

2005

CONSOLIDATED
SEMI-ANNUAL REPORT



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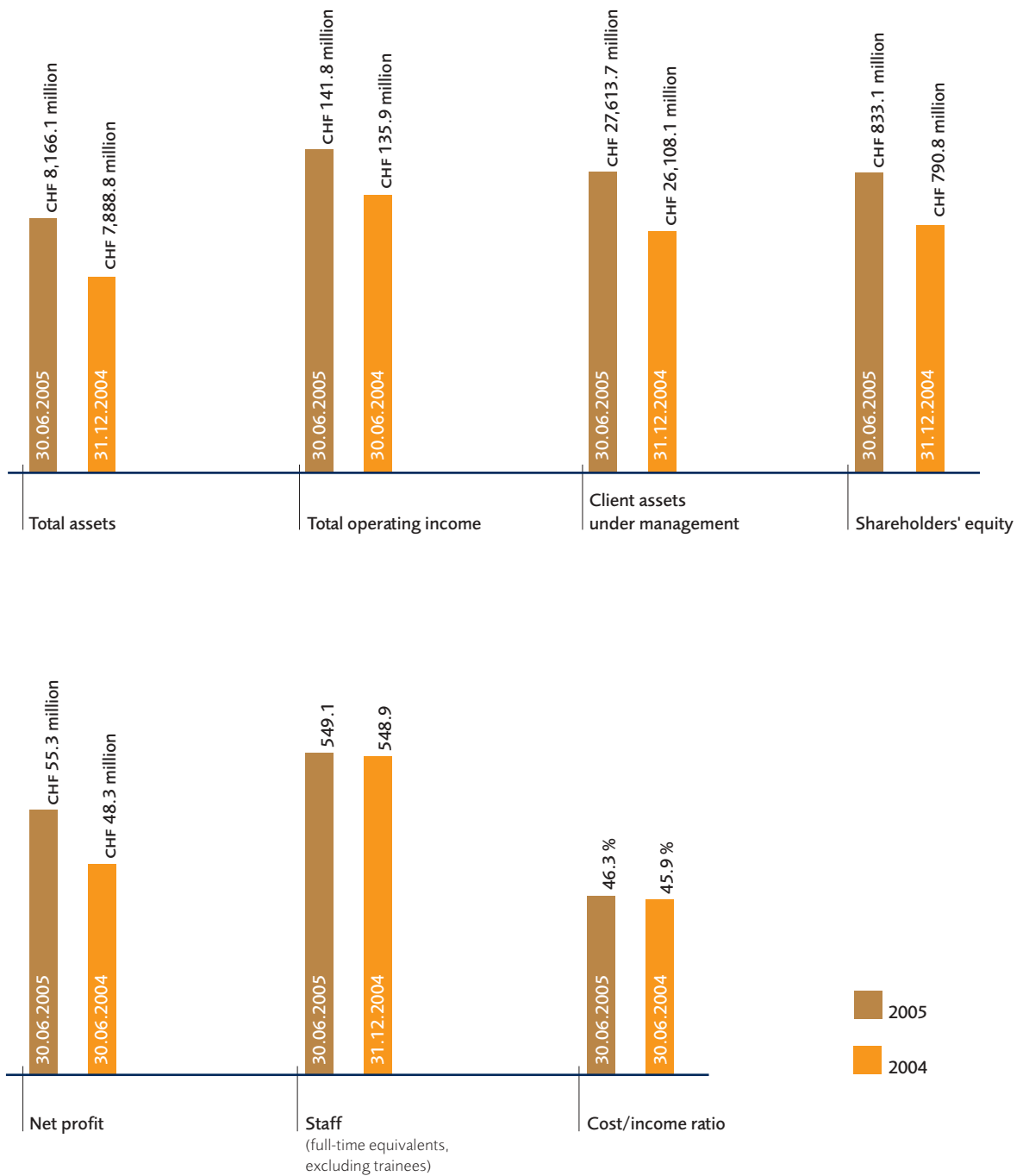
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01

First half of 2005

Key figures VP Bank Group



KEY FIGURES VP BANK GROUP

	30.06.2005	30.06.2004	31.12.2004	Change vs. 30.06.2004 in %
Key income statement figures in CHF million¹				
Total operating income	141.8	135.9	259.7	4.4
Net interest income	51.2	44.1	97.3	16.1
Net fee and commission income	67.9	64.1	122.4	5.9
Net trading income	9.4	10.8	19.1	-12.7
Operating expenses	65.6	62.3	125.9	5.3
Net profit	55.3	48.3	89.8	14.5

	30.06.2005	30.06.2004	31.12.2004	Change vs. 31.12.2004 in %
Key balance sheet figures in CHF million¹				
Total assets	8,166.1	7,962.2	7,888.8	3.5
Due from banks	4,073.2	4,076.3	3,986.7	2.2
Due from customers	2,717.1	2,675.1	2,725.7	-0.3
Due to customers	6,825.1	6,739.3	6,684.9	2.1
Total shareholders' equity	833.1	760.6	790.8	5.3
Shareholders' equity ratio (in %)	10.2	9.6	10.0	1.8
BIS tier 1 capital ratio (in %, excl. net profit and minority interests)	15.8	15.3	14.3	10.5

Client assets under management in CHF million	27,613.7	26,152.0	26,108.1	5.8
On-balance-sheet customer deposits	6,970.4	6,861.3	6,818.0	2.2
Fiduciary transactions	1,519.1	1,545.0	1,540.5	-1.4
Client accounts	19,124.2	17,745.7	17,749.6	7.7

Key figures¹

Return on equity (in %) ²	13.9	13.1	11.9
Cost/income ratio (in %) ³	46.3	45.9	48.5
Staff (full-time equivalents, excluding trainees) ⁴	549.1	542.8	548.9
Total operating income per employee in CHF 1,000	258.3	250.3	473.1
Total operating expenses per employee in CHF 1,000	119.5	114.8	229.4
Net profit per employee in CHF 1,000	100.7	89.0	163.7

Per-share figures VP Bank in CHF^{1,5}

Basic earnings per bearer share	9.35	8.17	15.19
Basic earnings per registered share	0.93	0.82	1.52
Shareholders' equity per bearer share	140.85	128.59	133.70
Shareholders' equity per registered share	14.09	12.86	13.37
Price of bearer shares	188.00	190.00	187.00
Price of registered shares	18.00	18.75	18.00
Market capitalization (in CHF million)	1,112.0	1,123.8	1,106.1
Price/earning ratio per bearer share	10.05	11.63	12.31
Price/earning ratio per registered share	9.63	11.48	11.85

¹ These key figures have been calculated and reported on the basis of net profit and equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.

² Net profit / average shareholders' equity less dividend

³ Operating expenses excl. depreciation, amortization, value adjustments, provisions and losses / total operating income

⁴ In accordance with legal provisions, apprentices have been accounted for in total staff at 50 %.

⁵ Based on outstanding shares on the balance sheet date (5,914,764)



Significant 14.5 percent increase in net profit

VP Bank Group was accorded a Standard & Poor's "A" rating

First half of 2005

01

Dear Shareholders,
Ladies and Gentlemen

The financial results for the first half of 2005 are indeed gratifying for the VP Bank Group and represent an endorsement of our strategic approach. A favorable influence was exerted by developments on the financial markets as well as on the economic and political grounds, whereas the first three months of the year were more amenable in this regard than the second quarter.

Our net profit of CHF 55.3 million (30.06.2004: CHF 48.3 million) showed a significant 14.5 percent increase in comparison to the first half of 2004. This result underscores the pleasing course of business at all of the Group's divisions and subsidiary companies. A rise in both net interest income (+16.1 percent) and net fee and commission income (+5.9 percent) contributed to this satisfying performance. The 5.3 percent increase in operating expenses was mainly due to our intensified market-expansion efforts especially in the German, Central European and Eastern European regions. The VP Bank Group's business operations are supported by a sound balance sheet (total assets increased by 3.5 percent) and a high level of shareholders' equity, which on 30. June 2005 had risen 5.3 percent to stand at CHF 833.1 million. Our cost/income ratio of 46.3 remains low and has improved (31.12.2004: 48.5 percent) in line with our long-term objective of maintaining a cost/income ratio of less than 50 percent.

Client assets under management saw a performance-related 5.8 percent increase to CHF 27.6 billion (31.12.2005: CHF 26.1 billion).

Our net pre-tax operating profit of CHF 48.8 million (30.06.2004: CHF 37.5 million) stood 30 percent higher than from a year earlier and evidences a healthy pace of growth as well as solid profitability. We also expect that, in particular, the measures being introduced and implemented within the framework of our market-expansion efforts will exert a favorable influence in terms of client assets under management.

Review of first-half 2005 business activities

Within the scope of its strategic planning, the VP Bank Group achieved further progress during the first six months of 2005. Specifically, the following measures and results exemplify some key accomplishments in this regard:

- The VP Bank Group has received an A rating from Standard & Poor's (S & P), thereby making us one of the few officially rated private banking banks in Liechtenstein or Switzerland. S & P's A rating is a reflection of the creditworthiness of the VP Bank Group. It reinforces clients' confidence in VP Bank as a financial institution and facilitates our access to the capital market.
- Effective July 1, 2005, we introduced a new organizational structure¹ aimed at optimizing our market-expansion efforts and more clearly delineating the functions of the Group Executive Board. Simultaneously, Gerhard Häring, former head of the IT business unit, took on the responsibility for the "Banking Services" division as a new member of the Executive Board.
- Liechtenstein and Switzerland have now concluded agreements with the European Union regarding the EU tax on interest income. This clearly defined contractual arrangement with the European Union benefits the reputation of Liechtenstein as a financial center, and it will prevent future attempts at discrimination as it safeguards customer banking secrecy.
- Another highlight of the period under review was the increased implementation of our market-expansion concept. Our asset management company in Munich, which focuses on onshore banking services, hired additional staff as planned and is achieving its first successes as anticipated.
- In March, the representative office in Moscow was opened. This presence in the capital of the Russian Republic enables us to gain familiarity with the markets in Central and Eastern Europe, meet the necessary compliance requirements, and thus facilitate VP Bank's successful business activities in those regions. The great interest we have been able to see with the grand opening and the business activities since then give us confidence in the office's future success.
- During the first six months of the year, substantial changes were also made in our external financial reporting to comply with revised IAS accounting principles.
- This past spring, the Board of Directors assessed the IT strategy of the VP Bank Group and determined its direction for the coming years. International comparative studies show that the IT solutions employed by our Bank can be considered ideal in terms of efficiency and the ability to cope with future demands.

Outlook for the second semester of 2005

Given our first-half financial results and assuming that business circumstances take no significant change for the worse, we believe that the financial year 2005 will reflect an increase in earnings versus the previous year. This expectation is mainly supported by the principles upon which our strategy is built – i.e. the quality of our services, which we develop on an ongoing basis both in terms of customer care and product management; on the client orientation and commitment of our staff; and on the sustainability of our business model and strategic goals. The second semester of 2005 has started very favorably.

¹ See page 10, organization chart as of July 1, 2005.

Sincere gratitude

We would like to thank each of you for the trust you have placed in VP Bank, and hope that we can continue to count on you as our valued shareholders and clients in the years ahead. Our gratitude also goes to all of the VP Bank Group's employees who, with their abiding commitment, exemplify the customer orientation of our Bank each and every day



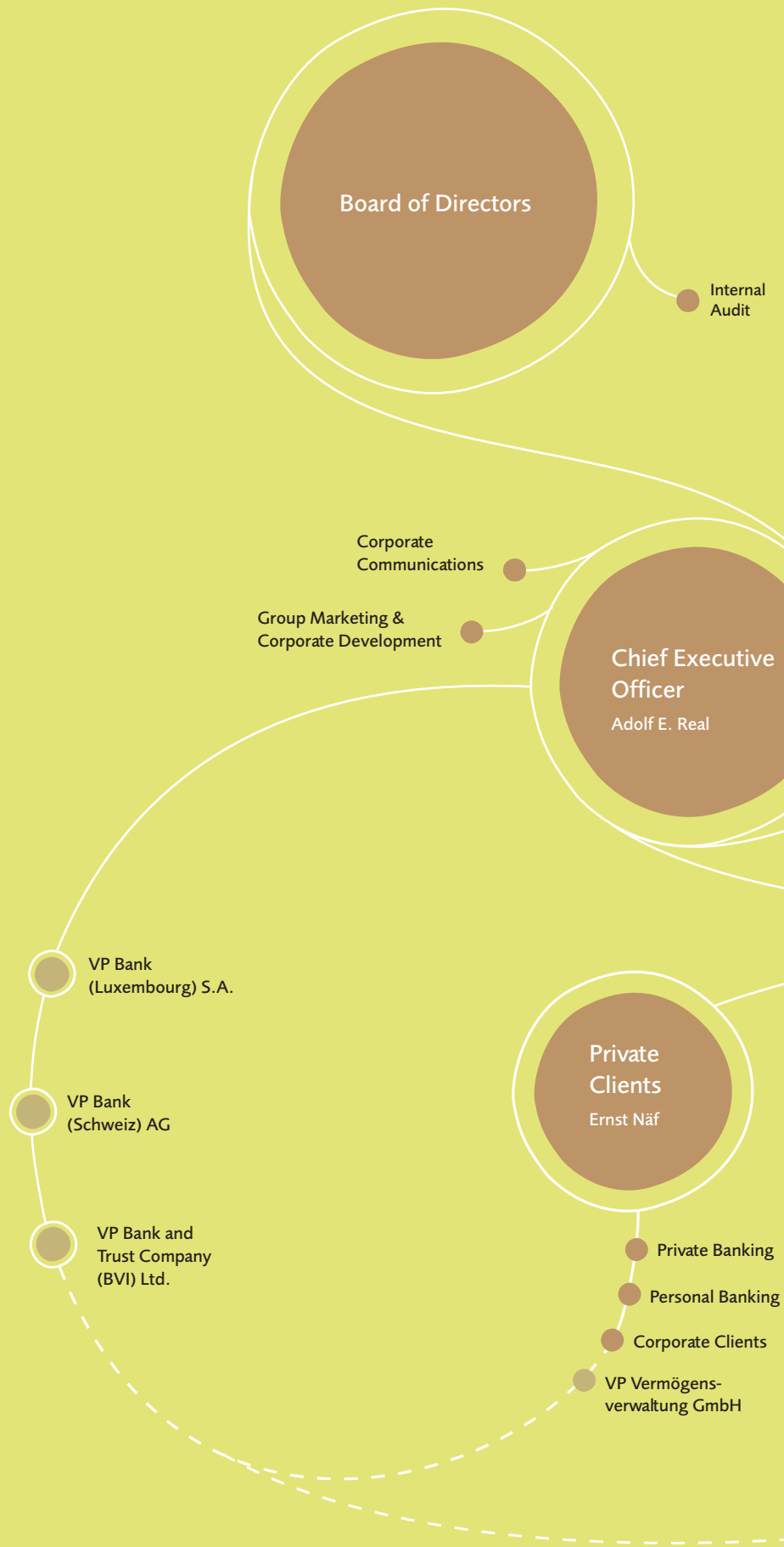
Hans Brunhart
Chairman of the Board of Director



Adolf E. Real
Chief Executive Officer

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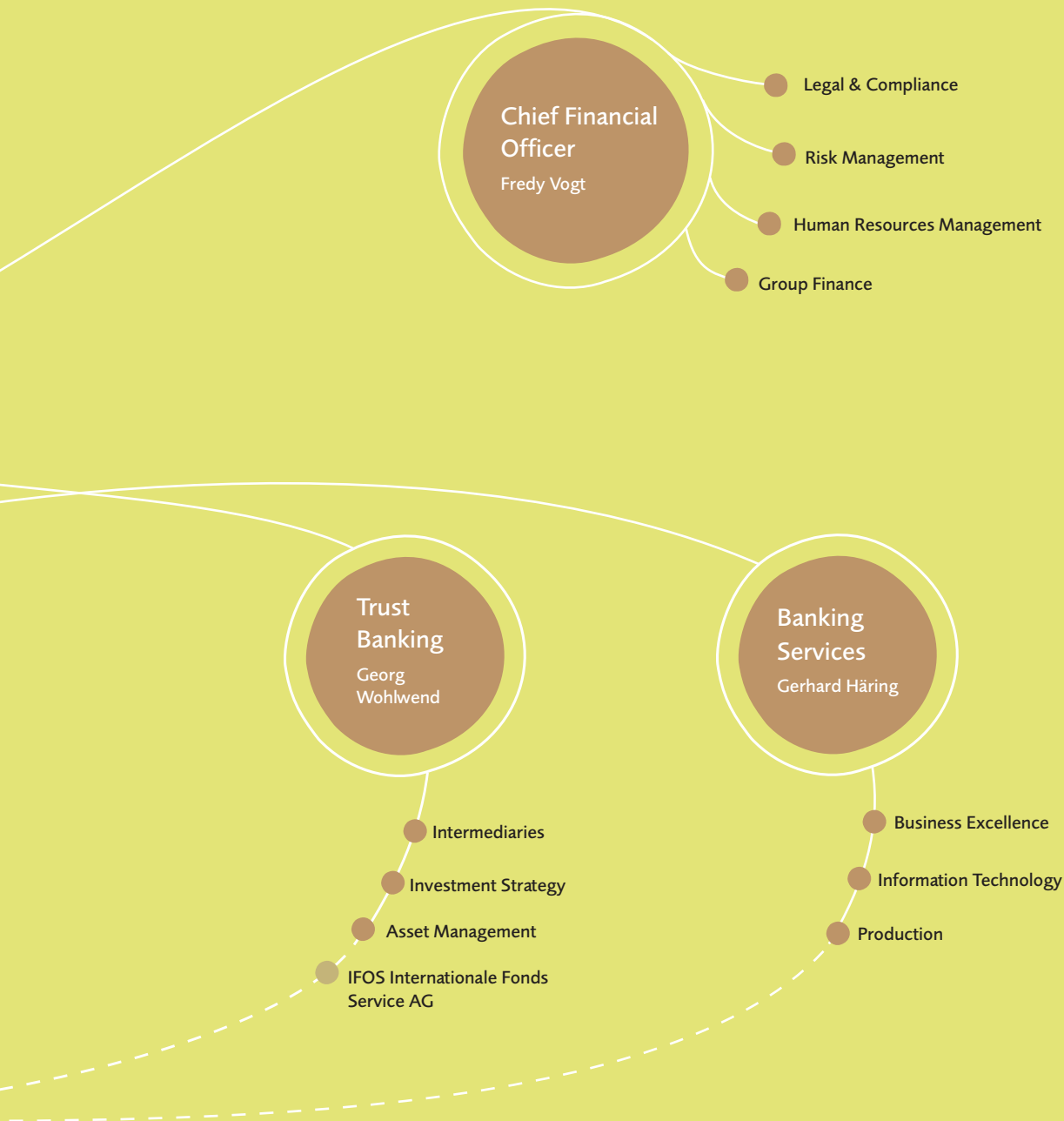
First half of 2005

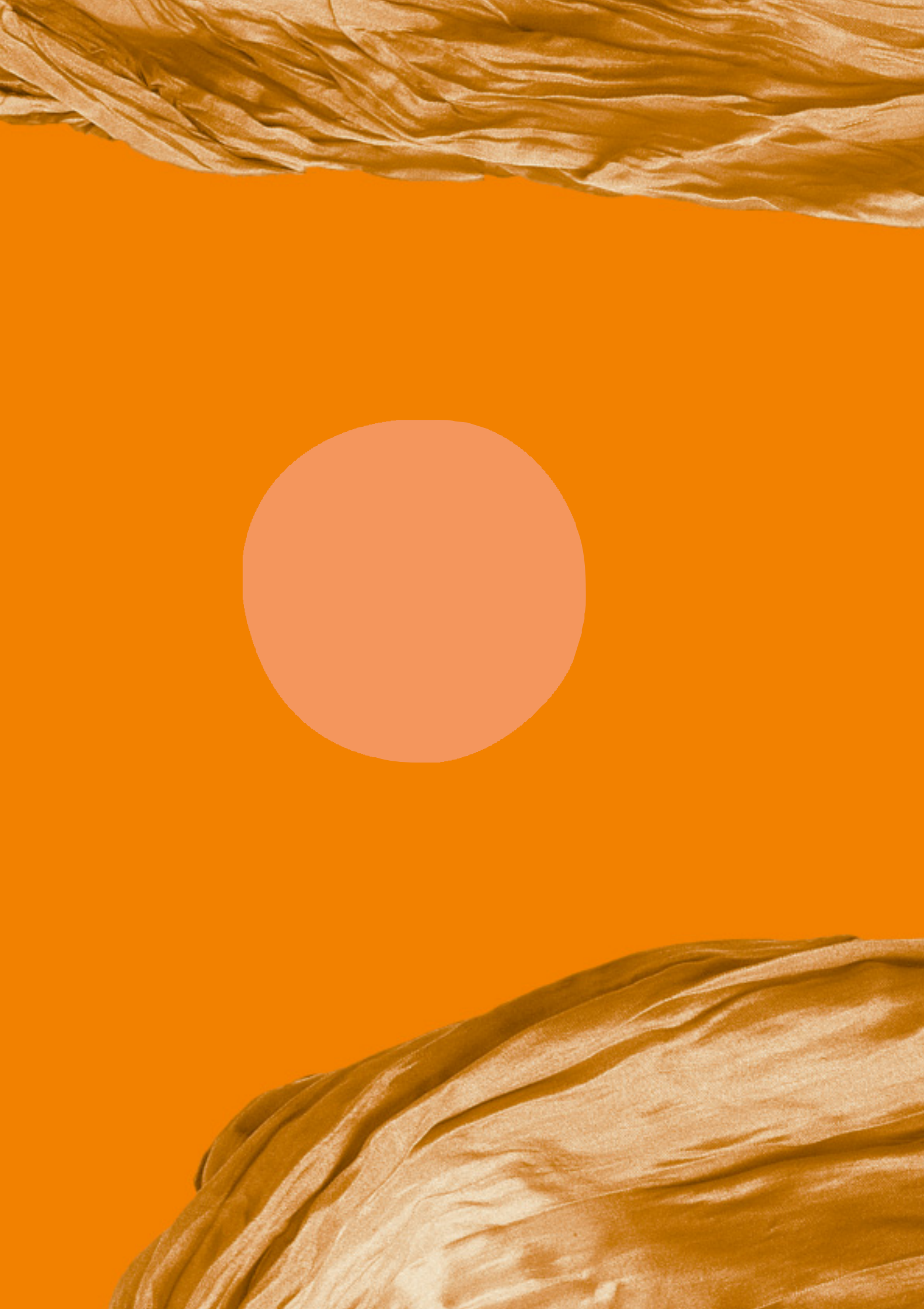


Structure of the VP Bank Group

First half of 2005

01





Consolidated semi-annual report of the VP Bank Group

Semester results increase by 14.5 percent

For the first six months of 2005, VP Bank Group recorded a net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, in the amount of CHF 55.3 million (2004: CHF 48.3 million), up 14.5 percent from a year earlier. In all business divisions, operating results exceeded those reported for the first half of 2004. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Income statement

Net interest income rose by 16.1 percent to CHF 51.2 million (2004: CHF 44.1 million). This increase is primarily due to higher money market interest rates as well as to an increased total of financial investments and on-balance-sheet customer deposits. The 5.9 percent increase in net fee and commission income to CHF 67.9 million (2004: CHF 64.1 million) resulted mainly from a higher level of transaction fees and commission income from portfolio management and other services. Net trading income declined by CHF 1.4 million to CHF 9.4 million (2004: CHF 10.8 million). Other income decreased in comparison to the comparable prior-year period by CHF 3.6 million to CHF 13.3 million (2004: CHF 16.9 million).

Operating expenses rose in comparison to the first half of 2004 by 5.3 percent to CHF 65.6 million (2004: CHF 62.3 million), among other due to the incorporation of VP Vermögensverwaltung GmbH in Munich and the opening of a representative office in Moscow. Personnel expenses amounted to CHF 45.4 million (2004: CHF 42.8 million), a 6.0 percent from a year earlier which is primarily attributable to both higher staffing levels and the accrual of performance-dependent salary components. The number of employees (expressed in full-time equivalents) rose from 542.8 to 549.1 (31.12.2004: 548.9). General and administrative expenses of CHF 20.2 million were 3.6 percent higher than the CHF 19.5 million recorded for the first half of 2004. Gross profit rose by 3.6 percent to CHF 76.2 million (2004: CHF 73.6 million). For the first six months of 2005, depreciation and amortization amounted to CHF 9.2 million (2004: CHF 13.6 million) whereas value adjustments, provisions and losses declined by 10.4 percent to CHF 5.0 million (2004: CHF 5.6 million).

Tax expense (including deferrals) increased to CHF 5.4 million (2004: CHF 5.0 million).

The cost/income ratio stands at 46.3 percent (31.12.2004: 48.5 percent), very low in comparison with the industry as a whole.

Balance sheet

Total assets increased from December 31, 2004, with a total of CHF 7.9 billion by 3.5 percent to CHF 8.2 billion on June 30, 2005. On the assets side, financial instruments and loans to banks increased, while on the liabilities side, customer deposits grew by 2.2 percent and due to banks increased to CHF 218.6 million (31.12.2004: CHF 124.8 million). At June 30, 2005, Verwaltungs- und Privat-Bank AG, Vaduz, recorded shareholders' equity in the amount of CHF 833.1 million (31.12.2004: CHF 790.8 million). The BIS tier 1 capital ratio (not including net profit) stood at 15.8 percent (31.12.2004: 14.3 percent).

Client assets under management

During the first half of 2005, client assets under management saw a performance-related rise of 5.8 percent to CHF 27.6 billion. (31.12.2004: CHF 26.1 billion). Apart from the 2.2 percent increase for on-balance-sheet customer deposits to a total of CHF 7.0 billion (31.12.2004: CHF 6.8 billion), assets held in client accounts increased by 7.7 percent to CHF 19.1 billion (31.12.2004: CHF 17.7 billion). Assets with fiduciary transactions remained essentially unchanged at CHF 1.5 billion.

Changes in accounting standards

In December 2003, the IASB published within the framework of its "Improvement Project" 15 revised international accounting standards. All of these revised standards take effect for financial years beginning on or after January 1, 2005. The information included herein for the financial year 2004 has been adjusted accordingly. After adjustment, the net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, for the financial year 2004 amounts to CHF 89.8 million (CHF 91.2 million prior to adjustment) and to 2004 CHF 48.3 million (CHF 46.0 prior to adjustment) for the first six months of 2004. These adjustments did not impact the shareholders' equity.

Consolidated income statement

in CHF 1,000	Note	H1 2005	H1 2004	Change in %
Net interest income	1	51,217	44,105	16.1
Net fee and commission income	2	67,937	64,128	5.9
Net trading income	3	9,402	10,766	-12.7
Other income	4	13,252	16,873	-21.5
Total operating income		141,808	135,872	4.4
Personnel expenses	5	45,357	42,783	6.0
General and administrative expenses	6	20,241	19,536	3.6
Operating expenses		65,598	62,319	5.3
Gross profit		76,210	73,553	3.6
Depreciation and amortization	7	9,164	13,550	-32.4
Value adjustments, provisions and losses	8	5,010	5,593	-10.4
Operating profit before tax		62,036	54,410	14.0
Income tax expense	9	5,357	4,965	7.9
Net profit		56,679	49,445	14.6
Net profit attributable to minority interests		1,378	1,130	21.9
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		55,301	48,315	14.5
Share information				
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz (in CHF 1,000)		55,301	48,315	
Weighted average number of bearer shares outstanding		5,293,673	5,306,745	
Weighted average number of registered shares outstanding		6,001,271	5,990,267	
Total weighted average number of shares (bearer) outstanding		5,893,800	5,905,772	
Basic earnings per bearer share (CHF)		9.38	8.18	
Basic earnings per registered share (CHF)		0.94	0.82	
Diluted earnings per share				
Adjusted net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz (in CHF 1,000)		55,301	48,315	
Number of shares used for calculation of fully diluted earnings		5,893,800	5,905,772	
Diluted earnings per bearer share (CHF)		9.38	8.18	
Diluted earnings per registered share (CHF)		0.94	0.82	

There are no potentially dilutive securities that could lead to a dilution of the earnings per bearer share or per registered share as indicated above.

Consolidated balance sheet

Financial Report
VP Bank Group

02

Assets

in CHF 1,000	Note	30.06.2005	31.12.2004	Change in %
Cash and cash equivalents		91,428	77,429	18.1
Money market paper		15,028	16,279	-7.7
Due from banks		4,073,194	3,986,703	2.2
Due from customers		2,717,085	2,725,651	-0.3
Trading portfolio assets		3,368	1,540	118.7
Derivative financial instruments		32,944	45,594	-27.7
Financial instruments designated "at fair value"		385,128	326,710	17.9
Financial instruments designated "available for sale"		614,088	481,339	27.6
Property and equipment		168,447	172,913	-2.6
Intangible assets		17,573	18,475	-4.9
Tax assets		644	827	-22.1
Deferred tax assets		1,727	1,562	10.6
Accrued income and prepaid expenses		27,562	22,509	22.4
Other assets		17,907	11,296	58.5
Total assets		8,166,123	7,888,827	3.5

Liabilities and shareholders' equity

Due to banks		218,582	124,761	75.2
Due to customers – savings and deposits		1,024,755	1,036,087	-1.1
Due to customers – other liabilities		5,800,321	5,648,860	2.7
Derivative financial instruments		45,827	56,002	-18.2
Medium-term notes		145,291	133,080	9.2
Tax liabilities		9,356	10,923	-14.3
Deferred tax liabilities		14,360	13,724	4.6
Accrued expenses and deferred income		28,017	24,042	16.5
Other liabilities		25,526	35,776	-28.7
Provisions		4,382	1,393	214.6
Total liabilities		7,316,417	7,084,648	3.3
Share capital	10	59,148	59,148	0.0
Less treasury shares	11	-2,772	-14,774	81.2
Reserves		-11,223	-10,867	-3.3
Retained earnings		723,661	669,321	8.1
Reserves as per IAS 39		12,238	4,182	192.6
Foreign currency translation		-3,249	-6,036	46.2
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		55,301	89,828	n. a.
Equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		833,104	790,802	5.3
Minority interests		16,602	13,377	24.1
Total shareholders' equity		849,706	804,179	5.7
Total liabilities and shareholders' equity		8,166,123	7,888,827	3.5

Consolidated statement of changes in shareholders' equity

in CHF 1,000										
	Share capital		Treasury shares	Reserves	Retained earnings	Reserves of financial instruments as per IAS 39	Foreign currency translation differences	Equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		Total shareholders' equity
Total shareholders' equity at 31.12.2003 prior to restatement	59,148	-1,363	-11,244	701,680			-4,064	744,157		744,157
Restatement IFRS 32/39										
Unrealized profits/losses from financial instruments designated "available for sale"										
• Profits/losses booked to the income statement										
• Change in unrealized profits/losses (net of tax)					-2,785	2,785				
Minority interests as per IFRS, now shareholders' equity									12,883	12,883
Total shareholders' equity at 31.12.2003 after restatement	59,148	-1,363	-11,244	698,895	2,785	-4,064	744,157	12,883		757,040
Total shareholders' equity at 1.1.2004	59,148	-1,363	-11,244	698,895	2,785	-4,064	744,157	12,883		757,040
Unrealized profits/losses from financial instruments designated "available for sale"										
• Profits/losses booked to the income statement						1,001		1,001		1,001
• Change in unrealized profits/losses (net of tax)						-3,347		-3,347		-3,347
Foreign currency translation							102	102	67	169
Net profit				48,315				48,315	1,130	49,445
Total result recorded for 2004				48,315	-2,346	102		46,071	1,197	47,268
Dividend 2003				-29,574				-29,574		-29,574
Change in treasury shares			-170	110				-60		-60
Total shareholders' equity at 30.06.2004	59,148	-1,533	-11,134	717,636	439	-3,962	760,594	14,080		774,674
Total shareholders' equity at 1.1.2005	59,148	-14,774	-10,867	759,149	4,182	-6,036	790,802	13,377		804,179
Unrealized profits/losses from financial instruments designated "available for sale"										
• Profits/losses booked to the income statement						-2,549		-2,549		-2,549
• Change in unrealized profits/losses (net of tax)						10,605		10,605		10,605
Foreign currency translation							2,787	2,787	1,847	4,634
Net profit				55,301				55,301	1,378	56,679
Total result recorded for 2005				55,301	8,056	2,787		66,144	3,225	69,369
Dividend 2004				-35,488				-35,488		-35,488
Change in treasury shares			12,002	-356				11,646		11,646
Total shareholders' equity at 30.06.2005	59,148	-2,772	-11,223	778,962	12,238	-3,249	833,104	16,602		849,706

Consolidated cash flow statement

Financial Report
VP Bank Group

02

in CHF 1,000	H1 2005	H1 2004
Cash balances at beginning of year	828,840	844,189
Net cash flow from operating activities	217,301	399,163
Net cash flow used in investing activities	-181,098	-166,176
Net cash flow used in financing activities	-11,631	-89,981
Effect of foreign currency translation	1,621	-4,058
Cash balances at end of period	855,033	989,137
Increase in cash balances	26,193	144,948
The cash balances consist of:		
Cash and cash equivalents	91,428	75,493
Money market paper	15,028	15,025
Due from banks on demand	748,577	898,619
Total cash balances	855,033	989,137

Treatment of the effects of foreign currency translation has been changed from the net to the gross principle. Prior-year figures have been adjusted accordingly.

Accounting principles

This interim financial report was prepared in accordance with International Financial Reporting Standards (IAS 34). With the exception of the following changes, the semi-annual financial statements are based on the same accounting and valuation principles as applied on 31.12.2004.

Changes in accounting principles¹

In December 2003, the IASB published within the framework of its "Improvement Project" 15 revised international accounting standards. All of these revised standards take effect for financial years beginning on or after January 1, 2005. After adjustment, the net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, for the 2004 financial year amounts to CHF 89.8 million (CHF 91.2 million prior to adjustment) and to 2004 CHF 48.3 million (CHF 46.0 prior to adjustment) for the first six months of 2004. These adjustments did not impact the shareholders' equity.

Presentation of minority interests and earnings per share

Pursuant to IAS 1, minority interests must now be accounted for in both the net profit and shareholders' equity. Accordingly, the net profit has been allocated on one hand to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, and, on the other, to minority interests. Earnings per share, as well as all analyses of the Group financial results, will in future be presented on the basis of the net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz. Shareholders' equity will also be appropriately attributed to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, and to minority interests. Also going forward, all analyses of shareholders' equity will be based on the amount of equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.

Goodwill

Under IFRS 3, goodwill from corporate combinations that were concluded prior to March 31, 2004, may no longer be amortized as of 2005. Instead, we will subject the remaining CHF 10.810 million to an annual impairment test. For the 2004 financial year, goodwill amortization amounted to CHF 0.675 million.

Financial instruments

For purposes of transparency, the VP Bank Group booked the valuation of "Financial investments available for sale" to the income statement through the end of 2004. Under the revised standard IAS 39, this is no longer possible. Instead, a new category pertaining to financial investments has been introduced. This new "At fair value through profit or loss" category prescribes that the relevant amount be recorded on the income statement.

Pursuant to the revised IAS 39, each financial investment at its initial recording or at the time of the initial application of the revised IAS 39 must be allocated to the category "At fair value through profit or loss". In adopting the new standard, the VP Bank Group has mainly allocated structured products to this category.

Valuations for the remaining financial instruments designated "available for sale" category are now being booked to shareholders' equity. Foreign currency influences on debt securities must continue to be recorded to the income statement. Interest income calculated on the basis of the "effective" method is also reflected in the income statement.

The corresponding adjustments to the presentation as well as to the means of recording and valuing assets and liabilities for the financial year 2004 are presented in the section "Reconciliation to reflect changes in accounting principles".¹

Subsequent events

No events that could have a material impact on the balance sheet or income statement have occurred subsequent to the June 30, 2005, balance sheet date.

Scope of consolidation

No changes in the scope of consolidation took place during the first six months of 2005.

¹ For detailed information, see page 40 et seq.

Notes to the consolidated financial statements and consolidated off-balance-sheet items

1 Net interest income

in CHF 1,000	H1 2005	H1 2004	Change in %
Interest and discount income	81,628	61,246	33.3
Interest income from trading portfolio	16	11	45.5
Interest income from financial instruments designated "at fair value"	6,398	5,029	27.2
Interest income from financial instruments designated "available for sale"	5,368	4,794	12.0
Total interest income	93,410	71,080	31.4
Dividend income from trading portfolio	10	0	n. a.
Dividend income from financial instruments designated "at fair value"	9	0	n. a.
Dividend income from financial instruments designated "available for sale"	539	495	8.9
Total dividend income	558	495	12.7
Interest expense on financial liabilities	41,286	25,402	62.5
Interest expense on medium-term notes	1,465	2,068	-29.2
Total interest expense	42,751	27,470	55.6
Net interest income	51,217	44,105	16.1

2 Net fee and commission income

in CHF 1,000	H1 2005	H1 2004	Change in %
Commission income from loans	385	488	-21.1
Commission income from portfolio management and other management and advisory services ¹	19,584	17,940	9.2
Brokerage fees	22,736	22,160	2.6
Safekeeping fees	11,593	11,782	-1.6
Fees from investment funds	24,778	20,177	22.8
Commission income from other service-related activities	5,509	5,537	-0.5
Total fee and commission income	84,585	78,084	8.3
Brokerage fees paid	3,456	2,678	29.1
Other service-related and commission expense	13,192	11,278	17.0
Total expense for service-related and commission activities	16,648	13,956	19.3
Net fee and commission income	67,937	64,128	5.9

¹ Corporate actions, asset management commissions, fiduciary commissions, investment advice, all-in fees, securities lending, retrocessions

3 Net trading income

in CHF 1,000	H1 2005	H1 2004	Change in %
Equities	-39	409	-109.5
Foreign exchange, notes and derivatives	9,441	10,357	-8.8
Net trading income	9,402	10,766	-12.7

4 Other income

in CHF 1,000	H1 2005	H1 2004	Change in %
Income from financial instruments designated "at fair value"	1,110	2,753	-59.7
Income from financial instruments designated "available for sale"	4,937	49	n. a.
Income from property	121	150	-19.3
Release of provisions no longer required	3,325	10,691	-68.9
Other income	3,947	3,780	4.4
Other expense	-188	-550	65.8
Net other income	13,252	16,873	-21.5

5 Personnel expenses

in CHF 1,000	H1 2005	H1 2004	Change in %
Salaries and bonuses	36,810	33,479	9.9
Statutory social contributions	3,162	3,110	1.7
Contributions to retirement plans (defined benefit plans)	2,075	2,005	3.5
Contributions to retirement plans (defined contribution plans)	855	779	9.8
Other personnel expenses	2,455	3,410	-28.0
Total personnel expenses	45,357	42,783	6.0

6 General and administrative expenses

in CHF 1,000	H1 2005	H1 2004	Change in %
Occupancy	2,498	2,347	6.4
Insurance	661	600	10.2
Professional fees	2,385	2,112	12.9
Financial information procurement	2,849	2,902	-1.8
Telecommunication and postage	895	893	0.2
IT systems	4,084	3,828	6.7
Marketing and public relations	3,142	3,047	3.1
Capital tax	819	610	34.3
Other	2,908	3,197	-9.0
Total general and administrative expenses	20,241	19,536	3.6

7 Depreciation and amortization

in CHF 1,000	H1 2005	H1 2004	Change in %
Depreciation of property and equipment	5,925	6,356	-6.8
Amortization of intangible assets	3,239	7,194	-55.0
Total depreciation and amortization	9,164	13,550	-32.4

8 Value adjustments, provisions and losses

in CHF 1,000	H1 2005	H1 2004	Change in %
Credit losses	1,765	4,151	-57.5
Litigation	3,000	1,000	200.0
Value adjustments to financial instruments designated "available for sale"	21	283	-92.6
Other	224	159	40.9
Total value adjustments, provisions and losses	5,010	5,593	-10.4

9 Income tax expense

in CHF 1,000	H1 2005	H1 2004	Change in %
Total current taxes	5,540	5,202	6.5
Total deferred tax expense	-183	-237	22.8
Total income tax expense	5,357	4,965	7.9

10 Share capital

	30.06.2005		31.12.2004	
	Number of shares	Nominal value in CHF	Number of shares	Nominal value in CHF
Registered shares, par value CHF 1.–	6,004,167	6,004,167	6,004,167	6,004,167
Bearer shares, par value CHF 10.–	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-in.

11 Treasury shares

	H1 2005		31.12.2004	
	Number of shares	Value in CHF 1,000	Number of shares	Value in CHF 1,000
Balance at the beginning of the year				
Registered shares	24,950	459	2,500	34
Bearer shares	73,612	14,315	5,816	1,629
Acquisitions of registered shares	4,450	79	43,550	849
Disposals of registered shares	-24,950	-458	-21,100	-424
Acquisitions of bearer shares	174,028	33,875	196,026	37,761
Disposals of bearer shares	-233,613	-45,498	-128,230	-25,075

Balance at 30.06.2005 / 31.12.2004

Registered shares	4,450	80	24,950	459
Bearer shares	14,027	2,692	73,612	14,315

Options on treasury shares

	H1 2005		31.12.2004	
	Number of shares	Value in CHF 1,000	Number of shares	Value in CHF 1,000
Balance at the beginning of the year				
Call options	0	0	-10,000	-150
Put options	0	0	-10,000	-150
Acquisitions of call options	10,000	47	20,000	197
Disposals of call options	-10,000	-47	-10,000	-47
Acquisitions of put options	0	0	10,000	150
Disposals of put options	0	0	0	0

Balance at 30.06.2005 / 31.12.2004

Call options	0	0	0	0
Put options	0	0	0	0

12 Off-balance-sheet items

in CHF 1,000	30.06.2005	31.12.2004	Change in %
Contingent liabilities	103,701	113,710	-8.8
Irrevocable commitments	17,710	29,020	-39.0
Fiduciary transactions	1,519,112	1,540,470	-1.4
Contract volume of derivative financial instruments	1,790,408	2,479,433	-27.8

Lending and pension fund transactions involving securities

Claims from cash deposits in connection with securities borrowing and reverse repurchase agreements	0	0	
Claims from cash deposits in connection with securities lending and repurchase agreements	55,000	0	
Bank-held securities loaned in connection with securities lending or delivered as collateral in connection with securities borrowing as well as those transferred in connection with repurchase agreements	315,769	316,033	-0.1
Of which, those for which an unconditional right has been granted to sell or pledge further	159,272	150,565	5.8
Securities provided as collateral in connection with securities lending or those borrowed in connection with securities borrowing, as well as those received in connection with reverse repurchase agreements, for which an unconditional right has been granted to sell or pledge further	262,507	316,381	-17.0
Of which, sold or pledged further	142,110	147,666	-3.8



Segment reporting per business division

Segments

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H1 2005	Private Clients	Trust Banking	Investment Management	Corporate Center including subsidiaries	Corporate Center subsidiaries alone ¹	Group total
in CHF 1,000						
Operating income	27,475	43,645	37,496	33,192	32,525	141,808
Operating expenses ²	8,836	13,111	14,042	43,783	21,368	79,772
Business division results before tax	18,639	30,534	23,454	-10,591	11,157	62,036
Income tax expense						5,357
Net profit						56,679
Net profit attributable to minority interests						1,378
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz						55,301
Total assets (in CHF million)	152	2,015	4,004	1,993	1,970	8,164
Total liabilities (in CHF million)	2,032	3,156	604	1,502	1,796	7,294
Capital expenditure		2,744		1,042	434	3,786
Depreciation and amortization		4,285		4,879	1,205	9,164
Increase in allowance for credit losses		1,365		400	400	1,765
Decrease in allowance for credit losses		3,077		235	235	3,312
Client assets under management (in CHF billion)	7.9	11.2	3.0	5.5	5.5	27.6
Staff (total workforce)	67	113	131	287	165	598
Staff (full-time equivalents)	64.8	110.1	118.8	255.4	157.9	549.1

H1 2004	Private Clients	Trust Banking	Investment Management	Corporate Center including subsidiaries	Corporate Center subsidiaries alone ¹	Group total
in CHF 1,000						
Operating income	26,455	45,519	32,944	30,954	29,857	135,872
Operating expenses ²	10,477	12,248	15,653	43,084	20,219	81,462
Business division results before tax	15,978	33,271	17,291	-12,130	9,638	54,410
Income tax expense						4,965
Net profit						49,445
Net profit attributable to minority interests						1,130
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz						48,315
Capital expenditure		2,386		4,110	499	6,496
Depreciation and amortization		5,845		7,705	1,403	13,550
Increase in allowance for credit losses		3,481		684	684	4,165
Decrease in allowance for credit losses		10,465		227	227	10,692

As at 31.12.2004

Total assets (in CHF million)	154	2,036	3,802	1,895	1,928	7,887
Total liabilities (in CHF million)	1,967	3,049	565	1,478	1,771	7,059
Client assets under management (in CHF billion)	7.6	9.9	3.2	5.4	5.2	26.1
Staff (total workforce)	74	112	140	276	160	602
Staff (full-time equivalents)	71.4	108.2	128.0	241.3	149.2	548.9

¹ Values shown for the subsidiary companies are reflected gross, i.e. before Group-internal offsets.

² Including depreciation, amortization, value adjustments, provisions and losses

03

Segments

Private Clients



Ernst Näf
Member of the Executive Board

Structure and strategy¹

The Private Clients division comprises the Private Banking and Personal Banking business units. This separation of business activities reflects the differing intensity and complexity of private individuals' specific advisory needs. In our approach to providing financial advice and customer care, we pursue two essential goals. On one hand, we want to expand our existing client relationships further and thus increase the per-client proportion of assets under management ("share of wallet"). And on the other, targeted measures are being taken to broaden the customer base and thereby acquire new client assets. These goals are derived directly from VP Bank's overall strategy, which is oriented toward achieving above-average growth in the private banking business.

Each private client pursues his or her own goals when investing. And in order to meet the heterogeneous and oftentimes complex needs of our private clientele, VP Bank works with each of them to devise individual solutions that accommodate their demands and expectations. A targeted intensification of the marketing activities in VP Bank's core markets, combined with a systematic approach to assessing our clients' needs, increases both the bond we have with them and the quality of our advice.

Market

- VP Bank continues to focus its activities on the Bank's traditional target markets – Switzerland, Germany, Austria, Italy, the Benelux countries, and the Principality of Liechtenstein.
- For VP Bank, the growing Central and Eastern European markets have gained significance in recent years. In mid-March 2005, VP Bank's representative office was opened in Moscow.
- The financial advisory capabilities of our employees, the individuality and continuity they provide in catering to client needs, as well as the business model of the VP Bank Group – with our subsidiaries in various financial centers – all contribute to a differentiation from our competitors in the marketplace.

Review of activities

- The Private Clients division once again made very good progress in terms of our most important goal – i.e. enhancing the quality of existing client relationships and increasing profitability to an even greater extent.
- The Munich-based asset management company that was founded in late 2004 has commenced its operating activities. During the first half of 2005, the team was reinforced through the addition of two experienced client advisors; by year's end, a total of five client advisors will be working out of the Munich office. The initial successes achieved thus far give us a high degree of confidence that the business model of VP Vermögensverwaltung GmbH – which focuses on providing local service to clients in the greater Munich area and allowing them to benefit from the entire range of the VP Bank Group's products and services – is indeed a good way to meet the needs of our German clientele.
- At the end of June, the official opening celebration was held for our representative office in Moscow, which was founded in March of this year. Central and Eastern Europe, in particular Russia, offer great potential in the field of private banking. The VP Bank Group has for many years now had numerous client relationships in this economically up-and-coming region. Our new local presence is a further step in the implementation of VP Bank's overall market strategy. The Moscow representative office is the ideal starting point for making the entire range of services of the VP Bank Group available on a wider scale in Eastern Europe.

Business division results

in CHF 1,000	H1 2005	H1 2004	Change in %
Operating income	27,475	26,455	3.9
Operating expenses ¹	8,836	10,477	-15.7
Business division results before tax	18,639	15,978	16.7
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	7.9	7.6	4.9
Staff (full-time equivalents)	64.8	71.4	-9.2

¹ Including depreciation, amortization, value adjustments, provisions and losses

Results

- Operating income (gross, excluding "Other income") rose by 4.2 percent versus the comparable prior-year period. Net operating income amounted to CHF 27.5 million (30.6.2004: CHF 26.5 million). That growth was attributable in equal measure to the division's interest-related business activities and to fee and commission income. Operating expenses declined to CHF 8.8 million (30.6.2004: CHF 10.5 million). This reduction was mainly the result of personnel redeployment into other business divisions as well as shifts to the Munich asset management company and the Moscow representative office.
- Pre-tax profit increased by 16.7 percent to CHF 18.6 million (30.6.2004: CHF 16.0 million), while pre-tax operating net income rose by 13.7 percent.
- At the end of June 2005, the Private Clients division had 64.8 individuals (full-time equivalents) under its employ (31.12.2004: 71.4 employees). Internal redeployment of staff was the reason for this decline.
- Client assets under management at the end of the first half-year amounted to CHF 7.9 billion (31.12.2004: CHF 7.6 billion), growth that was mainly attributable to portfolio performance.

Outlook

- With the new organizational structure² introduced on July 1, 2005, the Private Clients division now bears responsibility for all Group-wide marketing activities with direct clients. This closing of ranks under within a unified management structure

supports our holistic approach to providing investment advice and also fosters the Group-wide transfer of knowledge. Moreover, this step will lead to a homogeneous perception of the VP Bank brand and ensure the related quality and professionalism throughout the entire VP Bank Group.

- For the 2005 financial year – in keeping with the new organizational structure – the financial results of the Private Banking, Personal Banking and Corporate Clients units' business activities for the entire Group will be aggregated in the Private Clients division. This will lead to enhanced transparency.
- Our main goal in the private banking area is to develop VP Bank's core markets more intensively and to broaden the customer base. That applies in particular to Germany and Eastern Europe, where VP Bank has made targeted investments by founding VP Vermögensverwaltung GmbH in Munich and opening the Moscow representative office. Further investments will be made to reinforce customer service through the addition of personnel, as well as to promote the training and further education of our staff. With the integration of the Corporate Clients unit into the Private Clients division, the many shared facets of these business areas will be accommodated. While maintaining a very high level of creditworthiness, lending activities in the Principality of Liechtenstein and Switzerland are to be pursued more aggressively, with mortgage lending to private clients taking center stage in this regard.

¹ The segment reporting is based on the corporate structure of the VP Bank Group as it stood on June 30, 2005.

² See the organization chart effective on July 1, 2005, on page 10.

03

Segments

Trust Banking



Georg Wohlwend
Member of the Executive Board

Structure and strategy¹

Included in the Trust Banking division are the operationally unrelated Intermediaries, Corporate Clients and Information Technology (IT) business units. VP Bank's intermediary clients are mainly fiduciaries, attorneys and external asset managers. For these clients, VP Bank provides the full range of traditional banking services, such as securities and foreign exchange trade execution, money transfers and borrowing facilities. With the VP Bank e-banking and "Professional Data Feed" tools, the Bank offers highly modern electronic platforms for customer use. The "Professional Data Feed" is specially tailored to meet the needs of intermediary clients. The strategic goal of this intermediaries business unit is to expand further in the Liechtenstein and Swiss markets.

The Corporate Clients business unit's activities essentially comprise the Bank's mortgage banking and commercial banking business. The related advisory services are aimed at determining, in collaboration with clients, the optimal means of financing their needs and making appropriate facilities available to them. Customer-focused advice, flexible solutions and short decision-making channels are all strengths of VP Bank when it comes to determining and providing optimal financing arrangements. In its corporate clients business activities, VP Bank is striving to penetrate its core markets of Liechtenstein and the eastern region of Switzerland to an even greater extent. Costs associated with the IT unit are appropriated among the other business units in accordance with the services rendered and hence are only reflected proportionately in the Trust Banking division's results.

Market

- The Trust Banking division has a regional approach to defining its target markets. In the Intermediaries business unit, the focus is primarily on Liechtenstein and Switzerland, and in terms of corporate clients, on Liechtenstein and the eastern region of Switzerland. This concentration enables market-specific know-how to be exploited optimally and relationships with clients to be nurtured on a basis of partnership.
- In the competitive arena, pricing is progressively gaining in significance. But aside from pricing, the quality of services, continuity of service, availability, speed in decision-making,

Business division results

in CHF 1,000	H1 2005	H1 2004	Change in %
Operating income	43,645	45,519	-4.1
Operating expenses ¹	13,111	12,248	7.0
Business division results before tax	30,534	33,271	-8.2
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	11.2	9.9	13.4
Staff (full-time equivalents)	110.1	108.2	1.8

¹ Including depreciation, amortization, value adjustments, provisions and losses

as well as flexibility are all indispensable requirements for a prosperous business relationship with clients. The Trust Banking division wishes to differentiate itself through these attributes – both in its services and customer-care activities.

Review of activities

- Proactive customer care is a key element in the success of the Trust Banking division. To uphold this precept, client advisors have been making an increased effort to meet with clients at their own business premises. In so doing, they are often accompanied by specialists in efforts to satisfy the complex needs of intermediary clients in the most efficient manner possible.
- As the end of the first half of 2005 drew to a close, the Information Technology unit realized its strategic goals. New IT infrastructure was implemented on schedule, whereby various security considerations were afforded the highest priority. The Group-wide data warehouse was also introduced and today serves as a basis for all banking applications. Within the scope of a strategy reassessment, the Board of Directors approved key projects for ongoing IT development in the coming years.
- Customer relationship management (CRM) was refined to an even higher degree. An electronic CRM tool now enables a further increase in the quality of advice we provide and simultaneously enhances the relevant processes. Realization of the

Professional Data Feed last year came about in response to desires expressed by many users. As a central interface, the Professional Data Feed supplies all transaction-related data electronically, thereby enabling intermediary clients to incorporate this data directly into their own computerized systems.

- At various events, customers received updated information on the markets as well as VP Bank's latest products and services. Under the auspices of the Bank's IFOS Internationale Fonds Service AG subsidiary, the first-ever "Experts Dialog" was held in June 2005 in Liechtenstein. At the one-day seminar, a number of international specialists discussed various means of structuring investment funds.
- Substantial investments were made in the implementation of IT strategy as well as in the requirements associated with a problem-free handling of the EU tax on savings income that took effect on July 1, 2005. Moreover, the various regulatory requirements of recent years have also tied up considerable personnel and financial resources.

¹ The segment reporting is based on the corporate structure of the VP Bank Group as it stood on June 30, 2005.

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Segments

Results

- Operating income (gross, excluding "Other income") rose during the first half of 2005 by 14.4 percent versus the comparable prior-year period. Due to the difference of CHF 7.8 million in other ordinary income (the release of value adjustments and provisions that are no longer required), the division's net operating contribution declined to CHF 43.6 million (30.6.2004: CHF 45.5 million). Operating expenses rose to CHF 13.1 million (30.6.2004: CHF 12.2 million), mainly due to the CHF 2.5 million increase in business-related outlays associated with the practice of internal cost-offsetting (IT) and redeployment of personnel within the various business units.
- As a result, the division's pre-tax net profit declined by 8.2 percent to CHF 30.5 million (30.6.2004: CHF 33.3 million). On the other hand, its pre-tax net operating income stood 17.5 percent higher than in the comparable prior-year period.
- The division's staff – expressed in full-time equivalents – increased to 110.1 (31.12.2004: 108.2 employees).
- Client assets under management at the end of June 2005 amounted to CHF 11.2 billion (31.12.2004: CHF 9.9 billion).
- The further development of the investment process and expansion of investment controlling will be the major thrusts during the second half of 2005.
- In Asset Management, the final six months of the year will witness the introduction of an efficient management tool for the administration of portfolio management mandates.

Outlook

- With the new organizational structure² introduced on July 1, 2005, the Trust Banking division now bears responsibility for all Group-wide marketing activities with intermediary clients. As a result of this new structure, there is a clear-cut delineation between direct and intermediary/institutional clients. As a part of this reorganization, the activities of the Investment Management division were incorporated into Trust Banking. The latter now encompasses the Intermediaries, Investment Strategy and Asset Management business units, as well as activities of the IFOS Internationale Fonds Service AG subsidiary. The new structure fosters the successful implementation of the investment process within the entire VP Bank Group and lends support to a sustainable increase in the Bank's performance and quality of services.

² See the organization chart effective July 1, 2005, on page 10.



03

Segments

Investment Management

Structure and strategy¹

The Investment Management division comprises the Capital Management Group and Production business units.²

The Capital Management Group business unit is responsible for managing the assets of private and institutional clients. It also bears responsibility for implementing investment strategy, conducting the Bank's trading and advisory activities, as well as managing the Group's balance sheet and its own financial resources. Asset Management conceives the investment strategy and tactical asset allocation for the portfolios.

The scope of tasks for which Client Risk Management is responsible encompasses the quantification, supervision and proactive management of market and operational risks inherent to investment funds and portfolio management mandates.

In its back-office function, the Production unit processes all of the Bank's transactions and renders additional internal services. The resulting costs incurred are allocated to the various business units and are only reflected proportionately in the Investment Management division's results.

Review of activities

- The first six months of 2005 were accompanied by sideways movements in the global equity markets if viewed from a USD standpoint. However European markets – expressed in euros – gained more than 10 percent in value. The North American and Asia/Pacific markets were also attractive for European investors because the USD appreciated versus the EUR (and CHF) by more than 10 percent. The largest gains were to be made in emerging market shares (up 6 percent in USD; 19 percent in EUR and CHF). Investment Management's decision to include emerging market shares in the strategic asset allocation as of January 1, 2005, proved to be the right move. As the result of a comprehensive analysis, these shares were even accorded an overweighted position in the portfolios. The yield on 10-year government bonds headed for historic lows even though the US economy continued to witness a buoyant rate of growth. The US key interest rate was raised a full percentage point during the first half and inflation – due mainly to the high cost of crude oil and a strong increase in unit labor costs – persisted at a relatively high level. Thus the preference for bonds with short duration has not (yet) paid

off. Because equities clearly outperformed bonds over the first six months of 2005, the overweighting of shares in our balanced investment profiles with a EUR or CHF reference currency was indeed worthwhile.

- Thanks to the expansion of Investment Management's activities, the product palette was broadened in collaboration with external partners. This more extensive range of investment vehicles is designed to help our asset managers achieve successively enhanced performance.
- Apart from the introduction of a professional tool for administering mandates, our securities lending activities were increased further. Despite the low level of interest rates, the Bank's asset and liability management efforts were successful – the investment of working capital was accomplished optimally within the defined limits.
- The project initiated in 2004 with the aim of implementing an internationally recognized means of presenting performance statistics (Global Investment Performance Standards, GIPS) was successfully concluded for asset management throughout the VP Bank Group.

Results

- Net operating income rose to CHF 37.5 million (30.6.2004: CHF 33.0 million), mainly due to profits from financial investments and our interest-related business activities. Operating expenses declined to CHF 14.0 million (30.6.2004: CHF 15.7 million).
- Pre-tax net profit amounted to CHF 23.5 million (30.6.2004: CHF 17.3 million).
- The division's staff, expressed in full-time equivalents, reduced to 118.8 (31.12.2004: 128.0 employees).
- Client assets under management amounted to CHF 3.0 billion (31.12.2004: CHF 3.2 billion).

Business division results

in CHF 1,000	H1 2005	H1 2004	Change in %
Operating income	37,496	32,944	13.8
Operating expenses ¹	14,042	15,653	-10.3
Business division results before tax	23,454	17,291	35.6
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	3.0	3.2	-6.6
Staff (full-time equivalents)	118.8	128.0	-7.2

¹ Including depreciation, amortization, value adjustments, provisions and losses

Outlook

- As a part of the reorganization that took effect on July 1, 2005, the Investment Management division was dissolved. Its business units and tasks have been integrated into the Bank's other divisions³:
- Along with IFOS Internationale Fonds Service AG, two new business units, "Investment Strategy" and "Asset Management", will be responsible within the Trust Banking division for the functions previously performed by Investment Management.
- The "Asset and Liability Management" and "Risk Management" functions have been transferred to the new Risk Management central staff office within the Corporate Center division.
- "Production" has been integrated into the new Banking Services division.

¹ The segment reporting is based on the corporate structure of the VP Bank Group as it stood on June 30, 2005. See the organization chart effective July 1, 2005, on page 10.

² The IFOS Internationale Fonds Service Aktiengesellschaft and VP Bank Fondsleitung Aktiengesellschaft subsidiaries are integrated in the Corporate Center division.

³ See the organization chart effective July 1, 2005, on page 10.

03

Segments

Corporate Center



Adolf E. Real
Chief Executive Officer



Fredy Vogt
Chief Financial Officer

Structure¹

The Central Staff offices and activities of the Group's subsidiary companies² represent the constituent parts of the Corporate Center. Four Central Staff offices report directly to the CEO: Business Excellence, Corporate Communications, Group Marketing & Corporate Development, and Human Resources & Services. The CFO bears responsibility for the Group Finance and Law & Compliance units. In their specific business fields, the subsidiaries of VP Bank as well as the Moscow representative office pursue the same strategic objectives as the corresponding business units of the entire Group.

Review of activities

Subsidiaries

- VP Bank (Switzerland) AG, domiciled in Zurich, is engaged in private banking activities and caters to the needs of wealthy individuals from various predominantly European countries. In addition, it offers banking services for intermediaries such as asset managers, attorneys, fiduciaries, etc. The VP Bank (Switzerland) Ltd. representative office that was opened in Moscow in March 2005 is organizationally integrated in VP Bank (Switzerland) AG. On May 1, 2005, Daniel Hug joined VP Bank (Switzerland) AG as a new member of the Executive Board.
- VP Bank (Luxembourg) S.A. is the only bank in Luxembourg to have a Liechtenstein-based parent entity. With its core competencies in private banking, the investment fund business and money market activities, this subsidiary focuses its efforts mainly on the Benelux countries. Hans Gerner, a member of the Executive Board of VP Bank (Luxembourg) S.A., has decided for personal reasons to leave the VP Bank Group as the end of 2005. Effective as of January 2006, the Executive Board will comprise three individuals – Yves de Vos will assume the post of chairman; Pol Kenens, previously Head of Private Banking at VP Bank (Luxembourg) S.A., will join the Executive Board effective January 1, 2006; and efforts to recruit the third member, who will assume responsibility for the Banking Services unit of VP Bank (Luxembourg) S.A., have been initiated.
- VP Bank and Trust Company (BVI) Ltd., domiciled in the British Virgin Islands, is a joint venture with Allgemeine Treuunternehmen (ATU), Vaduz. It encompasses a bank and a

trust company, the core competencies of which are in the trust, investment fund and insurance businesses. The strategy of VP Bank and Trust Company (BVI) Ltd. is likewise to make available to wealthy private clients the entire spectrum of VP Bank services – from banking, to the structuring of companies, to establishing trusts and foundations for inheritance and succession purposes.

In addition to these banking subsidiaries, VP Bank has affiliates without bank status. Based on the revenues they generate, their contribution to gross income is considerably less significant.

- IFOS Internationale Fonds Service AG, Vaduz, provides the full range of services involved in founding and administering investment funds. It offers investment opportunities mainly for asset managers, insurance companies and pension funds.
- VP Bank Fondsleitung AG, Vaduz, develops and administers its own investment funds on behalf of VP Bank.
- IGT Intergestions Trust reg., Vaduz, focuses on the establishment and administration of companies and foundations both in Liechtenstein and abroad.

¹ The segment reporting is based on the corporate structure of the VP Bank Group as it stood on June 30, 2005.

² Results of VP Vermögensgesellschaft GmbH, Munich, are reported under the Private Clients division.

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Segments

Business division results

in CHF 1,000	H1 2005	H1 2004	Change in %
Operating income	33,192	30,954	7.2
Operating expenses ¹	43,783	43,084	1.6
Business division results before tax	-10,591	-12,130	12.7
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	5.5	5.4	0.3
Staff (full-time equivalents)	255.4	241.3	5.8

of which, subsidiaries

Operating income	32,525	29,857	8.9
Operating expenses ¹	21,368	20,219	5.7
Business division results before tax	11,157	9,638	15.8
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	5.5	5.2	5.1
Staff (full-time equivalents)	157.9	149.2	5.8

Corporate Center excluding subsidiaries

Operating income	667	1,097	-39.2
Operating expenses ¹	22,415	22,865	-2.0
Business division results before tax	-21,748	-21,768	0.1
	30.06.2005	31.12.2004	Change in %
Client assets under management (in CHF billion)	0.0	0.2	-119.2
Staff (full-time equivalents)	97.5	92.1	5.9

¹ Including depreciation, amortization, value adjustments, provisions and losses

Central Staff offices

Business Excellence

- In 2004, VP Bank established Business Excellence (BEX) as a Central Staff office and became a member of the European Foundation for Quality Management (EFQM). Implementation of this corporate management concept is accomplished systematically and resolutely. Its core elements are focusing on customer orientation, the quality and effectiveness of business processes, and the education and motivation of employees.

Group Marketing & Corporate Development;

Corporate Communications

- On a biennial basis, VP Bank conducts employee commitment surveys. The 2004 survey resulted in valuable findings that served employees and managers alike as a foundation for jointly determining appropriate measures which have now been implemented. These surveys contribute significantly to the development of VP Bank's corporate culture.

Human Resources & Services

- The business-specific and interpersonal skills of employees are key elements in providing professional and individualized client advice. For that reason, VP Bank makes substantial investments in the training and continuing education of its staff. It works closely with universities and in particular with the Liechtenstein University of Applied Sciences.

Group Finance

- During the first half of 2005, the VP Bank Group's external reporting activities were mainly impacted by the changeover from IAS 2003 to IFRS 2005. In addition, the Bank's in-house management information system (MIS), which is based on key performance indicators, was refined further to facilitate internal reporting directly via the intranet. This development enables a further intensification of the internal advisory process.

Law & Compliance

- In response to the revised Due Diligence Ordinance, the Law & Compliance Central Staff office is creating an electronic means for monitoring business transactions. Implementation is scheduled for late 2005.

Results

Corporate Center (excluding subsidiary companies)

- The Corporate Center, excluding the Group subsidiaries, recorded net operating income of CHF 0.7 million (30.06.2004: CHF 1.1 million). Operating expenses totaled CHF 22.4 million (30.06.2004: CHF 22.9 million).
- Pre-tax net profit amounted to CHF -21.7 million (30.06.2004: CHF -21.8 million).
- The staff, expressed in full-time equivalents, increased to 97.5 (31.12.2004: 92.1 employees).

Subsidiaries

- Consolidated net operating income increased to CHF 32.5 million (30.06.2004: 29.9 million), while operating expenses rose slightly to CHF 21.4 million (30.06.2004: 20.2 million) mainly due to the addition of staff for marketing activities.
- Pre-tax profit amounted to CHF 11.2 million (30.06.2004: 9.6 million) and contributed 18 percent (2004: 18.6 percent) to the Group's overall pre-tax earnings. Client assets under management at the end of June 2005 totaled CHF 5.5 billion (31.12.2004: 5.2 billion).
- Based on full-time equivalents, the total workforce at the Group's subsidiaries amounted to 157.9 individuals (31.12.2005: 149.2).

Only the financial statements of the VP Bank Group are comparable on an IFRS basis. Results of the subsidiary companies are therefore reported only on a consolidated basis. VP Bank (Switzerland) AG and VP Bank (Luxembourg) S.A. publish their own separate financial statements.

Outlook

- In effort to monitor the effectiveness of improvements more closely, various sectors of VP Bank are being readied for certification under ISO 9001 (intermediate goal: 2005-06). Also planned is an application for EFQM "Committed to Excellence" certification.
- At present, VP Bank is conducting a customer-satisfaction survey. From the findings, it will derive appropriate measures and integrate them into next year's business plan.
- A further project in 2005 is the expansion of risk controlling at VP Bank so that it becomes a Group-wide risk management system.
- The new organizational structure³ introduced on July 1, 2005, incorporates all activities of the Central Staff offices into the Corporate Center – Corporate Communications, Group Finance, Group Marketing & Corporate Development, Human Resources Management, and Law & Compliance, as well as the new "Risk Management" Central Staff office. Business Excellence has been integrated into the Banking Services division. The financial results for the subsidiaries will be allocated to the corresponding divisions in the 2005 annual report.

³ See the organization chart effective July 1, 2005, on page 10.



04

Reconciliation
to reflect changes
in accounting
principles

Reconciliation to reflect changes in accounting principles

Consolidated income statement

in CHF 1,000	H1 2004 before adjustment	IAS/IFRS adjustment	H1 2004 restated	2004 before adjustment	IAS/IFRS adjustment	2004 restated
Net interest income	45,242	-1,137 ¹	44,105	99,044	-1,777 ¹	97,267
Net fee and commission income	64,128		64,128	122,380		122,380
Net trading income	14,669	-3,903 ²	10,766	22,033	-2,964 ²	19,069
Other income	9,001	7,872 ³	16,873	16,992	3,968 ³	20,960
Total operating income	133,040	2,832	135,872	260,449	-773	259,676
Personnel expenses	42,783		42,783	84,918		84,918
General and administrative expenses	19,536		19,536	41,004		41,004
Operating expenses	62,319		62,319	125,922		125,922
Gross profit	70,721	2,832	73,553	134,527	-773	133,754
Depreciation and amortization	13,550		13,550	23,054		23,054
Value adjustments, provisions and losses	5,310	283 ⁴	5,593	9,528	721 ⁴	10,249
Operating profit before tax	51,861	2,549	54,410	101,945	-1,494	100,451
Income tax expense	4,762	203 ⁵	4,965	8,812	-97 ⁵	8,715
Net profit	47,099	2,346	49,445	93,133	-1,397	91,736
Net profit attributable to minority interests	1,130		1,130	1,908		1,908
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	45,969	2,346	48,315	91,225	-1,397	89,828
Basic earnings per share⁶						
Weighted average number of bearer shares	5,306,745		5,306,745	5,294,588		5,294,588
Weighted average number of registered shares	5,990,267		5,990,267	5,985,936		5,985,936
Total weighted average number of shares (bearer)	5,905,772		5,905,772	5,893,182		5,893,182
Basic earnings per bearer share	7.78	0.40	8.18	15.48	-0.24	15.24
Basic earnings per registered share	0.78	0.04	0.82	1.55	-0.02	1.52
Diluted earnings per share⁶						
Adjusted net profit (in CHF 1,000)	45,969		48,315	91,225		89,828
Number of shares used for calculation of fully diluted earnings	5,905,772		5,905,772	5,893,182		5,893,182
Diluted earnings per bearer share	7.78	0.40	8.18	15.48	-0.24	15.24
Diluted earnings per registered share	0.78	0.04	0.82	1.55	-0.02	1.52

¹ Unrealized valuation changes on financial instruments designated "available for sale" are now booked to shareholders' equity. Interest income from debt securities "available for sale", calculated in accordance with the effective interest method, is accounted for on the income statement.

² As a result of the reclassification of financial investments upon initial application of IFRS 32/39 (2005), gains/losses from financial instruments designated "at fair value" are recorded under other income.

³ Unrealized valuation changes on financial instruments designated "available for sale" are now booked to shareholders' equity.

⁴ Value adjustments (impairments) to financial instruments designated "available for sale" will continue to be booked to the income statement. Previously, they were recorded under other income but are now included in the item value adjustments, provisions and losses.

⁵ Deferred tax assets/liabilities are taken into account for unrealized valuation gains/losses on financial instruments designated "available for sale" (net-of-tax).

⁶ Excluding minority interests

Consolidated balance sheet

Assets

in CHF 1,000	30.06.2004 before adjustment	IAS/IFRS adjustment	30.06.2004 restated	31.12.2004 before adjustment	IAS/IFRS adjustment	31.12.2004 restated
Cash and cash equivalents	75,493		75,493	77,429		77,429
Money market paper	15,025		15,025	16,279		16,279
Due from banks	4,076,258		4,076,258	3,986,703		3,986,703
Due from customers	2,675,093		2,675,093	2,725,651		2,725,651
Trading portfolio assets ¹	293,069	-292,498 ⁴	571	247,961	-246,421 ⁴	1,540
Derivative financial instruments	36,884		36,884	45,594		45,594
Financial instruments designated "at fair value" ²	0	373,121 ⁴	373,121	0	326,710 ⁴	326,710
Financial instruments designated "available for sale" ³	556,740	-80,658 ⁴	476,082	561,628	-80,289 ⁴	481,339
Property and equipment	177,445		177,445	172,913		172,913
Intangible assets	17,777		17,777	18,475		18,475
Tax assets	634		634	827		827
Deferred tax assets	1,466		1,466	1,562		1,562
Accrued income and prepaid expenses	22,503		22,503	22,509		22,509
Other assets	13,765	35 ⁴	13,800	11,296		11,296
Total assets	7,962,152	0	7,962,152	7,888,827	0	7,888,827

¹ Trading portfolio assets

in CHF 1,000	Book value	Fair value
Balance on 31.12.2003	205,674	205,674
Reclassification due to change in IAS 32/39	-204,001	-204,001
Balance on 01.01.2004 after reclassification	1,673	1,673

² Financial instruments designated "at fair value"

in CHF 1,000	Book value	Fair value
Balance on 31.12.2003	0	0
Reclassification due to change in IAS 32/39	284,683	284,683
Balance on 01.01.2004 after reclassification	284,683	284,683

³ Financial instruments designated "available for sale"

in CHF 1,000	Book value	Fair value
Balance on 31.12.2003	478,992	478,992
Reclassification due to change in IAS 32/39	-80,682	-80,682
Balance on 01.01.2004 after reclassification	398,310	398,310

⁴ Pursuant to the revised IAS 39 accounting standard, each financial investment upon its first recording or at the time of the initial application of the revised IAS 39 may be assigned to the category "at fair value through profit or loss" (financial instruments designated "at fair value"). The VP Bank Group, upon adopting this revised standard, has assigned mainly structured financial instruments to this category.

04

Reconciliation
to reflect changes
in accounting
principles**Consolidated balance sheet (continued)****Liabilities and shareholders' equity**

in CHF 1,000	30.06.2004 before adjustment	IAS/IFRS adjustment	30.06.2004 restated	31.12.2004 before adjustment	IAS/IFRS adjustment	31.12.2004 restated
Due to banks	167,799		167,799	124,761		124,761
Due to customers – savings and deposits	1,030,286		1,030,286	1,036,087		1,036,087
Due to customers – other liabilities	5,708,980		5,708,980	5,648,860		5,648,860
Derivative financial instruments	51,598		51,598	56,002		56,002
Medium-term notes	122,065		122,065	133,080		133,080
Tax liabilities	9,256		9,256	10,923		10,923
Deferred tax liabilities	14,753		14,753	13,724		13,724
Accrued expenses and deferred income	25,407		25,407	24,042		24,042
Other liabilities	55,806		55,806	35,776		35,776
Provisions	1,529		1,529	1,393		1,393
Total liabilities	7,187,479	0	7,187,479	7,084,648	0	7,084,648
Share capital	59,148		59,148	59,148		59,148
Less treasury shares	-1,533		-1,533	-14,774		-14,774
Reserves	-11,134		-11,134	-10,867		-10,867
Retained earnings	672,106	-2,785 ⁵	669,321	672,106	-2,785 ⁵	669,321
Reserves as per IAS 39	0	439 ⁵	439	0	4,182 ⁵	4,182
Foreign currency translation	-3,962		-3,962	-6,036		-6,036
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	45,969	2,346 ⁵	48,315	91,225	-1,397 ⁵	89,828
Equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	760,593	0	760,593	790,802	0	790,802
Minority interests	14,080		14,080	13,377		13,377
Total shareholders' equity	774,673	0	774,673	804,179	0	804,179
Total liabilities and shareholders' equity	7,962,152	0	7,962,152	7,888,827	0	7,888,827

⁵ Unrealized valuation changes on financial instruments designated "available for sale" are now booked to shareholders' equity (net-of-tax).

Consolidated statement of changes in shareholders' equity

in CHF 1,000	30.06.2004 before adjustment	IAS/IFRS adjustment	30.06.2004 restated	31.12.2004 before adjustment	IAS/IFRS adjustment	31.12.2004 restated
Share capital						
Balance at the beginning of the year	59,148		59,148	59,148		59,148
Balance at the end of the period	59,148		59,148	59,148		59,148
Treasury shares						
Balance at the beginning of the year	-1,363		-1,363	-1,363		-1,363
Acquisitions/disposals	-170		-170	-13,411		-13,411
Balance at the end of the period	-1,533		-1,533	-14,774		-14,774
Reserves						
Balance at the beginning of the year	-11,244		-11,244	-11,244		-11,244
Gains/losses on treasury shares	110		110	377		377
Balance at the end of the period	-11,134		-11,134	-10,867		-10,867
Retained earnings						
Balance at the beginning of the year	701,680	-2,785	698,895	701,680	-2,785	698,895
Dividend paid by Verwaltungs- und Privat-Bank AG, Vaduz	-29,574		-29,574	-29,574		-29,574
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	45,969	2,346	48,315	91,225	-1,397	89,828
Balance at the end of the period	718,075	-439	717,636	763,331	-4,182	759,149
Reserves as per IAS 39						
Balance at the beginning of the year		2,785	2,785		2,785	2,785
Unrealized profits/losses from financial instruments designated "available for sale":						
• Profits/losses booked to the income statement		1,001	1,001		1,248	1,248
• Change in unrealized profits/losses (net of tax)		-3,347	-3,347		149	149
Balance at the end of the period	0	439	439	0	4,182	4,182
Foreign currency translation						
Balance at the beginning of the year	-4,064		-4,064	-4,064		-4,064
Movements during the year	102		102	-1,972		-1,972
Balance at the end of the period	-3,962		-3,962	-6,036		-6,036
Equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz						
	760,593	0	760,593	790,802	0	790,802
Minority interests						
Balance at the beginning of the year		12,883	12,883		12,883	12,883
Net profit attributable to minority interests		67	67		-1,415	-1,415
Balance at the end of the period		1,130	1,130		1,908	1,908
Total shareholders' equity at the end of the period	0	14,080	14,080		13,377	13,377
Total shareholders' equity at the beginning of the period						
	760,593	14,080	774,673	790,802	13,377	804,179

2004	Private Clients	Trust Banking	Investment Management	Corporate Center including subsidiaries	Corporate Center subsidiaries alone ¹	Group total
in CHF 1,000						
Operating income	55,181	84,292	65,642	55,334	56,980	260,449
Adjustments as per IFRS/IAS			-773			-773
Operating income after adjustments	55,181	84,292	64,869	55,334	56,980	259,676
Operating expenses ²	21,098	25,017	31,942	80,447	40,037	158,504
Adjustments as per IFRS/IAS			721			721
Operating expenses² after adjustments	21,098	25,017	32,663	80,447	40,037	159,225
Business division results before tax	34,083	59,275	33,700	-25,113	16,943	101,945
Total adjustments as per IFRS/IAS			-1,494			-1,494
Pre-tax business division results after adjustments	34,083	59,275	32,206	-25,113	16,943	100,451
Income tax expense						8,812
Adjustments as per IFRS/IAS				-97		-97
Income tax expense after adjustments						8,715
Net profit						93,133
Total adjustments as per IFRS/IAS			-1,494	97		-1,397
Net profit after adjustments						91,736
Minority interests						1,908
Net profit attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz						89,828

¹ Values shown for the subsidiary companies are reflected gross, i.e. before Group-internal offsets.

² Including depreciation, amortization, value adjustments, provisions and losses

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Agenda

Media and analysts' conference March 7, 2006

Annual shareholders' meeting April 28, 2006

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