Semi-annual report 2013

Media & Investor Relations
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Illustrations and realisation
VP Bank, Vaduz

This report has been produced
in German and English, whereas the
German version shall prevail in case of doubt.

Contents

Statement by the Chairman of the Board and Chief Executive Officer

Dear Shareholders,
Ladies and Gentlemen

In the first half of 2013, VP Bank Group resolutely pursued its transformation process and efforts to cater to the needs of existing as well as new clients. Compared to the prior-year period, we achieved an increase in revenues and a reduction of operating expenses thanks to strict cost discipline.

Progress at the operating level

VP Bank Group recorded consolidated net income of CHF 28.3 million for the first half of 2013. In the comparable prior-year period, a profit of CHF 34.3 million was achieved in keeping with the revised provisions of IAS 19 (IAS 19R), whereby basically on the expense side a one-time benefit of CHF 22.8 million was attributable to the conversion of the personnel pension fund from a defined-benefit to a defined-contribution scheme. Adjusted for this one-time effect, VP Bank Group earned consolidated net income of CHF 11.4 million in the first half of the previous year. Period-on-period, gross operating income rose by 1.7 per cent to CHF 127.9 million, with the interest-differential as well as the commission and services businesses making a gratifying contribution to that result. Thanks to further efficiency enhancements and cost-reduction measures, operating expenses – adjusted for the previously mentioned one-time effect in personnel costs – decreased yet again, and this on a sustainable basis. The marketing efforts in our target markets were intensified, and they resulted in noticeable successes. However, due to regulatory changes as well as a sizeable outflow from a third-party investment fund, the new client deposits were unable to compensate fully for the total outflow of client assets under management. As a result, there was a net outflow of client funds in the amount of CHF 439 million during the first half of the year.

With a tier 1 ratio of 20.7 per cent as of 30 June 2013, VP Bank Group remains solidly capitalised and, even after the introduction of Basel III, has core capital that far exceeds that of its peers. This vouches for a high degree of stability and security.

General conditions

Economic and regulatory conditions have a strong influence on the business activities of VP Bank Group. In recent months, the financial markets have turned their attention away from the European debt crisis; however, the beleaguered EU peripheral states are still far away from demonstrating economic dynamism. The lack of demand from the common currency region is also putting a damper on worldwide trade, with the export-driven emerging nations suffering the most in this regard. Thus the global economy can be expected to have difficulty gaining momentum for quite some time. Despite the fragile economic circumstances elsewhere in the world, the US economy has held up well and should continue to outpace the other industrialised nations in the months ahead. Supported by robust private consumption and lively construction activity, the Swiss economy has also managed to escape the pain that is being felt in other countries.

The equity markets were somewhat ambivalent during the initial six months of the year. The first quarter was marked by a greater appetite for risk among investors and a corresponding leap in share prices. The upbeat mood in the international markets appeared to be at odds with the otherwise uncertain macroeconomic developments. In mid-May, the correction that had been long anticipated by many market participants finally set in.

Surprisingly, though, even the asset classes that are traditionally viewed as safe havens came under pressure. The US Federal Reserve's implication that its extremely accommodative monetary policy could be "tapered" under certain circumstances led to a leap in interest rates across the globe. The yield increases in May and June clearly brought back to mind the latent risk of a new rate-hike cycle.

For the coming months, we expect yields to tend sideways and continue to prefer stocks over bonds. Speculation about a withdrawal from today's expansive monetary policies could give rise to temporary uncertainties even if the central banks do not actually change course.

In the regulatory realm, the rules pertaining to transnational private banking pose a great challenge for financial institutions. Also, the topic of "tax conformity" has gained further significance. Accordingly, the stringent requirements placed on existing and new clients represent a major element of VP Bank Group's strategic orientation. The "flat rate withholding tax" model – such as that agreed between Austria and Liechtenstein or with the United Kingdom – appears to be an isolated solution. International initiatives are clearly going in the direction of an automatic exchange of information.

Strategic orientation of VP Bank Group

In the summer of 2012, the Board of Directors resolved that VP Bank should focus strategically on the mid-range private banking segment as well as the financial intermediaries business. All of the Group's market cultivation, marketing and support efforts are focused on the target clients in the defined European and Asia markets. The primary objective is to grow profitably as globally positioned financial institution. As a part of this, the specific markets, client segments, product offerings and services of VP Bank are continuously subjected to an in-depth analysis.

Against this backdrop, the Board of Directors has also decided to spin-off the Group's own fiduciary businesses. Within the framework of a management buyout, the IGT Intergestions Trust reg. subsidiary in Vaduz will be separated from VP Bank Group. All current employees will be retained by the existing company.

In keeping with its strategic orientation, VP Bank Group is also streamlining the structures of its local umbrella holding company, VP Bank and Trust Company (BVI) Limited (Tortola, British Virgin Islands), which has been operated as a joint venture with Liechtenstein-based Allgemeines Treuunternehmen (ATU). Subject to official approval, VP Bank Group will completely take over VP Bank (BVI) Limited and cede the remainder of the related financial interests to Allgemeines Treuunternehmen.

VP Bank Group is following through on its growth strategy by acquiring the private banking activities of HSBC Trinkaus & Burkhardt (International) SA as well as that company's private-banking-related investment fund business in Luxembourg. This asset deal involves tax-compliant portfolio holdings totalling approximately CHF 2.5 billion, whereas the precise amount will depend on the client monies actually transferred.

The transaction is in line with the strategic orientation of VP Bank Group and also underscores the importance of the fund business at the Group's Luxembourg location. The deal is expected to be closed before the end of 2013 and approximately 20 of the acquired company's employees will be taken over.

Staff changes

On 1 May 2013, Alfred W. Moeckli assumed his post as new CEO of VP Bank. A 53-year-old Swiss citizen, he brings with him extensive experience in all areas of the banking business and has established a proven management track record at various companies: for the past 15 years, as CEO of several banks and financial services providers.

Effective as of 1 July 2013, the client-oriented "Banking Liechtenstein & Regional Market" and "Private Banking International" business units were merged to create the new "Client Business" unit. At the same time, Group Executive Management was expanded to include another member. With these moves, the Board of Directors is emphasising the importance of an efficient management structure that is focused squarely on clients and marketing. The new business unit will be headed as of 1 October 2013 by Christoph Mauchle (52, Swiss citizen), who has more than 30 years of banking experience as well as extensive know-how in the private banking and intermediaries business fields. Most recently, he was Head of Private Banking at Credit Suisse for the German, Luxembourg and Austrian markets.

Developments during the first half of 2013

Within the framework of an efficient approach to market cultivation, VP Bank's existing range of products and services is continuously being adapted to the requirements of our target markets and the needs of our target clientele.

In the Liechtenstein home market, the Bank's focus is being centred not only on the strategically important private banking segment and intermediaries business, but also on the regional retail business and commercial credit clients. Accordingly, additional need-related services are being offered in Liechtenstein and the surrounding region.

Two new account packages were launched in the spring of 2013, each aimed at satisfying the desires of regional retail clients. "VP Bank live" comprises basic products relating to payment transactions and savings. "VP Bank move" affords additional advantages when it comes to investing.

Through the further evolution of our "e-banking mobile" solution, we have extended our lead in the area of Internet and mobile-based banking in the home market of Liechtenstein. With the new generation of e-banking mobile, clients can take care of their banking business via smartphone – easily, securely and regardless of where they might be.

The topic of "social media" is gaining ever-greater importance at VP Bank Group. With expanded articles on the most widely accessed platforms, as well as an "ecoview blog" on our website, we are paying heed to the growing significance of these forms of communication.

Outlook

The capital market environment and the rapidly changing regulatory circumstances will also continue to represent tremendous challenges in the second half of 2013. We are convinced that, with our ongoing focus on VP Bank's core competencies and reinforced orientation towards market and client needs, as well as our resolute cost management efforts, we have cemented a sustainable foundation for the successful future of VP Bank Group. At the same time, our rock-solid capital base makes it possible to exploit attractive market opportunities as they may arise.

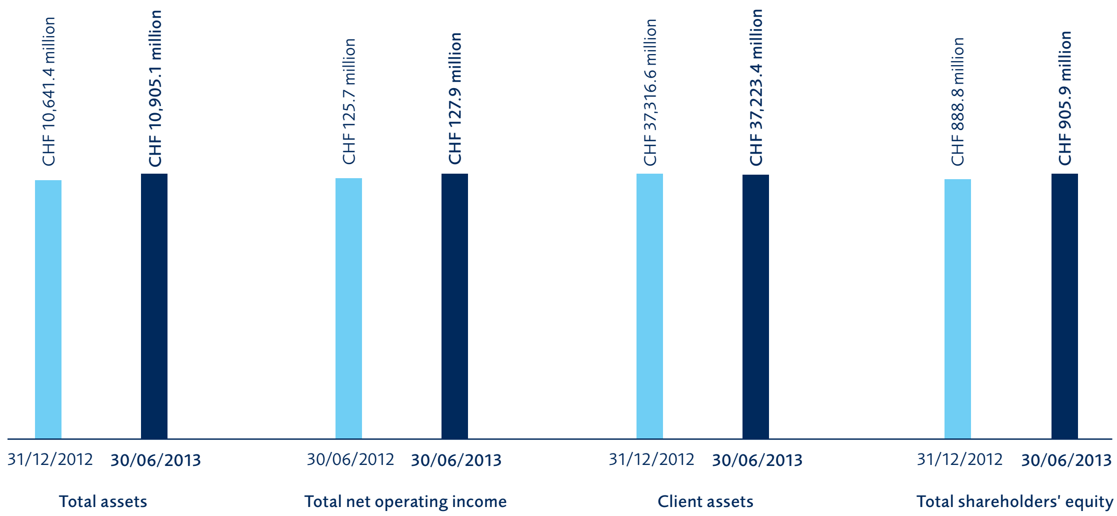
We thank you for the trust you place in VP Bank Group and hope that we may continue to count you among our valued shareholders and clients in the years to come. Our sincere thanks also go to our employees for their devoted efforts at all VP Bank locations.

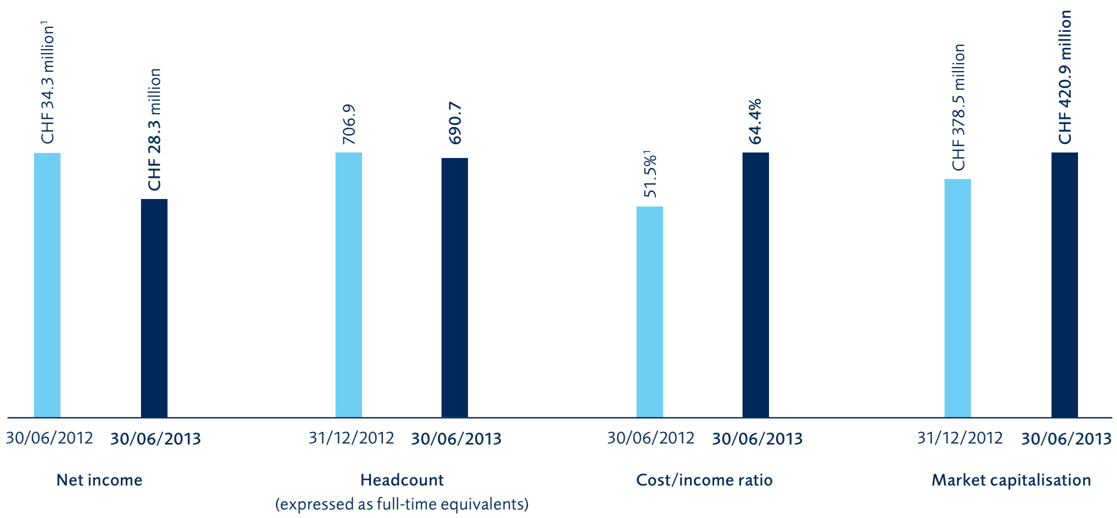
Fredy Vogt
Chairman of the Board of Directors

Alfred W. Moeckli
Chief Executive Officer

First half of 2013

Key figures of VP Bank Group





[1] adjusted (IAS 19R)

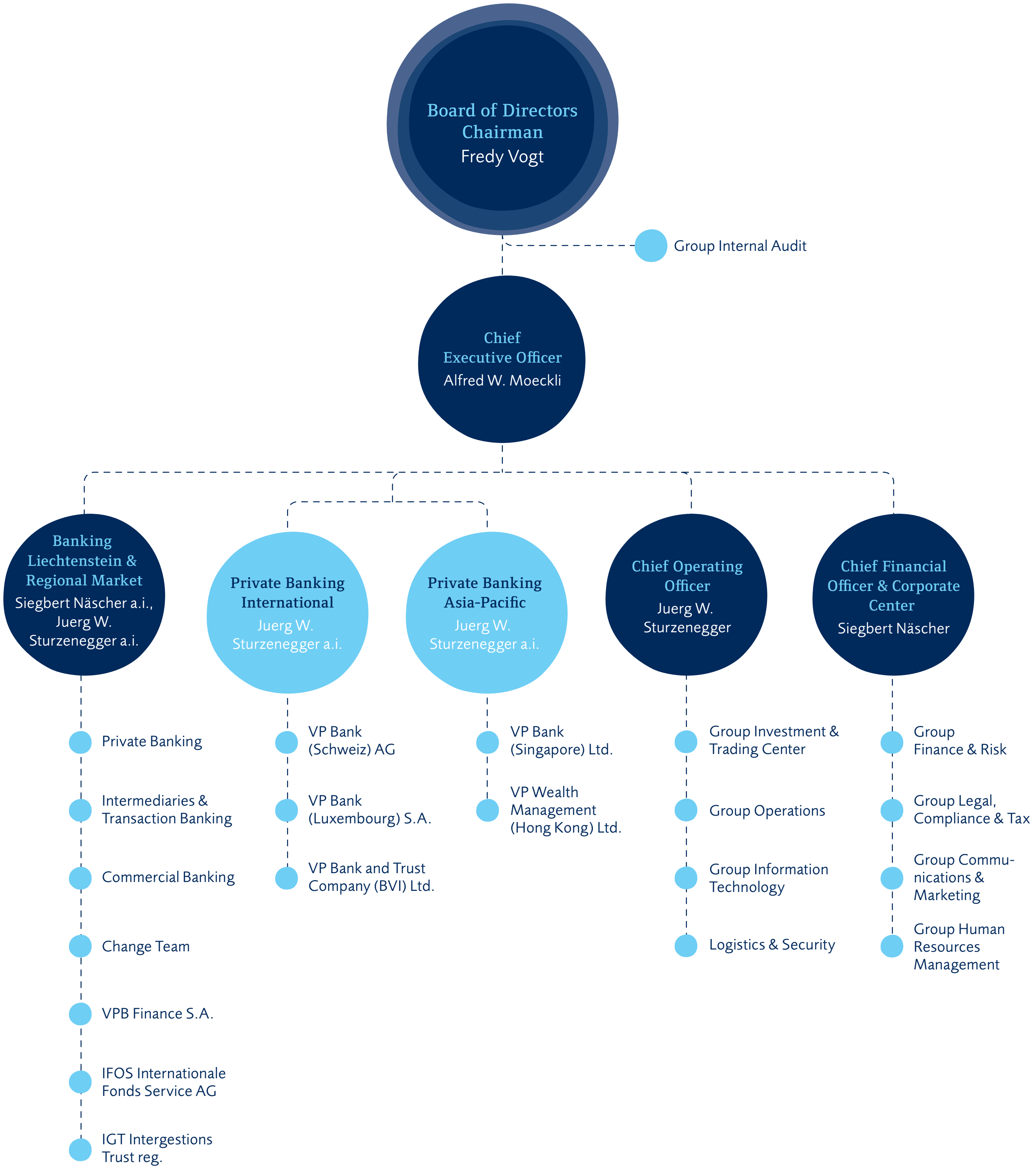
Key figures of VP Bank Group

	30/06/2013	30/06/2012 adjusted [1]	31/12/2012	Variance to 30/06/2012 in %
Key income statement data in CHF million[2]				
Total net operating income	127.9	125.7	242.4	1.7
Net interest income	47.2	43.1	83.5	9.6
Net income from commission business and services	62.6	59.0	115.1	6.1
Net income from trading activities	9.0	11.2	21.1	–19.5
Operating expenses	82.4	64.7	152.8	27.3
Net income	28.3	34.3	47.2	–17.4
Net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	27.3	35.2	47.1	–22.5

	30/06/2013	30/06/2012 adjusted [1]	31/12/2012	Variance to 31/12/2012 in %
Key balance-sheet data in CHF million[3]				
Total assets	10,905.1	10,677.1	10,641.4	2.5
Due from banks	4,870.0	4,954.2	4,789.1	1.7
Due from customers	3,820.8	3,953.7	3,713.3	2.9
Due to customers	9,102.8	8,685.4	8,702.0	4.6
Total shareholders' equity	905.9	847.1	888.8	1.9
Shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	886.7	828.7	871.1	1.8
Equity ratio (in %)	8.1	7.8	8.2	–0.7
Tier 1 ratio (in %)	20.7	19.2	21.5	–3.5
Client assets in CHF million[2]	**37,223.4**	**38,101.7**	**37,316.6**	**–0.2**
On-balance-sheet customer deposits (excluding custody assets)	9,508.6	8,982.8	8,979.9	5.9
Fiduciary deposits (excluding custody assets)	420.7	635.1	513.8	–18.1
Client securities accounts	18,870.7	17,946.8	18,996.9	–0.7
Custody assets	8,423.4	10,537.1	8,826.1	–4.6
Net new money	–438.7	–164.6	–192.0	n.a.
Key operating indicators[3]				
Return on equity (in %)[4]	6.3	8.6	5.5	
Cost/income ratio (in %)[5]	64.4	51.5	63.0	
Headcount (expressed as full-time equivalents, excluding student apprentices)[6]	690.7	735.2	706.9	
Total net operating income per employee (in CHF 1,000)	185.2	171.0	342.9	
Total operating expenses per employee (in CHF 1,000)	119.3	88.0	216.2	
Net income per employee (in CHF 1,000)	39.6	47.9	66.7	
Key indicators related to shares of VP Bank in CHF[3]				
Net income per bearer share[7]	4.72	6.11	8.17	
Net income per registered share[7]	0.47	0.61	0.82	
Shareholders' equity per bearer share on the balance-sheet date	153.18	143.82	150.97	
Shareholders' equity per registered share on the balance-sheet date	15.08	14.10	14.84	
Quoted price per bearer share	71.30	73.60	65.00	
Quoted price per registered share	7.00	6.25	5.50	
Market capitalisation (in CHF million)[8]	421	429	378	
Price-earnings ratio per bearer share	7.55	6.02	7.96	
Price-earnings ratio per registered share	7.41	5.11	6.73	
Rating Standard & Poor's	A–/Negative/A-2	A–/Stable/A-2	A–/Negative/A-2	

[1] Adjustments arising from IAS 19R.
[2] Details in the notes to the consolidated income statement and consolidated balance sheet.
[3] The reported key data and operating indicators are computed and reported on the basis of the share of the net income and shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz.
[4] Annualised net income / average shareholders' equity less dividend.
[5] Total operating expenses / total net operating income.
[6] In accordance with legal requirements, trainees are to be included in headcount statistics as 50 per cent of equivalent full-time employees.
[7] Based on the weighted average number of shares (bearer) (note 11, see page 34).
[8] Including registered shares.

Structure of VP Bank Group



Segments

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Segment reporting

(unaudited)

01/01–30/06/2013

in CHF 1,000	Banking Liechtenstein & Regional Market	Private Banking International	Chief Operating Officer	CFO & Corporate Center	Total Group
Net interest income	15,996	9,313	27	21,905	47,241
Net income from commission business and services	43,795	19,838	–2,239	1,168	62,562
Net income from trading activities	6,101	4,053	1,605	–2,768	8,991
Income from financial instruments	13	–273	0	8,393	8,133
Other income	201	105	0	673	979
Total net operating income	**66,106**	**33,036**	**–607**	**29,371**	**127,906**
Personnel expenses	12,474	18,624	17,060	11,816	59,974
General and administrative expenses	1,939	9,358	5,986	5,114	22,397
Services to/from other segments	20,417	9,616	–29,508	–525	0
Operating expenses	**34,830**	**37,598**	**–6,462**	**16,405**	**82,371**
Gross income	**31,276**	**–4,562**	**5,855**	**12,966**	**45,535**
Depreciation and amortisation	13	1,219	9,045	3,091	13,368
Valuation allowances, provisions and losses	–1,191	2,381	0	–22	1,168
Income before income tax	**32,454**	**–8,162**	**–3,190**	**9,897**	**30,999**
Taxes on income					2,694
Net income					**28,305**
Net income attributable to minority interests					984
Net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz					**27,321**
Segment assets (in CHF million)	3,259	3,210	83	4,353	10,905
Segment liabilities (in CHF million)	6,370	2,975	129	525	9,999
Investments in property and equipment (in CHF 1,000)	0	325	1,701	0	2,026
Depreciation and amortisation (in CHF 1,000)	13	1,219	9,045	3,091	13,368
Creation of valuation allowances for credit risks (in CHF 1,000)	1,239	1,682	0	0	2,921
Release of valuation allowances for credit risks (in CHF 1,000)	2,217	0	0	0	2,217
Client assets under management (in CHF billion)[1]	17.7	9.7	1.2	0.2	28.8
Net new money (in CHF billion)	–0.5	0.1	0.0	0.0	–0.4
Headcount (number of employees)	158	230	234	128	750
Headcount (expressed as full-time equivalents)	151.0	220.7	214.8	104.2	690.7
as of 31/12/2012					
Segment assets (in CHF million)	3,212	2,966	77	4,386	10,641
Segment liabilities (in CHF million)	6,207	2,741	96	708	9,752
Client assets under management (in CHF billion)[1]	17.8	9.3	1.1	0.2	28.5
Net new money (in CHF billion)	–0.2	0.3	–0.1	–0.1	–0.2
Headcount (number of employees)	157	232	247	130	766
Headcount (expressed as full-time equivalents)	151.7	222.1	226.0	107.1	706.9

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

The recharging of costs and revenues between the business units is made on the basis of internal prices or at market rates. The transfer prices within the segments are reviewed annually and renegotiated to reflect current economic conditions.

Effective as of 1 January 2013, the internal structure of VP Bank Group was reorganised. VP Bank Group is still subdivided into four business segments: Banking Liechtenstein & Regional Market, Private Banking International, Chief Financial Officer & Corporate Center and Chief Operating Officer. However, as communicated in the 2012 annual report of VP Bank Group (on page 21), the Investment Service Center (IVS) and Group Trading (GRT) units were merged on 1 January 2013 to create the Group Investment & Trading Center, which now reports directly to the Chief Operating Officer. The prior-year comparative figures for segment reporting have been restated retroactively.

01/01–30/06/2012

in CHF 1,000	Banking Liechtenstein & Regional Market	Private Banking International	Chief Operating Officer	CFO & Corporate Center	Total Group
Net interest income	15,611	10,450	86	16,943	43,090
Net income from commission business and services	41,641	17,556	–1,406	1,182	58,973
Net income from trading activities	5,385	4,210	1,574	1	11,170
Income from financial instruments	149	1,372	0	10,417	11,938
Other income	5	219	0	323	547
Total net operating income	**62,791**	**33,807**	**254**	**28,866**	**125,718**
Personnel expenses[1]	13,989	21,646	19,688	–14,300	41,023
General and administrative expenses	1,643	8,616	6,556	6,855	23,670
Services to/from other segments	21,100	8,936	–31,149	1,113	0
Operating expenses	**36,732**	**39,198**	**–4,905**	**–6,332**	**64,693**
Gross income	**26,059**	**–5,391**	**5,159**	**35,198**	**61,025**
Depreciation and amortisation	32	1,278	9,987	3,117	14,414
Valuation allowances, provisions and losses	3,453	5,760	0	–410	8,803
Income before income tax	**22,574**	**–12,429**	**–4,828**	**32,491**	**37,808**
Taxes on income					3,535
Net income					**34,273**
Net income attributable to minority interests					–965
Net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz					**35,238**
Segment assets (in CHF million)	3,212	2,935	94	4,436	10,677
Segment liabilities (in CHF million)	6,117	2,785	146	782	9,830
Investments in property and equipment (in CHF 1,000)	1	450	1,797	27	2,275
Depreciation and amortisation (in CHF 1,000)	32	1,278	9,987	3,117	14,414
Creation of valuation allowances for credit risks (in CHF 1,000)	3,239	3,750	0	0	6,989
Release of valuation allowances for credit risks (in CHF 1,000)	317	2,246	0	429	2,992
Client assets under management (in CHF billion)[2]	17.7	8.5	1.2	0.2	27.6
Net new money (in CHF billion)	0.0	0.0	–0.1	–0.1	–0.2
Headcount (number of employees)	165	243	257	127	792
Headcount (expressed as full-time equivalents)	159.1	233.7	237.2	105.3	735.2

[1] All adjustments arising from IAS 19R flow into the CFO & Corporate Center segment.
[2] Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-BankO).

The recharging of costs and revenues between the business units is made on the basis of internal prices or at market rates. The transfer prices within the segments are reviewed annually and renegotiated to reflect current economic conditions.

Banking Liechtenstein & Regional Market

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Net interest income	15,996	15,611	385	2.5
Net income from commission business and services	43,795	41,641	2,154	5.2
Net income from trading activities	6,101	5,385	716	13.3
Income from financial instruments	13	149	–136	–91.3
Other income	201	5	196	n.a.
Total net operating income	**66,106**	**62,791**	**3,315**	**5.3**
Personnel expenses	12,474	13,989	–1,515	–10.8
General and administrative expenses	1,939	1,643	296	18.0
Services to/from other segments	20,417	21,100	–683	–3.2
Operating expenses	**34,830**	**36,732**	**–1,902**	**–5.2**
Gross income	**31,276**	**26,059**	**5,217**	**20.0**
Depreciation and amortisation	13	32	–19	–59.4
Valuation allowances, provisions and losses	–1,191	3,453	–4,644	–134.5
Segment income before income tax	**32,454**	**22,574**	**9,880**	**43.8**

Additional information				
Operating expenses excluding depreciation and amortisation / total operating income (in %)	52.7	58.5		
Operating expenses including depreciation and amortisation / total operating income (in %)	52.7	58.5		
Client assets under management (in CHF billion)	17.7	17.7		
Change in client assets under management compared to 31/12/ prior year (in %)	–0.8	1.2		
Net new money (in CHF billion)	–0.5	0.0		
Gross income / average client assets under management (bp)[1]	74.4	71.4		
Segment result / average client assets under management (bp)[1]	36.5	25.7		
Cost/income ratio operating income (in %)[2]	52.9	58.6	–5.8	–9.9
Headcount (number of employees)	158	165	–7.0	–4.2
Headcount (expressed as full-time equivalents)	151.0	159.1	–8.2	–5.1

[1] Annualised, average values.
[2] Operating expenses / gross income less other income and income from financial instruments.

Structure

The Banking Liechtenstein & Regional Market business segment encompasses the universal banking business in Liechtenstein, the home market, and in Switzerland, as well as the international private banking, intermediaries and fund-solutions businesses conducted in Liechtenstein. Those entities of Verwaltungs- und Privat-Bank Aktiengesellschaft having direct contact with clients, IFOS Internationale Fonds Service Aktiengesellschaft and VPB Finance S.A. are allocated to this business segment.

Segment results

Pre-tax income for the first half of 2013 increased, period-on-period, by CHF 9.9 million or 43.8 per cent. The first half of the year also witnessed a CHF 3.3 million or 5.3 per cent gain in total operating income versus the comparable prior-year period. In particular, the transaction-dependent revenues from clients' trading activities recovered as a result of the more buoyant financial markets. Operating expenses declined by CHF 1.9 million or 5.2 per cent to CHF 34.8 million, mainly as a result of cost discipline in the area of personnel expenses. In the first half of 2013, the charges for valuation allowances, provisions and losses fell in comparison to the prior-year period by CHF 4.6 million to CHF –1.2 million. The gross margin amounted to 74.4 basis points (prior-year period: 71.4 basis points) while the cost/income ratio stood at 52.9 per cent, clearly below the 58.6 per cent reading for the first six months of 2012.

The flow of net new money in the first half of 2013 was negative and amounted to CHF 0.5 billion. Due to regulatory changes as well as a sizeable outflow from a third-party investment fund, the new client deposits were unable to compensate fully for the total outflow of client assets under management. Client assets under management as of 30 June 2013 stood at CHF 17.7 billion (31 December 2012: CHF 17.8 billion). The employee headcount decreased from 159 (30 June 2012) to 151 positions.

Private Banking International

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Net interest income	9,313	10,450	–1,137	–10.9
Net income from commission business and services	19,838	17,556	2,282	13.0
Net income from trading activities	4,053	4,210	–157	–3.7
Income from financial instruments	–273	1,372	–1,645	119.9
Other income	105	219	–114	–52.1
Total net operating income	**33,036**	**33,807**	**–771**	**–2.3**
Personnel expenses	18,624	21,646	–3,022	–14.0
General and administrative expenses	9,358	8,616	742	8.6
Services to/from other segments	9,616	8,936	680	7.6
Operating expenses	**37,598**	**39,198**	**–1,600**	**–4.1**
Gross income	**–4,562**	**–5,391**	**829**	**15.4**
Depreciation and amortisation	1,219	1,278	–59	–4.6
Valuation allowances, provisions and losses	2,381	5,760	–3,379	–58.7
Segment income before income tax	**–8,162**	**–12,429**	**4,267**	**34.3**
Additional information				
Operating expenses excluding depreciation and amortisation / total operating income (in %)	113.8	115.9		
Operating expenses including depreciation and amortisation / total operating income (in %)	117.5	119.7		
Client assets under management (in CHF billion)	9.7	8.5		
Change in client assets under management compared to 31/12/ prior year (in %)	4.2	1.0		
Net new money (in CHF billion)	0.1	0.0		
Gross income / average client assets under management (bp)[1]	69.5	79.8		
Segment result / average client assets under management (bp)[1]	–17.2	–29.4		
Cost/income ratio operating income (in %)[2]	113.2	121.7	–8.4	–6.9
Headcount (number of employees)	230	243	–13.0	–5.3
Headcount (expressed as full-time equivalents)	220.7	233.7	–13.0	–5.5

[1] Annualised, average values.
[2] Operating expenses / gross income less other income and income from financial instruments.

Structure

The Private Banking International business segment comprises the private banking business in international locations. VP Bank (Schweiz) AG, VP Bank (Luxembourg) S.A., VP Bank and Trust Company (BVI) Ltd., VP Bank (Singapore) Ltd. and VP Wealth Management (Hong Kong) Ltd. are allocated to this segment.

Segment results

Pre-tax segment income for the first half of 2013 increased, period-on-period, by CHF 4.3 million or 34.3 per cent. Owing to a decline in revenues from both the interest-differential business and the proprietary financial instruments, total operating income decreased by 2.3 per cent from CHF 33.8 million to CHF 33.0 million. Income from commission business and services showed a more gratifying trend, increasing versus the prior-year period by CHF 2.3 million or 13.0 per cent. This gain was attributable to higher revenues from transaction-dependent client activities as well as portfolio-based fees. Operating expenses declined by CHF 1.6 million or 4.1 per cent to CHF 37.6 million (prior-year period: CHF 39.2 million) mainly due to lower personnel expenses which, as a result of a more focused approach to market cultivation, decreased by CHF 3.0 million to CHF 18.6 million. Charges for valuation allowances, provisions and losses were reduced significantly by CHF 3.4 million. The gross margin amounted to 69.5 basis points (prior-year period: 79.8 basis points) while the cost/income ratio fell to 113.2 per cent versus the 121.7 per cent recorded in the prior-year period. An increase in client activities as well as strict cost discipline contributed to this improvement. Market cultivation efforts in our target markets were intensified further in the first half of 2013 and successes were achieved: the inflows of new money exceeded the regulatory-based outflows. During the period under review, the segment recorded a net new money inflow of CHF 0.1 billion. As of 30 June 2013, client assets under management amounted to CHF 9.7 billion (31/12/2012: CHF 9.3 billion). The employee headcount decreased from 234 (30/06/2012) to 221 positions.

Chief Operating Officer

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Net interest income	27	86	–59	–68.6
Net income from commission business and services	–2,239	–1,406	–833	–59.2
Net income from trading activities	1,605	1,574	31	2.0
Income from financial instruments	0	0	0	0.0
Other income	0	0	0	0.0
Total net operating income	**–607**	**254**	**–861**	**339.0**
Personnel expenses	17,060	19,688	–2,628	–13.3
General and administrative expenses	5,986	6,556	–570	–8.7
Services to/from other segments	–29,508	–31,149	1,641	5.3
Operating expenses	**–6,462**	**–4,905**	**–1,557**	**–31.7**
Gross income	**5,855**	**5,159**	**696**	**13.5**
Depreciation and amortisation	9,045	9,987	–942	–9.4
Valuation allowances, provisions and losses	0	0	0	0.0
Segment income before income tax	**–3,190**	**–4,828**	**1,638**	**33.9**
Additional information				
Client assets under management (in CHF billion)	1.2	1.2		
Headcount (number of employees)	234	257	–23.0	–8.9
Headcount (expressed as full-time equivalents)	214.8	237.2	–22.4	–9.4

Structure

The Chief Operating Officer business segment is responsible for banking operations. It encompasses the units Group Investment & Trading Center, Group Operations, Group Information Technology and Logistics & Security for the entire VP Bank Group. In addition, the Group Business Advancement unit is allocated to the COO.

Segment results

The pre-tax segment result for the first half of 2013 amounted to a CHF –3.2 million compared to CHF –4.8 million recorded in the prior-year period. Total operating income declined, period-on-period, by CHF 0.9 million to CHF –0.6 million. Income from commission business and services was negative due to third-party banking commissions that the service units charged via internal cost allocation to other business units.

Income from trading activities reflects the results of the Group Investment & Trading Center, i.e. revenues from the client business or, as it were, client positions. Operating expenses fell by CHF 1.6 million to CHF –6.5 million, with personnel expenses declining by CHF 2.6 million or 13.3 per cent. This resulted primarily from a lower headcount, which was reduced from 237 (30 June 2012) to 215 positions.

In addition, general and administrative expenses declined during the period under review from CHF 6.6 million to CHF 6.0 million. As a result of the lower expenses in the segment, there were also fewer internal recharges for services during the reporting period (CHF 29.5 million versus CHF 31.1 million). Depreciation and amortisation decreased, period-on-period, by CHF 0.9 million to CHF 9.0 million.

As of 30 June 2013, client assets under management stood at CHF 1.2 billion. This includes the assets of the VP Bank funds.

CFO & Corporate Center

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Net interest income	21,905	16,943	4,962	29.3
Net income from commission business and services	1,168	1,182	–14	–1.2
Net income from trading activities	–2,768	1	–2,769	n.a.
Income from financial instruments	8,393	10,417	–2,024	–19.4
Other income	673	323	350	108.4
Total net operating income	**29,371**	**28,866**	**505**	**1.7**
Personnel expenses	11,816	–14,300	26,116	–182.6
General and administrative expenses	5,114	6,855	–1,741	–25.4
Services to/from other segments	–525	1,113	–1,638	147.2
Operating expenses	**16,405**	**–6,332**	**22,737**	**–359.1**
Gross income	**12,966**	**35,198**	**–22,232**	**–63.2**
Depreciation and amortisation	3,091	3,117	–26	–0.8
Valuation allowances, provisions and losses	–22	–410	388	94.6
Segment income before income tax	**9,897**	**32,491**	**–22,594**	**–69.5**
Additional information				
Client assets under management (in CHF billion)	0.2	0.2		
Headcount (number of employees)	128	127	1.0	0.8
Headcount (expressed as full-time equivalents)	104.2	105.3	–1.1	–1.0

Structure

The CFO & Corporate Center business segment encompasses the units Group Finance & Risk, Group Legal, Compliance & Tax, Group Human Resources Management and Group Communications & Marketing. Those revenues and expenses having no direct relationship to the operating segments, as well as consolidation adjustments, are reported under the Corporate Center. Also recorded are the one-time credits attributable to the conversion of the personnel pension fund from a defined-benefit to a defined-contribution scheme, as well as the early application of IAS 19R in this business segment; the ongoing effects of IAS 19R will be allocated directly to the various other segments. The prior-year results have been adjusted accordingly. The revenue-generating business activities of the CFO & Corporate Center business segment relate to the Group Treasury function. Results from the Bank's proprietary financial investments, maturity transformation efforts and interest-rate hedging activities are also reported under the Corporate Center.

Segment results

The pre-tax segment result for the first half of 2013 amounted to CHF 9.9 million (prior-year period: CHF 32.5 million).

Total operating income for the first half of the year amounted to CHF 0.5 million, a 1.7 per cent increase versus the prior-year period.

Interest income improved, on the one hand, due to the valuation change of hedging operations via interest-rate swaps. On the other hand, however, the lower interest-rate levels during the reporting period reduced the interest income from maturity transformation.

Primarily due to the hedging of financial investments, a negative result from securities trading was recorded in the first half of 2013 and is reflected in income from trading activities.

First-half income from financial instruments amounted to CHF 8.4 million, mainly due to the positive development of equities held in the conservative investment portfolio. This compares to the CHF 10.4 million gain recorded in the prior-year period.

Operating expenses increased during the period under review by CHF 22.7 million, from CHF –6.3 million to CHF 16.4 million. The reason for this is the conversion of the personnel pension fund from a defined-benefit to a defined-contribution scheme in 2012, as well as plan compensations that reduced personnel expenses by CHF 22.8 million in the prior-year period.

After depreciation and amortisation changed only negligibly versus the prior-year period, the valuation allowances, provisions and losses item reflects only a marginal change of CHF 0.4 million. The employee headcount decreased from 105 (30 June 2012) to 104 positions.

Financial report of VP Bank Group

Consolidated semi-annual report of VP Bank Group

Group results

In accordance with International Financial Reporting Standards (IFRS), VP Bank Group recorded consolidated net income of CHF 28.3 million for the first half of 2013. In the prior-year period, the Group earned a profit of CHF 34.3 million in keeping with IAS 19 revised (IAS 19R), a figure that basically included the influence of one-time effects in connection with the conversion of the personnel pension fund from a defined-benefit to a defined-contribution scheme, in the amount of CHF 22.8 million.

During the course of the first half of the year, the European debt crisis played a lesser role in market developments. However, structural problems in the peripheral states were also accompanied by fundamental economic weakness in the core EU member states. Nevertheless, the Swiss economy managed yet again to hold up reasonably well. Investments in Switzerland as well as the Swiss franc are enjoying continued demand among investors. The US central bank's indication that, under certain circumstances, it would gradually scale back its aggressive monetary policy led to knee-jerk reactions in fixed-income markets around the globe. Bond yields have meanwhile bounced off of their historical lows and are heading higher. These factors had an influence on the course of business at VP Bank.

In the first half of 2013, operating income rose in comparison to the prior-year period. As a result of the revived activity in the equity markets – for example, trading volume on SIX Swiss Exchange recorded a period-on-period increase of 12 per cent – the transaction-dependent client revenues showed a gratifying increase. Portfolio-based revenues also developed favourably. Strict cost management remained in place and further savings were realised.

Medium-term goals

For the medium term, VP Bank Group has set itself the following goals:

- a net new money inflow of an average of 5 per cent per year
- a cost/income ratio of 65 per cent
- a tier 1 ratio of 16 per cent

The first half of 2013 registered a CHF 439 million net outflow of client assets under management, or 1.5 per cent of the previous total.

The cost/income ratio stood at 64.4 per cent (prior-year period: 51.5 per cent). Total operating income rose by 1.7 per cent; however, costs increased by 27.3 per cent basically due to the conversion of the employee pension fund from a defined-benefit to a defined-contribution scheme that reduced personnel expenses by CHF 22.8 million in the prior-year period.

With a tier 1 ratio of 20.7 per cent as at 30 June 2013, VP Bank Group continues to have a very solid capital base. The ratio increased by 1.5 percentage points versus the 30 June 2012 reading. As has been the case in previous half-year periods, the medium-term target of 16 per cent, which itself lies far above the legally prescribed minimum of 8 per cent, was clearly exceeded. The Basel III rules will impose stricter capital-adequacy and liquidity requirements on credit institutions in future. Thanks to its sizeable core capital (tier 1), VP Bank Group, even after the introduction of Basel III, will have a tier 1 ratio that vouches for a high measure of stability and security relative to other institutions in its peer group.

Client assets

As of 30 June 2013, client assets under management at VP Bank Group amounted to CHF 28.8 billion. Compared to the 31 December 2012 reading of CHF 28.5 billion, this represents an increase of 1.1 per cent.

A net outflow of client assets totalling CHF 439 million in the first half of 2013 detracts somewhat from the Group's otherwise admirable achievements. The marketing efforts in our target markets were intensified in the first half of the year and successes were achieved. However, due to regulatory changes as well as a sizeable outflow from a third-party investment fund, the new client deposits were unable to compensate fully for the total outflow of client assets under management.

The performance-related increase in client assets amounted to CHF 0.8 billion (prior-year period: CHF 0.3 billion).

Assets held in custody decreased by 4.6 per cent to CHF 8.4 billion (31 December 2012: CHF 8.8 billion). Client assets including custody assets as of 30 June 2013 totalled CHF 37.2 billion (31 December 2012: CHF 37.3 billion).

Income statement

Total net operating income

Period-on-period, total operating income increased in the first half of 2013 by 1.7 per cent to CHF 127.9 million (1st HY 2012: CHF 125.7 million).

Income from the interest-differential business rose by 9.6 per cent from CHF 43.1 million last year to CHF 47.2 million in the current reporting period. Due to the relentlessly low level of interest rates, interest income from the client and banking business fell during the first half of the year, whereas interest expenses decreased. The measures implemented in the second half of 2012, which were aimed at boosting revenues from the interest differential business, showed favourable results during the period under review. The result from this item also includes profits of CHF 8.2 million from valuation changes in hedging operations via interest-rate swaps (prior-year period: hedging losses of CHF 3.1 million).

Gratifyingly, the trading activities of VP Bank's clients recovered in the first half of 2013. After having levelled off in the second half of 2012, revenues from that segment increased during the current reporting period. Income from commission business and services rose by 6.1 per cent to CHF 62.6 million (prior-year period: CHF 59.0 million).

As a result of the more conducive securities market environment, commission income increased by 22.4 per cent to CHF 20.1 million (prior-year period: CHF 16.4 million). A positive trend was also to be seen in fund management fees (CHF 27.6 million, up by CHF 2.5 million) as well as revenues from the portfolio management and investment business (CHF 19.5 million, CHF 1.0 million higher) during the first half of 2013.

Income from trading activities decreased by 19.5 per cent to CHF 9.0 million (prior-year period: CHF 11.2 million), whereas trading on behalf of clients rose by 27.7 per cent to CHF 13.1 million (previous year: CHF 10.2 million). In the first half of 2013, securities trading activities resulted in CHF –4.1 million (prior-year period: CHF 0.9 million) due to hedging operations.

Income from financial instruments totalled CHF 8.1 million for the first half of 2013. The lion's share of that amount was attributable to the favourable development of equity securities in the conservative investment portfolio. This compares with the CHF 11.9 million profit achieved in the prior-year period.

Operating expenses

Operating expenses rose period-on-period by CHF 17.7 million from CHF 64.7 million to CHF 82.4 million (+27.3 per cent).

The significantly higher amount is based on a CHF 19.0 million increase in personnel expenses (+46.2 per cent) to a total of CHF 60.0 million. The reason for this was basically the conversion of the employee pension fund from a defined-benefit to a defined-contribution scheme in 2012, that reduced personnel expenses by CHF 22.8 million in the prior-year period. Adjusted to account for these one-time effects, personnel expenses for the first half of 2013 actually decreased by CHF 3.8 million. At the end of June 2013, VP Bank Group employed 690.7 individuals (expressed as full-time equivalents), a decrease of 6.1 per cent (–44.5 FTEs) compared to the headcount on 30 June 2012 (735.2 FTEs).

General and administrative expenses fell by 5.4 per cent to CHF 22.4 million (prior-year period: CHF 23.7 million). Thanks to strict cost discipline, savings were realised in practically all areas.

Depreciation and amortisation, valuation allowances, provisions and losses

The charge for depreciation and amortisation was 7.3 per cent lower than in the prior-year period and amounted to CHF 13.4 million. The charges for valuation allowances, provisions and losses for the first half of 2013 declined by a significant CHF 7.6 million to stand at CHF 1.2 million (prior-year period: CHF 8.8 million). The establishment of loan provisions in the amount of CHF 2.9 million compares with an elimination of no longer needed loan provisions of CHF 2.2 million. These readings reflect the conservative lending policy of VP Bank Group and vouch for the quality of its credit portfolio.

Group net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft

After deducting the shares of minority shareholders, there remained consolidated net income of CHF 27.3 million (prior-year period, adjusted: CHF 35.2 million) attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft. Group net income per bearer share amounted to CHF 4.72 (30 June 2012, adjusted: CHF 6.11).

Balance sheet

Total assets rose marginally versus the 31 December 2012 amount by 2.5 per cent to CHF 10.9 billion. On the assets side, cash and cash equivalents have increased since the beginning of the year by 13.3 per cent to CHF 1.051 billion (31 December 2012: CHF 927 million).

Regardless of the current situation in the real estate market and especially the strong demand for long-term credits, VP Bank staunchly maintains its discipline and controls when it comes to granting loans. Since the beginning of the year, client loans have increased by CHF 108 million (2.9 per cent) to CHF 3.8 billion as at 30 June 2013.

On the liabilities side, client deposits and medium-term notes have increased since the beginning of the year by CHF 9.0 billion to stand at CHF 9.4 billion as of 30 June 2013.

The equity capital of VP Bank Group at the end of June 2013 amounted to CHF 906 million, which corresponds to an increase of CHF 17 million as at 31 December 2012. The shareholders' equity of Verwaltungs- und Privat-Bank Aktiengesellschaft has risen by 1.8 per cent since the beginning of the year and now stands at CHF 887 million.

The Bank's tier 1 ratio was 20.7 per cent on 30 June 2013 (30 June 2012: 19.2 per cent).

Outlook

The capital market environment remains challenging: despite the recent stock market gains, investors remain hesitant. Moreover, bonds with credit risks have gained in value, while purportedly safe investments such as gold have taken hard hits of late.

The financial markets have become addicted to the stimulus provided by the major central banks. For that reason, speculation about a potential retreat from today's expansive monetary policies could lead to intermittent uncertainties even if the central banks remain on their accommodative course. Also to be considered are location-specific factors such as the rapidly changing regulatory environment as well as the "tax issue".

These circumstances will undoubtedly have an influence on the results of VP Bank Group.

On 14 July 2013, VP Bank and HSBC Trinkaus & Burkhardt AG, Düsseldorf, agreed that VP Bank will take over the private banking activities of HSBC Trinkaus & Burkhardt (International) SA as well as the private-banking-related fund business of HSBC Trinkaus Investment Managers SA in Luxembourg. The transaction should be concluded before the end of 2013, at which point approximately 20 employees will be brought on board. This asset deal involves tax-compliant portfolio holdings in the amount of roughly CHF 2.5 billion as at 30 June 2013; decisive in this regard will be the client assets actually transferred subsequent to the acquisition.

The Board of Directors decided to take leave of VP Bank Group's trust businesses. The IGT Intergestions Trust reg. subsidiary in Vaduz is to be divested by means of a management buyout. In addition, subject to official approval, VP Bank Group intends to completely take over the VP Bank (BVI) Limited entity and cede its remaining financial interest to Allgemeines Treuunternehmen (ATU), Vaduz.

Following this divestiture, VP Bank Group will no longer hold any minority interests.

It is expected that these transactions will be concluded before the end of 2013.

Consolidated income statement

(unaudited)

in CHF 1,000	Note	01/01–30/06/2013	01/01–30/06/2012 adjusted[1]	Variance absolute	Variance in %
Interest income		56,445	62,657	–6,212	–9.9
Interest expense		9,204	19,567	–10,363	–53.0
Net interest income	**1**	**47,241**	**43,090**	**4,151**	**9.6**
Commission income		85,978	79,198	6,780	8.6
Commission expenses		23,416	20,225	3,191	15.8
Net income from commission business and services	**2**	**62,562**	**58,973**	**3,589**	**6.1**
Net income from trading activities	3	8,991	11,170	–2,179	–19.5
Income from financial instruments	4	8,133	11,938	–3,805	–31.9
Other income	5	979	547	432	79.0
Total net operating income		**127,906**	**125,718**	**2,188**	**1.7**
Personnel expenses	6	59,974	41,023	18,951	46.2
General and administrative expenses	7	22,397	23,670	–1,273	–5.4
Operating expenses		**82,371**	**64,693**	**17,678**	**27.3**
Gross income		**45,535**	**61,025**	**–15,490**	**–25.4**
Depreciation and amortisation	8	13,368	14,414	–1,046	–7.3
Valuation allowances, provisions and losses	9	1,168	8,803	–7,635	–86.7
Income before income tax		**30,999**	**37,808**	**–6,809**	**–18.0**
Taxes on income	10	2,694	3,535	–841	–23.8
Net income		**28,305**	**34,273**	**–5,968**	**–17.4**
Net income attributable to minority interests		984	–965	1,949	n.a.
Net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		**27,321**	**35,238**	**–7,917**	**–22.5**
Share information[2]					
Undiluted net income per bearer share	11	4.72	6.11		
Undiluted net income per registered share	11	0.47	0.61		
Fully diluted net income per bearer share	11	4.72	6.11		
Fully diluted net income per registered share	11	0.47	0.61		

[1] The restatements are described in the principles underlying financial statement reporting.
[2] Basis: weighted average number of shares, subscribed for at least six months.

Consolidated statement of comprehensive income (unaudited)

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012 adjusted[1]	Variance absolute	Variance in %
Net income	**28,305**	**34,273**	**–5,968**	**–17.4**
Other comprehensive income, after income tax				
Other comprehensive income, that will be reclassified to the income statement				
• Foreign-currency translation differences	2,146	964	1,182	122.6
• Foreign-currency translation differences, transferred to the income statement	0	0	0	n.a.
Total other comprehensive income, that will be reclassified to the income statement	**2,146**	**964**	**1,182**	**122.6**
Other comprehensive income, that will not be reclassified to the income statement				
• Changes in value of FVTOCI financial instruments	–823	–910	87	n.a.
• Actuarial gains/losses from defined-benefit pension plans	–524	–4,106	3,582	n.a.
Total other comprehensive income, that will not be reclassified to the income statement	**–1,347**	**–5,016**	**3,669**	**n.a.**
Other comprehensive income for the period recognised directly in equity (net-of-tax)	**799**	**–4,052**	**4,851**	**n.a.**
Total comprehensive income for the period (net-of-tax)	**29,104**	**30,221**	**–1,117**	**–3.7**
Attributable to non-controlling interests	1,590	–564	2,154	n.a.
Attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	27,514	30,785	–3,271	–10.6

[1] The restatements are described in the principles underlying financial statement reporting.

Consolidated balance sheet

(unaudited)

Assets

in CHF 1,000	Note	30/06/2013	31/12/2012	Variance absolute	Variance in %
Cash and cash equivalents		1,050,661	926,961	123,700	13.3
Receivables arising from money-market paper		0	0	0	n.a.
Due from banks		4,870,040	4,789,054	80,986	1.7
Due from customers		3,820,811	3,713,290	107,521	2.9
Trading portfolios		2,579	215	2,364	n.a.
Derivative financial instruments		38,862	50,751	–11,889	–23.4
Financial instruments at fair value	15	388,250	429,288	–41,038	–9.6
Financial instruments measured at amortised cost	15	513,871	502,566	11,305	2.2
Associated companies		45	44	1	2.3
Property and equipment		118,309	122,359	–4,050	–3.3
Goodwill and other intangible assets		49,566	55,832	–6,266	–11.2
Tax receivables		73	58	15	25.9
Deferred tax receivables		10,495	11,903	–1,408	–11.8
Accrued receivables and prepaid expenses		24,531	25,080	–549	–2.2
Other assets		16,990	14,028	2,962	21.1
Total assets		**10,905,083**	**10,641,429**	**263,654**	**2.5**

Liabilities and shareholders' equity

in CHF 1,000	Note	30/06/2013	31/12/2012	Variance absolute	Variance in %
Due to banks		243,232	374,727	–131,495	–35.1
Due to customers – savings and deposits		873,683	966,870	–93,187	–9.6
Due to customers – other liabilities		8,229,166	7,735,165	494,001	6.4
Derivative financial instruments		57,191	82,467	–25,276	–30.6
Medium-term notes		271,959	284,370	–12,411	–4.4
Debentures issued	12	198,721	198,513	208	0.1
Tax liabilities		4,551	3,689	862	23.4
Deferred tax liabilities		8,924	8,401	523	6.2
Accrued liabilities and deferred items		19,086	22,547	–3,461	–15.4
Other liabilities		85,490	68,755	16,735	24.3
Provisions		7,217	7,098	119	1.7
Total liabilities		**9,999,220**	**9,752,602**	**246,618**	**2.5**
Share capital	13	59,148	59,148	0	0.0
Less: treasury shares	14	–28,907	–33,493	4,586	13.7
Capital reserves		–12,951	–10,923	–2,028	–18.6
Income reserves		890,438	878,136	12,302	1.4
Unrealised gains/losses on FVTOCI financial instruments		–5,809	–4,986	–823	–16.5
Foreign-currency translation differences		–15,256	–16,796	1,540	9.2
Shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		**886,663**	**871,086**	**15,577**	**1.8**
Minority interests		19,200	17,741	1,459	8.2
Total shareholders' equity		**905,863**	**888,827**	**17,036**	**1.9**
Total liabilities and shareholders' equity		**10,905,083**	**10,641,429**	**263,654**	**2.5**

Consolidated balance sheet

(unaudited, restated)

Assets

in CHF 1,000	30/06/2012 restated[1]	31/12/2011 restated[1]	Variance absolute	Variance in %
Cash and cash equivalents	513,520	245,381	268,139	109.3
Receivables arising from money-market paper	0	124,938	–124,938	–100.0
Due from banks	4,954,190	5,143,910	–189,720	–3.7
Due from customers	3,953,735	3,851,050	102,685	2.7
Trading portfolios	–6	–44	38	n.a.
Derivative financial instruments	30,693	103,690	–72,997	–70.4
Financial instruments at fair value	438,700	461,325	–22,625	–4.9
Financial instruments measured at amortised cost	534,169	558,297	–24,128	–4.3
Associated companies	29	25	4	16.0
Property and equipment	124,734	129,157	–4,423	–3.4
Goodwill and other intangible assets	63,091	70,812	–7,721	–10.9
Tax receivables	378	368	10	2.7
Deferred tax receivables	16,574	17,934	–1,360	–7.6
Accrued receivables and prepaid expenses	28,411	31,374	–2,963	–9.4
Other assets	18,911	12,957	5,954	46.0
Total assets	**10,677,129**	**10,751,174**	**–74,045**	**–0.7**

Liabilities and shareholders' equity

in CHF 1,000	30/06/2012 restated[1]	31/12/2011 restated[1]	Variance absolute	Variance in %
Due to banks	408,623	352,481	56,142	15.9
Due to customers – savings and deposits	952,407	931,733	20,674	2.2
Due to customers – other liabilities	7,732,977	7,760,773	–27,796	–0.4
Derivative financial instruments	57,932	129,443	–71,511	–55.2
Medium-term notes	315,509	251,713	63,796	25.3
Debentures issued	198,304	324,664	–126,360	–38.9
Tax liabilities	5,141	3,230	1,911	59.2
Deferred tax liabilities	10,516	8,992	1,524	16.9
Accrued liabilities and deferred items	26,506	25,791	715	2.8
Other liabilities	109,650	115,112	–5,462	–4.7
Provisions	12,477	6,362	6,115	96.1
Total liabilities	**9,830,042**	**9,910,294**	**–80,252**	**–0.8**
Share capital	59,148	59,148	0	0.0
Less: treasury shares	–33,985	–38,632	4,647	–12.0
Capital reserves	–9,638	–3,882	–5,756	148.3
Income reserves	830,892	822,665	8,227	1.0
Unrealised gains/losses on FVTOCI financial instruments	–3,676	–2,766	–910	32.9
Foreign-currency translation differences	–14,076	–14,639	563	–3.8
Shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	828,665	821,894	6,771	0.8
Minority interests	18,422	18,986	–564	–3.0
Total shareholders' equity	**847,087**	**840,880**	**6,207**	**0.7**
Total liabilities and shareholders' equity	**10,677,129**	**10,751,174**	**–74,045**	**–0.7**

[1] The restatements are described in the principles underlying financial statement reporting.

Consolidated changes in shareholders' equity (unaudited)

in CHF 1,000	Share capital	Treasury shares	Capital reserves	Income reserves	Unrealised gains/ losses FVTOCI	Actuarial gains/ losses from defined-benefit pension plans	Foreign-currency trans-lation differ-ences	Equity of share-holders of Verwal-tungs- und Privat-Bank AG, Vaduz	Minority interests	Total share-holders' equity
Total shareholders' equity 01/01/2013	**59,148**	**–33,493**	**–10,923**	**903,689**	**–4,986**	**–25,553**	**–16,796**	**871,086**	**17,741**	**888,827**
Other comprehensive income, after income tax										
Foreign-currency translation differences							1,540	1,540	606	2,146
Changes in value transferred to profit reserves								0		0
Changes in value of FVTOCI financial instruments					–823			–823		–823
Actuarial gains/losses from defined-benefit pension plans						–524		–524		–524
Net income				27,321				27,321	984	28,305
Total reported result 30/06/2013	**0**	**0**	**0**	**27,321**	**–823**	**–524**	**1,540**	**27,514**	**1,590**	**29,104**
Dividends 2012				–14,495				–14,495		–14,495
Management equity participation plan (LTI)			–783					–783	–131	–914
Movement in treasury shares[3]		4,586	–1,245					3,341		3,341
Total shareholders' equity 30/06/2013	**59,148**	**–28,907**	**–12,951**	**916,515**	**–5,809**	**–26,077**	**–15,256**	**886,663**	**19,200**	**905,863**
Total shareholders' equity 01/01/2012, adjusted	**59,148**	**–38,632**	**–3,882**	**879,246**	**–2,766**	**–56,581**	**–14,639**	**821,894**	**18,986**	**840,880**
Other comprehensive income, after income tax										
Foreign-currency translation differences							563	563	401	964
Changes in value transferred to profit reserves								0		0
Changes in value of FVTOCI financial instruments					–910			–910		–910
Actuarial gains/losses from defined-benefit pension plans[1]						–4,106		–4,106		–4,106
Net income				35,238				35,238	–965	34,273
Total reported result 30/06/2012	**0**	**0**	**0**	**35,238**	**–910**	**–4,106**	**563**	**30,785**	**–564**	**30,221**
Dividends 2011				–8,872				–8,872		–8,872
Coupon tax on old reserves[2]				–14,033				–14,033		–14,033
Management equity participation plan (LTI)			–2,216					–2,216		–2,216
Movement in treasury shares[3]		4,647	–3,540					1,107		1,107
Total shareholders' equity 30/06/2012	**59,148**	**–33,985**	**–9,638**	**891,579**	**–3,676**	**–60,687**	**–14,076**	**828,665**	**18,422**	**847,087**

[1] Details can be found in the principles underlying financial statement reporting.
[2] Drawdown of old reserves subject to the coupon tax of Verwaltungs- und Privat-Bank AG, Vaduz, as resolved at the 2012 annual general meeting.
[3] Details of treasury share transactions are presented in note 14.

Consolidated statement of cash flow

(unaudited)

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012 adjusted[1]
Cash and cash equivalents at the beginning of the financial year	**1,902,397**	**1,168,151**
Net cash flow from operating activities	–256,351	225,779
Net cash flow from investment activities	39,668	56,006
Net cash flow from financing activities	–23,905	–84,505
Impact of foreign-currency translation	–1,894	5,260
Cash and cash equivalents at the end of the period	**1,659,915**	**1,370,691**
Change in cash and cash equivalents	–242,482	202,540
Cash and cash equivalents are represented by		
Cash	1,050,661	513,520
Receivables arising from money-market paper	0	0
Due from banks – at-sight balances	609,254	857,171
Total cash and cash equivalents	**1,659,915**	**1,370,691**

[1] Details can be found in the principles underlying financial statement reporting.

Principles underlying financial statement reporting

The unaudited interim consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IAS 34). The semi-annual financial statements were drawn up on the basis of financial statement reporting standards applied in the 2012 annual consolidated financial statements. These are to be found in the 2012 annual report, page 99 ff.

Since 1 January 2013, the following new and revised standards and interpretations have been in effect:

IAS 1 (amendments) – Presentation of Items of Other Comprehensive Income

Under the revised standard, items recognised as other comprehensive income must be divided into two categories: those that will be reclassified to profit and loss in a subsequent period (recycling) and those that will never be reclassified.

IFRS 7 (amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities

The new regulations are designed to help users of financial statements better assess the effect (or potential effect) of offsetting arrangements, including the right to offset financial assets and financial liabilities, on a company's financial position.

IFRS 10 – Consolidated Financial Statements

The new standard replaces IAS 27 – Consolidated and Separate Financial Statements as well as SIC-12 Consolidation – Special Purpose Entities. It creates a single definition for control and thereby a common basis for the existence of a parent-subsidiary relationship and the corresponding delineation of the consolidation scope.

IFRS 10 also clarifies a number of issues that were previously not addressed, including for example principal-agent relationships.

IFRS 11 – Joint Arrangements

The new standard focuses on the rights and obligations arising from joint arrangements instead of the legal form of such arrangements. Joint operations, in which each partner recognises its share of assets and liabilities, as well as revenue an<d expenses from the joint operation, are distinguished from joint ventures, which are recognised using the equity method in the consolidated financial statements.

IFRS 12 – Disclosure of Interest in Other Entities

The new standard covers the disclosure standards for interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This information is designed to help users of financial statements evaluate the nature and risks of investments in other entities and their effect on the financial position.

IFRS 13 – Fair Value Measurement

The new standard provides a single and consistent method for reporting fair value and applies when another standard requires or allows fair value measurements and disclosures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is therefore a market-based measurement.

The new standard also includes additional disclosure requirements related to the measurement of fair value. Furthermore, it establishes several disclosure requirements for financial instruments in interim financial statements.

With the exception of IAS 1 and IFRS 13, the new standards had no impact on the interim financial reporting. IFRS 13 had no impact on the fair value of recognised assets and therefore no impact on shareholders' equity and consolidated net income. Additional disclosures required by IFRS 13 for the interim financial statements are included in the notes to the consolidated financial statements in the section "Financial instruments".

Change in accounting principles as a result of the early application of "2011 revision" of IAS 19 (IAS 19R) "Employee benefits"

In 2012, VP Bank Group chose to apply IAS 19R "Employee benefits" and the related changes prior to the 1 January 2013 mandatory date of entry into force. As a result, the previous year's figures were restated in accordance with the transitional provisions of paragraph 173 of IAS 19R. The IAS 19 restatements affect the recognition of post-employment obligations from defined-benefit plans as well as termination benefits. The most significant adjustments involve the recognition of changes in plan assets as well as the present value of post-employment benefit obligations. The revised standard requires that these changes be recognised immediately at the time of their occurrence. The corridor method used by the Group under the former IAS 19 no longer applies.
All actuarial gains and losses must be recognised immediately

in other comprehensive income. As a result of this change, pension obligations and pension plan assets recognised on the balance sheet correspond to the pension plan deficit/surplus, after taking into account the effects of IFRIC 14 (IAS 19 – The limit on a defined-benefit asset, minimum funding requirements and their interaction).

In addition, the past service cost is immediately recognised through profit and loss. For plans where employee contributions are set out in the formal terms of the plan, a reduction in the plan liability may be recognised to reflect the sharing of risk between employer and employee. The interest expense on the present value of the defined-benefit obligation along with the expected return on plan assets under IAS 19 is replaced by the net interest expense method under IAS 19R. This net expense is determined on the basis of the discount rate and pension obligation or plan asset at the beginning of the period. The revised standard also changes the presentation of employee benefit costs and disclosures in the notes to the financial statements.

Impact of early application of IAS 19R

The early application of IAS 19R "Employee benefits" had a material impact on the 2012 annual financial statements, which is presented in note 41 to the 2012 annual report on pages 147 ff. and described in these interim financial statements below. Pursuant to IAS 8, the Group's shareholders' equity as from 1 January 2011 was reduced by CHF 31.6 million, and the 2011 annual financial statements and 2012 interim financial statements were adjusted in accordance with the requirements of IAS 19R. As a result of this adjustment, Group net income for the first half of 2012 increased by CHF 9.5 million from CHF 24.7 million to CHF 34.3 million. Shareholders' equity was reduced by CHF 52.3 million as at 30 June 2012.

Events subsequent to the balance-sheet date

There have been no events subsequent to the 30 June 2013 balance-sheet date that could have a material impact on the income statement or balance sheet.

The Board of Directors addressed and approved this semi-annual report at its meeting on 22 August 2013.

The Board of Directors decided to take leave of VP Bank Group's trust businesses. The IGT Intergestions Trust reg. subsidiary in Vaduz is to be divested by means of a management buyout. In addition, subject to official approval, VP Bank Group intends to completely take over the VP Bank (BVI) Limited entity and cede its remaining financial interest to Allgemeines Treuunternehmen (ATU), Vaduz.

Following this divestiture, VP Bank Group will no longer hold any minority interests. These transactions have no material influence on the income statement or shareholders' equity of VP Bank Group.

VP Bank Group has agreed to take over the private banking activities of HSBC Trinkaus & Burkhardt (International) SA, as well as that company's private-banking-related investment fund business in Luxembourg. This asset deal involves tax-compliant portfolio holdings totalling approximately CHF 2.5 billion, whereas the precise amount will depend on the client assets actually transferred.

It is expected that these transactions will be concluded before the end of 2013.

The following exchange rates apply in respect of the most important Group currencies:

	Balance-sheet-date rates			Average rates			Variance: Balance-sheet-date rates		Variance: Average rates	
	30/06/2013	30/06/2012	31/12/2012	1st HY 2013	1st HY 2012	2012	actual year	previous year	actual year	previous year
USD/CHF	0.9462	0.9465	0.9154	0.9363	0.9291	0.9383	3%	0%	0%	1%
EUR/CHF	1.2299	1.2012	1.2068	1.2296	1.2047	1.2052	2%	2%	2%	2%
SGD/CHF	0.7460	0.7472	0.7494	0.7531	0.7349	0.7510	0%	0%	0%	2%
HKD/CHF	0.1220	0.1220	0.1181	0.1207	0.1197	0.1210	3%	0%	0%	1%
GBP/CHF	1.4350	1.4845	1.4879	1.4451	1.4645	1.4866	–4%	–3%	–3%	–1%

Restatement of prior-year comparative figures

Effect on 2012 financial statements of early adoption of IAS 19R:

in CHF 1,000	31/12/2011 as reported	Restatement IAS 19R	31/12/2011 as restated
Impact on balance sheet and shareholders' equity			
Deferred tax assets	7,698	10,236	17,934
Other assets (accrued receivables – pension costs)	14,084	–1,127	12,957
Deferred tax liabilities	9,217	–225	8,992
Other liabilities (accrued pension costs)	48,069	67,043	115,112
Shareholders' equity	898,589	–57,709	840,880

in CHF 1,000	30/06/2012 as reported	Restatement IAS 19R	30/06/2012 as restated
Impact on balance sheet and shareholders' equity			
Deferred tax assets	8,870	7,704	16,574
Other assets (accrued receivables – pension costs)	20,038	–1,127	18,911
Deferred tax liabilities	10,741	–225	10,516
Other liabilities (accrued pension costs)	50,575	59,075	109,650
Shareholders' equity	899,360	–52,273	847,087
Impact on income statement and Group net income			
Personnel expenses	50,565	-9,542	41,023
Group net income	24,731	9,542	34,273
Group net income per bearer share (in CHF)	4.46	1.65	6.11
Impact on comprehensive income			
Group net income	**24,731**	**9,542**	**34,273**
Financial instruments	–910	0	–910
Foreign-currency translation differences	964	0	964
Actuarial gains and losses	0	–1,574	–1,574
Income taxes on actuarial gains and losses	0	–2,532	–2,532
Comprehensive income in shareholders' equity	**54**	**–4,106**	**–4,052**
Comprehensive income in income statement and shareholders' equity	**24,785**	**5,436**	**30,221**
Attributable to non-controlling interests	–564	0	–564
Attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	25,349	5,436	30,785
Impact on statement of cash flow			
Group net income	24,731	9,542	34,273
Cash flow from operating activities	225,779	0	225,779
Cash flow from investing activities	56,006	0	56,006
Cash flow from financing activities	–84,505	0	–84,505
Foreign-currency impact	5,260	0	5,260
Changes in cash and cash equivalents	202,540	0	202,540

Changes in consolidated shareholders' equity

in CHF 1,000	Share capital	Treasury shares	Capital reserves	Income reserves	Movements in financial instruments FVTOCI	Actuarial gains/losses from defined-benefit pension plans	Foreign-currency translation differences	**Equity attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz**	Non-controlling interests	Total shareholders' equity
Shareholders' equity as reported as of 31/12/2011	59,148	−38,632	−3,882	880,374	−2,766	0	−14,639	**879,603**	18,986	898,589
Adjustments early adoption of IAS 19 revised				−1,128		−67,085		**−68,213**		−68,213
Tax effect						10,504		**10,504**		10,504
Shareholders' equity as of 31/12/2011 (as restated)	59,148	−38,632	−3,882	879,246	−2,766	−56,581	−14,639	**821,894**	18,986	840,880
Balance as reported as of 01/01/2012	59,148	−38,632	−3,882	880,374	−2,766	0	−14,639	**879,603**	18,986	898,589
Movement in shareholders' equity prior to effect of IAS 19 revised		4,647	−5,756	2,791	−910		563	**1,335**	−564	771
Shareholders' equity as of 30/06/2012	59,148	−33,985	−9,638	883,165	−3,676	0	−14,076	**880,938**	18,422	899,360
Adjustments early adoption of IAS 19 revised 2011				−1,128		−56,581		**−57,709**		−57,709
Adjustments early adoption of IAS 19 revised 2012				9,542		−1,574		**7,968**		7,968
Tax effect						−2,532		**−2,532**		−2,532
Shareholders' equity as of 30/06/2012 (as restated)	59,148	−33,985	−9,638	891,579	−3,676	−60,687	−14,076	**828,665**	18,422	847,087

Notes to the consolidated income statement and consolidated balance sheet (unaudited)

1 Interest income

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Interest and discount income	0	62	–62	–100.0
Interest income from banks	8,056	20,742	–12,686	–61.2
Interest income from customers	33,798	37,463	–3,665	–9.8
Interest income from financial instruments measured at amortised cost	5,804	7,016	–1,212	–17.3
Interest-rate instruments	8,238	–3,103	11,341	n.a.
Loan commissions with the character of interest	549	477	72	15.1
Total interest income	**56,445**	**62,657**	**–6,212**	**–9.9**
Interest expenses on amounts due to banks	1,022	4,574	–3,552	–77.7
Interest expenses on amounts due to customers	3,686	9,075	–5,389	–59.4
Interest expenses on medium-term notes	1,765	1,806	–41	–2.3
Interest expenses on debentures issued	2,731	4,112	–1,381	–33.6
Total interest expenses	**9,204**	**19,567**	**–10,363**	**–53.0**
Net interest income	**47,241**	**43,090**	**4,151**	**9.6**

2 Income from commission business and services

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Commission income from credit business	424	379	45	11.9
Asset management and investment business[1]	19,476	18,518	958	5.2
Brokerage fees	20,076	16,398	3,678	22.4
Securities account fees	7,572	7,809	–237	–3.0
Fund management fees	27,598	25,136	2,462	9.8
Fiduciary commissions	357	670	–313	–46.7
Commission income from other services	10,475	10,288	187	1.8
Total income from commission business and services	**85,978**	**79,198**	**6,780**	**8.6**
Brokerage expenses	2,193	2,091	102	4.9
Other commission- and service-related expenses	21,223	18,134	3,089	17.0
Total expenses from commission business and services	**23,416**	**20,225**	**3,191**	**15.8**
Net income from commission business and services	**62,562**	**58,973**	**3,589**	**6.1**

[1] Income securities processing, asset management commissions, investment advisory, all-in fees, securities lending and borrowing.

3 Income from trading activities

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Securities trading[1]	–4,075	936	–5,011	n.a.
Interest income from trading portfolios	0	0	0	n.a.
Dividend income from trading portfolios	0	0	0	n.a.
Foreign currency	11,673	9,317	2,356	25.3
Banknotes, precious metals and other	1,393	917	476	51.9
Net income from trading activities	**8,991**	**11,170**	**–2,179**	**–19.5**

[1] The results from derivatives for risk minimisation are included in this item.

4 Income from financial instruments

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Income from financial instruments at fair value	7,990	12,396	–4,406	–35.5
Income from financial instruments measured at amortised cost	143	–458	601	n.a.
Total income from financial instruments	**8,133**	**11,938**	**–3,805**	**–31.9**
Income from financial instruments at fair value				
Income from financial instruments at fair value	3,534	8,377	–4,843	–57.8
Interest income from financial instruments at fair value	2,361	3,362	–1,001	–29.8
Dividend income from financial instruments at fair value	182	152	30	19.7
Dividend income from FVTOCI financial instruments	1,913	505	1,408	278.8
thereof from derecognised FVTOCI financial instruments	0	0	0	n.a.
Income from liabilities designated at fair value	0	0	0	n.a.
Total	**7,990**	**12,396**	**–4,406**	**–35.5**
Income from financial instruments measured at amortised cost				
Income from financial instruments measured at amortised cost	–113	–975	862	88.4
Realised gains/losses on financial instruments measured at amortised cost	256	517	–261	–50.5
Total	**143**	**–458**	**601**	**n.a.**

5 Other income

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Income from real estate	135	152	–17	–11.2
Gains of associated companies	1	4	–3	–75.0
Miscellaneous other income	843	391	452	115.6
Total other income	**979**	**547**	**432**	**79.0**

6 Personnel expenses

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012 adjusted[1,2]	Variance absolute	Variance in %
Salaries and wages	47,978	49,844	–1,866	–3.7
Social contributions required by law	3,943	4,217	–274	–6.5
Contributions to pension plans / defined-benefit plans[1, 2]	5,564	–16,454	22,018	n.a.
Contributions to pension plans / defined-contribution plans	473	434	39	9.0
Other personnel expenses	2,016	2,982	–966	–32.4
Total personnel expenses	**59,974**	**41,023**	**18,951**	**46.2**

1 The restatements are described in the principles underlying financial statement reporting, article "Change in accounting principles as a result of the early application of IAS 19R".
2 Including a non-recurring credit totalling CHF 19.6 million relating to the conversion of the Treuhand-Personalstiftung (Group pension fund) from a defined-benefit to defined-contribution scheme under IAS 19 (revised).

7 General and administrative expenses

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Occupancy expenses	4,080	3,960	120	3.0
Insurance	549	591	–42	–7.1
Professional fees	3,103	3,193	–90	–2.8
Financial information procurement	2,836	3,111	–275	–8.8
Telecommunication and postage	564	624	–60	–9.6
IT systems	6,505	7,068	–563	–8.0
Marketing and public relations	1,617	1,755	–138	–7.9
Capital taxes	55	56	–1	–1.8
Other general and administrative expenses	3,088	3,312	–224	–6.8
Total general and administrative expenses	**22,397**	**23,670**	**–1,273**	**–5.4**

8 Depreciation and amortisation

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Depreciation and amortisation of property and equipment	5,170	5,054	116	2.3
Amortisation of intangible assets	8,198	9,360	–1,162	–12.4
Total depreciation and amortisation	**13,368**	**14,414**	**–1,046**	**–7.3**

9 Valuation allowances, provisions and losses

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Credit risks	2,921	6,989	–4,068	–58.2
Other	983	4,806	–3,823	–79.5
Release of valuation allowances and provisions no longer required	–2,736	–2,992	256	8.6
Total valuation allowances, provisions and losses	**1,168**	**8,803**	**–7,635**	**–86.7**

10 Taxes on income

in CHF 1,000	01/01–30/06/2013	01/01–30/06/2012	Variance absolute	Variance in %
Total current taxes	1,515	2,702	–1,187	–43.9
Total deferred taxes	1,179	833	346	41.5
Total taxes on income	**2,694**	**3,535**	**–841**	**–23.8**

11 Earnings per share

	30/06/2013	30/06/2012
Consolidated earnings per share of Verwaltungs- und Privat-Bank AG, Vaduz		
Net income (in CHF 1,000)[1]	27,321	35,238
Weighted average of bearer shares	5,189,696	5,167,258
Weighted average of registered shares	5,961,612	5,964,505
Total weighted average number of bearer shares	5,785,857	5,763,709
Undiluted consolidated earnings per bearer share	4.72	6.11
Undiluted consolidated earnings per registered share	0.47	0.61
Fully diluted consolidated earnings per share of Verwaltungs- und Privat-Bank AG, Vaduz		
Net income (in CHF 1,000)[1]	27,321	35,238
Adjusted consolidated net income (in CHF 1,000)	27,321	35,238
Number of shares used to compute the fully diluted consolidated net income	5,785,857	5,763,709
Fully diluted consolidated earnings per bearer share	4.72	6.11
Fully diluted consolidated earnings per registered share	0.47	0.61

[1] On the basis of the net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.

12 Debentures, Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz

Year of issue in CHF 1,000	ISIN	Interest rate in %	Currency	Maturity	Nominal amount	Total 30/06/2013	Total 31/12/2012
2010	CH0112734469	2.5	CHF	27.05.16	200,000	198,721	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. The difference between issue price and redemption price of the security is amortised over the duration of the debt security using the effective interest method (2.73 per cent).

13 Share capital

	No. of shares 30/06/2013	Nominal CHF 30/06/2013	No. of shares 31/12/2012	Nominal CHF 31/12/2012
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
Total share capital		**59,147,637**		**59,147,637**

All shares are fully paid up.

14 Treasury shares

	No. of shares 30/06/2013	in CHF 1,000 30/06/2013	No. of shares 31/12/2012	in CHF 1,000 31/12/2012
Registered shares at the beginning of the financial year	45,084	572	40,748	587
Purchases	1,875	12	9,336	56
Sales	–11,750	–90	–5,000	–71
Balance of registered shares as of balance-sheet date	**35,209**	**494**	**45,084**	**572**
Bearer shares at the beginning of the financial year	130,207	32,921	150,970	38,045
Purchases	29,720	2,195	47,764	3,528
Sales	–46,238	–6,703	–68,527	–8,652
Balance of bearer shares as of balance-sheet date	**113,689**	**28,413**	**130,207**	**32,921**

15 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. Fair value equates to the price that would be realised in an orderly transaction between market participants at the date of measurement upon sale of the asset or would be paid in transferring the liability.

in CHF million	Carrying value 30/06/2013	Fair value 30/06/2013	Variance	Carrying value 31/12/2012	Fair value 31/12/2012	Variance
Assets						
Cash and cash equivalents	1,051	1,051	0	927	927	0
Receivables arising from money-market paper	0	0	0	0	0	0
Due from banks	4,870	4,870	0	4,789	4,790	1
Due from customers	3,821	3,899	78	3,713	3,818	105
Trading portfolios	3	3	0	0	0	0
Derivative financial instruments	39	39	0	51	51	0
Financial instruments at fair value	388	388	0	429	429	0
Financial instruments measured at amortised cost	514	527	13	503	522	19
Subtotal			**92**			**125**
Liabilities						
Due to banks	243	243	0	375	375	0
Due to customers	9,103	9,102	1	8,702	8,701	1
Derivative financial instruments	57	57	0	82	82	0
Medium-term notes	272	276	–4	284	291	–7
Debenture issue	199	212	–13	199	216	–17
Subtotal			**–16**			**–23**
Total variance			**76**			**102**

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 amounts 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 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, 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). Level 3 inputs consist mainly in funds for which a mandatory net asset value is not published at least on a quarterly basis. The fair value of these positions is typically measured through independent expert appraisals based on the amount of future distributions of fund shares or corresponds to the purchase cost of the securities less any possible impairment.

Valuation methods for financial instruments

in CHF million at fair value	Quoted market prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	Total
Assets 30/06/2013				
Receivables arising from money-market paper	0	0	0	**0**
Trading portfolios	3	0	0	**3**
Derivative financial instruments	0	39	0	**39**
Financial instruments at fair value	347	36	5	**388**
Financial instruments measured at amortised cost	527	0	0	**527**
Liabilities 30/06/2013				
Derivative financial instruments	0	57	0	**57**
Assets 31/12/2012				
Receivables arising from money-market paper	0	0	0	**0**
Trading portfolios	0	0	0	**0**
Derivative financial instruments	0	51	0	**51**
Financial instruments at fair value	383	40	6	**429**
Financial instruments measured at amortised cost	522	0	0	**522**
Liabilities 31/12/2012				
Derivative financial instruments	0	82	0	**82**

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 not based on market data).

Level 3 financial instruments in CHF million	30/06/2013	31/12/2012
Balance sheet		
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	–0.2	–4.7
Losses recognised in the income statement	0.0	–5.3
Losses recognised as other comprehensive income	–0.2	–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	0.0	–0.1
Total book value at balance-sheet date	**5.4**	**5.8**
Income on holdings on balance-sheet date		
Unrealised losses recognised in the income statement	0.0	–0.4
Unrealised losses recognised as other comprehensive income	–0.2	–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 30 June 2013 or 31 December 2012.

Fair value sensitivity of Level 3 financial instruments:

Changes in net asset values of investment funds lead to corresponding changes in the fair value of these financial instruments. A reasonable change in the basic assumptions or estimated value has no material impact on profit and loss or other comprehensive income.

Consolidated off-balance-sheet positions

in CHF 1,000	30/06/2013	31/12/2012
Total contingent liabilities	90,417	98,461
Irrevocable facilities granted	27,973	24,045
Total fiduciary transactions	928,220	968,038
Contract volumes of derivative financial instruments	4,804,779	4,394,952
Securities lending and repurchase and reverse-repurchase transactions with securities		
Amounts receivable arising from cash deposits in connection with securities borrowing and reverse-repurchase transactions	636,520	511,738
Amounts payable arising from cash deposits in connection with securities lending and 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	367,779	575,966
of which securities where the unlimited right to sell on or pledge has been granted	243,987	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 sell on or further pledge has been granted	1,018,649	974,065
of which securities which have been resold or repledged	149,117	125,407

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.

Client assets

in CHF million	30/06/2013	31/12/2012	Variance absolute	Variance in %
Analysis of client assets under management				
Assets in self-administered investment funds	2,982.5	3,123.4	–140.9	–4.5
Assets in discretionary asset-management accounts	2,879.7	2,855.5	24.2	0.8
Other client assets under management	22,937.8	22,511.7	426.1	1.9
Total client assets under management (including amounts counted twice)	**28,800.0**	**28,490.5**	**309.5**	**1.1**
of which: amounts counted twice	1,703.6	2,013.3	–309.7	–15.4
Net new money	**–438.7**	**–192.0**	**–246.7**	**n.a.**
Custody assets	**8,423.4**	**8,826.1**	**–402.7**	**–4.6**
Total client assets				
Total client assets under management (including amounts counted twice)	28,800.0	28,490.5	309.5	1.1
Custody assets	8,423.4	8,826.1	–402.7	–4.6
Total client assets	**37,223.4**	**37,316.6**	**–93.3**	**–0.2**

Capital-adequacy computation

in CHF 1,000	30/06/2013	31/12/2012
Core capital (unadjusted)	884,351	879,026
Eligible core capital (tier 1)	852,282	840,567
Eligible core capital (adjusted)	844,528	833,984
Total required equity	328,723	313,342
Ratio eligible (adjusted) / required equity[1]	256.9%	266.2%
Eligible (adjusted) core capital (including "innovative" instruments)	20.6%	21.3%
Eligible equity tier 1[2]	20.7%	21.5%

[1] Eligible equity (as adjusted) as a percentage of required equity (net).
[2] Eligible core capital (tier 1) as a percentage of the risk-weighted positions plus the required equity for market risks, operational risks and for unsettled transaction positions, converted into equivalent units by multiplying by 12.5.

VP Bank Group

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Shareholder information

Tuesday, 18 March 2014
Media and analyst conference, 2013 financial result

Friday, 25 April 2014
Annual general meeting of shareholders 2014

Tuesday, 26 August 2014
Round-table discussion on semi-annual results 2014

Core data on shares
Bearer shares listed on SIX Swiss Exchange

Symbol on SIX	VPB
Bloomberg ticker	VPB SW
Reuters ticker	VPB.S
Security number	1073721
ISIN	LI0010737216
SEDOL number	5968006 CH