1956
2016

60 Years of VP Bank

Annual Report 2015

VP Bank (BVI) Ltd

aches 2.8 billion • • • 1957 • The world enters the age of space exploration with the launch of the first artificial earth-orbiting satellite Sputnik 1 in the USSR • The Treaty of Rome establishing
uprising: China annexes Tibet, and the Dalai Lama flees to India • A referendum in Switzerland on women's suffrage is rejected • • • 1960 • The European Free Trade Association (EFTA)
risis between the USA and the USSR is caused by the deployment of Soviet ballistic missiles • Second Vatican Council opens in Rome (and closes in 1965) • Marilyn Monroe commits suicide
risonment on Robben Island • Segregation formally comes to an end in the USA with the signing of the Civil Rights Act • • • 1965 • Spacewalk: a cosmonaut leaves the spaceship for the
ow Submarine" is released by the Beatles • • • 1967 • The age of the colour television begins • The world's first cash machine is put into use in the UK town of Enfield • The Six-Day War
on • Payment transactions are revolutionised by the introduction of the chip/debit card • The hippie movement reaches a climax with the Woodstock music festival • The Pippi Longstocking
• The first e-mail is sent in Cambridge, USA • • • 1972 • The Palestinian terrorist organisation Black September carries out an attack at the Summer Olympics in Munich • Sales of the V
s power in a military coup in Chile • • • 1974 • The Watergate scandal sees the resignation of US President Richard Nixon • • • 1975 • The Vietnam War comes to an end • The global p
• 1977 • A wave of terror by the Red Army Fraction, a German far left militant group, reaches a climax in the German Autumn • The film Rocky receives an Oscar • Film premiere of Star
Nobel Peace Prize • The Sony Walkman is launched • The Islamic Republic is proclaimed by the Ayatollah Khomeini • • • 1980 • The first Gulf War begins • The Olympic Winter Game
n flight • Premiere of the musical Cats • • • 1982 • Helmut Kohl becomes Chancellor of Germany • Michael Jackson releases Thriller, which goes on to become his most successful albu
f the game Tetris is launched on the market • The band Queen gives its legendary Live Aid performance • • • 1986 • A catastrophic nuclear disaster occurs in Chernobyl • The first succ
mera with a floppy disk for 50 photos is launched by Sony • • • 1989 • The Berlin Wall comes down • A massacre takes place on Tiananmen Square in Peking • The first Game Boy becon
a • • • 1993 • Bill Clinton becomes President of the United States • The Kapellbrücke in Lucerne suffers a devastating fire • • • 1994 • Nelson Mandela becomes South Africa's first bl
ed sheep, is born • The BSE crisis hits the UK • • • 1997 • Lady Diana and Mother Teresa pass away • Hong Kong returns to China • The East Asian economy is devastated by the Asian
s) and Muhammad Ali (boxing) • • • 2000 • Vladimir Putin becomes President of Russia • None of the computer crashes feared at the turn of the millennium occurs • The highly success
eth The Queen Mother dies at the age of 101 • • • 2003 • The US intervention in Iraq begins • Saddam Hussein is toppled from power • • • 2004 • Thailand is hit by a devastating tsun
anniversary of the birth of Wolfgang Amadeus Mozart • Silvio Berlusconi is defeated in parliamentary elections and succeeded by Romano Prodi • • • 2007 • The first iPhone is a major
sain Bolt runs 100 metres in 9.58 seconds – creating a new world record • The electrically driven Segway is approved in Germany • • • 2010 • The Arab Spring gets under way • Europe
commits suicide • • • 2012 • The global population passes the seven-billion mark • The swimmer Michael Phelps becomes the most successful Olympian of all time with 22 medals • •
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Contents

Director's Report

Financial review by management

In the last years the financial services industry has been facing challenges on several fronts. VP Bank (BVI) Ltd has taken this as an opportunity and re-positioned itself as an independent and modern bank for financing and wealth advisory. In 2015 the bank continued to provide a solid basis for further strong revenues.

We were especially successful on the financing side with a significant increase in our portfolio by the end of 2015. The limited overall provisions taken for the financing activities reflect a conservative lending policy and attest to the high quality of the bank's credit portfolio. The Securities and Investment Business License (SIBA) allows VP Bank (BVI) Ltd to engage in a full range of wealth advisory and investment services.

The main focus area for these business activities are within the domestic banking business. Private Banking, Intermediary and External Manager client business started to grow in 2015 and created confidence for future growth which will be actively managed. Despite a year with an increase in both regulatory and business development activities the bank was able to maintain a low cost income ratio for their overall business activities. The bank is well positioned as private bank to offer specialised financial services and takes on a leading role in the finance industry of the British Virgin Islands.

Retained earnings

The Directors hereby submit their annual report and audited financial statements for the year ended 31 December 2015 which show the state of the company's affairs.

in USD	
Net income for the year	3,500,830
Retained earnings brought forward	1,132,245
Retained earnings before allocation	**4,633,075**

Allocation of available earnings

The Directors recommend and propose to the shareholder:

in USD	
The allocation to general reserves	1,800,000
Dividend payment to the shareholder	1,800,000
Leaving a balance of retained earnings to be carried forward	1,033,075

Ernst & Young Ltd, Berne, Switzerland, qualified accountants, the current auditor, offers itself for reappointment.

By order of the board of directors, on 5 April 2016.

Alfred W. Moeckli
Chairman

Siegbert Näscher
Vice-Chairman

Auditor's Report

To the Shareholder of VP Bank (BVI) Ltd, Tortola
Berne, 5 April 2016

Independent Auditor's Report on the Financial Statements

We have audited the financial statements (pages 7 to 21) of VP Bank (BVI) Ltd, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and the notes to the financial statements.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of VP Bank (BVI) Ltd as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd

Bruno Patusi
Swiss Certified Accountant
(Auditor in Charge)

Adriano Guerra
Swiss Certified Accountant

Financial Report 2015
VP Bank (BVI) Ltd

Statement of comprehensive income

in USD 1,000	Notes	2015	2014
Interest income		6,392	6,413
Interest expenses		–187	–270
Net interest income	**4**	**6,205**	**6,143**
Fees and commission income		1,225	1,033
Fees and commission expenses		–218	–181
Net fees and commission income	**5**	**1,007**	**852**
Net trading income	6	142	165
Other income	7	300	453
Net operating income		**7,654**	**7,613**
Personnel expenses	8	2,374	1,803
General and administrative expenses	9	1,370	1,306
Gross income		**3,910**	**4,504**
Depreciation and impairment losses	15	224	109
Provisions and losses	10	185	35
Net profit for the year		**3,501**	**4,360**
Other comprehensive income for the year		0	0
Total comprehensive income for the year		**3,501**	**4,360**

The accompanying notes form an integral part of these financial statements.

Statement of financial position

in USD 1,000	Notes	31.12.2015	31.12.2014
Assets			
Cash		74	89
Due from banks	11	94,883	153,579
Due from customers	12	14,935	21,805
Mortgages	12	134,079	111,257
Derivative financial instruments	14	14	14
Property and equipment	15	970	1,142
Accrued income and prepaid expenses	19	226	62
Other assets	17	552	506
Total assets		**245,733**	**288,454**
Liabilities			
Due to banks	18	6,462	8,531
Due to customers	18	185,156	227,055
Derivative financial instruments	14	14	14
Accrued expenses and deferred income	19	299	251
Other liabilities		60	3
Provisions	13	2,209	2,368
Total liabilities		**194,200**	**238,222**
Shareholders' equity			
Share capital	20	10,000	10,000
General reserves	20	36,900	34,700
Retained earnings		4,633	5,532
Total shareholders' equity		**51,533**	**50,232**
Total liabilities and shareholders' equity		**245,733**	**288,454**

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 5 April 2016 and signed on its behalf by:

Alfred W. Moeckli
Chairman

Siegbert Näscher
Vice-Chairman

Statement of changes in equity

in USD 1,000	Share Capital	General reserves	Retained earnings	Total
2015				
Total shareholders' equity as at 1 January 2015	10,000	34,700	5,532	50,232
Net profit for the year			3,501	3,501
Other comprehensive income				0
Allocation of profits 2014		2,200	–2,200	0
Dividends paid			–2,200	–2,200
Balance as of 31 December 2015	**10,000**	**36,900**	**4,633**	**51,533**
2014				
Total shareholders' equity as at 1 January 2014	10,000	33,200	4,172	47,372
Net profit for the year			4,360	4,360
Other comprehensive income				0
Allocation of profits 2013		1,500	–1,500	0
Dividends paid			–1,500	–1,500
Balance as of 31 December 2014	**10,000**	**34,700**	**5,532**	**50,232**

Statement of cash flows

in USD 1,000	2015	2014
Net profit	3,501	4,360
Adjustments for interest income	–6,392	–6,413
Adjustments for interest expense	187	270
Adjustments for depreciation and impairment losses	224	109
Adjustments for provisons	–159	–70
	–2,639	–1,744
Decrease/(increase) in due from banks on time	3,742	–774
Decrease/(increase) in due from customers/mortages	–15,952	320
Decrease/(increase) in accruals income and prepaid expenses, other assets and derivatives	–88	224
(Decrease)/increase in due to banks on time	–3,100	4,040
(Decrease)/increase in due to customers	–41,899	–12,330
(Decrease)/increase in accrued expenses and deferred income, other liabilities and derivatives	150	–848
Interest received	6,270	6,415
Interest paid	–232	–225
Cash generated used in operating activities	**–53,748**	**–4,922**
Cash flow from investment activities	**–52**	**–1,219**
(Purchase)/Sale of property and equipment	–52	–1,219
Cash flows from financing activities	**–2,200**	**–1,500**
Dividends paid	–2,200	–1,500
Net decrease in cash and cash equivalents	**–56,000**	**–7,641**
Cash and cash equivalents at beginning of year	146,054	153,695
Cash and cash equivalents at end of year	**90,054**	**146,054**

in USD 1,000	2015	2014
Cash and cash equivalents are represented by		
Cash	74	89
Due from banks – at sight balances	92,017	146,971
./. Due to banks – at sight balances	–2,037	–1,006
Total cash and cash equivalents	**90,054**	**146,054**

At sight balances due from banks bear interest at daily rates or are invested in interest-bearing short-term money-market deposits between one day and three months, depending upon the liquidity needs. Interest rates are based upon equivalent market rates.

Notes to the financial statements

1. Incorporation, ownership and principal activity

The company was incorporated in Road Town, British Virgin Islands on 11 September 1995 under the Companies Act Cap 285. The company is licensed to conduct business within the provisions of The Bank and Trust Companies Act, 1990, as amended, and the Securities and Investment Business Act, 2010, as amended.

The company is a wholly-owned subsidiary of VP Bank AG, Vaduz. The office is situated at VP Bank House, 156 Main Street, PO Box 3463, Road Town, Tortola VG1110, British Virgin Island.

Its principal activity is the provision of banking services.

VP Bank (BVI) Ltd is a member of VP Bank Group. VP Bank Group is an internationally operating private bank focused on rendering asset management services for private individuals and financial intermediaries. VP Bank Group is one of the largest banks in Liechtenstein. The shares of VP Bank Ltd, Vaduz are listed on SIX Swiss Exchange (Switzerland). An "A–" rating from Standard & Poor's vouches for the financial strength of this banking enterprise.

2. Accounting policies

2.1. Basis of preparation

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements of VP Bank (BVI) Ltd have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with the law of British Virgin Islands.

The company's accounting policies are integral to understanding its results of operations and financial condition. These policies have been consistently applied to the periods presented.

In accordance with the valuation policies laid down, all business transactions are recorded in the company's accounts as of their trade date. Forward contract notionals are recorded as off-balance-sheet transactions until their settlement or value date.

All amounts included in the financial statements and notes are presented in thousand of United States Dollars except where otherwise indicated. United States Dollars is the company's functional currency.

2.2. Adoption of new accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

- Annual Improvements to IFRS 2010–2012 cycle and 2011–2013 cycle

Adoption of these revised standards did not have any effect on the financial performance or positions.

2.3. Future changes in accounting policies

The company is currently assessing the potential impacts of other new and revised standards and interpretations that will be effective from 1 January 2016 and beyond. Based on the analysis to date, the company does not anticipate that these will have a material impact on the companies overall results and financial position.

2.4. Foreign currency

Transactions in foreign currencies are measured in USD, being the functional currency of the company and are recorded on initial recognition in USD at exchange rates approximating those prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange effective at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rates of the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are converted using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on converting monetary items at the balance sheet date are recognised as a profit or loss.

The following exchange rates have been applied for the two most relevant foreign currencies concerned:

	2015		2014	
	EUR	CHF	EUR	CHF
Year-end rate	1.086	0.999	1.210	1.006
Average rate	1.109	1.038	1.328	1.093

2.5. Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, at banks and short term deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.6. Financial instruments

Financial assets are reflected in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognized initially, they are measured at fair value, or – in the case of financial assets not at fair value – through profit or loss including the directly attributable transaction costs.

A financial asset is derecognized when
- the rights to receive cash flows from the asset have expired or
- the company has transferred its rights to receive cash flows from the asset or
- has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
  - the company has transferred substantially all the risks and rewards of the asset, or
  - the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the company's continuing involvement in the asset. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

All regular purchases and sales of financial assets are recognized or derecognized on the trade date i.e., the date that the company commits to purchase or sell the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace concerned.

2.6.1. Loans and receivables (Due from banks / customers and mortgages)

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, balances due from banks / customers and mortgages are measured at amortized cost using the effective interest method. Gains or losses are recognized in profit or loss when the loans and receivables are derecognized or impaired and through the amortization process.

Principal repayments are considered as overdue once they are 1 day or more past due.

2.6.2. Financial assets or financial liabilities at fair value through profit or loss (including derivative financial instrument)

Financial assets or financial liabilities held-for-trading are classified as financial assets or financial liabilities at fair value through profit or loss. These are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the short term.

Subsequent to initial recognition, financial assets or financial liabilities at fair value through profit or loss are measured at fair value (which is determined based on the quoted market prices). Any gains or losses arising from changes in fair value of the financial assets or financial liabilities are recognized in profit or loss. Net gains or net losses on financial assets or financial liabilities at fair value through profit or loss include exchange rate differences, interest and dividend income and are recognized in the trading income.

2.6.3. Financial liabilities (Due to banks and customers)

Financial liabilities are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognized initially at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

2.7. Impairment of financial assets

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. If there is objective evidence that an im-pairment loss on a financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously rec-ognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

2.7.1. Impaired loans and receivables

Impaired loans and receivables are amounts outstanding from clients and banks where it is improbable that the debtor can meet its obligations. The reasons for impairment in value are of a nature which is specific to the counterparty or the country of domicile of the counterparty. Interest on impaired loans and receivables are recorded throughout the period during which the interest accrues. An impairment is recorded under provisions and losses.

A valuation allowance for credit risks is recorded as a reduction in the carrying value of a receiva-ble in the statement of position. The amount of the reduction in value is measured essentially by reference to the difference between the carrying value and the amount which will probably be recovered after taking into account the realizable proceeds from the disposal of any applicable collateral.

For off-balance sheet positions, on the other hand, such as a fixed facility granted, a valuation allowance for credit risks is recorded under provisions. Collective loan loss allowances exist to cover loss events for which there is objective evidence but whose effects are not yet evident.

A collectability test is performed at least once a year for all non-performing loans and receivables. Should changes have occurred as to the amount and timing of anticipated future flows in comparison to previous estimates, the valuation allowance for credit risks is adjusted and recorded in the income statement under valuation allowances for credit risks or release of valuation allowances and provisions that are no longer required.

2.7.2. Netting arrangements

VP Bank (BVI) Ltd does not enter in to netting arrangements with counter parties. The statement of financial position assets and liabilities as transactions are settled on a gross basis.

2.8. Property and equipment / Intangible assets

2.8.1. Measurement

These assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. Minor purchases are charged directly to general and administrative expenses.

2.8.2. Depreciation

Depreciation is calculated on a straight-line basis over the following useful lives periods:

Building and interior used by the bank	max. 8 years
Furniture and fittings	max. 8 years
Office equipment	max. 8 years
Computer hardware	max. 3 years
Software	max. 3 years

The carrying values of the property and equipment as well as intangible assets are reviewed for impairment once a year and when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

A property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.9. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably, for individual impairments of financial assets, and valuation allowances for credit risk of off-balance sheet positions.

2.10. Leases

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of lease expenses over the lease term on a straight-line basis.

2.11. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Commission

Revenue is recognized when the company's right to receive payment is established.

Interest income and expenses

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest rate method based on the actual purchase price or estimated recoverable amount.

Once a financial asset or a group of similar financial assets has been impaired, interest income is recognized using the original effective interest rate for the purpose of measuring impairment loss. Interest payments are regarded as overdue at the latest when the payments are more than 90 days in arrears. Overdue and impaired interest payments are charged directly to provisions.

2.12. Income tax

Income tax as defined under IAS 12 is not due.

3. Significant accounting estimates and judgments

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses on due from banks and customers and mortgages

The company reviews its individually significant due from banks and customers and mortgages at each statement of financial position date to assess whether an impairment loss should be recorded. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the company makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and receivables that have been assessed individually and found not to be impaired and all individually insignificant loans and receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality etc.), concentrations of risks and economic data.

4. Interest income and expenses

in USD 1,000	2015	2014
Interest income due from banks	153	170
Interest expenses due to banks	–131	–181
Total net interest income from banks	**22**	**–11**
Interest income due from customers / mortgages[1]	6,239	6,243
Interest expenses due to customers	–56	–89
Total net interest income from customers	**6,183**	**6,154**
Net interest income	**6,205**	**6,143**

[1] The interest income from impaired loans in 2015 amounted to USD 148,645 (2014: USD 165,502)

5. Fees and commission income and expenses

in USD 1,000	2015	2014
Commission income from credit business	162	98
Brokerage fees	196	190
Securities account fees	202	207
Investment consulting and management[1]	139	22
Payment fees	315	262
Commission income from other services[1]	211	254
Total fees and commission income	**1,225**	**1,033**
Brokerage and securities account fees	52	35
Foreign payment fees and other commission expenses	166	146
Total fees and commission expenses	**218**	**181**
Net fees and commission income	**1,007**	**852**

[1] Income from investment consulting and management in the annual report 2014 was part of commission income from other services. In 2015 this income is disclosed separately. The figures for 2014 have been reclassified accordingly.

6. Net trading income

in USD 1,000	2015	2014
Foreign currency	144	164
Bank notes, precious metals and other	–2	1
Net trading income	**142**	**165**

7. Other Income

in USD 1,000	2015	2014
Insurance benefit		169
Gains on disposal of property and equipment		40
Release of valuation allowances	300	244
Total other income	**300**	**453**

8. Personnel expenses

in USD 1,000	2015	2014
Salaries and wages	1,993	1,462
Social contribution by law	73	56
Expenses for pensions	138	110
Staff training	5	14
Other personnel expenses	79	92
Payroll tax	86	69
Total personnel expenses	**2,374**	**1,803**
Number of employees	16	17
Equivalent of full-time employment	16.0	16.9
Annual premium to defined contributions plans	222	173
Less employees' contribution	84	63
Net expenses for pensions	**138**	**110**

9. General and administrative expenses

in USD 1,000	2015	2014
Occupancy expenses	261	208
Insurance	17	20
Professional fees	208	263
Telecommunicaiton and postage	54	46
IT systems	476	479
Other general and administrative expenses	354	290
Total general and administrative expenses	**1,370**	**1,306**

10. Provision and losses

in USD 1,000	2015	2014
Credit risk	44	
Settlement cost		
Other provision and losses	141	35
Total provisions and losses	**185**	**35**

11. Due from banks

in USD 1,000	31.12.2015	31.12.2014
Payable on demand	89,620	141,058
Fixed term deposits	5,263	12,521
Total due from banks	**94,883**	**153,579**

The deposits are placed without collateral at various banks with maturities not exceeding one year from the date of deposit. All transactions are made at normal business conditions in line with the currency in which the client's deposits were made. No balance was at the reporting dates past due but not impaired.

Credit rating system
For banks, the ratings of both rating agencies Standard & Poor's and Moody's are used. Due from banks have the ratings 99.8% (2014: 99.8%) investment grade or higher and 0.2% (2014: 0.2%) are not rated.

12. Due from customers and mortgages

Credit rating system due from customers and mortgages
For non-banks, there are no external ratings available. At a portfolio level, risk management aims to avoid existence-jeopardizing risk concentrations and to maximize income within the credit-risk limits. This includes analyses by rating and classes of size, economic segments and the quality of credit collateral.

As an important risk rating factor is the type of collateral as disclosed below:

12.1 Due from customers and mortgages by type of collateral

in USD 1,000	31.12.2015	31.12.2014
Mortgage collateral	140,621	124,675
Other collateral	4,624	4,363
Without collateral	3,769	4,024
Subtotal (due from customers and mortages)	**149,014**	**133,062**
Impairment for credit risks	–1,562	–1,783
Total	**147,452**	**131,279**
Outstanding redemption payments[1]	45	61

[1] Monthly annuities have to be paid for loans and mortgages. The figures show the outstanding redemption part.

13. Impairment for credit risks / Provisions

in USD 1,000	31.12.2015	31.12.2014
Impairment for credit risks		
Balance at beginning of financial year	1,874	2,118
Amounts written off on loans/utilization		
Creation of valuation allowances	92	37
Release of valuation allowances	348	281
Balance at end of financial year	**1,618**	**1,874**
As valuation adjustment for due from banks		
Individual valuation allowances		
Lump-sum valuation allowances	56	91
Total impairment for due from banks	**56**	**91**
As valuation adjustment for due from customers		
Individual valuation allowances	1,121	1,416
Lump-sum valuation allowances	441	367
Total impairment for due from customers	**1,562**	**1,783**

The individual valuation allowances are mainly determined on the basis of payment delays by customers and the appraisal of the potential loss in case of default. This includes also the value deemed to be realizable for the collaterals.

Other Provisions		
Balance at beginning of financial year	494	320
Utilisation in accordance with purpose	119	
Creation of valuation allowances	216	174
Release of valuation allowances		
Balance at end of financial year	**591**	**494**
Total impairments and provisions	**2,209**	**2,368**

14. Derivative financial instruments

in USD 1,000	Positive replacement values	Negative replacement values	Contract volumes
Foreign currencies 31.12.2015			
Forward contracts	14	14	3,359
Combined interest-rate / currency swap			
Options (OTC)			
Options (exchange-traded)			
Subtotal	**14**	**14**	**3,359**
Total derivative financial instruments	**14**	**14**	**3,359**
Foreign currencies 31.12.2014			
Forward contracts	14	14	1,053
Combined interest-rate / currency swap			
Options (OTC)			
Options (exchange-traded)			
Subtotal	**14**	**14**	**1,053**
Total derivative financial instruments	**14**	**14**	**1,053**

All client derivative financial instruments are traded back to back with VP Bank, Vaduz (S&P Rating A–) and measured at fair value, using a valuation technique with inputs observed in the market at the time of valuation or models based whereever possible on assumptions supported by observable market price or rates existing on the balance sheet date.

15. Property and equipment

in USD 1,000	Building and interior	Equipment	Computers	Total
31.12.2015				
Cost				
At beginning of the year	907	175	169	1,251
Additions	46		6	52
Disposals/derecognitions				0
At end of the year	953	175	175	1,303
Depreciation and impairment losses				
At beginning of the year	65	16	28	109
Charge for the year	140	27	57	224
Disposals/derecognitions				0
At end of the year	205	43	85	333
Carrying amount 31 December 2015	**748**	**132**	**90**	**970**
31.12.2014				
Cost				
At beginning of the year		48	122	170
Additions	907	143	169	1,219
Disposals/derecognitions		–16	–122	–138
At end of the year	907	175	169	1,251
Depreciation and impairment losses				
At beginning of the year		16	122	138
Charge for the year	65	16	28	109
Disposals/derecognitions		–16	–122	–138
At end of the year	65	16	28	109
Carrying amount 31 December 2014	**842**	**159**	**141**	**1,142**

There were no impairments during the period under review. At 31 December 2015 the company has not signed contracts (commitments) relating to property and equipment (2014: USD 34,000).

16. Future rental commitments under operating leases

As at 31 December, the company held leases on a building for extended periods. The future rental commitments were as follows:

in USD 1,000	2015	2014
Not later than 1 year	149	149
Later than 1 year and less than 5 years	324	468
Later than 5 years	0	0
Total	**473**	**617**

During the financial year 2015 USD 165,000 of lease payments were recognized as an expense (2014: USD 115,000).

17. Other assets

As required by Section 12(1)(b) of the British Virgin Islands Banks and Trust Companies Act, 1990, the company has placed a deposit of USD 500,000 with the Government of the British Virgin Islands. The deposit earned interest and has no fixed maturity date.

18. Due to banks and customers

in USD 1,000	31.12.2015	31.12.2014
Due to bank at sight	37	46
Due to bank fixed term	6,425	8,485
Total due to banks	**6,462**	**8,531**
Due to customers at sight	179,893	214,534
Due to customers fixed term	5,263	12,521
Total due to customers	**185,156**	**227,055**
Total due to banks and customers	**191,618**	**235,586**

19. Accrued income and prepaid expenses / Accrued expenses and deferred income

in USD 1,000	31.12.2015	31.12.2014
Accrued interest payable	149	27
Other	77	35
Total Accrued income and prepaid expenses	**226**	**62**
Accrued interest payable	72	117
Other	227	134
Total Accrued expenses and deferred income	**299**	**251**

20. Share capital and reserves

The company is authorized to issue 10,000,000 registered shares at a par value of USD 1 designated as common shares. All shares are issued and fully paid.

The number of shares and the share capital has not changed during 2015 and 2014. The holders of ordinary shares are entitled to receive a dividend as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

General reserves represent accumulated transfers from retained earnings in accordance with local legislation.

21. Contingent liabilities and irrevocable commitments

At the balance sheet date, the company had approved but unused customer loan credit lines of USD 24,475,000 (2014: USD 18,410,360) and irrevocable commitments to customers of USD 0 (2014: USD 0).

22. Related parties

Apart from the related party information shown elsewhere in the financial statements, the following significant transactions between the Bank and the related parties took place during the financial year. Terms of transactions to shareholders and entities under common control by parent bank are at arm's length and in general not secured. With regards to members of the Key Management, basically the same conditions apply as for all other employees. They correspond to customary market conditions excluding a credit margin.

22.1 Balances with related parties

Financial position in USD 1,000	Shareholders	Key Management	Entities under common control by parent bank
Assets 31.12.2015			
Due from banks	61,817		5,007
Due from customers		146	
Mortgages		533	
Derivative financial instruments	12		
Accrued income and prepaid expenses	8		
Other assets	47		
Total assets	**61,884**	**679**	**5,007**
Liabilities 31.12.2015			
Due to banks	6,425		
Due to customers		113	
Derivative financial instruments	2		
Accrued expenses and deferred income	69		
Other liabilities			
Provisions			
Total liabilities	**6,496**	**113**	**0**
Net amount	**55,388**	**566**	**5,007**

Financial position in USD 1,000	Shareholders	Key Management	Entities under common control by parent bank
Assets 31.12.2014			
Due from banks	107,427		7,161
Due from customers		82	
Mortgages		571	
Derivative financial instruments	10		
Accrued income and prepaid expenses	12		
Other assets	1		
Total assets	**107,450**	**653**	**7,161**

Financial position in USD 1,000	Share-holders	Key Manage-ment	Entities under common control by parent bank
Liabilities 31.12.2014			
Due to banks	8,485		
Due to customers		70	
Derivative financial instruments	4		
Accrued expenses and deferred income	111		
Other liabilities			
Provisions			
Total liabilities	**8,600**	**70**	**0**
Net amount	**98,850**	**583**	**7,161**

22.2 Transactions with related parties

Financial position in USD 1,000	Share-holders	Key Manage-ment	Entities under common control by parent bank
1 January to 31 December 2015			
Interest income	–153	–26	
Interest expense	131	1	
Fees and commission income			
Fees and commission expenses			21
Net trading income			
Personnel and general expenses	499	1,138	
Net total	**477**	**1,113**	**21**
1 January to 31 December 2014			
Interest income	–164	–26	–6
Interest expense	181	1	
Fees and commission income			
Fees and commission expenses			16
Net trading income			
Personnel and general expenses	486	822	
Net total	**503**	**797**	**10**

The majority of the related parties' transactions are banking relations in the normal course of business with the parent bank or other banks of VP Bank Group. VP Bank Ltd, Vaduz also operate the core banking system and other parts of the IT-infrastructure. These services are charged by the parent bank.

22.3 Remuneration of the key management personnel

in USD 1,000	2015	2014
Wages, salaries and bonuses	1,022	813
Post-employment benefits		
Other short-term benefits		
Termination benefits		
Other long-term benefits		
Share based payment[1]	116	9
Total remuneration paid to key management personnel	**1,138**	**822**

[1] Performance-related and restricted shares with conditional entitlement to receive bearer shares of VP Bank Group. The number of bearer shares (entitlement from the profit-sharing plan) as well as the related monetary benefit are fixed definitively only at the end of the respective planning period (or at the time of transferring the bearer shares).

Certain key management personnel participates in a pension plan and management profit-sharing plan (share based payment) of VP Bank Group.

23. Financial risk management objectives and policies

The board of directors is responsible for managing the risk of the company and the risk framework is based on the risk policy of its major shareholder, VP Bank Ltd, Vaduz. The key financial risks to which the company is exposed in the conduct of its business operation are credit risk, liquidity risk and market risk. All these risks are being managed by the Executive Management (CEO and General Manager). They are also subject to ongoing and comprehensive monitoring by VP Bank Ltd, Vaduz.

23.1 Credit risk

Credit risk is the risk that the company will incur losses because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual and/or group of related counterparties and by monitoring exposures in relation to such limits.

It is the company's policy to maintain accurate and consistent risk ratings across the credit portfolio. These facilities focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the company's rating policy. The respective risk ratings are assessed and updated regularly.

Credit risks are evaluated both at the level of the individual exposure as well as at a portfolio level through the attribution of a credit rating. The credit rating serves as an indicator for the probability of default. For bank customers, the company uses the internationally accepted ratings from Standard & Poor's and Moody's. For non-bank customers, an internal rating system is used. The only lending product offered to non-bank customers is Lombard and mortgage secured loans.

Country risk is also evaluated with the aid of ratings from Standard & Poor's and Moody's. At the portfolio level, risk management aims at avoiding significant risk concentrations. Concentration limits are set by geographical areas and industry sectors.

The following table shows the maximum exposure to credit risk by countries before risk mitigation by means of collateral agreements. Where the financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Geographical analysis

in USD 1,000	BVI	Liechtenstein and Switzerland	Other countries	Total
Assets 31.12.2015				
Cash	74			74
Due from banks	1,133	61,817	31,933	94,883
Due from customers	11,191		3,744	14,935
Mortgages	134,079			134,079
Derivative financial instruments	2	12		14
Accrued income and prepaid expenses	146	18	62	226
Other assets	505	47		552
Assets 31.12.2014				
Cash	89			89
Due from banks	850	107,427	45,302	153,579
Due from customers	17,401		4,404	21,805
Mortgages	111,257			111,257
Derivative financial instruments	4	10		14
Accrued income and prepaid expenses	43	12	7	62
Other assets	505	1		506

Contingent liabilities and irrevocable commitments are all located in the British Virgin Islands.

Collateral and other credit enhancements

VP Bank (BVI) Ltd requires an appropriate margin on the collateralizing of assets. This margin is being defined in a way that future changes in market values, market volatility, debtor creditworthiness and counterparty risk are appropriately taken into account and as a result, the receivables are backed by adequate collateral at all times (Details see notes 11 and 12).

23.2 Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The company's exposure to liquidity risk arises primarily from cash flow mismatches of the maturities of financial assets and liabilities. In the management of liquidity risks, the company monitors and maintains a level of cash deemed sufficient to finance the company's operations and mitigate the effects of fluctuations in cash flow. Short-term financing is also readily available from the VP Bank Group as and when required. With respect to client deposits, all clients' monies received are generally placed on a back-to-back basis with VP Bank Group. The company also constantly liaises with the Group on the management of its liquidity to ensure that the minimum regulatory liquidity asset requirements are adhered to at all times.

The table below summarises the maturity profile of the company's financial assets and financial liabilities as of 31 December 2015:

in USD 1,000	Up to three months	Three to twelve months	Over one year	Total
Assets 31.12.2015				
Due from banks	92,017	2,866		94,883
Due from customers/mortgages	142,600	509	5,905	149,014
All other assets	1,336		500	1,836
Total assets	**235,953**	**3,375**	**6,405**	**245,733**
Liabilities 31.12.2015				
Due to banks	2,037		4,425	**6,462**
Due to customers	182,290	2,866		**185,156**
All other liabilities	2,582			**2,582**
Total liabilities	**186,909**	**2,866**	**4,425**	**194,200**
Net exposure	**49,044**	**509**	**1,980**	**51,533**

in USD 1,000	Up to three months	Three to twelve months	Over one year	Total
Assets 31.12.2014				
Due from banks	146,971	6,608		**153,579**
Due from customers/mortgages	125,025	542	7,495	**133,062**
All other assets	1,313		500	**1,813**
Total assets	**273,309**	**7,150**	**7,995**	**288,454**
Liabilities 31.12.2014				
Due to banks	1,006	1,100	6,425	**8,531**
Due to customers	220,447	6,608		**227,055**
All other liabilities	2,636			**2,636**
Total liabilities	**224,089**	**7,708**	**6,425**	**238,222**
Net exposure	**49,220**	**-558**	**1,570**	**50,232**

23.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the change in market variables. The four standard risk factors are security prices, interest rates, foreign currency exchange rates and commodity prices. The associated market risks are equity risk, interest rate risk, currency risk and commodity risk respectively. The market risks of the company's own investments are managed within the scope of asset and liability management ("ALM"). Group Finance & Risk of VP Bank Ltd, Vaduz is responsible on a strategic level for ALM, whereas the company is responsible for the management of its own investments at the subsidiary. The Executive Management of the company consults regularly with Group Risk Control as to the action to be taken for the management of market risk to ensure that action is being taken on a timely basis.

As at 31 December 2015 the company is not exposed to any significant market risk as the assets and liabilities are almost perfectly matched regarding terms, currency and reinvestment perspective.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Sensitivity analysis for interest rate risk

The table below gives evidence of the sensitivity of the overall portfolio value to a change in interest rates:

	Change in basis points	Sensitivity of net interest income	Sensitivity of equity
2015	+100	102	–626
	–100	–102	656
2014	+100	101	–487
	–100	–101	602

The sensitivity of net interest income shows the impact on the statement of comprehensive income in the case of a parallel shift in market rates by +/–100 basis points. The sensitivity of equity shows the absolute change in the present value of equity in the case of a parallel shift in market rates by +/–100 basis points if the assets were held at fair value.

Foreign currency risk

The company has the following net foreign currency exposures arising from its financial assets and financial liabilities that are denominated in currencies other than the functional currency of the company.

Currency in USD 1,000	31.12.2015 Net assets / (liabilities)	31.12.2014 Net assets / (liabilities)
CHF	2	1
EUR	1	5
GBP	7	5
Others	2	2
Total	**12**	**13**

Possible changes in all currencies against the US-Dollar being the functional currency of the company, with all other variables held constant, would not result in any significant changes of the company's financial results or its equity capital.

24. Capital

24.1 Regulatory requirements

The regulatory capital requirements are determined in accordance with laws and guidance in the British Virgin Islands. These guidelines evolve from the framework of risk-based capital standards developed by the Basel Committee, Bank of International Settlement (BIS). During the year, VP Bank (BVI) Ltd has complied in full with all of our regulatory capital requirements.

BIS standards require that banks maintain minimum Tier I and Tier I & Tier II ratios of 4% and 8% respectively.

24.2 Regulatory capital

Regulatory capital consists of Tier I and Tier II capital, less certain deductions. Tier I Capital comprises common stock, retained earnings and other deductions. Tier II Capital principally comprises hybrid capital instruments such as subordinated debt and general provisions.

	31.12.2015	31.12.2014
Tier I	35.9%	35.2%
Tier I & Tier II	36.3%	35.5%
Total risk weighted assets	**143,356**	**142,599**

25. Subsequent events

The financial statements for the year ended 31 December 2015 were authorised for issue by the Directors on 5 April 2016.

There have been no events between 31 December 2015 and 5 April 2016 that have caused an adjustment of the carrying amounts of the company's assets and liabilities or that the company is required to disclose here.

VP Bank Group (Excerpt)

VP Bank Group at a glance

VP Bank Group is an internationally active private bank focused on rendering asset management services for private individuals and financial intermediaries.

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 six other locations around the globe: Switzerland, Luxembourg, the British Virgin Islands, Singapore, Hong Kong and Russia.

The shares of VP Bank are listed on SIX Swiss Exchange. An «A–» rating from Standard & Poor's vouches for the financial strength of this banking enterprise. A large proportion of its equity capital is in the hands of four anchor shareholders: "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation, "U.M.M. Hilti-Stiftung" foundation, Ethenea Independent Investors S.A. and "Marxer Stiftung für Bank- und Unternehmenswerte" foundation – a guarantee for continuity, independence and sustainability.

VP Bank's workforce of about 800 employees administer clients assets totalling almost CHF 43.0 billion. Its client advisors are supported by a global network of partner firms that contribute to the outstanding international know-how of VP Bank Group.

Tradition and quality for 60 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 founder of VP Bank, Guido Feger, was a successful entrepreneur and one of Liechtenstein's most highly regarded fiduciaries. Right from the start, he demonstrated innovation, competence and courage, while never veering from the fundamental principles of client orientation and financial security. These tenets have been resolutely upheld for six decades.

To this very day, each and every employee of VP Bank Group lays claim to the ethos of quality. A number of international awards for the quality of the Bank's client advice and ancillary services, as well as for its competence in transaction processing, attest to this pronounced quality consciousness.

In 1983, VP Bank became Liechtenstein's first exchange-listed company, and ever since then it has been present in the international banking system via the euro money market. The philanthropic activities of VP Bank's founder have been continued by its major shareholder, "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation.

Competencies and client advice

Tailor-made wealth planning, asset management and investment advice for a demanding private clientele represent VP Bank's core competencies. The Bank is also an established partner for financial intermediaries who especially count on decades of experience and a modern infrastructure.

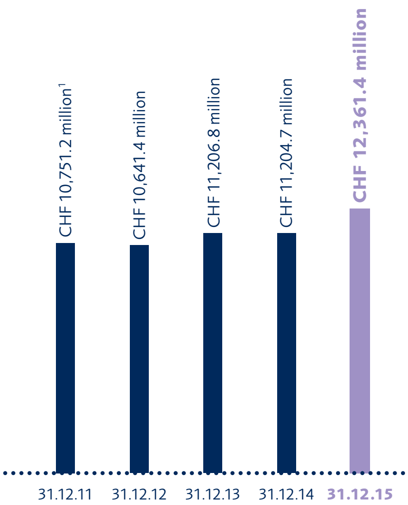
One of the strengths of VP Bank is its independence in terms of providing financial advice. The Bank's investment solutions are based on the principle of "open architecture", an approach that also takes into account the best-in-class products and services of third-party providers. The result: conflicts of interest are avoided right from the start.

Together with its partners throughout the world, VP Bank recommends either the best traditional investment instruments to its clients or develops proprietary, innovative solutions. The global presence of VP Bank Group means that it can draw on a vast pool of expertise, so that country-specific circumstances can be taken into account when necessary. Thanks to this open architecture and best manager selection, clients can always rest assured that they have the most suitable investment instruments in their portfolio.

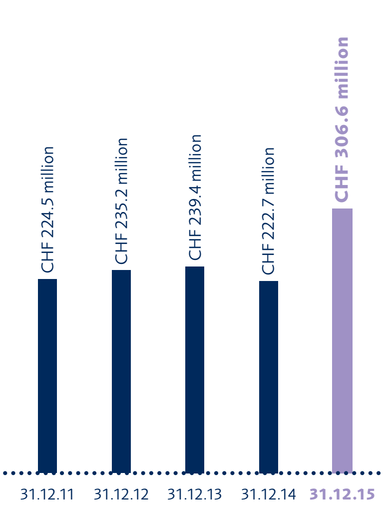
In addition, VP Bank's e-banking application affords clients freedom of movement and maximum security when conducting banking transactions. They have round-the-clock electronic access to their securities and deposit accounts.

With nearly 800 employees, VP Bank Group is the right size to offer top-notch solutions with a personal touch. Clients enjoy the individualised advice of a private bank while simultaneously gaining access to a worldwide network of specialists. And not least of all, the structured and transparent investment process ensures straightforward decisions, which benefit the client.

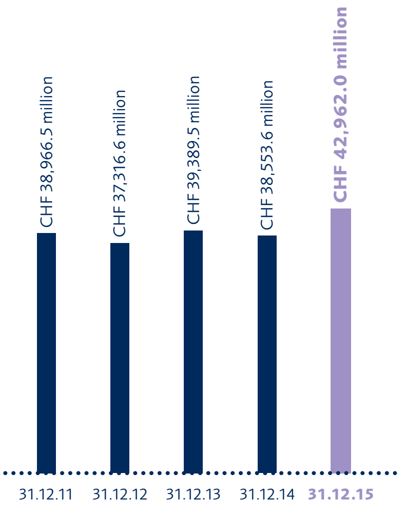
Key figures of VP Bank Group



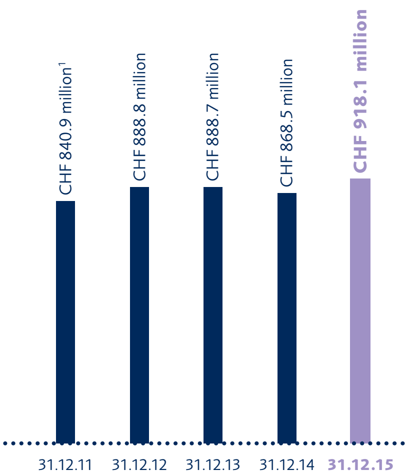
Total assets



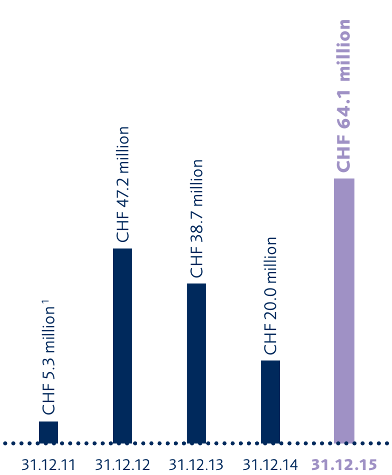
Total net operating income



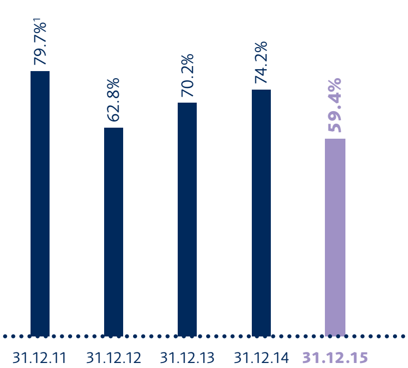
Client assets



Total shareholders' equity



Net income



Cost/income ratio

[1] adjusted (IAS 19R)

Key figures of VP Bank Group

	2015	2014	Variance in %
Key balance sheet data in CHF million[1]			
Total assets	12,361.4	11,204.7	10.3
Due from banks	2,060.3	3,282.2	–37.2
Due from customers	5,007.0	4,263.9	17.4
Due to customers	10,546.4	9,446.0	11.6
Total shareholders' equity	918.1	868.5	5.7
Equity ratio (in %)	7.4	7.8	–4.2
Tier 1 ratio (in %)[2]	24.4	20.5	19.3
Leverage ratio in accordance with Basel III (in %)	7.0	n.a.	n.a.
Key income statement data in CHF million[2]			
Total net operating income	306.6	222.7	37.7
Interest income	84.5	65.6	28.9
Income from commission business and services	126.4	118.4	6.7
Income from trading activities	46.1	25.4	81.6
Operating expenses	182.1	165.3	10.2
Net income	64.1	20.0	219.9
Client assets in CHF million[2]	42,962.0	**38,553.6**	**11.4**
On-balance-sheet customer deposits (excluding custody assets)	10,062.1	9,515.6	5.7
Fiduciary deposits (excluding custody assets)	512.7	404.8	26.6
Client securities accounts	24,193.8	21,018.7	15.1
Custody assets	8,193.3	7,614.5	7.6
Net new money	6,045.5	**–850.2**	**n.a.**
Key operating indicators			
Ratio of foreign assets (in %)	35.2	38.0	–7.4
Return on equity (in %)[1,3]	7.3	2.3	214.5
Cost/income ratio (in %)[4]	59.4	74.2	–20.0
Headcount (expressed as full-time equivalents, excluding trainees)[5]	734.4	694.9	5.7
Total net operating income per employee (in CHF 1,000)	417.4	320.4	30.3
Total operating expenses per employee (in CHF 1,000)	248.0	237.8	4.3
Net income per employee (in CHF 1,000)	87.2	28.8	202.7
Key indicators related to shares of VP Bank in CHF[1]			
Net income per bearer share[6]	10.17	3.45	194.9
Net income per registered share[6]	1.02	0.34	194.9
Dividend per bearer share	4.00[7]	3.00	33.3
Dividend per registered share	0.40[7]	0.30	33.3
Dividend yield (in %)	4.9	3.5	38.2
Payout ratio (in %)	39.3	n.a.	n.a.
Total shareholders' return on bearer shares (in %)	0.0	–9.2	–100.0
Shareholders' equity per bearer share on the balance-sheet date	154.01	149.98	2.7
Shareholders' equity per registered share on the balance-sheet date	14.18	14.68	–3.5
Quoted price per bearer share	82.00	85.00	–3.5
Quoted price per registered share	8.20	8.50	–3.5
Highest quoted price per bearer share	87.50	98.95	–11.6
Lowest quoted price per bearer share	71.15	74.40	–4.4
Market capitalisation (in CHF million)[8]	542	503	7.9
Price/earnings ratio per bearer share	8.06	24.65	–67.3
Price/earnings ratio per registered share	8.06	24.65	–67.3
Rating Standard & Poor's	A–/Negative/A–2	**A–/Negative/A–2**	

1 The reported key data and operating indicators are computed and reported on the basis of the share of the net profit and shareholders' equity attributable to the shareholders of VP Bank Ltd, Vaduz.
2 Details in the notes to the consolidated financial statement.
3 Net income / average shareholders' equity less dividend.
4 Total operating expenses / total net operating income.
5 In accordance with legal requirements, apprentices are to be included in headcount statistics as 50 per cent of equivalent full-time employees.
6 Based on the weighted average number of shares (bearer) (Annual Report of VP Bank Group, note 11, page 136).
7 Subject to approval by the annual general meeting.
8 Including registered shares.

The organisational structure of VP Bank Group

VP Bank Group is subdivided into three organisational units: "Chief Executive Officer", "Client Business" and "Chief Financial Officer & Banking Services".

Changes in the organisational structure in the 2015 financial year

From an organisational standpoint, 2015 was a year that centred on the integration of Centrum Bank AG into VP Bank Ltd, whereas the actual legal merger of the two entities took effect on 30 April 2015. As of that date, the name Centrum Bank AG ceased to exist and all of that company's employees were shifted officially into a transitional organisation as of 1 May 2015. The primary goal of this transitional organisation was to maintain normal banking operations until Centrum Bank's existing system platforms were no longer needed. The new organisational structures were adapted as of 1 January 2016.

The Executive Board of VP Bank (Luxembourg) SA was expanded as of 9 March 2015 to include Antoine Baronnet, who, in his function as Head of Client Business, assumed responsibility for all client-related units.

On 31 March 2015, the employment relationship with Rolf Jermann, Head of Corporate Clients and Credits in the Commercial Banking unit, was terminated by mutual agreement. Werner Wessner took over responsibility for the unit on an ad interim basis.

Andreas Zimmerli, Head of Group Operations, left VP Bank Ltd at the end of April 2015. His successor, Jürg Mühlethaler, held the post of Chief Operating Officer at Centrum Bank.

Owing to the increasing importance of the intermediaries business, especially as a result of the merger with Centrum Bank AG and the demand at VP Bank's international locations, the Intermediaries business unit has been restructured. As of 1 November 2015, Tobias Wehrli took over as the unit's new head. Mr Wehrli's predecessor in that post, Günther Kaufmann, now devotes his efforts to key clients and increases acquisition activities.

VP Bank Group's two fund administration companies, IFOS AG and VPB Finance SA, officially changed their names as of 3 August 2015. Both firms now do business under the umbrella name of "VP Fund Solutions": IFOS AG was renamed to VP Fund Solutions (Liechtenstein) AG and VPB Finance SA to VP Fund Solutions (Luxembourg) SA. In this connection, Group-wide synergies are being emphasised and fund know-how is being consolidated under a uniform brand. Eduard von Kymmel, Head of VP Fund Solutions, has been in charge of VP Bank Group's entire fund-related business since January 2015.

Roberto Vogt, Head of Private Banking CEE and Member of the Executive Board of VP Bank (Switzerland) Ltd, left the Bank as of 28 September 2015. In his former function, he was responsible for the Central & Eastern Europe as well as the Russian Federation markets. His successor, Thomas Westh Olsen, commenced the related activities on 1 November 2015.

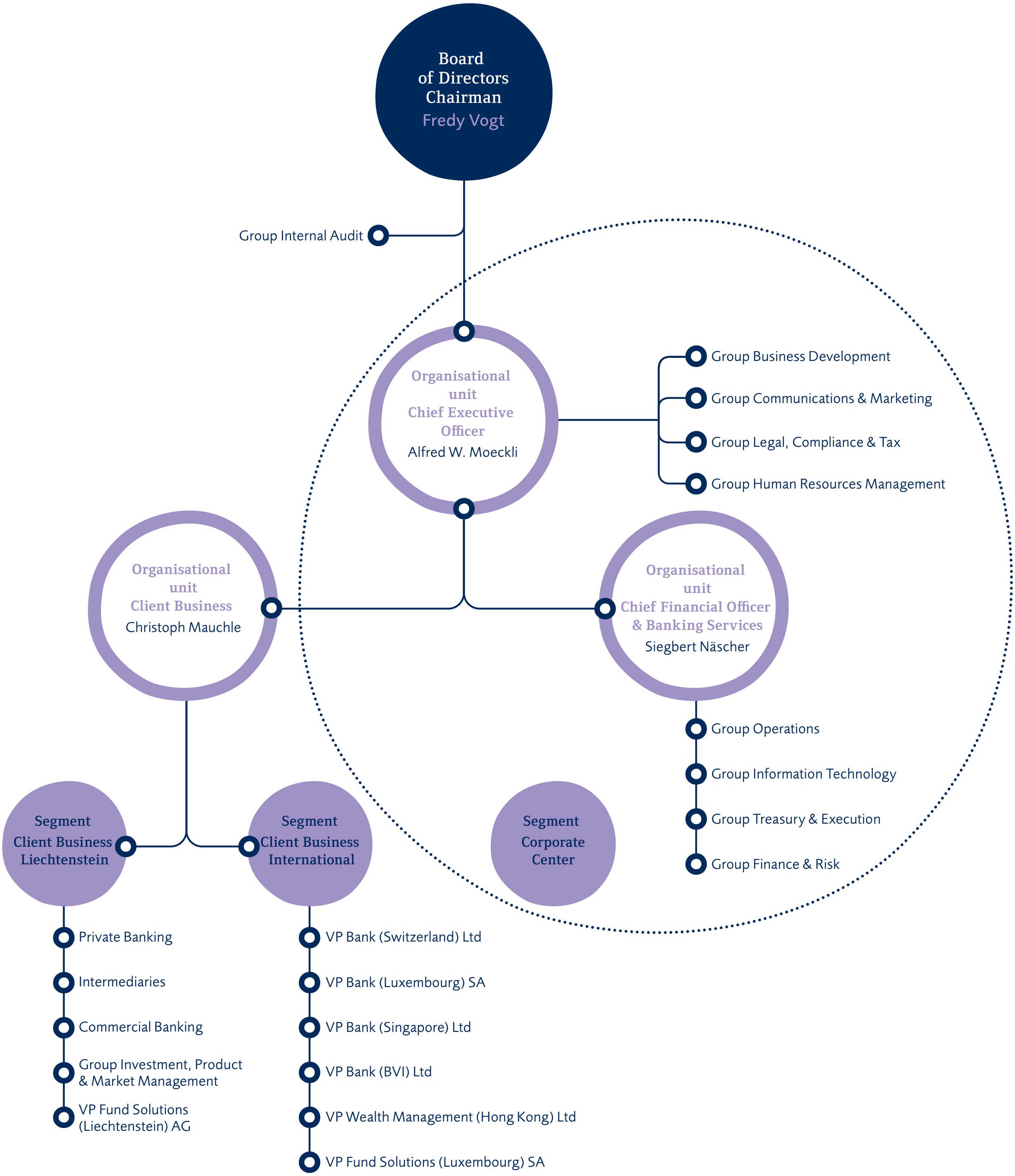
Joachim Künzi, Chief Executive Officer of VP Bank (Switzerland) Ltd, left the Bank on 2 November 2015 for personal reasons. He joined VP Bank (Switzerland) Ltd on 1 October 2013 and progressively turned it into a front-oriented subsidiary. Antony Lassanianos, Head of Private Banking Germany & Switzerland, Intermediaries and Member of the Executive Board of VP Bank (Switzerland) Ltd, took over Mr Künzi's tasks as of 2 November 2015 on an ad interim basis.

Changes to the organisational structure subsequent to 31 December 2015

Based on a comprehensive review of the Bank's credit policies and strategies, Group Executive Management, under the leadership of Martin C. Beinhoff, decided to split the Front- and Mid-/Backoffice units for effect as of 1 January 2016. As a result of this separation, the Mid- and Backoffice departments are now part of the Chief Operating Officer unit. The Frontoffice department remains with the Client Business unit.

Based on VP Bank Group's strategy and medium-term goals for 2020, as well as the merger with Centrum Bank AG and the related changes in the structural and organisational requirements, the Board of Directors of VP Bank Group has reallocated the tasks within Group Executive Management for effect as of 1 January 2016 and appointed Martin C. Beinhoff as the new Chief Operating Officer. Since that date, he bears responsibility for the Group Operations, Group Credit, Group Information Technology and Group Treasury & Execution business units.

Patrick D. Businger, Head of Group Treasury & Execution, decided to leave the Bank as of 5 January 2016 in order to pursue a new professional challenge. From March 2016 on, Claus Hug will be in charge of the unit.



Organisational chart as of 31.12.2015

VP Bank, Vaduz, Head Office

Segment	Area	Head
Board of Directors	Group Internal Audit	Nikolaus Blöchlinger
Chief Executive Officer	Group Communications & Marketing Group Human Resources Management Group Legal, Compliance & Tax Group Business Development	Tanja Muster Rita Becker Monika Vicandi Alfred W. Moeckli
Chief Financial Officer & Banking Services	Group Finance & Risk Group Operations Group Information Technology Group Treasury & Execution	Dr Hanspeter Kaspar Jürg Mühlethaler Dr Andreas Benz Patrick D. Businger
Client Business	Private Banking Intermediaries Commercial Banking Group Investment, Product & Market Management	Martin Engler Tobias Wehrli Werner Wessner a.i. Hendrik Breitenstein

Subsidiaries with bank status

Company	Country	City	Head
VP Bank Ltd	Liechtenstein	Vaduz	Alfred W. Moeckli, Siegbert Näscher, Christoph Mauchle
VP Bank (Switzerland) Ltd	Switzerland	Zurich	Antony Lassanianos, Thomas Westh Olsen
VP Bank (Luxembourg) SA	Luxembourg	Luxembourg	Thomas Steiger, Romain Moebus, Antoine Baronnet
VP Bank (BVI) Ltd	British Virgin Islands	Tortola	Katharina Vogt-Schädler, Sjoerd Koster
VP Bank (Singapore) Ltd	Singapore	Singapore	Rajagopal Govindarajoo

Wealth management companies

Company	Country	City	Head
VP Wealth Management (Hong Kong) Ltd	China	Hong Kong	Clare Lam

Fund management companies

Company	Country	City	Head
VP Fund Solutions (Liechtenstein) AG	Liechtenstein	Vaduz	Alexander Boss, Reto Grässli, Ralf Konrad
VP Fund Solutions (Luxembourg) SA	Luxembourg	Luxembourg	Eduard von Kymmel, Ralf Funk

Representative offices

Company	Country	City	Head
VP Bank (Switzerland) Ltd Moscow Representative Office	Russia	Moscow	Jean-Michel Brunie
VP Bank Ltd Hong Kong Representative Office	China	Hong Kong	Clare Lam

VP Bank Group

VP Bank Ltd is a bank domiciled in Liechtenstein and is subject to the Financial Market Authority (FMA) Liechtenstein, Landstrasse 109, PO Box 279, 9490 Vaduz, Liechtenstein, www.fma-li.li

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Imprint

This annual 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.

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