

Park Hyatt, Zurich · 22 August 2017

# 2017 semi-annual results



# Programme


- Welcome  
Fredy Vogt, Chairman of the Board of Directors
- 2017 semi-annual results  
Siegbert Näscher, Chief Financial Officer
- Strategy implementation  
Alfred W. Moeckli, Chief Executive Officer
- Questions and answers



# Welcome

Fredy Vogt · Chairman of the Board of Directors





# 2017 semi-annual results

Siegbert Näscher · Chief Financial Officer

# Overview of topics

- Profile as of 30 June 2017
- Income statement
- Balance sheet
- Client assets under management
- Segments
- Summary



**Profile as of 30 June 2017**

# VP Bank in the first half of 2017

## Strong income and profit growth

Group net income of CHF 31.5 million (+28.8%)

Cost/income ratio of 64.6% (68.9%\*)

Increase in all sources of revenue

Increase in costs resulting from agreement with authorities in North Rhine-Westphalia (NRW)

## Excellent inflow of net new money

Net new money of CHF 1.1 billion (-0.2 billion)

All locations with positive net new money performance

## Sound balance sheet

Tier 1 ratio of 25.9% (27.1%\*\*)

Standard & Poor's rating: A-/Positive/A-2

Extremely healthy balance sheet

High level of liquid assets

\* as at 30 June 2016

\*\* as at 31 December 2016

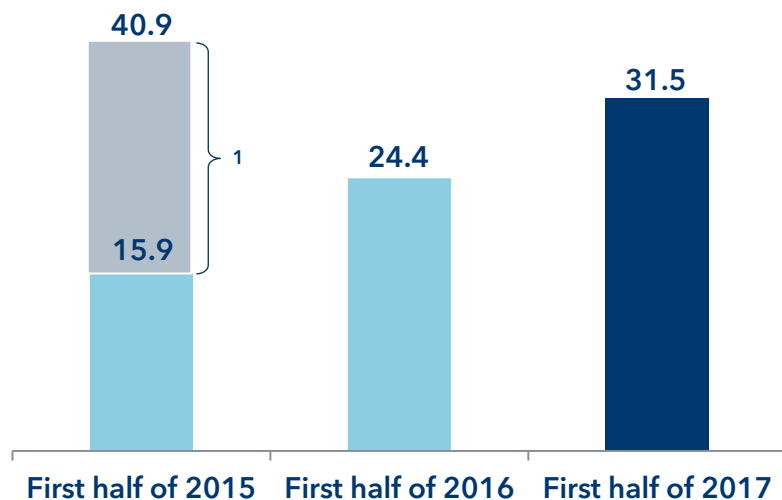
# Income statement



# Adjusted Group net income rises

- Significant improvement in Group net income over the last three years
- Up 74% in first semester of 2017 after adjustment for NRW

## Group net income in CHF million

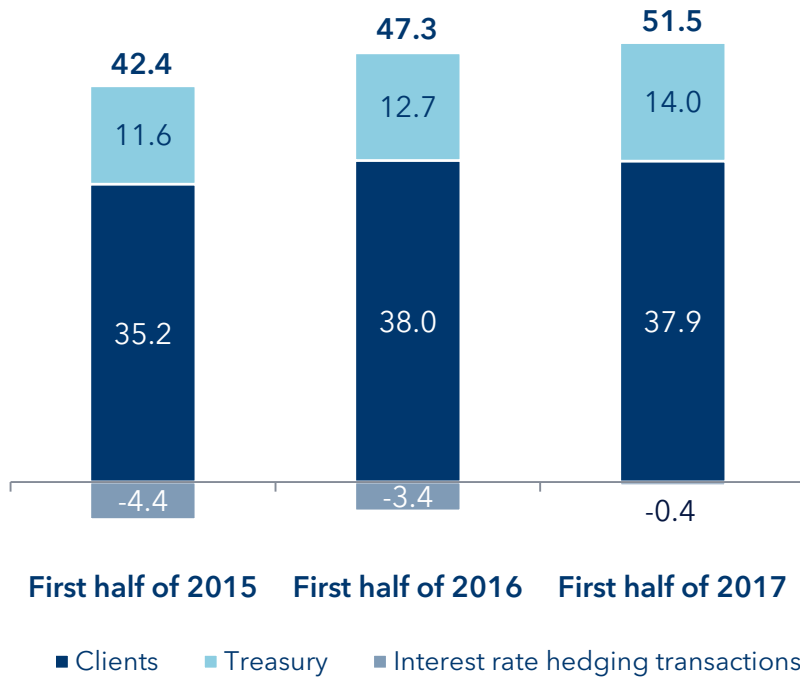


## Income statement in CHF million

	First half of 2015	First half of 2016	First half of 2017
Operating income	172.5	129.8	151.1
Operating expenses	-133.2	-101.5	-117.2
Taxes	1.7	-3.9	-2.5
<b>Group net income</b>	<b>40.9</b>	<b>24.4</b>	<b>31.5</b>

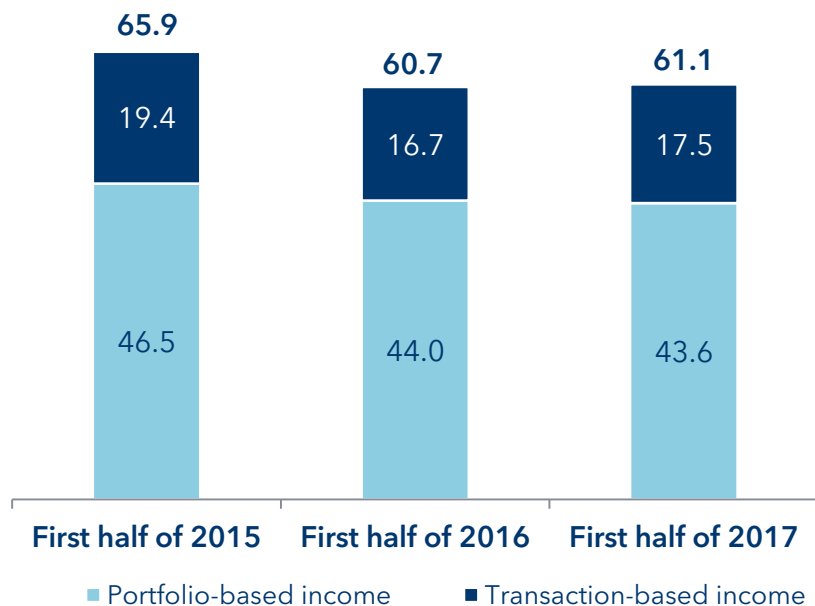
<sup>1</sup> One-off effect due to the integration of Centrum Bank.

## Interest income (in CHF million)



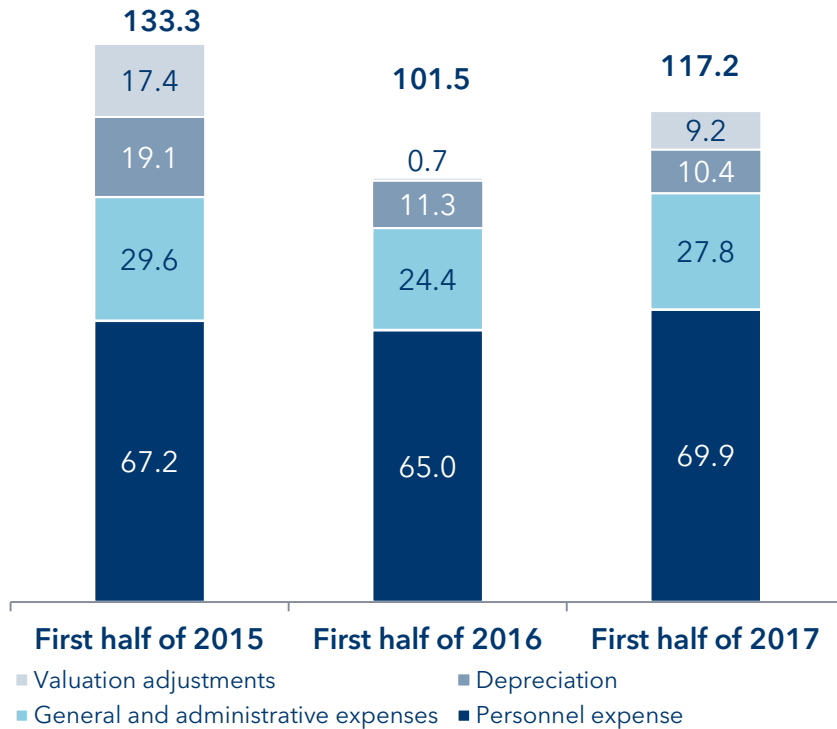
- Volume increase in client lending and financial investments
- Decline in client deposits
- Active treasury management

## Commission business and services (in CHF million)



- Increase in client activity
- Friendly market environment
- Stable portfolio-based income

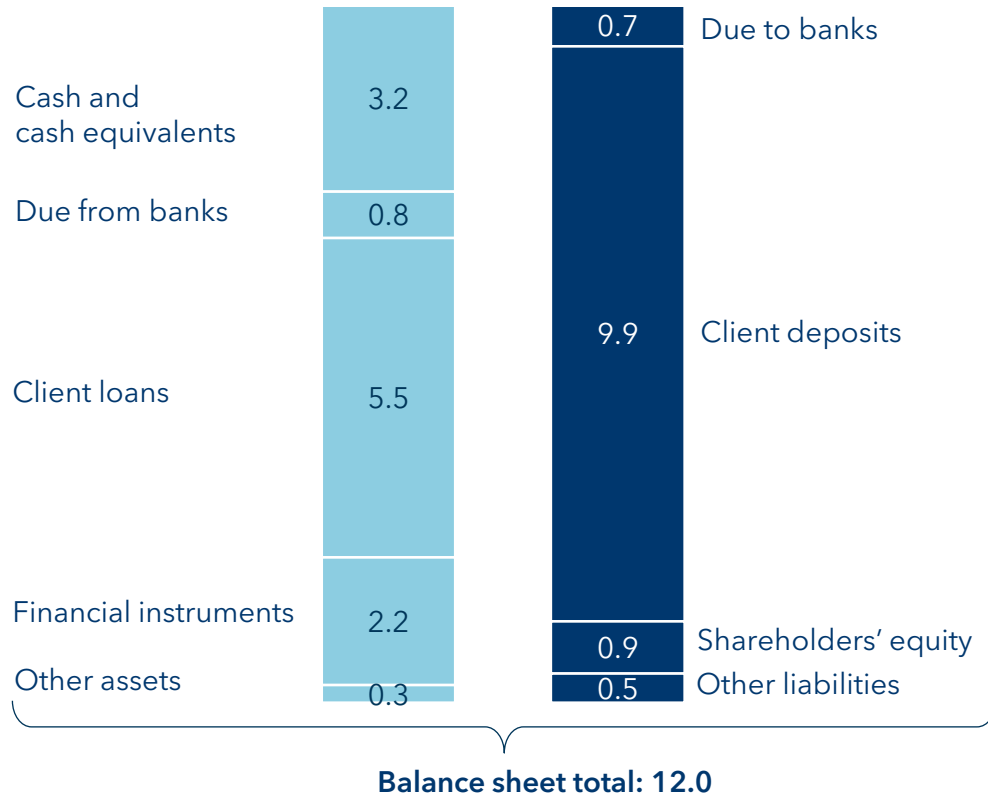
# Operating expenses (in CHF million)



- Provisions for the agreement with the authorities in North Rhine-Westphalia
- Client advisor growth initiatives and recruitment campaign
- Digitisation
- Brand renewal

# Balance sheet

# Solid balance sheet as of 30 June 2017 (in CHF billion)



- Slight increase in balance sheet total
- Increase in client lending
- High level of liquid assets
- Decline in client deposits
- Slight increase in risk-weighted assets

## Strong balance sheet ratios

	31.12.2015	31.12.2016	30.06.2017
Balance sheet total in CHF billion	12.4	11.8	12.0
Risk-weighted assets in CHF billion	3.7	3.5	3.6
Equity in CHF million	918.1	936.9	942.3
Core capital in CHF million	911.2	938.5	937.0
Tier 1 ratio	24.4%	27.1%	25.9%
Leverage ratio <sup>1</sup>	7.0%	7.8%	7.6%
Loan-to-deposit ratio <sup>2</sup>	46.5%	52.2%	55.8%
Non-performing loans <sup>3</sup>	0.4%	0.9%	1.1%

<sup>1</sup> Ratio of allocable shareholders' equity to balance sheet total.

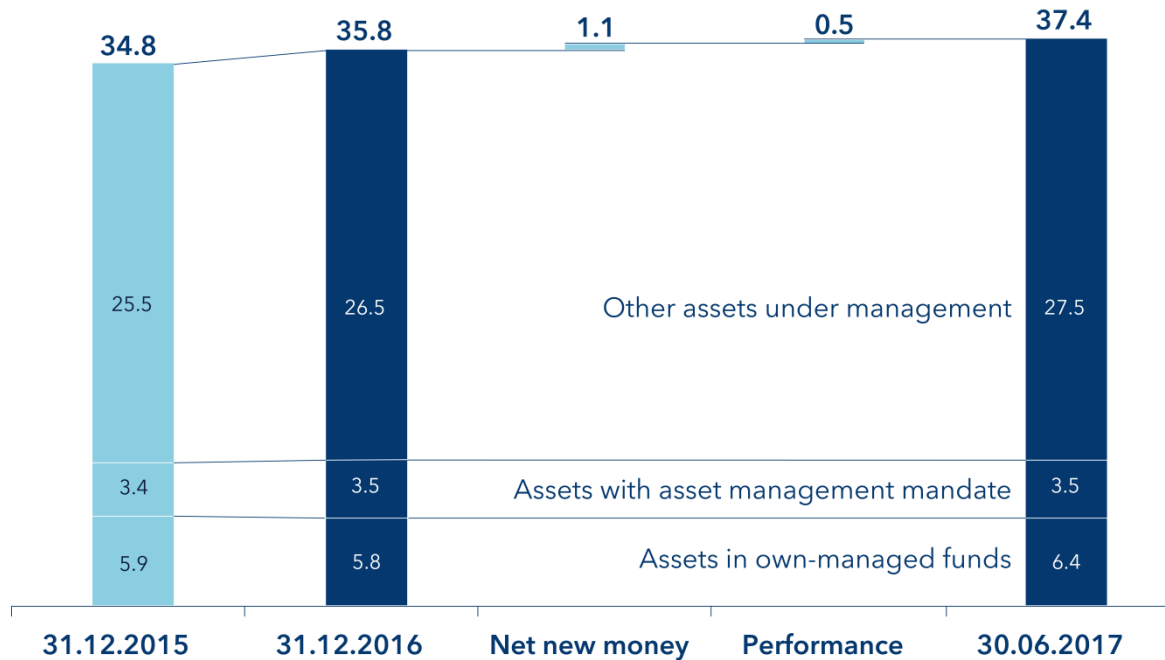
<sup>2</sup> Ratio of client loans to client deposits.

<sup>3</sup> Ratio of non-performing loans to client loans.

# Client assets under management

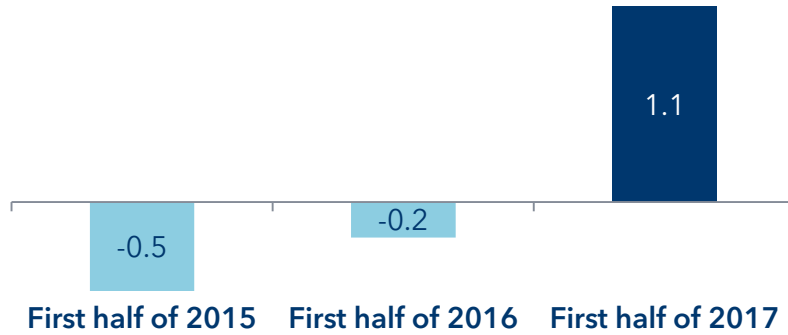


## Increase in client assets under management (in CHF billion)



- Increase in client assets under management
- Positive development of inflow of net new money and performance
- Expansion of fund business

## Net new money (in CHF billion)



- Continuous improvement in inflow of net new money over the last three years
- All locations have made a positive contribution
- Significant inflows in fund services and at international locations
- Recruitment of new client advisors shows some initial success
- Inflows from existing clients

# Segments

## Segment overview as of 30 June 2017

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF <sup>1</sup>	29.1 billion	13.8 billion	-	42.9 billion
Net new money in CHF	0.0 billion	1.1 billion	-	1.1 billion
Pre-tax net income in CHF	54.7 million	5.4 million	-26.1 million	33.9 million
Gross margin in basis points <sup>2</sup>	63	59	-	-
Headcount in FTEs	179	240	338	757

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

<sup>2</sup> Operating income divided by average business volume.

# Summary

# Summary

## **Growth in line with strategy**

- Client advisor recruitment campaign
- Inflow of net new money at all locations

## **Strong operative performance**

- Increase in revenues
- Further development of front-office activities

## **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

# Key issues in 2017



- 1 New investment advisory solutions
- 2 Digitisation programme Next



- 3 Internationalisation
  - Switzerland location
  - VP Fund Solutions
- 4 Expanding the client advisor group
- 5 Growth by acquisition



- 6 Employee survey 2017
- 7 Leadership training courses and VP Bank journeys
- 8 Brand launch event



# Key issues in 2017



## Focus

- 1 **New investment advisory solutions**
- 2 **Digitisation programme Next**



## Growth

- 3 **Internationalisation**
  - Switzerland location
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- 4 **Expanding the client advisor group**
- 5 **Growth by acquisition**

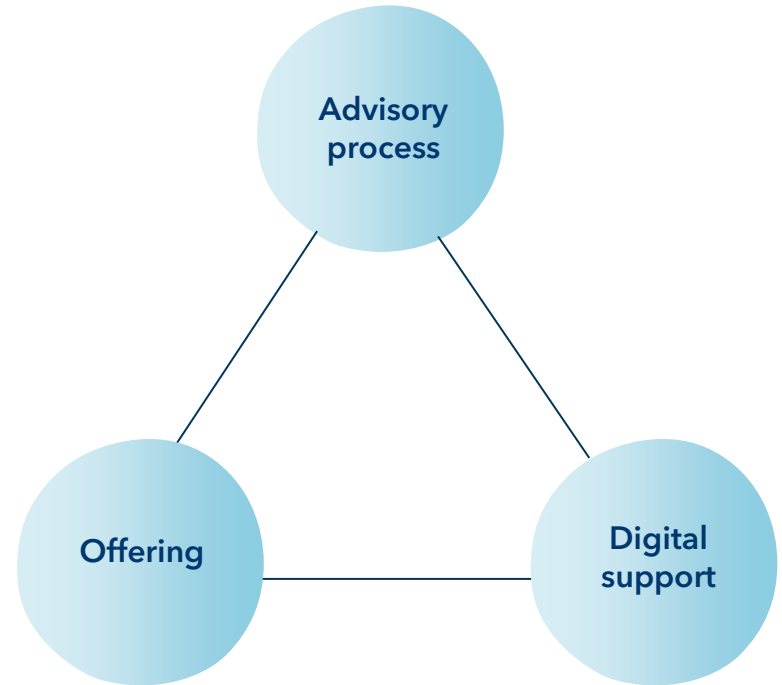


## Culture

- 6 **Employee survey 2017**
- 7 **Leadership training courses and VP Bank journeys**
- 8 **Brand launch event**

# New investment advisory solutions

- Optimised advisory process launched in all relevant units
- Great deal of interest in the three new investment advisory packages
- New investment advisory software successfully implemented



# Key issues in 2017



- 1 New investment advisory solutions
- 2 **Digitisation programme Next**



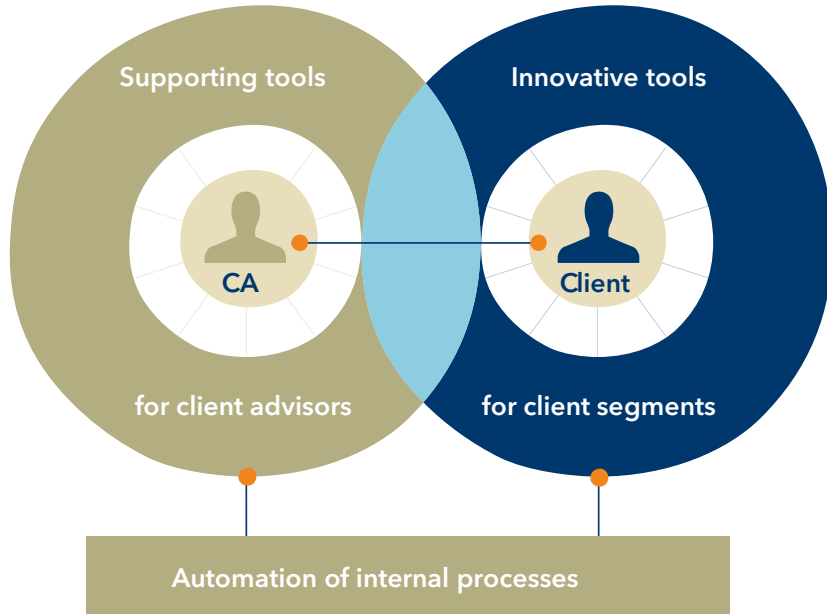
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# Digitisation programme Next

## Hybrid advisory model



## Implementation phase 1

- Complete redesign of website
- Integration of ProLink information platform for intermediaries
- Integration of optimised e-banking in portal solution from start of 2018
- Optimisation of mobile banking app
- Launch of virtual meeting tool

# Key issues in 2017



## Focus

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## Growth

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## Culture

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# Internationalisation - Switzerland location

- New member of the Executive Board: Maximilian Barth
- Successful conversion to powerful sales organisation
- Positive development of net new money
- Promising recruitment of new client advisors
- Relocation to ultra-modern building



# New premises for VP Bank (Switzerland) Ltd



# Internationalisation - VP Fund Solutions

- Fund business as an attractive growth segment
- Fund strategy driven forward with success
- One-stop shop as sales argument
- Positive development of assets under management
- Great deal of interest in reserved alternative investment fund (RAIF)





# Key issues in 2017



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## Expanding the client advisor group - client advisor hiring project

Approx. 75 client advisors to be hired by end of 2019

17 client advisors already hired

VP Bank as an attractive employer

Initial inflows of net new money

# Key issues in 2017



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# Targeted use of acquisition opportunities

Ongoing review  
of acquisition  
opportunities

Cultural fit  
essential

Comfortably able  
to take over up to  
CHF 25 billion  
in client assets  
under management

Excellent  
equity base

# Key issues in 2017



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## Culture - numerous initiatives and measures

Further Group-wide  
employee survey in  
September

Positive feedback  
on leadership  
seminars

Successful  
brand launch event

Lightning surveys  
reflect improved  
working atmosphere

Intensive  
networking at  
VP Bank  
Journey



## Questions and answers





**Thank you**