Media release

Very good 2017 interim result for VP Bank Group: group net income 28.8 per cent higher at CHF 31.5 million, excellent inflow of net new money totalling CHF 1.1 billion.

Vaduz, 22 August 2017

VP Bank Group generated very strong group net income of CHF 31.5 million in the first half of 2017. The core capital ratio amounted to a sound 25.9 per cent. Thanks to continued intensive market development, significant inflows of client assets amounting to CHF 1.1 billion were recorded during the first half of 2017. Total operating income rose 16.4 per cent during the first half of the year. The result, adjusted to take account of the one-off effect of the agreement reached with the authorities in North Rhine-Westphalia, rose 74 per cent higher in year-on-year terms.

VP Bank Group reported group net income of CHF 31.5 million for the first half of 2017. Income in the same period of the previous year amounted to CHF 24.4 million. This consequently means the 2017 interim profit is CHF 7.0 million or 28.8 per cent higher than in the same period of the previous year.

Key figures at a glance

- Group net income: CHF 31.5 million
- Client assets under management: CHF 37.4 billion
- Net new money inflow from client assets: CHF 1.1 billion
- Cost/income ratio: 64.6 per cent
- Tier 1 ratio (core capital ratio): 25.9 per cent

Very good business result

For the first half of 2017, **group net income** recorded by VP Bank Group totalled CHF 31.5 million. Relative to the respective half of 2016, **total operating income** rose CHF 21.3 million to reach CHF 151.1 million (same period of the previous year: CHF 129.8 million). **Income from interest-related activities** increased by 8.8 per cent relative to the same period of the previous year to reach CHF 51.4 million. **Income from commission business and services** rose 0.7 per cent in the first half of 2017 to reach CHF 61.1 million. **Income from trading activities** increased 26.4 per cent to reach CHF 25.2 million. **Financial assets** generated income of CHF 12.0 million during the first half of 2017 (same period of the previous year: CHF 1.2 million). The result, adjusted to take account of the one-off effect of the agreement reached with the authorities in North Rhine-Westphalia (see below), exceeds the respective period of the previous year by an impressive 74 per cent, reflecting the bank's strong performance.

Moderate rise in operating expenditure, despite agreement with North Rhine-Westphalia

Operating expenses rose CHF 15.7 million relative to the same period of the previous year, from CHF 101.5 million to CHF 117.2 million (15.5 per cent higher). This includes a provision for the agreement with the authorities in North Rhine-Westphalia. This agreement represents a comprehensive solution, and applies to all German federal states. **General and administrative expenses** rose 13.8 per cent to reach CHF 27.8 million (same period of the previous year: CHF 24.4 million). This increase is due mainly to costs incurred by external consultants who support VP Bank Group in various projects associated with regulatory systems, growth initiatives and digitalisation. **Personnel expenses** rose 7.5 per cent (plus CHF 4.9 million) to reach CHF 69.9 million. **Depreciations and amortisations** were CHF 1.0 million (8.5 per cent) below the previous semester, and amounted to CHF 10.4 million as at 30 June 2017. **Value adjustments, provisions and losses** rose relative to the first half of 2016 – including the provision for the agreement reached with the authorities in North Rhine-Westphalia – to reach a total of CHF 9.2 million.

The **cost/income ratio** improved during the first half of the year to reach 64.6 per cent (respective period of the previous year: 68.9 per cent). With a robust **tier 1 ratio** of 25.9 per cent (30 June 2016: 25.7 per cent), VP Bank Group continues to have an above-averagely sound capital base on a sector comparison. **Total assets** increased relative to 31 December 2016 by CHF 0.2 billion to reach CHF 12.0 billion on 30 June 2017.

Excellent performance of net new money

Client assets under management at VP Bank Group totalled CHF 37.4 billion as at 30 June 2017. Relative to the figure on 31 December 2016 of CHF 35.8 billion, this constitutes an increase of 4.6 per cent (plus CHF 1.6 billion). Of this, the performance-related increase in assets amounted to CHF 0.5 billion.

Relative to the previous semester, a very strong inflow of **net new money** was recorded during the first half of 2017. During the respective period of the previous year, the outflow of assets totalled CHF 0.2 billion, while during the first half of 2017 the net inflow of new money amounted to CHF 1.1 billion. This result was achieved through intensive market development, the recruitment of new client advisors as well as inflows from new and existing clients, in particular at the international sites, as well as in the investment fund field at VP Bank Group.

Custody assets as at 30 June 2017 amounted to CHF 5.5 billion. **Total client assets, including custody assets**, totalled CHF 42.9 billion on 30 June 2017 (31 December 2016: CHF 41.5 billion).

Outlook

VP Bank Group will continue to pursue growth during the second half of 2017. The project "Relationship Manager Hiring" is rigorously expanding the consultancy team. The aim is to appoint a total of 75 client advisors in the intermediaries and private banking segments by the end of 2019, about half of whom in Asia. In addition to organic growth, VP Bank will also continue to use its extremely sound capital base to invest in growth by making acquisitions.

"The further development of digital services is another key item on our agenda," stresses Alfred W. Moeckli, Chief Executive Officer of VP Bank Group: "Within the context of our digitalisation strategy, we combine the proven personal consultancy services provided by VP Bank with state-of-the-art technologies. By this means we are creating tangible added value for our clients and employees."

VP Bank Group remains in great shape: As at 21 August, the rating agency Standard & Poor's once again confirmed VP Bank's excellent "A–" rating as well as the positive outlook. "The confirmed rating and the positive outlook take account of the prudent management of risks, our stable shareholder structure, the sound liquidity situation as well as the very strong capital provisioning. This very good rating underscores VP Bank Group's sound and successful business model" states Fredy Vogt, Chairman of the Board of Directors of VP Bank Group.

This media release is available on the internet under www.vpbank.com

For further information, please contact:

VP Bank Ltd
Tanja Muster, Head Group Communications & Marketing
T +423 235 67 62, F +423 235 77 55
corporate.communications@vpbank.com
www.vpbank.com

Agenda

Media and analyst conference – 2017 annual results	6 March 2018
Annual general meeting of shareholders 2018	27 April 2018
Roundtable – 2018 semi-annual results	21 August 2018

Facts & Figures of VP Bank Group

VP Bank Ltd was founded in 1956 and, with its 819 employees (757 in full-time equivalents) as at mid-2017, ranks amongst the largest banks in Liechtenstein. Today, VP Bank is present with offices in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong, Moscow and Tortola (British Virgin Islands). VP Bank Group offers tailor-made asset management and investment advisory services to private clients and financial intermediaries. Thanks to the Bank's genuine open architecture, clients benefit from independent counselling: included in its investment recommendations are not just the Bank's own asset management solutions but also the products and services of other leading financial institutions. VP Bank is rated "A–" by Standard & Poor's, and its shares are listed on SIX Swiss Exchange. The Bank has a solid balance sheet and capital adequacy. Its anchor shareholders take a long-term view and stand squarely behind continuity, independence and sustainability.