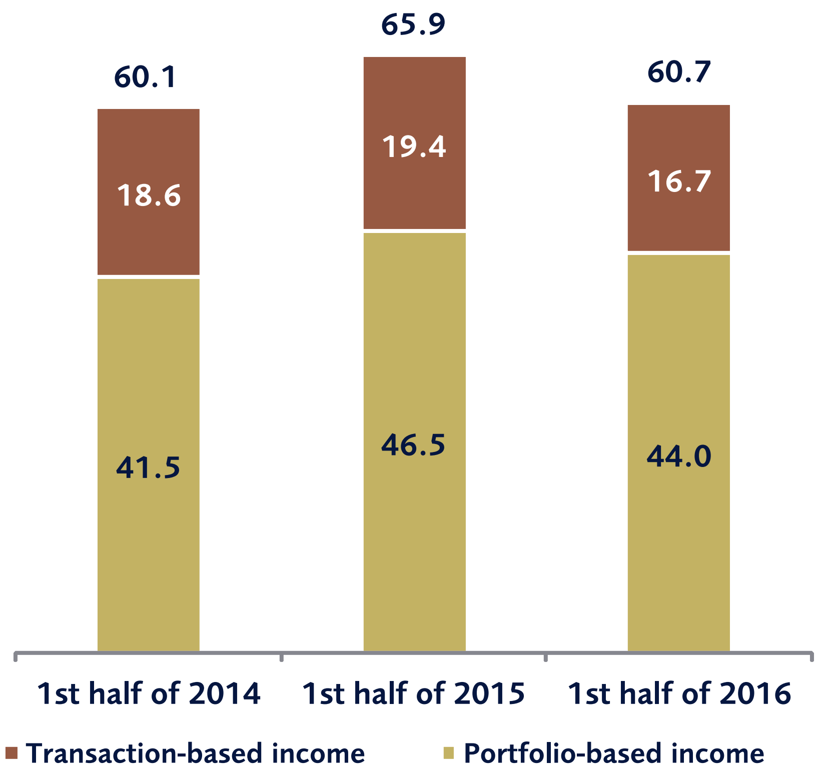
in CHF million



- Volume increase in client lending and expansion of margins
- Negative interest rate and decrease in client deposits
- Optimisation of balance sheet's risk/return profile due to negative interest rates

Commission business and services

in CHF million



- Tense financial markets and lower risk appetite among clients during the first half of the year
- Decreasing number of client transactions led to lower net income from the securities business
- Positive development of fund management fees

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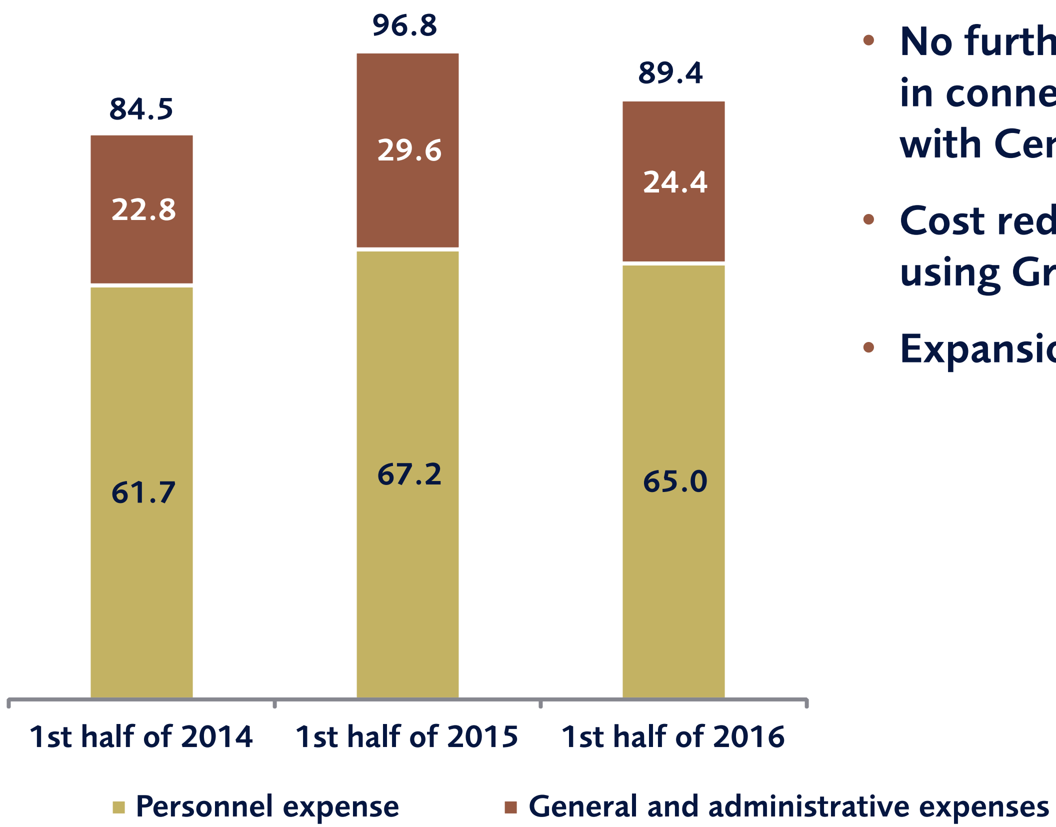
Operating expenses

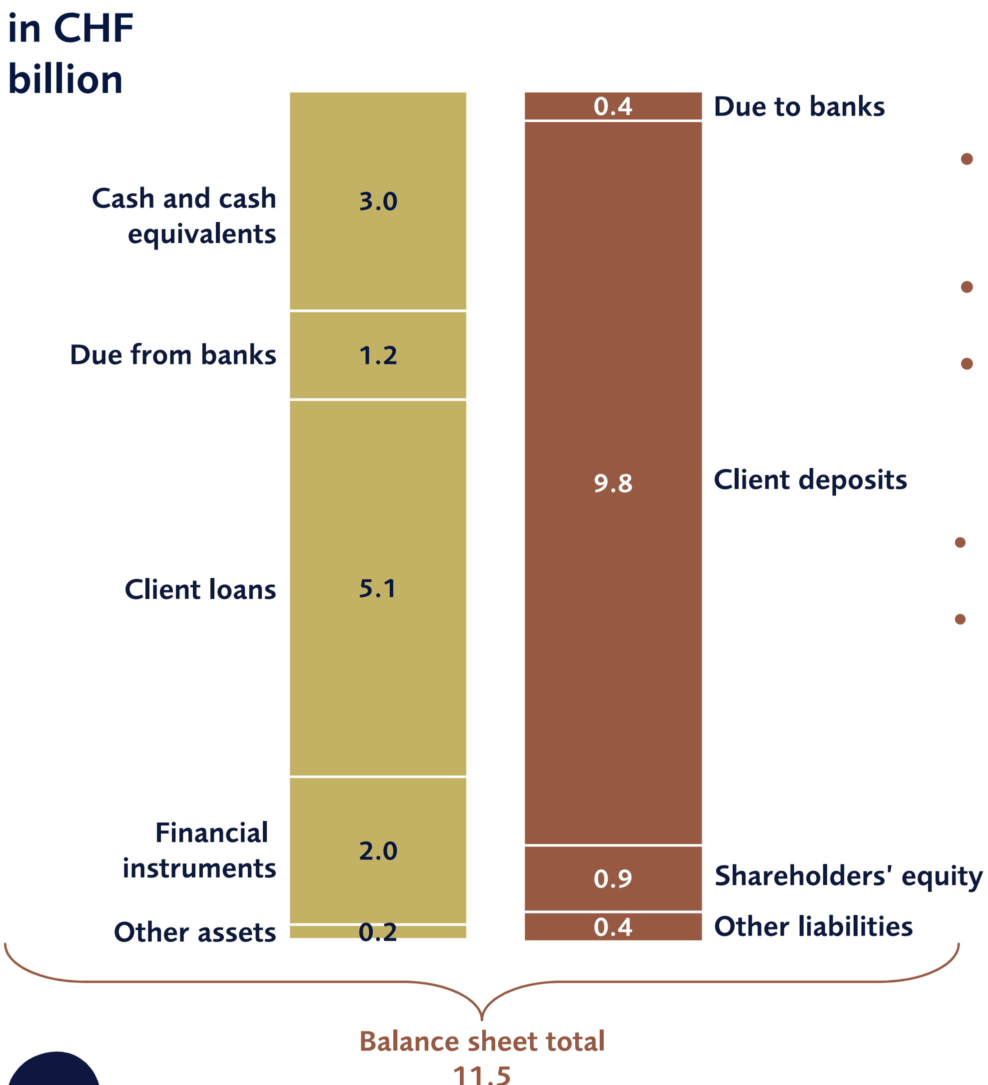
in CHF million



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

Balance sheet

Sound balance sheet as at 30 June 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

Strong balance sheet ratios

	31.12.2014	31.12.2015	30.06.2016
Balance sheet total in CHF billion	11.2	12.4	11.5
Risk-weighted assets in CHF billion	4.2	3.7	3.5
Equity in CHF million	868.5	918.1	890.0
Core capital in CHF million[1]	860.5	911.2	902.0
Tier 1 ratio[1]	20.5%	24.4%	25.7%
Leverage ratio[2]	7.7%	7.0%	7.4%
Loan-to-deposit ratio[3]	44.2%	46.5%	51.9%
Non-performing loans[4]	0.3%	0.4%	0.5%

[1] 2015 and 2016: calculations based on Basel III framework; 2014: calculation 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.

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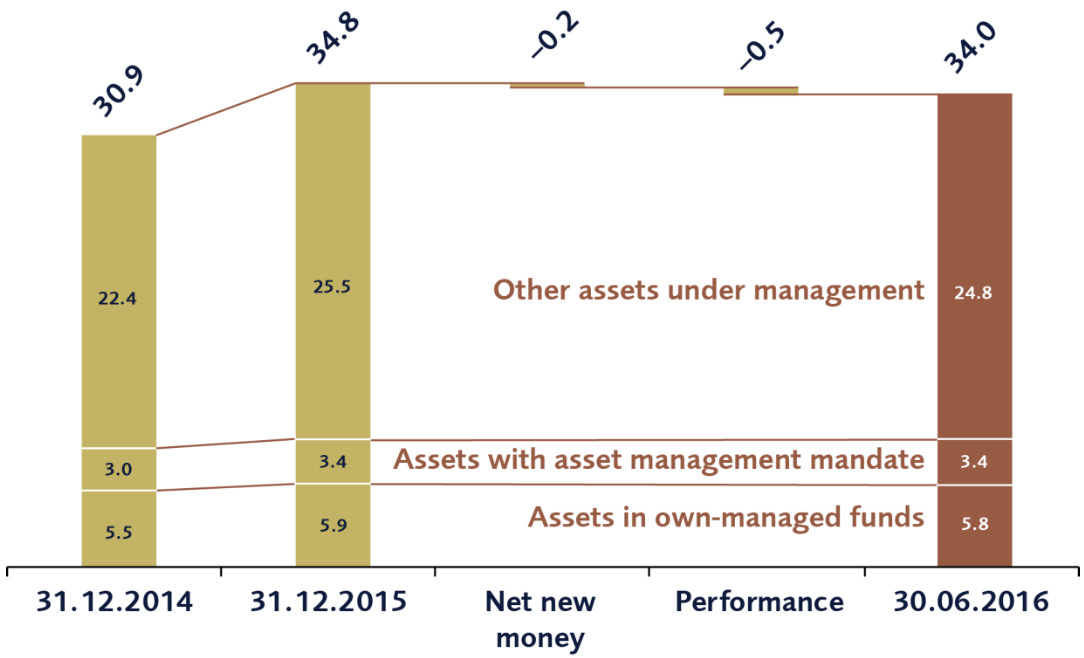
Client assets under management

Slight decline in client assets under management

in CHF billion



- Positive development of inflow of net new money
- Significant inflows in Asia and for fund services
- 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

Segments

Segment overview as of 30 June 2016

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF[1]	27.9 billion	11.3 billion	–	39.1 billion
Net new money in CHF	–0.3 billion	0.1 billion	–	–0.2 billion
Pre-tax net income in CHF	47.3 million	4.3 million	–23.3 million	28.3 million
Gross margin in base points[2]	63	61	–	–
Headcount in FTEs	170	239	326	735

[1] Client assets under management and client loans.
[2] Gross income divided by average business volume.

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Summary

VP Bank Group – summary

Growth in line with strategy

- Expansion of client advisor team
- Inflow of net new money in our growth markets

Strong operative performance

- Utilization of Group synergies
- Further development of front-office activities

Secure and stable Bank

- High level of liquid assets
- Solid shareholders' equity
- Strong tier 1 ratio

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Business update

Alfred W. Moeckli

Chief Executive Officer

Business update

Target market Russia – clear growth strategy

Ongoing adjustment in Europe

Positive trend of inflow of net new money in Asia

Target market Switzerland – reinforced sales organisation

Successful fund business

Markets and clients

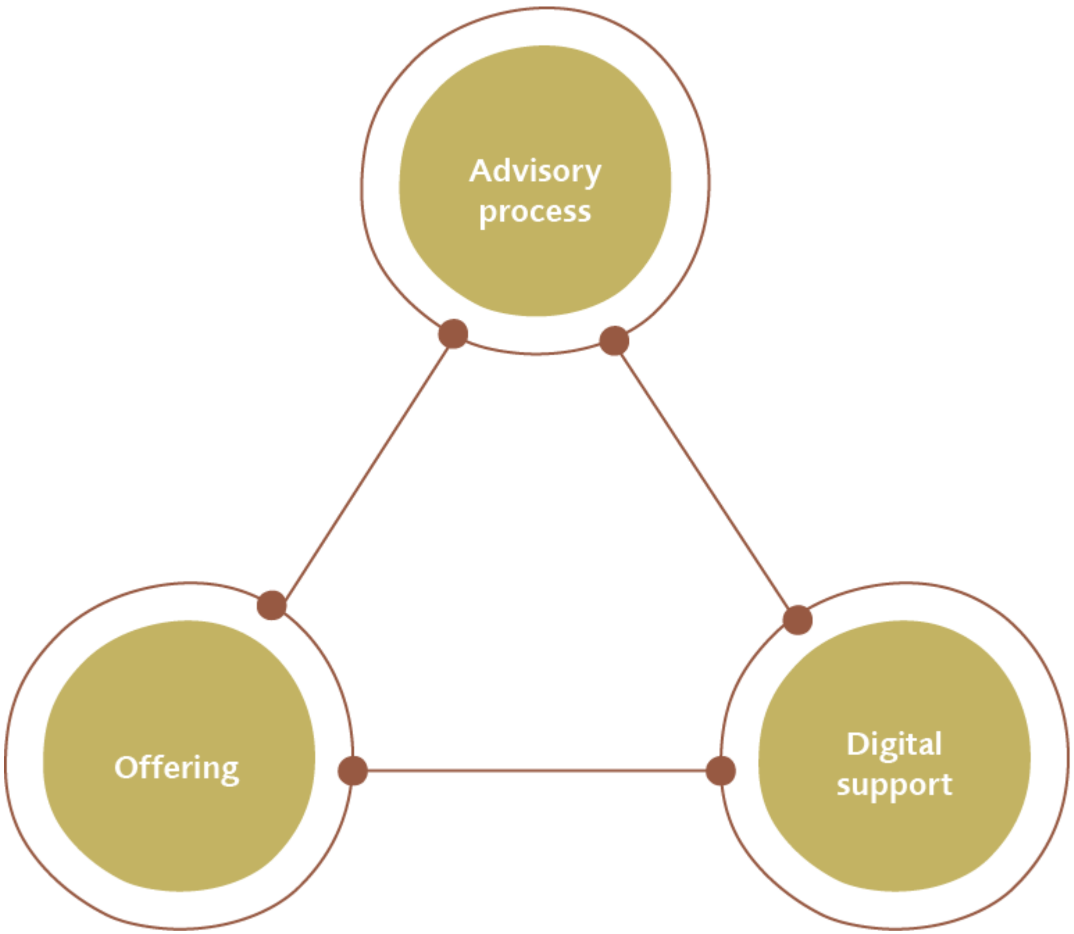
Intermediaries – current situation and solution

Online banks "Niche players"	VP Bank	International banks "All-rounders"
For all clients	Doing the right things right	For premium clients
Efficient and reliable standard service at a competitive price	Differentiated offering	First-class products/services
Need for digitisation, automation, self-service		Selected supplementary services
Personal service as an expensive alternative		IT tools / connectivity
		Systematic and proactive client relationship management
		"Personal touch"

Intermediaries – novelties in our offering

- Segment-specific differentiation of offering and relationship management
- Volume- and channel-based pricing differentiation
- Introduction of package solutions
- Advisory services for external asset managers
- Extension of digital services

Advisory expertise



Medium-term goals 2020

Client assets under management of CHF 50 billion

Cost/income ratio below 70%

Group net income of CHF 80 million

A combined growth strategy is being pursued

Organic growth

- Organic growth alone will not lead to the achievement of the defined medium-term objectives

Mergers and acquisitions

- M&A success cannot be planned and is dependent on, among other factors, opportunities on the market
- Continued active monitoring of opportunities
- No takeovers at any cost; no banks that do not fit our strategy

Stepping up client advisor recruitment

- Stepping up of recruitment activities for potential client advisors should close part of the gap as regards our medium-term goals

+ +

Combined growth efforts are necessary

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M&A activities of VP Bank

Available funds

- Capital of up to around CHF 400 million[3] is available for purchases
- Theoretically, this would be enough to purchase assets under management of over CHF 20 billion

Initiation of transactions

- Active addressing of topic with owners/stakeholders of other banks
- Systematic market coverage / search mandate via M&A specialists
- Active review of targets

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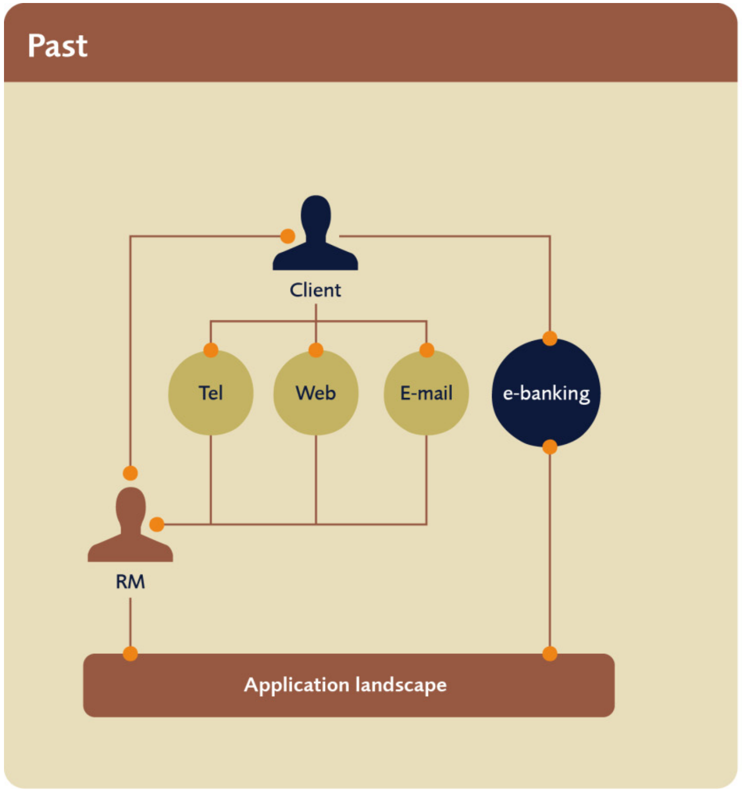
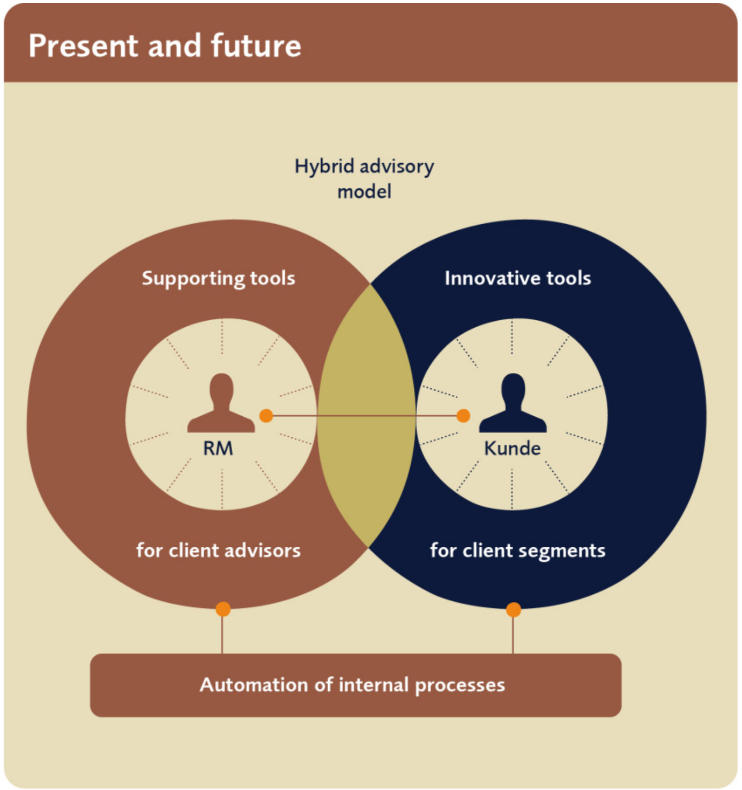
[1] Depending on the transaction structure and content.

[2] AT1 = additional tier 1 capital (debt capital that, depending on the conditions, is counted as tier 1 capital).

[3] Taking account of a continued appropriate capitalisation.

Going digital – its significance for VP Bank





Thank you

Questions and answers

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Safely ahead.