

2018 Annual results

# VP Bank Group in figures



# Growth strategy impacts on profitability

## Difficult market environment results in fall in profits

Group net income: **CHF 54.7 million** (-16.8%)

Cost / income ratio: **75.8%** (previous year: 64.2%)

Lower income from financial investments

Investments in further strategic development

## Net new money above average

Net new money: **CHF 3.2 billion** (previous year: 1.9 billion)

Strong second half of year

## Comfortable balance sheet ratios

Tier 1 ratio: **20.9%** (previous year: 25.7%)

Rating: Standard & Poor's **A/Stable/A-1**

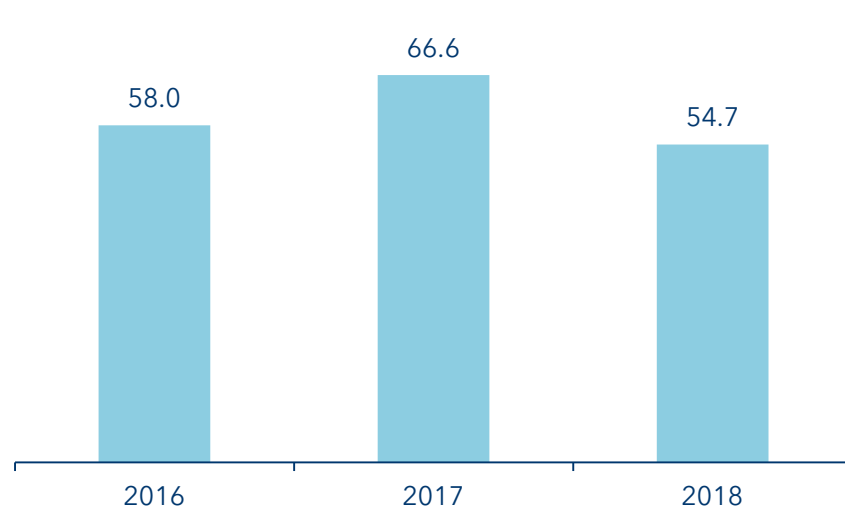
Solid capitalisation

Rating increase in May 2018

# On track despite a dent in profits

- Operating income increased, profit from financial investments lower
- Cost performance in line with strategy, valuation adjustments released

## Adjusted Group net income in CHF million



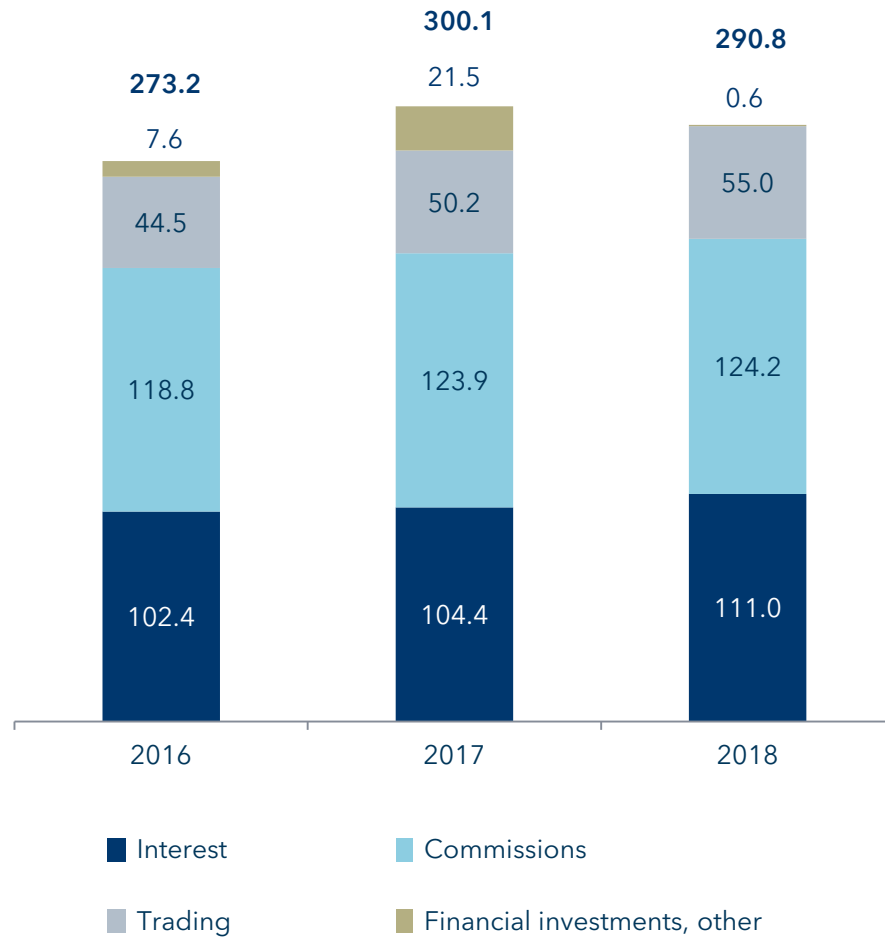
## Income statement in CHF million

	2016	2017	2018
Operating income	273.2	300.1	290.8
Operating expenses	-212.2	-229.7	-232.3
Taxes	-3.0	-4.6	-3.8
<b>Group net income</b>	<b>58.0</b>	<b>65.8</b>	<b>54.7</b>
One-off effects	0.0	0.8 <sup>1</sup>	0.0
<b>Adjusted Group net income</b>	<b>58.0</b>	<b>66.6</b>	<b>54.7</b>

<sup>1</sup> One-off effect due to the NRW provision and IAS 19.

# Key operating earnings up

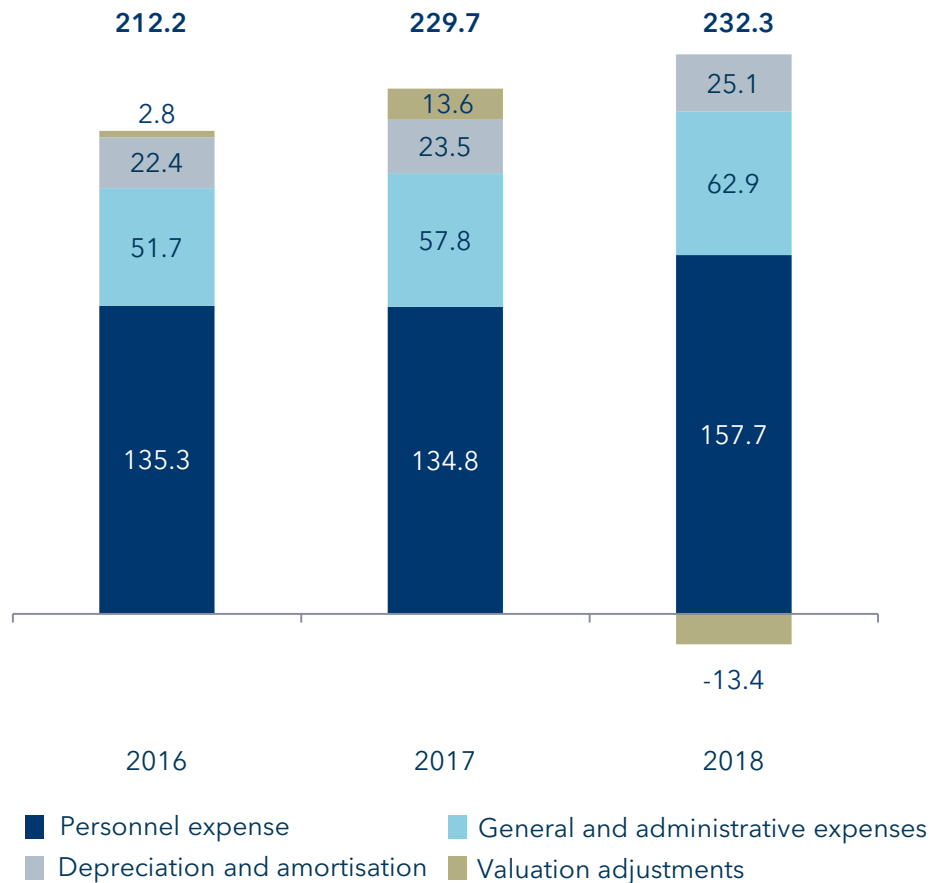
Operating income in CHF million



- Interest gains up CHF 6.5 million, or 6.3%
  - Interest income increased from clients, although interest expense significantly higher
  - Interest gains from Treasury increased substantially
- Commission income up CHF 0.4 million, or 0.3%
  - Transaction-based income lower despite more transactions
  - Higher portfolio-based income thanks to increase in average volumes
- Trading profit up CHF 4.8 million, or 9.4%
- Financial investments down CHF 20.9 million on account of the market environment

# Expansion in client support units and digitalisation costs

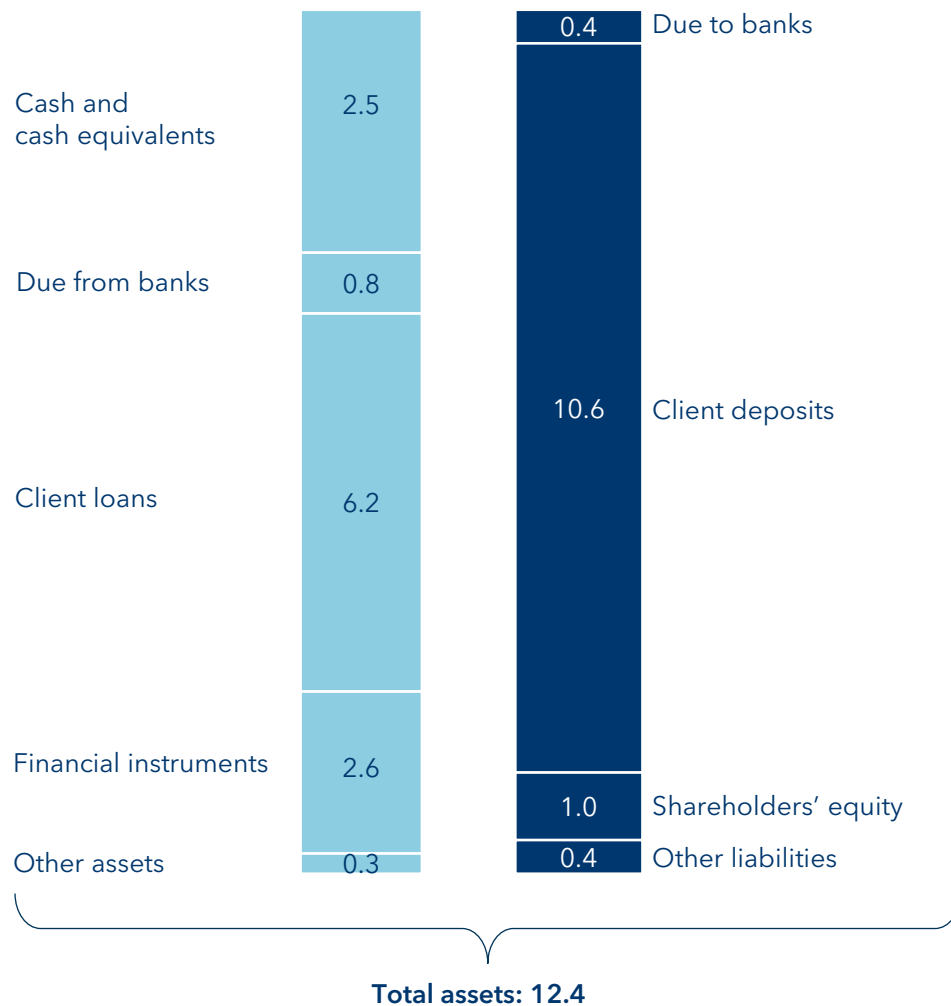
## Operating expenses in CHF million



- Personnel expense up CHF 22.9 million, or 17.0%
  - The increase amounts to CHF 12.8 million, or 8.8%, once adjusted for one-off effects in 2017
  - Headcount increased by 8.6% to 868 full-time employees
- General and administrative expenses up CHF 5.1 million, or 8.8%
  - Increase in costs of acquiring information and computer systems
- Depreciation and amortisation up CHF 1.6 million, or 6.6%
- Valuation adjustments down CHF 13.4 million on account of the release of credit provisions

# Slight reduction in total assets

Balance sheet as of 31 December 2018 in CHF billion



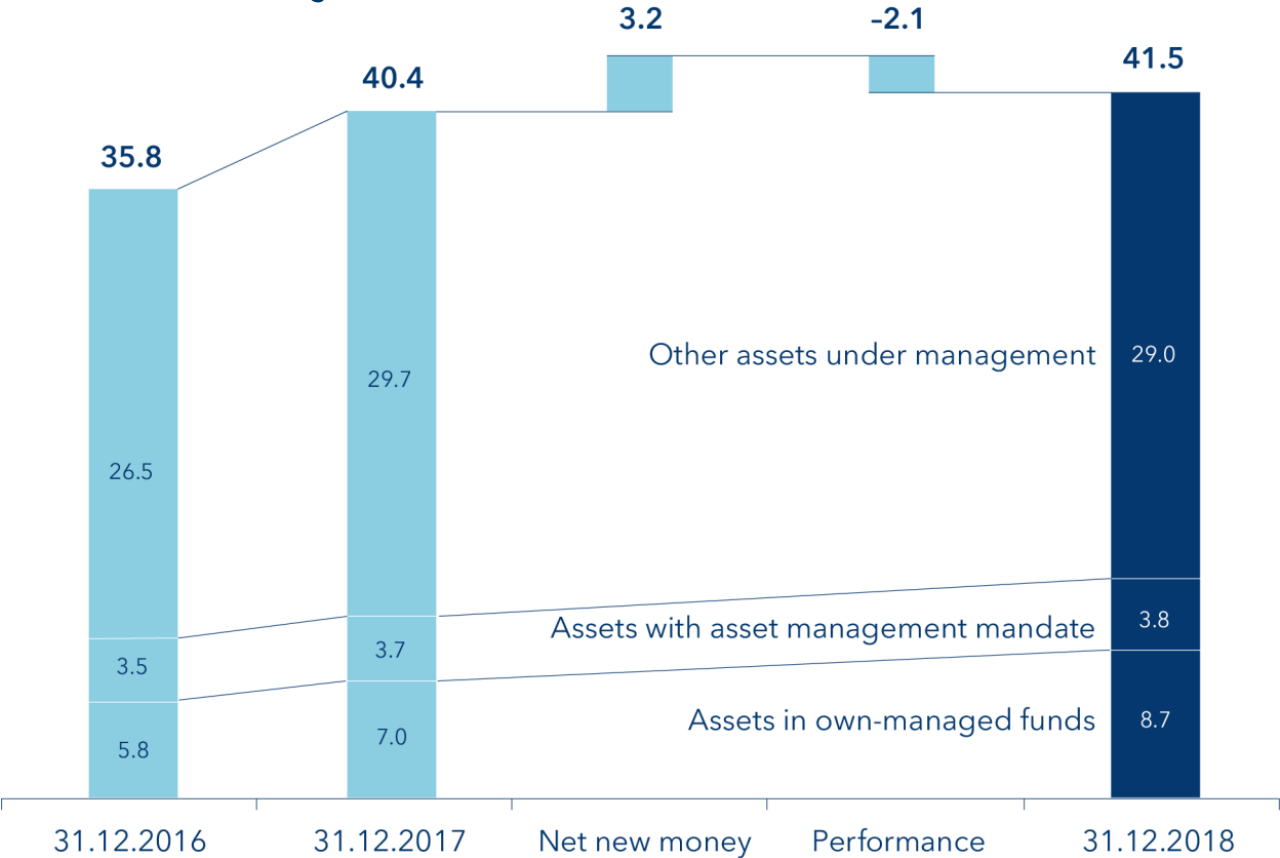
- Stable assets
  - High level of liquid assets
  - Increase of 9.7% in client loans, primarily Lombard loans
  - Financial instruments up 10.5%
- Stable refinancing
  - Client deposits 85% of total assets
  - Fall in client deposits: 2.2%
- Strong shareholders' equity
- Rating increase to "A" by Standard & Poor's as of 18 May 2018

## Capital adequacy requirements exceeded significantly

	31.12.2016	31.12.2017	31.12.2018
Risk-weighted assets in CHF billion	3.5	3.8	4.5
Core capital (CET 1) in CHF million	938.5	976.6	942.8
Tier 1 ratio (CET 1 ratio)	27.1%	25.7%	20.9%
Liquidity coverage ratio (LCR)	109.8%	161.0%	143%
Leverage ratio	7.8%	7.5%	7.3%
Loan-to-deposit ratio	52.2%	52.2%	58.6%
Non-performing loans	0.9%	1.1%	0.4%
S&P rating	A-/Positive/A-2	A-/Positive/A-2	A/Stable/A-1

# Client assets under management increase despite negative environment

Client assets under management in CHF billion

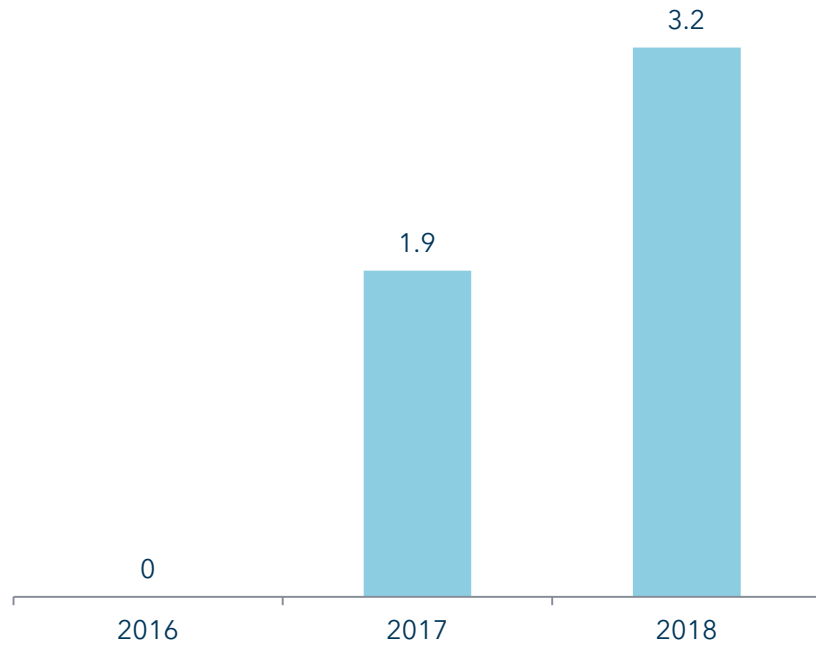


- Increase in client assets under management of 2.8%
- Increase in net new money of CHF 3.2 billion
- Market performance negative
- Client assets including custody assets at CHF 48.5 billion



# International business as driver of growth

Net new money in CHF billion



- Increase in net new money of 7.9%
- Continuous improvement over the last three years
- Solid inflows thanks to recruitment of new client advisors
- Inflows from taking over funds
- Net inflows from existing clients

# Geographic diversification proceeding

## Segment overview as of 31 December 2018

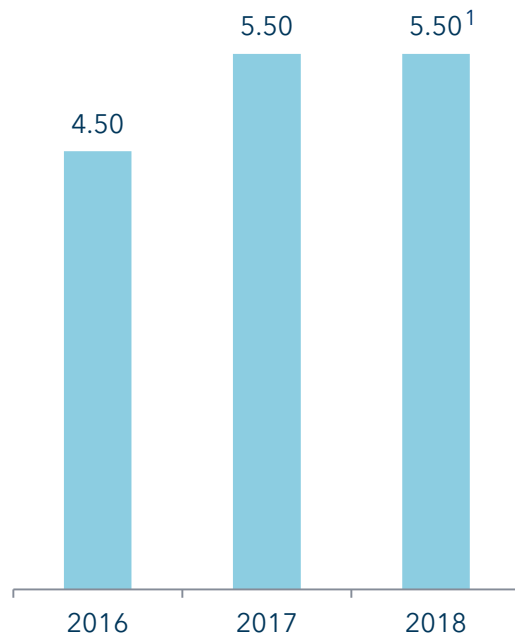
	Client Business Liechtenstein	Client Business International	Corporate Center	Group
Business volume in CHF <sup>1</sup>	29.1 billion	18.7 billion	-	47.8 billion
Client assets under management in CHF	25.0 billion	16.5 billion	-	41.5 billion
Net new money in CHF	-0.2 billion	3.4 billion	-	3.2 billion
Pre-tax net income in CHF	106.2 million	12.8 million	-60.4 million	58.5 million
Gross margin in basis points <sup>2</sup>	73.0	59.6	-	-
Headcount in FTEs	183	313	372	868

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

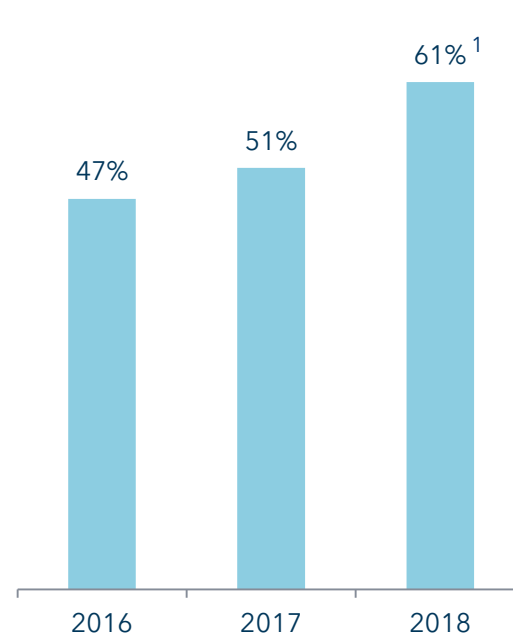
<sup>2</sup> Operating income divided by average client assets under management

# Dividend payments remain unchanged

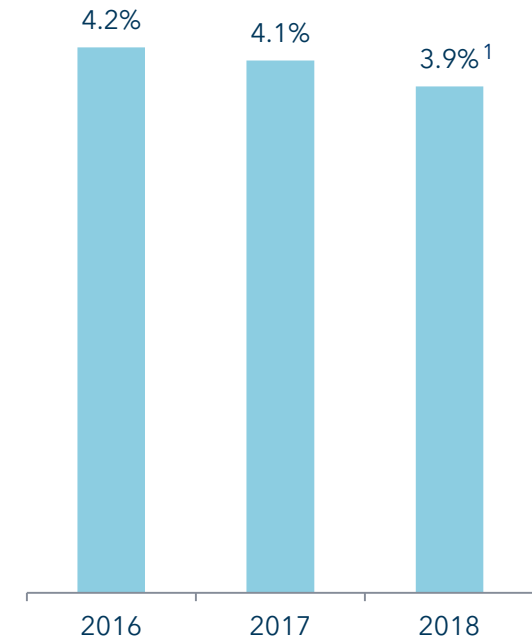
Dividends in CHF



Payout ratio

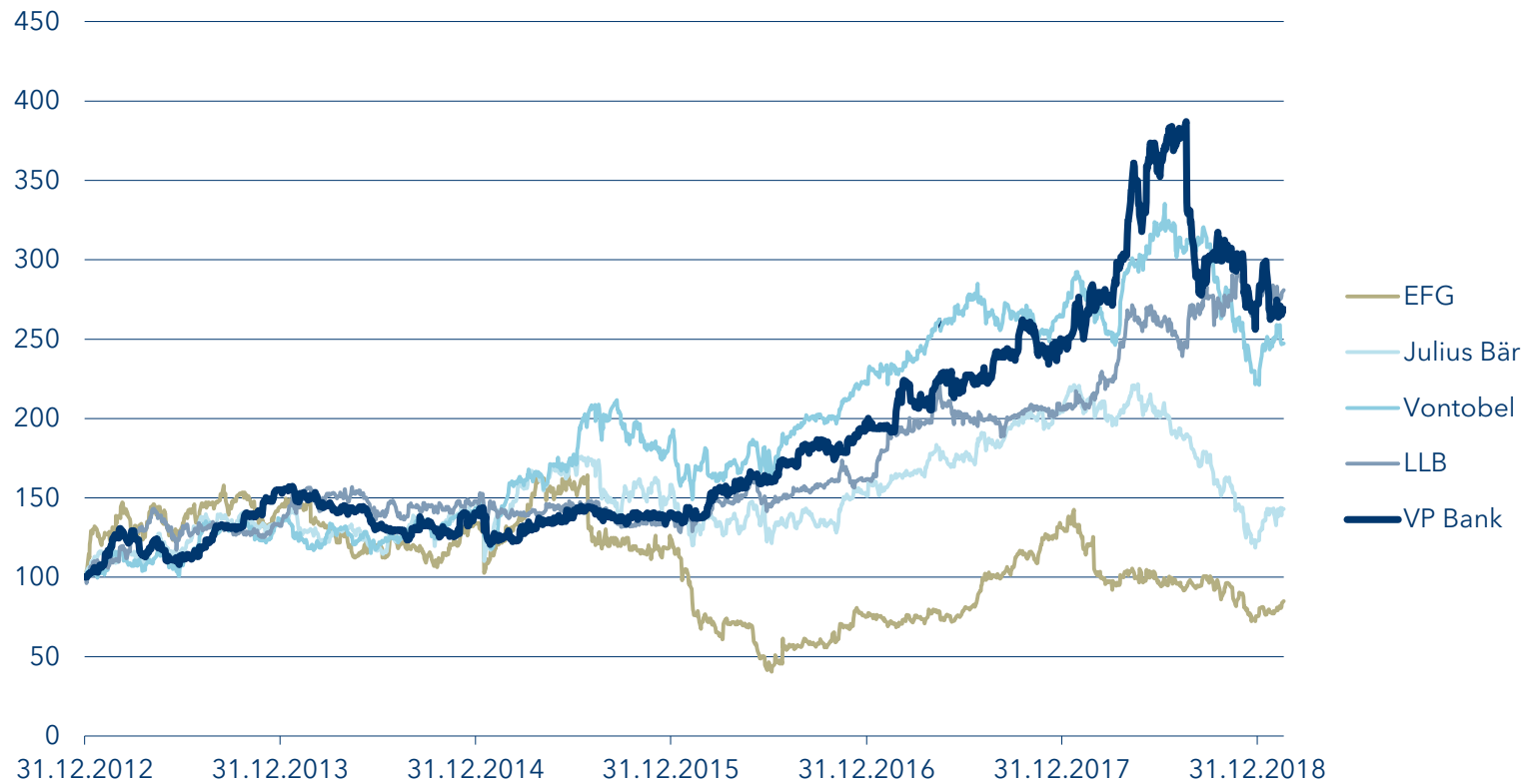


Dividend yields



<sup>1</sup> Antrag an die Generalversammlung

# Comparison of VP Bank share price performance



# Summary

## Growth in line with strategy

- Recruitment campaign in the front-office area
- Strong increase in net new money

## Convincing operative performance

- Increase in income (interest, trading and commission business)

## Two major influencing factors

- Release of valuation adjustments and poor results in financial investments

## Secure and stable Bank

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



# Contact address and agenda

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## Agenda

- Annual general meeting of shareholders 2019: 26 April 2019
- Ex-dividend date: 30 April 2019
- Record date: 2 May 2019
- Dividend payment: 3 May 2019
- Annual results 2019, media and analysts conference: 10 March 2020

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