

VP Bank Group · 6 March 2018

2017 annual results



Programme

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



Welcome

Fredy Vogt · Chairman of the Board of Directors



2017 annual results

Siegbert Näscher · Chief Financial Officer



Overview of topics

- Profile as of 31 December 2017
- Income statement
- Balance sheet
- Client assets under management
- Segments
- Summary





Profile as of 31 December 2017

VP Bank during the 2017 financial year

Strong income and profit growth

Group net income: CHF 65.8 million (+13.4%)

Cost/income ratio: 64.2% (68.4%)

Increase in all sources of revenue

Costs developed in line with strategy

Excellent net new money performance

Net new money: CHF 1.9 billion (0.0 billion)

All locations with positive net new money performance

Sound balance sheet

Tier 1 ratio: 25.7% (27.1%)

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

Extremely healthy balance sheet

High level of liquid assets

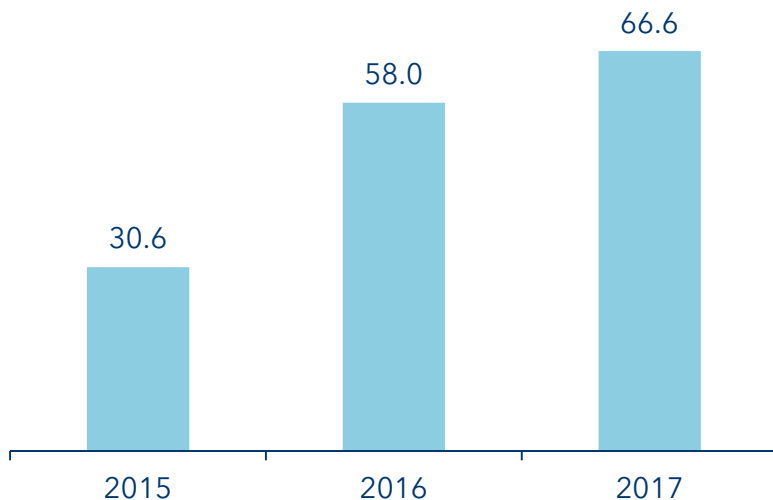
The background is a light blue gradient. There are two abstract teal shapes: one in the top-left corner and another in the bottom-right corner, both pointing towards the center.

Income statement

Adjusted Group net income rises significantly

- Continuous rise over the last three years
- Profit twice as much as in 2015

Adjusted Group net income in CHF million



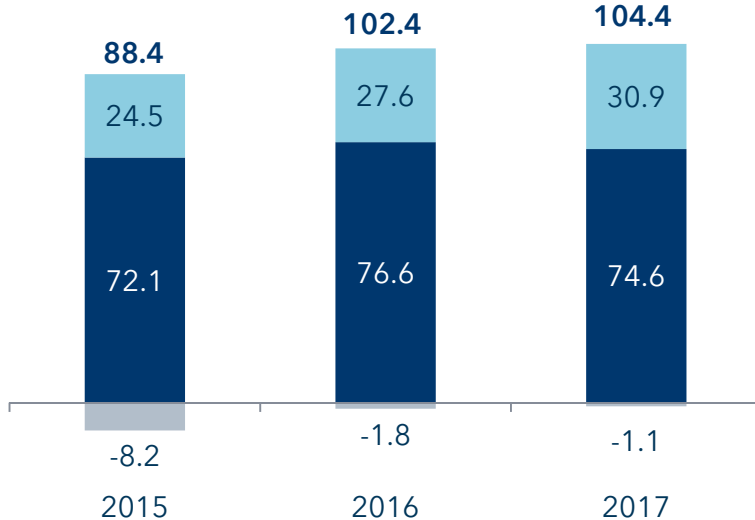
Income statement in CHF million

	2015	2016	2017
Operating income	306.6	273.2	300.1
Operating expenses	-246.4	-212.2	-229.7
Taxes	3.9	-3.0	-4.6
Group net income	64.1	58.0	65.8
One-off effects	-33.5 ¹	0.0	0.8 ²
Adjusted Group net income	30.6	58.0	66.6

¹ One-off effect due to the integration of Centrum Bank and IAS 19.

² One-off effect due to the NRW provision and IAS 19.

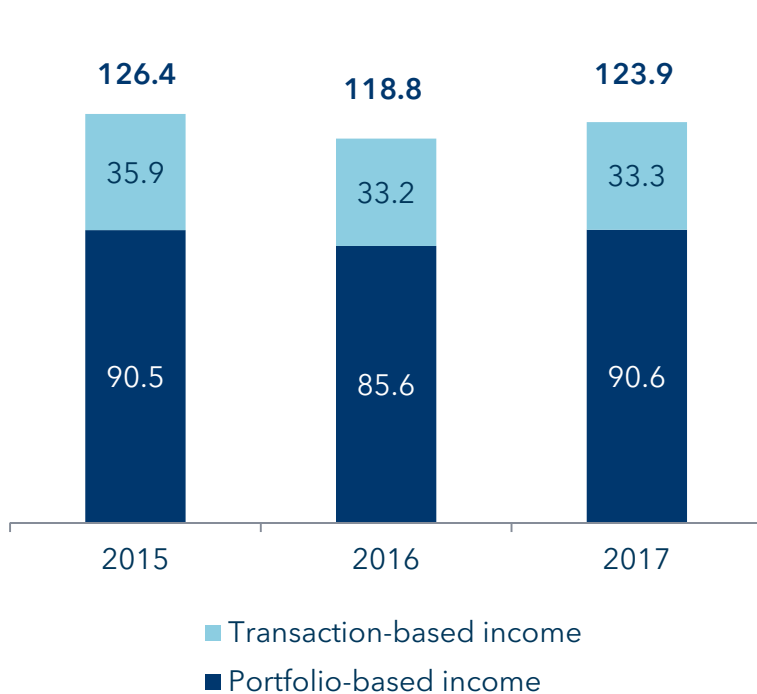
Interest income (in CHF million)



- Interest rate hedging transactions
- Treasury
- Clients

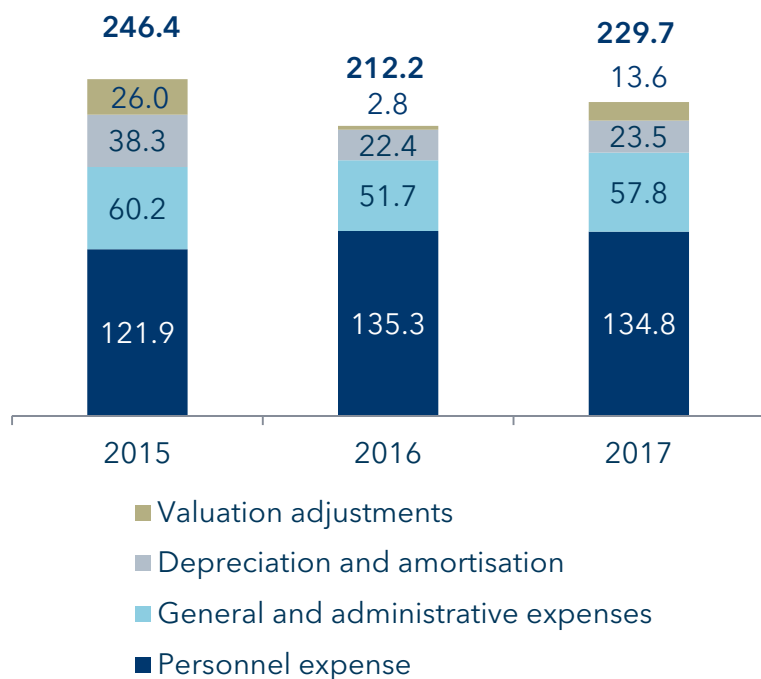
- The treasury result benefited from increased financial investment volumes and higher USD interest rates
- Interest income from clients rose significantly on the back of higher lending volumes; by contrast, the interest expense increased considerably due to higher USD interest rates

Commission business and services (in CHF million)



- Increase of portfolio-based income thanks to higher volumes and banking products
- Higher transaction volumes

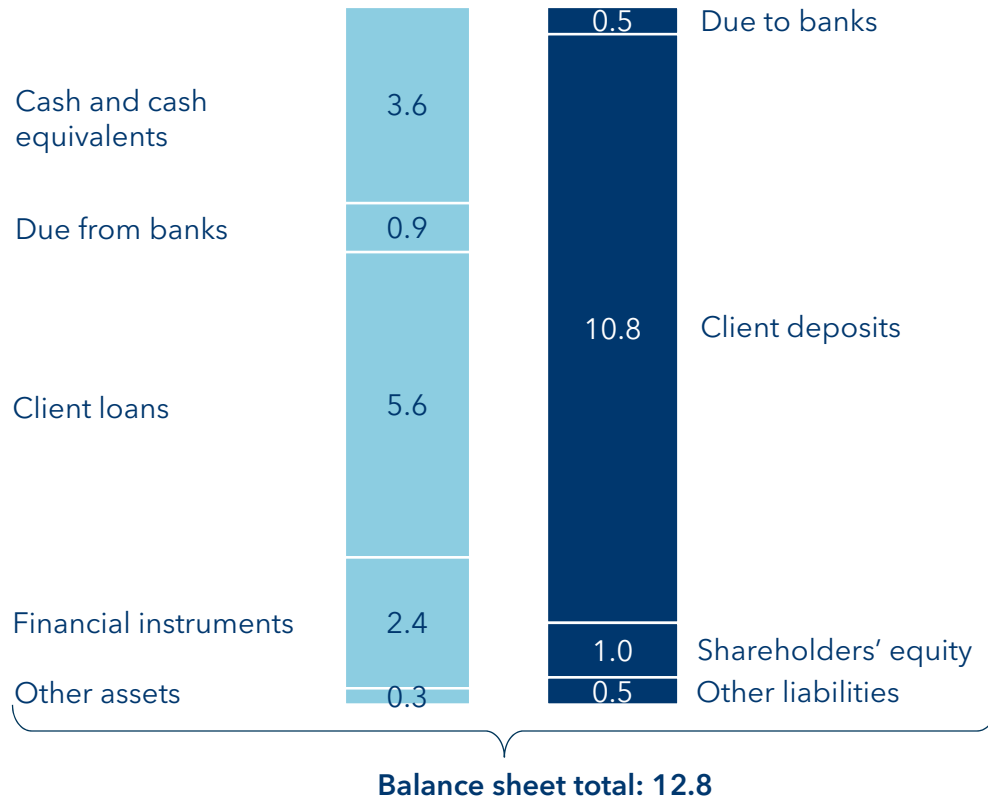
Operating expenses (in CHF million)



- Personnel expense increased 7.1% leaving aside the one-off effect from IAS 19; this was primarily a result of the 8.3% increase in headcount to 800
- Significantly higher expenditure on fees and marketing led to an 11.8% increase in general and administrative expenses
- Depreciation and amortisation rose by 5.1% as a result of investment activities
- The increase in valuation adjustments is due to the provision relating to the agreement with NRW; excluding this one-off effect, this figure is slightly below that of the previous year

Balance sheet

Solid balance sheet as of 31 December 2017 (in CHF billion)



- High level of liquid assets representing more than a quarter of the balance sheet total
- Increase of 7.6% in client loans, primarily Lombard loans
- Increase of 12.8% in financial instruments
- Growth of 7.5% in client deposits
- Increase of 6.1% in shareholders' equity

Strong balance sheet ratios

	31.12.2015	31.12.2016	31.12.2017
Balance sheet total in CHF billion	12.4	11.8	12.8
Risk-weighted assets in CHF billion	3.7	3.5	3.8
Shareholders' equity in CHF million	918.1	936.9	994.2
Core capital in CHF million	911.2	938.5	976.6
Tier 1 ratio	24.4%	27.1%	25.7%
Leverage ratio ¹	7.0%	7.8%	7.5%
Loan-to-deposit ratio ²	46.5%	52.2%	52.2%
Non-performing loans ³	0.4%	0.9%	1.1%

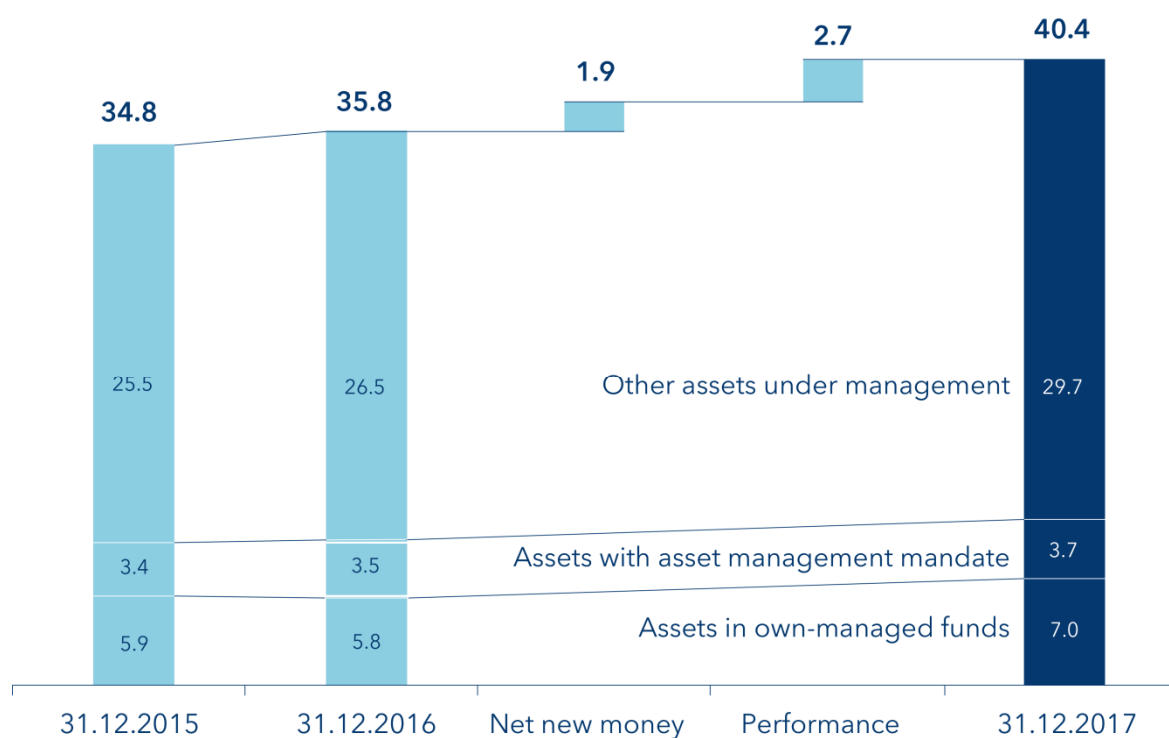
¹ Ratio of allocable shareholders' equity to balance sheet total.

² Ratio of client loans to client deposits.

³ Ratio of non-performing loans to client loans.

Client assets under management

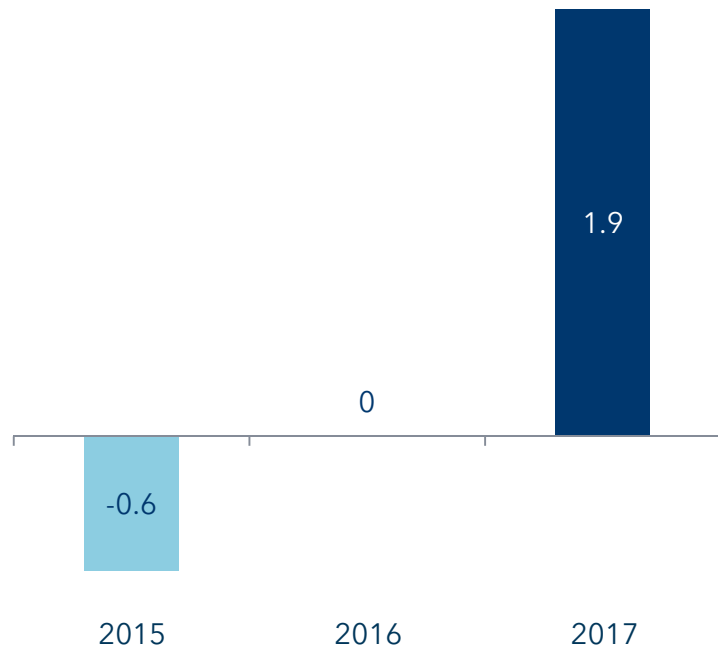
Increase in client assets under management (in CHF billion)



- Increase of 13.0% in client assets under management
- Strong increase in net new money of CHF 1.9 billion
- Positive market performance

- Client assets including custody assets at CHF 46.4 billion

Net new money (in CHF billion)



- Increase in net new money of CHF 1.9 billion (5.3%)
- Continuous improvement over the last three years
- Particularly strong inflows in Europe thanks to recruitment of new client advisors and existing clients
- Continued solid inflows in Asia
- Low outflows due to AEOI / tax regulation

The background features a light teal gradient. A darker teal geometric shape, resembling a triangle or a large arrow pointing upwards and to the right, is positioned in the lower-left quadrant of the slide.

Segments

Segment overview as of 31 December 2017

	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF ¹	30.8 billion	15.3 billion	-	46.1 billion
Client assets under management in CHF	26.7 billion	13.7 billion	-	40.4 billion
Net new money in CHF	0.4 billion	1.5 billion	-	1.9 billion
Pre-tax net income in CHF	103.8 million	7.1 million	-40.6 million	70.3 million
Gross margin in basis points ²	72.1	62.9	-	-
Headcount in FTEs	183	262	354	800

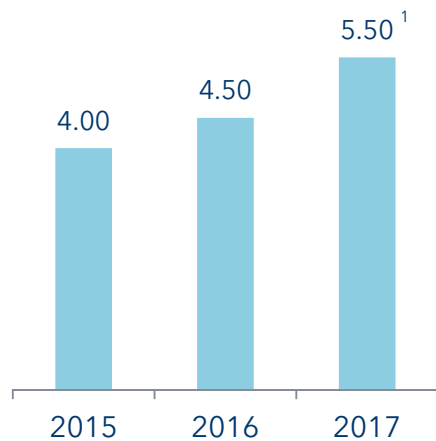
¹ Client assets under management and client loans.

² Operating income divided by average client assets under management.

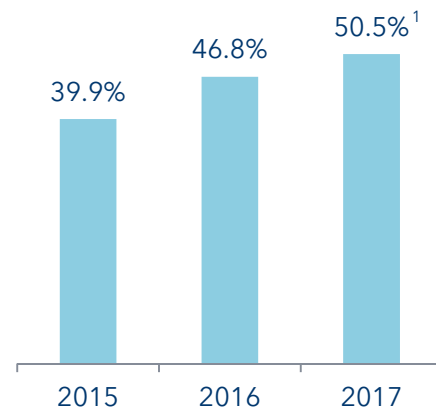
Dividends

Dividends

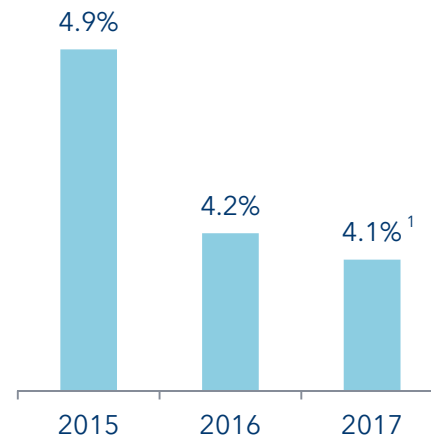
Dividends in CHF



Payout ratio



Dividend yields



¹ Proposal to the annual general meeting.

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





Status quo: medium-term objectives and strategy implementation

Alfred W. Moeckli · Chief Executive Officer

Medium-term objectives



Group net income
CHF 80 million



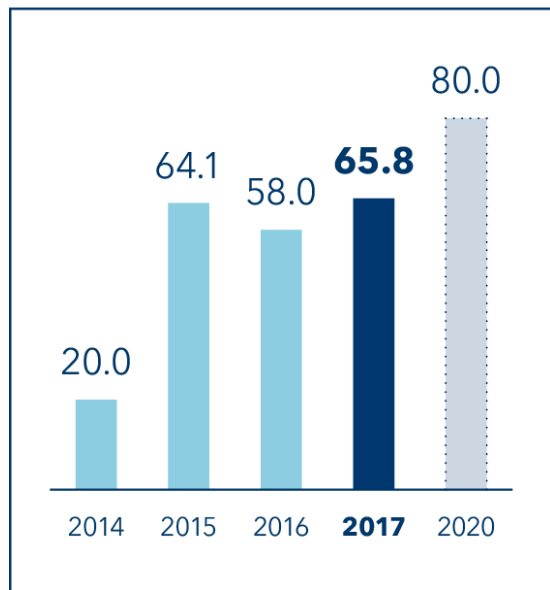
Client assets under management
CHF 50 billion



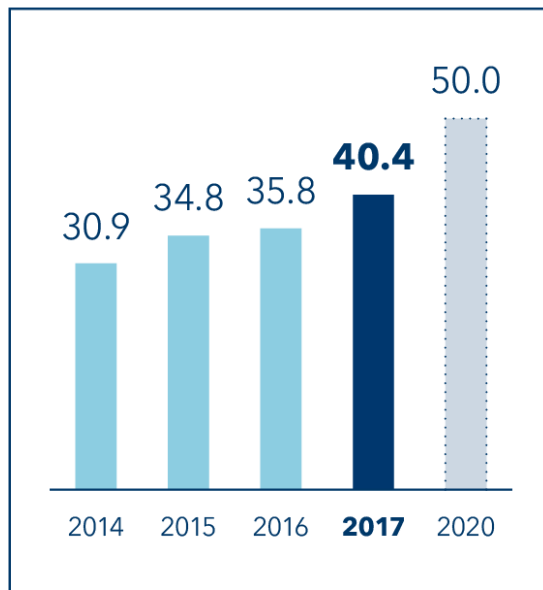
Cost / income ratio
BELOW 70%

Status quo medium-term objectives

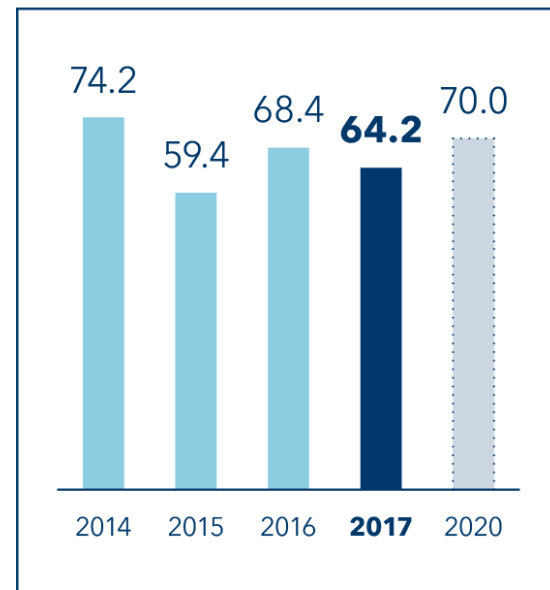
Net income
(in CHF million)



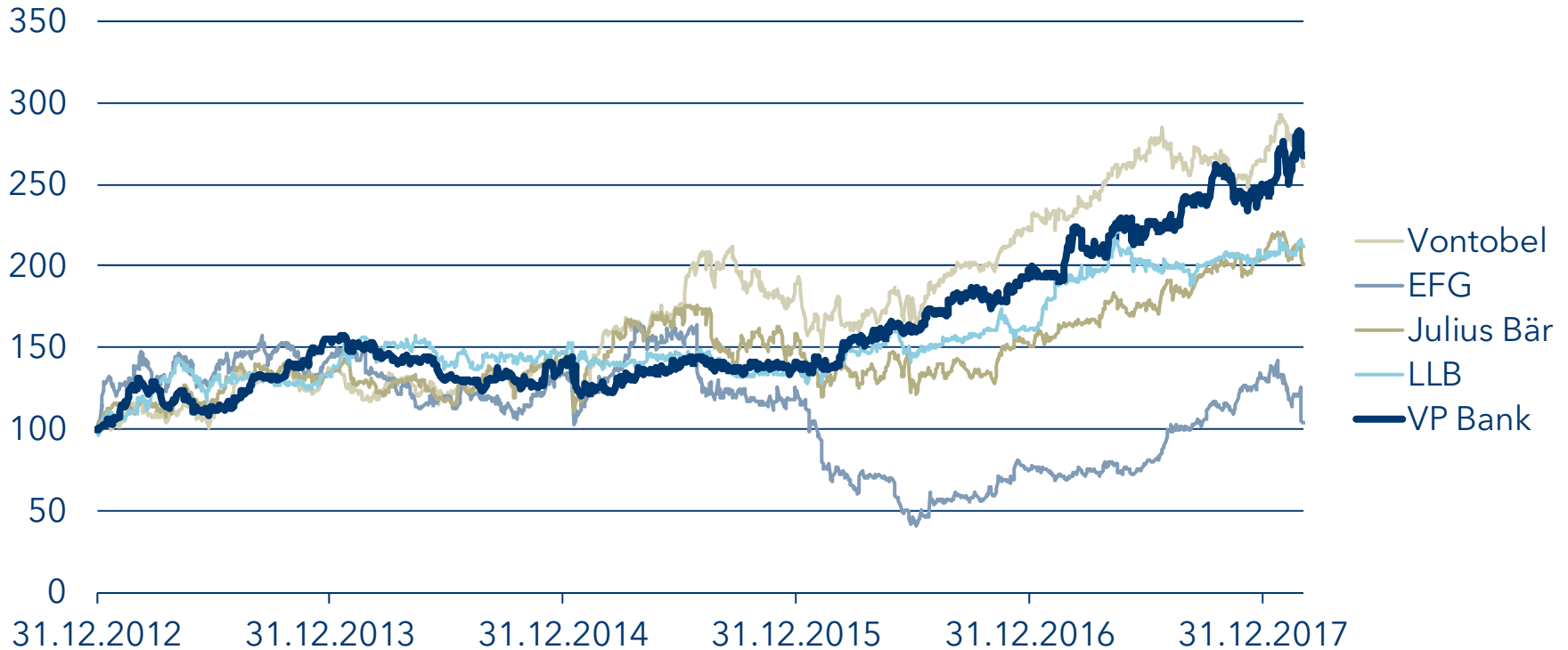
Client assets under management
(in CHF billion)



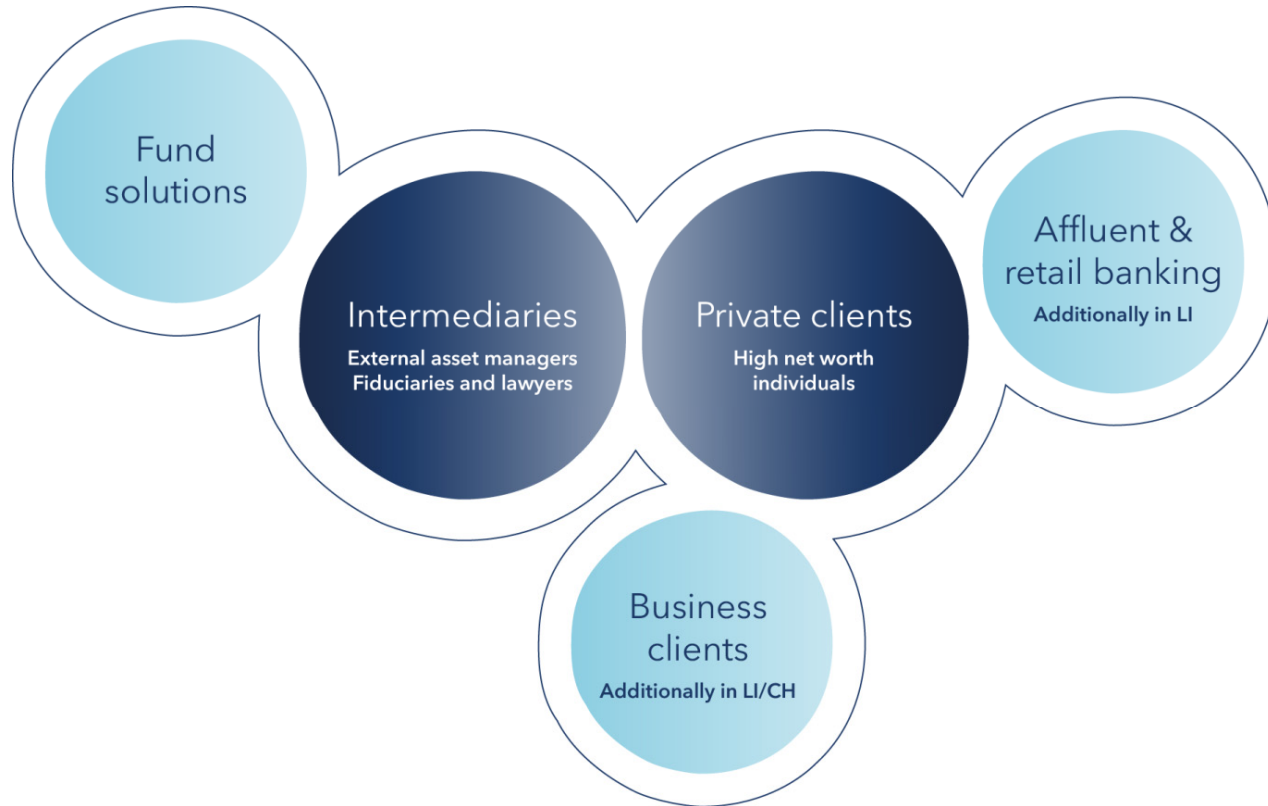
Cost/income ratio
(in %)



Comparison of the VP Bank share including dividend



Diversified business model



Our three main topics



GROWTH

- 1** Internationalisation
 - Asia
 - Switzerland
 - VP Fund Solutions
- 2** Client advisor recruitment campaign



FOCUS

- 3** Further development of investment consulting
- 4** Digitisation programme Next



CULTURE

- 5** Employee survey 2017

Our three main topics



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CULTURE

- 5 Employee survey 2017**

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- 5 Employee survey 2017**

Internationalisation - Switzerland

- Successful conversion to powerful sales organisation
- Strong development of net new money
- Popular employer in Zurich
- Fast recruitment of top client advisors
- Relocation to modern offices



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Internationalisation - VP Fund Solutions

- Fund business as an attractive growth segment
- One-stop shop as sales argument
- Intensified marketing activities
- Strong growth rates of the reserved alternative investment fund (RAIF)



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Client advisor recruitment campaign

Approximately 75
client advisors
to be hired
by end of 2019

Recruitment of 24
promising client advisors
in 2017

VP Bank as an attractive
employer

Encouraging
net new money inflows

Our three main topics



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Further development of investment consulting

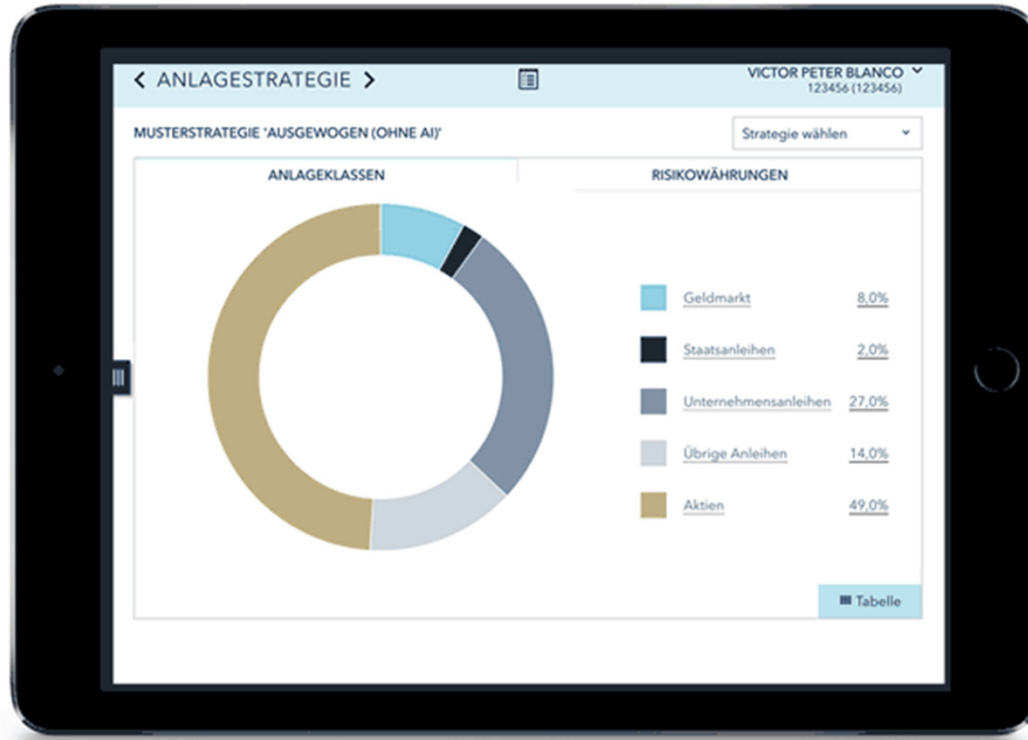
Launch of
comprehensive
investment advisory
packages

Modern
investment
advisory software
Finfox

Strengthening
investment
expertise

Investment consulting
with tablets using
Finfox Touch

Investment consulting with tablets using Finfox Touch



Our three main topics



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Website with portal access and updated mobile banking



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- 4 **Digitisation programme Next**



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Employee survey 2017

Significant improvement
since 2015 employee survey

Commitment **+4%**
Satisfaction **+9%**
Attractive employer **+24%**

High
response rate
of **91%**

Effective measures -
further improvements as
the objective



Questions and answers





Thank you!