Media Release

VP Bank reports sharp growth in earnings and strong net new money inflows in the first half-year of 2019

Vaduz, 20 August 2019

With a gain of 20.5 per cent in group net income, net new money inflows of CHF 1.2 billion und a substantial increase in assets under management of 9.9 per cent to CHF 45.6 billion, VP Bank Group demonstrated a robust performance for the first six months.

The most important facts at a glance

VP Bank Group has confirmed its long-term growth trajectory. All relevant indicators for the first half-year of 2019 point to a marked strengthening of the Group's core business.

- As a result of the above average growth in earnings, **group net income** rose from CHF 29.3 million to CHF 35.3 million, equating to a gain of 20.5 per cent.
- Thanks to a high level of **net new money inflows** and a very positive market performance, **assets under management** increased from CHF 41.5 billion to CHF 45.6 billion. The largest growth in assets was registered in international locations.
- As a result of the substantial increase in total operating income and the only moderately higher operating expenses, the **cost/income ratio** fell to 68.6 per cent (in the comparative prior-year period: 70.3 per cent).
- The **tier 1 ratio** (core capital ratio) amounted to 19.7 per cent and the **leverage ratio** was 6.9 per cent.

Growth thanks to the positive development of almost all income positions

Whilst the interest-rate environment in the first half of 2019 was challenging and resulted in a virtually unchanged level of **net interest income** of CHF 54.6 million (comparative prior-year period: CHF 55.0 million), on the income side, particularly **the commission business and services** (+4.3 per cent to CHF 67.0 million) and **trading activities** (+11.8 per cent to CHF 29.3 million) rose sharply. The development of **financial investments** was just as heartening. Following a rather subdued comparative prior-year period, VP Bank recorded an income on this position of CHF 11.4 million in the first half of 2019. In aggregate, **total operating income** rose by 10.1 percent, or CHF 14.9 million, to CHF 162.7 million.

Higher personnel costs due to growth initiatives

In contrast, **operating expenses** were 6.2 per cent, or CHF 7.2 million, higher at CHF 122.7 million. Whilst **personnel expenses** rose by 11.2 percent, or CHF 8.3 million, to CHF 82.4 million (prior-year period: CHF 74.0 million) as a result of the relationship manager hiring programme (RM Hiring) as well as of numerous growth initiatives**, general and administrative expenses** fell by 2.1 per cent to CHF 29.3 million as a result of the implementation of IFRS 16. The introduction of IFRS 16 led to rental expense in the income statement being substituted by depreciation/amortisation and interest costs from 2019 onwards. For the same reason, **depreciation and amortisation** increased by 22.1 per cent to CHF 14.3 million. In addition, individual valuation allowances and provisions for credits were released reducing operating expenses by CHF 3.3 million.

At 30 June 2019, the **tier 1 ratio** computed in accordance with Basel III amounted to 19.7 per cent (at 31 December 2018: 20.9 per cent). The robust equity-capital basis constitutes an outstanding strategic baseline from which to continue to play an active role in the process of consolidation in which the financial-services sector currently finds itself. In comparison to 31 December 2018, total assets grew by CHF 0.7 billion to CHF 13.1 billion in the first six months of 2019.

Recent growth in client assets under management

As of 30 June 2019, the **client assets under management** of VP Bank Group aggregated CHF 45.6 billion. Compared to the equivalent amount as of 31 December 2018 of CHF 41.5 billion, this represents an increase of 9.9 per cent (CHF 4.1 billion). This amount is made up of net new client money inflows of CHF 1.2 billion as well as CHF 1.0 billion resulting from the acquisition of the private banking activities of Catella Bank. A further gain of CHF 1.9 billion arose from positive movements arising from the revaluation of assets under management at market rates (performance).

During the first six months of 2019, VP Bank Group was able to report a high level of organic **net new money inflow**, as in the three preceding semesters, of CHF 1.2 billion (prior-year period: CHF 0.6 billion). This inflow was achieved as a result of intensive market development activities, the recruitment of new client advisors and new money from existing clients.

As of 30 June 2019, **custody assets** aggregated CHF 6.1 billion representing an increase of CHF 0.9 billion over 31 December 2018. As of 30 June 2019, **client assets** under management including custody assets aggregated CHF 51.7 billion (31 December 2018: CHF 46.7 billion).

“The half-year results in 2019 confirm our long-term strategy of organic growth through acquisition of customer-service units. The result gives us confidence that even with the backdrop of a potentially more demanding market environment, we are optimally equipped to sustain our pace of growth”, Dr Urs Monstein, CEO ad interim of VP Bank Group, noted.

Share-buyback programme completed at the end of June 2019

VP Bank completed its public share-buyback programme initiated on 27 June 2018 over the regular trading line and as of the end of June 2019, held treasury shares representing 9.58 per cent of share capital. As no cancellation of the shares took place, the structure of capital and voting rights remained unchanged. The registered shares A held in the treasury are designed to be used for future corporate acquisitions or for treasury-management purposes.

Personnel change in the Board of Directors

Dr Florian Marxer, who represents the “Marxer Stiftung für Bank- und Unternehmenswerte” foundation on the Board of Directors of VP Bank Ltd, has decided to resign from the Board as of today.

He comments on the reasons as follows: “The growth strategy we have embarked upon in the companies of my family and the assumption of additional mandates in our law firm have recently led to considerable additional time expenditure. This makes it impossible for me to perform my duties as a member of the Board of Directors of VP Bank to the required extent. I would like to sincerely thank my colleagues on the Board of Directors and the Executive Board, as well as all employees, for their outstanding cooperation and I am pleased to continue to remain in close contact with VP Bank as a business partner, client and shareholder. My resignation from the Board of Directors does not alter my family's commitment to VP Bank: We are proud to be and remain an anchor shareholder of this excellently positioned bank."

Fredy Vogt, Chairman of the Board of Directors, states: "I very much regret Florian Marxer's resignation, but I understand his reasons well. It is important to me that his family remains close to our bank and that we can continue to count on a stable and long-term anchor shareholder. I would like to thank Dr Florian Marxer for the very pleasant cooperation."

The "Marxer Stiftung für Bank- und Unternehmenswerte" foundation, which Florian Marxer will continue to chair, will nominate a shareholder representative for election to the Board of Directors for the next Annual General Meeting on 24 April 2020.

Outlook

The economic outlook for Europe has deteriorated noticeably in recent months and recessionary risks have risen accordingly. "Strategically, VP Bank Group is excellently positioned and with its high equity-capital base as well as the very good 'A' rating from Standard & Poor's, possesses a healthy basis which equips it optimally for an imminent more demanding market environment", Fredy Vogt, Chairman of the Board of Directors of VP Bank Group, concludes.

For further information, please contact

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Agenda

Media and analysts conference – 2019 Annual Results	10 March 2020
2020 Annual General Meeting of Shareholders	24 April 2020
Round Table – 2020 Semi-annual Results	18 August 2020

Facts & Figures VP Bank Group

VP Bank Ltd was founded in 1956 and is one of the largest banks in Liechtenstein with 940 employees at mid-year 2019 (full-time equivalent 876). It currently has offices in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town on the British Virgin Islands. VP Bank Group offers bespoke asset management and investment consultancy for private individuals and intermediaries. Due to the open architecture, clients benefit from independent advice. The products and services of leading financial institutions as well as in-house investment solutions are included in client recommendations. VP Bank is listed on the Swiss stock exchange SIX, and has an "A" rating from Standard & Poor's. The bank has a sound balance sheet and capital base. Its anchor shareholders take a long-term view, guaranteeing continuity, independence as well as sustainability.