VP Bank Group · 20 August 2019

Semi-annual conference 2019

Welcome

Fredy Vogt · Chairman of the Board of Directors

Programme

Introduction of CEO Paul H. Arni
Fredy Vogt, Chairman of the Board of Directors

VP Bank Group 2019 semi-annual results
Siegbert Näscher, Chief Financial Officer

Strategic outlook
Dr Urs Monstein, interim Chief Executive Officer

Questions and answers

Paul H. Arni, CEO from 1 October 2019

Fredy Vogt · Chairman of the Board of Directors

New CEO Paul H. Arni assumes his position on 1 October 2019

The following considerations on the part of the Board of Directors led to the decision in favour of appointing Paul H. Arni:

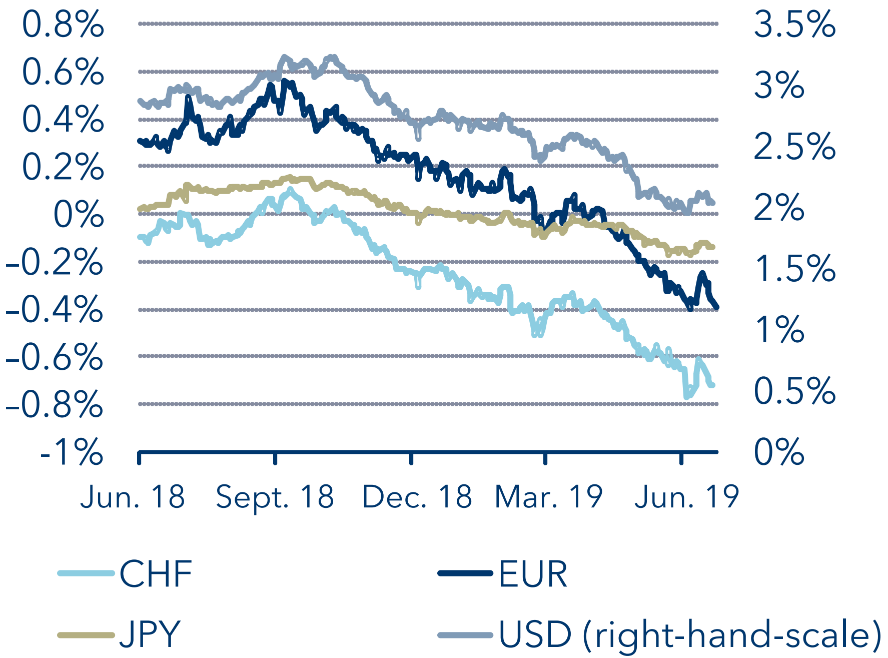
- Many years of front-office experience
  - Both at major banks and in the private-banking environment
- Comprehensive expertise in a wide variety of bank areas
  - Experience as a COO and in Controlling
- Balanced composition of Group Executive Management
- Cultural fit

2019 semi-annual results

Siegbert Näscher • Chief Financial Officer

Review of the first half of 2019: interest rates fell – equity markets rose

Ten-year capital market yields: interest cuts in sight



Equity markets: making up for previous price losses

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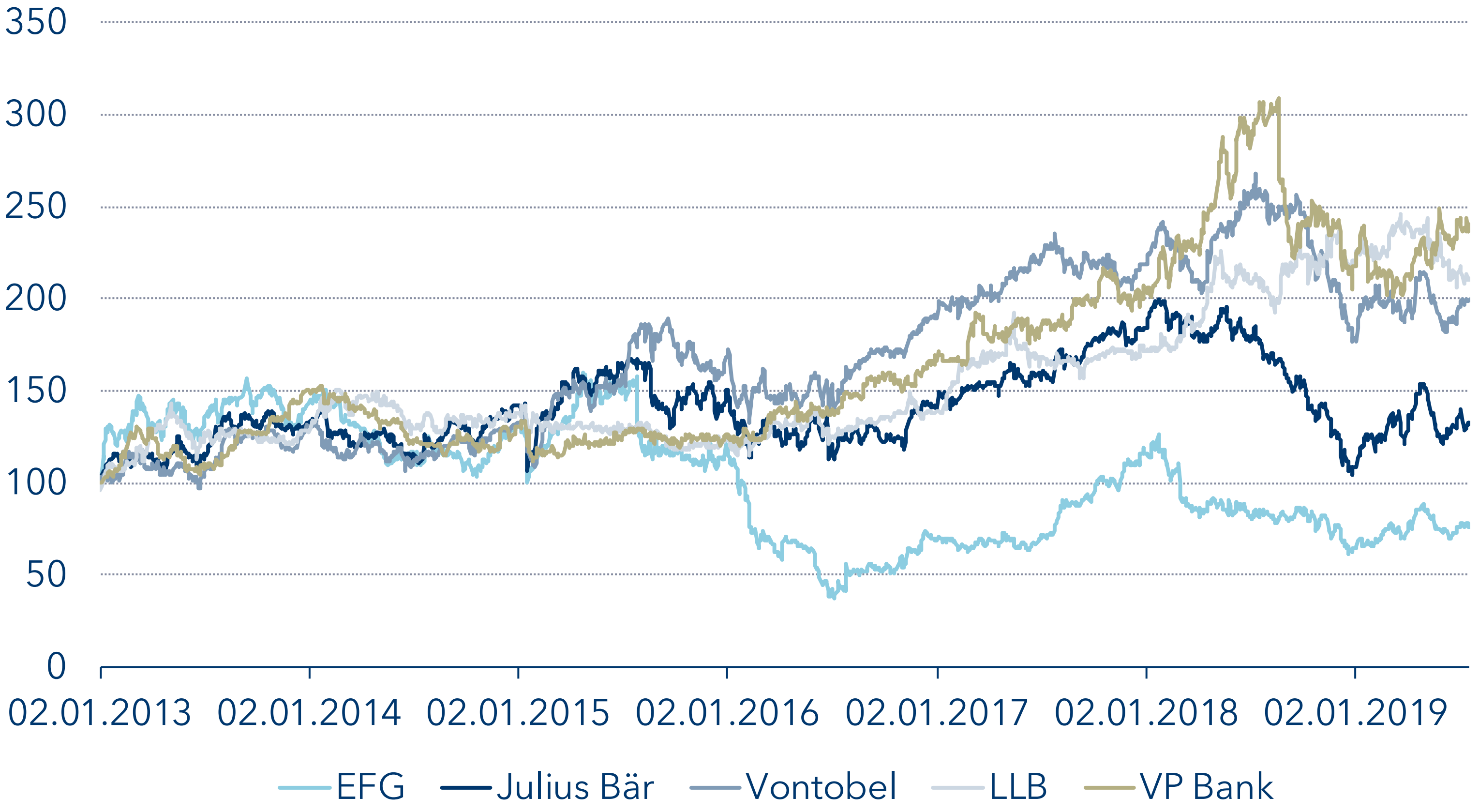
Comparison of VP Bank share price performance



The most important **key figures** as of 30 June 2019

All key figures are pointing upwards

Market environment and growth initiatives are having a positive impact on results

	30.06.2018	**30.06.2019**	
Group net income	CHF 29.3 million	**CHF 35.3 million**	Above-average income growth
Cost / income ratio	70.3%	**68.6%**	Back below the long-term target of 70%

Net new money remains above average

	30.06.2018	**30.06.2019**	
Net new money	CHF 0.6 billion	**CHF 1.2 billion**	International markets are seeing dynamic growth

Extremely stable balance sheet ratios

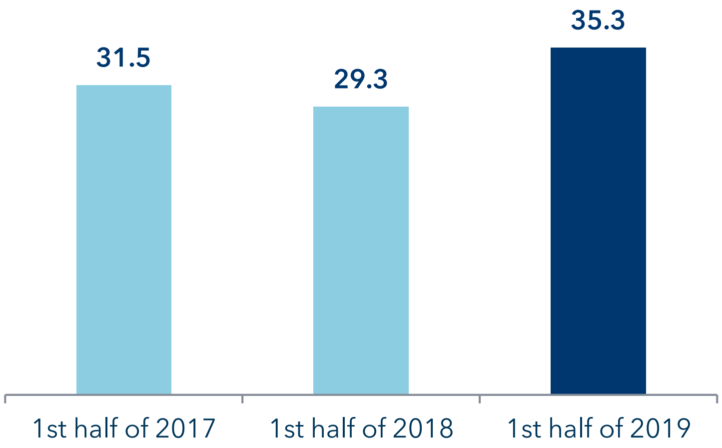
	31.12.2018	**30.06.2019**	
Tier 1 ratio	20.9%	**19.7%**	Comfortable capitalisation
Rating: Standard & Poor's	A/Stable/A-1	**A/Stable/A-1**	Stable since the increase in May 2018

Income statement

Profitability rose substantially

- 20% higher Group net income in the first half of 2019
- Above-average income growth set against only moderately higher costs

Group net income in CHF million



Income statement in CHF million

	1st half of 2017	1st half of 2018	1st half of 2019
Operating income	151.1	147.9	162.7
Operating expenses	–117.2	–115.5	–122.7
Taxes	–2.5	–3.1	–4.8
Group net income	**31.5**	**29.3**	**35.3**

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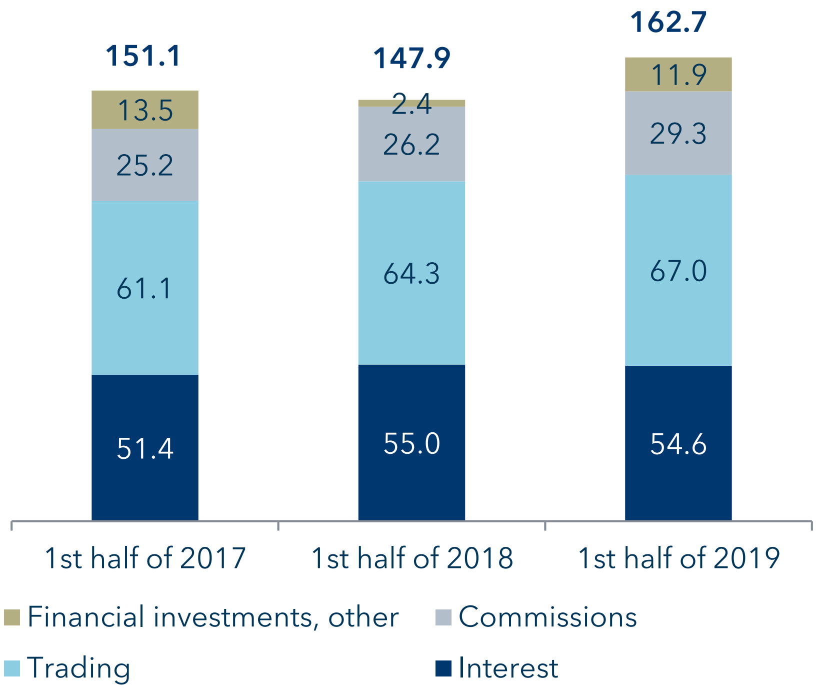
Income growth thanks to increase in commission and trading activities

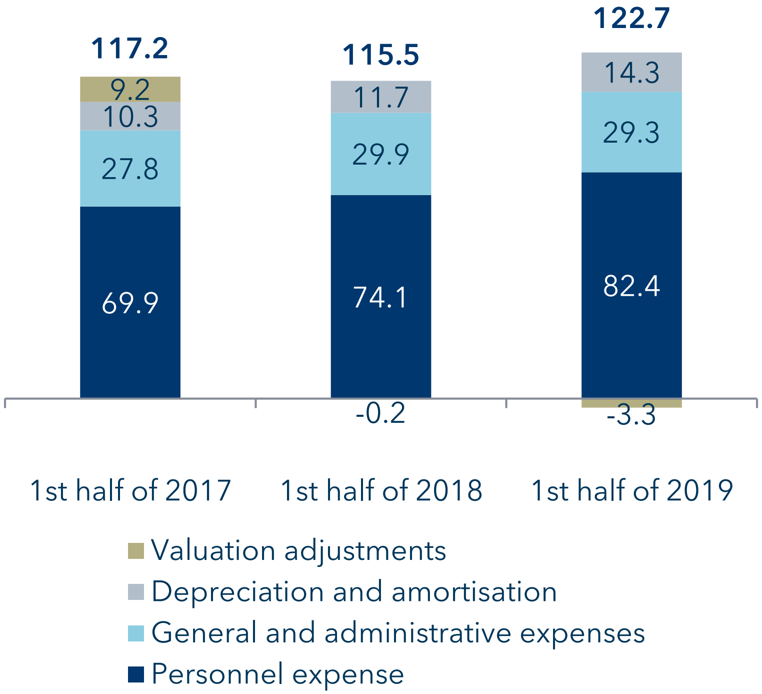
Operating income in CHF million



- Interest income down CHF 0.4 million, or 0.7%
  - Interest income from clients was increased
  - Interest income from treasury activities fell
- Commission income up CHF 2.7 million, or 4.3%
  - Higher portfolio-based income thanks to increase in average volumes
  - Lower transaction-based income was more than compensated
- Trading income up CHF 3.1 million, or 11.8%
- Financial investments, most of which were realised, up CHF 10.5 million

Personnel expense increased as a result of recruiting effort

Operating expenses in CHF million

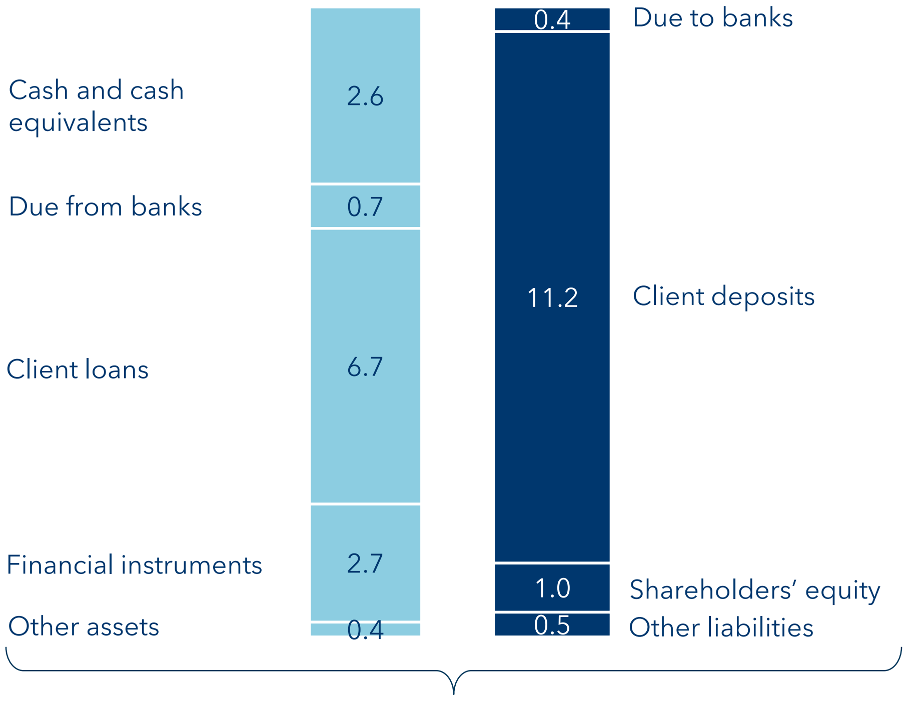


- Personnel expense up CHF 8.3 million, or 11.2%
  - Headcount has increased by 5.8% since 30 June 2018 to 876 full-time employees
- General and administrative expenses down CHF 0.6 million, or 2.1%
  - Increase in costs for acquisition of information and other general and administrative expenses
  - Significant decline in leases (IFRS 16)
- Depreciation and amortisation up CHF 2.6 million, or 22.1%, mainly due to IFRS 16
- Valuation adjustments, provisions and losses down CHF 3.3 million on account of the release of credit provisions

Balance sheet

Increase in total assets as a result of organic growth and acquisitions

Balance sheet as of 30 June 2019 in CHF billion



Total assets 13.1
12.4 as of 31.12.2018

- Stable assets
  - High level of liquid assets
  - Client loans up by 7.5%, with Catella accounting for 1.5%
  - Financial instruments up 3.8%
- Stable refinancing
  - Client deposits 85% of total assets
  - Client deposits up by 5.9%, with Catella accounting for 2.2%
- Strong shareholders' equity

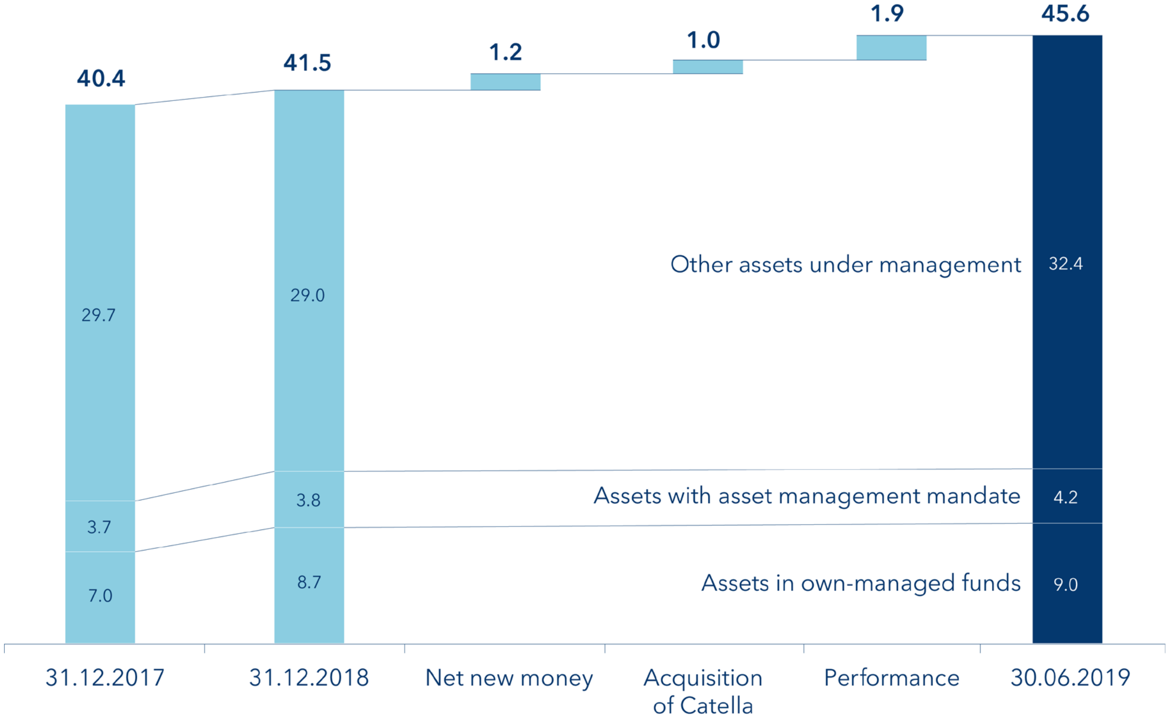
Capital adequacy requirements well exceeded

	31.12.2017	31.12.2018	30.06.2019
Risk-weighted assets in CHF billion	3.8	4.5	4.7
Core capital (CET 1) in CHF million	976.6	942.8	932.1
Tier 1 ratio (CET 1 ratio)	25.7%	20.9%	19.7%
Liquidity coverage ratio (LCR)	161.0%	142.6%	173.4%
Leverage ratio	7.5%	7.3%	6.9%
Loan-to-deposit ratio	52.2%	58.6%	59.5%
Non-performing loans	1.1%	0.4%	0.4%
S&P rating	A–/Positive/A–2	A/Stable/A–1	A/Stable/A–1

Client assets under management

Client assets rose thanks to new money and market performance

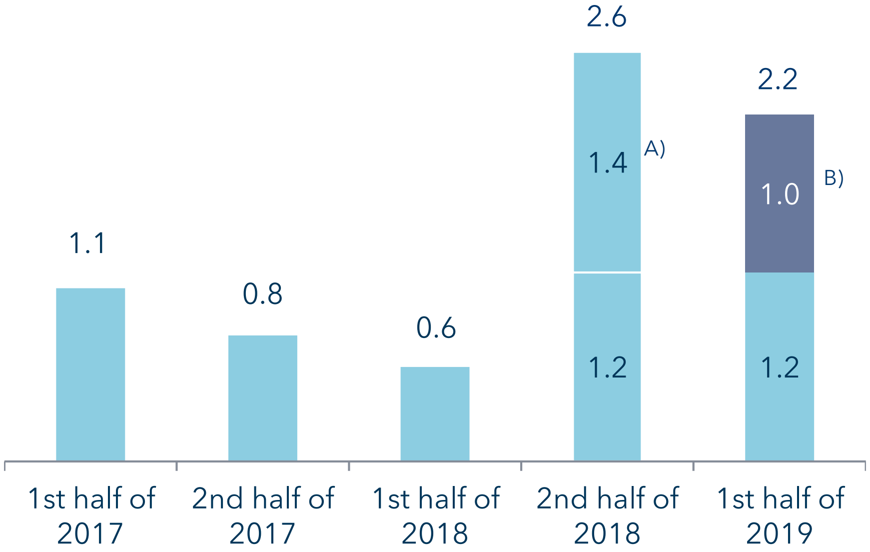
Client assets under management in CHF billion



- Increase in client assets under management of 9.9%
- Net inflow of client assets totalling CHF 2.2 billion, or 5.2%
- Positive market performance
- Client assets including custody assets at CHF 51.7 billion

International business as driver of growth

Net new money (including acquisitions) in CHF billion



A) Second half of 2018: acquisition of Carnegie fund.
B) First half of 2019: acquisition of Catella Bank clients.

- Strong inflows in the first half of the year – both organic and as a result of acquisitions
- Solid inflows thanks to recruitment of new relationship managers
- Catella acquisition brought VP Bank client assets of CHF 1 billion
- Net inflows from existing clients

Segments

Geographic diversification proceeding

Segment overview as of 30 June 2019

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF[1]	30.2 billion	22.1 billion	–	52.3 billion
Client assets under management in CHF	26.0 billion	19.6 billion	–	45.6 billion
Net new money in CHF	–0.2 billion	1.4 billion	–	1.2 billion
Pre-tax net income in CHF	42.0 million	17.2 million	–19.1 million	40.1 million
Gross margin in basis points[2]	66.3	67.9	–	–
Headcount in FTEs	183	326	367	876

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

Summary

Summary

Growth strategy is bearing fruit

- Net new money inflows from new and current client advisors
- Successful acquisition of clients of Catella Bank in Luxembourg

Good operative performance

- Increase in operating income
- Cost-saving measures initiated

Secure and stable Bank

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

Strategic outlook

Dr Urs Monstein · interim Chief Executive Officer

Growth as a key objective and ambition of our Strategy 2020 programme

Focus

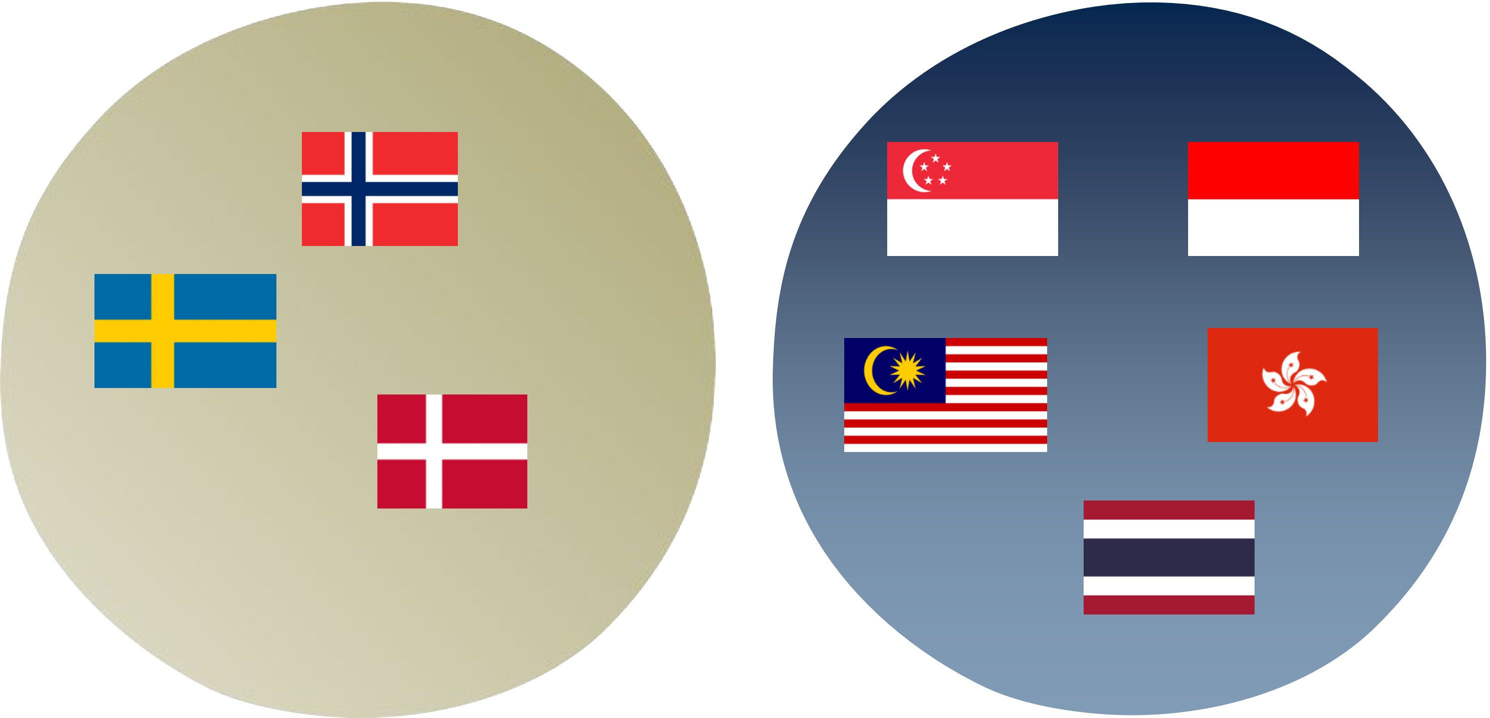
Culture

Growth

1. Organic and inorganic growth
2. Strengthening of international locations
3. Expansion of intermediaries business
4. Expansion of private banking
5. Expanding the fund business in Luxembourg/Liechtenstein

- Organic growth
- Hiring of RMs
- Strategic partnerships
- M&A

Important growth driver – Nordic and Asian target markets



The Nordics are the new target market for VP Bank Group

Why are the Nordics a target market?

- **Know-how** and **expertise** in supporting Nordic clients at our locations in Luxembourg and Switzerland
- Significant population of **Nordic expats in Switzerland**
- **Consolidation trend** in the Nordic countries
- Greater client demand for **full product offering**

Our competitive advantages

- Luxembourg location has **EU banking passport** for the provision of crossborder services in the Nordic countries
- **Strong CA network** in the Nordic markets

Added value for VP Bank Group

- Considerable **growth potential**, including in the area of external asset managers
- **Comprehensive** wealth management services
- **Synergies** with other target markets

Comprehensive support to Nordic clients

Target clients

Nordic (U)HNWIs in the target markets of Denmark, Norway and Sweden as well as selected foreign domiciles

Nordics target market

- Denmark
- Norway
- Sweden

Main domicile of Nordic clients abroad

- Switzerland
- Spain
- Portugal
- UK

Our approach

Comprehensive support to clients across all phases of the life cycle, both in their home countries and in their main domiciles abroad

Our business model in Asia

The **business model** is based on two strategic pillars and focuses on clearly defined target markets

Private banking

Intermediary business

Target markets: Northern and Southeast Asia, with a focus on Singapore, Indonesia, Malaysia, Hong Kong and Thailand

Additional **focus:** evaluation of **opportunities in China**

Status of medium-term objectives

Client assets under management

CHF 50 billion

- Achievable based on a positive market environment
- Growth in international locations

Group net income

CHF 80 million

- Only possible with consis-tent cost controls
- Acquisition would make positive contribution towards profits

Cost / income ratio

BELOW 70%

- Target in first half of 2019 achieved
- Medium-term targets remain on track

Questions


Invitation to lunch