

Applied coronavirus safety measures (based on the applicable regulations of the Liechtenstein government):

- Compliance with the upper limit of 10 persons at events
- Minimum distance of 1.5 metres
- Masks are required indoors in spaces where more than one person is present; speakers are not included in this limit
- Optimal ventilation of the room must be ensured
- Compliance with the coronavirus safety concept drawn up by VP Bank

VP Bank Group · 9 March 2021

Media and analyst conference



Programme

Part I: The 2020 financial year at a glance

Welcome

Dr Thomas R. Meier, Chairman of the Board of Directors

VP Bank Group 2020 annual results

Roger Barmettler, Chief Financial Officer

Comments on the completion of the strategy cycle and the transition year 2020

Paul Arni, Chief Executive Officer

Part II: A deep dive into Strategy 2026

Strategy 2026

Paul Arni, Chief Executive Officer

Intermediaries & Private Banking

Tobias Wehrli, Head of Intermediaries & Private Banking

Client Solutions

Thomas von Hohenhau, Head of Client Solutions

Summary and outlook for 2021

Paul Arni, Chief Executive Officer

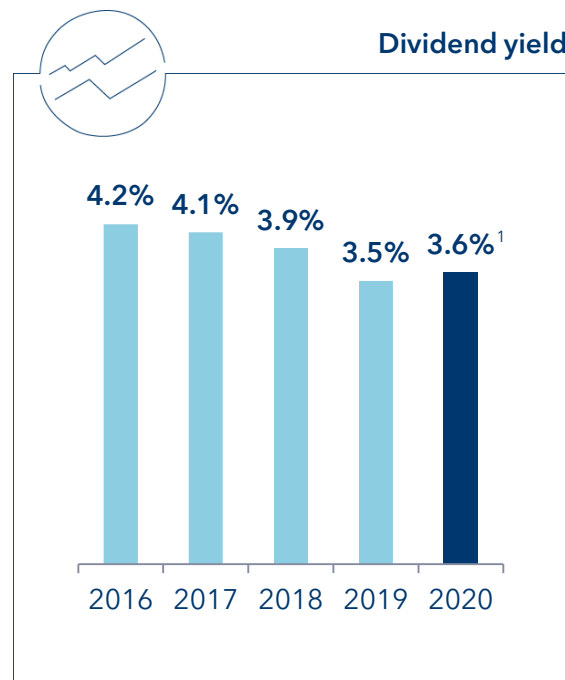
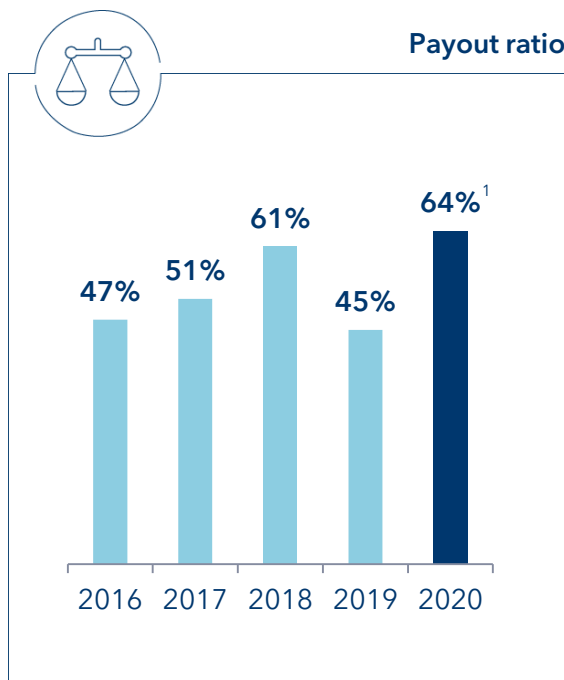
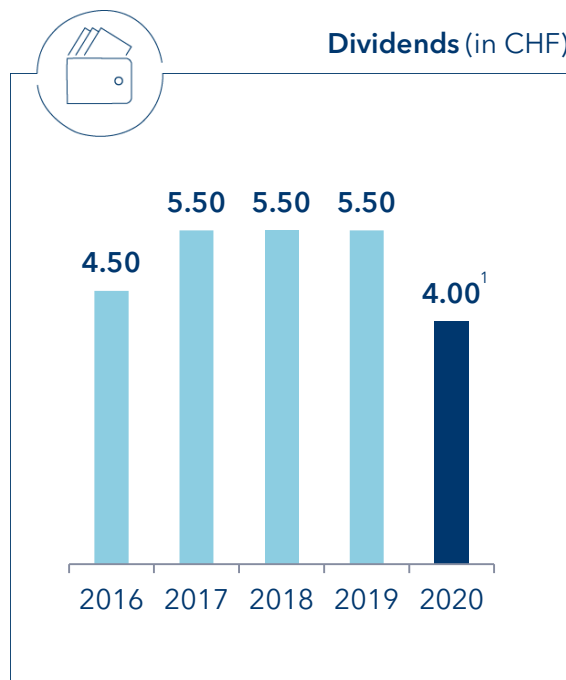
Question and answer session



Greater risks ...

... are only rarely rewarded
with better prospects.

Sustainable dividend in the target range



Re-election to the Board of Directors

The Board of Directors proposes the re-election of Dr Thomas R. Meier for a term of office of three years.



Not standing for re-election

Fredy Vogt is not standing for re-election.

We wish to express our thanks for the enormous services rendered for the benefit of VP Bank and wish him all the best for the future.



Election of new members to the Board of Directors

The Board of Directors proposes the election of Philipp Elkuch for a term of office of three years.



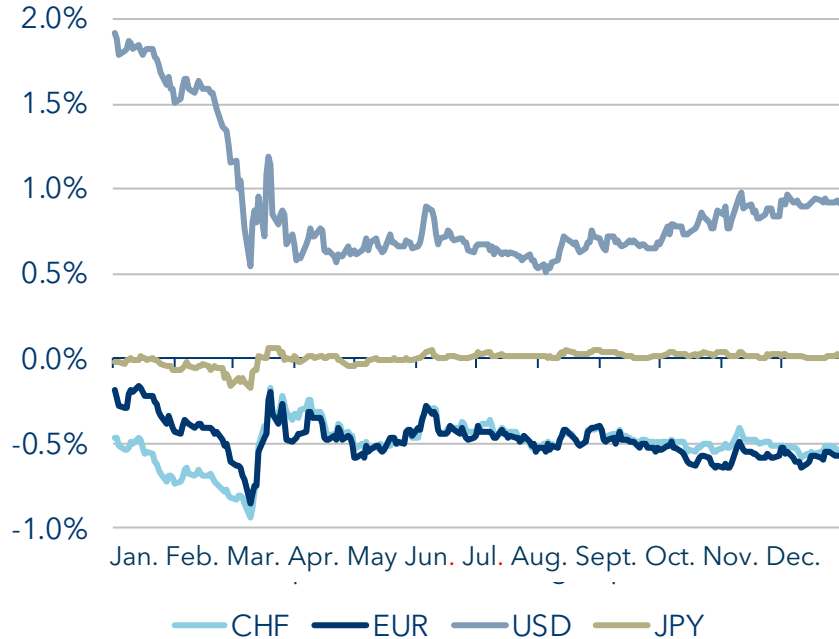
A diver in silhouette is shown in the lower-left quadrant, swimming and holding a flashlight. The flashlight beam illuminates a large, curved school of fish that forms a ring in the upper-left quadrant. The background is a deep blue ocean with a few other fish scattered throughout. The overall scene is metaphorical, representing the search for direction through data.

**Data points to the right
direction.**

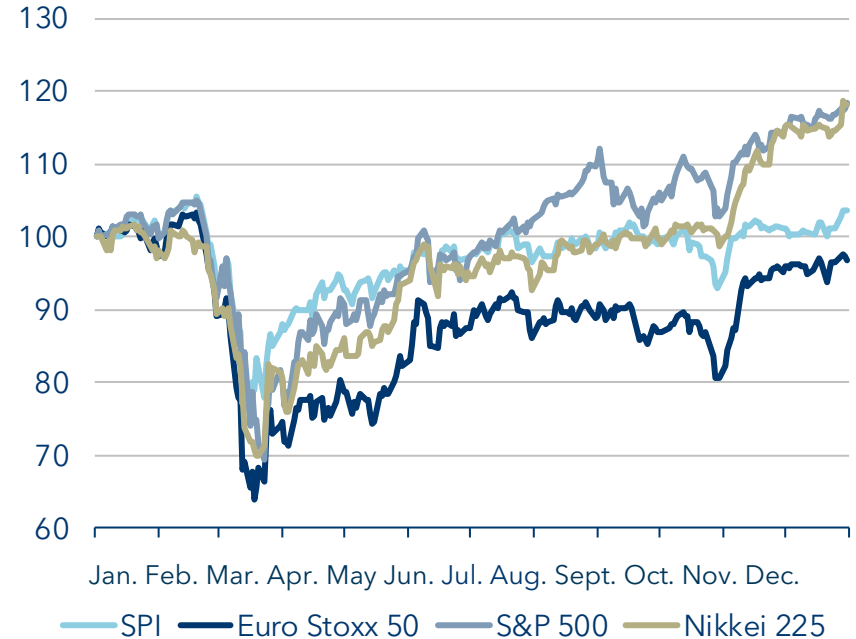
Human foresight
shows the way.

2020 review: interest rates fall further – stock markets recover

Ten-year capital market yields continued to be low



Equity markets made up for previous losses



2020: a financial year shaped by the COVID-19 pandemic



Net income
before valuation
adjustments
CHF 61.0 million

CHF 66.8 million
in 2019

**Lower USD interest
rates, reduced costs**

Group net
income
CHF 41.6 million

CHF 73.5 million
in 2019

**Impacted by the
valuation adjustment of
one individual position
in the loan portfolio**

Cost / income
ratio
69.3%

67.6% in the previous
year



Net new money
inflow
CHF 1.4 billion
CHF 2.1 billion in 2019

**Continued good
inflow in a
challenging market
environment**



Stable
key balance
sheet figures

Tier 1 ratio
20.8%
20.1% in 2019

**Very good
equity base**

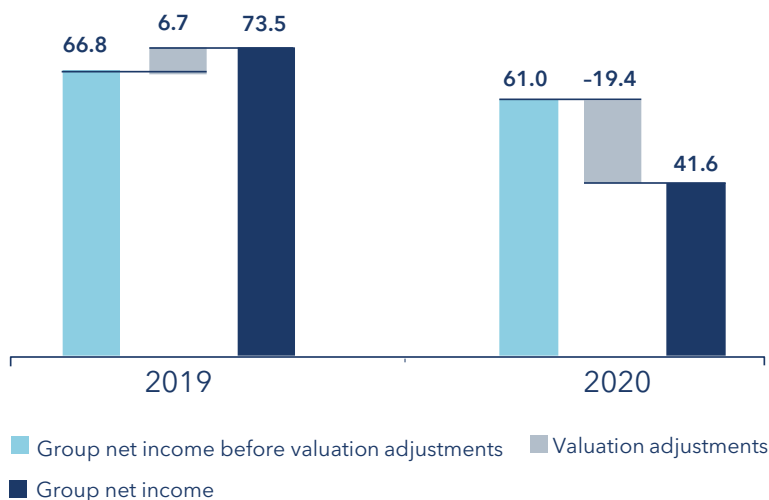
Rating:
Standard & Poor's
A/Negative/A-1

**Confirmed as of
17 July 2020, outlook
reduced to negative**

Costs reduced, low interest rates causing strain

- Reduced Group net income due to lower USD interest rates and one-off valuation adjustments
- Increased commission and service fee income with a lower cost base

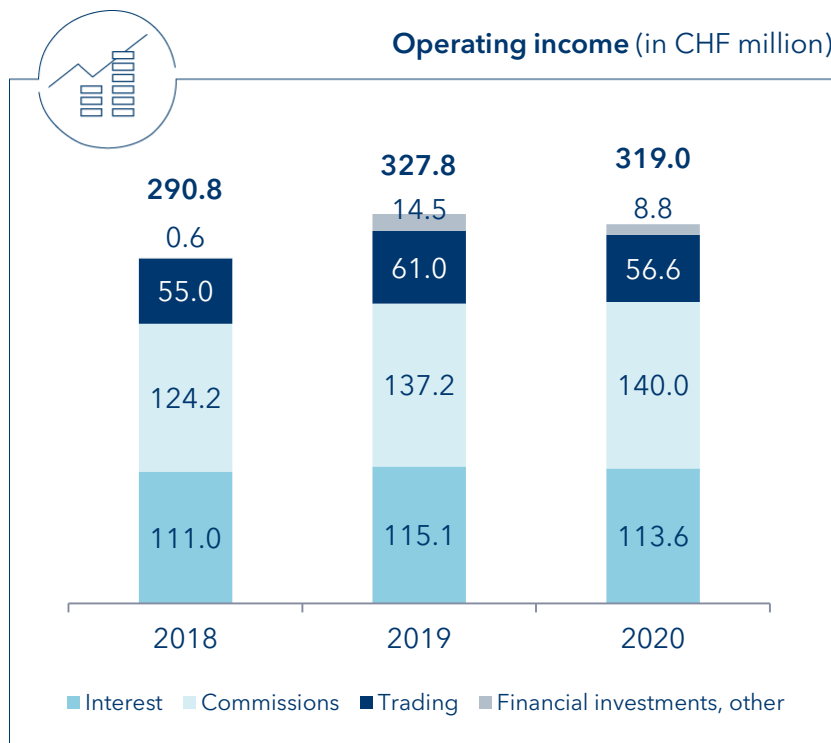
Profit before valuation adjustments in CHF million



Income statement in CHF million

	2019	2020
Operating income	327.8	319.0
Operating expenses (without valuation adjustments)	-251.6	-250.1 ¹
Taxes	-9.4	-7.9
Group net income before valuation adjustments	66.8	61.0
Valuation adjustments	6.7	-19.4
Group net income	73.5	41.6

Solid operating income in challenging market conditions

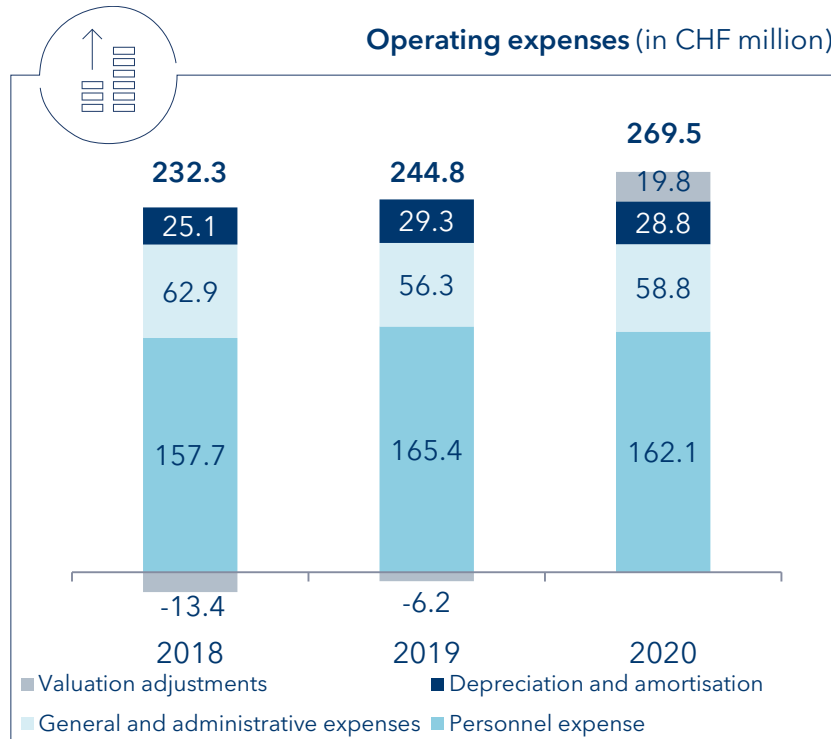


- Commission income up CHF 2.8 million or 2.1%
- Higher transaction-based earnings due to high volumes in Q1 2020
- Slightly lower recurring income

Revenues that could be influenced only to a limited extent

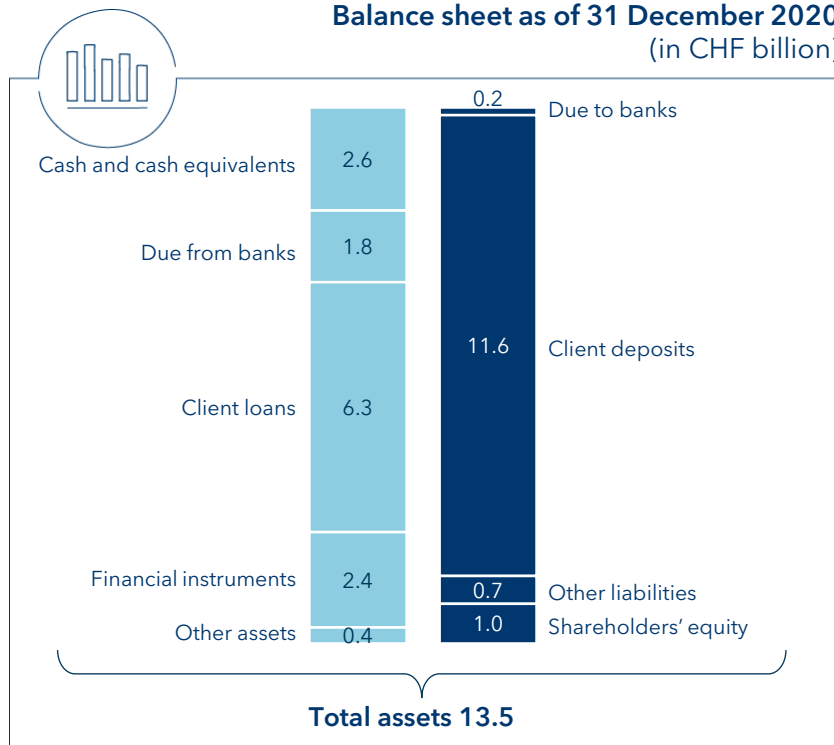
- Interest income down CHF 1.5 million or -1.3%
- Client business increased
- Treasury interest income lower due to USD interest rates
- Trading income down CHF 4.4 million or -7.1%
- Financial investments down CHF 6.4 million due to lower fair value gains

Optimised cost structure



- Personnel expenses down CHF 3.3 million or -2.0%
 - Time-delayed hiring
- General and administrative expenses up CHF 2.6 million or 4.6%
 - Includes one-off costs of CHF 3.8 million for strengthening the organisation
 - Excluding these costs, general and administrative expenses CHF 1.3 million lower
- Valuation adjustments, provisions and losses up CHF 26.0 million primarily due to the valuation adjustment of one individual item

A robust and healthy foundation



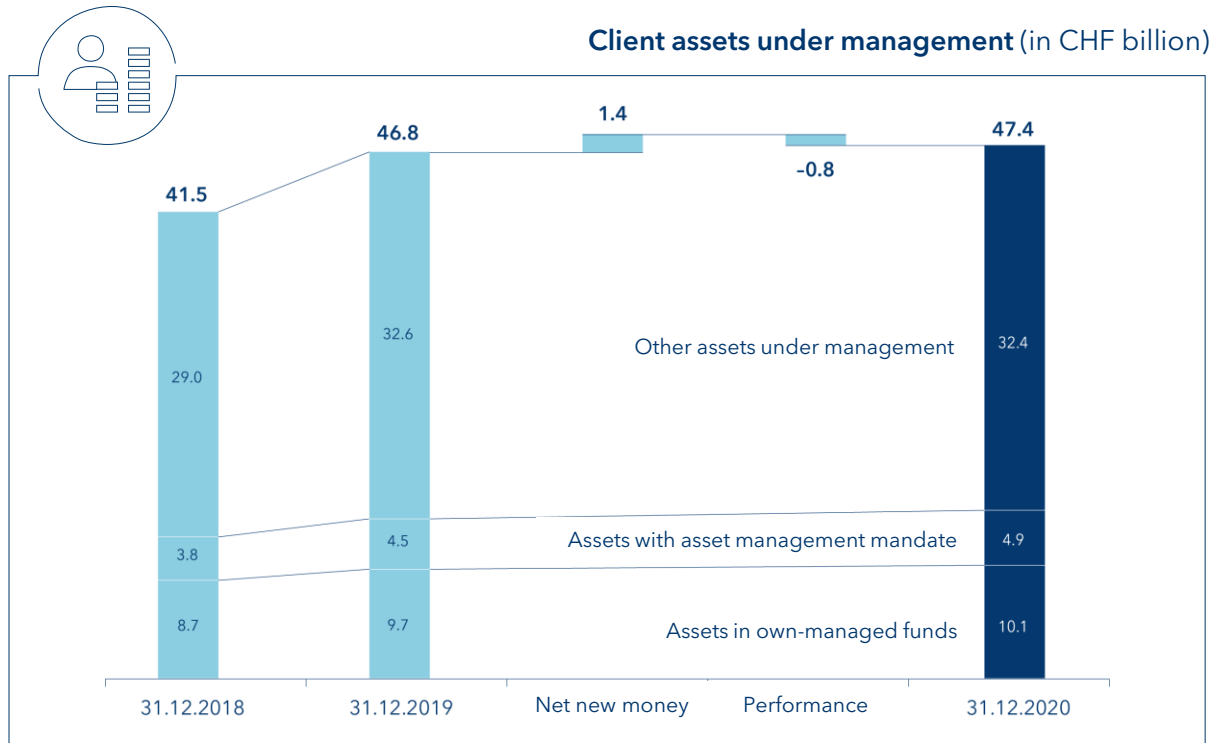
- Solid balance sheet
 - High level of liquid assets
 - Reduction in client loans of 7.6%
 - Amounts due from banks up 143%
- Stable refinancing
 - Client deposits 86% of total assets
 - Growth in client deposits of 2.4%
- Strong equity, tier 1 ratio at 20.8%

Capital adequacy requirements well exceeded

	31.12.2018	31.12.2019	31.12.2020
Risk-weighted assets in CHF billion	4.5	4.8	4.7
Core capital (CET 1) in CHF million	942.8	973.2	972.8
Tier 1 ratio (CET 1 ratio)	20.9%	20.1%	20.8%
Liquidity coverage ratio (LCR)	142.6%	213.1%	179.4%
Leverage ratio	7.3%	7.1%	7.1%
Loan-to-deposit ratio	58.6%	60.1%	54.2%
Non-performing loans	0.4%	0.8%	1.0%
S&P rating	A/Stable/A-1	A/Stable/A-1	A-/Negative/A-1*

* S&P confirmed the good rating of "A" on 17 July 2020 and changed the outlook to negative.

Client assets under management increased



Total client assets under management as of 31.12.2019 reduced by CHF 0.8 billion due to reclassification to custody.

- Net new money inflow CHF 1.4 billion
- Increase in client assets under management of 1.4%
- Client assets including custody assets at CHF 54.9 billion or up 0.6%

Segment reporting reflects new organisation

Segment overview as of 31 December 2020

	Intermediaries & Private Banking	Client Solutions	Corporate Center	Group
Business volume in CHF ¹	42.1 billion	11.5 billion	-	53.7 billion
Client assets under management in CHF	36.0 billion	11.5 billion	-	47.4 billion
Net new money in CHF	0.8 billion	0.5 billion	-	1.4 billion
Pre-tax net income before valuation adjustments in CHF	119.4 million	16.9 million	-67.3 million	68.9 million
Pre-tax net income after valuation adjustments in CHF	100 million	16.9 million	-67.3 million	49.5 million
Gross margin in basis points ²	71	31	-	67
Headcount in FTEs	334.2	75.3	507.5	917.1

¹ Client assets under management and client loans.

² Operating income divided by average client assets under management.

Security and robustness

A secure and stable bank

- High level of liquid assets
- Solid equity and a strong tier 1 ratio
- Excellent “A” rating from Standard & Poor’s

Challenging market environment, stable operating result

- Robust earnings, strain due to USD interest rates
- Cost basis further optimised
- Net new money inflows from new and existing client advisors



New trends emerge all the time.

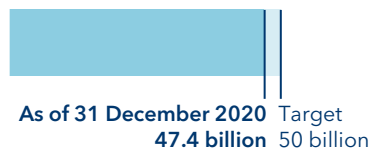
Turning them into investment opportunities is the real trick.



Valuation adjustment puts net income under pressure

Strategy 2020 - strengthening the business model Strategy 2020 was built on three pillars

Client assets



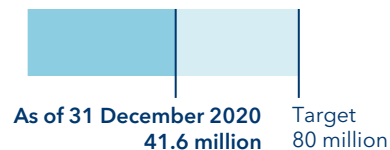
- Net new money grew by 4.2% on average over the last five years

Cost / income ratio



- Cost / income ratio of 69.3% fulfilled

Net income

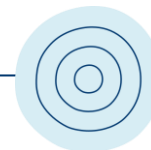


- Net income target missed due to valuation adjustment of an individual item in the loan portfolio of around CHF 20 million



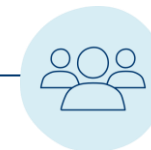
Growth

- Strengthening of international locations
- Expansion of the fund business



Focus

- Centralisation of IT
- Optimisation of the front-office organisation



Culture

- Stable shareholder base
- Optimisation of Group-wide cooperation
- Satisfied clients and motivated employees

Crucial foundations laid for Strategy 2026



Group Executive Management strengthened

Opportunities don't just come about.

They require the right analysis at the right time.



VP Bank becomes an international open wealth service pioneer

Rooted in Liechtenstein, internationally oriented and possessing outstanding networks

A wealth management service provider for intermediaries and wealthy private clients

Access to the private markets asset class and appropriate structuring solutions, both for own clients and non-clients

Financial advice and investment solutions that are independent and geared toward sustainability




Hybrid advisory approach

Systematic focus on the client through ecosystems or networks with an open wealth management approach

Merging of own and third-party offerings into innovative, tailor-made financial solutions

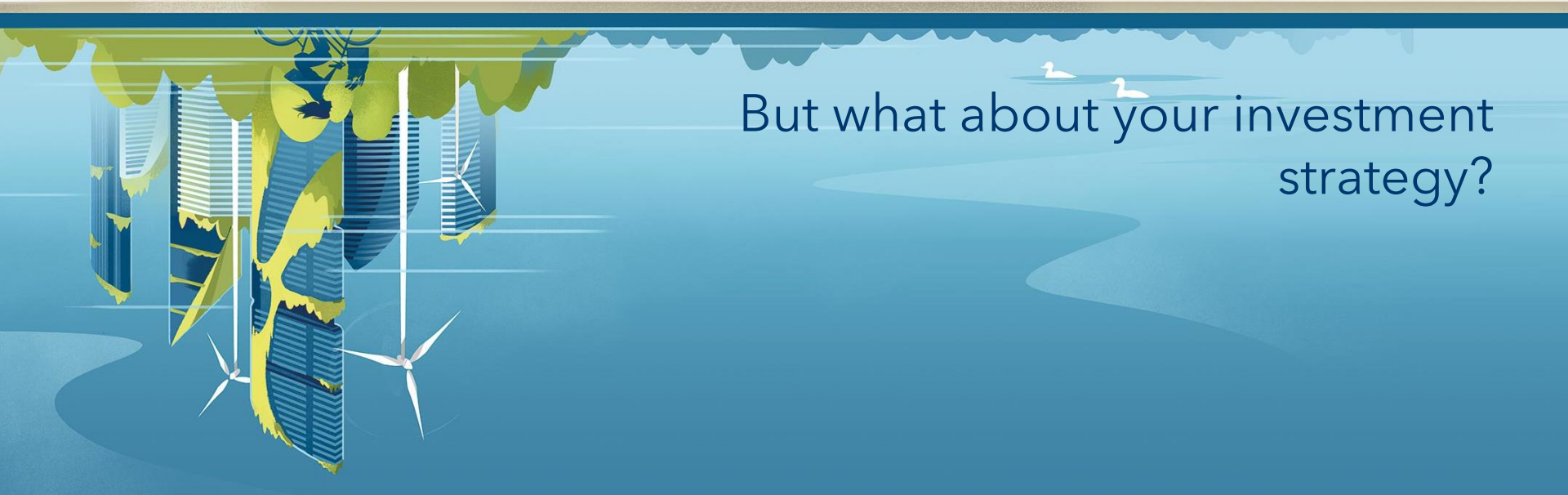
A multiplier effect thanks to the clear focus on intermediaries

Strategy 2026 addresses opportunities

	Target	Key measures
 <p>Evolve</p>	Strategic further development of the operational business at the existing locations	<ul style="list-style-type: none">• Establishing sustainability through Investing for Change• Gearing locations towards local market needs• Expansion and development of the business in Asia• Tapping into new client segments through partnerships
 <p>Move</p>	Taking advantage of new business opportunities	<ul style="list-style-type: none">• Providing access to private market investments• Digitisation of assets• Data analysis to support investment recommendations• Expansion of the wealth management service platform
 <p>Scale</p>	Optimisation and scaling of Bank-wide processes and structures	<ul style="list-style-type: none">• Increasing the Bank's robustness and agility• Development of risk governance and processes• Increasing efficiency through process optimisation and standardisation• Scaling and sourcing of services




**You decide how sustainable
your lifestyle is.**



**But what about your investment
strategy?**


Constant further development in the Intermediaries & Private Banking business



Boosting personal
and **digital client
interaction**

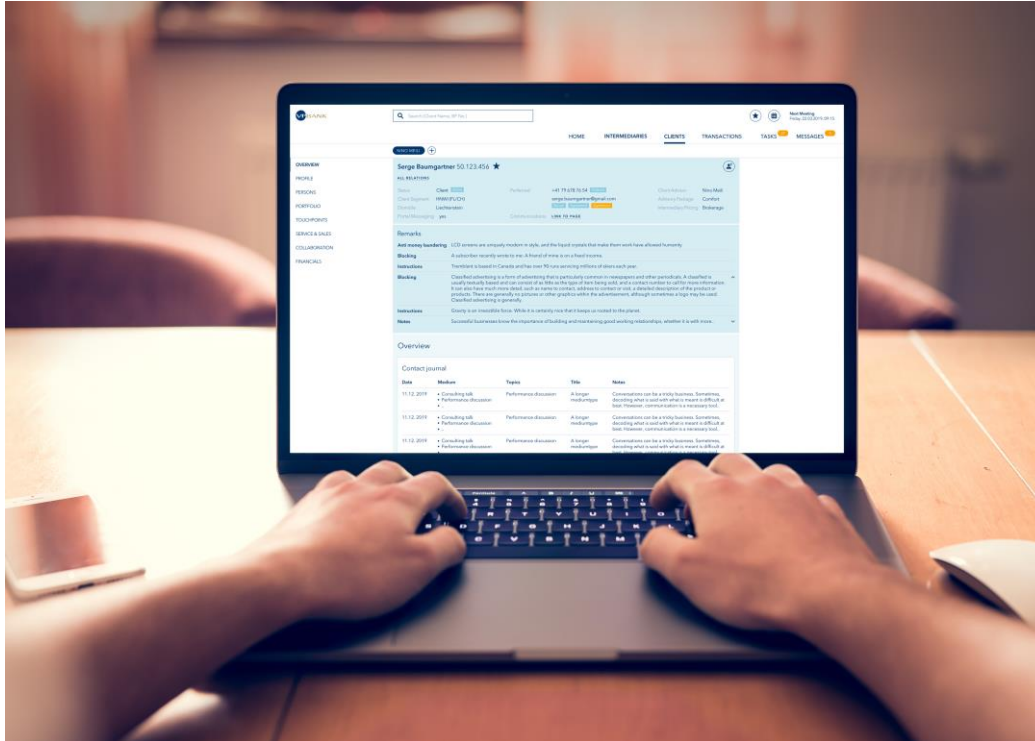


Building up
**Investing for
Change**



Focused
**positioning
of locations**

360-degree client portfolio - RM Cockpit



Comprehensively
digitised
workplace

Significant
increase in
efficiency in client
management

More time for
advising clients

Needs-based 360-
degree view of the
client

Inspiring clients with new digital channels



25 digital client events



More than 500 online advisory consultations



12 webinars hosted by experts

Actively shaping change - Investing for Change

2020

Proprietary Sustainability Score developed

Equity funds consistently geared towards sustainability

Expansion of the range of topics (e.g. Green City Basket)

Asset management mandates repositioned based on sustainability philosophy

All investment processes and offerings systematically realigned to our sustainability philosophy

2021

Systematic integration of sustainability aspects into the advisory process

Launch of further portfolio solutions and products with an even greater focus on sustainability

Services for transitioning to sustainability, ESG data and training for intermediary clients

Clear positioning of locations with specific offer



Access to wealthy clients in China thanks to partnership with Hywin



- Business with external asset managers has always been part of the **core business**, parallel to private banking.
- In Asia, the **focus is also on external asset managers**, family offices and strong partnerships.
- **Strong private wealth growth** continues in Asia, with a disproportionate increase in intermediaries compared to mature markets.
- VP Bank Singapore was named Best Private Bank – Intermediary Services at **Asian Private Banker Awards 2020**.



- Founded in Shanghai in 2006, Hywin Wealth is one of **China's leading asset managers**, with 148 branch offices and more than 2000 employees.
- Hywin Hong Kong puts its focus on **wealth management, asset management and insurance brokerage**.
- Hong Kong is the **offshore wealth management platform** of the Hywin Group (offshore products and services for Chinese clients).

July 2019: Signing of memorandum of understanding

February 2021: Signing of partnership agreement

Seizing opportunities and actively driving change at all locations

Client proximity

Intensifying cooperation with clients and simultaneous heightening of efficiency

Sustainability

Systematic advancement of the topic of sustainability with the Investing for Change programme

Locations

More proximity to the client with location strategies close to the market

Partnership agreement signed with Hywin

VP Bank simplifies access

to exclusive private
market investments.



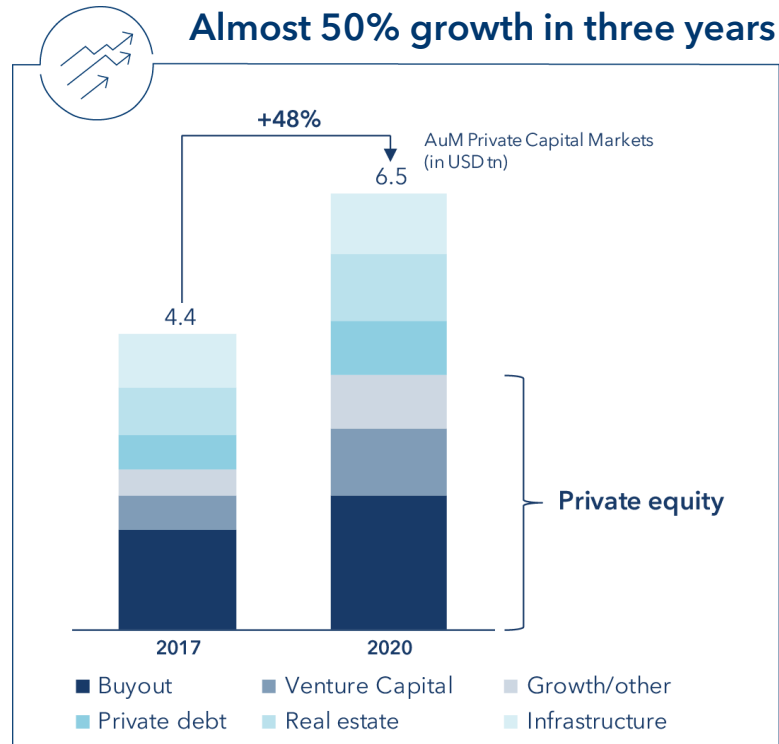
Simplified access to exclusive private market investments

Private Markets
are a growing
and increasingly
popular asset class

**Systematic access to the
asset class**
by offering exclusive
collective and direct
private equity and private
debt investment
opportunities

**Strengthening
VP Bank's position**
as an international
open wealth service
pioneer

Private markets have been characterised by strong demand



VP Bank is uniquely positioned to play a major role



Strong DNA as a “trusted partner” for intermediaries More than 60 years of experience and an excellent reputation



The right size and mindset Small enough to be flexible, but international and large enough to make a difference



Partner network of industry and thought leaders Nearly 600 existing Intermediaries clients and strong partnerships



Crystal clear strategic focus Strategy 2026 gives Client Solutions the resources, focus and backing

Client Solutions' mission

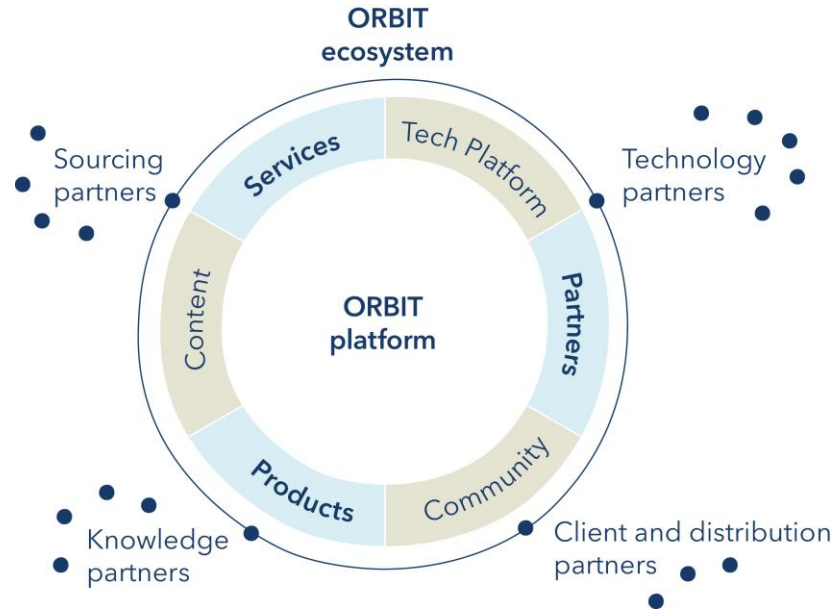
Accelerate VP Bank's DNA as a comprehensive international open wealth service pioneer and become a trusted "curator for private market investments"



Client Solutions aims to significantly **increase the share of wallet** of its **~600 intermediaries** and attract new B2B2C clients as well as pure B2B clients like insurance companies, sovereign funds or pension funds.

Without the prerequisite of booking with VP Bank, we can offer full flexibility for all clients and significantly increase our addressable market.

ORBIT strategy - a platform embedded in a broad community



- Modular, open architecture **access and structuring platform** for private market investment products
- Embedded in a broad **community of partners**
- **Connection** to ORBIT at each stage of the **value chain**
- Origination and distribution of **investment opportunities** through the ORBIT **ecosystem**
- **Curator for private market** opportunities and product structuring

ORBIT approach - enabling access to innovative products and services

The platform enables **access** to innovative products and services. It ensures **convenience** for investors, partners and the community.











The ORBIT platform includes:

- Access to an innovative **product shelf**
- Access to a tailored **service shelf**
- Access to a diverse **partner shelf**

Partners and investors can also expect:

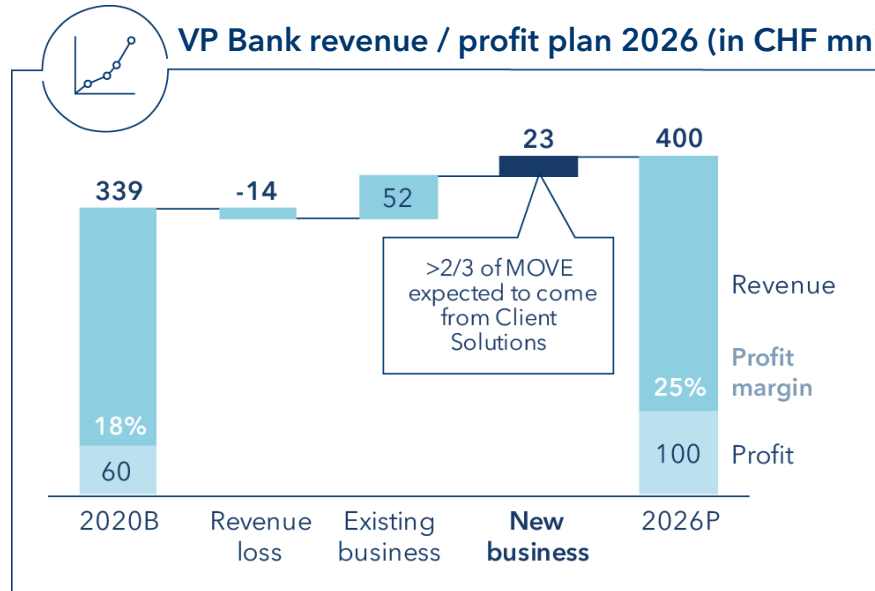
- Access to relevant **content**
- Access to **community**
- **Convenience** through a tech platform

Client value of Client Solutions

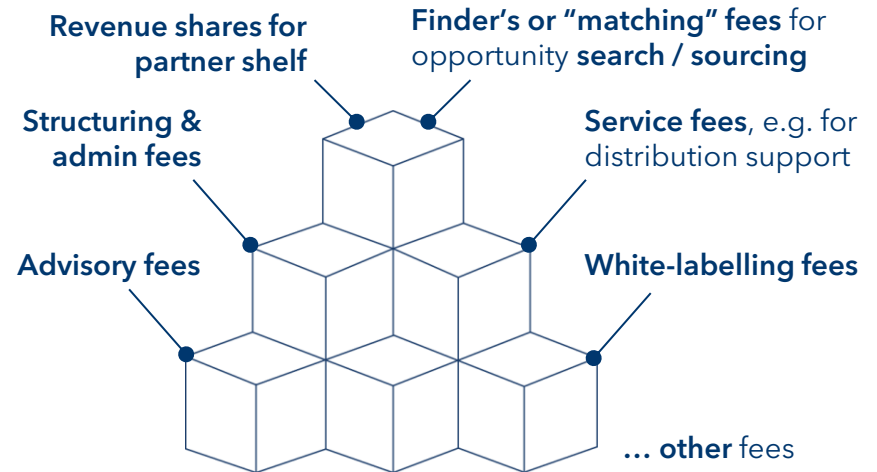
-  **Access** to exclusive, high-quality **private market opportunities**
-  **Access** to free relevant **content, contacts and community**
-  **Access** to co-investors and distribution channels for **own products**
-  **Access** to relevant third-party tech providers who are fully integrated into the ORBIT ecosystem
-  Full **flexibility** through modular set-up and different structuring solutions
-  Full **free optionality** through pay-per-demand and forgoing booking at VP Bank
-  **Convenience** through data-driven matchmaking and tech-supported processes
-  **Exclusivity and privacy** through “invitation only” set-up and curated matching

Business case – a strong contribution to the 2026 profit targets

Client Solutions will **contribute strongly** to the **2026** profit targets by applying modern modular pricing to increase our profit margins significantly.

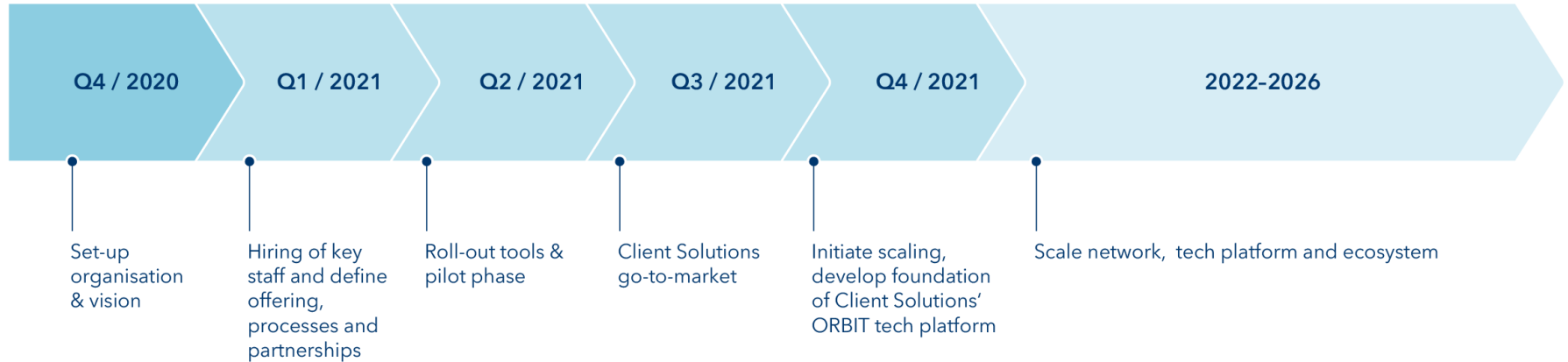


Possible pricing components (illustrative)



Modular pricing to reflect different needs and capabilities of clients as well as the flexibility of the **ORBIT operating model**

Timeline - key focus and milestones



VP Bank – the curator for private markets

What?

We address the attractive and growing market for **private market solutions** by offering investments in **new assets and themes**.

How?

We provide clients and partners with a **holistic gateway** to the private market universe **and offer access and convenience** in this asset class.

Why?

We build on our **experience and strength** in rendering services to **professional financial service providers** and are therefore uniquely positioned to act as a **“curator for private markets”**.

**Opportunities don't just
come about.**

They require the right analysis at
the right time.



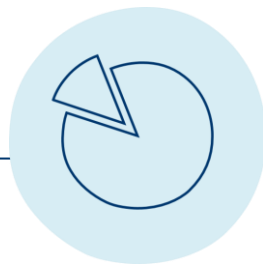
Financial targets 2026: Increase in Group net income to CHF 100 million.



Growth

Net new money
(in % of AuM)

> 4% p.a.¹



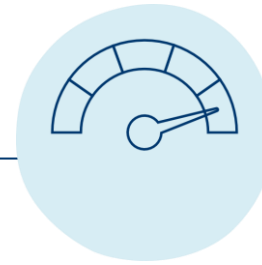
Profitability

Profit-
margin
(in bp of AuM)

> 15 bp

Cost /
income
ratio²

70%



Stability

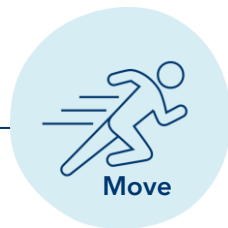
Tier 1
ratio

> 20%

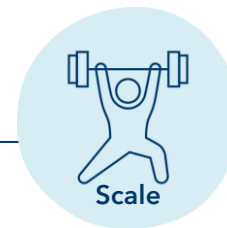
We bring about stability, innovation and profitable growth through targeted measures



- Intensification of cooperation with clients and simultaneous strengthening of **efficiency**
- Systematic advancement of the topic of **sustainability** through the Investing for Change programme
- More proximity to the client with **location strategies** close to the market

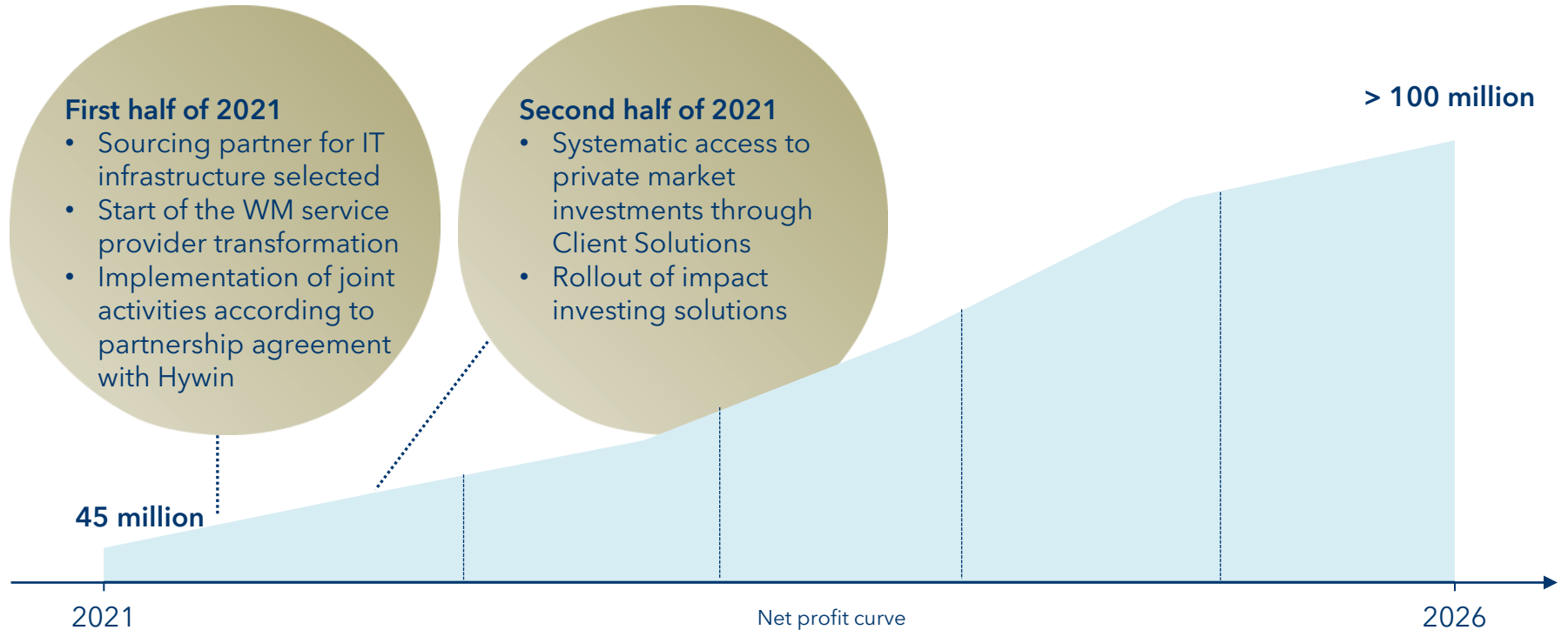


- Opening **access to investments in alternative assets** and investment themes
- Systematic access to the **private markets** asset class
- Development of a **modular and open investment and structuring platform** as well as a broad partner ecosystem



- **IT strategy** as a foundation for further development of the business model
- More robust and agile positioning of the **organisation**
- **Improvement of productivity** through process optimisation as well as standardisation and automation

Outlook for 2021 - clear milestones despite difficulty in making forecasts



Question and answer session



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