

VP Bank Group · 21 August 2018

Semi-annual results Analysts conference





Welcome

Fredy Vogt · Chairman of the Board of Directors



Programme

- **Growth - Share price - Rating**
Alfred W. Moeckli, Chief Executive Officer
- **VP Bank Group 2018 semi-annual financial statement**
Siegbert Näscher, Chief Financial Officer
- **Outlook**
Alfred W. Moeckli, Chief Executive Officer
- **Questions & answers**

Growth - Share price - Rating

Alfred W. Moeckli · Chief Executive Officer



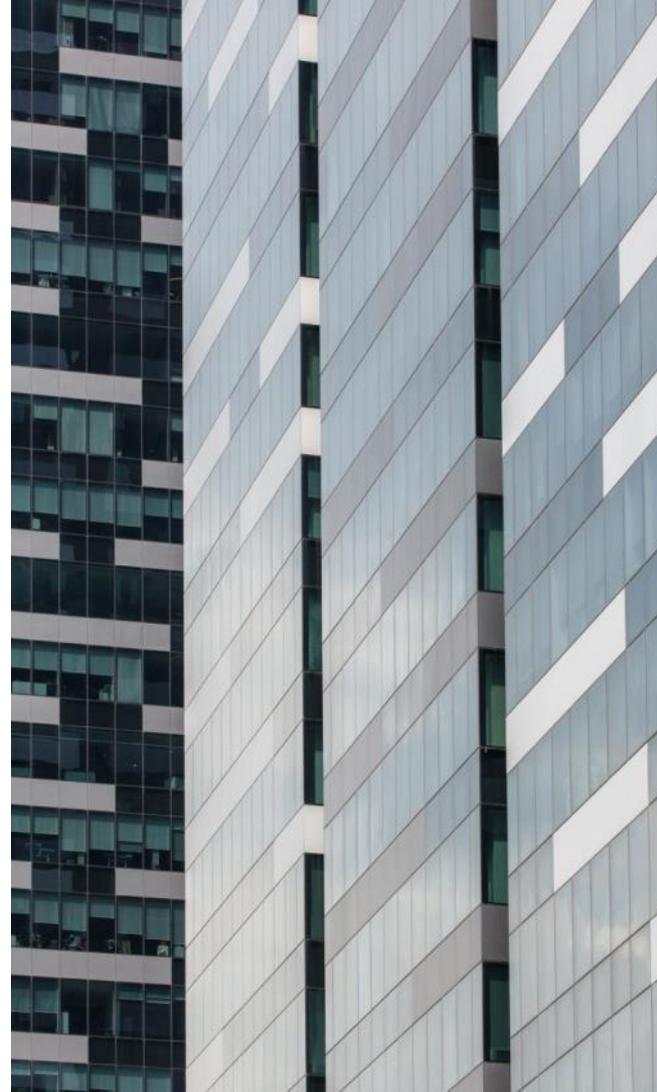
Anniversary year and investment in growth

- 2018 - anniversary year for several Group companies
- 30 years for VP Bank (Luxembourg) SA and 20 years for VP Fund Solutions: Commitment to Luxembourg financial centre through move to new, spacious office building with a long-term lease agreement
- 30 years for Zurich subsidiary: Move in March 2018 to a prestigious building with state-of-the-art infrastructure
- 10 years for the Singapore site: Expansion of office space in April 2018 with space for 40 additional employees
- Renovation project at the Liechtenstein head office building, creation of a flexible work environment
- «Relationship Manager Hiring»: 31 new advisors since the start of the project in 2016
- Support for the Group's growth through substantial investments



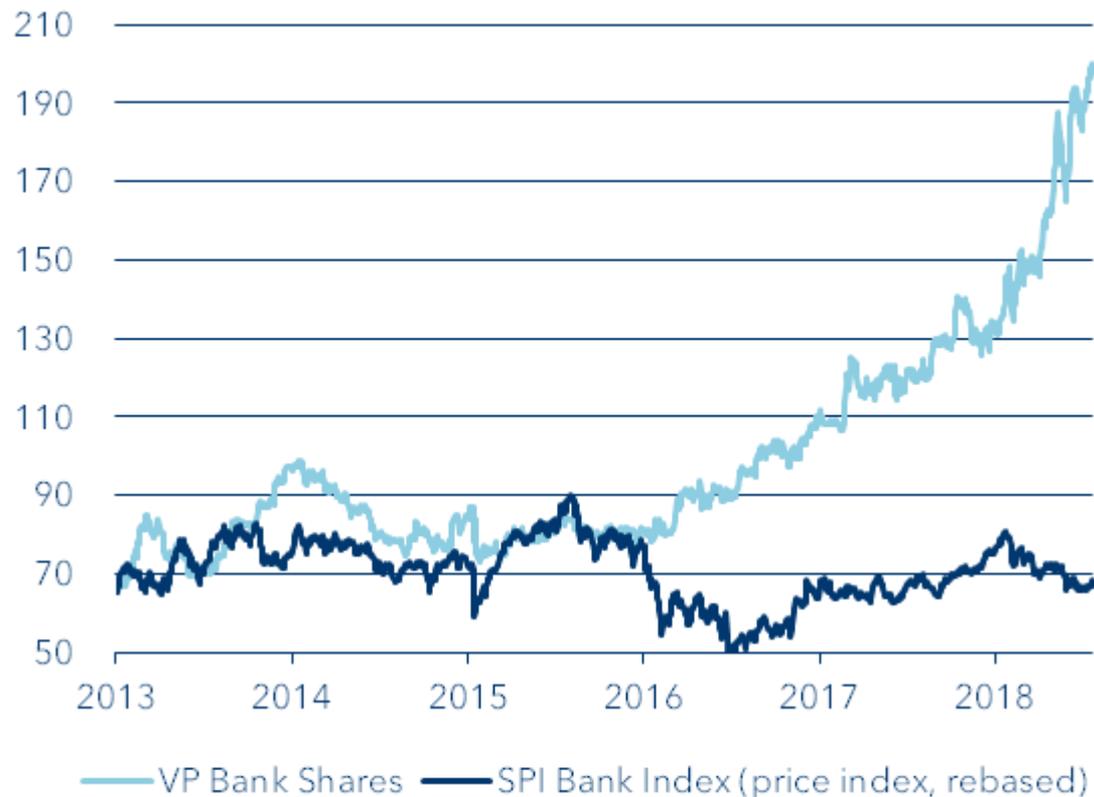
VP Bank (Singapore) Ltd

- Asia is one of the most important growth markets for private banking
- VP Bank's successful growth strategy in Asia
- As from 1 September, VP Bank will become a branch in Singapore (formerly a subsidiary)
- Merchant bank license expanded to wholesale bank license
- New name: **VP Bank Ltd Singapore Branch**



VP Bank share price – favourable trend

- Further strong share price gains in the first half of 2018
- Low of CHF 130.80 (January), High of CHF 194.00 (June)
- 41.95% gain in the first half of 2018 (including dividend)
- +52.77% outperformance over SIX banking index
- +50.18% outperformance over SMI



Exzellent «A» Rating from Standard & Poor's

- 17 May 2018: Standard & Poor's upgrades VP Bank's "A-" rating to "A" and assesses the outlook as "stable"
- Justifications: 2017 net new money, operating gains, strong capitalisation, substantial financial leeway enabling investments
- New rating "A/Stable/A-1"
- 9 August 2018: Confirmation of rating and outlook, publication of a detailed report



The background of the slide features a modern architectural structure. On the right side, there is a curved, white, ribbed overhang supported by a series of vertical, light-colored columns. On the left side, there is a white, curved surface with a grid-like pattern of lines. The overall scene is set against a light, overcast sky.

2018 semi-annual results

Siegbert Näscher · Chief Financial Officer

Overview of topics

- Profile as of 30 June 2018
- Income statement
- Balance sheet
- Client assets under management
- Segments
- Summary





Profile as of 30 June 2018

VP Bank in the first half of 2018

Decline in income and profit growth

Group net income of CHF 29.3 million (-6.9%)

Cost/income ratio of 70.3% (64.6%*)

Lower returns from financial investments

Operating expenses remain unchanged

Good net new money performance

Net new money of CHF 0.6 billion (1.1 billion)

Successful acquisition initiatives across all segments

Sound balance sheet

Tier 1 ratio of 22.6% (25.7%**)

Standard & Poor's rating: A/Stable/A-1

Extremely healthy balance sheet and high level of liquid assets

Excellent rating with a stable outlook

* 30 June 2017.

** 31 December 2017.

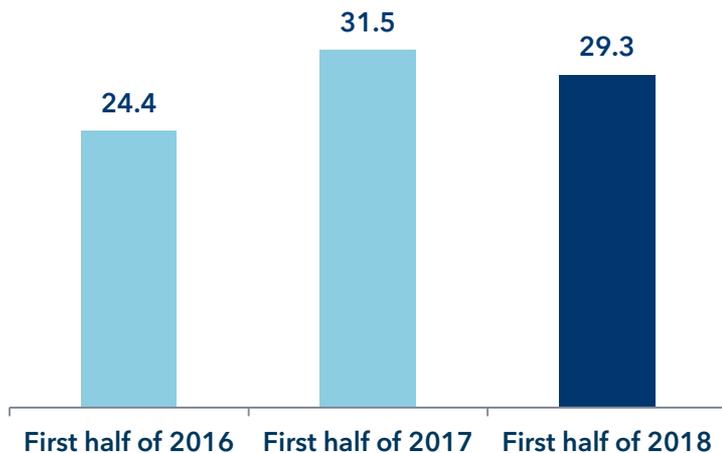


Income statement

Group net income

- Slight decline in Group net income relative to the previous year
- Decline in returns from financial investments, increase in operating income

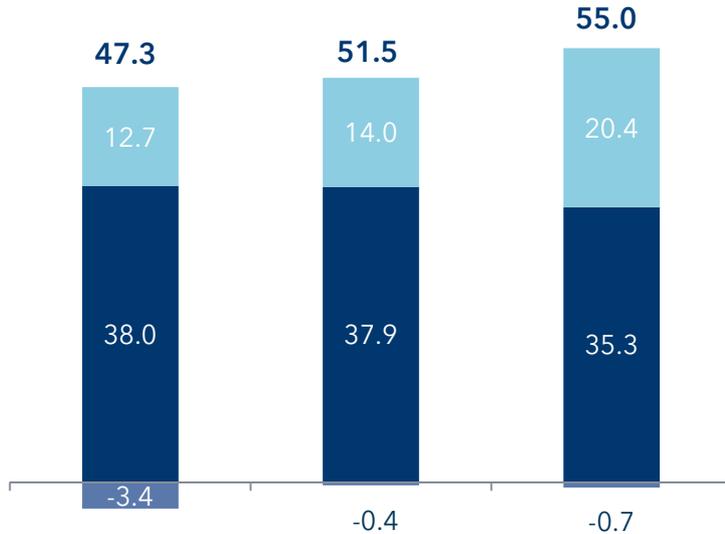
Group net income in CHF million



Income statement in CHF million

	First half of 2016	First half of 2017	First half of 2018
Operating income	129.8	151.1	147.9
Operating expenses	-101.5	-117.2	-115.5
Taxes	-3.9	-2.5	-3.1
Group net income	24.4	31.5	29.3

Interest income (in CHF million)

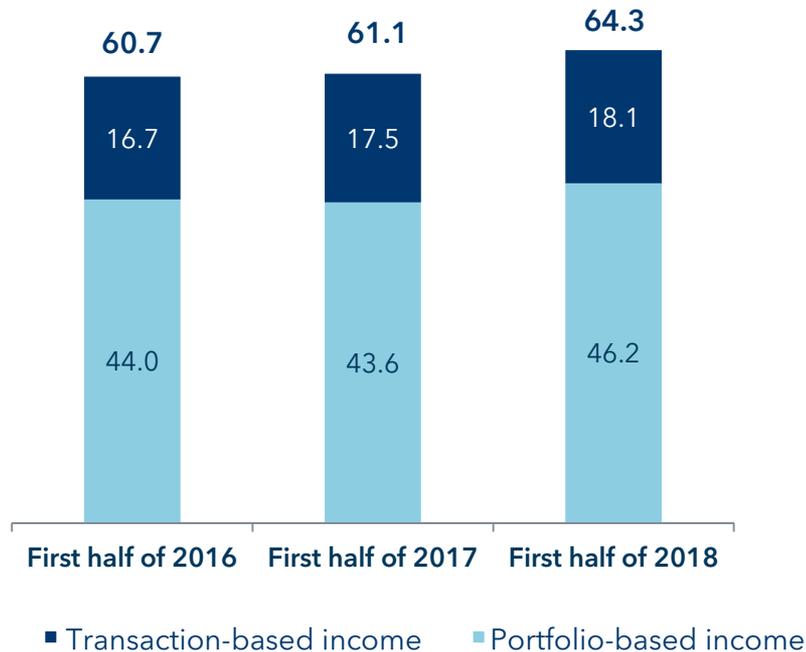


First half of 2016 First half of 2017 First half of 2018

■ Clients ■ Treasury ■ Interest rate hedging transactions

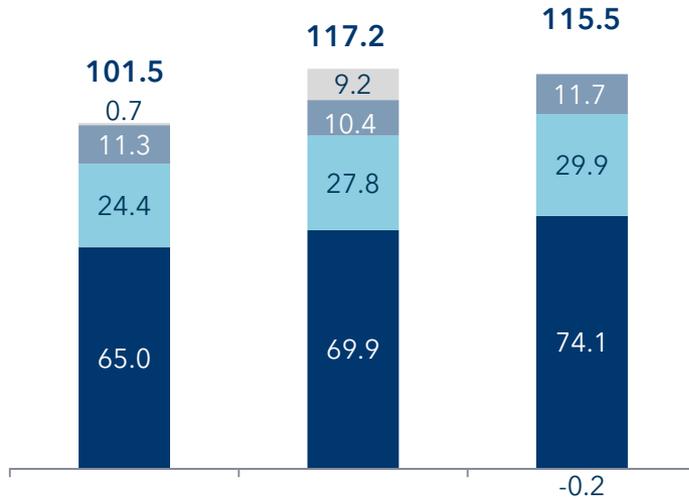
- Interest income from clients rose on the back of higher lending volumes; by contrast, the interest expense increased considerably. This was due to increased client deposit volumes and higher USD interest rates.
- The treasury result benefited from increased financial investment volumes and higher USD interest rates.

Commission business and services (in CHF million)



- Transaction-based income increased as a result of higher levels of client activity and the corresponding transaction volume.
- Portfolio-based income rose further, especially as a result of increased client deposit volumes.

Operating expenses (in CHF million)



First half of 2016 First half of 2017 First half of 2018

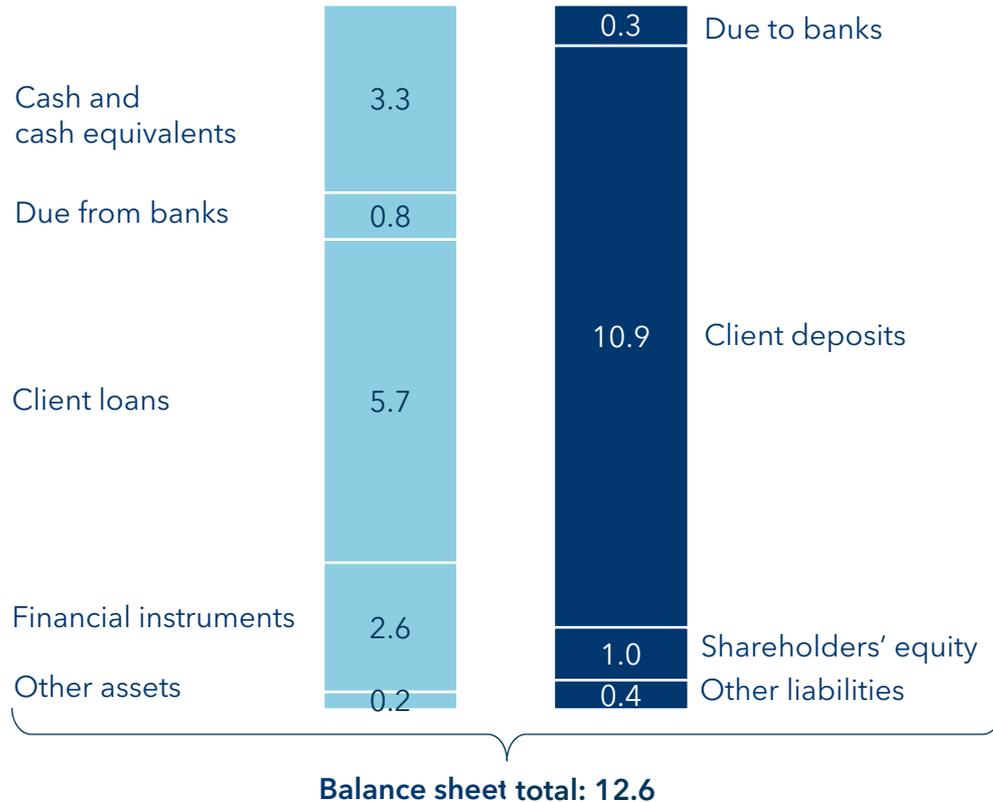
- Personnel expense
- General and administrative expenses
- Depreciation and amortisation
- Valuation adjustments

- Personnel expense increased by 6.0%. This was a result of growth initiatives which were in line with our strategy.
- In this context, there was also an overall increase of 7.6% in general and administrative expenses.
- Depreciation and amortisation increased as a result of investment activity (digitisation).
- Valuation adjustments are at a very low level again.



Balance sheet

Solid balance sheet as of 30 June 2018 (in CHF billion)



- Client loans increased by 1.4%, especially Lombard loans
- Continued high level of liquid assets with a 26% share of total assets
- Financial investments increased by 9.3%
- Growth of client deposits amounts to 1.2%

Strong balance sheet ratios

	31.12.2016	31.12.2017	30.06.2018
Balance sheet total in CHF billion	11.8	12.8	12.6
Risk-weighted assets in CHF billion	3.5	3.8	4.1
Shareholders' equity in CHF million	936.9	994.2	957.4
Core capital in CHF million	938.5	976.6	927.4
Tier 1 ratio	27.1%	25.7%	22.6%
Liquidity coverage ratio (LCR)	109.8%	161.0%	124.4%
Leverage ratio ¹	7.8%	7.5%	7.1%
Loan-to-deposit ratio ²	52.2%	52.2%	52.3%
Non-performing loans ³	0.9%	1.1%	1.0%

¹ Ratio of allocable shareholders' equity to balance sheet total.

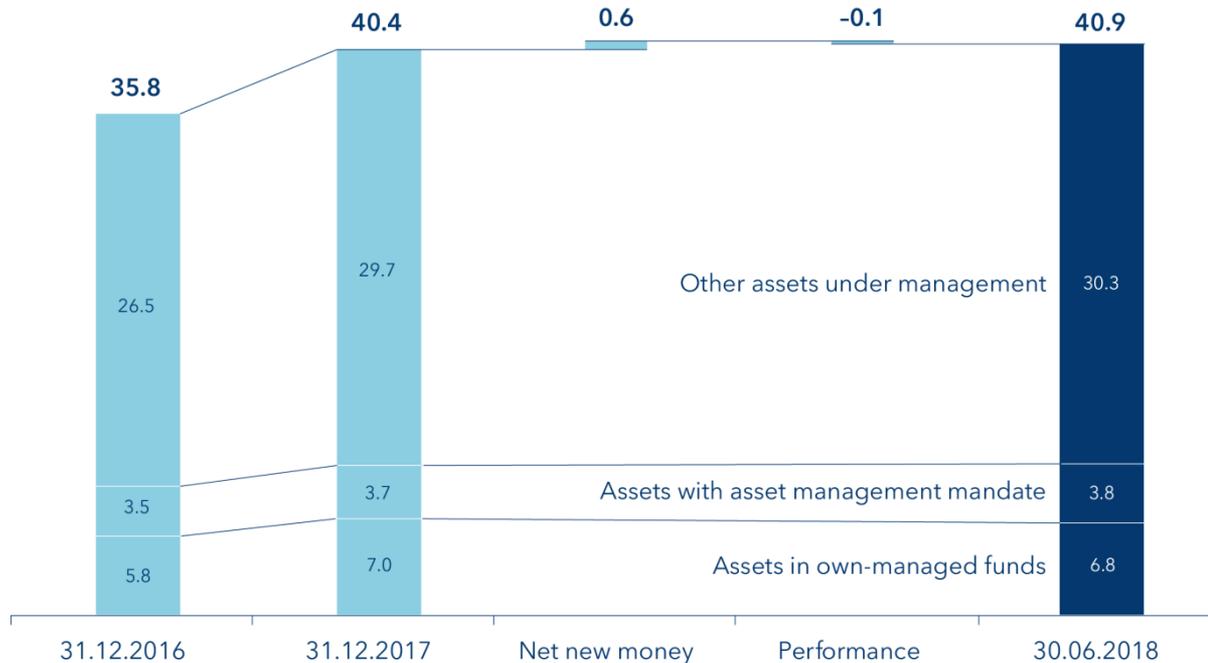
² Ratio of client loans to client deposits.

³ Ratio of non-performing loans to client loans.



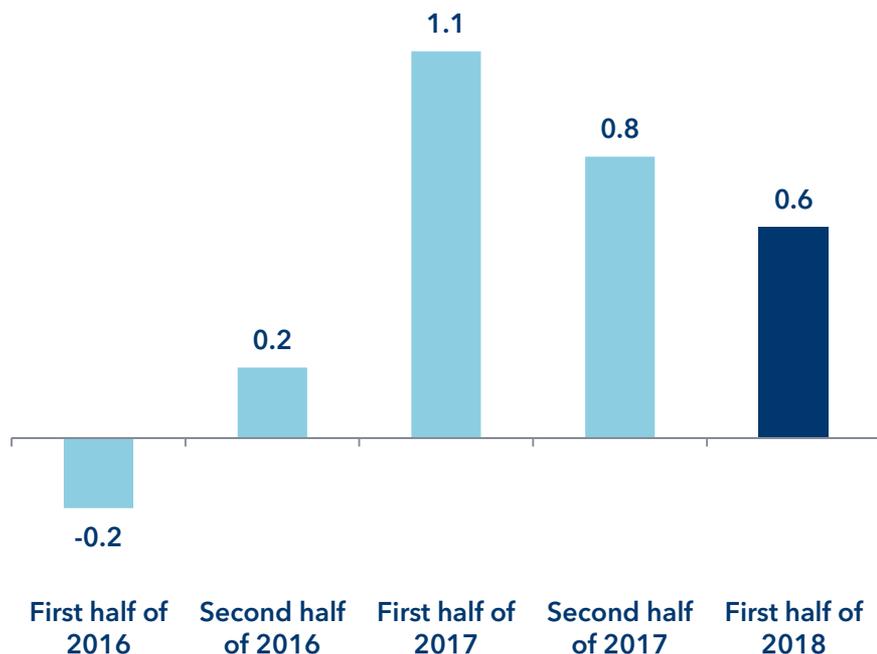
Client assets under management

Increase in client assets under management (in CHF billion)



- Positive increase of 1.5% in net new money for the first six months
- The market performance was by contrast slightly negative
- Client assets under management increased by 1.3%

Net new money (in CHF billion)



- We have continually generated a positive inflow of net new money since second semester 2016.
- The recruitment of new client advisors shows positive success.
- A good inflow of net new money among existing clients was registered.
- All segments have generated a positive inflow of net new money.



Segments

Segment overview as of 30 June 2018

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF ¹	31.0 billion	15.6 billion	-	46.6 billion
Net new money in CHF	0.3 billion	0.3 billion	-	0.6 billion
Pre-tax net income in CHF	54.5 million	4.7 million	-26.8 million	32.4 million
Gross margin in basis points ²	62	58	-	-
Headcount in FTEs	184	278	366	828

¹ Client assets under management and client loans.

² Operating income divided by average business volume.



Summary

Summary

Growth in line with strategy

- Client advisor recruitment campaign
- Net new money

Good operative performance

- Increase in operating income
- Further development of front-office activities and strengthening of the back office

Secure and stable Bank

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



A city skyline featuring several prominent skyscrapers with glass facades, set against a backdrop of a light blue sky with scattered white clouds. The buildings vary in height and architectural style, with some having unique shapes and colors like red accents.

Outlook

Alfred W. Moeckli · Chief Executive Officer

Carrying momentum into the second half

- Groundwork laid for further growth
- Continuation of “Relationship Manager Hiring” programme
- Growing importance of the Asia business
- Further development of digital services and our online products and services
- Expansion of “Investment Solutions” products and services





Questions & answers



Invitation for lunch



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