

# Notes to the consolidated income statement and consolidated balance sheet

## 1 Interest income

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Interest and discount income	73	53	20	37.7
Interest income from banks	14,212	26,807	-12,595	-47.0
Interest income from customers	67,790	74,163	-6,373	-8.6
Interest income from financial instruments measured at amortised cost	12,189	13,143	-954	-7.3
Interest-rate instruments	8,539	-5,738	14,277	-248.8
Loan commissions with the character of interest	953	1,062	-109	-10.3
<b>Total interest income</b>	<b>103,756</b>	<b>109,490</b>	<b>-5,734</b>	<b>-5.2</b>
Interest expenses on liabilities due to banks	98	862	-764	-88.6
Interest expenses on liabilities due to customers	8,042	14,661	-6,619	-45.1
Interest expenses on medium-term bonds	3,300	3,687	-387	-10.5
Interest expenses on debenture bonds	5,443	6,821	-1,378	-20.2
<b>Total interest expense</b>	<b>16,883</b>	<b>26,031</b>	<b>-9,148</b>	<b>-35.1</b>
<b>Total interest income</b>	<b>86,873</b>	<b>83,459</b>	<b>3,414</b>	<b>4.1</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

## 2 Income from commission business and services

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Commission income from credit business	803	1,053	-250	-23.7
Asset management and investment business <sup>2,3</sup>	37,950	36,233	1,717	4.7
Brokerage fees	36,186	32,194	3,992	12.4
Securities account fees	14,840	15,399	-559	-3.6
Fund management fees <sup>3</sup>	56,095	52,931	3,164	6.0
Fiduciary commissions	659	1,187	-528	-44.5
Miscellaneous commission and service income	14,115	12,690	1,425	11.2
<b>Total income from commission business and services</b>	<b>160,648</b>	<b>151,687</b>	<b>8,961</b>	<b>5.9</b>
Brokerage expenses	4,430	3,953	477	12.1
Other commission and services-related expenses	42,107	39,677	2,430	6.1
<b>Total expenses from commission business and services</b>	<b>46,537</b>	<b>43,630</b>	<b>2,907</b>	<b>6.7</b>
<b>Total income from commission business and services</b>	<b>114,111</b>	<b>108,057</b>	<b>6,054</b>	<b>5.6</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

<sup>2</sup> Income from corporate actions, asset management commissions, investment advisory services, all-in fees, securities lending and borrowing.

<sup>3</sup> Reclassification of prior year comparatives of CHF 1,132 million.

## 3 Income from trading activities

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Securities trading <sup>2</sup>	-5,382	-1,595	-3,787	n.a.
Interest income from trading portfolios	29	0	29	n.a.
Dividend income from trading portfolios	0	0	0	n.a.
Foreign currency	22,547	20,662	1,885	9.1
Banknotes, precious metals and other	2,317	2,080	237	11.4
<b>Total income from trading activities</b>	<b>19,511</b>	<b>21,147</b>	<b>-1,636</b>	<b>-7.7</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

<sup>2</sup> The results from derivatives for the purposes of risk minimisation (other than interest-rate derivatives) are included in this item.

#### 4 Income from financial investments

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Income from financial instruments at fair value	17,605	23,828	-6,223	-26.1
Income from financial instruments at amortised cost	-1,338	-4,364	3,026	n.a.
<b>Total income from financial investments</b>	<b>16,267</b>	<b>19,464</b>	<b>-3,197</b>	<b>-16.4</b>

##### Income from financial instruments at fair value

Results from FVTPL assets	9,461	10,762	-1,301	-12.1
Interest income from FVTPL financial instruments	4,591	5,709	-1,118	-19.6
Dividend income from FVTPL financial instruments	710	5,372	-4,662	-86.8
Dividend income from FVTOCI financial instruments	2,843	1,985	858	43.2
thereof from FVTOCI financial instruments sold	0	0	0	n.a.
Income from liabilities at fair value	0	0	0	n.a.
<b>Total</b>	<b>17,605</b>	<b>23,828</b>	<b>-6,223</b>	<b>-26.1</b>

##### Income from financial instruments at amortised cost

Revaluation gains/losses on financial instruments at amortised cost	-1,715	-4,624	2,909	n.a.
Realised gains/losses on financial instruments at amortised cost	377	260	117	45.0
<b>Total</b>	<b>-1,338</b>	<b>-4,364</b>	<b>3,026</b>	<b>n.a.</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

#### 5 Other income

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Income from real estate	211	96	115	119.8
Income from associated companies	-3	19	-22	-115.8
Miscellaneous other income	2,425	3,000	-575	-19.2
<b>Total other income</b>	<b>2,633</b>	<b>3,115</b>	<b>-482</b>	<b>-15.5</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

#### 6 Personnel expenses

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Salaries and wages	98,237	95,822	2,415	2.5
Social contributions required by law	8,016	7,360	656	8.9
Contributions to pension plans / defined-benefit plans	11,081	-9,000	20,081	n.a.
Contributions to pension plans / defined-contribution plans	602	968	-366	-37.8
Other personnel expenses	4,070	5,958	-1,888	-31.7
<b>Total personnel expenses</b>	<b>122,006</b>	<b>101,108</b>	<b>20,898</b>	<b>20.7</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

#### 7 General and administrative expenses

in CHF 1,000	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Occupancy expenses	7,736	8,173	-437	-5.3
Insurance	1,085	863	222	25.7
Professional fees	8,030	6,051	1,979	32.7
Financial information procurement	5,801	6,127	-326	-5.3
Telecommunication and postage	1,021	1,135	-114	-10.0
IT systems	12,581	12,758	-177	-1.4
Marketing and public relations	3,634	4,252	-618	-14.5
Capital taxes	163	108	55	50.9
Other general and administrative expenses	5,919	7,215	-1,296	-18.0
<b>Total general and administrative expenses</b>	<b>45,970</b>	<b>46,682</b>	<b>-712</b>	<b>-1.5</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

## 8 Depreciation and amortisation

in CHF 1,000	Note	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Depreciation and amortisation of property and equipment	22	10,425	10,800	-375	-3.5
Amortisation of intangible assets	23	16,608	18,632	-2,024	-10.9
<b>Total depreciation and amortisation</b>		<b>27,033</b>	<b>29,432</b>	<b>-2,399</b>	<b>-8.2</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

## 9 Valuation allowances, provisions and losses

in CHF 1,000	Note	2013	2012 <sup>1</sup>	Variance absolute	Variance in %
Credit risks <sup>2</sup>	16	6,540	13,871	-7,331	-52.9
Legal and litigation risks		3,302	957 <sup>3</sup>	2,345	245.0
Other		512	499 <sup>3</sup>	13	2.6
Release of valuation allowances and provisions no longer required		-3,999	-8,090	4,091	n.a.
<b>Total valuation allowances, provisions and losses</b>		<b>6,355</b>	<b>7,237</b>	<b>-882</b>	<b>-12.2</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

<sup>2</sup> Additions including currency effects (note 16).

<sup>3</sup> Reclassification of prior year comparative figures of CHF 0.957 million (note 28).

## 10a Taxes on income

in CHF 1,000	2013	2012 <sup>1</sup>
<b>Domestic</b>		
Current taxes	593	254
Deferred taxes	867	-123
<b>Foreign</b>		
Current taxes	1,145	2,124
Deferred taxes	-299	-492
<b>Total current taxes</b>	<b>1,738</b>	<b>2,378</b>
<b>Total deferred taxes</b>	<b>568</b>	<b>-615</b>
<b>Total taxes on income</b>	<b>2,306</b>	<b>1,763</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

Actual payments for domestic and foreign taxes made by the Group in 2013 totalled CHF 1.8 million (2012: CHF 0.3 million).

### Proof – taxes on income

All anticipated liabilities arising in connection with taxes on income earned during the reporting period are reflected in the financial statements. They are computed in accordance with the laws governing taxation in the respective countries. Deferred tax liabilities arising from differences between the values in the financial statements drawn up for legal and/or tax purposes and those in the consolidation are computed using the following tax rates:

	2013	2012
Liechtenstein	12.5 %	12.5 %
Switzerland	20.0 %	20.0 %
Luxembourg	28.8 %	28.8 %
British Virgin Islands	0.0 %	0.0 %
Singapore	10.0 %	10.0 %
Hong Kong	16.5 %	16.5 %

Pre-tax results, as well as differences between the tax charge in the income statement and the tax charge arrived at on the basis of a standard assumed average rate of 15 per cent (prior year: 15 per cent), may be analysed as follows:

in CHF 1,000	2013	2012 <sup>1</sup>
<b>Income before income tax</b>		
Domestic	31,890	35,197
Foreign	6,141	15,586
<b>Taxes on income using an assumed average charge</b>	<b>5,705</b>	<b>7,617</b>
<b>Reasons for increased/decreased taxable income</b>		
Difference between actual and assumed tax rates	-176	-2,853
Lower tax charges as a result of changes in laws or taxation agreements	-3,223	-3,001
<b>Total income taxes</b>	<b>2,306</b>	<b>1,763</b>

<sup>1</sup> Results from continued business operations. Disclosures regarding discontinued operations are to be found in note 45.

## 10b Deferred tax assets and liabilities

in CHF 1,000	2013	2012
<b>Deferred tax assets</b>		
Real estate and property and equipment	4,185	8,318
Securities	6,737	3,585
Other	397	0
<b>Total deferred tax assets</b>	<b>11,319</b>	<b>11,903</b>
<b>Deferred tax liabilities</b>		
Real estate and property and equipment	4,468	1,875
Financial instruments	2,107	2,141
Financial instruments directly offset within shareholders' equity	352	637
Valuation allowances for credit risks	159	732
Other provisions	2,815	3,016
<b>Total deferred tax liabilities</b>	<b>9,901</b>	<b>8,401</b>
<b>Deferred tax assets</b>		
Balance at the beginning of the financial year	11,903	17,934
Offset within shareholders' equity	1,123	-6,651
Tax loss carry-forwards <sup>1</sup>	0	0
Charged to income statement	397	620
Released to income statement	-2,104	0
<b>Total deferred tax assets</b>	<b>11,319</b>	<b>11,903</b>
<b>Deferred tax liabilities</b>		
Balance at the beginning of the financial year	8,401	8,992
Reclassifications	2,639	-596
Charged to income statement	83	1,510
Released to income statement	-1,222	-1,505
<b>Total deferred tax liabilities</b>	<b>9,901</b>	<b>8,401</b>

<sup>1</sup> Providing that the realisation of future tax benefits is considered probable, these must be treated as an asset. The offset of deferred tax assets and liabilities is only possible if they are due to/from the same taxing authority.

Deferred taxes arise because of timing differences between the IFRS financial statements and the statutory accounts as a result of differing valuation policies.

Loss carry-forwards not reflected in the balance sheet expire as follows:

Within 1 year	79	0
Within 2 to 4 years	551	366
After 4 years	488	589
<b>Total</b>	<b>1,118</b>	<b>955</b>

## 10c Tax assets and liabilities

in CHF 1,000	Note	31/12/2013	31/12/2012
<b>Tax assets</b>			
Amounts receivable arising on current taxes on income		14	58
Deferred tax assets	10b	11,319	11,903
<b>Total tax assets</b>		<b>11,333</b>	<b>11,961</b>
<b>Tax liabilities</b>			
Liabilities arising on current taxes on income		1,780	3,689
Deferred tax liabilities	10b	9,901	8,401
<b>Total tax liabilities</b>		<b>11,681</b>	<b>12,090</b>

## 11 Earnings per share

	2013	2012
<b>Consolidated earnings per share of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>		
Net income (in CHF 1,000) <sup>1</sup>	38,119	48,315
Weighted average of bearer shares	5,194,234	5,174,812
Weighted average of registered shares	5,965,479	5,963,174
Total weighted average number of bearer shares	5,790,782	5,771,129
Undiluted consolidated earnings per bearer share	6.58	8.37
Undiluted consolidated earnings per registered share	0.66	0.84
<b>Fully diluted consolidated earnings per share of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>		
Net income (in CHF 1,000) <sup>1</sup>	38,119	48,315
Adjusted consolidated net income (in CHF 1,000)	38,119	48,315
Number of shares used to compute the fully diluted consolidated net income	5,790,782	5,771,129
Fully diluted consolidated earnings per bearer share	6.58	8.37
Fully diluted consolidated earnings per registered share	0.66	0.84

<sup>1</sup> On the basis of Group profits attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.

## 12 Dividend

	2013	2012
<b>Approved and paid dividend of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>		
Dividend (in CHF 1,000) for the financial year 2012 (2011)	14,787	8,872
Dividend per bearer share	2.50	1.50
Dividend per registered share	0.25	0.15
Payout ratio (in %)	29.9	269.7
<b>Proposed dividend to be approved by the annual general meeting of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz (not reflected as a liability as of 31 December)</b>		
Dividend (in CHF 1,000) for the financial year 2013	20,702	
Dividend per bearer share	3.50	
Dividend per registered share	0.35	
Payout ratio (in %)	53.2	

## 13 Cash and cash equivalents

in CHF 1,000	31/12/2013	31/12/2012
Cash on hand	14,475	15,480
At-sight balances on postal checking accounts	22	6,933
At-sight balances with national and central banks	1,362,910	904,548
<b>Total cash and cash equivalents</b>	<b>1,377,407</b>	<b>926,961</b>

## 14 Receivables arising from money-market paper

in CHF 1,000	31/12/2013	31/12/2012
Money-market paper (qualifying for refinancing purposes)	23,227	0
Other money-market paper	0	0
<b>Total receivables arising from money-market paper</b>	<b>23,227</b>	<b>0</b>

## 15 Due from banks and customers

in CHF 1,000	Note	31/12/2013	31/12/2012
<b>By type of exposures</b>			
Due from banks – at-sight balances		929,941	975,436
Due from banks – term balances		3,575,081	3,816,634
Valuation allowances for credit risks	16	–3,008	–3,016
<b>Due from banks</b>		<b>4,502,014</b>	<b>4,789,054</b>
Mortgage receivables		2,786,843	2,635,546
Other receivables		1,181,488	1,129,147
Valuation allowances for credit risks	16	–41,655	–51,403
<b>Due from customers</b>		<b>3,926,676</b>	<b>3,713,290</b>
<b>Total due from banks and customers</b>		<b>8,428,690</b>	<b>8,502,344</b>

15 Due from banks and customers (continued)

in CHF 1,000	31/12/2013	31/12/2012
<b>Due from customers by type of collateral</b>		
Mortgage collateral	2,722,491	2,577,427
Other collateral	1,052,292	969,531
Without collateral	193,548	217,735
<b>Subtotal</b>	<b>3,968,331</b>	<b>3,764,693</b>
Valuation allowances for credit risks	-41,655	-51,403
<b>Total due from customers</b>	<b>3,926,676</b>	<b>3,713,290</b>

## 16 Valuation allowances for credit risks

in CHF 1,000	2013	2012
Balance at the beginning of the financial year	54,419	55,343
Amounts written off on loans / utilisation in accordance with purpose	-13,155	-7,017
Creation of valuation allowances and provisions for credit risks	6,521	13,939
Release of valuation allowances and provisions for credit risks	-3,141	-7,778
Foreign-currency translation differences and other adjustments	19	-68
<b>Balance at the end of the financial year</b>	<b>44,663</b>	<b>54,419</b>
As valuation adjustment for due from banks	3,008	3,016
As valuation adjustment for due from customers	41,655	51,403
<b>Total valuation allowances for credit risks</b>	<b>44,663</b>	<b>54,419</b>

in CHF 1,000	Banks	Mortgage receivables	Other receivables <sup>1</sup>	Total
<b>By type of exposure 2013</b>				
Balance at the beginning of the financial year	3,016	12,610	38,793	54,419
Amounts written off on loans / utilisation in accordance with purpose			-13,155	-13,155
Creation of valuation allowances and provisions for credit risks	493	3,672	2,356	6,521
Release of valuation allowances and provisions for credit risks	-501	-1,271	-1,369	-3,141
Foreign-currency translation differences and other adjustments			19	19
<b>Balance at the end of the financial year 2013</b>	<b>3,008</b>	<b>15,011</b>	<b>26,644</b>	<b>44,663</b>
<b>of which</b>				
Individual valuation allowances	0	9,634	12,863	22,497
Lump-sum valuation allowances	3,008	5,377	13,781	22,166
<b>Total</b>	<b>3,008</b>	<b>15,011</b>	<b>26,644</b>	<b>44,663</b>

## By type of exposure 2012

Balance at the beginning of the financial year	2,964	10,395	41,984	55,343
Amounts written off on loans / utilisation in accordance with purpose			-7,017	-7,017
Creation of valuation allowances and provisions for credit risks	197	2,314	11,428	13,939
Release of valuation allowances and provisions for credit risks	-144	-89	-7,545	-7,778
Foreign-currency translation differences and other adjustments	-1	-10	-57	-68
<b>Balance at the end of the financial year 2012</b>	<b>3,016</b>	<b>12,610</b>	<b>38,793</b>	<b>54,419</b>
<b>of which</b>				
Individual valuation allowances	0	7,491	25,213	32,704
Lump-sum valuation allowances	3,016	5,119	13,580	21,715
<b>Total</b>	<b>3,016</b>	<b>12,610</b>	<b>38,793</b>	<b>54,419</b>

<sup>1</sup> Other receivables primarily comprise lombard loans, debit balances on accounts and unsecured loans.

in CHF 1,000	Individual 2013	Lump-sum 2013	Individual 2012	Lump-sum 2012
<b>By type of valuation allowances</b>				
Balance at the beginning of the financial year	32,704	21,715	29,863	25,480
Amounts written off on loans / utilisation in accordance with purpose	-13,155		-7,017	
Creation of valuation allowances and provisions for credit risks	4,778	1,743	13,073	866
Release of valuation allowances and provisions for credit risks	-1,849	-1,292	-3,163	-4,615
Foreign-currency translation differences and other adjustments	19		-52	-16
<b>Balance at the end of the financial year</b>	<b>22,497</b>	<b>22,166</b>	<b>32,704</b>	<b>21,715</b>

Individual valuation allowances relate to loans that are not covered by the liquidation proceeds of collateral or unsecured loans.

## 16 Valuation allowances for credit risks (continued)

**Value-impaired loans**

Value-impaired loans are amounts outstanding from customers and banks where it is improbable that the debtor can meet its obligations.

in CHF 1,000	2013	2012
Value-impaired loans <sup>1</sup>	42,258	56,758
Amount of valuation allowances for credit losses from non-performing loans	22,497	32,704
<b>Net amounts due</b>	<b>19,761</b>	<b>24,054</b>
Estimated realisable value of value-impaired loans	19,761	24,054
<b>Average amount of value-impaired loans</b>	<b>49,508</b>	<b>59,102</b>
Recoveries from loans already written off (other income)	38	110

<sup>1</sup> Interest receivable on non-performing loans in 2013 was CHF 0.495 million (2012: CHF 0.724 million).

**Non-performing loans**

A loan is classified as non-performing as soon as the capital repayments and/or interest payments contractually stipulated are outstanding for 90 days or more. Such loans are not to be classified as value-impaired if it can be assumed that they are still covered by existing collateral.

in CHF 1,000	2013	2012
Non-performing loans	21,502	33,827
Amount of valuation allowances for credit losses from non-performing loans	9,378	19,728
<b>Net amounts due</b>	<b>12,124</b>	<b>14,099</b>
<b>Average amount of non-performing loans</b>	<b>27,665</b>	<b>29,433</b>
Valuation allowances on non-performing loans at the beginning of the financial year	19,728	19,815
Net increase	1,996	3,300
Amounts written off and disposals / utilisation in conformity with purpose	-12,346	-3,387
<b>Valuation allowances on non-performing loans at the end of the financial year</b>	<b>9,378</b>	<b>19,728</b>

in CHF 1,000	31/12/2013	31/12/2012
<b>According to type of exposure</b>		
<b>Banks</b>	<b>0</b>	<b>0</b>
Mortgage receivables	20,567	20,749
Other receivables	935	13,078
<b>Customers</b>	<b>21,502</b>	<b>33,827</b>
<b>Total non-performing loans</b>	<b>21,502</b>	<b>33,827</b>

in CHF 1,000	31/12/2013	31/12/2012
<b>According to region (domicile of debtor)</b>		
Liechtenstein and Switzerland	21,211	18,843
Rest of Europe	33	68
North and South America	93	87
Other countries	165	14,829
<b>Total non-performing loans</b>	<b>21,502</b>	<b>33,827</b>

**17 Trading portfolios**

in CHF 1,000	31/12/2013	31/12/2012
<b>Debt securities valued at fair value</b>		
Other public-law institutions	2,392	0
Exchange-listed	0	112
<b>Total</b>	<b>2,392</b>	<b>112</b>
<b>Equity securities / investment-fund units valued at fair value</b>		
Exchange-listed	0	0
Non-exchange-listed	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Other</b>	<b>230</b>	<b>103</b>
<b>Total trading portfolios</b>	<b>2,622</b>	<b>215</b>

## 18 Derivative financial instruments

31/12/2013 in CHF 1,000	Positive replacement values	Negative replacement values	Contract volumes
<b>Interest-rate instruments</b>			
Forward contracts			
Swaps	964	19,104	327,867
Futures			1,538
Options (OTC)		80	20,000
Options (exchange-traded)			
<b>Total interest-rate instruments 31/12/2013</b>	<b>964</b>	<b>19,184</b>	<b>349,405</b>
<b>Foreign currencies</b>			
Forward contracts	2,494	3,162	304,652
Combined interest-rate/currency swaps	30,725	28,511	4,437,263
Futures			
Options (OTC)	339	339	89,051
Options (exchange-traded)			
<b>Total foreign currencies 31/12/2013</b>	<b>33,558</b>	<b>32,012</b>	<b>4,830,966</b>
<b>Equity securities/indices</b>			
Forward contracts			
Futures			9,159
Options (OTC)			
Options (exchange-traded)		328	9,060
<b>Total equity securities/indices 31/12/2013</b>	<b>0</b>	<b>328</b>	<b>18,219</b>
<b>Precious metals</b>			
Forward contracts			
Futures			
Options (OTC)	1,216	1,216	33,411
Options (exchange-traded)			
<b>Total precious metals 31/12/2013</b>	<b>1,216</b>	<b>1,216</b>	<b>33,411</b>
<b>Total derivative financial instruments 31/12/2013</b>	<b>35,738</b>	<b>52,740</b>	<b>5,232,001</b>

The fair value of derivative financial instruments without market value is arrived at by recognised valuation models. These models take account of the relevant parameters such as contract specifications, the market price of the underlying security, the yield curve and volatility.

31/12/2012 in CHF 1,000	Positive replacement values	Negative replacement values	Contract volumes
<b>Interest-rate instruments</b>			
Forward contracts			
Swaps	26	30,254	312,267
Futures			12,443
Options (OTC)			
Options (exchange-traded)			
<b>Total interest-rate instruments 31/12/2012</b>	<b>26</b>	<b>30,254</b>	<b>324,710</b>
<b>Foreign currencies</b>			
Forward contracts	1,416	3,266	329,309
Combined interest-rate/currency swaps	48,156	46,819	3,589,350
Futures			
Options (OTC)	412	287	85,146
Options (exchange-traded)			
<b>Total foreign currencies 31/12/2012</b>	<b>49,984</b>	<b>50,372</b>	<b>4,003,805</b>
<b>Equity securities/indices</b>			
Forward contracts			
Futures			8,701
Options (OTC)			
Options (exchange-traded)		1,100	17,687
<b>Total equity securities/indices 31/12/2012</b>	<b>0</b>	<b>1,100</b>	<b>26,388</b>



## 18 Derivative financial instruments (continued)

31/12/2012 in CHF 1,000	Positive replacement values	Negative replacement values	Contract volumes
<b>Precious metals</b>			
Forward contracts			
Futures			
Options (OTC)	741	741	40,049
Options (exchange-traded)			
<b>Total precious metals 31/12/2012</b>	<b>741</b>	<b>741</b>	<b>40,049</b>
<b>Total derivative financial instruments 31/12/2012</b>	<b>50,751</b>	<b>82,467</b>	<b>4,394,952</b>

## 19 Financial instruments at fair value

in CHF 1,000	31/12/2013	31/12/2012
<b>Debt instruments</b>		
Public-law institutions outside Liechtenstein and Switzerland	35,181	69,731
Exchange-listed	216,093	274,322
Non-exchange-listed	16,629	4,688
<b>Total</b>	<b>267,903</b>	<b>348,741</b>
<b>Equity shares / investment fund units</b>		
Exchange-listed	60,707	38,631
Non-exchange-listed	16,321	35,394
<b>Total</b>	<b>77,028</b>	<b>74,025</b>
<b>Structured products</b>		
Exchange-listed	0	0
Non-exchange-listed <sup>1</sup>	1,474	6,522
<b>Total</b>	<b>1,474</b>	<b>6,522</b>
<b>Total financial instruments at fair value</b>	<b>346,405</b>	<b>429,288</b>

<sup>1</sup> Principally structured credit notes (credit-linked notes and credit-default notes).

The fair value of non-exchange-listed financial instruments is determined exclusively on the basis of traders' quotations or external pricing models based upon prices and interest rates of a supervised, active and liquid market. Management is convinced that the prices arrived at by these techniques constitute the most appropriate value for the balance sheet as of the date of the transactions, as well as for the related revaluation entries in the income statement.

## 20 Financial instruments at amortised cost

in CHF 1,000	31/12/2013	31/12/2012
<b>Debt instruments</b>		
Public-law institutions outside Liechtenstein and Switzerland	302,786	75,466
Exchange-listed	473,437	427,100
Non-exchange-listed	0	0
<b>Total</b>	<b>776,223</b>	<b>502,566</b>
<b>Total financial instruments at amortised cost</b>	<b>776,223</b>	<b>502,566</b>

## 21 Associated companies

in CHF 1,000	31/12/2013	31/12/2012
Balance at the beginning of the financial year	44	25
Additions	5	19
Value impairments	-8	0
<b>Balance as of balance-sheet date</b>	<b>41</b>	<b>44</b>

## Details of material companies reflected in the consolidation using the equity method

Name	Registered office	Activity	Share capital	% of capital held	
				31/12/2013	31/12/2012
VAM Corporate Holdings Ltd.	Mauritius	Fund promoter company	GBP 50,000	20	20
Data Info Services AG	Vaduz	Procurement, trading and brokerage of goods and services	CHF 50,000	50	50

## 22 Property and equipment

in CHF 1,000	Bank buildings	Other real estate	Furniture and equipment	IT systems	Total
<b>Acquisition cost 2013</b>					
Balance on 01/01/2013	196,670	21,821	20,427	31,115	270,033
Additions	2,145	217	158	2,727	5,247
Disposals/derecognitions <sup>1</sup>			-35	-5,265	-5,300
Reclassifications					0
Changes in scope of consolidation			-15	-33	-48
Foreign-currency translation			-2	-2	-4
<b>Balance on 31/12/2013</b>	<b>198,815</b>	<b>22,038</b>	<b>20,533</b>	<b>28,542</b>	<b>269,928</b>
<b>Accumulated depreciation and amortisation</b>					
Balance on 01/01/2013	-101,250	-4,596	-16,200	-25,628	-147,674
Depreciation and amortisation	-5,827	-280	-1,362	-2,956	-10,425
Disposals/derecognitions <sup>1</sup>			35	5,265	5,300
Reclassifications					0
Changes in scope of consolidation			6	33	39
Foreign-currency translation		3	3	5	11
<b>Balance on 31/12/2013</b>	<b>-107,077</b>	<b>-4,873</b>	<b>-17,518</b>	<b>-23,281</b>	<b>-152,749</b>
<b>Net book values on 31/12/2013</b>	<b>91,738</b>	<b>17,165</b>	<b>3,015</b>	<b>5,261</b>	<b>117,179</b>
<b>Acquisition cost 2012</b>					
Balance on 01/01/2012	195,537	21,733	20,574	29,015	266,859
Additions	1,161	95	254	2,583	4,093
Disposals/derecognitions <sup>1</sup>			-416	-454	-870
Reclassifications	-25		25		0
Changes in scope of consolidation					0
Foreign-currency translation	-3	-7	-10	-29	-49
<b>Balance on 31/12/2012</b>	<b>196,670</b>	<b>21,821</b>	<b>20,427</b>	<b>31,115</b>	<b>270,033</b>
<b>Accumulated depreciation and amortisation</b>					
Balance on 01/01/2012	-95,219	-4,316	-15,062	-23,105	-137,702
Depreciation and amortisation	-6,035	-281	-1,545	-2,939	-10,800
Disposals/derecognitions <sup>1</sup>			416	399	815
Changes in scope of consolidation			-13		-13
Reclassification	2		-2		0
Foreign-currency translation	2	1	6	17	26
<b>Balance on 31/12/2012</b>	<b>-101,250</b>	<b>-4,596</b>	<b>-16,200</b>	<b>-25,628</b>	<b>-147,674</b>
<b>Net book values on 31/12/2012</b>	<b>95,420</b>	<b>17,225</b>	<b>4,227</b>	<b>5,487</b>	<b>122,359</b>

<sup>1</sup> Includes the derecognitions of completely depreciated and amortised assets.

Additional information regarding property and equipment, in CHF 1,000	2013	2012
Fire insurance value of real estate	179,024	171,147
Fire insurance value of other property and equipment	39,275	39,355
Fair value of other real estate	17,165	17,225

There is no property and equipment arising from financing leasing contracts.

## 23 Goodwill and other intangible assets

in CHF 1,000	Software	Other intangible assets capitalised	Goodwill	Total
<b>Acquisition cost 2013</b>				
Balance on 01/01/2013	140,634	3,041	46,112	189,787
Additions	3,925	10,037		13,962
Disposals/derecognitions	-493	-3,041		-3,534
Foreign-currency translation	1			1
<b>Balance on 31/12/2013</b>	<b>144,067</b>	<b>10,037</b>	<b>46,112</b>	<b>200,216</b>
<b>Accumulated amortisation 2013</b>				
Balance on 01/01/2013	-95,612	-3,041	-35,302	-133,955
Amortisation	-16,441	-167		-16,608
Disposals/derecognitions	493	3,041		3,534
Foreign-currency translation	34			34
<b>Balance on 31/12/2013</b>	<b>-111,526</b>	<b>-167</b>	<b>-35,302</b>	<b>-146,995</b>
<b>Net book values on 31/12/2013</b>	<b>32,541</b>	<b>9,870</b>	<b>10,810</b>	<b>53,221</b>
<b>Acquisition cost 2012</b>				
Balance on 01/01/2012	139,004	3,041	46,112	188,157
Additions	3,687			3,687
Disposals/derecognitions	-1,977			-1,977
Foreign-currency translation	-80			-80
<b>Balance on 31/12/2012</b>	<b>140,634</b>	<b>3,041</b>	<b>46,112</b>	<b>189,787</b>
<b>Accumulated amortisation 2012</b>				
Balance on 01/01/2012	-79,002	-3,041	-35,302	-117,345
Amortisation	-18,632			-18,632
Disposals/derecognitions	1,977			1,977
Foreign-currency translation	45			45
<b>Balance on 31/12/2012</b>	<b>-95,612</b>	<b>-3,041</b>	<b>-35,302</b>	<b>-133,955</b>
<b>Net book values on 31/12/2012</b>	<b>45,022</b>	<b>0</b>	<b>10,810</b>	<b>55,832</b>

There are no other capitalised intangible assets on the consolidated balance sheet of VP Bank Group with an unlimited estimated useful life.

## Review of impairment in value of goodwill

The existing goodwill of CHF 10.810 million arises from the acquisition of VP Bank (Luxembourg) S.A. in 2001 and is allocated to the cash-generating unit Client Business International. Since 1 January 2005, this goodwill amount has no longer been subject to amortisation, but rather to an annual impairment test.

For the purposes of the impairment test carried out in 2013, the realisable amount was based upon the fair value (Level 3), minus selling costs. The level of the implicit premium (74 basis points) for client assets was computed on the basis of stock exchange quotes for enterprises which focus on the business of asset management, as well as acquisition prices paid on the occasion of corporate mergers, and was used to determine the recoverable amount. The recoverable amount exceeded the book value to such an extent that a decline in the value of the goodwill could be viewed as improbable. For this reason, a supplementary computation of the recoverable amount based upon the value in use was dispensed with.

## 24 Other assets

in CHF 1,000	31/12/2013	31/12/2012
Value-added taxes and other tax receivables	1,732	1,430
Prepaid retirement pension contributions	0	0
Miscellaneous other assets <sup>1</sup>	11,914	12,598
<b>Total other assets</b>	<b>13,646</b>	<b>14,028</b>

<sup>1</sup> Compensation accounts, settlement accounts and miscellaneous other assets.

## 25 Medium-term notes

Maturity in CHF 1,000	Interest rate 0–0.9999%	Interest rate 1–1.9999%	Interest rate 2–2.9999%	Interest rate 3–3.9999%	Total
2014	15,561	81,083	2,029	434	99,107
2015	30,205	21,480	2,116	872	54,673
2016	16,214	38,806	836	620	56,476
2017	2,324	12,306	5,190	263	20,083
2018	1,013	2,434	2,019	111	5,577
2019		2,893	1,557		4,450
2020		190	853		1,043
Longer		1,033	1,280		2,313
<b>Total 31/12/2013</b>	<b>65,317</b>	<b>160,225</b>	<b>15,880</b>	<b>2,300</b>	<b>243,722</b>
<b>Total 31/12/2012</b>	<b>44,365</b>	<b>215,945</b>	<b>19,630</b>	<b>4,430</b>	<b>284,370</b>

The average interest rate as of 31 December 2013 was 1.43 per cent (prior year: 1.52 per cent).

## 26 Debentures, Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz

Year of issue	ISIN	Interest rate in %	Currency	Maturity	in CHF 1,000		
					Nominal amount	Total 31/12/2013	Total 31/12/2012
2010	CH0112734469	2.500	CHF	27/05/2016	200,000	198,936	198,513

Debt securities issued are recorded at fair value plus transaction costs upon initial recognition. Fair value corresponds to the consideration received. Subsequently, they are re-measured at amortised cost. In this process, the effective interest method (2.73 per cent) is applied in order to amortise the difference between the issuance price and redemption value over the duration of the debentures.

## 27 Other liabilities

in CHF 1,000	31/12/2013	31/12/2012
Value-added taxes and other tax receivables	9,754	10,187
Accrued retirement pension contributions	35,044	26,587
Miscellaneous other liabilities <sup>1</sup>	101,438	31,981
<b>Total other liabilities</b>	<b>146,236</b>	<b>68,755</b>

<sup>1</sup> Compensation accounts, settlement accounts and miscellaneous other liabilities.

## 28 Provisions

in CHF 1,000	Default risks	Legal and litigation risks	Other provisions	Total 2013	Total 2012
Carrying value at the beginning of the financial year	211	6,413 <sup>1</sup>	474 <sup>1</sup>	7,098	6,362
Utilisation in accordance with purpose				0	-5,759
New provisions charged to income statement	23	3,302	659	3,984	5,214
Provisions releases to income statement	-48	-250	-588	-886	-621
Reclassifications				0	1,950 <sup>1</sup>
Foreign-currency translation differences and other adjustments			-238	-238	-48
<b>Carrying value at the end of the financial year</b>	<b>186</b>	<b>9,465</b>	<b>307</b>	<b>9,958</b>	<b>7,098</b>

## Maturity of provisions

• within one year	9,958	7,098
• over one year	0	0

<sup>1</sup> The reclassifications of CHF 1.950 million recorded last year under other provisions, other additions last year to provisions of CHF 0.957 million (note 9) as well as opening balances as of 01/01/2012 of CHF 3.124 million are reclassified under legal and litigation risks items. The opening balances as of 01/01/2013 of a total amount of CHF 6.031 million were reclassified accordingly.

## 29 Non-controlling interests

in CHF 1,000	2013	2012
Balance at the beginning of the financial year	17,741	18,986
Reductions and dividend payments	-18,309	-1,045
Foreign-currency translation differences	0	-254
Non-controlling interests in net income	568	54
<b>Balance at the end of the financial year</b>	<b>0</b>	<b>17,741</b>

### 30 Share capital

	31/12/2013		31/12/2012	
	No. of shares	Nominal CHF	No. of shares	Nominal CHF
Registered shares of CHF 1.00 nominal value	6,004,167	6,004,167	6,004,167	6,004,167
Bearer shares of CHF 10.00 nominal value	5,314,347	53,143,470	5,314,347	53,143,470
<b>Total share capital</b>		<b>59,147,637</b>		<b>59,147,637</b>

All shares are fully paid up.

### 31 Treasury shares

	2013		2012	
	No. of shares	in CHF 1,000	No. of shares	in CHF 1,000
Registered shares at the beginning of the financial year	45,084	572	40,748	587
Purchases	4,325	30	9,336	56
Sales	-18,750	-225	-5,000	-71
<b>Balance of registered shares as of balance-sheet date</b>	<b>30,659</b>	<b>377</b>	<b>45,084</b>	<b>572</b>
Bearer shares at the beginning of the financial year	130,207	32,921	150,970	38,045
Purchases	189,396	15,895	47,764	3,528
Sales	-211,808	-23,290	-68,527	-8,652
<b>Balance of bearer shares as of balance-sheet date</b>	<b>107,795</b>	<b>25,526</b>	<b>130,207</b>	<b>32,921</b>

### 32 Assets pledged or assigned to secure own liabilities and assets subject to reservation of title

in CHF 1,000	31/12/2013		31/12/2012	
	Market value	Actual liability	Market value	Actual liability
Securities	380,720	0	603,971	0
Money-market paper	0	0	0	0
Other	0	0	0	0
<b>Total pledged assets</b>	<b>380,720</b>	<b>0</b>	<b>603,971</b>	<b>0</b>

The assets are pledged to limits for the repo business with national and central banks, for stock exchange deposits and to secure the business activities of overseas organisations pursuant to local legal provisions. Pledged or assigned assets within the framework of securities lending transactions or of repurchase and reverse repurchase transactions are not reflected in the above analysis. They are shown in the table "Securities lending and repurchase and reverse repurchase transactions with securities" (note 48).

### 33 Future commitments under operating leases

At the end of the year, there were several operating lease contracts for real estate and other property and equipment, which are principally used for the conduct of business activities of the Bank. The equipment leasing contracts contain renewal options as well as escape clauses.

in CHF 1,000	31/12/2013	31/12/2012
Remaining duration of up to 1 year	5,966	7,746
Remaining duration of 1 to 5 years	11,797	15,412
Remaining duration of over 5 years	5,400	6,000
<b>Total minimum commitments under operating leases</b>	<b>23,163</b>	<b>29,158</b>

As of 31 December 2013, general and administrative expenses include CHF 7.489 million of operating lease costs (prior year: CHF 6.472 million).

### 34 Litigation

Within the normal course of business, VP Bank Group is involved in various legal proceedings. It raises provisions for ongoing and threatened litigation whenever, in the opinion of management, payments or losses by Group companies are probable and their amount can be estimated. If no outflow of resources is probable or the amount of the liabilities cannot be reliably estimated, a contingent liability is to be disclosed. All provisions are recorded in the item "Other provisions" in the consolidated balance sheet (note 28).

## 35 Balance sheet per currency

in CHF 1,000	CHF	USD	EUR	Other	Total
<b>Assets</b>					
Cash and cash equivalents	1,354,324	602	22,027	454	1,377,407
Receivables arising from money-market paper				23,227	23,227
Due from banks	362,849	1,741,311	1,794,197	603,657	4,502,014
Due from customers	2,932,134	407,758	486,007	100,777	3,926,676
Trading portfolios			2,392	230	2,622
Derivative financial instruments	34,360	1,378			35,738
Financial instruments at fair value	227,545	51,673	65,577	1,610	346,405
Financial instruments at amortised cost	247,959	233,420	294,844		776,223
Associated companies	41				41
Property and equipment	116,750	392		37	117,179
Intangible assets	52,248	973			53,221
Tax receivables	14				14
Deferred tax assets	11,319				11,319
Accrued receivables and prepaid expenses	11,937	3,456	5,152	541	21,086
Other assets	10,749	240	2,227	430	13,646
<b>Total assets 31/12/2013</b>	<b>5,362,229</b>	<b>2,441,203</b>	<b>2,672,423</b>	<b>730,963</b>	<b>11,206,818</b>

**Liabilities and shareholders' equity**

Due to banks	92,316	72,074	25,012	34,772	224,174
Due to customers – savings and deposits	880,115	1	343		880,459
Due to customers – other liabilities	2,182,597	2,937,181	2,723,391	681,025	8,524,194
Derivative financial instruments	47,152	2,049	3,539		52,740
Medium-term notes	216,898	1,687	25,137		243,722
Debenture issues	198,936				198,936
Tax liabilities	1,645		135		1,780
Deferred tax liabilities	9,901				9,901
Accrued liabilities and deferred items	21,214	723	3,485	553	25,975
Other liabilities	56,868	59,984	9,088	20,296	146,236
Provisions	9,660	267	31		9,958
<b>Total liabilities</b>	<b>3,717,302</b>	<b>3,073,966</b>	<b>2,790,161</b>	<b>736,646</b>	<b>10,318,075</b>
<b>Total shareholders' equity</b>	<b>827,928</b>	<b>59,969</b>	<b>20</b>	<b>826</b>	<b>888,743</b>
<b>Total liabilities and shareholders' equity 31/12/2013</b>	<b>4,545,230</b>	<b>3,133,935</b>	<b>2,790,181</b>	<b>737,472</b>	<b>11,206,818</b>

in CHF 1,000	CHF	USD	EUR	Other	Total
<b>Assets</b>					
Cash and cash equivalents	905,347	506	20,688	420	926,961
Receivables arising from money-market paper					0
Due from banks	188,792	2,025,239	1,913,340	661,683	4,789,054
Due from customers	2,778,056	390,612	416,679	127,943	3,713,290
Trading portfolios	112			103	215
Derivative financial instruments	49,569	1,041		141	50,751
Financial instruments at fair value	251,327	56,595	84,089	37,277	429,288
Financial instruments at amortised cost	219,566	144,743	138,257		502,566
Associated companies	44				44
Property and equipment	121,649	602	72	36	122,359
Intangible assets	54,346	1,486			55,832
Tax receivables	57		1		58
Deferred tax assets	11,874		29		11,903
Accrued receivables and prepaid expenses	14,309	3,483	6,418	870	25,080
Other assets	11,639	1,194	1,175	20	14,028
<b>Total assets 31/12/2012</b>	<b>4,606,687</b>	<b>2,625,501</b>	<b>2,580,748</b>	<b>828,493</b>	<b>10,641,429</b>

## 35 Balance sheet per currency (continued)

in CHF 1,000	CHF	USD	EUR	Other	Total
<b>Liabilities and shareholders' equity</b>					
Due to banks	156,261	111,071	31,554	75,841	374,727
Due to customers – savings and deposits	966,705	1	163	1	966,870
Due to customers – other liabilities	2,031,120	2,473,152	2,514,543	716,350	7,735,165
Derivative financial instruments	74,113	2,920	5,252	182	82,467
Medium-term notes	262,120	1,645	20,605		284,370
Debt issues	198,513				198,513
Tax liabilities	1,884		1,805		3,689
Deferred tax liabilities	8,401				8,401
Accrued liabilities and deferred items	17,691	958	3,576	322	22,547
Other liabilities	50,803	4,102	11,790	2,060	68,755
Provisions	6,855	243			7,098
<b>Total liabilities</b>	<b>3,774,466</b>	<b>2,594,092</b>	<b>2,589,288</b>	<b>794,756</b>	<b>9,752,602</b>
<b>Total shareholders' equity</b>	<b>805,979</b>	<b>82,234</b>	<b>-98</b>	<b>712</b>	<b>888,827</b>
<b>Total liabilities and shareholders' equity 31/12/2012</b>	<b>4,580,445</b>	<b>2,676,326</b>	<b>2,589,190</b>	<b>795,468</b>	<b>10,641,429</b>

## 36 Maturity structure of assets and liabilities

in CHF 1,000	At sight	Callable	1 year	1 to 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and cash equivalents	1,377,407					1,377,407
Receivables arising from money-market paper			23,227			23,227
Due from banks	929,941		3,572,073			4,502,014
Due from customers	19,110	425,428	1,744,932	1,279,761	457,445	3,926,676
Trading portfolios	230				2,392	2,622
Derivative financial instruments	35,738					35,738
Financial instruments at fair value	305,461		3,035	13,241	24,668	346,405
Financial instruments at amortised cost			124,666	573,515	78,042	776,223
Associated companies	41					41
Property and equipment <sup>1</sup>					117,179	117,179
Intangible assets					53,221	53,221
Tax receivables	14					14
Deferred tax assets				11,319		11,319
Accrued receivables and prepaid expenses	19,665		893	457	71	21,086
Other assets	13,406	240				13,646
<b>Total assets 31/12/2013</b>	<b>2,701,013</b>	<b>425,668</b>	<b>5,468,826</b>	<b>1,878,293</b>	<b>733,018</b>	<b>11,206,818</b>
<b>Liabilities and shareholders' equity</b>						
Due to banks	169,378		54,796			224,174
Due to customers – savings and deposits		880,459				880,459
Due to customers – other liabilities	7,497,306	183,631	837,981	5,276		8,524,194
Derivative financial instruments	52,740					52,740
Medium-term notes			99,107	136,809	7,806	243,722
Debt issues				198,936		198,936
Tax liabilities	1,780					1,780
Deferred tax liabilities	5,388			4,513		9,901
Accrued liabilities and deferred items	25,610		355	10		25,975
Other liabilities	146,236					146,236
Provisions	9,958					9,958
<b>Total liabilities 31/12/2013</b>	<b>7,908,396</b>	<b>1,064,090</b>	<b>992,239</b>	<b>345,544</b>	<b>7,806</b>	<b>10,318,075</b>

<sup>1</sup> Without maturity

## 36 Maturity structure of assets and liabilities (continued)

in CHF 1,000	At sight	Callable	1 year	1 to 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and cash equivalents	926,961					926,961
Receivables arising from money-market paper						0
Due from banks	975,436		3,813,618			4,789,054
Due from customers	19,896	390,790	1,656,138	1,197,011	449,455	3,713,290
Trading portfolios	103				112	215
Derivative financial instruments	50,751					50,751
Financial instruments at fair value	406,926				22,362	429,288
Financial instruments at amortised cost			79,536	400,282	22,748	502,566
Associated companies	44					44
Property and equipment <sup>1</sup>					122,359	122,359
Intangible assets					55,832	55,832
Tax receivables	57		1			58
Deferred tax assets				11,903		11,903
Accrued receivables and prepaid expenses	22,777		1,945	358		25,080
Other assets	13,601	219	208			14,028
<b>Total assets 31/12/2012</b>	<b>2,416,552</b>	<b>391,009</b>	<b>5,551,446</b>	<b>1,609,554</b>	<b>672,868</b>	<b>10,641,429</b>
<b>Liabilities and shareholders' equity</b>						
Due to banks	174,357	316	200,054			374,727
Due to customers – savings and deposits		966,870				966,870
Due to customers – other liabilities	6,943,926	229,088	556,290	5,861		7,735,165
Derivative financial instruments	82,467					82,467
Medium-term notes			73,217	202,201	8,952	284,370
Debenture issues				198,513		198,513
Tax liabilities	3,689					3,689
Deferred tax liabilities	2,792			5,609		8,401
Accrued liabilities and deferred items	20,610		1,849	88		22,547
Other liabilities	66,380		2,375			68,755
Provisions	7,098					7,098
<b>Total liabilities 31/12/2012</b>	<b>7,301,319</b>	<b>1,196,274</b>	<b>833,785</b>	<b>412,272</b>	<b>8,952</b>	<b>9,752,602</b>

<sup>1</sup> Without maturity

## 37 Classification of assets by country or groups of countries

	31/12/2013		31/12/2012	
	in CHF 1,000	Proportion in %	in CHF 1,000	Proportion in %
Liechtenstein and Switzerland	6,316,320	56.4	5,945,559	55.9
Rest of Europe	3,949,462	35.2	3,661,658	34.4
North America	279,896	2.5	365,048	3.4
Other countries	661,140	5.9	669,164	6.3
<b>Total assets</b>	<b>11,206,818</b>	<b>100.0</b>	<b>10,641,429</b>	<b>100.0</b>

The classification is made according to the principle of domicile of the counterparties. Diversified collateral existing in the area of lombard loans is not taken into consideration in this respect.



### 38 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 31/12/2013	Fair value 31/12/2013	Variance	Carrying value 31/12/2012	Fair value 31/12/2012	Variance
<b>Assets</b>						
Cash and cash equivalents	1,377	1,377	0	927	927	0
Receivables arising from money-market paper	23	23	0	0	0	0
Due from banks	4,502	4,502	0	4,789	4,790	1
Due from customers	3,927	4,001	74	3,713	3,818	105
Trading portfolios	3	3	0	0	0	0
Derivative financial instruments	36	36	0	51	51	0
Financial instruments at fair value	346	346	0	429	429	0
Financial instruments at amortised cost	776	788	12	503	522	19
<b>Subtotal</b>			<b>86</b>			<b>125</b>
<b>Liabilities</b>						
Due to banks	224	224	0	375	375	0
Due to customers	9,405	9,402	3	8,702	8,701	1
Derivative financial instruments	53	53	0	82	82	0
Medium-term notes	244	247	-3	284	291	-7
Debenture issue	199	211	-12	199	216	-17
<b>Subtotal</b>			<b>-12</b>			<b>-23</b>
<b>Total variance</b>			<b>74</b>			<b>102</b>

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

#### Cash and cash equivalents, money-market paper

For the balance-sheet-items "Cash and cash equivalents" and "Receivables arising from money-market paper", 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, debenture issues

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 debenture issues with a fixed maturity or a refinancing profile, the net present value method is applied (discounting of monetary 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 loans) is determined only on the basis of external traders' prices 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 (see note 18), 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 for trading purposes or as financial instruments, as well as that of listed derivatives and other financial instruments with a price 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 cash-value-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).

## 38 Financial instruments (continued)

## Valuation methods for financial instruments

in CHF million	Quoted market prices Level 1	Valuation methods, based on market data Level 2	Valuation methods, with assumptions based on market data Level 3	Total
<b>Assets 31/12/2013</b>				
Cash and cash equivalents		1,377		<b>1,377</b>
Receivables arising from money-market paper	23			<b>23</b>
Due from banks		4,502		<b>4,502</b>
Due from customers		4,001		<b>4,001</b>
Trading portfolios	3			<b>3</b>
Derivative financial instruments		36		<b>36</b>
Financial instruments at fair value	312	30	4	<b>346</b>
Financial instruments at amortised cost	788			<b>788</b>
<b>Liabilities 31/12/2013</b>				
Due to banks		224		<b>224</b>
Due to customers		9,402		<b>9,402</b>
Derivative financial instruments		53		<b>53</b>
Medium-term notes		247		<b>247</b>
Debenture issued	211			<b>211</b>
<b>Assets 31/12/2012</b>				
Cash and cash equivalents		927		<b>927</b>
Receivables arising from money-market paper				<b>0</b>
Due from banks		4,790		<b>4,790</b>
Due from customers		3,818		<b>3,818</b>
Trading portfolios				<b>0</b>
Derivative financial instruments		51		<b>51</b>
Financial instruments at fair value	383	40	6	<b>429</b>
Financial instruments at amortised cost	522			<b>522</b>
<b>Liabilities 31/12/2012</b>				
Due to banks		375		<b>375</b>
Due to customers		8,701		<b>8,701</b>
Derivative financial instruments		82		<b>82</b>
Medium-term notes		291		<b>291</b>
Debenture issued	216			<b>216</b>

In the financial year 2013, positions with a fair value of CHF 0.0 million (2012: CHF 0.0 million) were reclassified from Level 1 (quoted market prices) to Level 2 (valuation methods based on market data) and positions with a fair value of CHF 0.0 million (2012: CHF 0.0 million) were reclassified from Level 2 to Level 3 (valuation methods, based on realistic market-data-related assumptions).

The reclassifications are made as of the end of the reporting period in the case of changes in the availability of market prices (market liquidity).

Level 3 financial instruments in CHF million	2013	2012
<b>Balance sheet</b>		
Holdings at the beginning of the year	5.8	18.2
Investments	0.0	0.0
Disposals	0.0	-0.1
Issues	0.0	0.0
Redemptions	-1.3	-4.7
Losses recognised in the income statement	0.0	-5.3
Losses recognised as other comprehensive income	-0.4	-2.2
Gains recognised in the income statement	0.0	0.0
Gains recognised as other comprehensive income	0.0	0.0
Reclassification to Level 3	0.0	0.0
Reclassification from Level 3	0.0	0.0
Translation differences	-0.1	-0.1
<b>Total book value at balance-sheet date</b>	<b>4.1</b>	<b>5.8</b>

## 38 Financial instruments (continued)

Level 3 financial instruments in CHF million	2013	2012
<b>Income on holdings at balance-sheet date</b>		
Unrealised losses recognised in the income statement	0.0	-0.4
Unrealised losses recognised as other comprehensive income	-0.4	-2.2
Unrealised gains recognised in the income statement	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 31 December 2013 or 31 December 2012.

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 of the statement of income and of other comprehensive income as well as the shareholders' equity of VP Bank Group.

**Netting Agreements**

In order to reduce the credit risks in connection with financial derivatives, repurchase and reverse repurchase as well as securities-lending and -borrowing transactions, VP Bank Group enters into global offset agreements or similar arrangements (netting agreements) with its counterparties. These include ISDA Master Netting Agreements, Global Master Securities Lending Agreements and Global Master Repo Agreements. Using netting agreements, VP Bank Group can protect itself against losses arising from possible insolvency proceedings or other circumstances in which the counterparty is unable to meet its obligations. In such cases, netting agreements foresee the immediate offset and/or settlement of all financial instruments falling under the related agreement. A right of offset, in principle, exists only whenever a default in payment or other circumstances occur which are not expected in the ordinary course of business. Financial instruments falling under a netting agreement do not meet the set-off requirements for balance-sheet purposes, which is why the related financial instruments are not netted in the balance sheet.

**Netting Agreements**

31/12/2013 in CHF 1,000	Balance-sheet netting			Netting potential		
	Amount prior to balance- sheet netting	Balance- sheet netting	Carrying value	Financial Liabilities	Collateral received	Assets after taking account of netting potential
<b>Financial assets</b>						
Reverse repurchase transactions	335,739		335,739		335,739	0
Positive replacement values	35,738		35,738	17,416		18,322
Collateral deposited for transactions with derivatives	37,823		37,823	14,342		23,481
<b>Total assets</b>	<b>409,300</b>	<b>0</b>	<b>409,300</b>	<b>31,758</b>	<b>335,739</b>	<b>41,803</b>
in CHF 1,000	Amount prior to balance- sheet netting	Balance- sheet netting	Carrying value	Financial assets	Collateral provided	Liabilities after taking account of netting potential
<b>Financial liabilities</b>						
Repurchase transactions						0
Negative replacement values	52,740		52,740	31,758	19,170	1,812
Collateral received from transactions with derivatives						0
<b>Total liabilities</b>	<b>52,740</b>	<b>0</b>	<b>52,740</b>	<b>31,758</b>	<b>19,170</b>	<b>1,812</b>
31/12/2012 in CHF 1,000	Balance-sheet netting			Netting potential		
	Amount prior to balance- sheet netting	Balance- sheet netting	Carrying value	Financial Liabilities	Collateral received	Assets after taking account of netting potential
<b>Financial assets</b>						
Reverse repurchase transactions	511,738		511,738	149,993	361,745	0
Positive replacement values	50,751		50,751	23,695		27,056
Collateral deposited for transactions with derivatives	23,506		23,506	11,884		11,622
<b>Total assets</b>	<b>585,995</b>	<b>0</b>	<b>585,995</b>	<b>185,572</b>	<b>361,745</b>	<b>38,678</b>
in CHF 1,000	Amount prior to balance- sheet netting	Balance- sheet netting	Carrying value	Financial assets	Collateral provided	Liabilities after taking account of netting potential
<b>Financial liabilities</b>						
Repurchase transactions	149,993		149,993		149,993	0
Negative replacement values	82,467		82,467	35,579	44,044	2,844
Collateral received from transactions with derivatives						0
<b>Total liabilities</b>	<b>232,460</b>	<b>0</b>	<b>232,460</b>	<b>35,579</b>	<b>194,037</b>	<b>2,844</b>

## 39 Scope of consolidation

Company	Registered office	Base currency	Capital	Group share of equity
Verwaltungs- und Privat-Bank Aktiengesellschaft	Vaduz	CHF	59,147,637	100%
IFOS Internationale Fonds Service Aktiengesellschaft	Vaduz	CHF	1,000,000	100%
VP Verwaltung GmbH	Munich	EUR	500,000	100%
VP Bank (Singapore) Ltd.	Singapore	SGD	54,500,000	100%
VP Wealth Management (Hong Kong) Ltd.	Hong Kong	HKD	5,000,000	100%
VP Bank (Luxembourg) S.A.	Luxembourg	CHF	20,000,000	100%
which holds the following sub-participation:				
VPB Finance S.A.	Luxembourg	CHF	5,000,000	100%
VPB Finanz Holding AG	Zurich	CHF	20,000,000	100%
which holds the following sub-participation:				
VP Bank (Switzerland) Ltd.	Zurich	CHF	20,000,000	100%
VP Bank (BVI) Limited	Tortola	USD	10,000,000	100%
<b>Shareholdings excluded from the scope of consolidation</b>	FIB Finanz- und Beteiligungs-AG IGT Intergestions Trust reg. Proventus Treuhand und Verwaltung AG VP Bank and Trust Company (BVI) Limited			
<b>Associated companies</b>	VAM Corporate Holdings Ltd., Mauritius Data Info Services AG, Vaduz			
<b>Companies consolidated for the first time</b>	none			
<b>Shareholdings accounted for the first time in accordance with the equity method</b>	none			
<b>Name changes during the financial year</b>	none			

## 40 Transactions with related companies and individuals

Members of the Board of Directors and Group Management as well as their next of kin, and companies which are controlled by these individuals either by virtue of a majority shareholding or as a result of their role as Chairman of the Board and/or Chief Executive Officer in these companies, are considered to be related companies and individuals.

in CHF 1,000	2013	2012
<b>Remuneration of the members of the Board of Directors</b>		
Remuneration due in the short term <sup>1,2</sup>	1,025	1,020
Post-employment benefits		
Other long-term remuneration due		
Remuneration due upon termination of contract of employment		
Share-based payment <sup>1,2,3</sup>	319	326
<b>Remuneration of the members of Group Management</b>		
Remuneration due in the short term	2,584	1,913
Post-employment benefits		
Other long-term remuneration due		
Remuneration due upon termination of contract of employment		
Share-based payments <sup>3</sup>	98	799

<sup>1</sup> The social-security costs and any applicable value-added taxes on the emoluments paid to Board members are not included.

<sup>2</sup> Compensation for out-of-pocket expenses is not included.

<sup>3</sup> The shares are not subject to any minimum holding period (see notes 43 and 44).

VP Bank Group also makes payments to related persons within the framework of brokerage services and bought-in advisory services. These correspond to customary market conditions. The aggregate amount of such payments and fees in 2013 totalled CHF 0.327 million (previous year: CHF 0.253 million).

The Board of Directors and the Group Management as well as parties related thereto (excluding qualifying shareholders) and retirement pension plans as of 31 December 2013, held 89,627 bearer shares and 179,600 registered shares of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz (previous year: 77,577 bearer shares and 163,100 registered shares).

Loans to related companies and individuals (as of balance-sheet dates):

in CHF 1,000	2013	2012
Mortgages and loans at the beginning of the financial year	9,481	7,643
Additions	1,065	4,234
Repayments	-1,376	-2,396
<b>Mortgages and loans at the end of the financial year</b>	<b>9,170</b>	<b>9,481</b>

With regard to members of the Board of Directors and Group Executive Management, basically the same conditions apply as for all other employees. They correspond to customary market conditions excluding a credit margin. Loans to related individuals and companies were granted under normal market conditions.

## 41 Retirement pension plans

### Benefits after termination of employment

The Group maintains a number of pension plans in the Principality of Liechtenstein and abroad for employees meeting the criteria for admission to the pension plans. Amongst these are both defined-benefit and defined-contribution plans which insure most employees against the effects of death, invalidity and retirement.

### Defined-contribution pension plans

The Group offers defined-contribution pension plans to those employees who meet the appropriate admission criteria. The company is obligated to transfer a predetermined percentage of the annual salary to the pension plans. For certain plans, the employees are also obligated to make contributions. These contributions are deducted by the employer from the salary typically each month and also passed on to the pension plans. Apart from the payment of contributions and the transfer of employee contributions, there are presently no further obligations incumbent on the employer.

The employee contributions to contribution-defined pension plans (excluding discontinued operations) for 2013 amounted to CHF 0.602 million (prior year: CHF 0.968 million).

### Defined-benefit pension plans

The Group finances defined-benefit pension plans for employees who meet the admission criteria. The most significant of such plans are located in the Principality of Liechtenstein and Switzerland.

For employees in the Principality of Liechtenstein and Switzerland, the Group operates several pension plans with fixed, predefined admission criteria. The largest of the plans are operated using an autonomous foundation, the remaining plans are handled using collective foundations of insurance companies. In these foundations, the assets available to meet the pension obligations are segregated out.

For the pension plans which are operated using collective foundations, there are pension commissions which comprise an equal number of representatives.

The Council of the Foundation of the autonomous pension plan is also made up of an equal number of employer and employee representatives. On the basis of the Law and the Rules of the Pension Fund, the Foundation Council is obligated to act solely in the interests of the Foundation and of the beneficiaries (current actively insured employees and pensioners). Thus, in this plan, the employer cannot himself determine pension benefits and their financing, but resolutions are taken on an equal representation basis. The Council of the Foundation is responsible for setting the investment strategy, for changes to the Rules of the Pension Fund and in particular also for determining how pension benefits are to be financed.

Retirement benefits in this plan are based upon the balance of accumulated capital savings. Annual savings credits and interest (no negative interest is possible) are added to the employee's capital savings account. Upon retirement, the insured person has the option between a lifetime pension which includes a reversionary spouse's pension, or the payment of a capital sum. In addition to retirement benefits, employee benefits also include an invalidity pension and a partner pension. These are computed as a percentage of the insured annual salary. An insured person can also purchase additional benefits to improve his/her pension situation up to a maximum allowed under the pension rules.

Upon termination of employment, the accumulated savings capital is transferred to the pension plan of the new employer or to a vested benefits scheme. This form of employment benefit can lead to a situation where pension payments may vary significantly between the various years.

The minimum provisions of the Law on Occupational Pension Plans and its Implementing Provisions (BPVG) are to be observed in determining employee benefits. The minimum insurable salary and the minimum savings credits are laid down in the BPVG.

As a result of the form of the pension plan and the legal provisions of the BPVG, the employer is exposed to actuarial risks, the most significant of which are investment risk, interest-rate risk, invalidity risk and longevity risk. The employee and employer contributions are laid down by the Councils of the Foundations. In this connection, the employer must bear, at a minimum, half of all contributions. In the event of a funding deficit, restructuring contributions to eliminate the funding deficit may be demanded both from the employer and employees.

The latest actuarial valuation of the present value of the defined-benefit obligations and service costs was carried out as of 31 December 2013 by independent actuaries using the Projected Unit Credit Method. The fair value of plan assets as of 31 December 2013 was determined based upon information available at the time of preparation of the annual financial statements.

The most significant assumptions underlying the actuarial computations may be summarised as follows:

	31/12/2013	31/12/2012
Discount rate	2.4%	2.0%
Rate of future salary increases	1.5%	1.5%
Rate of future pension increases	0.0%	0.0%
<b>Life expectancy at the age of 65, in years</b>		
Year of birth	1948	1947
• men	21	21
• women	24	24
Year of birth	1968	1967
• men	23	23
• women	26	25

## 41 Retirement pension plans (continued)

The amounts recognised in the income statement and in shareholders' equity may be summarised as follows:

**Pension costs**

in CHF 1,000	2013	2012
<b>Pension expense recognised in income statement</b>		
Service cost		
• current service cost	10,434	11,669
• past service cost	0	-19,554
• plan settlements	0	-3,180
Net interest expense	401	1,828
Administrative costs	246	237
<b>Total pension cost expense of the period</b>	<b>11,081</b>	<b>-9,000</b>
<b>Revaluation components recognised in comprehensive income</b>		
Actuarial gains / losses		
Result of changes to demographic assumptions	9,789	7,046
Result of changes to economic assumptions	-7,784	-22,269
Experience adjustments	3,084	-4,342
Return on plan assets (excluding amounts in net interest expense)	1,787	-14,751
<b>Total expense recognised in comprehensive income</b>	<b>6,876</b>	<b>-34,316</b>
<b>Total pension cost</b>	<b>17,957</b>	<b>-43,316</b>

The movement in pension obligations and plan assets may be summarised as follows:

**Movement in present value of defined-benefit obligations**

in CHF 1,000	2013	2012
Present value of defined-benefit obligations at beginning of financial year	216,137	252,840
Current service cost	10,434	11,669
Employee contributions	4,961	5,086
Interest expense on present value of pension obligations	4,255	6,072
Actuarial gains / losses	5,089	-19,565
Past service cost	0	-19,554
Plan settlements	0	-7,407
Pension payments financed by plan assets	-6,735	-13,004
<b>Balance at end of financial year</b>	<b>234,141</b>	<b>216,137</b>

**Movement in plan assets**

in CHF 1,000	2013	2012
Plan assets at beginning of financial year	189,550	172,969
Employee contributions	4,961	5,086
Employer contributions	8,000	7,968
Third-party contributions	1,500	2,000
Interest income on plan assets	3,854	4,244
Return on plan assets (excluding amounts under interest income)	-1,787	14,751
Transfers of assets through plan settlements	0	-4,227
Pension payments financed by plan assets	-6,735	-13,004
Administrative costs	-246	-237
<b>Balance at end of financial year</b>	<b>199,097</b>	<b>189,550</b>

## 41 Retirement pension plans (continued)

The net position of pension obligations recognised in the balance sheet may be summarised as follows:

**Net position of pension obligations recognised in balance sheet**

in CHF 1,000	31/12/2013	31/12/2012
Present value of pension obligations financed through a fund	234,141	216,137
Market value of plan assets	-199,097	-189,550
<b>Under-/Excess of funding</b>	<b>35,044</b>	<b>26,587</b>
Present value of pension obligations not financed through a fund	0	0
Unrecognised assets	0	0
<b>Recognised pension obligations</b>	<b>35,044</b>	<b>26,587</b>

In the case of the autonomous pension plan, the Foundation Council issues investment guidelines for the investment of the plan's assets which contain the tactical asset allocation and the benchmarks for comparing the results with those of the general investment universe. The plan assets are well diversified and, in addition, the legal provisions of the BPVG are to be observed.

The plan assets of collective pension foundations are invested in insurance policies with insurance companies.

The Council of the Foundation reviews on an ongoing basis whether the investment strategy chosen is appropriate to cover the pension benefits and whether the risk budget corresponds to the demographic structure. Compliance with investment guidelines and the investment performance of investment advisors is also subject to ongoing review.

Plan assets primarily consist of the following categories of securities:

in CHF 1,000	31/12/2013	31/12/2012
Equity shares	23,178	17,075
Bonds	92,273	96,039
Alternative financial investments	4,166	4,993
Real estate	8,781	8,867
Qualifying insurance paper	43,344	40,232
Cash equivalents	27,355	19,842
Other financial investments	0	2,502
<b>Total</b>	<b>199,097</b>	<b>189,550</b>

The pension plans hold shares in Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz, with a market value totalling CHF 1.3 million (previous year: CHF 0.9 million). In 2013, the return on plan assets was CHF 2.067 million (previous year: CHF 18.995 million).

The defined-benefit pension obligations may be allocated as follows to the currently active insured employees, those who have left the Group with vested rights and pensioners as well as the duration of the pension obligations:

in CHF 1,000	31/12/2013	31/12/2012
Current actively insured employees	176,593	162,366
Pensioners	57,548	53,771
<b>Total</b>	<b>234,141</b>	<b>216,137</b>

The duration of pension obligations is approximately 16 years (previous year: 14 years).

Presented in the following table are the sensitivities for the most important factors in the computation of the present value of pension obligations.

**Changes in present value of defined-benefit obligations**

in CHF 1,000	31/12/2013		31/12/2012	
Variance	0.25%	-0.25%	0.25%	-0.25%
Discount rate	-8,371	8,976	-5,988	6,313
Interest on pension capital accounts	2,092	-2,041	1,099	-1,033
Development of salaries	814	-806	361	-369

## 42 Significant foreign exchange rates

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

	Year-end rates		Annual average rates	
	31/12/2013	31/12/2012	2013	2012
USD/CHF	0.8894	0.9154	0.92679	0.93828
EUR/CHF	1.2255	1.2068	1.23077	1.20520
SGD/CHF	0.7044	0.7494	0.74065	0.75104
HKD/CHF	0.1147	0.1181	0.11948	0.12095
GBP/CHF	1.4730	1.4879	1.44933	1.48661

### 43 Employee stock-ownership plan

The stock-ownership plan enables employees to subscribe annually to a defined number of bearer shares of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz, at a preferential price subject to a four-year restriction on selling. Upon expiration of the sales restriction period, or at the time of resignation from VP Bank Group, the related shares become freely available. As the employees are therefore ultimately able to take up the shares at any time and in full, the expense arising from the employee participation plans is recorded in full at the time of their respective allocation. The number of bearer shares that can be subscribed to depends upon the years of service, rank and management level.

The purchase price is determined annually in relation to the market value of the bearer shares on the Swiss Exchange (ex-dividend). The shares issued in this manner derive either from shareholdings of VP Bank Group or must be purchased for this purpose over the exchange. The expense thereby incurred is charged directly to personnel costs.

During 2013, 10,324 shares were issued at a preferential price (2012: 9,396 shares). Share issue expenses in 2013 were CHF 0.7 million (2012: CHF 0.7 million).

There is no profit-sharing plan for the Board of Directors. Its members, however, receive a part of their remuneration/bonuses in the form of equity shares which are not subject to any lock-up period (note 40). A profit-sharing plan exists for Group Management and other management members (note 44). VP Bank has defined waiting periods for the Board of Directors, Group Management and selected executives and employees, during which it is forbidden to trade in the shares of VP Bank.

### 44 Management profit-sharing plan

A long-term, value-oriented compensation model applies to the Group Executive Management and second-level management members of VP Bank. Under this model, the compensation paid to members of senior management consists of the following:

1. A fixed base salary that is contractually agreed between the Committee of the Board of Directors (in its function as Nomination & Compensation Committee) and the members of Group Executive Management. In addition to the base salary, VP Bank will pay proportionate contributions to management insurance and the pension fund.
2. A variable performance-related portion (Short-Term Incentive Plan, STI) which depends on the annual value creation of VP Bank Group. It is allocated on the basis of qualitative individual criteria and financial Group targets. The financial Group targets are weighted by some two-thirds. The STI is paid annually in cash.
3. A long-term variable management equity-share plan (Long-Term Incentive Plan, LTI) settled in the form of bearer shares of VP Bank. The basic principles thereof are the focus on value creation (economic profit) and the long-term commitment of management to a variable salary component in the form of shares. The number of shares which are vested after a period of three years is directly dependent on the trend of the economic profit of VP Bank Group. This latter takes account of capital- and risk-related costs. Targets are set on the basis of an external perspective. The starting point in this connection is the target yield on the market value. Thus, depending on the financial trend, a greater or lesser number of shares are allocated. The factor ranges from a minimum of 0.5 and a maximum of 2.0. The basis for calculating expenses for management stock participation consists of the number of shares, the goal-achievement factor and the current price of the stock at the time the goals were set. The share price is determined by reference to the average closing price of the three preceding months of the bearer shares quoted on the SWX for the respective grant date. The monetary benefit settled in shares at the end of the plan is also dependent on the stock price of the VP Bank bearer shares. The bearer shares required to service the LTI equity-share plan are either taken from the portfolio of treasury shares of VP Bank Group or are purchased on the stock exchange.

The Board of Directors lays down each year the planning parameters of the LTI for the following three years as well as the level of the STI. In the 2013–2015 programme, a target bonus (LTI and STI) of between 65 and 100 per cent of the fixed base salary is calculated provided that the annual and three-year goals are attained.

#### Management equity-sharing plan (LTI)

Number	2013	2012	Variance in %
Balance of entitlements at the beginning of the year	36,416	47,436	–23.2
New entitlements	61,606	26,944	128.6
Changes in entitlements as a result of allocation	–21,764	–25,793	–15.6
Changes in entitlements as a result of expiry	–26,039	–12,171	113.9
Changes in entitlements as a result of changes in factors	28,109	0	n.a.
Balance of calculated entitlements at the end of the year	78,328	36,416	115.1

  

in CHF 1,000	2013	2012	Variance in %
Personnel expense recorded over vesting period for allocated management sharing plan	3,611	3,342	8.0
Fair value of management sharing plan at date of allocation	1,634	2,048	–20.2
Personnel expense for management sharing plan (LTI) expense for reporting period	5,573	1,142	387.9
Accrual for management sharing plan (LTI) in equity at the end of the year	6,976	5,014	39.1



## 45 Discontinued operations

In the summer of 2012, the Board of Directors of VP Bank Group resolved to focus strategically on the middle private-banking segment as well as the business with intermediaries. Market-development activities, the whole distribution and all supporting units were redirected on target clients in defined markets in Europe and Asia. The primary goal is to grow as a group in a profitable manner. Markets, client segments as well as products and services were all subjected to in-depth analysis.

During the process of strategic redirection, the Board of Directors decided to dispose of the Group's own trust and fiduciary companies. The subsidiary company IGT Intergestions Trust reg. in Vaduz was disposed of by VP Bank Group as part of a management buyout; all employees were transferred to the existing company.

VP Bank Group also simplified the structures of its umbrella holding company VP Bank and Trust Company (BVI) Limited in Tortola on the British Virgin Islands, which was a joint venture with the Liechtenstein-based Allgemeines Treuunternehmen (ATU), Vaduz. VP Bank Group acquired the entire capital of VP Bank (BVI) Limited (note 46), and the remaining participations were transferred to ATU.

in CHF 1,000	2013 <sup>1</sup>	2012	Variance absolute	Variance in %
Interest income	1	9	-8	-88.9
Interest expense	55	2	53	n.a.
<b>Total interest income</b>	<b>-54</b>	<b>7</b>	<b>-61</b>	<b>n.a.</b>
Commission income	6,014	7,598	-1,584	-20.8
Commission expense	591	561	30	5.3
<b>Total income from commission business and services</b>	<b>5,423</b>	<b>7,037</b>	<b>-1,614</b>	<b>-22.9</b>
Trading income	-1	0	-1	n.a.
Income from financial investments	-1	7	-8	-114.3
Other income	180	107	73	68.2
<b>Total operating income</b>	<b>5,547</b>	<b>7,158</b>	<b>-1,611</b>	<b>-22.5</b>
Personnel expense	2,084	3,276	-1,192	-36.4
General and administrative expenses	943	1,734	-791	-45.6
<b>Operating expenses</b>	<b>3,027</b>	<b>5,010</b>	<b>-1,983</b>	<b>-39.6</b>
<b>Gross profit</b>	<b>2,520</b>	<b>2,148</b>	<b>372</b>	<b>17.3</b>
Depreciation and amortisation	1	13	-12	-92.3
Valuation allowances, provisions and losses	2	3,822	-3,820	-99.9
<b>Pre-tax profit from discontinued operations</b>	<b>2,517</b>	<b>-1,687</b>	<b>4,204</b>	<b>n.a.</b>
Taxes on income	150	132	18	13.6
<b>Group net income from discontinued operations</b>	<b>2,367</b>	<b>-1,819</b>	<b>4,186</b>	<b>n.a.</b>
Attributable to:				
Shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	1,799	-705	2,504	n.a.
Non-controlling interests	568	-1,114	1,682	n.a.
Gain on disposal of discontinued operations	595	0	595	n.a.
<b>Total Group net income from discontinued operations</b>	<b>2,962</b>	<b>-1,819</b>	<b>4,781</b>	<b>n.a.</b>
<b>Earnings per share in CHF</b>				
Undiluted Group net income per bearer share from discontinued operations	0.41	-0.12		
Undiluted Group net income per registered share from discontinued operations	0.04	-0.01		
Diluted Group net income per bearer share from discontinued operations	0.41	-0.12		
Diluted Group net income per registered share from discontinued operations	0.04	-0.01		
<b>Net cash flows from discontinued operations</b>				
Net cash flow from operating activities	2,636	1,163		
Net cash flow from investing activities	0	0		
Net cash flow from financing activities	-64	81		
<b>Net outflow of cash and cash equivalents</b>	<b>2,572</b>	<b>1,244</b>		

<sup>1</sup> The 2013 results from discontinued operations for the current period represent the results for the period from 1 January 2013 to 22 August 2013. Figures for the comparative prior-year period relate to the period from 1 January 2012 to 31 December 2012. On the other hand, the non-controlling interests in VP Bank (BVI) Limited were purchased (note 46).

**46 Material changes to non-controlling interests**

VP Bank (BVI) Limited, Tortola	
Date of acquisition	22/08/2013
Non-controlling interests acquired	40%
Shareholding after acquisition	100%
Additional payment for non-controlling interests (in CHF 1,000) <sup>1</sup>	15,300
Carrying value of non-controlling interests (in CHF 1,000)	17,646
Excess of capital (in CHF 1,000) <sup>2</sup>	2,346

<sup>1</sup> This additional payment of VP Bank Group encompasses the complete acquisition of VP Bank (BVI) Limited, Tortola, excluding the related sale of other participations to ATU, Vaduz (note 45).

<sup>2</sup> The difference between the carrying value of the non-controlling interests at the date of the transaction and the purchase price was recorded as a capital excess in shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG.

**47 Acquisitions in 2013****Asset deal – HSBC Trinkaus & Burkhardt AG, Düsseldorf**

On 14 July 2013, VP Bank and HSBC Trinkaus & Burkhardt AG, Düsseldorf, agreed that VP Bank acquires the private-banking activities of HSBC Trinkaus & Burkhardt (International) SA as well as the investment-fund business of HSBC Trinkaus Investment Managers SA in Luxembourg relating to private banking.

The following assets and liabilities were acquired as part of the purchase acquisition:

in CHF 1,000	Carrying value	Step up to fair value	Fair value
Amounts due from banks	452		452
Amounts due from customers	110		110
Other intangible assets	0	10,049	10,049
Amounts due to clients	-562		-562
Deferred tax liabilities	0	-2,937	-2,937
<b>Total net assets</b>	<b>0</b>	<b>7,112</b>	<b>7,112</b>
<b>Net assets acquired</b>			<b>7,112</b>
Bargain purchase			-647
<b>Acquisition cost</b>			<b>6,465</b>
Purchase consideration already settled in cash and cash equivalents			6,465
Purchase consideration to be settled in future in cash and cash equivalents			0
<b>Aggregate purchase price</b>			<b>6,465</b>
Cash and cash equivalents on hand in the acquired businesses			0
<b>Outflow of cash and cash equivalents for the transaction</b>			<b>6,465</b>
Future cash outflow for the transaction			0

The other intangible assets listed relate to existing client relationships of this entity in an amount of some CHF 2.0 billion. These assets will be amortised over five years.

The bargain purchase results primarily from the fact that no earn-out agreement was concluded. The gain was recognised in the income statement under the other income items (note 5).

## 48 Consolidated off-balance-sheet transactions

in CHF 1,000	31/12/2013	31/12/2012
<b>Contingent liabilities</b>		
Credit guarantees and similar	17,827	13,907
Performance guarantees and similar	69,108	84,554
Irrevocable commitments	0	0
Other contingent liabilities	0	0
<b>Total contingent liabilities</b>	<b>86,935</b>	<b>98,461</b>
<b>Credit risks</b>		
Irrevocable facilities granted	20,704	24,045
Capital subscription and margin obligations	0	0
Commitment credits	0	0
Commitments arising from artificial repurchase transactions	0	0
<b>Total credit risks</b>	<b>20,704</b>	<b>24,045</b>
<b>Fiduciary transactions</b>		
Fiduciary deposits <sup>1</sup>	664,652	961,029
Fiduciary loans	9,941	7,009
Other fiduciary financial transactions	0	0
<b>Total fiduciary transactions</b>	<b>674,593</b>	<b>968,038</b>

<sup>1</sup> Placements that Group companies made with banks outside the scope of consolidation in their own name but at the risk and expense of the client.

## Maturity structure

in CHF 1,000	At sight	Maturing within			Total
		1 year	1 to 5 years	Over 5 years	
<b>31/12/2013</b>					
Contingent liabilities	26,849	49,480	8,242	2,364	86,935
Credit risks	1,880	13,235	1,131	4,458	20,704
<b>31/12/2012</b>					
Contingent liabilities	35,198	55,686	5,185	2,392	98,461
Credit risks	2,110	19,032	810	2,093	24,045

## Securities lending and repurchase and reverse repurchase transactions

in CHF 1,000	31/12/2013	31/12/2012
Accounts receivable arising from cash deposits in connection with securities borrowing and reverse repurchase transactions	335,739	511,738
Accounts payable arising from cash deposits in connection with securities borrowing and reverse repurchase transactions	0	149,993
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	360,667	575,966
of which securities where the unlimited right to sell on or pledge has been granted	244,821	303,384
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 resell or repledge has been granted	719,688	974,065
of which securities which have been resold or repledged	106,593	125,407

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

**Client assets**

in CHF million	2013	2012	Variance in %
<b>Analysis of client assets under management</b>			
Assets in self-administered investment funds <sup>1</sup>	5,242.2	4,489.3	16.8
Assets in discretionary asset-management accounts	2,975.9	2,855.5	4.2
Other client assets under management <sup>1</sup>	22,366.8	21,145.7	5.8
<b>Total client assets under management (including amounts counted twice)</b>	<b>30,584.9</b>	<b>28,490.5</b>	<b>7.4</b>
of which: amounts counted twice	1,634.8	2,013.3	-18.8
<b>Net new money<sup>2</sup></b>	<b>965.0</b>	<b>-192.0</b>	<b>n.a.</b>
<b>Custody assets</b>	<b>9,003.5</b>	<b>8,826.1</b>	<b>2.0</b>
<b>Total client assets</b>			
Total client assets under management (including amounts counted twice)	30,584.9	28,490.5	7.4
Custody assets	9,003.5	8,826.1	2.0
<b>Total client assets</b>	<b>39,588.4</b>	<b>37,316.6</b>	<b>6.1</b>

<sup>1</sup> The prior year's comparatives were restated.

<sup>2</sup> Included in these items are client assets aggregating CHF 2.0 billion acquired from the asset deal (note 47).

**Classification of client assets under management**

in %	31/12/2013	31/12/2012
<b>Analysis by asset class</b>		
Liquidity	31	31
Bonds	21	25
Equities	21	18
Investment funds	25	23
Other	2	3
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Analysis by currency</b>		
CHF	26	28
EUR	37	36
USD	24	22
Other	13	14
<b>Total</b>	<b>100</b>	<b>100</b>

**Calculation method**

All client assets that are managed or held for investment purposes for which investment-advisory and asset-management services are provided are considered as client assets under management. In principle, all amounts owed to clients, fiduciary deposits and all assets in security deposits with a value are included therein. The calculation is made on the basis of the provisions of the Liechtenstein Banking Ordinance (Note 3, Point 88a, FL-BankV) and the internal guidelines of VP Bank Group.

**Assets in self-administered investment funds**

This item contains the assets of all administered investment funds of VP Bank Group.

**Assets in discretionary asset-management accounts**

The assets in discretionary asset-management accounts encompass securities, uncertificated securities, precious metals, fiduciary deposits placed with third parties valued at market value and client deposits. The data include both assets deposited with Group companies and with third parties which are the object of a discretionary asset-management agreement with a Group company.

**Other client assets under management**

Other client assets under management encompass securities, uncertificated securities, precious metals, fiduciary deposits placed with third parties valued at market value and client deposits. The data encompass assets which are the object of an administration or advisory mandate.

**Amounts counted twice**

This item encompasses unit shares in self-administered investment funds which are in client portfolios subject to a discretionary asset-management agreement and other security deposits of clients.

**Net new money inflows/outflows**

This item comprises the acquisition of new clients, lost clients and inflows or outflows from existing clients. Performance-related changes in assets such as share price movements, interest and dividend payments, as well as interest charged to clients, are not considered as inflows and outflows. Acquisition-related changes in assets are presented separately.

**Custody assets**

Assets held exclusively for the purposes of trading and custody for which the involvement of VP Bank Group is limited to custodian and collection activities.