

Financial Report of VP Bank Group



Consolidated semi-annual report of VP Bank Group

Consolidated results

In what continues to be a challenging environment, VP Bank Group generated group net income of CHF 11.5 million in the first half of 2024. This represents a fall of 55 per cent compared to the previous-year period (first half of 2023).

Client assets

As of 30 June 2024, client assets under management amounted to CHF 50.4 billion. This represents an increase of 9 per cent compared to the end of 2023, which is primarily due to the positive market environment. Net new money inflow amounted to CHF 0.5 billion, representing annualised growth in net new money of 2.2 per cent. The average client assets under management rose compared to the previous-year period by 3 per cent to CHF 48.9 billion, and were up by 5 per cent on the previous period (second half of 2023). Custody assets declined from their level at the end of December 2023 by CHF 0.4 billion to CHF 4.3 billion. Overall, client assets including custody assets as at 30 June 2024 totalled CHF 54.7 billion.

Income statement

Operating income

VP Bank generated operating income of CHF 162.6 million. This represents a decline of 14 per cent compared to the previous-year period.

Net interest income declined compared to the previous-year period by 27 per cent and compared to the previous period by 15 per cent to CHF 52.5 million. Clients have invested their liquid assets in high-yield investments and securities, which is reflected accordingly in the figure for interest income. Interest expenses increased compared to the previous-year period by CHF 32.1 million (41 per cent) to CHF 110.2 million, whilst interest income rose by CHF 12.5 million (8 per cent) to CHF 162.8 million.

Net income from commission business and services totalled CHF 68.3 million, which was slightly down by CHF 1.5 million (2 per cent). This is largely due to the segment mix with above-average growth in lower-margin client assets under management in Asset Servicing.

Income from trading activities amounted to CHF 38.0 million and is comparable with the figure of CHF 38.7 million from the previous-year period. Trading income continued to benefit from the USD/CHF interest rate differential.

Income from financial investments made a positive contribution of CHF 3.5 million to the semi-annual results, as did other income totalling CHF 0.3 million.

Operating expenses

Operating expenses fell to CHF 148.8 million, representing a 6 per cent decrease compared to the previous-year period and a 4 per cent decrease compared to the previous period.

Personnel expenses declined compared to the previous-year period by almost 5 per cent to CHF 85.7 million. The amount set aside for variable compensation was aligned with the results of the reporting period.

General and administrative expenses increased by 7 per cent to CHF 43.7 million, which was attributable to the positive effect of a VAT refund during the previous-year period.

Depreciation and amortisation fell to CHF 18.7 million. Increases in depreciation and amortisation seen in past periods as a result of strategic investments has reached its peak. In addition, depreciation and amortisation were aligned with the actual useful life of strategic projects.

Valuation adjustments, provisions and losses in the reporting period amounted to CHF 0.7 million.

Balance sheet

Total assets amounted to CHF 11.7 billion. Compared to 31 December 2023, this figure has remained stable.

Deposits

On the liabilities side, client funds amounted to CHF 9.7 billion, which represents an increase of 2 per cent.

Short-term financial assets

As of the end of June 2024, CHF 1.8 billion was held as a deposit at the Swiss National Bank. A further CHF 1.3 billion is attributable to receivables from banks or money market papers, both with short term maturities. These CHF 3.1 billion covered 31 per cent of client deposits.

Loans

VP Bank had CHF 5.8 billion in outstanding loans, of which CHF 3.5 billion were mortgage loans. Loan volume during the reporting period rose by 5 per cent compared to December 2023.

Equity capital and liquidity

VP Bank Group has a very strong capital base and high liquidity. As of 30 June 2024, the tier 1 ratio was 26.1 per cent, and the liquidity coverage ratio was 309.5 per cent.

Consolidated income statement

in CHF 1,000	Note	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Interest income from financial instruments at amortised cost		140,178	124,901	15,277	12.2
Other interest income		22,602	25,330	-2,728	-10.8
Interest expense using the effective interest method		110,231	78,142	32,089	41.1
Total net interest income	1, 18	52,549	72,089	-19,540	-27.1
Commission income		79,670	91,554	-11,884	-13.0
Commission expenses		11,414	21,786	-10,372	-47.6
Total net income from commission business and services	2	68,256	69,768	-1,512	-2.2
Income from trading activities	3	38,015	38,665	-650	-1.7
Income from financial instruments	4	3,522	5,310	-1,788	-33.7
Other income	5	305	2,453	-2,148	-87.6
Total operating income		162,647	188,285	-25,638	-13.6
Personnel expenses	6	85,707	89,848	-4,141	-4.6
General and administrative expenses	7	43,712	40,913	2,799	6.8
Depreciation of property, equipment and intangible assets	8, 18	18,685	22,253	-3,568	-16.0
Credit loss expenses	9	89	4,540	-4,451	-98.0
Provisions and losses	9	629	694	-65	-9.4
Operating expenses		148,822	158,248	-9,426	-6.0
Earnings before income tax		13,825	30,037	-16,212	-54.0
Taxes on income	10	2,319	4,571	-2,252	-49.3
Group net income		11,506	25,466	-13,960	-54.8
Share information (in CHF)					
Undiluted group net income per registered share A	11	1.86	4.15		
Undiluted group net income per registered share B	11	0.19	0.41		
Diluted group net income per registered share A	11	1.85	4.12		
Diluted group net income per registered share B	11	0.19	0.41		

Consolidated statement of comprehensive income

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023	Variance absolute	Variance in %
Group net income	11,506	25,466	-13,960	-54.8
Other comprehensive income, net of tax				
Other comprehensive income which will be transferred to the income statement upon realisation				
Changes in foreign-currency translation differences	4,700	-2,229	6,929	310.9
Foreign-currency translation difference transferred to the income statement from shareholders' equity	0	0	0	n.a.
Total other comprehensive income which will be transferred to the income statement upon realisation	4,700	-2,229	6,929	310.9
Other comprehensive income which will not be reclassified to the income statement				
Changes in value of FVTOCI financial instruments	7,315	5,636	1,679	29.8
Actuarial gains/losses from defined-benefit pension plans	3,895	-3,803	7,698	202.4
Tax effects	726	-536	1,262	235.4
Total other comprehensive income which will not be transferred subsequent to the income statement	11,936	1,297	10,639	n.a.
Total comprehensive income in shareholders' equity	16,636	-932	17,568	n.a.
Total comprehensive income in income statement and shareholders' equity	28,142	24,534	3,608	14.7

Consolidated balance sheet

Assets

in CHF 1,000	Note	30.06.2024	31.12.2023	Variance absolute	Variance in %
Cash and cash equivalents		1,770,400	1,610,959	159,441	9.9
Receivables arising from money market papers		166,867	170,894	-4,027	-2.4
Due from banks		1,107,486	1,353,783	-246,297	-18.2
Due from customers		5,752,225	5,467,518	284,707	5.2
Trading portfolios		373	213	160	75.1
Derivative financial instruments		29,026	41,960	-12,934	-30.8
Financial instruments at fair value	16	189,902	182,584	7,318	4.0
Financial instruments measured at amortised cost	16	2,381,922	2,371,683	10,239	0.4
Joint venture companies		23	23	0	0.0
Property and equipment	17	73,211	78,457	-5,246	-6.7
Goodwill and other intangible assets		73,618	78,186	-4,568	-5.8
Tax receivables		44	31	13	41.9
Deferred tax assets		13,879	11,832	2,047	17.3
Accrued receivables and prepaid expenses		53,780	57,282	-3,502	-6.1
Other assets		39,138	24,488	14,650	59.8
Total assets		11,651,894	11,449,893	202,001	1.8

Liabilities and shareholders' equity

in CHF 1,000	Note	30.06.2024	31.12.2023	Variance absolute	Variance in %
Due to banks		380,678	293,243	87,435	29.8
Due to customers – savings and deposits		375,541	422,295	-46,754	-11.1
Due to customers – other liabilities		9,330,598	9,082,770	247,828	2.7
Derivative financial instruments		21,909	104,288	-82,379	-79.0
Medium-term notes		52,399	53,005	-606	-1.1
Debentures issued	12	255,001	255,028	-27	-0.0
Tax liabilities		3,706	5,424	-1,718	-31.7
Deferred tax liabilities		1,957	1,502	455	30.3
Accrued liabilities and deferred items		44,708	57,189	-12,481	-21.8
Other liabilities	17	75,608	65,618	9,990	15.2
Provisions		2,733	2,379	354	14.9
Total liabilities		10,544,838	10,342,741	202,097	2.0
Share capital	13	66,154	66,154	0	0.0
Less: treasury shares	14	-45,382	-49,224	3,842	7.8
Capital reserves		21,664	22,854	-1,190	-5.2
Retained earnings		1,137,867	1,157,251	-19,384	-1.7
Actuarial gains/losses from defined-benefit pension plans		-28,808	-33,502	4,694	14.0
Unrealised gains/losses on FVTOCI financial instruments		-14,893	-22,135	7,242	32.7
Foreign-currency translation differences		-29,546	-34,246	4,700	13.7
Total shareholders' equity		1,107,056	1,107,152	-96	-0.0
Total liabilities and shareholders' equity		11,651,894	11,449,893	202,001	1.8

Consolidated changes in shareholders' equity

in CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings	Actuarial gains/losses from defined-benefit pension plans	Unrealised gains/losses on FVTOCI financial instruments	Foreign-currency translation differences	Total shareholders' equity
Total shareholders' equity 01.01.2024	66,154	-49,224	22,854	1,157,251	-33,502	-22,135	-34,246	1,107,152
Other comprehensive income, after income tax					4,694	7,242	4,700	16,636
Group net income				11,506				11,506
Total reported result 30.06.2024	0	0	0	11,506	4,694	7,242	4,700	28,142
Appropriation of profit 2023				-30,890				-30,890
Management equity participation plan (LTI)			-904					-904
Movement in treasury shares ¹		3,842	-286					3,556
Total shareholders' equity 30.06.2024	66,154	-45,382	21,664	1,137,867	-28,808	-14,893	-29,546	1,107,056
Total shareholders' equity 01.01.2023	66,154	-53,220	23,305	1,143,724	-25,797	-24,757	-27,284	1,102,125
Other comprehensive income, after income tax					-4,444	5,741	-2,229	-932
Group net income				25,466				25,466
Total reported result 30.06.2023	0	0	0	25,466	-4,444	5,741	-2,229	24,534
Appropriation of profit 2022				-30,685				-30,685
Management equity participation plan (LTI)			-561					-561
Movement in treasury shares ¹		3,257	205					3,462
Total shareholders' equity 30.06.2023	66,154	-49,963	22,949	1,138,505	-30,241	-19,016	-29,513	1,098,875

¹ Details on transactions with treasury shares can be found in note 14.

Consolidated statement of cash flow

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023
Cash flow from operating activities		
Group net income	11,506	25,466
Non-cash-related positions in Group results	18,449	24,127
Net increase/reduction in banking activities	1,846	282,197
Other cash flow from operating activities	30,966	-17,831
Net cash flow from operating activities	62,767	313,959
Cash flow from investment activities		
Cash flow from financial instruments	97,368	-88,248
Other investment activities	-6,039	-10,822
Net cash flow from investment activities	91,329	-99,070
Cash flow from financing activities		
Dividend distributions	-30,890	-30,685
Issuance/redemption of medium-term notes	-834	11,337
Redemption of debentures	0	0
Other financing activities	-1,225	-2,225
Net cash flow from financing activities	-32,949	-21,573
Foreign-currency translation impact	54,622	-15,008
Net increase/reduction in cash and cash equivalents	175,769	178,308
Cash and cash equivalents at the beginning of the financial year	2,160,582	2,684,567
Cash and cash equivalents at the end of the reporting period	2,336,351	2,862,875
Net increase/reduction in cash and cash equivalents	175,769	178,308
Cash and cash equivalents are represented by		
Cash	1,770,423	2,172,176
Receivables arising from money market papers	0	0
Due from banks – at-sight balances	565,928	690,699
Total cash and cash equivalents	2,336,351	2,862,875

Principles underlying financial statement reporting and notes

The unaudited interim financial statements were drawn up in accordance with the International Financial Reporting Standards applicable in the European Union (EU IFRS, IAS 34) and with Liechtenstein law. The semi-annual financial statements are prepared applying the same accounting and valuation principles as were applied for the 2023 annual financial statements.

Changes in estimates

As part of the annual review of depreciation and amortisation methods and useful lives carried out at the end of 2023, it was established that the estimated useful life (3 to 7 years) could be extended for various pieces of IT system equipment over this period. The adjustments were made at the start of 2024. The residual carrying value of the equipment concerned as at 31 December 2023 was depreciated accordingly over the new residual term. This resulted in a decline in expenses incurred for depreciation and amortisation for the first half of 2024 by CHF 4.1 million.

New and revised International Financial Reporting Standards

Since 1 January 2024, the following new and revised standards and interpretations have taken effect and have no material impact on the consolidated financial statements of VP Bank Group:

- Amendments to IAS 1 "Presentation of Financial Statements": classification of liabilities as current or non-current.
- Amendments to IAS 1 "Presentation of Financial Statements": non-current liabilities with covenants.
- Amendments to IFRS 16 "Leases": lease liability in a sale and leaseback.

Post-balance-sheet-date events

According to the media release of 17 May 2024, VP Bank is working on the implementation of substantial efficiency measures in order to achieve a sustainable reduction in its cost basis. A corresponding package of measures was approved by the Board of Directors on 8 August 2024. These measures may have material impacts on VP Bank Group's consolidated accounts in the second half of 2024.

The Board of Directors reviewed and approved the semi-annual report and authorised it for publication in its meeting of 8 August 2024.

Litigation

As part of its ordinary banking activities, VP Bank Group is involved in various legal proceedings. The legal and regulatory environment in which VP Bank Group operates involves significant litigation, compliance, reputational and other risks in connection with legal disputes and regulatory proceedings. The impact of these proceedings on the financial strength and/or profitability of VP Bank Group is dependent on the status of the proceedings and their outcome. VP Bank Group employs the relevant processes, reports and committees to monitor and manage these risks. It also establishes provisions for ongoing and threatened proceedings if the probability that such proceedings will entail a financial loss is judged to be greater than the probability of this not being the case. In isolated cases in which the amount cannot be reliably estimated, for instance because of the early stage or the complexity of the proceedings or other factors, no provision is established, but contingent liabilities may be created. The risks described below are not necessarily the only ones to which VP Bank Group is exposed. Additional risks which are presently unknown or risks and proceedings which are currently considered insignificant may equally impact the future course of business, operating results and the outlook of VP Bank Group.

In the case before the High Court of Justice in London, the court served a civil suit on VP Bank (Switzerland) Ltd at the beginning of 2020. VP Bank Ltd is also named as a defendant and was notified of the action in March 2020. The main defendant is a former governing body of a foreign pension fund. The latter is said to have acted unlawfully in its role by accepting distribution remunerations for investment funds. The action names more than 40 defendants, among them various other banks and individuals that processed payments or paid distribution remunerations. VP Bank Ltd and VP Bank (Switzerland) Ltd are accused of a violation of due diligence obligations. They are also accused of involvement in the processing of questionable third-party fees and commissions of at least USD 46 million, meaning they would have to assume non-contractual collective liability for the damages incurred. VP Bank Group is disputing the accusations and the place of jurisdiction. Two defendant banks in Switzerland successfully challenged the UK jurisdiction.

VP Bank Group considers the risk of outflow of funds to be small in the above case, which is why no provision has been formed.

Significant foreign exchange rates

The following exchange rates were used for the most important currencies:

	Variance									
	Balance-sheet-date rates				Average rates		Balance-sheet-date rates		Average rates	
	30.06.2024	30.06.2023	31.12.2023	H1 2024	H1 2023	2023	actual year	previous year	actual year	previous year
USD/CHF	0.8986	0.8947	0.8417	0.88969	0.91231	0.89902	7%	0%	-1%	-2%
EUR/CHF	0.9631	0.9761	0.9297	0.96156	0.98547	0.97166	4%	-1%	-1%	-2%
SGD/CHF	0.6631	0.6611	0.6380	0.66038	0.68259	0.66929	4%	0%	-1%	-3%
HKD/CHF	0.1151	0.1142	0.1078	0.11378	0.11639	0.11483	7%	1%	-1%	-2%
GBP/CHF	1.1359	1.1374	1.0729	1.12520	1.12475	1.11722	6%	-0%	1%	0%

Segment reporting

Structure

VP Bank's market areas are split into the segments "Liechtenstein & BVI", "International" (Region Europe & Asia) and "Asset Servicing" owing to the range of services being offered and the market position. The support units are grouped under "Corporate Center". External segment reporting reflects the organisational structure of VP Bank Group as of 30 June 2024 and the internal reporting to management. These form the basis for assessing the financial performance of the segments and the allocation of resources to them.

Earnings and expenses as well as assets and liabilities are allocated to the business units based on the responsibilities for the clients. Insofar as a direct allocation is not possible, the positions in question are reported under "Corporate Center". Consolidation entries are also included under "Corporate Center".

01.01.-30.06.2024

in CHF 1,000	Liechtenstein & BVI	International	Asset Servicing	Corporate Center	Total Group
Total net interest income	54,408	33,513	3,854	-39,226	52,549
Total net income from commission business and services	31,631	24,468	15,439	-3,282	68,256
Income from trading activities	6,475	6,635	1,742	23,163	38,015
Income from financial instruments	0	0	126	3,396	3,522
Other income	1	1,414	-7	-1,103	305
Total operating income	92,516	66,029	21,155	-17,053	162,647
Personnel expenses	12,915	28,068	6,397	38,326	85,707
General and administrative expenses	2,733	6,770	4,602	29,607	43,712
Depreciation of property, equipment and intangible assets	1,787	3,713	307	12,878	18,685
Credit loss expenses	-48	225	-1	-87	89
Provisions and losses	645	72	-98	9	629
Operating expenses	18,032	38,848	11,208	80,734	148,822
Earnings before income tax	74,484	27,181	9,947	-97,787	13,825
Taxes on income					2,319
Group net income					11,506
Segment assets (in CHF million)	4,279	1,406	67	5,900	11,652
Segment liabilities (in CHF million)	5,201	2,811	625	1,907	10,545
Client assets under management (in CHF billion) ¹	19.9	16.6	13.9		50.4
Net new money (in CHF billion)	0.1	-0.0	0.5		0.5
Headcount (number of employees)	162	294	99	524	1,079
Headcount (expressed as full-time equivalents)	143.9	280.8	91.2	484.3	1,000.1
Cost/income ratio (in %) ²	19.5	58.8	53.0		
Change in client assets under management compared to 31.12. prior year (in %)	6.8	9.2	11.2		
Total operating income / average client assets under management (bp) ³	96.0	83.3	31.9		
Segment result / average client assets under management (bp) ³	77.3	34.3	15.0		
Cost/income ratio operating income (in %) ⁴	16.9	53.9	52.3		
as of 31.12.2023					
Segment assets (in CHF million)	4,021	1,410	36	5,982	11,450
Segment liabilities (in CHF million)	5,013	3,004	518	1,808	10,343
Client assets under management (in CHF billion) ¹	18.7	15.2	12.5		46.4
Net new money (in CHF billion)	-0.4	-0.2	0.6		0.0
Headcount (number of employees)	149	300	99	537	1,085
Headcount (expressed as full-time equivalents)	133.7	286.4	91.2	495.9	1,007.2

¹ Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (BankO).

² Total operating expenses / total operating income.

³ Annualised, average values.

⁴ Operating expenses excluding depreciation and amortisation, valuation allowances, provisions and losses / gross income less other income and income from financial instruments.

01.01.-30.06.2023

in CHF 1,000	Liechtenstein & BVI	International	Asset Servicing	Corporate Center	Total Group
Total net interest income	56,174	38,474	4,337	-26,896	72,089
Total net income from commission business and services	31,483	25,047	16,147	-2,909	69,768
Income from trading activities	7,710	7,307	1,368	22,280	38,665
Income from financial instruments	0	0	-5	5,315	5,310
Other income	1	1,192	2	1,258	2,453
Total operating income	95,368	72,020	21,849	-952	188,285
Personnel expenses	12,802	26,725	5,605	44,716	89,848
General and administrative expenses	1,024	5,590	2,745	31,554	40,913
Depreciation of property, equipment and intangible assets	1,788	3,981	292	16,192	22,253
Credit loss expenses	4,436	104	0	0	4,540
Provisions and losses	470	103	121	0	694
Operating expenses	20,520	36,503	8,763	92,462	158,248
Earnings before income tax	74,848	35,517	13,086	-93,414	30,037
Taxes on income					4,571
Group net income					25,466
Segment assets (in CHF million)	3,885	1,538	24	7,152	12,599
Segment liabilities (in CHF million)	5,725	3,298	723	1,754	11,500
Client assets under management (in CHF billion) ¹	19.1	15.3	12.9		47.2
Net new money (in CHF billion)	-0.1	-0.3	0.5		0.1
Headcount (number of employees)	155	285	87	536	1,063
Headcount (expressed as full-time equivalents)	138.0	271.7	80.4	494.5	984.6
Cost/income ratio (in %) ²	21.5	50.7	40.1		
Change in client assets under management compared to 31.12. prior year (in %)	-1.1	-1.2	10.0		
Total operating income / average client assets under management (bp) ³	99.4	93.7	35.6		
Segment result / average client assets under management (bp) ³	78.0	46.2	21.3		
Cost/income ratio operating income (in %) ⁴	14.5	45.6	38.2		

¹ Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (BankO).

² Total operating expenses / total operating income.

³ Annualised, average values.

⁴ Operating expenses excluding depreciation and amortisation, valuation allowances, provisions and losses / gross income less other income and income from financial instruments.

Liechtenstein & BVI

The "Liechtenstein & BVI" business unit encompasses intermediary business, private banking, universal banking and lending business in Liechtenstein as well as private banking and lending business in the British Virgin Islands.

International

The "International" (Region Europe & Asia) business unit encompasses intermediary and private client business in Switzerland, Luxembourg, Singapore and Hong Kong.

Asset Servicing

The "Asset Servicing" business unit encompasses fund management and custodial activities within VP Bank Group. The two fund management companies VP Fund Solutions (Luxembourg) SA and VP Fund Solutions (Liechtenstein) AG, both of which are legally independent entities, handle fund management activities. The custodial departments at VP Bank Ltd, Liechtenstein, and VP Bank (Luxembourg) SA take care of custodial activities.

Corporate Center

The "Corporate Center" business unit encompasses Group Products & Services, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Risk Officer. It is of great

importance to banking operations and business development. In addition, those earnings and expenses of VP Bank Group that have no direct relationship to client-oriented business units, as well as consolidation adjustments, are reported under "Corporate Center". The result of the Group's own financial investments, funds transfer pricing and value adjustments from hedging transactions are reported in this segment.

Notes to the consolidated income statement and consolidated balance sheet

1 Interest income

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Discount income	3,858	3,577	281	7.9
Loan commissions with the character of interest	436	183	253	138.3
Interest income from banks	29,990	29,871	119	0.4
Interest income from customers	83,741	73,672	10,069	13.7
Interest income from financial instruments measured at amortised cost	22,145	17,598	4,547	25.8
Interest income from financial liabilities	8	0	8	n.a.
Total interest income from financial instruments at amortised cost	140,178	124,901	15,277	12.2
Interest-rate instruments	170	78	92	117.9
Trading derivatives (forward points)	22,438	25,214	-2,776	-11.0
Hedge accounting	-6	38	-44	-115.8
Total other interest income	22,602	25,330	-2,728	-10.8
Total interest income	162,780	150,231	12,549	8.4
Interest expenses on amounts due to banks	571	140	431	307.9
Interest expenses on amounts due to customers	108,392	76,776	31,616	41.2
Interest expenses on medium-term notes	240	193	47	24.4
Interest expenses on debentures issued	876	876	0	0.0
Interest expenses from financial assets	7	57	-50	-87.7
Interest expenses on right-of-use assets	145	100	45	45.0
Total interest expenses using the effective interest method	110,231	78,142	32,089	41.1
Total net interest income	52,549	72,089	-19,540	-27.1
Fair-value hedges				
Movements arising from hedges	-216	1	-217	n.a.
Micro fair-value hedges	-216	1	-217	n.a.
Movements in underlying transactions	210	37	173	467.6
Micro fair-value hedges	210	37	173	467.6
Total hedge accounting	-6	38	-44	-115.8

2 Income from commission business and services

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Commission income from credit business	524	396	128	32.3
Asset management and investment business	30,165	31,090	-925	-3.0
Brokerage fees	14,561	12,553	2,008	16.0
Securities account fees	8,913	9,073	-160	-1.8
Fund management fees ¹	16,020	28,321	-12,301	-43.4
Fiduciary commissions	1,431	1,075	356	33.1
Other commission and service income	8,056	9,046	-990	-10.9
Total income from commission business and services	79,670	91,554	-11,884	-13.0
Brokerage expenses	650	650	0	0.0
Other commission and services-related expenses ¹	10,764	21,136	-10,372	-49.1
Total expenses from commission business and services	11,414	21,786	-10,372	-47.6
Total net income from commission business and services	68,256	69,768	-1,512	-2.2
The following table shows which components are included within the earnings position "asset management and investment business".				
Fees for securities settlement	4,776	4,471	305	6.8
Administration commissions	16,041	16,931	-890	-5.3
Management fees	4,089	4,475	-386	-8.6
Brokerage fees	8,701	8,961	-260	-2.9
Securities account fees	1,663	1,783	-120	-6.7
Administration fees	1,588	1,712	-124	-7.2
All-in fees	8,275	8,029	246	3.1
Miscellaneous fees	1,073	1,659	-586	-35.3
Asset management and investment business	30,165	31,090	-925	-3.0

¹ As of 1 January 2024, fees are paid directly to the beneficiaries and are no longer processed via the accounts with the fund companies. In comparison to previous years, this leads to a reduction in both the income and the corresponding expenses.

3 Income from trading activities

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Securities trading ¹	-183	-1,026	843	82.2
Interest income from trading portfolios	0	0	0	n.a.
Foreign currency	37,407	39,354	-1,947	-4.9
Banknotes, precious metals and other	791	337	454	134.7
Total income from trading activities	38,015	38,665	-650	-1.7

¹ The results from derivatives for the purposes of risk minimisation (other than interest-rate derivatives) are included in this item.

4 Income from financial instruments

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023	Variance absolute	Variance in %
Income from financial instruments at fair value	3,327	5,310	-1,983	-37.3
Income from financial instruments at amortised cost	195	0	195	n.a.
Total income from financial instruments	3,522	5,310	-1,788	-33.7
Income from financial instruments at fair value				
Income from FVTPL assets	-3,473	-584	-2,889	-494.7
Interest income from FVTPL financial instruments	-39	176	-215	-122.2
Dividend income from FVTPL financial instruments	1,272	456	816	178.9
Dividend income from FVTOCI financial instruments	5,567	5,262	305	5.8
thereof from FVTOCI financial instruments sold	19	0	19	n.a.
Income from FVTPL liabilities	0	0	0	n.a.
Total	3,327	5,310	-1,983	-37.3
Income from financial instruments at amortised cost				
Realised gains/losses on financial instruments at amortised cost	195	0	195	n.a.
Total	195	0	195	n.a.

5 Other income

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023	Variance absolute	Variance in %
Income from real estate	14	99	-85	-85.9
Income from joint venture companies	0	0	0	n.a.
Miscellaneous other income ¹	291	2,354	-2,063	-87.6
Total other income	305	2,453	-2,148	-87.6

¹ Includes in 2023 CHF 2.4 million from early termination of a lease liability.

6 Personnel expenses

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023	Variance absolute	Variance in %
Salaries and wages	73,038	76,571	-3,533	-4.6
Social contributions required by law	6,049	6,371	-322	-5.1
Contributions to pension plans / defined-benefit plans	4,924	4,486	438	9.8
Contributions to pension plans / defined-contribution plans	1,374	1,531	-157	-10.3
Other personnel expenses	1,746	2,732	-986	-36.1
Capitalised personnel expenses ¹	-1,424	-1,843	419	22.7
Total personnel expenses	85,707	89,848	-4,141	-4.6

¹ In accordance with IAS 38, a portion of internally generated intangible assets such as software is capitalised. The amount that can be capitalised is reduced accordingly in personnel expenses.

7 General and administrative expenses

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Occupancy expenses	1,806	2,116	-310	-14.7
Insurance	550	631	-81	-12.8
Professional fees	8,625	8,487	138	1.6
Financial information procurement	4,546	4,604	-58	-1.3
Telecommunication and postage	758	725	33	4.6
IT systems	16,561	16,693	-132	-0.8
Marketing and public relations	2,291	2,258	33	1.5
Capital taxes	441	414	27	6.5
Other general and administrative expenses	8,134	4,985	3,149	63.2
Total general and administrative expenses	43,712	40,913	2,799	6.8

8 Depreciation of property, equipment and intangible assets

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Depreciation and amortisation of property and equipment	6,873	7,219	-346	-4.8
Depreciation and amortisation of intangible assets ¹	11,812	15,034	-3,222	-21.4
Total depreciation and amortisation	18,685	22,253	-3,568	-16.0

¹ In the first half of 2024 CHF 4.1 million less depreciation due to adjusted estimated useful life (see accounting policies and notes).

9 Valuation allowances, provisions and losses

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Decrease/increase credit allowances ¹	89	4,540	-4,451	-98.0
Legal and litigation risks	400	100	300	300.0
Other provisions and losses ¹	229	594	-365	-61.4
Total valuation allowances, provisions and losses	718	5,234	-4,516	-86.3

¹ Including currency effects.

10 Taxes on income

in CHF 1,000	01.01.- 30.06.2024	01.01.- 30.06.2023	Variance absolute	Variance in %
Current taxes	4,639	4,958	-319	-6.4
Deferred taxes	-2,320	-387	-1,933	-499.5
Total taxes on income	2,319	4,571	-2,252	-49.3

11 Earnings per share

	30.06.2024	30.06.2023
Consolidated earnings per share of VP Bank Ltd, Vaduz		
Group net income (in CHF 1,000) ¹	11,506	25,466
Weighted average of registered shares A issued	6,015,000	6,015,000
Weighted average of registered shares B issued	6,004,167	6,004,167
Less weighted average number of treasury shares A	402,068	442,633
Less weighted average number of treasury shares B	352,455	350,726
Weighted average number of registered shares A (undiluted)	5,612,932	5,572,367
Weighted average number of registered shares B (undiluted)	5,651,712	5,653,441
Total weighted average number of shares (registered shares A)	6,178,103	6,137,711
Undiluted consolidated earnings per registered share A (in CHF)	1.86	4.15
Undiluted consolidated earnings per registered share B (in CHF)	0.19	0.41
Diluted consolidated earnings per share of VP Bank Ltd, Vaduz		
Group net income (in CHF 1,000) ¹	11,506	25,466
Dilution effect number of registered shares A ²	25,484	36,336
Number of shares used to compute the fully diluted consolidated net income	6,203,587	6,174,047
Diluted consolidated earnings per registered share A (in CHF)	1.85	4.12
Diluted consolidated earnings per registered share B (in CHF)	0.19	0.41

¹ On the basis of Group profits attributable to the shareholders of VP Bank Ltd, Vaduz.

² The dilutive effect results from outstanding management participation plans.

12 Debentures, VP Bank Ltd, Vaduz

in CHF 1,000

Year of issue	ISIN	Interest rate in %	Currency	Maturity	Nominal amount	Total 30.06.2024	Total 31.12.2023
2015	CH0262888941	0.875	CHF	07.10.2024	100,000	100,015	100,043
2019	CH0461238880	0.6	CHF	29.11.2029	155,000	154,986	154,985
Total					255,000	255,001	255,028

Debt securities issued are recorded at fair value plus transaction costs upon initial recognition. Fair value corresponds to the consideration received. Subsequently, they are remeasured at amortised cost. In this process, the effective interest method (0.82 per cent debenture 2024; 0.60 per cent debenture 2029) is applied in order to amortise the difference between the issuance price and redemption value over the duration of the debentures.

13 Share capital

	30.06.2024		31.12.2023	
	No. of shares	Nominal CHF	No. of shares	Nominal CHF
Registered shares A of CHF 10.00 nominal value	6,015,000	60,150,000	6,015,000	60,150,000
Registered shares B of CHF 1.00 nominal value	6,004,167	6,004,167	6,004,167	6,004,167
Total share capital		66,154,167		66,154,167

All shares are fully paid up.

14 Treasury shares

	30.06.2024		31.12.2023	
	No. of shares	in CHF 1,000	No. of shares	in CHF 1,000
Registered shares A at the beginning of the financial year	416,615	43,755	454,784	47,763
Purchases	0	0	2	0
Sales	-36,651	-3,850	-38,171	-4,008
Balance of registered shares A as of balance sheet date	379,964	39,905	416,615	43,755
Registered shares B at the beginning of the financial year	352,169	5,469	350,769	5,457
Purchases	1,000	8	1,500	13
Sales	0	0	-100	-1
Balance of registered shares B as of balance sheet date	353,169	5,477	352,169	5,469

15 Dividend

	30.06.2024	31.12.2023
Approved and paid dividend of VP Bank Ltd, Vaduz		
Dividend (in CHF 1,000) for the financial year 2023 (2022)	33,077	33,077
Dividend per registered share A	5.00	5.00
Dividend per registered share B	0.50	0.50
Payout ratio (in %) ¹	69.5	76.1

¹ Dividend per registered share A / Group net income per registered share A.

16 Financial instruments

Fair value of financial instruments

The following table shows the fair values of financial instruments based on the valuation methods and assumptions set out below. This table is presented because not all financial instruments are disclosed at their fair values in the consolidated financial statements. The fair value equates to the price at the date of measurement which could be realised from the sale of the asset, or which must be settled for the transfer of the liability, in an orderly transaction between market participants.

in CHF million	Carrying value 30.06.2024	Fair value 30.06.2024	Variance	Carrying value 31.12.2023	Fair value 31.12.2023	Variance
Assets						
Cash and cash equivalents	1,770	1,770	0	1,611	1,611	0
Receivables arising from money market papers	167	167	0	171	171	0
Due from banks	1,107	1,108	1	1,354	1,354	0
Due from customers	5,752	5,796	44	5,468	5,499	31
Trading portfolios	0	0	0	0	0	0
Derivative financial instruments	29	29	0	42	42	0
Financial instruments at fair value	190	190	0	183	183	0
of which designated on initial recognition	0	0	0	0	0	0
of which mandatory under IFRS 9	53	53	0	53	53	0
of which recognised in other comprehensive income with no effect on net income	137	137	0	129	129	0
Financial instruments at amortised cost	2,382	2,294	-88	2,372	2,290	-82
Subtotal			-43			-51
Liabilities						
Due to banks	381	381	0	293	293	0
Due to customers	9,706	9,635	71	9,505	9,442	63
Derivative financial instruments	22	22	0	104	104	0
Medium-term notes	52	52	0	53	53	0
Debentures issued	255	244	11	255	243	12
Subtotal			82			75
Total variance			39			24

The following valuation methods are used to determine the fair value of on-balance-sheet financial instruments:

Cash and cash equivalents, money market papers

For the balance sheet items "Cash and cash equivalents" and "Receivables arising from money market papers", which do not have a published market value on a recognised stock exchange or on a representative market, the fair value corresponds to the amount payable at the balance sheet date.

Due from/to banks and customers, medium-term notes, bonds

In determining the fair value of amounts due from/to banks, due from/to customers (including mortgage receivables and due to customers in the form of savings and deposits), as well as of medium-term notes and bonds with a fixed maturity or a refinancing profile, the net present value method is applied (discounting of cash flows with swap rates corresponding to the respective term). For products whose interest or payment flows cannot be determined in advance, replicating portfolios are used.

Trading portfolios, trading portfolios pledged as security, financial instruments at fair value

Fair value corresponds to market value for the majority of these financial instruments. The fair value of non-exchange-listed financial instruments (in particular for structured credit notes) is determined only on the basis of external traders' quotes or pricing models which are based on prices and interest rates in an observable, active and liquid market.

Derivative financial instruments

For the majority of the positive and negative replacement values, the fair value equates to the market value. The fair value for derivative instruments without market value is determined using uniform models. These valuation models take account of the relevant parameters such as contract specifications, the market price of the underlying security, the yield curve and volatility.

Valuation methods for financial instruments

The fair value of listed securities held in trading portfolios or as financial instruments, as well as that of listed derivatives and other financial instruments with quotes established in an active market, is determined on the basis of current market value (Level 1). Valuation methods or pricing models are used to determine the fair value of financial instruments if no direct market prices are available. If possible, the underlying assumptions are based on observed market prices or other market indicators as at the balance sheet date (Level 2). For most of the derivatives traded over the counter, as well as for other financial instruments that are not traded in an active market, fair value is determined by means of valuation methods or pricing models. Among the most frequently applied of those methods and models are discounted-cash-flow-based forward pricing and swap models, as well as options pricing models such as the Black-Scholes model or derivations thereof. The fair values arrived at on the basis of these methods and models are influenced to a significant degree by the choice of the specific valuation model and the underlying assumptions applied, for example the amounts and time sequence of future cash flows, discount rates, volatilities and/or credit risks. If neither current market prices nor valuation methods/models based on observable market data can be drawn on for the purpose of determining fair value, then valuation methods or pricing models supported by realistic assumptions derived from actual market data are used (Level 3). Level 3 principally includes investment funds, for which an obligatory net asset value is not published at least on a quarterly basis. The fair value of these positions is, as a rule, computed on the basis of external estimates by experts in relation to the level of the future payout of the fund units, or equates to the acquisition cost of the securities less any applicable valuation haircuts.

Valuation methods for financial instruments

in CHF million at fair value 30.06.2024	Quoted market prices, Level 1	Valuation methods based on market data, Level 2	Valuation methods with assumptions based on market data, Level 3	Total 30.06.2024
Assets				
Cash and cash equivalents	1,770			1,770
Receivables arising from money market papers	167			167
Due from banks		1,108		1,108
Due from customers		5,796		5,796
Trading portfolios	0			0
Derivative financial instruments		29		29
Financial instruments at fair value	137	53		190
Financial instruments at amortised cost	2,294			2,294
Liabilities				
Due to banks		381		381
Due to customers		9,635		9,635
Derivative financial instruments		22		22
Medium-term notes		52		52
Debentures issued	244			244

There were no reclassifications in the first half of 2024.

in CHF million at fair value 31.12.2023	Quoted market prices, Level 1	Valuation methods based on market data, Level 2	Valuation methods with assumptions based on market data, Level 3	Total 31.12.2023
Assets				
Cash and cash equivalents	1,611			1,611
Receivables arising from money market papers	171			171
Due from banks		1,354		1,354
Due from customers		5,499		5,499
Trading portfolios	0			0
Derivative financial instruments		42		42
Financial instruments at fair value	129	49	4	183
Financial instruments at amortised cost	2,290			2,290
Liabilities				
Due to banks		293		293
Due to customers		9,442		9,442
Derivative financial instruments		104		104
Medium-term notes		53		53
Debentures issued	243			243

Level 3 financial instruments	30.06.2024	31.12.2023
Balance sheet		
Holdings at the beginning of the year	4.4	6.9
Investments	0.0	0.0
Disposals	-0.2	-0.1
Losses recognised in the income statement	-4.2	-2.4
Gains recognised in the income statement	0.0	0.0
Total book value at balance sheet date	0.0	4.4
Income on holdings at balance sheet date		
Unrealised losses recognised in income from financial instruments	-4.2	-2.4
Unrealised losses recognised as other comprehensive income	0.0	0.0
Unrealised gains recognised in income from financial instruments	0.0	0.0
Unrealised gains recognised as other comprehensive income	0.0	0.0

No deferred day 1 profit or loss (difference between the transaction price and the fair value calculated on the transaction day) was reported for Level 3 positions as of 30 June 2024 or 31 December 2023.

Sensitivity of fair values of Level 3 financial instruments

Changes in the net asset values of investment funds lead to corresponding changes in the fair values of these financial instruments. A realistic change in the basic assumptions or estimated values has no material impact on the statement of income, other comprehensive income or the shareholders' equity of VP Bank Group.

17 Leases in the balance sheet

in CHF 1,000	30.06.2024	31.12.2023	Variance absolute	Variance in %
Property and equipment				
Right of use – buildings and premises	15,046	16,305	-1,259	-7.7
Right of use – motor vehicles	485	459	26	5.7
Total assets	15,531	16,764	-1,233	-7.4
Remaining duration of up to 1 year	4,934	4,884	50	1.0
Remaining duration of 1 to 5 years	12,140	13,550	-1,410	-10.4
Remaining duration of over 5 years	0	0	0	n.a.
Total lease liabilities	17,074	18,434	-1,360	-7.4

18 Leases in the income statement

in CHF 1,000	01.01.– 30.06.2024	01.01.– 30.06.2023	Variance absolute	Variance in %
Net interest income				
Interest expense on lease liabilities	145	100	45	45.0
Depreciation of property and equipment				
Depreciation and impairment on right-of-use assets	2,367	2,666	-299	-11.2

19 Consolidated off-balance-sheet positions

in CHF 1,000	30.06.2024	31.12.2023
Total contingent liabilities	109,423	110,507
Irrevocable facilities granted	133,780	148,537
Total fiduciary transactions	680,116	678,216
Contract volumes of derivative financial instruments	4,870,349	5,746,712
Securities lending and repurchase and reverse-repurchase transactions		
Amounts receivable arising from cash deposits in connection with securities borrowing and reverse-repurchase transactions	0	0
Amounts payable arising from cash deposits in connection with securities lending and repurchase transactions	0	0
Securities lent out within the scope of securities lending or delivered as collateral within the scope of securities borrowing activities, as well as securities in own portfolio transferred within the framework of repurchase transactions	253,462	288,980
of which securities where the unlimited right to sell on or pledge has been granted	181,006	213,197
Securities received as collateral within the scope of securities lending or borrowed within the scope of securities borrowing activities, as well as received under reverse-repurchase transactions, where the unlimited right to sell on or further pledge has been granted	250,465	290,890
of which securities which have been resold or repledged	72,457	75,783

These transactions were conducted under conditions which are customary for securities lending and borrowing activities as well as trades for which VP Bank acts as intermediary.

20 Client assets

in CHF million	30.06.2024	31.12.2023	Variance absolute	Variance in %
Analysis of client assets under management				
Assets in self-administered investment funds	11,352.6	10,181.7	1,170.9	11.5
Assets in discretionary asset management accounts	4,542.6	4,245.6	297.0	7.0
Other client assets under management	34,523.8	31,924.5	2,599.2	8.1
Total client assets under management (including amounts counted twice)	50,418.9	46,351.9	4,067.1	8.8
of which amounts counted twice	1,807.6	1,622.4	185.2	11.4
Change of assets under management				
Total client assets under management (including amounts counted twice) at the beginning of the financial year	46,351.9	46,445.9	-94.1	-0.2
of which net new money	518.0	27.3	490.7	n.a.
of which change in market value	3,549.0	-116.3	3,665.3	n.a.
of which other effects ¹	0.0	-5.1	5.1	100.0
Total client assets under management (including amounts counted twice) as of balance sheet date	50,418.9	46,351.9	4,067.1	8.8
Custody assets	4,312.0	4,703.4	-391.4	-8.3
Total client assets				
Total client assets under management (including amounts counted twice)	50,418.9	46,351.9	4,067.1	8.8
Custody assets	4,312.0	4,703.4	-391.4	-8.3
Total client assets	54,730.9	51,055.3	3,675.6	7.2
in CHF million	30.06.2024	30.06.2023	Variance absolute	Variance in %
Net new money	518.0	83.1	434.9	n.a.

¹ Includes assets of sanctioned Russian clients reclassified as custody assets.

21 Capital-adequacy computation (Basel III)

in CHF 1,000	30.06.2024	31.12.2023
Total shareholders' equity	1,107,056	1,107,152
Total regulatory deduction	-35,727	-49,415
Eligible core capital (tier 1) ¹	1,071,329	1,057,737
Total required equity	328,134	339,420
Capital buffer	190,250	197,285
Total required equity including capital buffer	518,384	536,705
Tier 1 ratio ¹	26.1%	24.9%
Total risk-weighted assets	4,101,680	4,242,745
Return on investment (net income / average balance sheet total)	0.2%	0.4%

¹ The CET 1 ratio is equal to the core capital ratio (tier 1) and the total capital ratio of VP Bank Group.