Consolidated results

In a challenging environment, VP Bank Group generated group net income of CHF 44.2 million in the 2023 financial year. This represents an increase of 10 per cent compared to the previous year.

Client assets

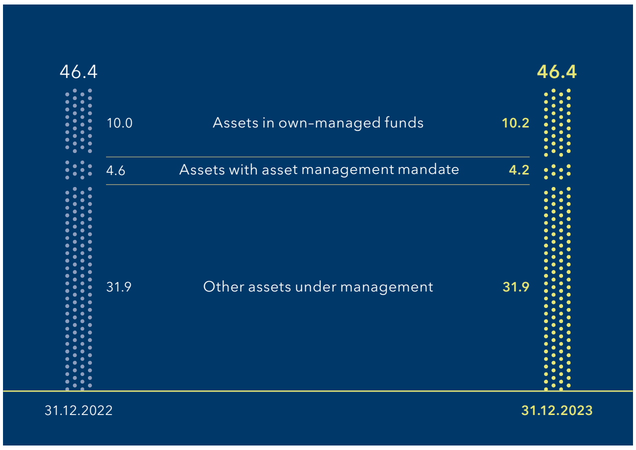
As of 31 December 2023, client assets under management amounted to CHF 46.4 billion, the same amount recorded at the end of 2022. Average client assets under management fell by 2 per cent compared to the previous year.

New money inflows compensated for initiated outflows due to broad adjustments made to client portfolio, which were initiated by the strategic withdrawal of business with Russian clients as well as the review of client documentation. Net new money inflow amounted to CHF 27 million.

Custody assets decreased by CHF 1.1 billion to CHF 4.7 billion compared to the end of December 2022, representing a decrease of 19 per cent. On the whole, client assets including custody assets totalled CHF 51.1 billion as of 31 December 2023.

Stable client assets under management

in CHF billion



Income statement

Operating income

VP Bank generated operating income of CHF 364.4 million. This represents an increase of 8 per cent compared to the previous year.

Net interest income rose by 10 per cent compared to the previous year to CHF 133.6 million.

Net income from commission business and services amounted to CHF 137.9 million. Compared to the previous year, this represents a reduction of 1 per cent. Recurring commission income amounted to CHF 111.2 million, which is 2 per cent lower than in the previous year, developing in parallel with average assets under management. Transaction-based commission income amounted to CHF 26.7 million, which is 3 per cent higher compared to the previous year.

Income from trading activities amounted to CHF 85.3 million, an increase of 30 per cent compared to the previous year. The increase is mainly related to the increase in the USD/CHF interest rate differential.

Income from financial investments made a positive contribution of CHF 6.0 million, as did other income totalling CHF 1.6 million.

Operating expenses

Operating expenses increased by 8 per cent compared to the previous year to CHF 313.5 million.

Personnel expenses increased by 1 per cent compared to the previous year to CHF 175.8 million, which reflects inflation-related wage increases.

General and administrative expenses increased by 10 per cent to CHF 84.5 million. This increase is mainly due to higher advisory fees for the analysis of client relationships with a connection to Russia and to ongoing costs for IT infrastructure outsourcing.

Depreciation and amortisation increased in line with expectations to CHF 45.9 million due to investments made to implement Strategy 2026. Depreciation and amortisation has peaked and will now steadily fall.

Out of caution and against the backdrop of the current economic environment, valuation adjustments, provisions and losses were created in the reporting period amounting to CHF 7.3 million.

Balance sheet

Total assets fell by 9 per cent compared to the previous year to CHF 11.4 billion.

Deposits

Client deposits fell by 12 per cent to CHF 9.5 billion.

Short-term financial assets

As of the end of December 2023, CHF 1.6 billion was held as a deposit at the Swiss National Bank. A further CHF 1.5 billion is attributable to receivables from banks or money market papers, both with terms of up to a year. These items over CHF 3.1 billion covered 33 per cent of client deposits.

Loans

As of the end of December 2023, VP Bank had CHF 5.5 billion in outstanding loans to clients, of which the share of mortgage loans was CHF 3.3 billion. Loan volume decreased by 5 per cent, as some clients paid back or did not renew their loans due to the changes in the interest rate environment. This concerns primarily lombard loans, which have fallen by a total of 11 per cent. Mortgage loans have increased by 3 per cent.

Equity capital and liquidity

VP Bank Group has a very strong capital base and high liquidity. As of 31 December 2023, the tier 1 ratio was 24.9 per cent, and the liquidity coverage ratio was 306 per cent.