# Media release

**Ad hoc announcement pursuant to Art. 53 LR**

## VP Bank Group holding its own in a challenging environment and proposes an unchanged dividend

Vaduz, 7 March 2023

**In a challenging market environment, VP Bank Group posted net income for the year of CHF 40.2 million in 2022. Earnings power proved to be resilient, which made it possible to invest further in Strategy 2026 as planned. The Board of Directors proposes an unchanged dividend of CHF 5.00 per share.**

### The key financial results for the 2022 financial year in overview

- All **regions** made a positive contribution to Group net income, with the Liechtenstein home market, in which VP Bank operates as a universal bank, remaining the key pillar in the revenue mix.
- **Net new money inflow** amounted to CHF 1.1 billion, representing growth of 2 per cent.
- **Client assets under management** fell by 9 per cent to CHF 46.4 billion as a result of the slowdown on the financial markets.
- **Total operating income** rose by 2 per cent to CHF 336.4 million, constituting the best income result in the last 15 years of VP Bank.
- Primarily due to investments in Strategy 2026 and extraordinary costs related, inter alia, to the processing of sanctions involving Russian clients, **operating expenses** rose to CHF 291.2 million, representing an increase of 7 per cent.
- **Net income for the year** came in at CHF 40.2 million, representing a year-on-year decline of 21 per cent. Profit in the second half of the year fell by 9 per cent compared with the prior-year period.
- The **cost/income ratio** stood at 86.6 per cent.
- With a **tier 1 ratio** of 21.7 per cent, VP Bank has a strong capital base.
- The Board of Directors will propose to the annual general meeting on 28 April 2023 that a **dividend** be distributed in the amount of CHF 5.00 per registered share A and CHF 0.50 per registered share B, which corresponds to an unchanged dividend.
- VP Bank maintains its Strategy 2026 and confirms its long-term ambitions. However, it is recalibrating its **financial targets** for 2026 due to geopolitical uncertainties and the changing market environment.

Paul H. Arni, CEO of VP Bank Group: “Even in a challenging market environment, VP Bank has the financial strength and stability to invest for the long term in order to offer excellent solutions to its clients and growth and attractive returns to its shareholders. With Open Wealth, we are, going forward, securing our unique selling proposition as one of the most successful intermediary banks and are further expanding our strengths.”

## Positive net new money development and broad-based client base

Clients entrusted VP Bank with **net new money** of CHF 1.1 billion, representing growth of 2 per cent. The main contributions to the positive result were made by the two fund management companies in Liechtenstein and Luxembourg, as well as the Asia region.

Positive net new money was able to partially offset the negative market performance of minus CHF 5.6 billion, such that **client assets under management** dropped by 9 per cent to CHF 46.4 billion. **Custody assets** fell by 22 per cent to CHF 5.8 billion. **Client assets including custody assets** amounted to CHF 52.3 billion as of 31 December 2022.

## Resilient business model

In a market environment of considerably increased uncertainty, VP Bank Group's business model proved to be resilient. **Total operating income** rose by 2 per cent to CHF 336.4 million, constituting the best income result in the last 15 years of VP Bank. Lower income from commission business and services was able to be offset by higher interest income and income from trading activities.

**Income from commission business and services** fell by 11 per cent to CHF 139.6 million. Due to market conditions, average assets fell by 6 per cent which resulted in recurring income being lower by 6 per cent. Transaction-based commission income fell by 26 per cent. Owing to the positive interest rate environment, **net interest income rose** by 10 per cent to CHF 121.5 million, and **income from trading activities** by 31 per cent to CHF 65.5 million. **Income from financial investments** stood at CHF 9.4 million, representing a drop of 18 per cent.

## Even in a challenging environment, further investment in Strategy 2026

Owing to its earnings power even in a challenging environment, VP Bank invested as planned in its strategy and in the target organisation. Because of these investments, as well as extraordinary costs related, inter alia, to the complex processing and implementation of the sanctions involving Russian clients and to the maintenance of client documentation due to a revised risk evaluation model, **operating expenses** rose to CHF 291.2 million, representing an increase of 7 per cent. **Personnel expenses** remained steady at CHF 173.6 million, while **general and administrative expenses** increased by 23 per cent to CHF 76.6 million.

As planned, the investments peaked in 2022 at CHF 31.8 million and in 2021 at CHF 25.7 million. In the coming years, VP Bank is aiming for an investment level of CHF 15 to 20 million. **Depreciation and amortisation** rose in 2022 to a total of CHF 41 million and will belatedly peak in 2024.

The **cost/income ratio** increased from 82.5 per cent to 86.6 per cent. Following the completion of the investment phase, and due to the expected acceleration of the momentum of the strategy implementation, VP Bank expects the cost/income ratio to trend towards the strategic goal.

## Strong capital base and solid balance sheet

With a **tier 1 ratio** of 21.7 per cent, VP Bank has a very strong capital base compared with the rest of the industry, and it significantly exceeds the minimum regulatory requirements set by the Liechtenstein Financial Market Authority (FMA). With a liquidity coverage ratio (LCR) of 233 per cent, it is also extremely liquid and well above the regulatory requirement of 100 per cent. VP Bank's balance sheet is solid and **total assets** are at CHF 12.6 billion.

## Unchanged dividend as sign of profitability

The Board of Directors proposes that the VP Bank annual general meeting of 28 April 2023 approve an unchanged dividend pay-out of CHF 5.00 per registered share A and CHF 0.50 per registered share B. At 76 per cent of Group net income, the envisaged dividend pay-out ratio is above the long-term target range of 40 to 60 per cent set by the Board of Directors. VP Bank is extremely well capitalised and has completed most of the investment cycle. The Bank's profitability and stability make it possible to aim for a steady dividend, despite the difficult market environment.

## Changes on the Board of Directors

The Board of Directors proposes the re-election of Dr Beat Graf and Katja Rosenplänter-Marxer, whose terms of office are expiring, to the Board of Directors for an additional three years. Michael Riesen has declared his intention not to seek re-election and will step down from the Board of Directors after nine years in office. Subject to approval by the Liechtenstein Financial Market Authority (FMA), the Board of Directors proposes electing Stephan Zimmermann and Stefan Amstad to the Board of Directors. Stephan Zimmermann is currently Chairman of UBS Business Solutions AG, Zurich. He will step down from that position in April 2023 He is also a member of the board of the German-Swiss Chamber of Commerce, among others. Stefan Amstad was a partner at Ernst & Young and has been head of Internal Audit at the SIX Group since 2012. He is also a co-founder and Chairman of the Board of Directors of an SME group in the floor covering sector. Mr. Amstad will terminate the aforementioned function at SIX in mid-2023.

## Strategy 2026 and financial targets

VP Bank maintains its Strategy 2026 and will further pursue it along strategic initiatives. Even in the face of slowing economic growth, persistent geopolitical uncertainties and negative trends on the financial markets, the focus remains on scaling, technological innovation, sustainability and the long-term development of core business. However, the changed market environment has prompted the Bank to recalibrate the financial objectives that it had set for itself in early 2020. With annual income growth of 4 to 6 per cent, annual growth in net new money of at least 4 per cent, a tier 1 ratio of over 20 per cent and a cost/income ratio of less than 75 per cent, it is continuing to focus on the three main pillars of a successful future: growth, profitability and stability.

**The detailed presentation of results will take place at 10.30 a.m. on 7 March 2023. The live stream can be viewed at: https://www.vpbank.com/en/media-and-analyst-conference**

**The Sustainability Report 2021 can be downloaded from the VP Bank website at www.vpbank.com/en/about-us/responsibility/group-sustainability**

**The online Annual Report 2022 is available at report.vpbank.com.**

**For further information, please contact:**


| | |
|---|---|
| Daniela Jenni, Head of Corporate Communications | Michèle Schnyder, Head of Investor Relations |
| T +423 235 65 22 | T +423 235 60 80 |
| media@vpbank.com | investor.relations@vpbank.com |


**Corporate calendar:**

| | |
|---|---|
| Annual general meeting | 28 April 2023 |
| Dividend payment | 5 May 2023 |
| Publication of 2023 semi-annual results | 17 August 2023 |

## Facts & Figures VP Bank Group

VP Ltd was established in 1956 and, with around 1,000 employees, is one of the largest banks in Liechtenstein. VP Bank has an international presence, with locations in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town (British Virgin Islands). Its core competencies include the development of customised financial solutions for intermediaries and private persons. In addition, the Group has an international fund competence centre. As of 31 December 2022, client assets under management of VP Bank Group amounted to CHF 46.4 billion. VP Bank is listed on the SIX Swiss Exchange and has an “A” rating from Standard & Poor’s.