



Shareholder information

VP Bank Group at a glance

- Founded in 1956
- Third-largest bank in Liechtenstein
- Approximately 1,000 employees
- Listed on SIX Swiss Exchange in Zurich
- "A-" rating from Standard & Poor's
- Headquarters in Vaduz, Principality of Liechtenstein, along with five other locations at important international financial centres in Zurich, Luxembourg, Singapore, Hong Kong and Tortola (BVI)
- Focus on asset management for intermediaries and private persons, also operating as a universal bank on the Liechtenstein domestic market
- Asset servicing, including fund administration and custodial activities

Goals for Strategy 2026

- Growth:
 - Net new money >4% p.a. over the cycle
 - Income growth of 4 to 6% p.a. over the cycle
- Profitability: cost / income ratio below 75% by 2026
- Stability: tier 1 ratio above 20%

Agenda 2024

Annual results	12 March 2024
Annual general meeting of shareholders	26 April 2024
Dividend payment	3 May 2024
Semi-annual results	20 August 2024

Master data

Registered shares A, listed on SIX Swiss Exchange	
SIX symbol	VPBN
Bloomberg ticker	VPBN
Reuters ticker	VPBN.S
Security number	31 548 726
ISIN	LI0315487269

The complete semi-annual report is also available online and can be downloaded as a PDF:



Seize opportunities through partnerships.

Strategic partnerships form an important component of VP Bank's Strategy 2026. Successful collaboration with external partners and access to their expertise is of central importance for the further development of innovative and client-centric solutions. Further information on these collaborations can be found in the online annual report 2022 at [report.vpbank.com / services /](https://report.vpbank.com/services/) online annual report 2022 as well as through daily engagement with the VP Bank team.



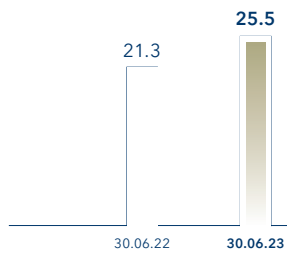
report.vpbank.com

Our financial half-year 2023

Net income

CHF million

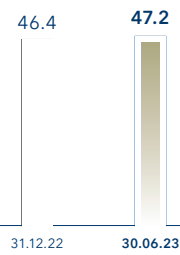
+19.4%



Client assets¹

CHF billion

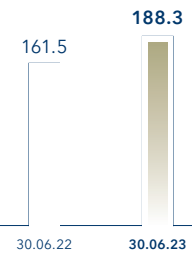
+1.7%



Total operating income

CHF million

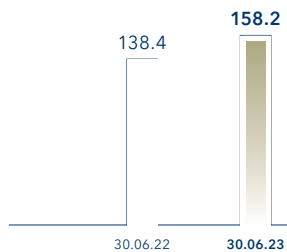
+16.6%



Operating expenses

CHF million

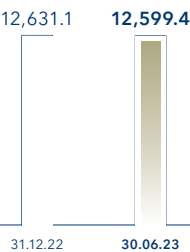
+14.3%



Total assets

CHF million

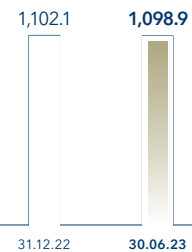
-0.3%



Total shareholders' equity

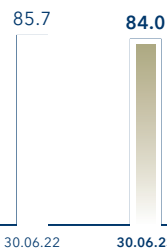
CHF million

-0.3%



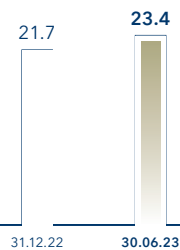
Cost/income ratio²

in per cent



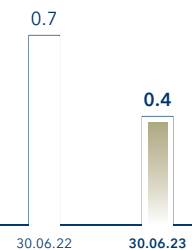
Tier 1 ratio

in per cent



Net new money growth

in per cent



¹ Client assets under management excl. custody assets
² Operating expenses / total operating income

Key figures of VP Bank Group

	30.06.2023	30.06.2022	31.12.2022	Variance to 30.06.2022 in %
Key income statement data in CHF million^{1,2}				
Total net interest income	72.1	55.6	121.5	29.6
Total net income from commission business and services	69.8	72.0	139.6	-3.1
Income from trading activities	38.7	27.1	65.5	42.7
Income from financial instruments	5.3	6.5	9.4	-18.8
Total operating income	188.3	161.5	336.4	16.6
Operating expenses	158.2	138.4	291.2	14.3
Group net income	25.5	21.3	40.2	19.4
	30.06.2023	30.06.2022	31.12.2022	Variance to 31.12.2022 in %
Key balance-sheet data in CHF million^{1,2}				
Total assets	12,599.4	13,626.8	12,631.1	-0.3
Due from banks	1,770.5	2,281.3	1,539.9	15.0
Due from customers	5,446.4	5,895.3	5,758.9	-5.4
Due to customers	10,608.3	11,366.3	10,833.7	-2.1
Total shareholders' equity	1,098.9	1,078.5	1,102.1	-0.3
Equity ratio (in %)	8.7	7.9	8.7	-0.0
Tier 1 ratio in accordance with Basel III (in %)	23.4	22.8	21.7	7.8
Leverage ratio in accordance with Basel III (in %)	7.9	7.4	8.0	-1.2
Liquidity coverage ratio in accordance with Basel III (in %)	202.2	250.2	232.6	-13.1
Net stable funding ratio (NSFR) in accordance with Basel III (in %)	164.1	161.3	158.4	3.6
Total client assets under management in CHF million				
	47,226.0	46,485.6	46,445.9	1.7
On-balance-sheet customer deposits (excluding custody assets)	10,491.9	11,192.5	10,684.4	-1.8
Fiduciary deposits (excluding custody assets)	607.1	425.2	493.0	23.1
Client securities accounts	36,127.0	34,867.9	35,268.4	2.4
Custody assets in CHF million	5,556.6	5,455.7	5,837.2	-4.8
Total client assets in CHF million	52,782.6	51,941.3	52,283.2	1.0
Business volumes in CHF million³				
	52,672.4	52,380.9	52,204.8	0.9
Net new money in CHF million				
	83.1	179.8	1,050.4	-92.1
Key operating indicators²				
Return on equity (in %) ^{1,4}	4.6	3.9	3.7	
Cost/income ratio strategy 2026 (in %) ⁵	84.0	85.7	86.6	
Headcount				
(expressed as full-time equivalents, excluding student apprentices) ⁶	984.6	935.3	935.0	
Total operating income per employee (in CHF 1,000)	191.2	172.7	359.8	
Total operating expenses per employee (in CHF 1,000) ⁷	132.8	130.6	267.7	
Group net income per employee (in CHF 1,000)	25.9	22.8	43.0	
Key indicators related to shares of VP Bank in CHF¹				
Group net income per registered share A ⁸	4.15	3.49	6.57	
Group net income per registered share B ⁹	0.41	0.35	0.66	
Shareholders' equity per registered share A on the balance-sheet date	178.49	176.17	179.92	
Shareholders' equity per registered share B on the balance-sheet date	17.85	17.62	17.99	
Quoted price per registered share A	84.40	89.80	87.80	
Market capitalisation (in CHF million) ⁹	559	594	581	
Price/earnings ratio per registered share A	10.17	12.85	13.36	
Rating Standard & Poor's ¹⁰	A-/Stable/A-2	A/Negative/A-1	A/Negative/A-1	

¹ The reported key data and operating indicators are computed and reported on the basis of the share of the net profit and shareholders' equity attributable to the shareholders of VP Bank Ltd, Vaduz.

² Details in the notes to the consolidated income statement and consolidated balance sheet.

³ Assets under management and due from customers.

⁴ Net income / average shareholders' equity less dividend.

⁵ Total operating expenses / total operating income.

⁶ In accordance with legal requirements, apprentices are to be included in headcount statistics as 50 per cent of equivalent full-time employees.

⁷ Operating expenses excluding depreciation and amortisation, valuation allowances, provisions and losses / headcount.

⁸ Based on the weighted average number of shares (registered share A) (note 11).

⁹ Including registered shares B.

¹⁰ As per Standard & Poor's Research Update on 19 July 2023.



Contents

00

- 02 Key figures of VP Bank Group
- 06 Statement by the Chairman of the Board and the Chief Executive Officer

01

VP Bank Group

- 13 VP Bank at a glance
- 16 Organisational structure

02

Financial report of VP Bank Group

- 19 Consolidated semi-annual report of VP Bank Group
- 21 Consolidated income statement
- 22 Consolidated statement of comprehensive income
- 23 Consolidated balance sheet
- 24 Consolidated changes in shareholders' equity
- 25 Consolidated statement of cash flow
- 26 Principles underlying financial statement reporting and notes
- 27 Segment reporting
- 30 Notes to the consolidated income statement and consolidated balance sheet



Statement by the Chairman of the Board and the Chief Executive Officer

Dear Shareholders, Ladies and Gentlemen

The first half of the year remained characterised by the geopolitical situation and was dramatic for the banking sector. While the collapse of three regional banks in the US raised concerns about the stability of the American banking system, the state-ordered emergency takeover of Credit Suisse by UBS shaped the market and industry activity in Europe. In this context, the issue of trust took on a crucial role. However, given the quick and effective actions in the case of Credit Suisse, it became clear how important it is for Switzerland and Liechtenstein to have a strong, stable banking system. While the banking sector experienced pressure due to restrictive monetary policy, the institutions - with few exceptions - proved to be well equipped and resilient. The fact that the markets remained astonishingly relaxed given the circumstances could be seen as an expression of trust. Bonds, equities and even gold recorded significant gains in the first half of the year. However, given the rapid tightening of monetary policy, we feel it is still too early to give the all-clear. Higher financing costs will result in lower investment levels, which in turn will impact the overall economy. This increases the likelihood of the economy sliding into a recession. Recessions are a common result of central banks increasing key short-term interest rates. We remain

cautious and recommend that our clients take a defensive stance.

After solid development at the start of the year, VP Bank shares have come under pressure in May and June. In addition to daily trading volumes, which are traditionally very low, we believe this is primarily due to the conservative outlook of market participants with regards to the banking sector.

Increasing corporate earnings and profitability

In this market environment, which is particularly challenging for banks, VP Bank once again demonstrated a high level of resilience and was able to generate added value for its clients thanks to its diversified business model. VP Bank's total operating income increased in the first half of the year by 17 per cent to a total of CHF 188.3 million. VP Bank has thus once again steadily increased its profitability despite the headwinds facing the financial markets and the geopolitical crises of recent years. This profitability has enabled us to invest further in Strategy 2026 and in our target organisation. The investments that we have already made and announced entail delayed depreciation and amortisation costs, which are reflected in the increase in write-downs. Coupled with higher running costs associated with IT infrastructure and investments in skilled professionals, this resulted in a 14 per cent increase in operating expenses to CHF 158.2 million. Also worth mentioning are the increased credit provisions as of 30 June 2023, which were created as a result of the changing economic environment.

Nevertheless, the cost / income ratio improved from 85.7 per cent to 84.0 per cent. The overall increase in profitability resulted in a semi-annual profit of CHF 25.5 million, which represents an increase of 19 per cent compared to the previous year. Furthermore, compared to its competitors, VP Bank demonstrated excellent financial stability and high liquidity. Accordingly, its tier 1 ratio is 23.4 per cent, and its liquidity coverage ratio is 202.2 per cent.

Quality growth in all regions

VP Bank's profitability is built on the successful existing business in its three regions: its home market of Liechtenstein (incl. the British Virgin Islands) as well as Europe and Asia at a total of six locations. Development plans tailored to the individual regions aim to achieve further growth with both new and existing clients. Continued positive new money inflows in the first half of the year compensated for forced outflows due to adjustments to client portfolios for strategic reasons as well as outflows from clients with a connection to Russia. Net new money inflow nevertheless amounted to CHF 0.1 billion. Furthermore, we were able to further increase the number of new client relationships opened, which helped to improve the quality of our client portfolio on the whole, or rather which reflects a growing focus on target markets and target segments. The organisation is now rigorously



focused on marketing and sales activities, and as a result, we are in a very good position to grow further. In the second half of the year, a continued focus on our strengths and on growth in our target markets will remain our top priority.

Expansion of services for clients

VP Bank's traditional strength and expertise are based on its business with professional financial service providers, the intermediaries. When developing new services, the focus is therefore placed on individual – and sometimes complex – client needs. The investments made in an Open Wealth-ready IT and service architecture enable us to more easily integrate innovative third-party providers and to develop new services in a quick and agile manner. Our clients also benefited from this in the first half of the year. For example, we expanded our range of services to include digital client onboarding for intermediaries and digital Lombard lending for private clients. In addition, time deposits can now be fixed with just a click of the mouse. In the second half of the year, we will focus on the needs of young adults, in particular in our home market of Liechtenstein. We will be introducing new banking packages for payment transactions and long-term, sustainable wealth planning and financial education for this target group.

Changes to the Board of Directors and the Executive Board

In the first half of the year, we welcomed new members to the Executive Board and the Board of Directors. In April, Stephan Zimmermann and Stefan Amstad were elected to the Board of Directors at the annual general meeting. Michael Riesen declared his intention not to seek re-election and stepped down from his position on the Board of Directors after nine years in office. Group Executive Management also welcomed new members. In April, the Board of Directors appointed Dr Mara Harvey, Head of Region Europe, and Dr Rolf Steiner, Head of Group Products & Solutions, to the Executive Board. The appointment of Mara Harvey represents VP Bank's commitment to its international orientation; Rolf Steiner's appointment represents its commitment to Group Products & Solutions, a key division for VP Bank Group. At the beginning of August, Adrian Schneider, Head of Region Liechtenstein & BVI, became the final new member to round out the Executive Board.

Strategy implementation is on track

VP Bank started the new 2026 strategy cycle in 2021. Today, the cycle is nearly halfway complete. The pandemic, the war in Ukraine, the energy crisis, inflation and rising interest rates have been challenging; however, VP Bank

remained on track. Our risk and process management system has improved significantly and has proven itself to be robust, the organisation has transitioned to a regional target structure, and the necessary investments in the future have been made. The foundation for an Open Wealth-ready IT and service architecture has been laid. Now it is time to further accelerate growth and increase the profitability of our strong existing core business over the long term. In the second half of the year, we will focus on the further expansion of innovative digital services for clients, the widespread introduction of our wealth planning service and the creation of new services for young adults in our home market of Liechtenstein. Scaling and efficiency of processes and procedures will be of equal importance. We are confident that this will allow us to achieve our financial goals, namely an annual income growth of between 4 and 6 per cent, annual net new money growth of at least 4 per cent, a tier 1 ratio of more than 20 per cent and a cost / income ratio of less than 75 per cent by 2026.

Thank you

We would like to thank our employees for their day-to-day dedication and for their commitment to constantly creating added value for our clients and shareholders. Our employees are the foundation of VP Bank's success. Therefore, we would like to sincerely

thank them on behalf of the Board of Directors and Group Executive Management. We would also like to take this opportunity to thank our clients and shareholders for their trust and loyalty.



Dr Thomas R. Meier
Chairman of the Board of Directors



Paul H. Arni
Chief Executive Officer





01

VP Bank Group

VP Bank is a private group with international operations. Its core competencies include advisory services and the development of customised financial solutions for intermediaries and private individuals. In addition, the Group offers asset servicing.

VP Bank is one of the largest banks in the Liechtenstein financial centre. In addition to its headquarters in the Principality of Liechtenstein, VP Bank Group is present with offices in five other locations: Switzerland, Luxembourg, Singapore, Hong Kong and the British Virgin Islands. VP Bank Group has a sound balance sheet and a strong capital base. An "A-" rating from Standard & Poor's vouches for its financial strength. The registered shares A are listed on SIX Swiss Exchange. VP Bank pursues a dividend policy that is balanced in the long term. As a benchmark, 40 per cent to 60 per cent of Group net income is paid out to shareholders. A large proportion of its share capital is in the hands of three anchor shareholders: "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation, "U.M.M. "Hilti-Stiftung" foundation and "Marxer Stiftung für Bank- und Unternehmenswerte" foundation - all of whom guarantee continuity, independence and sustainability. VP Bank has over 1,000 employees and managed client assets (incl. custody investments and client securities accounts) of CHF 52.8 billion as of 30 June 2023.

Commitment and pioneering spirit for more than 65 years

Founded in 1956 in Vaduz, Liechtenstein, VP Bank has grown steadily from a friendly local bank to become an internationally active financial services enterprise. The bank's founder, Guido Feger, was a successful entrepreneur and one of Liechtenstein's most important trustees. Right from the outset, he demonstrated innovation, competence and courage, while never veering from the fundamental principles of client orientation and financial security. These

basic principles have been upheld consistently for almost the last seven decades. In the process, VP Bank has demonstrated that it is not only able to manage fundamental changes in the prevailing framework conditions, but can also exploit them for strategic purposes. It has continuously developed innovations and has even been a trailblazing pioneer. For instance, in 1983, VP Bank became the first company in Liechtenstein to be listed on the stock exchange, writing a piece of Liechtenstein financial centre history in the process.

Entrepreneurial agility still characterises the bank today, which is also reflected in the current corporate strategy - to combine traditional banking with the advantages of digital ecosystems. The philanthropic activities of VP Bank's founder have also been continued by the "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation. Moreover, the VP Bank Foundation supports projects, institutions and persons that are prominent in the fields of the environment, arts, education, science and culture as a result of their outstanding efforts. The VP Bank Art Foundation provides support to mostly local talented artists who have yet to gain a foothold on the market.

Expertise and consulting

VP Bank Group has the right size to offer top-notch solutions with a personal touch. It relies on short decision-making paths and independent and sustainable solutions.

In line with its DNA emanating from fiduciary business, VP Bank has proved itself to be an experienced, preferred partner for financial intermediaries over the years. By intermediaries, VP Bank means professional financial service providers such as trustees, external asset managers and family offices. These entities value the bank's international orientation, with its personal, customised services across multiple locations and modern infrastructure.

Private clients also benefit from the bank's many years of experience in customised consultation, and at the same time, owing to the bank's international presence, they also receive access to an expansive network of specialists.

Its core competencies consist of customised wealth management, investment consulting, wealth planning and financing. Asset servicing, including fund administration and custodial activities, round out the services that VP Bank Group has to offer.

An international banking group with six locations.



1



Vaduz

- Founded in 1956
- 690 employees
- Market responsibility: Adrian Schneider
- VP Bank Ltd
- VP Fund Solutions (Liechtenstein) AG

2



Zurich

- Founded in 1988
- 111 employees
- Location management: Dr Mara Harvey
- Market responsibility: Dr Mara Harvey
- VP Bank (Switzerland) Ltd

3



Luxembourg

- Founded in 1988
- 145 employees
- Location management: Claus Jørgensen
- Market responsibility: Dr Mara Harvey
- VP Bank (Luxembourg) SA
- VP Fund Solutions (Luxembourg) SA

4



Tortola

- Founded in 1995
- 15 employees
- Location management: Nicholas Clark
- Market responsibility: Adrian Schneider
- VP Bank (BVI) Ltd

5



Hong Kong

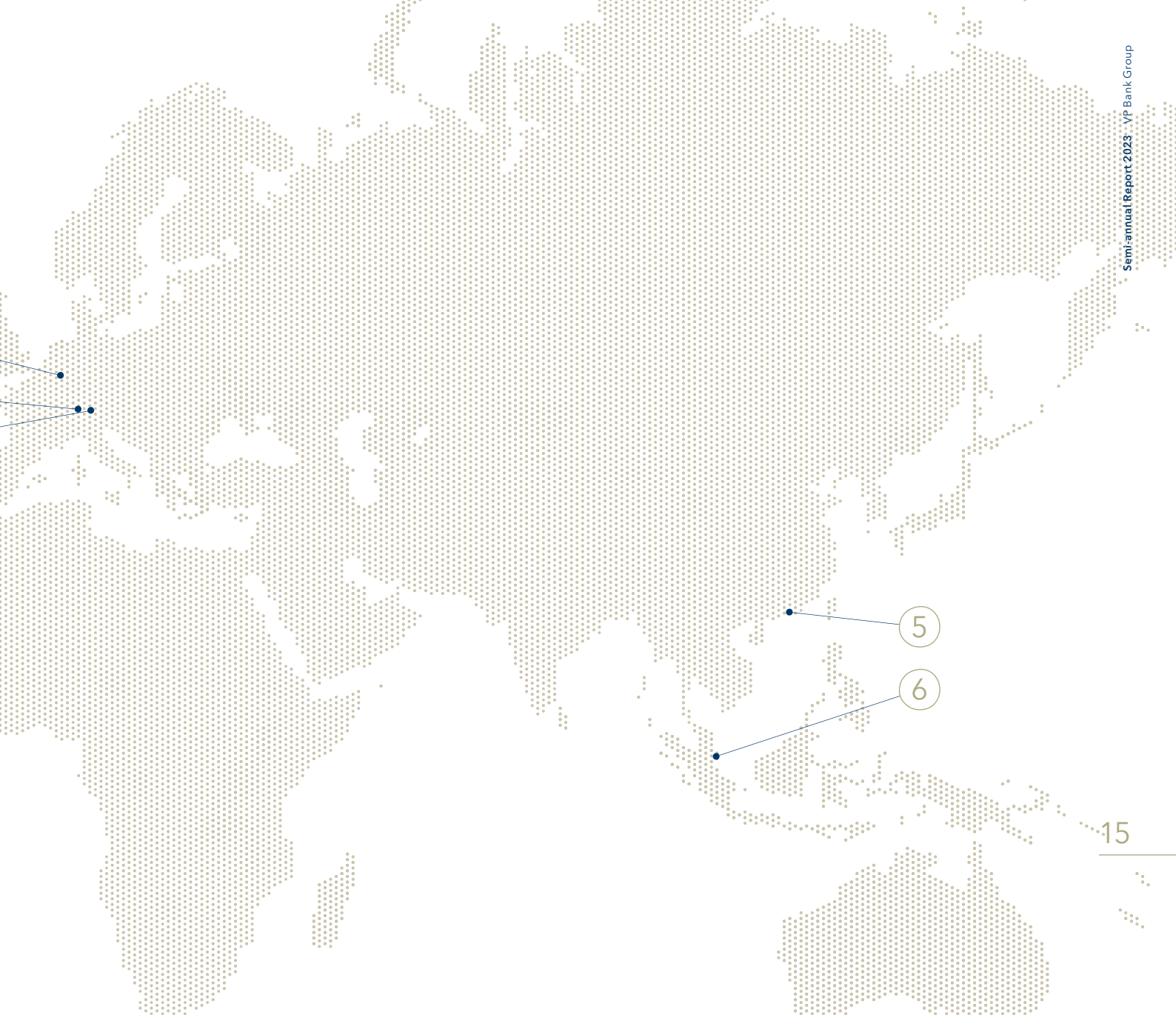
- Founded in 2006
- 20 employees
- Location management: Reto Marx
- Market responsibility: Pamela Phua
- VP Bank Ltd Hong Kong Representative Office
- VP Wealth Management (Hong Kong) Ltd

6



Singapore

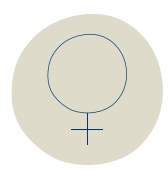
- Founded in 2008
- 82 employees
- Location management: Johnny Heng
- Market responsibility: Pamela Phua
- VP Bank Ltd Singapore Branch



Client assets

€ 47.2

billion



Ratio of women

40.5%

Standard & Poor's

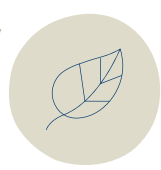
rating "A-"



Core competencies

- Partner for financial intermediaries
- Wealth management
- Investment consulting
- Wealth planning
- Financing
- Access to private market investments
- Asset servicing with fund administration and custodian bank activities

Sustainability target



CO₂-neutral business operations by 2026

Organisational structure



* Member of Group Executive Management

The structure of VP Bank Group and its organisational units as per segment reporting can be found on page 27 et seq.

02

Financial Report of
VP Bank Group

Consolidated results

In what continues to be a challenging environment, VP Bank Group generated group net income of CHF 25.5 million in the first half of 2023. This represents an increase of 19 per cent compared to the previous-year period (first half of 2022) and an increase of 35 per cent compared to the second half of 2022.

Client assets

As of 30 June 2023, client assets under management amounted to CHF 47.2 billion. This represents an increase of 2 per cent recorded as of the end of 2022, which is primarily due to the positive market environment.

Positive new money inflows compensated for forced outflows due to adjustments to client portfolios as well as outflows from clients with a connection to Russia. Net new money inflow was CHF 0.1 billion.

Average client assets under management fell by 4 per cent compared to the previous-year period, and increased by 2 per cent compared to the second half of 2022.

Custody assets decreased by CHF 0.3 billion to CHF 5.6 billion compared to the end of December 2022, representing a decrease of 5 per cent. On the whole, client assets including custody assets totalled CHF 52.8 billion as of 30 June 2023.

Income statement

Operating income

VP Bank generated operating income of CHF 188.3 million. This represents an increase of 17 per cent compared to the previous-year period and an increase of 8 per cent compared to the second half of 2022.

Net interest income rose to CHF 72.1 million, representing an increase of 30 per cent compared to the previous-year period and an increase of 9 per cent compared to the second half of 2022. Interest rates rose considerably across the various currencies in 2022 and increased again slightly in 2023. Interest income therefore rose by 133 per cent compared to the previous-year period to CHF 150.2 million, and interest expenses increased by 772 per cent to CHF 78.1 million.

Net income from commission business and services amounted to CHF 69.8 million. Compared to the previous-year period, this corresponds to a decrease of 3 per cent; compared to the second half of 2022, it represents an increase of 3 per cent. Recurring commission income amounted to CHF 56.2 million, which is 3 per cent lower than in the previous-year period but 1 per cent higher than the second half of 2022, developing in parallel with average AuM. Transaction-based commission income amounted to CHF 13.6 million, representing a 4 per cent decrease compared to the previous-year period but a 12 per cent increase compared to the second half of 2022.

Income from trading activities amounted to CHF 38.7 million, an increase of 43 per cent compared to the previous-year period and an increase of 1 per cent compared to the second half of 2022. The increase is mainly related to the increase in the USD/CHF interest rate differential in the second half of 2022; during the reporting period, the interest rate differential remained stable.

Income from financial investments made a positive contribution of CHF 5.3 million to the semi-annual results, as did other income totalling CHF 2.5 million.

Operating expenses

Operating expenses increased to CHF 158.2 million, representing a 14 per cent increase compared to the previous-year period and a 4 per cent increase compared to the second half of 2022.

Personnel expenses increased by 2 per cent compared to the second half of 2022 to CHF 89.8 million, which reflects inflation-related wage increases and higher average FTEs.

Compared to the second half of 2022, general and administrative expenses increased by 3 per cent to CHF 40.9 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 22.3 million. Strategy-related depreciation and amortisation is expected to peak in 2024.

Against the backdrop of the current economic environment, provisions were created during the reporting period. Valuation adjustments, provisions and losses therefore increased to CHF 5.2 million.

Balance sheet

Total assets amounted to CHF 12.6 billion. Compared to 31 December 2022, this figure has remained stable.

Deposits

On the liabilities side, client funds amounted to CHF 10.6 billion, which represents a decrease of 2 per cent. Obligations due to banks nearly doubled, amounting to CHF 0.4 billion.

Short-term financial assets

On the asset side, the total in cash or deposits at the Swiss National Bank amounted to CHF 2.2 billion. A further CHF 1.9 billion are due from banks or are money market papers, both with short terms. This CHF 4.1 billion covered 38.7 per cent of client deposits.

Loans

VP Bank had CHF 5.4 billion in outstanding loans, of which CHF 3.2 billion were mortgage loans. Loan volume decreased by 5 per cent because many clients paid back their Lombard loans due to the changes in the interest-rate environment.

Equity capital and liquidity

VP Bank Group has a very strong capital base and high liquidity. As of 30 June 2023, the tier 1 ratio was 23.4 per cent and the liquidity coverage ratio was 202.2 per cent.

Consolidated income statement

in CHF 1,000	Note	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Interest income from financial instruments at amortised cost		124,901	55,432	69,469	125.3
Other interest income		25,330	9,149	16,181	176.9
Interest expense using the effective interest method		78,142	8,957	69,185	n.a.
Total net interest income	1, 18	72,089	55,624	16,465	29.6
Commission income		91,554	96,238	-4,684	-4.9
Commission expenses		21,786	24,271	-2,485	-10.2
Total net income from commission business and services	2	69,768	71,967	-2,199	-3.1
Income from trading activities	3	38,665	27,102	11,563	42.7
Income from financial instruments	4	5,310	6,537	-1,227	-18.8
Other income	5	2,453	271	2,182	n.a.
Total operating income		188,285	161,501	26,784	16.6
Personnel expenses	6	89,848	85,408	4,440	5.2
General and administrative expenses	7	40,913	36,747	4,166	11.3
Depreciation of property, equipment and intangible assets	8, 18	22,253	19,017	3,236	17.0
Credit loss expenses	9	4,540	-3,793	8,333	219.7
Provisions and losses	9	694	1,012	-318	-31.4
Operating expenses		158,248	138,391	19,857	14.3
Earnings before income tax		30,037	23,110	6,927	30.0
Taxes on income	10	4,571	1,783	2,788	156.4
Group net income		25,466	21,327	4,139	19.4
Share information (in CHF)					
Undiluted group net income per registered share A	11	4.15	3.49		
Undiluted group net income per registered share B	11	0.41	0.35		
Diluted group net income per registered share A	11	4.12	3.47		
Diluted group net income per registered share B	11	0.41	0.35		

Consolidated statement of comprehensive income

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Group net income	25,466	21,327	4,139	19.4
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	-2,229	3,403	-5,632	-165.5
• Foreign-currency translation difference transferred to the income statement from shareholders' equity	0	0	0	0.0
Total other comprehensive income which will be transferred to the income statement upon realisation	-2,229	3,403	-5,632	-165.5
Other comprehensive income which will not be reclassified to the income statement				
• Changes in value of FVTOCI financial instruments	5,636	-10,214	15,850	155.2
• Actuarial gains/losses from defined-benefit pension plans	-3,803	4,868	-8,671	-178.1
• Tax effects	-536	818	-1,354	-165.5
Total other comprehensive income which will not be transferred subsequent to the income statement	1,297	-4,528	5,825	128.6
Total comprehensive income in shareholders' equity	-932	-1,125	193	17.2
Total comprehensive income in income statement and shareholders' equity	24,534	20,202	4,332	21.4

Consolidated balance sheet

Assets

in CHF 1,000	Note	30.06.2023	31.12.2022	Variance absolute	Variance in %
Cash and cash equivalents		2,172,146	2,208,733	-36,587	-1.7
Receivables arising from money market papers		163,809	196,993	-33,184	-16.8
Due from banks		1,770,479	1,539,929	230,550	15.0
Due from customers		5,446,414	5,758,911	-312,497	-5.4
Trading portfolios		290	172	118	68.6
Derivative financial instruments		84,253	58,540	25,713	43.9
Financial instruments at fair value	16	184,376	180,013	4,363	2.4
Financial instruments measured at amortised cost	16	2,509,725	2,436,650	73,075	3.0
Joint venture companies		24	24	0	0.0
Property and equipment	17	83,823	84,318	-495	-0.6
Goodwill and other intangible assets		86,218	90,652	-4,434	-4.9
Tax receivables		268	230	38	16.5
Deferred tax assets		9,187	8,302	885	10.7
Accrued receivables and prepaid expenses		60,366	45,325	15,041	33.2
Other assets		27,988	22,269	5,719	25.7
Total assets		12,599,366	12,631,061	-31,695	-0.3

Liabilities and shareholders' equity

in CHF 1,000	Note	30.06.2023	31.12.2022	Variance absolute	Variance in %
Due to banks		355,350	178,776	176,574	98.8
Due to customers - savings and deposits		462,065	503,322	-41,257	-8.2
Due to customers - other liabilities		10,146,257	10,330,340	-184,083	-1.8
Derivative financial instruments		90,022	89,546	476	0.5
Medium-term notes		52,408	41,180	11,228	27.3
Debentures issued	12	255,055	255,081	-26	-0.0
Tax liabilities		7,152	5,783	1,369	23.7
Deferred tax liabilities		1,266	1,301	-35	-2.7
Accrued liabilities and deferred items		52,459	45,878	6,581	14.3
Other liabilities	17	76,034	75,707	327	0.4
Provisions		2,423	2,022	401	19.8
Total liabilities		11,500,491	11,528,936	-28,445	-0.2
Share capital	13	66,154	66,154	0	0.0
Less: treasury shares	14	-49,963	-53,220	3,257	6.1
Capital reserves		22,949	23,305	-356	-1.5
Retained earnings		1,138,505	1,143,724	-5,219	-0.5
Actuarial gains/losses from defined-benefit pension plans		-30,241	-25,797	-4,444	-17.2
Unrealised gains/losses on FVTOCI financial instruments		-19,016	-24,757	5,741	23.2
Foreign-currency translation differences		-29,513	-27,284	-2,229	-8.2
Total shareholders' equity		1,098,875	1,102,125	-3,250	-0.3
Total liabilities and shareholders' equity		12,599,366	12,631,061	-31,695	-0.3

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 01.01.2023	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
Total shareholders' equity 01.01.2022	66,154	-56,790	22,959	1,134,088	-34,105	-18,587	-28,152	1,085,567
Other comprehensive income, after income tax					5,736	-10,264	3,403	-1,125
Group net income				21,327				21,327
Total reported result 30.06.2022	0	0	0	21,327	5,736	-10,264	3,403	20,202
Appropriation of profit 2021				-30,524				-30,524
Management equity participation plan (LTI)			-307					-307
Movement in treasury shares ¹		3,185	379					3,564
Total shareholders' equity 30.06.2022	66,154	-53,605	23,031	1,124,891	-28,369	-28,851	-24,749	1,078,502

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

Consolidated statement of cash flow

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022
Cash flow from operating activities		
Group net income	25,466	21,327
Non-cash-related positions in Group results	24,127	10,607
Net increase/reduction in banking activities	282,197	577,442
Other cash flow from operating activities	-17,831	6,443
Net cash flow from operating activities	313,959	615,819
Cash flow from investment activities		
Cash flow from financial instruments	-88,248	-203,902
Other investment activities	-10,822	-14,234
Net cash flow from investment activities	-99,070	-218,136
Cash flow from financing activities		
Dividend distributions	-30,685	-30,524
Issuance/redemption of medium-term notes	11,337	-5,578
Redemption of debentures	0	0
Other financing activities	-2,225	-2,060
Net cash flow from financing activities	-21,573	-38,162
Foreign-currency translation impact	-15,008	-3,656
Net increase/reduction in cash and cash equivalents	178,308	355,865
Cash and cash equivalents at the beginning of the financial year	2,684,567	2,875,841
Cash and cash equivalents at the end of the reporting period	2,862,875	3,231,706
Net increase/reduction in cash and cash equivalents	178,308	355,865
Cash and cash equivalents are represented by		
Cash	2,172,176	2,285,791
Receivables arising from money market papers	0	10,005
Due from banks - at-sight balances	690,699	935,910
Total cash and cash equivalents	2,862,875	3,231,706

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 2022 annual financial statements.

New and revised International Financial Reporting Standards

Since 1 January 2023, 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 - disclosure of material accounting policy information rather than significant accounting policies.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Post-balance-sheet-date events

The Board of Directors reviewed and approved the semi-annual report and authorised it for publication in its meeting of 10 August 2023.

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.

The High Court of Justice in London 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:

	Balance-sheet-date rates			Average rates H1 2023	Average rates H1 2022	2022	Variance Balance-sheet-date rates		Average rates	
	30.06.2023	30.06.2022	31.12.2022				actual year	previous year	actual year	previous year
USD/CHF	0.8947	0.9574	0.9252	0.91231	0.96986	0.95513	-3%	-7%	-4%	-6%
EUR/CHF	0.9761	1.0009	0.9874	0.98547	1.02399	1.00462	-1%	-2%	-2%	-4%
SGD/CHF	0.6611	0.6879	0.6898	0.68259	0.70036	0.69242	-4%	-4%	-1%	-3%
HKD/CHF	0.1142	0.1220	0.1185	0.11639	0.12357	0.12197	-4%	-6%	-5%	-6%
GBP/CHF	1.1374	1.1627	1.1129	1.12475	1.19338	1.17895	2%	-2%	-5%	-6%

Segment reporting

Structure

VP Bank Group modified its organisational structure as of 1 January 2023. The front-office units were 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 remain grouped under "Corporate Center". External segment reporting reflects the organisational structure of VP Bank Group as of 30 June 2023 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.

The previous year's figures were aligned accordingly to ensure comparability.

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	0.0	47.2
Net new money (in CHF billion)	-0.1	-0.3	0.5	0.0	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 strategy 2026 (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		
as of 31.12.2022					
Segment assets (in CHF million)	4,066	1,656	37	6,872	12,631
Segment liabilities (in CHF million)	5,687	3,744	645	1,453	11,529
Client assets under management (in CHF billion) ¹	19.3	15.5	11.7	0.0	46.4
Net new money (in CHF billion)	-0.6	0.1	1.5	0.0	1.1
Headcount (number of employees)	174	278	72	487	1,011
Headcount (expressed as full-time equivalents)	154.4	264.5	66.8	449.3	935.0

¹ Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-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.-30.06.2022

in CHF 1,000	Liechtenstein & BVI	International	Asset Servicing	Corporate Center	Total Group
Total net interest income	32,166	15,756	349	7,353	55,624
Total net income from commission business and services	35,271	26,213	14,161	-3,678	71,967
Income from trading activities	7,872	7,596	1,255	10,379	27,102
Income from financial instruments	0	0	-506	7,043	6,537
Other income	0	2,366	4	-2,099	271
Total operating income	75,309	51,931	15,263	18,998	161,501
Personnel expenses	12,901	28,069	4,598	39,840	85,408
General and administrative expenses	1,054	6,696	2,533	26,464	36,747
Depreciation of property, equipment and intangible assets	1,799	4,015	290	12,913	19,017
Credit loss expenses	-3,440	-351	0	-2	-3,793
Provisions and losses	650	140	222	0	1,012
Operating expenses	12,964	38,569	7,643	79,215	138,391
Earnings before income tax	62,345	13,362	7,620	-60,217	23,110
Taxes on income					1,783
Group net income					21,327
Segment assets (in CHF million)	3,930	1,937	28	7,732	13,627
Segment liabilities (in CHF million)	6,093	4,121	697	1,637	12,548
Client assets under management (in CHF billion) ¹	19.9	15.7	10.9	0.0	46.5
Net new money (in CHF billion)	-0.3	0.2	0.3	0.0	0.2
Headcount (number of employees)	154	293	74	490	1,011
Headcount (expressed as full-time equivalents)	137.7	277.3	69.7	450.6	935.3
Cost/income ratio strategy 2026 (in %) ²	17.2	74.3	50.1		
Change in client assets under management compared to 31.12. prior year (in %)	-10.3	-10.5	-6.3		
Total operating income / average client assets under manage- ment (bp) ³	71.7	62.6	27.1		
Segment result / average client assets under management (bp) ³	59.4	16.1	13.5		
Cost/income ratio operating income (in %) ⁴	14.5	70.1	45.2		

¹ Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-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 and private banking, universal banking and lending business in Liechtenstein as well as private banking and lending business in the British Virgin Islands.

With CHF 19.1 billion in assets under management and operating income of CHF 95.4 million, the Liechtenstein & BVI region is VP Bank's largest segment.

International

The "International" (Region Europe & Asia) business unit encompasses intermediary and private client business in Switzerland, Luxembourg, Singapore and Hong Kong. With CHF 15.3 billion in assets under management and operating income of CHF 72.0 million, the International region is VP Bank's second-largest segment.

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.

As of the end of June 2023, assets under management amounted to CHF 12.9 billion, and operating income stood at CHF 21.8 million. Asset Servicing offers a one-stop shop for fund business, because it is able to act as management company, fund administrator, transfer agent and custody agent.

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 for banking operations and the processing of business transactions. 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 results of the Group's own financial investments, funds transfer pricing and the changes in the value of hedges are reported in this segment.

Notes to the consolidated income statement and consolidated balance sheet

1 Interest income

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Discount income	3,577	602	2,975	494.2
Loan commissions with the character of interest	183	395	-212	-53.7
Interest income from banks	29,871	79	29,792	n.a.
Interest income from customers	73,672	37,727	35,945	95.3
Interest income from financial instruments measured at amortised cost	17,598	13,460	4,138	30.7
Interest income from financial liabilities	0	3,169	-3,169	-100.0
Total interest income from financial instruments at amortised cost	124,901	55,432	69,469	125.3
Interest-rate instruments	78	-244	322	132.0
Trading derivatives (forward points)	25,214	9,508	15,706	165.2
Hedge accounting	38	-115	153	133.0
Total other interest income	25,330	9,149	16,181	176.9
Total interest income	150,231	64,581	85,650	132.6
Interest expenses on amounts due to banks	140	20	120	n.a.
Interest expenses on amounts due to customers	76,776	3,601	73,175	n.a.
Interest expenses on medium-term notes	193	104	89	85.6
Interest expenses on debentures issued	876	877	-1	-0.1
Interest expenses from financial assets	57	4,232	-4,175	-98.7
Interest expenses on right-of-use assets	100	123	-23	-18.7
Total interest expenses using the effective interest method	78,142	8,957	69,185	n.a.
Total net interest income	72,089	55,624	16,465	29.6
Fair-value hedges				
Movements arising from hedges	1	1,544	-1,543	-99.9
· Micro fair-value hedges	1	1,544	-1,543	-99.9
Movements in underlying transactions	37	-1,659	1,696	102.2
· Micro fair-value hedges	37	-1,659	1,696	102.2
Total hedge accounting	38	-115	153	133.0

2 Income from commission business and services

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Commission income from credit business	396	277	119	43.0
Asset management and investment business	31,090	33,601	-2,511	-7.5
Brokerage fees	12,553	14,771	-2,218	-15.0
Securities account fees	9,073	11,285	-2,212	-19.6
Fund management fees	28,321	26,821	1,500	5.6
Fiduciary commissions	1,075	169	906	n.a.
Other commission and service income	9,046	9,314	-268	-2.9
Total income from commission business and services	91,554	96,238	-4,684	-4.9
Brokerage expenses	650	691	-41	-5.9
Other commission and services-related expenses	21,136	23,580	-2,444	-10.4
Total expenses from commission business and services	21,786	24,271	-2,485	-10.2
Total net income from commission business and services	69,768	71,967	-2,199	-3.1

2 Income from commission business and services (continued)

The following table shows which components are included within the earnings position "asset management and investment business".

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Fees for securities settlement	4,471	4,255	216	5.1
Administration commissions	16,931	19,043	-2,112	-11.1
Management fees	4,475	5,610	-1,135	-20.2
Brokerage fees	8,961	8,779	182	2.1
Securities account fees	1,783	2,229	-446	-20.0
Administration fees	1,712	2,425	-713	-29.4
All-in fees	8,029	8,612	-583	-6.8
Miscellaneous fees	1,659	1,691	-32	-1.9
Asset management and investment business	31,090	33,601	-2,511	-7.5

3 Income from trading activities

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Securities trading ¹	-1,026	-2,094	1,068	51.0
Interest income from trading portfolios	0	143	-143	-100.0
Foreign currency	39,354	28,577	10,777	37.7
Banknotes, precious metals and other	337	476	-139	-29.2
Total income from trading activities	38,665	27,102	11,563	42.7

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.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Income from financial instruments at fair value	5,310	6,155	-845	-13.7
Income from financial instruments at amortised cost (foreign exchange)	0	382	-382	-100.0
Total income from financial instruments	5,310	6,537	-1,227	-18.8
Income from financial instruments at fair value				
Income from FVTPL assets	-584	-133	-451	-339.1
Interest income from FVTPL financial instruments	176	472	-296	-62.7
Dividend income from FVTPL financial instruments	456	719	-263	-36.6
Dividend income from FVTOCI financial instruments	5,262	5,097	165	3.2
thereof from FVTOCI financial instruments sold	0	63	-63	-100.0
Income from FVTPL liabilities	0	0	0	0.0
Total	5,310	6,155	-845	-13.7
Income from financial instruments at amortised cost (foreign exchange)				
Revaluation gains/losses on financial instruments at amortised cost	0	340	-340	-100.0
Realised gains/losses on financial instruments at amortised cost	0	42	-42	-100.0
Total	0	382	-382	-100.0

5 Other income

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Income from real estate	99	75	24	32.0
Income from joint venture companies	0	1	-1	-100.0
Miscellaneous other income ¹	2,354	195	2,159	n.a.
Total other income	2,453	271	2,182	n.a.

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

6 Personnel expenses

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Salaries and wages	76,571	71,238	5,333	7.5
Social contributions required by law	6,371	6,076	295	4.9
Contributions to pension plans / defined-benefit plans	4,486	5,907	-1,421	-24.1
Contributions to pension plans / defined-contribution plans	1,531	1,443	88	6.1
Other personnel expenses	2,732	2,925	-193	-6.6
Capitalised personnel expenses ¹	-1,843	-2,181	338	15.5
Total personnel expenses	89,848	85,408	4,440	5.2

¹ In conformity with IAS 38, a portion of internally generated intangible assets such as software is capitalised. Accordingly, personnel expenses are reduced by the amount capitalised.

7 General and administrative expenses

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Occupancy expenses	2,116	1,661	455	27.4
Insurance	631	605	26	4.3
Professional fees	8,487	7,051	1,436	20.4
Financial information procurement	4,604	4,718	-114	-2.4
Telecommunication and postage	725	719	6	0.8
IT systems	16,693	13,183	3,510	26.6
Marketing and public relations	2,258	1,865	393	21.1
Capital taxes	414	365	49	13.4
Other general and administrative expenses	4,985	6,580	-1,595	-24.2
Total general and administrative expenses	40,913	36,747	4,166	11.3

8 Depreciation of property, equipment and intangible assets

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Depreciation and amortisation of property and equipment	7,219	8,288	-1,069	-12.9
Depreciation and amortisation of intangible assets	15,034	10,729	4,305	40.1
Total depreciation and amortisation	22,253	19,017	3,236	17.0

9 Valuation allowances, provisions and losses

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Decrease/increase credit allowances ¹	4,540	-3,793	8,333	219.7
Legal and litigation risks	100	250	-150	-60.0
Other provisions and losses ¹	594	762	-168	-22.0
Total valuation allowances, provisions and losses	5,234	-2,781	8,015	288.2

¹ Including currency effects.

10 Taxes on income

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Current taxes	4,958	3,947	1,011	25.6
Deferred taxes	-387	-2,164	1,777	82.1
Total taxes on income	4,571	1,783	2,788	156.4

11 Earnings per share

	30.06.2023	30.06.2022
Consolidated earnings per share of VP Bank Ltd, Vaduz		
Group net income (in CHF 1,000) ¹	25,466	21,327
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	442,633	476,375
Less weighted average number of treasury shares B	350,726	348,869
Weighted average number of registered shares A (undiluted)	5,572,367	5,538,625
Weighted average number of registered shares B (undiluted)	5,653,441	5,655,298
Total weighted average number of shares (registered shares A)	6,137,711	6,104,155
Undiluted consolidated earnings per registered share A (in CHF)	4.15	3.49
Undiluted consolidated earnings per registered share B (in CHF)	0.41	0.35
Diluted consolidated earnings per share of VP Bank Ltd, Vaduz		
Group net income (in CHF 1,000) ¹	25,466	21,327
Dilution effect number of registered shares A ²	36,336	34,935
Number of shares used to compute the fully diluted consolidated net income	6,174,047	6,139,090
Diluted consolidated earnings per registered share A (in CHF)	4.12	3.47
Diluted consolidated earnings per registered share B (in CHF)	0.41	0.35

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

Year of issue	ISIN	Interest rate in %	Currency	Maturity	Nominal amount	in CHF 1,000	
						Total 30.06.2023	Total 31.12.2022
2015	CH0262888941	0.875	CHF	07.10.2024	100,000	100,071	100,098
2019	CH0461238880	0.6	CHF	29.11.2029	155,000	154,984	154,983
Total					255,000	255,055	255,081

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

	30.06.2023		31.12.2022	
	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

	30.06.2023		31.12.2022	
	No. of shares	in CHF 1,000	No. of shares	in CHF 1,000
Registered shares A at the beginning of the financial year	454,784	47,763	488,934	51,350
Purchases	2	0	0	0
Sales	-31,005	-3,256	-34,150	-3,587
Balance of registered shares A as of balance sheet date	423,781	44,507	454,784	47,763
Registered shares B at the beginning of the financial year	350,769	5,457	348,869	5,440
Purchases	0	0	1,900	17
Sales	-100	-1	0	0
Balance of registered shares B as of balance sheet date	350,669	5,456	350,769	5,457

15 Dividend

	30.06.2023	31.12.2022
Approved and paid dividend of VP Bank Ltd, Vaduz		
Dividend (in CHF 1,000) for the financial year 2022 (2021)	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	76.1	60.0

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 30.06.2023	Fair value 30.06.2023	Variance	Carrying value 31.12.2022	Fair value 31.12.2022	Variance
Assets						
Cash and cash equivalents	2,172	2,172	0	2,209	2,209	0
Receivables arising from money market papers	164	164	0	197	197	0
Due from banks	1,770	1,770	0	1,540	1,540	0
Due from customers	5,446	5,439	-7	5,759	5,744	-15
Trading portfolios	0	0	0	0	0	0
Derivative financial instruments	84	84	0	59	59	0
Financial instruments at fair value	184	184	0	180	180	0
of which designated on initial recognition	0	0	0	0	0	0
of which mandatory under IFRS 9	51	51	0	55	55	0
of which recognised in other comprehensive income with no effect on net income	133	133	0	125	125	0
Financial instruments at amortised cost	2,510	2,363	-147	2,437	2,270	-167
Subtotal			-154			-182
Liabilities						
Due to banks	355	355	0	179	179	0
Due to customers	10,608	10,479	129	10,834	10,677	157
Derivative financial instruments	90	90	0	90	90	0
Medium-term notes	52	51	1	41	40	1
Debentures issued	255	235	20	255	230	25
Subtotal			150			183
Total variance			-4			1

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 30.06.2023	Quoted market prices, Level 1	Valuation methods based on market data, Level 2	Valuation methods with assumptions based on market data, Level 3	Total 30.06.2023
Assets				
Cash and cash equivalents	2,172			2,172
Receivables arising from money market papers	164			164
Due from banks		1,770		1,770
Due from customers		5,439		5,439
Trading portfolios				0
Derivative financial instruments		84		84
Financial instruments at fair value	132	45	7	184
Financial instruments at amortised cost	2,363	0	0	2,363
Liabilities				
Due to banks		355		355
Due to customers		10,479		10,479
Derivative financial instruments		90		90
Medium-term notes		51		51
Debentures issued	235			235

There were no reclassifications in the first half of 2023.

in CHF million at fair value 31.12.2022	Quoted market prices, Level 1	Valuation methods based on market data, Level 2	Valuation methods with assumptions based on market data, Level 3	Total 31.12.2022
Assets				
Cash and cash equivalents	2,209			2,209
Receivables arising from money market papers	197			197
Due from banks		1,540		1,540
Due from customers		5,744		5,744
Trading portfolios				0
Derivative financial instruments		59		59
Financial instruments at fair value	130	43	7	180
Financial instruments at amortised cost	2,270	0	0	2,270
Liabilities				
Due to banks		179		179
Due to customers		10,677		10,677
Derivative financial instruments		90		90
Medium-term notes		40		40
Debentures issued	230			230

Valuation methods for financial instruments (continued)

Level 3 financial instruments	30.06.2023	31.12.2022
Balance sheet		
Holdings at the beginning of the year	6.9	28.7
Investments	0.0	0.0
Disposals	0.0	-21.8
Losses recognised in the income statement	-0.2	0.0
Gains recognised in the income statement	0.0	0.0
Total book value at balance sheet date	6.7	6.9
Income on holdings at balance sheet date		
Unrealised losses recognised in income from financial instruments	0.0	0.0
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 2023 or 31 December 2022.

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	30.06.2023	31.12.2022	Variance absolute	Variance in %
Property and equipment				
Right of use - buildings and premises	17,840	15,548	2,292	14.7
Right of use - motor vehicles	425	668	-243	-36.4
Total assets	18,265	16,216	2,049	12.6
Remaining duration of up to 1 year	4,747	5,544	-797	-14.4
Remaining duration of 1 to 5 years	14,785	15,125	-340	-2.2
Remaining duration of over 5 years	328	0	328	0.0
Total lease liabilities	19,860	20,669	-809	-3.9

18 Leases in the income statement

in CHF 1,000	01.01.- 30.06.2023	01.01.- 30.06.2022	Variance absolute	Variance in %
Net interest income				
Interest expense on lease liabilities	100	123	-23	-18.7
Depreciation of property and equipment				
Depreciation and impairment on right-of-use assets	2,666	2,887	-221	-7.7

19 Consolidated off-balance-sheet positions

in CHF 1,000	30.06.2023	31.12.2022
Total contingent liabilities	126,046	112,901
Irrevocable facilities granted	77,467	92,768
Total fiduciary transactions	700,110	653,665
Contract volumes of derivative financial instruments	8,617,743	8,271,413
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	353,737	413,416
of which securities where the unlimited right to sell on or pledge has been granted	263,032	318,509
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	352,026	426,289
of which securities which have been resold or repledged	90,704	94,907

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	30.06.2023	31.12.2022	Variance absolute	Variance in %
Analysis of client assets under management				
Assets in self-administered investment funds	10,442.8	9,987.0	455.8	4.6
Assets in discretionary asset management accounts	4,505.8	4,560.1	-54.3	-1.2
Other client assets under management	32,277.4	31,898.8	378.6	1.2
Total client assets under management (including amounts counted twice)	47,226.0	46,445.9	780.1	1.7
of which amounts counted twice	1,942.7	1,958.3	-15.6	-0.8
Change of assets under management				
Total client assets under management (including amounts counted twice) at the beginning of the financial year	46,445.9	51,276.6	-4,830.7	-9.4
of which net new money	83.1	1,050.4	-967.3	-92.1
of which change in market value	702.1	-5,630.7	6,332.8	112.5
of which other effects ¹	-5.1	-250.3	245.2	98.0
Total client assets under management (including amounts counted twice) as of balance sheet date	47,226.0	46,445.9	780.1	1.7
Custody assets	5,556.6	5,837.2	-280.6	-4.8
Total client assets				
Total client assets under management (including amounts counted twice)	47,226.0	46,445.9	780.1	1.7
Custody assets	5,556.6	5,837.2	-280.6	-4.8
Total client assets	52,782.6	52,283.2	499.5	1.0
Net new money				
in CHF million	30.06.2023	30.06.2022	Variance absolute	Variance in %
Net new money	83.1	179.8	-96.7	-53.8

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

21 Capital-adequacy computation (Basel III)

in CHF 1,000	30.06.2023	31.12.2022
Total shareholders' equity	1,098,875	1,102,125
Total regulatory deduction	-45,019	-55,944
Eligible core capital (tier 1)	1,053,856	1,046,181
Total required equity	360,514	386,310
Capital buffer	209,356	223,723
Total required equity including capital buffer	569,870	610,033
Tier 1 ratio	23.4%	21.7%
Total risk-weighted assets	4,506,421	4,828,876
Return on investment (net income / average balance sheet total) annualised	0.4%	0.3%



This report has been produced with the greatest possible care and all data have been closely examined. Rounding, typeset or printing errors, however, cannot be ruled out.

This report includes information and forecasts relating to the future development of VP Bank Group. Those forecasts represent estimates based on all information available at the time of publication. Any such forward-looking statement is subject to risks and uncertainties that could lead to significant variances in actual future results. No guarantee can be made as to the reliability of the prognoses, planned quantities or forward-looking statements contained herein.

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