

# ART EXPERIENCE



# SHAREHOLDER INFORMATION

## VP Bank Group at a glance

- Founded in 1956
- Third-largest bank in Liechtenstein
- Over 1,000 employees
- Listed on SIX Swiss Exchange
- "A" rating from Standard & Poor's
- Six locations worldwide in key financial centres (Vaduz, Zurich, Luxembourg, Singapore, Hong Kong, Tortola/BVI)
- Focus on asset management for intermediaries and private individuals
- International fund competence centre

## Goals for Strategy 2026

- Profit: Group net income of CHF 100 million by 2026
- Growth: net new money >4% p.a. over the cycle
- Profitability: profit margin >15 bps and cost/income ratio 70% until 2026
- Stability: tier 1 ratio >20% over the cycle

## AGENDA 2023

Annual results	7 March 2023
Annual general meeting of shareholders	28 April 2023
Dividend payment	5 May 2023
Semi-annual results	17 August 2023

## MASTER DATA

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

## ABOUT THE CONTENT

In 2021, the VP Bank Art Foundation celebrated its 25<sup>th</sup> year of existence. The Art Foundation is based on VP Bank's sustained commitment to culture. On the occasion of this anniversary, the wider public was given access to the VP Bank Art Foundation's collection as part of an exhibition at the Kunstmuseum Liechtenstein in Vaduz. The annual report presents seven artists and the focus of their work. Let yourself be moved by striking impressions from the collection and discover exciting works of modern art that can be viewed at the VP Bank offices, thus also turning art into an experience at the workplace.

You can find further information about the artists and the VP Bank Art Foundation in the online annual report available at [report.vpbank.com](http://report.vpbank.com) and on our website.

THE COMPLETE SEMI-ANNUAL REPORT IS ALSO AVAILABLE ONLINE AND CAN BE DOWNLOADED AS A PDF:



Semi-annual report 2022  
[report.vpbank.com/en](http://report.vpbank.com/en)

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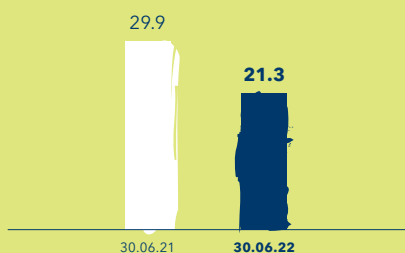
### **Financial report of VP Bank Group**

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# Our financial half-year 2022

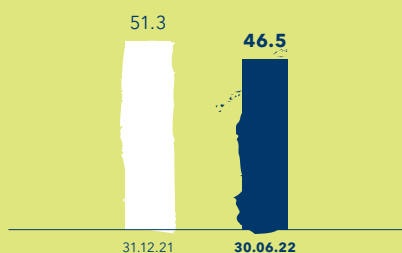
**NET INCOME** / CHF million

**-28.7%**



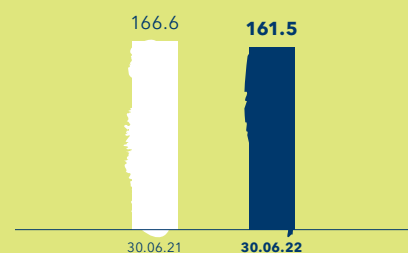
**CLIENT ASSETS**<sup>1</sup> / CHF billion

**-9.3%**



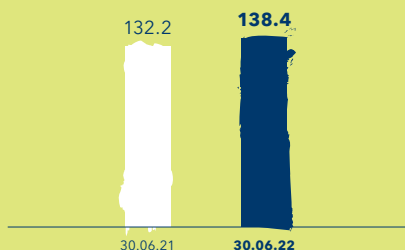
**TOTAL OPERATING INCOME** / CHF million

**-3.1%**



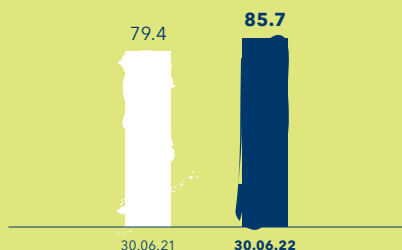
**OPERATING EXPENSES** / CHF billion

**+4.7%**



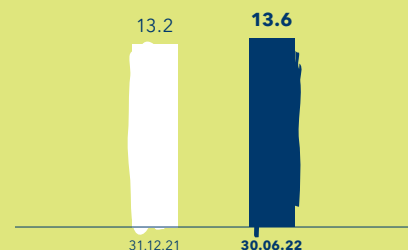
**COST/INCOME RATIO**<sup>2</sup> / in %

**+7.9%**



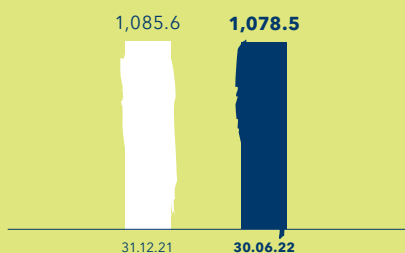
**TOTAL ASSETS** / CHF billion

**+3.3%**



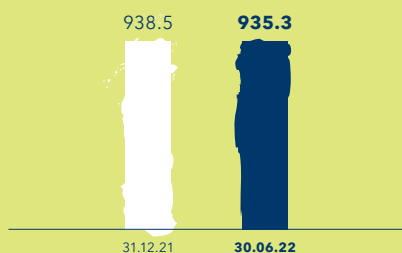
**TOTAL SHAREHOLDERS' EQUITY** / CHF million

**-0.7%**



**HEADCOUNT**<sup>3</sup> / Expressed as full-time equivalents

**-0.3%**



**SHARE PRICE PERFORMANCE**<sup>4</sup>



<sup>1</sup>Client assets under management excl. custody assets

<sup>2</sup>Operating expenses / total operating income

<sup>3</sup>Excluding student apprentices. In accordance with legal requirements, apprentices are to be included in headcount statistics as 50 per cent of equivalent full-time employees.

<sup>4</sup>VP Bank registered shares A (in CHF)

## KEY FIGURES OF VP BANK GROUP

	30.06.2022	30.06.2021	31.12.2021	Variance to 30.06.2021 in %
<b>KEY INCOME STATEMENT DATA IN CHF MILLION<sup>1, 2</sup></b>				
Total net interest income	55.6	55.9	110.0	-0.5
Total net income from commission business and services	72.0	78.0	156.5	-7.7
Income from trading activities	27.1	24.1	50.0	12.4
Income from financial instruments	6.5	7.3	11.5	-11.0
Total operating income	161.5	166.6	329.9	-3.1
Operating expenses	138.4	132.2	272.1	4.7
Group net income	21.3	29.9	50.6	-28.7
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>31.12.2021</b>	<b>Variance to 31.12.2021 in %</b>
<b>KEY BALANCE-SHEET DATA IN CHF MILLION<sup>1, 2</sup></b>				
Total assets	13,626.8	13,499.1	13,196.4	3.3
Due from banks	2,281.3	1,598.2	1,688.9	35.1
Due from customers	5,895.3	6,522.5	6,237.3	-5.5
Due to customers	11,366.3	11,718.7	11,458.7	-0.8
Total shareholders' equity	1,078.5	1,050.6	1,085.6	-0.7
Equity ratio (in %)	7.9	7.8	8.2	-3.8
Tier 1 ratio in accordance with Basel III (in %)	22.8	20.8	22.4	2.0
Leverage ratio in accordance with Basel III (in %)	7.4	7.1	7.6	-2.6
Liquidity coverage ratio in accordance with Basel III (in %)	250.2	153.4	160.2	56.2
<b>Total client assets under management in CHF million</b>	<b>46,485.6</b>	<b>52,550.5</b>	<b>51,276.6</b>	<b>-9.3</b>
On-balance-sheet customer deposits (excluding custody assets)	11,192.5	11,704.2	11,439.7	-2.2
Fiduciary deposits (excluding custody assets)	425.2	361.0	415.8	2.3
Client securities accounts	34,867.9	40,485.2	39,421.2	-11.6
Custody assets in CHF million	5,455.7	8,231.6	7,495.3	-27.2
Total client assets in CHF million	51,941.3	60,782.1	58,771.9	-11.6
<b>Business volumes in CHF million<sup>3</sup></b>	<b>52,380.9</b>	<b>59,073.0</b>	<b>57,513.9</b>	<b>-8.9</b>
<b>Net new money in CHF million</b>	<b>179.8</b>	<b>652.2</b>	<b>276.9</b>	<b>-35.1</b>
<b>KEY OPERATING INDICATORS<sup>2</sup></b>				
Return on equity (in %) <sup>1, 4</sup>	3.9	5.7	4.9	
Cost/income ratio strategy 2020 (in %) <sup>5</sup>	75.6	70.2	71.7	
Cost/income ratio strategy 2026 (in %) <sup>6</sup>	85.7	79.4	82.5	
Headcount (expressed as full-time equivalents, excluding student apprentices) <sup>7</sup>	935.3	940.1	938.5	
Total operating income per employee (in CHF 1,000)	172.7	177.2	351.5	
Total operating expenses per employee (in CHF 1,000) <sup>8</sup>	130.6	124.5	251.9	
Group net income per employee (in CHF 1,000)	22.8	31.8	54.0	
<b>KEY INDICATORS RELATED TO SHARES OF VP BANK IN CHF<sup>1</sup></b>				
Group net income per registered share A <sup>9</sup>	3.49	4.93	8.33	
Group net income per registered share B <sup>9</sup>	0.35	0.49	0.83	
Shareholders' equity per registered share A on the balance-sheet date	176.48	172.98	178.62	
Shareholders' equity per registered share B on the balance-sheet date	17.31	16.86	17.42	
Quoted price per registered share A	89.80	111.00	96.60	
Quoted price per registered share B	9.00	11.10	9.70	
Market capitalisation (in CHF million) <sup>10</sup>	594	734	639	
Price/earnings ratio per registered share A	12.85	11.26	11.59	
Price/earnings ratio per registered share B	12.88	11.26	11.64	
Rating Standard & Poor's	A/Negative/A-1	A/Negative/A-1	A/Negative/A-1	

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

<sup>2</sup> Details in the notes to the consolidated income statement and consolidated balance sheet.

<sup>3</sup> Assets under management and due from customers.

<sup>4</sup> Net income / average shareholders' equity less dividend.

<sup>5</sup> Total operating expenses (without depreciation and amortisation, valuation allowances, provisions and losses) / total operating income.

<sup>6</sup> Total operating expenses / total operating income.

<sup>7</sup> In accordance with legal requirements, apprentices are to be included in headcount statistics as 50 per cent of equivalent full-time employees.

<sup>8</sup> Operating expenses excluding depreciation and amortisation, valuation allowances, provisions and losses / headcount.

<sup>9</sup> Based on the weighted average number of shares (registered shares A) (note 11).

<sup>10</sup> Including registered shares B.

The definitions are available at [vpbank.com/apm](http://vpbank.com/apm)



[vpbank.com/apm](http://vpbank.com/apm)



DR THOMAS R. MEIER / left  
AND PAUL H. ARNI

**In a challenging  
environment,  
our business  
model has  
proven resilient.**

# STATEMENT BY THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

## Dear Shareholders Ladies and Gentlemen

A challenging first half of the year lies behind us. At the beginning of the year, the signs were pointing towards a strong economic recovery in the aftermath of the pandemic. However, Russia's war of aggression against Ukraine brought on human suffering and severe economic consequences in Europe and the world. The already high energy prices climbed even higher, and the strained supply chain situation got worse. Despite an uncertain economic environment, the central banks were compelled to return to a more restrictive monetary policy in view of high inflation rates. The US Federal Reserve set a clear course with a remarkably aggressive approach, but the Swiss National Bank also surprised the markets with an unexpectedly large interest rate hike. The economic outlook recently deteriorated further: Europe is facing an energy crisis due to the prospect of an unreliable supply of natural gas from Russia. The risk of a recession has thus increased substantially, with the mix of unfavourable factors putting the markets under considerable pressure.

## VP Bank holding its own in a challenging environment

In this challenging market environment and against the backdrop of a continuation of substantial investments in Strategy 2026, VP Bank achieved profits for the half-year of CHF 21.3 million. Despite the sharp rise in uncertainty in the market, our business model proved to be resilient. Our clients entrusted us with a net volume of new money totalling CHF 0.2 billion. The primary contributors to this result were the intermediary and private client business in Asia and the two fund management companies in Liechtenstein and Luxembourg.

Overall, operating income decreased to CHF 161.5 million, primarily due to a drop in transaction-based income from commission business and services. Recurring commission income and net interest income remained relatively stable, while income from trading activities trended positive. With a value of roughly CHF 0.2 billion, the Russian client assets under management that are now affected by sanctions had no significant impact on operating income in the first half of the year. However, implementation of the restrictions and regulatory requirements generated extraordinary costs that are now reflected on the expense side. This, together with additional investments in Strategy 2026 and related depreciation and amortisation, led to slightly higher operating expenses of CHF 138.4 million. The programme to reduce the operating cost basis announced at the beginning of the year is being implemented.

With a tier 1 ratio of 22.8 per cent, VP Bank has an extremely strong equity base. Total assets are stable at CHF 13.6 billion.

## Combining the traditional business with the advantages of ecosystems

With Strategy 2026, we are rethinking wealth management and combining the traditional business with the advantages of ecosystems. In the past half-year, we once again came a bit closer to the realisation of this vision. Thanks to our broad-based client base, our existing business proved to be robust and stable in the face of external influences such as the war in Ukraine and a volatile market environment.

With our intermediary and private client business at six locations as well as the two fund management companies, we are not only well positioned, but have also consolidated this position in a targeted manner. The key pillar in the revenue mix remains our home market of Liechtenstein, where we operate as a universal bank. The two fund locations were able to confirm their positive trend in growth and earnings. Under new management, the Asia region also delivered its first significant results in the first half of the year, leading to a positive development of net new money. To further expand our business in the European region, the two locations in Zurich and Luxembourg were placed under regional management at the beginning of 2022. Priority is being given to increase the profitable growth of the Zurich location and further development of the Luxembourg location, including additional expansion of client activities in the target market of Germany and in the Nordics.

Innovations and ecosystems form the basis of a successful future for VP Bank. The offer of tokenisation of real assets such as paintings, watches and sculptures launched at the end of 2021 met with lively client interest. By developing into a leading Open Wealth Service provider, VP Bank is ensuring that it will continue to be a reliable partner with a comprehensive, innovative offer for its clients. With the establishment of open IT interfaces for products and services from complementary third-party providers, the technological foundations for opening up the core banking system were laid by the end of June. We also reached an important milestone in May with the outsourcing of essential parts of the IT infrastructure to Swisscom.

### **Long-term ambitions and financial targets 2026**

Current political and economic developments are now presenting us with a situation that differs from the one we were faced with six months ago. We therefore feel compelled to review our ambitious 2026 financial targets and adjust them if necessary. However, we are holding fast to the content of Strategy 2026, and we will continue to press ahead with it and its strategic initiatives and milestones.

The technological basis for Open Wealth has been laid. In the second half of the year, we will now begin subjecting the first client services to pilot runs, including completely digital client account opening for intermediaries and automated lombard lending. We are also continuing to promote the offerings and services related to tokenisation by connecting services to corresponding ecosystems in this area as well. Our focus remains on sustainable reduction of our operating cost basis. Initial results from the productivity and efficiency improvement programme announced at the beginning of the year will become visible in the second half of the year.



### **Attractive dividend payouts with VP Bank shares**

On 29 April 2022, the general meeting of VP Bank approved a dividend of CHF 5.00 per registered share A and CHF 0.50 per registered share B, resulting in a dividend payout ratio of 60 per cent of the Group net income generated.

Rating agency Standard & Poor's (S&P) confirmed the good "A/A-1" rating on 20 July 2022. According to its assessment, VP Bank has successfully strengthened its risk management systems following the credit event in March 2020. This new strength has also been demonstrated in the volatile market environment resulting from the pandemic and the war in Ukraine. The continued negative outlook is related to the fact that the industry as a whole is suffering due to challenging market conditions and structural margin pressure, making it difficult to achieve ambitious financial targets.

### **Thank you**

We would like to extend our thanks to our shareholders and clients for their ongoing loyalty and trust. The current market environment provides opportunities, but also demands great discipline in matters of efficiency and risk. We are actively monitoring and managing these risks while working with our Strategy 2026 to remain a reliable and innovative bank in future.

It is our employees who are successfully driving the development of VP Bank. We would like to thank them for their great commitment. Having skilled professionals on staff who show extraordinary dedication to their work is certainly not a matter of course in today's world. We are pleased to be able to rely on their loyalty and expertise.



Dr Thomas R. Meier  
Chairman of the Board of Directors



Paul H. Arni  
Chief Executive Officer





**VP Bank is an internationally oriented banking group. Its core competencies include the development of customised financial solutions for intermediaries and private persons, as well as access to private market investments via a curated ecosystem. In addition, the Group has an international fund competence centre.**

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

VP Bank has a workforce of more than 1,000 employees and manages client assets totalling CHF 46.7 billion as at 30 June 2022.

### **Commitment and pioneering spirit for more than 65 years**

Founded in 1956 in Vaduz, Liechtenstein, VP Bank has grown steadily from a friendly local bank to become a globally active financial services enterprise.

The Bank's founder, Guido Feger, was a successful entrepreneur and one of Liechtenstein's most important trustees. Right from the start, he demonstrated innovation, competence and courage, while never veering from the fundamental principles of client orientation and financial security. These basic principles have been upheld consistently for the last six decades.

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

Entrepreneurial agility still characterises the bank today, which is also reflected in the current corporate strategy - to combine traditional banking with the advantages of ecosystems.

The philanthropic activities of VP Bank's founder have also been continued by the "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation. Moreover, the VP Bank Foundation supports projects, institutions and persons that are prominent in the fields of the environment, arts, education, science and culture as a result of their outstanding efforts. The VP Bank Art Foundation provides support to talented artists who have yet to gain a foothold on the market.

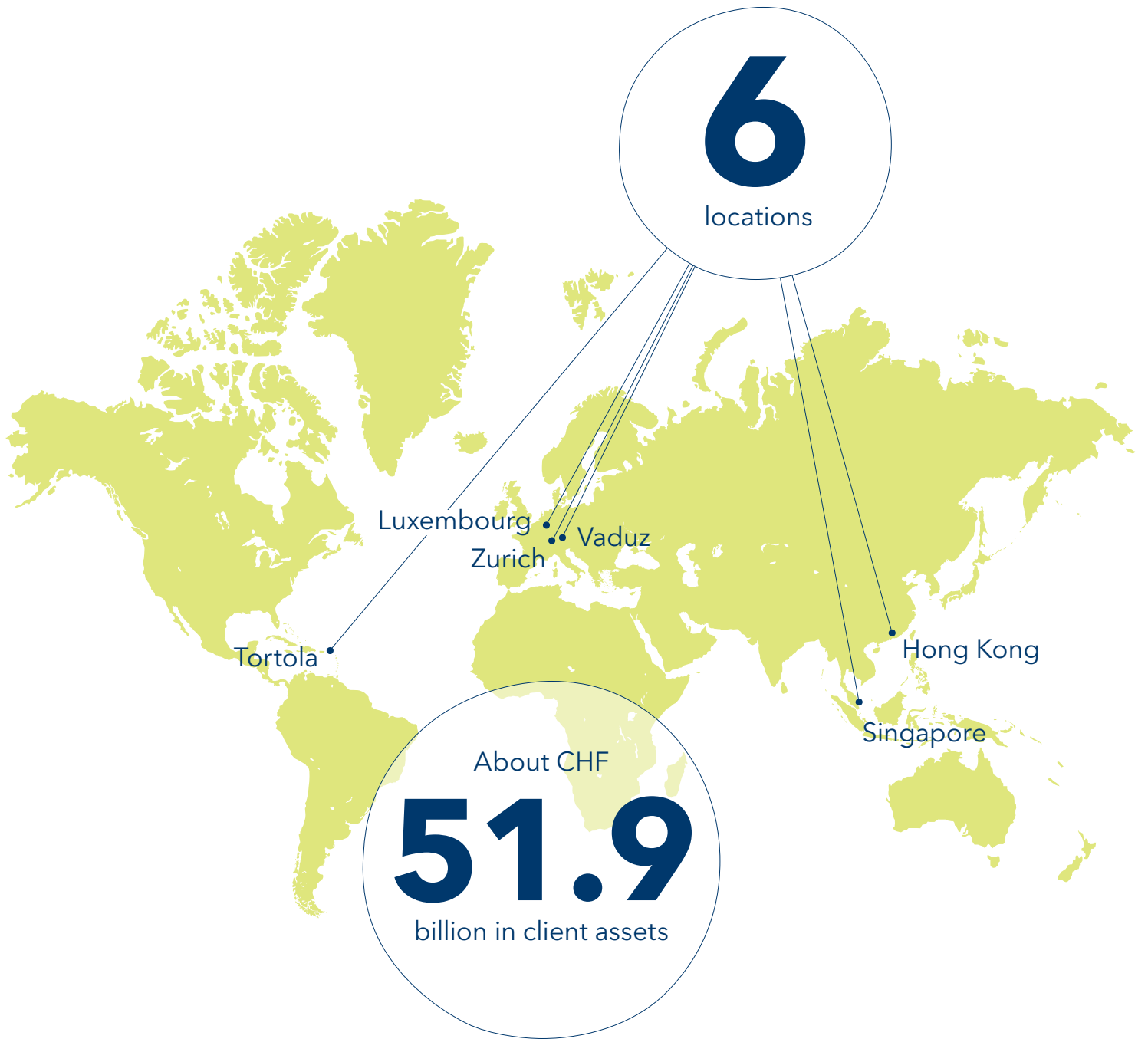
### **Expertise and consulting**

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

In line with its DNA emanating from fiduciary business, VP Bank has proved itself to be an experienced, preferred partner for financial intermediaries over the years. By intermediaries, VP Bank means professional financial service providers such as trustees, external asset managers and family offices. These entities value the Bank's global orientation, with its personal, customised services across multiple locations and modern infrastructure. In addition, VP Bank has a curated ecosystem, which offers professional clients unique access to private market investments.

Private clients also benefit from the Bank's many years of experience in customised consultation, and at the same time, owing to the Bank's international presence, they also receive access to a global network of specialists. Its core competencies consist of customised wealth management, investment consulting, wealth planning and financing.

An international fund competence centre, which manages business with third-party funds, private label funds and the Bank's own funds, rounds out the offering by VP Bank Group.



Founded in

**1956**

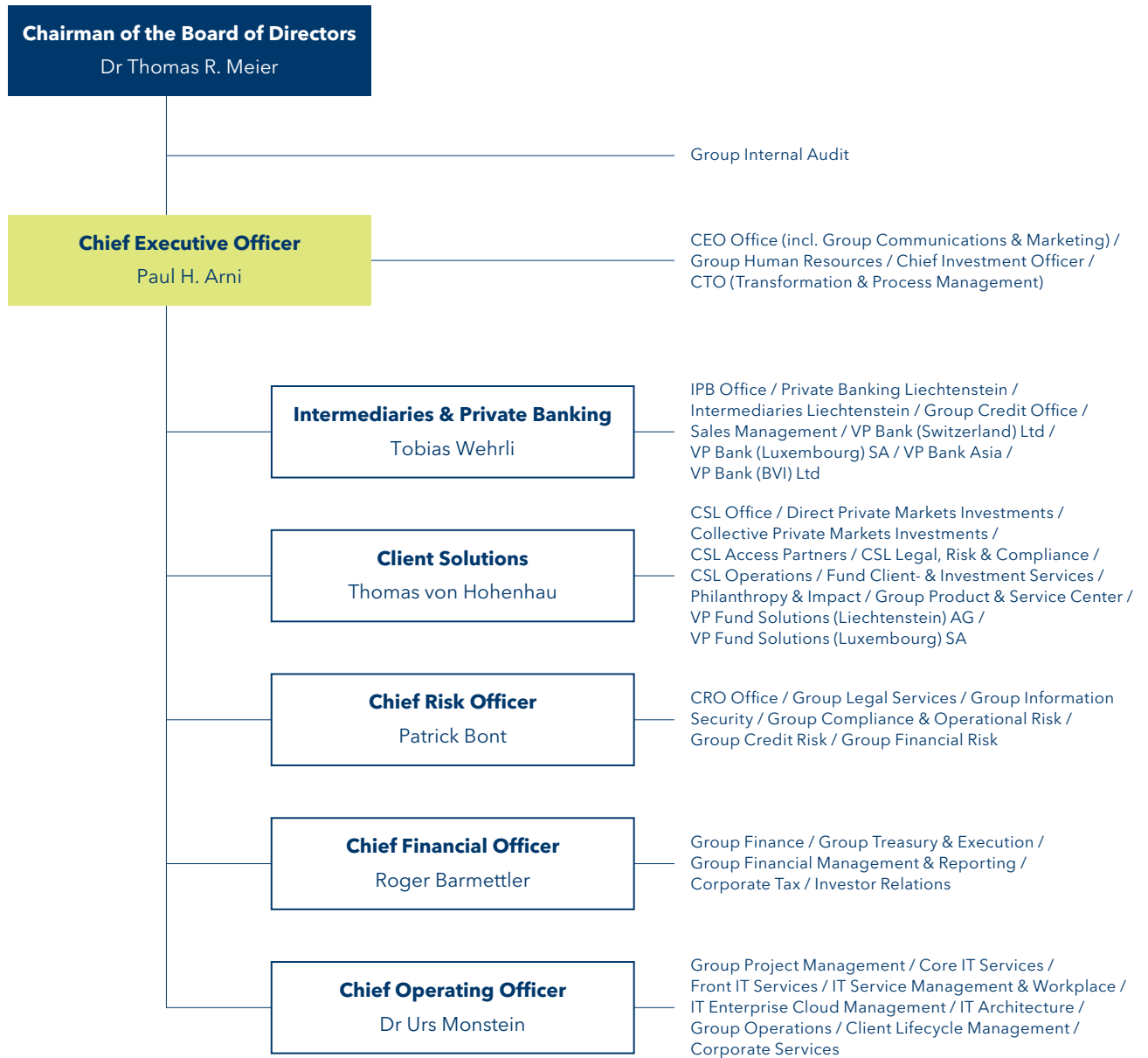
**1,011**

employees

**Our core competencies**

- Partner for financial intermediaries
- Asset management
- Investment advisory
- Wealth planning
- Financing
- Access to private market investments
- Fund competence centre

# ORGANISATIONAL STRUCTURE



The assignment of the organisational units in the segment reporting is set out on page 25 ff.

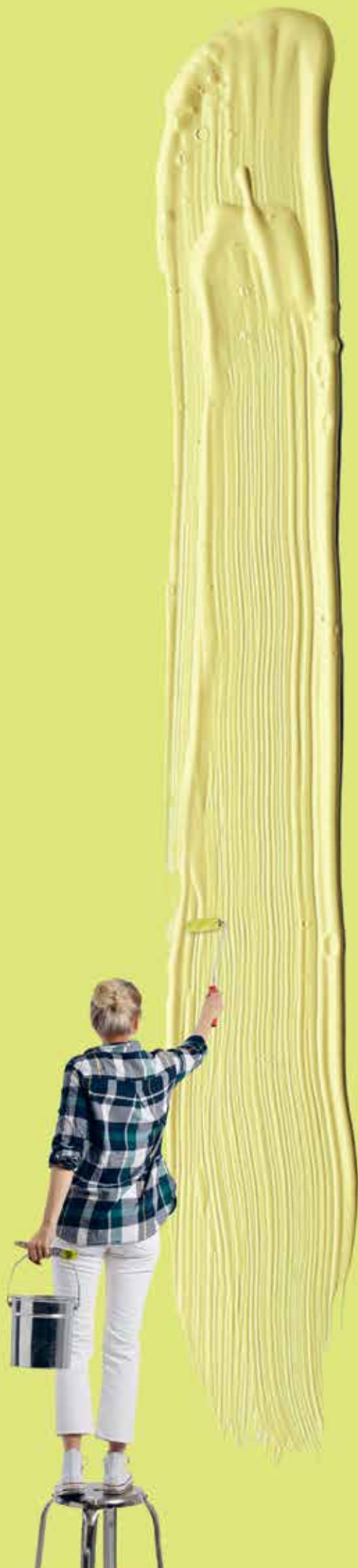
Organisational chart as of 30.06.2022



**With our Strategy  
2026, we are  
working to remain  
a reliable and inno-  
vative bank in the  
future.**

FRONT / Patrick Bont, Tobias Wehrli,  
Dr Thomas R. Meier, Dr Urs Monstein

REAR / Roger Barmettler,  
Thomas von Hohenhau, Paul H. Arni







## Consolidated results

VP Bank Group generated Group net income of CHF 21.3 million in the first half of 2022, compared to Group net income of CHF 29.9 million in the previous-year period.

### Own funds

VP Bank Group has a strong capital base. As of 30 June 2022, the tier 1 ratio was 22.8 per cent. In December 2021, it was 22.4 per cent.

## Client assets

VP Bank Group's client assets under management totalled CHF 46.5 billion as of 30 June 2022. Vis-à-vis the end of the previous year with client assets under management of CHF 51.3 billion, this represents a decrease of 9.3 per cent or CHF 4.8 billion. The negative market performance of CHF 4.8 billion was only partially offset by a positive net new money inflow of CHF 0.2 billion. CHF 0.2 billion of assets from sanctioned Russian clients were reclassified as custody assets.

Custody assets decreased by CHF 2.0 billion from CHF 7.5 billion to CHF 5.5 billion compared to the 2021 financial year, representing a decrease of 27.2 per cent.

Client assets including custody assets were listed at CHF 51.9 billion as of 30 June 2022, a decrease of CHF 6.8 billion compared to 31 December 2021 (client assets of CHF 58.8 billion).

## Income statement

### Operating income

In the reporting year, VP Bank generated operating income of CHF 161.5 million. Vis-à-vis the previous-year period, when operating income amounted to CHF 166.6 million, this represents a reduction of CHF 5.1 million or 3.1 per cent.

Income from commission business and services decreased by CHF 6 million or 7.7 per cent to CHF 72 million. Due to the negative development on the financial markets, recurring commission income from wealth management decreased by CHF 0.7 million or 1.3 per cent and amounted to CHF 57.8 million as of 30 June 2022. At CHF 14.1 million, transaction-based commission income decreased by 27.3 per cent vis-à-vis the previous year's income of CHF 19.4 million.

Net interest income fell slightly by CHF 0.3 million in comparison to the previous year to CHF 55.6 million in the reporting period. Interest income increased by CHF 1.6 million, corresponding to an increase of 2.5 per cent. Interest expenses also increased by CHF 1.8 million or 25.7 per cent due to interest rate trends.

Income from trading activities amounted to CHF 27.1 million, an increase of CHF 3.0 million or 12.4 per cent compared to the previous-year period. This increase is also mainly related to the increase in USD interest rates, which positively influenced the margins on the swap transactions.

Income from financial investments made a positive contribution of CHF 6.5 million to the semi-annual results. Compared to the previous year, this represents a reduction of CHF 0.8 million. This decrease is mainly due to financial instruments measured at fair value.

## Operating expenses

Operating expenses rose by CHF 6.2 million or 4.7 per cent from CHF 132.2 million in the previous-year period to CHF 138.4 million in the reporting period.

Compared to the previous-year period, personnel expenses fell by CHF 0.6 million or 0.7 per cent to CHF 85.4 million.

General and administrative expenses rose by CHF 5.8 million to CHF 36.7 million. This increase is mainly due to investments in strategy implementation. Depreciation and amortisation increased by CHF 3.5 million to CHF 19.0 million due to the commissioning of projects.

In the reporting period, valuation adjustments, provisions and losses of CHF 2.8 million net were released, whereas CHF 0.3 million were released in the previous-year period.

## Balance sheet

Total assets as of 30 June 2022 amount to CHF 13.6 billion. Compared to 31 December 2021, this corresponds to an increase of CHF 0.4 billion or 3.3 per cent. Amounts due from banks increased by CHF 0.6 billion or 35.1 per cent, and financial instruments at amortised cost by CHF 0.2 billion or 8.3 per cent. In contrast, client receivables decreased by CHF 0.3 billion or 5.5 per cent. On the liabilities side, amounts due to banks increased by CHF 0.5 billion and amounts due to clients decreased by CHF 0.1 billion or 0.8 per cent.

VP Bank Group has a very good level of liquidity with liquid assets in the amount of CHF 2.3 billion, which corresponds to 16.8 per cent of total assets and is reflected in a very good liquidity coverage ratio (LCR) of 250 per cent.

## CONSOLIDATED INCOME STATEMENT

in CHF 1,000	Note	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Interest income from financial instruments at amortised cost		55,432	56,186	-754	-1.3
Other interest income		9,149	6,825	2,324	34.1
Interest expense using the effective interest method		8,957	7,127	1,830	25.7
<b>Total net interest income</b>	<b>1, 18</b>	<b>55,624</b>	<b>55,884</b>	<b>-260</b>	<b>-0.5</b>
Commission income		96,238	102,437	-6,199	-6.1
Commission expenses		24,271	24,434	-163	-0.7
<b>Total net income from commission business and services</b>	<b>2</b>	<b>71,967</b>	<b>78,003</b>	<b>-6,036</b>	<b>-7.7</b>
Income from trading activities	3	27,102	24,117	2,985	12.4
Income from financial instruments	4	6,537	7,348	-811	-11.0
Other income	5	271	1,232	-961	-78.0
<b>Total operating income</b>		<b>161,501</b>	<b>166,584</b>	<b>-5,083</b>	<b>-3.1</b>
Personnel expenses	6	85,408	86,013	-605	-0.7
General and administrative expenses	7	36,747	30,997	5,750	18.6
Depreciation of property, equipment and intangible assets	8, 18	19,017	15,532	3,485	22.4
Credit loss expenses	9	-3,793	-533	-3,260	n.a.
Provisions and losses	9	1,012	189	823	435.4
<b>Operating expenses</b>		<b>138,391</b>	<b>132,198</b>	<b>6,193</b>	<b>4.7</b>
<b>Earnings before income tax</b>		<b>23,110</b>	<b>34,386</b>	<b>-11,276</b>	<b>-32.8</b>
Taxes on income	10	1,783	4,489	-2,706	-60.3
<b>Group net income</b>		<b>21,327</b>	<b>29,897</b>	<b>-8,570</b>	<b>-28.7</b>
SHARE INFORMATION					
Undiluted group net income per registered share A	11	3.49	4.93		
Undiluted group net income per registered share B	11	0.35	0.49		
Diluted group net income per registered share A	11	3.47	4.90		
Diluted group net income per registered share B	11	0.35	0.49		

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Group net income	21,327	29,897	-8,570	-28.7
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Other comprehensive income which will be transferred to the income statement upon realisation				
• Changes in foreign-currency translation differences	3,403	2,789	614	22.0
• Foreign-currency translation difference transferred to the income statement from shareholders' equity	0	0	0	0.0
<b>Total other comprehensive income which will be transferred to the income statement upon realisation</b>	<b>3,403</b>	<b>2,789</b>	<b>614</b>	<b>22.0</b>
Other comprehensive income which will not be reclassified to the income statement				
• Changes in value of FVTOCI financial instruments	-10,214	5,159	-15,373	-298.0
• Actuarial gains/losses from defined-benefit pension plans	4,868	7,352	-2,484	-33.8
• Tax effects	818	1,670	-852	-51.0
<b>Total other comprehensive income which will not be transferred subsequent to the income statement</b>	<b>-4,528</b>	<b>14,181</b>	<b>-18,709</b>	<b>-131.9</b>
<b>Total comprehensive income in shareholders' equity</b>	<b>-1,125</b>	<b>16,970</b>	<b>-18,095</b>	<b>-106.6</b>
<b>Total comprehensive income in income statement and shareholders' equity</b>	<b>20,202</b>	<b>46,867</b>	<b>-26,665</b>	<b>-56.9</b>

## CONSOLIDATED BALANCE SHEET

### ASSETS

in CHF 1,000	Note	30.06.2022	31.12.2021	Variance absolute	Variance in %
Cash and cash equivalents		2,285,762	2,384,137	-98,375	-4.1
Receivables arising from money market papers		175,480	129,401	46,079	35.6
Due from banks		2,281,341	1,688,870	592,471	35.1
Due from customers		5,895,295	6,237,258	-341,963	-5.5
Trading portfolios		256	10,483	-10,227	-97.6
Derivative financial instruments		112,904	46,875	66,029	140.9
Financial instruments at fair value	16	184,380	195,927	-11,547	-5.9
Financial instruments measured at amortised cost	16	2,450,019	2,263,236	186,783	8.3
Joint venture companies		25	24	1	4.2
Property and equipment	17	88,139	95,192	-7,053	-7.4
Goodwill and other intangible assets		89,088	84,108	4,980	5.9
Tax receivables		211	297	-86	-29.0
Deferred tax assets		8,995	7,592	1,403	18.5
Accrued receivables and prepaid expenses		35,994	34,779	1,215	3.5
Other assets		18,933	18,251	682	3.7
<b>Total assets</b>		<b>13,626,822</b>	<b>13,196,430</b>	<b>430,392</b>	<b>3.3</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

in CHF 1,000	Note	30.06.2022	31.12.2021	Variance absolute	Variance in %
Due to banks		574,734	70,886	503,848	n.a.
Due to customers – savings and deposits		565,469	575,204	-9,735	-1.7
Due to customers – other liabilities		10,800,842	10,883,533	-82,691	-0.8
Derivative financial instruments		156,043	82,309	73,734	89.6
Medium-term notes		48,511	53,997	-5,486	-10.2
Debentures issued	12	255,108	255,134	-26	-0.0
Tax liabilities		7,548	10,970	-3,422	-31.2
Deferred tax liabilities		908	859	49	5.7
Accrued liabilities and deferred items		33,995	37,065	-3,070	-8.3
Other liabilities	17	104,019	139,781	-35,762	-25.6
Provisions		1,143	1,125	18	1.6
<b>Total liabilities</b>		<b>12,548,320</b>	<b>12,110,863</b>	<b>437,457</b>	<b>3.6</b>
Share capital	13	66,154	66,154	0	0.0
Less: treasury shares	14	-53,605	-56,790	3,185	5.6
Capital reserves		23,031	22,959	72	0.3
Retained earnings		1,124,891	1,134,088	-9,197	-0.8
Actuarial gains/losses from defined-benefit pension plans		-28,369	-34,105	5,736	16.8
Unrealised gains/losses on FVTOCI financial instruments		-28,851	-18,587	-10,264	-55.2
Foreign-currency translation differences		-24,749	-28,152	3,403	12.1
<b>Total shareholders' equity</b>		<b>1,078,502</b>	<b>1,085,567</b>	<b>-7,065</b>	<b>-0.7</b>
<b>Total liabilities and shareholders' equity</b>		<b>13,626,822</b>	<b>13,196,430</b>	<b>430,392</b>	<b>3.3</b>

## CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

in CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings	Actuarial gains/losses from defined-benefit pension plans	Unrealised FVTOCI gains/losses	Foreign-currency translation differences	Total shareholders' equity
<b>Total shareholders' equity 01.01.2022</b>	<b>66,154</b>	<b>-56,790</b>	<b>22,959</b>	<b>1,134,088</b>	<b>-34,105</b>	<b>-18,587</b>	<b>-28,152</b>	<b>1,085,567</b>
Other comprehensive income, after income tax					5,736	-10,264	3,403	-1,125
Group net income				21,327				21,327
<b>Total reported result 30.06.2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,327</b>	<b>5,736</b>	<b>-10,264</b>	<b>3,403</b>	<b>20,202</b>
Appropriation of profit 2021				-30,524				-30,524
Management equity participation plan (LTI)			-307					-307
Movement in treasury shares <sup>1</sup>		3,185	379					3,564
<b>Total shareholders' equity 30.06.2022</b>	<b>66,154</b>	<b>-53,605</b>	<b>23,031</b>	<b>1,124,891</b>	<b>-28,369</b>	<b>-28,851</b>	<b>-24,749</b>	<b>1,078,502</b>
<b>Total shareholders' equity 01.01.2021</b>	<b>66,154</b>	<b>-61,071</b>	<b>23,377</b>	<b>1,107,739</b>	<b>-57,859</b>	<b>-23,332</b>	<b>-29,951</b>	<b>1,025,057</b>
Other comprehensive income, after income tax					8,537	5,644	2,789	16,970
Group net income				29,897				29,897
<b>Total reported result 30.06.2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,897</b>	<b>8,537</b>	<b>5,644</b>	<b>2,789</b>	<b>46,867</b>
Appropriation of profit 2020				-24,289				-24,289
Management equity participation plan (LTI)			-1,681					-1,681
Movement in treasury shares <sup>1</sup>		3,917	766					4,683
<b>Total shareholders' equity 30.06.2021</b>	<b>66,154</b>	<b>-57,154</b>	<b>22,462</b>	<b>1,113,347</b>	<b>-49,322</b>	<b>-17,688</b>	<b>-27,162</b>	<b>1,050,637</b>

<sup>1</sup> Details on transactions with treasury shares can be found in note 14.

## CONSOLIDATED STATEMENT OF CASH FLOW

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Group net income	21,327	29,897
Non-cash-related positions in Group results	10,607	17,414
Net increase/reduction in banking activities	577,442	-140,865
Other cash flow from operating activities	6,443	4,226
<b>Net cash flow from operating activities</b>	<b>615,819</b>	<b>-89,328</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Cash flow from financial instruments	-203,902	-105,802
Other investment activities	-14,234	34,887
thereof from acquisitions	0	53,414
<b>Net cash flow from investment activities</b>	<b>-218,136</b>	<b>-70,915</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend distributions	-30,524	-24,289
Issuance/redemption of medium-term notes	-5,578	-22,057
Redemption of debentures	0	-100,000
Other financing activities	-2,060	-2,246
<b>Net cash flow from financing activities</b>	<b>-38,162</b>	<b>-148,592</b>
Foreign-currency translation impact	-3,656	5,458
<b>Net increase/reduction in cash and cash equivalents</b>	<b>355,865</b>	<b>-303,377</b>
Cash and cash equivalents at the beginning of the financial year	2,875,841	3,205,357
Cash and cash equivalents at the end of the reporting period	3,231,706	2,901,980
<b>Net increase/reduction in cash and cash equivalents</b>	<b>355,865</b>	<b>-303,377</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY</b>		
Cash	2,285,791	2,408,212
Receivables arising from money market papers	10,005	0
Due from banks - at-sight balances	935,910	493,768
<b>Total cash and cash equivalents</b>	<b>3,231,706</b>	<b>2,901,980</b>



## PRINCIPLES UNDERLYING FINANCIAL STATEMENT REPORTING AND COMMENTS

The unaudited interim financial statements were drawn up in accordance with the International Financial Reporting Standards (IAS 34). The semi-annual financial statements are prepared applying the same accounting and valuation principles as were applied for the 2021 annual financial statements.

### New and revised International Financial Reporting Standards

Since 1 January 2022, the following new and revised standards and interpretations have taken effect and have no material impact on the consolidated financial statements of VP Bank Group:

- Narrow-scope amendments to IFRS 3, IAS 16 and IAS 37 and several annual improvements to IFRS 1, IFRS 9, IAS 41 and IFRS 16.

### Post-balance-sheet-date events

The Board of Directors reviewed and approved the semi-annual report and authorised it for publication in its meeting of 11 August 2022.

### Litigation

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

The Deposit Insurance Agency of Russia (DIA), as part of the bankruptcy proceedings of two Russian banks, asserts that third-party pledges created in connection with the granting of loans to foreign companies shortly prior to the revocation of the banking licence and commencement of bankruptcy proceedings should not have been realised on the open market by VP Bank Group. Both proceedings are

at different stages of development. In the first proceedings against VP Bank (Switzerland) Ltd involving a disputed amount of USD 10 million, the Ninth Arbitration Court of Appeal on 24 May 2017 upheld the nullity of the realisation pursuant to Russian bankruptcy law. The court obligated VP Bank (Switzerland) Ltd to pay an amount of approximately USD 10 million. The judgement became res judicata on 19 September 2017. All extraordinary legal remedies without suspensive effect were dismissed. The debt collection procedure opened on 7 June 2018 in Moscow has so far gone nowhere. In a letter dated 31 July 2019, the DIA, in its capacity as insolvency administrator, issued the first call for payment to VP Bank (Switzerland) Ltd. VP Bank Group has not complied with this request as it contests this ruling. Further developments will be monitored by local lawyers in Moscow. The second proceedings against VP Bank Ltd, and VP Bank (Switzerland) Ltd, in an amount in dispute of USD 15 million, are of a similar nature, but are not yet closed. On 16 March 2018, the Supreme Court confirmed the jurisdiction of the Russian courts and dismissed the case to the Arbitration Court for substantive judgement. On 22 May 2019, the Arbitration Court ruled in favour of VP Bank Ltd and VP Bank (Switzerland) Ltd. This judgement was confirmed by the Court of Appeal on 12 August 2019. On 19 November 2019, the Court of Cassation overturned the judgements of the lower-instance courts and dismissed the case to the court of first instance (Arbitration Court) for a new ruling. VP Bank Ltd and VP Bank (Switzerland) Ltd appealed to the Judicial Chamber of the Supreme Court against the ruling on 17 January 2020, which had not yet heard the appeal by 16 March 2020. The case, therefore, had to be heard again at the first instance. On 3 August 2020, the judge ordered the submission of various documents and requested the DIA to explain its claim in detail, which had been amended several times in the meantime. In the hearing of 13 November 2020, the relevant submissions were made and the litigation continued throughout several hearings in 2021. On 8 June 2021, the first-instance ruling was issued in which the action against VP Bank (Switzerland) Ltd was dismissed in its entirety and/or, with respect to VP Bank Ltd, upheld to a limited extent (20 per cent). As a result, the Bank was ordered to repay an amount of USD 2.9 million. The DIA and the two accused immediately appealed this decision to the next higher instance (Ninth Arbitration Court of Appeal), which confirmed the judgement of the Arbitration Court on 20 August 2021. This ruling was again appealed against to the Court of Cassation on 31 August 2021 on the grounds of nullity. At a hearing held on 21 October 2021, the judgements of the lower-instance courts were upheld. The reasons for this ruling were announced on 29 October 2021. The parties were entitled to a two-month period to appeal the case to the Supreme Court. The accused have instructed their Russian lawyer to pursue this course of action. In both cases, VP Bank Ltd considers the risk of outflow of funds to be small, which is why no provision has been formed.

In another case, the High Court of Justice in London served a civil suit on VP Bank (Switzerland) Ltd at the beginning of 2020. VP Bank Ltd is also named as a defendant and was notified of the action in March 2020. The main defendant is a former governing body of a foreign pension fund. The latter is said to have acted unlawfully in its role by accepting distribution remunerations for investment funds. The action names more than 38 defendants, among them various other banks and individuals that processed payments or paid distribution remunerations. VP Bank Ltd and VP Bank (Switzerland) Ltd are accused of a violation of due diligence obligations. They are also accused of involvement

in the processing of questionable third-party fees and commissions of at least USD 46 million, meaning they would have to assume non-contractual collective liability for the damages incurred. VP Bank Group is disputing the accusations and the place of jurisdiction. Two defendant Swiss banks successfully challenged the UK jurisdiction in the first two instances. VP Bank Group considers the risk of outflow of funds to be small, which is why no provision has been formed.

### Significant foreign exchange rates

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

	Balance-sheet-date rates			Average rates			Variance		Average rates	
	30.06.2022	30.06.2021	31.12.2021	H1 2022	H1 2021	2021	Balance-sheet-date rates actual year	previous year	actual year	previous year
USD/CHF	0.9574	0.9246	0.9112	0.96986	0.90814	0.91428	5%	4%	6%	7%
EUR/CHF	1.0009	1.0961	1.0362	1.02399	1.09433	1.08097	-3%	-9%	-5%	-6%
SGD/CHF	0.6879	0.6877	0.6759	0.70036	0.68152	0.68024	2%	0%	3%	3%
HKD/CHF	0.1220	0.1191	0.1169	0.12357	0.11701	0.11762	4%	2%	5%	6%
GBP/CHF	1.1627	1.2770	1.2343	1.19338	1.26105	1.25747	-6%	-9%	-5%	-5%

## SEGMENT REPORTING

### Structure

The external segment reporting reflects the organisational structure of VP Bank Group as of 30 June 2022 and the internal reporting to management. These form the basis for assessing the financial performance of the segments and the allocation of resources to the segments.

VP Bank Group consists of the six organisational units "Intermediaries & Private Banking", "Client Solutions", "Chief Executive Officer", "Chief Financial Officer", "Chief Operating Officer" and "Chief Risk Officer".

The four organisational units "Chief Executive Officer", "Chief Financial Officer", "Chief Operating Officer" and

"Chief Risk Officer" are grouped together under the business unit "Corporate Center" for segment reporting.

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

### 01.01.-30.06.2022

in CHF 1,000	Intermediaries & Private Banking	Client Solutions	Corporate Center	Total Group
Total net interest income	49,223	349	6,052	55,624
Total net income from commission business and services	62,075	14,063	-4,171	71,967
Income from trading activities	15,716	1,398	9,988	27,102
Income from financial instruments	0	1,278	5,259	6,537
Other income	18	4	249	271
<b>Total operating income</b>	<b>127,032</b>	<b>17,092</b>	<b>17,377</b>	<b>161,501</b>
Personnel expenses	33,960	7,349	44,099	85,408
General and administrative expenses	3,313	3,337	30,097	36,747
Depreciation of property, equipment and intangible assets	2,044	290	16,683	19,017
Credit loss expenses	-3,746	-18	-29	-3,793
Provisions and losses	804	229	-21	1,012
Services to/from other segments	37,120	1,854	-38,974	0
<b>Operating expenses</b>	<b>73,495</b>	<b>13,041</b>	<b>51,855</b>	<b>138,391</b>
<b>Earnings before income tax</b>	<b>53,537</b>	<b>4,051</b>	<b>-34,478</b>	<b>23,110</b>
Taxes on income				1,783
<b>Group net income</b>				<b>21,327</b>
Segment assets (in CHF million)	5,832	89	7,706	13,627
Segment liabilities (in CHF million)	10,953	714	881	12,548
Client assets under management (in CHF billion) <sup>1</sup>	35.6	11.0	0.0	46.5
Net new money (in CHF billion)	-0.1	0.3	0.0	0.2
Headcount (number of employees)	371	90	550	1,011
Headcount (expressed as full-time equivalents)	345.5	85.7	504.1	935.3
AS OF 31.12.2021				
Segment assets (in CHF million) <sup>2</sup>	6,202	85	6,910	13,196
Segment liabilities (in CHF million)	10,809	832	469	12,111
Client assets under management (in CHF billion) <sup>1</sup>	39.6	11.6	0.0	51.3
Net new money (in CHF billion)	0.8	-0.5	0.0	0.3
Headcount (number of employees)	384	90	538	1,012
Headcount (expressed as full-time equivalents)	360.0	85.9	492.6	938.5

<sup>1</sup> Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-BankO).

<sup>2</sup> Due to internal reorganisation, defined financial instruments with the associated income from financial investments are transferred from Corporate Center to Client Solutions.

The recharging of costs and earnings between the business units takes place on the basis of specific transfer prices. The transfer prices between the segments are reviewed annually and adjusted to reflect economic conditions.

## 01.01.-30.06.2021

in CHF 1,000	Intermediaries & Private Banking	Client Solutions	Corporate Center	Total Group
Total net interest income	49,146	336	6,402	55,884
Total net income from commission business and services	66,760	14,947	-3,703	78,003
Income from trading activities	16,324	1,112	6,681	24,117
Income from financial instruments <sup>1</sup>	0	1,400	5,948	7,348
Other income	765	123	344	1,232
<b>Total operating income</b>	<b>132,994</b>	<b>17,918</b>	<b>15,672</b>	<b>166,584</b>
Personnel expenses	35,531	6,606	43,875	86,013
General and administrative expenses	2,781	2,650	25,567	30,997
Depreciation of property, equipment and intangible assets	1,321	260	13,951	15,532
Credit loss expenses	-520	-6	-7	-533
Provisions and losses	185	2	2	189
Services to/from other segments	32,343	1,667	-34,010	0
<b>Operating expenses</b>	<b>71,640</b>	<b>11,179</b>	<b>49,379</b>	<b>132,198</b>
<b>Earnings before income tax</b>	<b>61,354</b>	<b>6,739</b>	<b>-33,707</b>	<b>34,386</b>
Taxes on income				4,489
<b>Group net income</b>				<b>29,897</b>
Segment assets (in CHF million) <sup>1</sup>	6,414	123	6,963	13,499
Segment liabilities (in CHF million)	10,902	963	584	12,448
Client assets under management (in CHF billion) <sup>2</sup>	39.8	12.7	0.0	52.6
Net new money (in CHF billion)	0.3	0.4	0.0	0.7
Headcount (number of employees)	376	89	548	1,013
Headcount (expressed as full-time equivalents)	353.9	83.5	502.7	940.1

<sup>1</sup> Due to internal reorganisation, defined financial instruments with the associated income from financial investments are transferred from Corporate Center to Client Solutions.

<sup>2</sup> Calculation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-BankO).

# Intermediaries & Private Banking

## SEGMENT RESULTS

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Total net interest income	49,223	49,146	77	0.2
Total net income from commission business and services	62,075	66,760	-4,685	-7.0
Income from trading activities	15,716	16,324	-608	-3.7
Income from financial instruments	0	0	0	0.0
Other income	18	765	-747	-97.6
<b>Total operating income</b>	<b>127,032</b>	<b>132,994</b>	<b>-5,962</b>	<b>-4.5</b>
Personnel expenses	33,960	35,531	-1,571	-4.4
General and administrative expenses	3,313	2,781	532	19.1
Depreciation of property, equipment and intangible assets	2,044	1,321	723	54.8
Credit loss expenses	-3,746	-520	-3,226	n.a.
Provisions and losses	804	185	619	335.6
Services to/from other segments	37,120	32,343	4,777	14.8
<b>Operating expenses</b>	<b>73,495</b>	<b>71,640</b>	<b>1,855</b>	<b>2.6</b>
<b>Segment income before income tax</b>	<b>53,537</b>	<b>61,354</b>	<b>-7,817</b>	<b>-12.7</b>
ADDITIONAL INFORMATION				
Cost/income ratio strategy 2020 (in %) <sup>1</sup>	58.6	53.1		
Cost/income ratio strategy 2026 (in %) <sup>2</sup>	57.9	53.9		
Client assets under management (in CHF billion)	35.6	39.8		
Change in client assets under management compared to 31.12. prior year (in %)	-10.2	10.7		
Net new money (in CHF billion)	-0.1	0.3		
Total operating income / average client assets under management (bp) <sup>3</sup>	67.5	70.2		
Segment result / average client assets under management (bp) <sup>3</sup>	28.5	32.4		
Cost/income ratio operating income (in %) <sup>4</sup>	58.6	53.4	5.1	9.6
Headcount (number of employees)	371	376	-5.0	-1.3
Headcount (expressed as full-time equivalents)	345.5	353.9	-8.4	-2.4

<sup>1</sup> Total operating expenses (without depreciation and amortisation, valuation allowances, provisions and losses) / total operating income.

<sup>2</sup> Total operating expenses / total operating income.

<sup>3</sup> Annualised, average values.

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

## Structure

The "Intermediaries & Private Banking" business unit comprises the intermediaries and private banking business at the local and international locations as well as the universal banking and lending business in Liechtenstein.

## Segment income

The pre-tax segment income fell in 2022 from CHF 61.4 million to CHF 53.5 million compared to the previous-year period (CHF -7.8 million).

In the first half of 2022, operating income declined by CHF 6.0 million (4.5 per cent) over that of the previous-year period. This decrease results from the income from commission business and services (-7 per cent) and income from trading activities (-3.7 per cent). The main factors contributing to this negative development were the lower transaction-based income, due to both declining client activity and the lower asset base as a result of the market corrections, and the associated lower recurring income. The first positive

effects from payment of interest in US dollars are already evident in the net interest income (+0.2 per cent).

Operating expenses increased by CHF 1.9 million or 2.6 per cent to CHF 73.5 million. The positions performed variably during the reporting period. On the one hand, personnel expenses (-4.4 per cent) and valuation adjustments improved compared to the previous-year period. On the other hand, services to/from other segments as well as depreciation and amortisation increased in particular.

Net new money recorded a slight net new money outflow of CHF 0.1 billion in the reporting period. New money inflows from market cultivation were reduced by outflows due to the more difficult framework conditions in the first half of 2022. Client assets under management as of 30 June 2022 totalled CHF 35.6 billion (31 December 2021: CHF 39.6 billion). CHF 0.2 billion of assets from sanctioned Russian clients were reclassified as custody assets. The headcount decreased from 360 positions to 346 positions in the reporting year.

# Client Solutions

## SEGMENT RESULTS

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Total net interest income	349	336	13	3.8
Total net income from commission business and services	14,063	14,947	-884	-5.9
Income from trading activities	1,398	1,112	286	25.7
Income from financial instruments	1,278	1,400	-122	-8.7
Other income	4	123	-119	-96.7
<b>Total operating income</b>	<b>17,092</b>	<b>17,918</b>	<b>-826</b>	<b>-4.6</b>
Personnel expenses	7,349	6,606	743	11.2
General and administrative expenses	3,337	2,650	687	25.9
Depreciation of property, equipment and intangible assets	290	260	30	11.5
Credit loss expenses	-18	-6	-12	-189.4
Provisions and losses	229	2	227	n.a.
Services to/from other segments	1,854	1,667	187	11.2
<b>Operating expenses</b>	<b>13,041</b>	<b>11,179</b>	<b>1,862</b>	<b>16.7</b>
<b>Segment income before income tax</b>	<b>4,051</b>	<b>6,739</b>	<b>-2,688</b>	<b>-39.9</b>
ADDITIONAL INFORMATION				
Cost/income ratio strategy 2020 (in %) <sup>1</sup>	73.4	61.0		
Cost/income ratio strategy 2026 (in %) <sup>2</sup>	76.3	62.4		
Client assets under management (in CHF billion)	11.0	12.7		
Change in client assets under management compared to 31.12. prior year (in %)	-5.8	11.0		
Net new money (in CHF billion)	0.3	0.4		
Total operating income / average client assets under management (bp) <sup>3</sup>	30.3	29.7		
Segment result / average client assets under management (bp) <sup>3</sup>	7.2	11.2		
Cost/income ratio operating income (in %) <sup>4</sup>	79.3	66.6	12.7	19.0
Headcount (number of employees)	90	89	1.0	1.1
Headcount (expressed as full-time equivalents)	85.7	83.5	2.2	2.6

<sup>1</sup> Total operating expenses (without depreciation and amortisation, valuation allowances, provisions and losses) / total operating income.

<sup>2</sup> Total operating expenses / total operating income.

<sup>3</sup> Annualised, average values.

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

## Structure

The "Client Solutions" business unit comprises the following teams: Direct Private Markets Investments, Collective Private Markets Investments, CSL Access Partners, Fund Client & Investment Services, Philanthropy & Impact, CSL Operations, CSL Legal, Risk & Compliance, Group Product & Service Center and CSL Office. The two fund management companies VP Fund Solutions (Luxembourg) SA and VP Fund Solutions (Liechtenstein) AG remain as independent legal entities and are now part of Client Solutions. Some individually defined financial instruments are managed in the "Client Solutions" business unit.

The new business unit is off to a successful start with the development of a modular, open investment and structuring platform that allows for systematic access to private market investment opportunities. The first private market financing transactions have already been structured and placed. The business unit assumes responsibility for earnings and income.

## Segment income

In the first half of 2022, the pre-tax segment income decreased by CHF 2.7 million to CHF 4.1 million compared to the previous-year period.

Operating income fell by CHF 0.8 million to CHF 17.1 million. Market corrections on the financial markets had a negative impact on client assets and consequently on the recurring commission income, which decreased by CHF 0.9 million compared to the previous year. Income from trading activities increased by CHF 0.3 million compared to the previous-year period.

Operating expenses increased by CHF 1.9 million to CHF 13.0 million, which can be attributed to the creation of the new business unit.

The fund business was again positive in the first half of 2022, with an inflow of new money of CHF 0.3 billion. Client assets under management as of 30 June 2022 totalled CHF 11.0 billion (31 December 2021: CHF 11.6 billion). The headcount in the reporting year was slightly above the previous year's level at 86.

# Corporate Center

## SEGMENT RESULTS

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Total net interest income	6,052	6,402	-350	-5.5
Total net income from commission business and services	-4,171	-3,703	-468	-12.6
Income from trading activities	9,988	6,681	3,307	49.5
Income from financial instruments	5,259	5,948	-689	-11.6
Other income	249	344	-95	-27.7
<b>Total operating income</b>	<b>17,377</b>	<b>15,672</b>	<b>1,705</b>	<b>10.9</b>
Personnel expenses	44,099	43,875	224	0.5
General and administrative expenses	30,097	25,567	4,530	17.7
Depreciation of property, equipment and intangible assets	16,683	13,951	2,732	19.6
Credit loss expenses	-29	-7	-22	-323.0
Provisions and losses	-21	2	-23	n.a.
Services to/from other segments	-38,974	-34,010	-4,964	-14.6
<b>Operating expenses</b>	<b>51,855</b>	<b>49,379</b>	<b>2,476</b>	<b>5.0</b>
<b>Segment income before income tax</b>	<b>-34,478</b>	<b>-33,707</b>	<b>-771</b>	<b>-2.3</b>
ADDITIONAL INFORMATION				
Headcount (number of employees)	550	548	2.0	0.4
Headcount (expressed as full-time equivalents)	504.1	502.7	1.4	0.3

## Structure

The "Corporate Center" business unit is of great importance for banking operations and the processing of business transactions. In addition, those earnings and expenses of VP Bank Group that have no direct relationship to client-oriented business units, as well as consolidation adjustments, are reported under Corporate Center. The revenue-generating business activities of the segment "Corporate Center" are associated with the exercise of the Group Treasury function. The results of the Group's own financial investments, the structural contribution and the changes in the value of hedges are reported in this segment.

increased by CHF 3.3 million compared to the previous year. This increase is mainly due to higher USD interest margins. Income from financial investments totalled CHF 5.3 million in the first half of 2022. This position recorded a result of CHF 5.9 million in the previous-year period.

Operating expenses in the reporting period increased by CHF 2.5 million to CHF 51.9 million. This increase in general and administrative expenses is mainly due to investments in strategy implementation. Depreciation and amortisation increased compared to the previous year as a result of the outsourcing of the IT infrastructure to Swisscom in the first half of 2022.

## Segment income

The pre-tax segment income in the first half of 2022 amounted to CHF -34.5 million vis-à-vis CHF -33.7 million in the previous-year period.

Operating income increased by CHF 1.7 million in the first half of 2022 vis-à-vis the previous year. This increase is largely due to income from trading activities. Net interest income decreased slightly by CHF 0.4 million. Income from commission business and services decreased. This includes bank commissions which were invoiced to front business units by the service units through internal recharging. Income received from Group Treasury & Execution is reported under income from trading activities. This relates to income generated from the execution of foreign-exchange trades. Income from derivatives for risk minimisation and income from balance sheet management are disclosed under this position too. Income from trading activities

# NOTES TO THE CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED BALANCE SHEET

## 1 INTEREST INCOME

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Discount income	602	115	487	423.5
Loan commissions with the character of interest	395	213	182	85.4
Interest income from banks	79	0	79	0.0
Interest income from customers	37,727	39,160	-1,433	-3.7
Interest income from financial instruments measured at amortised cost	13,460	13,360	100	0.7
Interest income from financial liabilities	3,169	3,338	-169	-5.1
<b>Total interest income from financial instruments at amortised cost</b>	<b>55,432</b>	<b>56,186</b>	<b>-754</b>	<b>-1.3</b>
Interest-rate instruments	-244	-319	75	23.5
Trading derivatives (forward points)	9,508	7,163	2,345	32.7
Hedge accounting	-115	-19	-96	n.a.
<b>Total other interest income</b>	<b>9,149</b>	<b>6,825</b>	<b>2,324</b>	<b>34.1</b>
<b>Total interest income</b>	<b>64,581</b>	<b>63,011</b>	<b>1,570</b>	<b>2.5</b>
Interest expenses on amounts due to banks	20	15	5	33.3
Interest expenses on amounts due to customers	3,601	1,664	1,937	116.4
Interest expenses on medium-term notes	104	144	-40	-27.8
Interest expenses on debentures issued	877	1,013	-136	-13.4
Interest expenses from financial assets	4,232	4,153	79	1.9
Interest expenses on right-of-use assets	123	138	-15	-10.9
<b>Total interest expenses using the effective interest method</b>	<b>8,957</b>	<b>7,127</b>	<b>1,830</b>	<b>25.7</b>
<b>Total net interest income</b>	<b>55,624</b>	<b>55,884</b>	<b>-260</b>	<b>-0.5</b>
FAIR-VALUE HEDGES				
Movements arising from hedges	1,544	532	1,012	190.2
• Micro fair-value hedges	1,544	532	1,012	190.2
Movements in underlying transactions	-1,659	-551	-1,108	-201.1
• Micro fair-value hedges	-1,659	-551	-1,108	-201.1
<b>Total hedge accounting</b>	<b>-115</b>	<b>-19</b>	<b>-96</b>	<b>n.a.</b>

## 2 INCOME FROM COMMISSION BUSINESS AND SERVICES

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Commission income from credit business	277	342	-65	-19.0
Asset management and investment business	33,601	32,000	1,601	5.0
Brokerage fees	14,771	20,442	-5,671	-27.7
Securities account fees	11,285	11,856	-571	-4.8
Fund management fees	26,821	28,801	-1,980	-6.9
Fiduciary commissions	169	145	24	16.6
Other commission and service income	9,314	8,851	463	5.2
<b>Total income from commission business and services</b>	<b>96,238</b>	<b>102,437</b>	<b>-6,199</b>	<b>-6.1</b>
Brokerage expenses	691	811	-120	-14.8
Other commission and services-related expenses	23,580	23,623	-43	-0.2
<b>Total expenses from commission business and services</b>	<b>24,271</b>	<b>24,434</b>	<b>-163</b>	<b>-0.7</b>
<b>Total net income from commission business and services</b>	<b>71,967</b>	<b>78,003</b>	<b>-6,036</b>	<b>-7.7</b>



## 2 Income from commission business and services (continued)

The following table shows what proportions are included in the income position "asset management and investment business".

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Fees for securities settlement	4,255	4,156	99	2.4
Administration commissions	19,043	18,695	348	1.9
Management fees	5,610	5,048	562	11.1
Brokerage fees	8,779	9,094	-315	-3.5
Securities account fees	2,229	2,278	-49	-2.2
Administration fees	2,425	2,275	150	6.6
All-in fees	8,612	7,870	742	9.4
Miscellaneous fees	1,691	1,279	412	32.2
<b>Asset management and investment business</b>	<b>33,601</b>	<b>32,000</b>	<b>1,601</b>	<b>5.0</b>

## 3 INCOME FROM TRADING ACTIVITIES

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Securities trading <sup>1</sup>	-2,094	-1,098	-996	-90.7
Interest income from trading portfolios	143	69	74	107.2
Foreign currency	28,577	24,391	4,186	17.2
Banknotes, precious metals and other	476	755	-279	-37.0
<b>Total income from trading activities</b>	<b>27,102</b>	<b>24,117</b>	<b>2,985</b>	<b>12.4</b>

<sup>1</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 INSTRUMENTS

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Income from financial instruments at fair value	6,155	6,906	-751	-10.9
Income from financial instruments at amortised cost (foreign exchange)	382	442	-60	-13.6
<b>Total income from financial instruments</b>	<b>6,537</b>	<b>7,348</b>	<b>-811</b>	<b>-11.0</b>
<b>INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE</b>				
Income from FVTPL assets	-133	727	-860	-118.3
Interest income from FVTPL financial instruments	472	376	96	25.5
Dividend income from FVTPL financial instruments	719	720	-1	-0.1
Dividend income from FVTOCI financial instruments	5,097	5,083	14	0.3
thereof from FVTOCI financial instruments sold	63	0	63	0.0
Income from FVTPL liabilities	0	0	0	0.0
<b>Total</b>	<b>6,155</b>	<b>6,906</b>	<b>-751</b>	<b>-10.9</b>
<b>INCOME FROM FINANCIAL INSTRUMENTS AT AMORTISED COST (FOREIGN EXCHANGE)</b>				
Revaluation gains/losses on financial instruments at amortised cost	340	78	262	335.9
Realised gains/losses on financial instruments at amortised cost	42	364	-322	-88.5
<b>Total</b>	<b>382</b>	<b>442</b>	<b>-60</b>	<b>-13.6</b>

## 5 OTHER INCOME

in CHF 1,000	Note	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Income from real estate		75	52	23	44.2
Income from joint venture companies		1	-1	2	200.0
Miscellaneous other income		195	1,181	-986	-83.5
<b>Total other income</b>		<b>271</b>	<b>1,232</b>	<b>-961</b>	<b>-78.0</b>

## 6 PERSONNEL EXPENSES

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Salaries and wages	71,238	69,852	1,386	2.0
Social contributions required by law	6,076	6,122	-46	-0.8
Contributions to pension plans / defined-benefit plans	5,907	6,310	-403	-6.4
Contributions to pension plans / defined-contribution plans	1,443	1,455	-12	-0.8
Other personnel expenses	2,925	2,274	651	28.6
Capitalised personnel expenses <sup>1</sup>	-2,181	0	-2,181	0.0
<b>Total personnel expenses</b>	<b>85,408</b>	<b>86,013</b>	<b>-605</b>	<b>-0.7</b>

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

## 7 GENERAL AND ADMINISTRATIVE EXPENSES

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Occupancy expenses	1,661	1,583	78	4.9
Insurance	605	648	-43	-6.6
Professional fees	7,051	5,662	1,389	24.5
Financial information procurement	4,718	4,426	292	6.6
Telecommunication and postage	719	709	10	1.4
IT systems	13,183	9,629	3,554	36.9
Marketing and public relations	1,865	1,917	-52	-2.7
Capital taxes	365	444	-79	-17.8
Other general and administrative expenses	6,580	5,979	601	10.1
<b>Total general and administrative expenses</b>	<b>36,747</b>	<b>30,997</b>	<b>5,750</b>	<b>18.6</b>

## 8 DEPRECIATION OF PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Depreciation and amortisation of property and equipment	8,288	7,888	400	5.1
Depreciation and amortisation of intangible assets	10,729	7,644	3,085	40.4
<b>Total depreciation and amortisation</b>	<b>19,017</b>	<b>15,532</b>	<b>3,485</b>	<b>22.4</b>

## 9 VALUATION ALLOWANCES, PROVISIONS AND LOSSES

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Decrease/increase credit allowances <sup>1</sup>	-3,793	-533	-3,260	n.a.
Legal and litigation risks	250	0	250	0.0
Other provisions and losses <sup>1</sup>	762	189	573	303.2
<b>Total valuation allowances, provisions and losses</b>	<b>-2,781</b>	<b>-344</b>	<b>-2,437</b>	<b>n.a.</b>

<sup>1</sup> Including currency effects.

## 10 TAXES ON INCOME

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
Current taxes	3,947	4,195	-248	-5.9
Deferred taxes	-2,164	294	-2,458	n.a.
<b>Total taxes on income</b>	<b>1,783</b>	<b>4,489</b>	<b>-2,706</b>	<b>-60.3</b>

## 11 EARNINGS PER SHARE

	30.06.2022	30.06.2021
CONSOLIDATED EARNINGS PER SHARE OF VP BANK LTD, VADUZ		
Group net income (in CHF 1,000) <sup>1</sup>	21,327	29,897
Weighted average of registered shares A issued	6,015,000	6,015,000
Weighted average of registered shares B issued	6,004,167	6,004,167
Less weighted average number of treasury shares A	476,375	513,243
Less weighted average number of treasury shares B	348,869	346,012
Weighted average number of registered shares A (undiluted)	5,538,625	5,501,757
Weighted average number of registered shares B (undiluted)	5,655,298	5,658,155
Total weighted average number of shares (registered shares A)	6,104,155	6,067,573
Undiluted consolidated earnings per registered share A	3.49	4.93
Undiluted consolidated earnings per registered share B	0.35	0.49
FULLY DILUTED CONSOLIDATED EARNINGS PER SHARE OF VP BANK LTD, VADUZ		
Group net income (in CHF 1,000) <sup>1</sup>	21,327	29,897
Dilution effect number of registered shares A <sup>2</sup>	34,935	28,628
Number of shares used to compute the fully diluted consolidated net income	6,139,090	6,096,201
Diluted consolidated earnings per registered share A	3.47	4.90
Diluted consolidated earnings per registered share B	0.35	0.49

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

<sup>2</sup> The dilutive effect results from outstanding management participation plans.

## 12 DEBENTURES, VP BANK LTD, VADUZ

Year of issue	ISIN	Interest rate in %	Currency	Maturity	Nominal amount	in CHF 1,000	
						Total 30.06.2022	Total 31.12.2021
2015	CH0262888941	0.875	CHF	07.10.2024	100,000	100,126	100,154
2019	CH0461238880	0.6	CHF	29.11.2029	155,000	154,982	154,980
<b>Total</b>					<b>255,000</b>	<b>255,108</b>	<b>255,134</b>

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

## 13 SHARE CAPITAL

	30.06.2022		31.12.2021	
	No. of shares	Nominal CHF	No. of shares	Nominal CHF
Registered shares A of CHF 10.00 nominal value	6,015,000	60,150,000	6,015,000	60,150,000
Registered shares B of CHF 1.00 nominal value	6,004,167	6,004,167	6,004,167	6,004,167
<b>Total share capital</b>		<b>66,154,167</b>		<b>66,154,167</b>

All shares are fully paid up.

## 14 TREASURY SHARES

	30.06.2022		31.12.2021	
	No. of shares	in CHF 1,000	No. of shares	in CHF 1,000
Registered shares A at the beginning of the financial year	488,934	51,350	530,171	55,681
Purchases	0	0	0	0
Sales	-30,327	-3,185	-41,237	-4,331
<b>Balance of registered shares A as of balance sheet date</b>	<b>458,607</b>	<b>48,165</b>	<b>488,934</b>	<b>51,350</b>
Registered shares B at the beginning of the financial year	348,869	5,440	344,369	5,390
Purchases	0	0	4,500	50
Sales	0	0	0	0
<b>Balance of registered shares B as of balance sheet date</b>	<b>348,869</b>	<b>5,440</b>	<b>348,869</b>	<b>5,440</b>

## 15 DIVIDEND

	30.06.2022	31.12.2021
APPROVED AND PAID DIVIDEND OF VP BANK LTD, VADUZ		
Dividend (in CHF 1,000) for the financial year 2021 (2020)	33,077	26,462
Dividend per registered share A	5.00	4.00
Dividend per registered share B	0.50	0.40
Payout ratio (in %) <sup>1</sup>	60.0	58.0

<sup>1</sup> Dividend per registered share A / Group net income per registered share A.

## 16 FINANCIAL INSTRUMENTS

### Fair value of financial instruments

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

in CHF million	Carrying value 30.06.2022	Fair value 30.06.2022	Variance	Carrying value 31.12.2021	Fair value 31.12.2021	Variance
<b>ASSETS</b>						
Cash and cash equivalents	2,286	2,286	0	2,384	2,384	0
Receivables arising from money market papers	175	175	0	129	129	0
Due from banks	2,281	2,281	0	1,689	1,689	0
Due from customers	5,895	5,909	14	6,237	6,328	91
Trading portfolios	0	0	0	10	10	0
Derivative financial instruments	113	113	0	47	47	0
Financial instruments at fair value	184	184	0	196	196	0
of which designated on initial recognition	0	0	0	0	0	0
of which mandatory under IFRS 9	63	63	0	63	63	0
of which recognised in other comprehensive income with no effect on net income	121	121	0	133	133	0
Financial instruments at amortised cost	2,450	2,336	-114	2,263	2,295	32
<b>Subtotal</b>			<b>-100</b>			<b>123</b>
<b>LIABILITIES</b>						
Due to banks	575	575	0	71	71	0
Due to customers	11,366	11,239	127	11,459	11,458	1
Derivative financial instruments	156	156	0	82	82	0
Medium-term notes	49	48	1	54	55	-1
Debentures issued	255	235	20	255	259	-4
<b>Subtotal</b>			<b>148</b>			<b>-4</b>
<b>Total variance</b>			<b>48</b>			<b>119</b>

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

### Cash and cash equivalents, money market papers

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

### Due from/to banks and customers, medium-term notes, 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 cash flows with swap rates corresponding to the respective term). For products whose interest or payment flows cannot be determined in advance, replicating portfolios are used.

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

Fair value corresponds to the 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, 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 discounted-cash-flow-based forward pricing and swap models, as well as option pricing models such as the Black-Scholes model or derivations thereof. The fair values arrived at on the basis of these methods and models are influenced to a significant degree by the choice of the specific valuation model and the underlying assumptions applied, for example the amounts and time sequence of future cash flows, discount rates, volatilities and/or credit risks. If neither current market prices nor valuation methods/models based on observable market data can be drawn on for the purpose of determining fair value, then valuation methods or pricing models supported by realistic assumptions derived from actual market data are used (Level 3). Level 3 principally includes investment funds, for which an obligatory net asset value is not published at least on a quarterly basis. The fair value of these positions is, as a rule, computed on the basis of external estimates by experts in relation to the level of future distributions, or equates to the acquisition cost of the securities less any applicable valuation haircuts.

**VALUATION METHODS FOR FINANCIAL INSTRUMENTS**

in CHF million at fair value 30.06.2022	Quoted market prices, Level 1	Valuation methods, based on market data, Level 2	Valuation methods, with assumptions based on market data, Level 3	Total 30.06.2022
<b>ASSETS</b>				
Cash and cash equivalents	2,286			2,286
Receivables arising from money market papers	175			175
Due from banks		2,281		2,281
Due from customers		5,909		5,909
Trading portfolios				0
Derivative financial instruments		113		113
Financial instruments at fair value	124	45	15	184
Financial instruments at amortised cost	2,336			2,336
<b>LIABILITIES</b>				
Due to banks		575		575
Due to customers		11,239		11,239
Derivative financial instruments		156		156
Medium-term notes		48		48
Debentures issued	235			235

In the first half of 2022, a fund was reclassified from Level 2 to Level 3 because it is in liquidation. Level 3 positions have decreased by a total of CHF 13 million. The trading portfolio (CHF 10 million) was completely reduced and the financial instruments measured at fair value were reduced accordingly through a partial sale (CHF 3 million).

in CHF million at fair value 31.12.2021	Quoted market prices, Level 1	Valuation methods, based on market data, Level 2	Valuation methods, with assumptions based on market data, Level 3	Total 31.12.2021
<b>ASSETS</b>				
Cash and cash equivalents	2,384			2,384
Receivables arising from money market papers	129			129
Due from banks		1,689		1,689
Due from customers		6,328		6,328
Trading portfolios			10	10
Derivative financial instruments		47		47
Financial instruments at fair value	133	44	19	196
Financial instruments at amortised cost	2,295			2,295
<b>LIABILITIES</b>				
Due to banks		71		71
Due to customers		11,458		11,458
Derivative financial instruments		82		82
Medium-term notes		55		55
Debentures issued	259			259

Valuation methods for financial instruments (continued)

Level 3 financial instruments	30.06.2022	31.12.2021
<b>BALANCE SHEET</b>		
Holdings at the beginning of the year	28.7	8.3
Investments	0.0	28.4
Disposals	-13.5	-8.4
Losses recognised in the income statement	-0.3	0.0
Gains recognised in the income statement	0.0	0.4
<b>Total book value at balance sheet date</b>	<b>14.9</b>	<b>28.7</b>
<b>INCOME ON HOLDINGS AT BALANCE SHEET DATE</b>		
Unrealised losses recognised in the income statement	0.0	0.0
Unrealised losses recognised as other comprehensive income	0.0	0.0
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 2022 or 31 December 2021.

**Sensitivity of fair values of Level 3 financial instruments**

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

**17 LEASES IN THE BALANCE SHEET**

in CHF 1,000	30.06.2022	31.12.2021	Variance absolute	Variance in %
<b>PROPERTY AND EQUIPMENT</b>				
Right of use - buildings and premises	18,039	20,723	-2,684	-13.0
Right of use - motor vehicles	481	662	-181	-27.3
<b>Total assets</b>	<b>18,520</b>	<b>21,385</b>	<b>-2,865</b>	<b>-13.4</b>
<b>Remaining duration of up to 1 year</b>				
	5,543	5,741	-198	-3.4
<b>Remaining duration of 1 to 5 years</b>				
	14,996	16,772	-1,776	-10.6
<b>Remaining duration of over 5 years</b>				
	1,172	3,063	-1,891	-61.7
<b>Total lease liabilities</b>	<b>21,711</b>	<b>25,576</b>	<b>-3,865</b>	<b>-15.1</b>

**18 LEASES IN THE INCOME STATEMENT**

in CHF 1,000	01.01.- 30.06.2022	01.01.- 30.06.2021	Variance absolute	Variance in %
<b>NET INTEREST INCOME</b>				
Interest expense on right-of-use assets	123	138	-15	-10.9
<b>DEPRECIATION OF PROPERTY AND EQUIPMENT</b>				
Depreciation and impairment on right-of-use assets	2,887	2,943	-56	-1.9

## 19 CONSOLIDATED OFF-BALANCE-SHEET POSITIONS

in CHF 1,000	30.06.2022	31.12.2021
Total contingent liabilities	100,023	101,978
Irrevocable facilities granted	91,171	79,086
Total fiduciary transactions	571,344	593,950
Contract volumes of derivative financial instruments	8,947,067	11,060,534
<b>SECURITIES LENDING AND REPURCHASE AND REVERSE-REPURCHASE TRANSACTIONS</b>		
Amounts receivable arising from cash deposits in connection with securities borrowing and reverse-repurchase transactions	0	0
Amounts payable arising from cash deposits in connection with securities lending and repurchase transactions	199,999	0
Securities lent out within the scope of securities lending or delivered as collateral within the scope of securities borrowing activities, as well as securities in own portfolio transferred within the framework of repurchase transactions	390,541	239,999
of which securities where the unlimited right to sell on or pledge has been granted	301,248	163,695
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	391,392	241,231
of which securities which have been resold or repledged	89,293	76,304

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

## 20 CLIENT ASSETS

in CHF million	30.06.2022	31.12.2021	Variance absolute	Variance in %
<b>ANALYSIS OF CLIENT ASSETS UNDER MANAGEMENT</b>				
Assets in self-administered investment funds	8,932.6	9,702.6	-770.0	-7.9
Assets in discretionary asset management accounts	4,835.8	5,293.0	-457.2	-8.6
Other client assets under management	32,717.1	36,281.1	-3,563.9	-9.8
<b>Total client assets under management (including amounts counted twice)</b>	<b>46,485.6</b>	<b>51,276.6</b>	<b>-4,791.0</b>	<b>-9.3</b>
of which amounts counted twice	2,050.8	2,235.7	-184.8	-8.3
<b>CHANGE OF ASSETS UNDER MANAGEMENT</b>				
Total client assets under management (including amounts counted twice) at the beginning of the financial year	51,276.6	47,437.1	3,839.5	8.1
of which net new money	179.8	276.9	-97.1	-35.1
of which change in market value	-4,765.7	2,608.2	-7,373.8	-282.7
of which other effects <sup>1,2</sup>	-205.1	954.4	-1,159.6	-121.5
<b>Total client assets under management (including amounts counted twice) as of balance sheet date</b>	<b>46,485.6</b>	<b>51,276.6</b>	<b>-4,791.0</b>	<b>-9.3</b>
<b>Custody assets<sup>2</sup></b>	<b>5,455.7</b>	<b>7,495.3</b>	<b>-2,039.6</b>	<b>-27.2</b>
<b>TOTAL CLIENT ASSETS</b>				
Total client assets under management (including amounts counted twice)	46,485.6	51,276.6	-4,791.0	-9.3
Custody assets	5,455.7	7,495.3	-2,039.6	-27.2
<b>Total client assets</b>	<b>51,941.3</b>	<b>58,771.9</b>	<b>-6,830.6</b>	<b>-11.6</b>
<b>in CHF million</b>				
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>Variance absolute</b>	<b>Variance in %</b>
<b>Net new money</b>	<b>179.8</b>	<b>652.2</b>	<b>-472.4</b>	<b>-72.4</b>

<sup>1</sup> Includes in 2022 assets which have been reclassified to custody assets pertaining to sanctioned Russian clients.

<sup>2</sup> Acquisition of the private banking business of Öhman Bank S.A. in Luxembourg in 2021 (note 21).

## 21 ACQUISITION IN 2021

On 8 July 2020, VP Bank (Luxembourg) SA signed and announced an agreement to acquire the private banking business of Öhman Bank S.A. in Luxembourg. The transaction was successfully completed as planned on 1 January 2021 and closed in spring 2021. It includes the takeover of a client advisory team of nine employees and client assets of around EUR 852 million. The purchase price was CHF 8.5 million. The other business activities and divisions of Öhman Bank S.A. are excluded from the takeover.

The following assets and liabilities were acquired as part of the merger as per 1 January 2021:

in CHF million	Fair value
Cash and cash equivalents	60.1
Amounts due from banks and clients	54.7
Derivative financial instruments	70.6
Other intangible assets	7.8
<b>Total assets</b>	<b>193.2</b>
Amounts due to banks and clients	-111.6
Derivative financial instruments	-73.8
<b>Total liabilities</b>	<b>-185.4</b>
<b>Total net assets</b>	<b>7.8</b>
<b>Net assets acquired</b>	<b>7.8</b>
Purchase price to be settled in cash and cash equivalents <sup>1</sup>	8.5
<b>Purchase consideration</b>	<b>8.5</b>
<b>Goodwill arising from acquisition</b>	<b>0.8</b>
Purchase consideration settled in cash and cash equivalents	6.7
Cash inflow arising from the transaction	53.4

Assets under management of EUR 852 million were taken over as part of the acquisition. The transaction gave rise to intangible assets (client relationships) of CHF 7.8 million. The client relationships will be amortised over nine years. The costs of the transaction incurred in the reporting period (advisory, legal, auditing, valuation costs, etc.) amount to CHF 0.3 million and are recognised in general and administrative expenses (note 7) (financial year 2020: CHF 1.2 million).

The individual factors underlying the amount of goodwill recognised consist of, in particular, the employees transferred, the know-how available as well as the strategic market expansion in the Nordics.

The purchase price as of January 2021 was CHF 8.5 million. This includes a deferred purchase price payment of CHF 1.8 million due on 14 January 2022 and an earn-out component of CHF 0. The final payment includes the deferred purchase price payment resulting from the development of assets under management until 31 January 2022 and an earn-out component. The earn-out component depends on the development of assets under management up to the earn-out date of 1 January 2023.

<sup>1</sup> The final purchase price depends on the actual transferred client assets and client assets managed after one year from the transfer.

## 22 CAPITAL-ADEQUACY COMPUTATION (BASEL III)

in CHF 1,000	30.06.2022	31.12.2021
Total shareholders' equity	1,078,502	1,085,567
Total regulatory deduction	-56,641	-71,079
Eligible core capital (tier 1)	1,021,861	1,014,488
Total required equity	358,163	362,865
Capital buffer	203,268	204,111
Total required equity including capital buffer	561,432	566,976
Tier 1 ratio	22.8%	22.4%
Total risk-weighted assets	4,477,041	4,535,813
Return on investment (net income / average balance sheet total)	0.3%	0.4%





HANNA ROECKLE / Columns: "Blue", 2016, "Greengold", 2015, "Copper", 2016 (f.l.t.r.)

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

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

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

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