

# Annual Report 2011

VP Bank (Schweiz) AG – Excerpt



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**Realization**  
VP Bank, Vaduz

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# Statement

## Review of business in 2011

The 2011 financial year proved a highly successful, albeit extremely challenging one for VP Bank (Schweiz) AG. Developments were strongly influenced by persisting uncertainties in the Eurozone and the international financial markets, as well as the increasingly rigorous regulatory environment. However, the ongoing measures implemented with a view to improving the Bank's earnings situation, combined with high cost awareness, had a significantly positive impact on the business performance of VP Bank (Schweiz) AG in 2011.

## Management and organisation

Responsibility for the executive management of VP Bank (Schweiz) AG was handed over to Dr Marcel Tschanz, the new Head of Executive Management, on 17 October 2011. Executive management now consists of the following individuals:

- Dr Marcel Tschanz, Head of Executive Management
- Katharina Vogt-Schädler, Deputy Head of Executive Management and Head Banking Services & Company Center Switzerland
- Jürg Moll, Head Private Banking International
- Marc Wallach, Head Private Banking & Intermediaries Switzerland
- Tobias Kaeser, Head Family Office Services

VP Bank (Schweiz) AG serves its clients in the two business segments Private Banking International and Private Banking & Intermediaries Switzerland. Both segments offer a clearly defined package of services and have a growth mandate with a clear focus in the markets of Switzerland and Eastern Europe for the Individual Clients and Financial Intermediaries segments. The growth initiative in both segments made effective progress in 2011, with a further team being added to both the markets of Switzerland and Russia by the end of the financial year.

The front-office units are actively supported with products and services offered by the Wealth Management Solutions competence centre, which was divided into Investment Services and Family Office Services on 1 January 2012. The teams' activities have a Group-wide, location-transcending

orientation. With this measure, VP Bank Group aims to promote its comprehensive range of services among the highest-net-worth individuals and their financial service providers in a tailor-made approach.

Together, the Banking Services units and Company Center staff offices constitute an internal service centre that provides traditional back-office support for VP Bank (Schweiz) AG and ensures properly functioning banking operations at the Zurich site.

## Entrepreneurial conduct

Again in 2011, entrepreneurialism was accorded a high priority in terms of the deployment of available financial resources. General and administrative expenses were intentionally kept at a low level so that accumulated working capital could continue to be directed towards strategically important markets and supporting functions.

In an effort to leverage existing know-how and exploit synergies, some of the back-office services are being rendered in close collaboration with the Head Office in Vaduz. This enables a close focus on advisory services and allows for the provision of a broad, client-oriented range of services.

## Regulatory challenges

As a Swiss private bank with an international focus, VP Bank (Schweiz) AG and its cross-border asset management are affected by the latest developments in national and international regulation and the associated increase in regulatory requirements. Existing location-specific advantages have been diluted, and new cross-border regulations have led to high administrative costs in client risk management. VP Bank (Schweiz) AG – like the Group as a whole – faces these challenges by adapting and enhancing advisory processes and competencies in its core markets in a continuous approach. Both Legal & Compliance and the HR department have developed into professional providers of specialist expertise, training and advisory services. Training is provided in the regulatory and employment law of the relevant foreign markets, with these areas of law being integrated into work processes and the appropriate monitoring ensured.

## 2011 financial results

At CHF 20.964 million, income from commission business and services was up 24.1 per cent on the previous year (2010: CHF 16.894 million). This increase is due primarily to the intensive acquisition of asset management mandates, income from fund management and the optimisation of the commissions and fees structure. Commission income for 2011 stood at CHF 6.157 million, 3.8 per cent lower than the prior-year total (2010: CHF 6.400 million).

Interest income increased during the period under review, from around CHF 3.222 million to CHF 4.125 million, while income from trading activities rose by 23.5 per cent compared to the previous year to CHF 3.914 million (2010: CHF 3.169 million).

Compared to the prior-year period, total operating expenses declined by 1.1 per cent to CHF 24.449 million.

Personnel expenses in 2011 totalled CHF 18.653 million, 2.7 per cent less than in the previous year.

Again in 2011, a tight rein was held on general and administrative expenses, with outlays being made only on the basis of entrepreneurial considerations. The year-on-year increase of 4.4 per cent, from CHF 5.554 million to CHF 5.797 million, was mainly attributable to added expenditures for contractual adjustments introduced by various information providers and fees incurred in connection with mandatory regulations.

In the past financial year, VP Bank (Schweiz) AG achieved a significant improvement in its operating results, posting net income for the year of CHF 2.884 million (2010: CHF -0.135 million).

The total assets of VP Bank (Schweiz) AG rose by CHF 184 million to CHF 1.029 billion in 2011.

Client assets under management at VP Bank (Schweiz) AG decreased during the period under review by 3.2 per cent to CHF 2.797 billion (2010: CHF 2.890 billion). The decline of CHF 94 million was attributable to a currency-adjusted performance loss of CHF 248 million, which was counterbalanced by a CHF 154 million inflow of net new money.

The headcount at VP Bank (Schweiz) AG increased during the past financial year by 6.6 per cent to 89.0 full-time equivalents (2010: 83.5 full-time equivalents).

## Outlook for 2012

The persistently heavy international pressure on the Swiss financial centre has been accompanied by a wide array of new rules and regulations. Performing the related tasks with the customary high degree of care is a matter of course, but doing so confronts financial service providers with additional major challenges.

VP Bank (Schweiz) AG, as part of a solid Group with a stable shareholder base, is ideally positioned to continue to support its clients in an optimum manner by meeting their individual wishes over the coming year. We are committed to working together in a spirit of partnership on the basis of competence and quality. With our tireless dedication and our determination

to deliver on our service promise, we strongly believe that we can ensure our clients' satisfaction over the long term. VP Bank (Schweiz) AG has the necessary flexibility and adaptability to meet the complex, rigorous requirements that lie ahead.

## A word of gratitude

The figures reported here confirm both our strategy and the success of our efforts in recent years and highlight the positive development of VP Bank (Schweiz) AG. We would like to take this opportunity to express our sincere gratitude to all of our clients for the loyalty, trust and partnership they have demonstrated to us.

Katharina Vogt-Schädler performed the role of Head of Executive Management ad interim from 1 September 2010 before passing on the function to Dr Marcel Tschanz on 17 October 2011. The Board of Directors would like to thank Katharina Vogt-Schädler for her additional commitment.

The thanks of the Board of Directors and Executive Management also go to all VP Bank (Schweiz) AG employees, who, through their dedication, resolutely pursue their activities in a targeted manner and build further on their strengths in client care and the acquisition of new clients.



Roger H. Hartmann  
Chairman of the Board of Directors  
VP Bank (Schweiz) AG



Dr. Marcel Tschanz  
Head of Executive Management  
VP Bank (Schweiz) AG

# Governing bodies

## Board of Directors

Roger H. Hartmann, Vaduz	Chairman
Dr. Georg R. Lehner, Thalwil	Vice Chairman
Fredy Vogt, Balzers	
Juerg W. Sturzenegger, Schaan	
Alexander Vögele, Zürich	

## Executive Management

Dr. Marcel Tschanz	Head of Executive Management <sup>1</sup>
Katharina Vogt-Schädler	Head of Executive Management a.i. <sup>2</sup>
Tobias Kaeser	
Jürg Moll	
Marc Wallach	

## External and internal auditors

Statutory auditors	Ernst & Young AG, Bern
Internal Audit	Internal Audit of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz

<sup>1</sup> As of 17 October 2011

<sup>2</sup> Until 17 October 2011

# Income statement 2011

## Income and expenses from ordinary banking activities

in CHF	2011	2010
<b>Interest income</b>		
Income from lending and discounting activities	5,234,170	4,312,257
Interest and dividends from trading inventories		
Interest and dividends from financial investments		
Interest expenses	-1,108,924	-1,089,995
<b>Net interest income</b>	<b>4,125,246</b>	<b>3,222,262</b>
<b>Income from commission business and services</b>		
Commission income from lending activities	154,846	98,335
Commission income from securities and investing activities	25,349,523	21,620,467
Commission income from other services	2,219,199	1,938,543
Commission expenses	-6,759,796	-6,763,822
<b>Net income from commission business and services</b>	<b>20,963,772</b>	<b>16,893,523</b>
<b>Net trading income</b>	<b>3,913,994</b>	<b>3,169,253</b>
<b>Other ordinary income</b>		
Income from sale of financial investments		
Income from financial participations		
Income from real estate		
Other ordinary income	18,032	3,015,707
Other ordinary expenses		
Gain on financial investments		
<b>Net other ordinary income</b>	<b>18,032</b>	<b>3,015,707</b>
<b>Operating expenses</b>		
Personnel expenses	-18,652,508	-19,170,044
General and administrative expenses	-5,796,662	-5,553,508
<b>Total operating expenses</b>	<b>-24,449,170</b>	<b>-24,723,552</b>
<b>Gross income</b>	<b>4,571,874</b>	<b>1,577,193</b>
Depreciation and amortization	-848,760	-1,054,481
Value adjustments, provisions and losses	-741,074	-575,219
<b>Subtotal</b>	<b>2,982,040</b>	<b>-52,507</b>
Extraordinary income		
Extraordinary expenses		
Taxes	-98,450	-82,700
<b>Net income / net loss</b>	<b>2,883,590</b>	<b>-135,207</b>
<b>Profit appropriation</b>		
in CHF	2011	2010
<b>Net income / net loss</b>	<b>2,883,590</b>	<b>-135,207</b>
Retained earnings	5,256,998	5,392,205
<b>Balance sheet net income</b>	<b>8,140,588</b>	<b>5,256,998</b>
<b>Profit appropriation</b>		
Allocation to general legal reserves	-150,000	
Allocation to other reserves		
Distributions on equity capital		
<b>Retained earnings</b>	<b>7,990,588</b>	<b>5,256,998</b>

# Balance sheet as at 31 December 2011

## Assets

in CHF	2011	2010
Cash and cash equivalents	16,370,640	21,153,198
Claims on money market instruments		49,978,274
Due from banks	744,730,466	600,581,499
Due from customers	144,336,954	103,775,272
Mortgage claims	66,546,685	48,868,712
Securities and precious metals trading inventories		
Financial investments		
Financial participations		
Property and equipment	3,570,461	4,076,319
Accrued income and prepaid expenses	6,412,426	6,696,826
Other assets	47,075,656	9,829,876
Corporate capital yet to be paid in		
<b>Total assets</b>	<b>1,029,043,288</b>	<b>844,959,976</b>

## Total subordinated receivables

Total due from Group companies and qualified participants	634,562,658	556,793,029
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## Liabilities and shareholders' equity

in CHF	2011	2010
Due on money market instruments		
Due to banks	37,288,605	28,972,692
Due to customers – savings and deposits	1,272,310	725,261
Due to customers – other liabilities	879,172,954	743,752,090
Medium-term notes		
Debenture issue		
Accrued liabilities and deferred items	2,807,807	3,385,709
Other liabilities	48,266,067	11,437,569
Value adjustments and provisions	8,494,957	7,829,657
Reserves for general banking risks		
Share capital	20,000,000	20,000,000
General legal reserves	2,620,000	2,620,000
Reserves for own financial interests		
Unrealized appreciation reserve		
Other reserves	20,980,000	20,980,000
Retained earnings	5,256,998	5,392,205
Net income / net loss	2,883,590	-135,207
<b>Total liabilities and shareholders' equity</b>	<b>1,029,043,288</b>	<b>844,959,976</b>

## Total subordinated amounts due (incl. accrued interest)

Total due to Group companies and qualified participants	35,477,564	14,582,059
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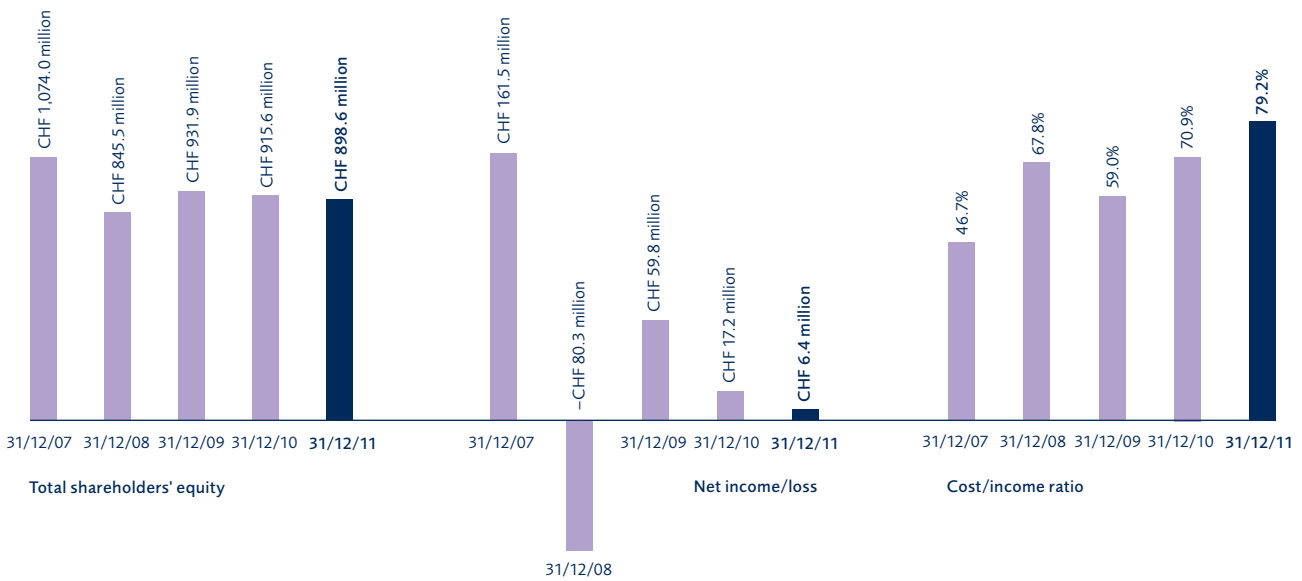
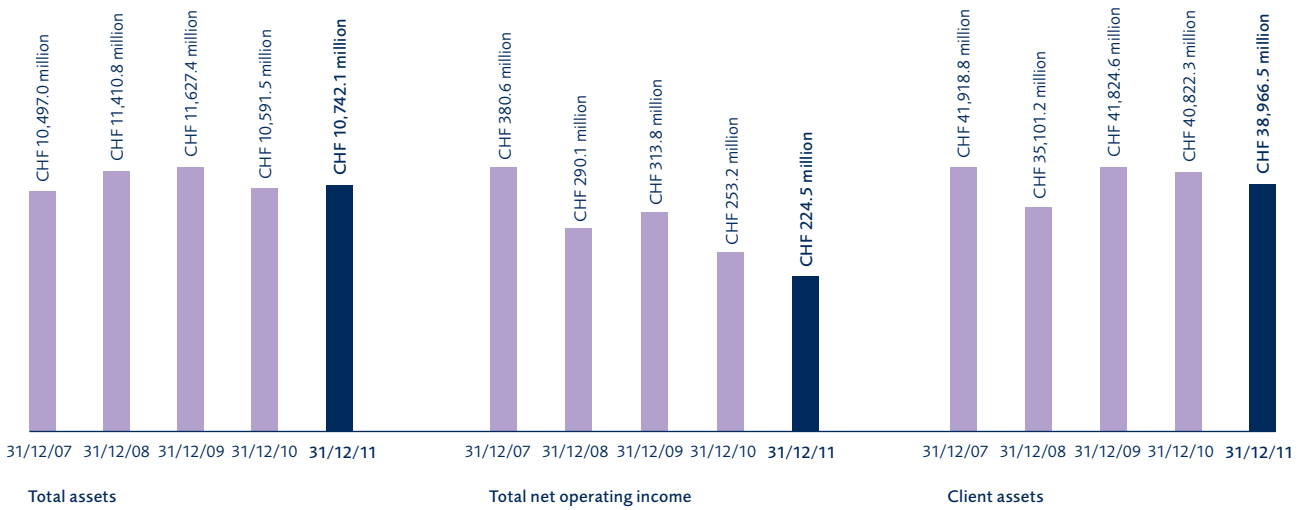
## Off-balance-sheet transactions

in CHF	2011	2010
Contingent liabilities	17,843,955	6,856,666
Irrevocable commitments	2,648,000	4,408,500
Derivative financial instruments		
Positive replacement values	46,305,853	9,589,078
Negative replacement values	46,013,419	9,468,120
Contract volumes	925,980,939	589,700,044
Fiduciary transactions	235,820,369	310,362,474





# Key figures of VP Bank Group



## Key figures of VP Bank Group

	2011	2010	Variance in %
<b>Key balance sheet data in CHF million<sup>1</sup></b>			
Total assets	10,742.1	10,591.5	1.4
Due from banks	5,143.9	5,622.8	-8.5
Due from customers	3,851.1	3,266.9	17.9
Due to customers	8,692.5	8,707.2	-0.2
Total shareholders' equity	898.6	915.6	-1.9
Shareholders' equity, attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	879.6	897.8	-2.0
Equity ratio (in %)	8.2	8.5	-3.4
Tier 1 ratio (in %) <sup>2</sup>	18.2	19.0	-4.2
<b>Key income statement data in CHF million</b>			
Total net operating income	224.5	253.2	-11.4
Interest income	66.6	74.5	-10.6
Income from commission business and services	121.9	133.0	-8.3
Income from trading activities	29.4	45.9	-36.0
Operating expenses	177.7	179.5	-1.0
Net income	6.4	17.2	-62.9
Net income attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	4.3	15.1	-71.3
<b>Client assets in CHF million<sup>2</sup></b>			
	<b>38,966.5</b>	<b>40,822.3</b>	<b>-4.5</b>
On-balance-sheet customer deposits (excluding custody assets)	9,028.4	9,288.1	-2.8
Fiduciary deposits (excluding custody assets)	696.6	580.3	20.0
Client securities accounts	17,703.8	18,357.7	-3.6
Custody assets	11,537.7	12,596.2	-8.4
Net new money	994.5	75.9	n.a.
<b>Key operating indicators</b>			
Ratio of foreign assets (in %)	47.3	49.6	-4.5
Return on equity (in %) <sup>1, 3</sup>	0.5	1.7	-71.1
Cost/income ratio (in %) <sup>4</sup>	79.2	70.9	11.7
Headcount (expressed as full-time equivalents, excluding trainees) <sup>5</sup>	737.8	727.2	1.5
Total net operating income per employee in CHF 1,000	304.2	348.2	-12.6
Total operating expenses per employee in CHF 1,000	240.9	246.9	-2.4
Net income per employee in CHF 1,000	5.9	20.7	-71.7
<b>Key indicators related to shares of VP Bank in CHF<sup>1</sup></b>			
Net income per bearer share <sup>6</sup>	0.75	2.62	-71.3
Net income per registered share <sup>6</sup>	0.08	0.26	-71.3
Dividend per bearer share	1.50 <sup>7</sup>	3.50	-57.1
Dividend per registered share	0.15 <sup>7</sup>	0.35	-57.1
Dividend yield (in %)	1.8	3.0	-40.7
Payout ratio (in %)	199.5	133.7	n.a.
Total shareholders' return on bearer shares (in %)	-24.7	17.5	n.a.
Shareholders' equity per bearer share on the balance sheet date	153.06	156.21	-2.0
Shareholders' equity per registered share on the balance sheet date	14.97	15.25	-1.8
Quoted price per bearer share	83.00	114.80	-27.7
Quoted price per registered share	7.25	10.50	-31.0
Highest quoted price per bearer share	119.00	142.50	-16.5
Lowest quoted price per bearer share	74.00	98.00	-24.5
Market capitalisation (in CHF million) <sup>8</sup>	485	673	-28.0
Price/earnings ratio per bearer share	110.36	43.85	n.a.
Price/earnings ratio per registered share	96.40	40.11	n.a.
<b>Rating Standard &amp; Poor's</b>	<b>A-/Stable/A-2</b>	<b>A-/Stable/A-2</b>	

<sup>1</sup> 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 shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz.

<sup>2</sup> Details in the notes to the consolidated income statement and consolidated balance sheet.

<sup>3</sup> Net income / average shareholders' equity less dividend.

<sup>4</sup> Total operating expenses / total net operating income.

<sup>5</sup> In accordance with legal requirements, trainees are to be included in headcount statistics as 50 per cent of equivalent full-time employees.

<sup>6</sup> Based on the weighted average number of shares (bearer) (note 11).

<sup>7</sup> Subject to approval by the annual general meeting.

<sup>8</sup> Including registered shares.

# The organisational structure of VP Bank Group

VP Bank Group is subdivided into four business segments: Banking Liechtenstein & Regional Markets, Private Banking International, Wealth Management Solutions & Services and the CFO & Corporate Center.

The Banking Liechtenstein & Regional Markets segment comprises the banking business in the Bank's home market and Switzerland, as well as the international private banking, intermediaries and fund businesses in Liechtenstein.

The Private Banking International segment handles the private banking business at the international locations of VP Bank Group.

The Wealth Management Solutions & Services segment comprises the Wealth Management Solutions, Information Technology, Operations as well as the Logistics & Security units of the entire VP Bank Group.

Included in the Corporate Center are the Group Finance & Risk, Group Legal Services & Compliance, Group Human Resources Management and Group Communications & Marketing units.

## Changes in the organisational structure during the 2011 financial year

At the start of 2011, Group Executive Management (GEM) opted to combine the Group Finance and Group Treasury units to create the new Group Finance & Risk unit. Through this combination, the areas of central importance to VP Bank Group – financial management, risk management and supervision, as well as asset and liability management – were aligned with each other. By integrating the activities associated with Treasury transactions into the Trading and Operations units, additional synergies have been achieved within the Bank.

## Changes in the organisational structure since the 31 December 2011 balance sheet date

The Board of Directors of VP Bank has taken personnel and organisational decisions as a further means of orienting the organisation towards market needs and increasing the responsibilities at the local offices. Effective as of 1 January 2012, the range of tasks of the GEM and Executive Management at the Head Office in Vaduz have been more clearly regulated and differentiated in terms of the responsible persons. Going

forward, VP Bank's most important market segment, Banking Liechtenstein & Regional Markets, will be represented in Group Executive Management. In addition, the Head of Commercial Banking will be a member of Executive Management at the Vaduz location. This is a way of expressing the significance of the Bank's lending business, especially for the Head Office.

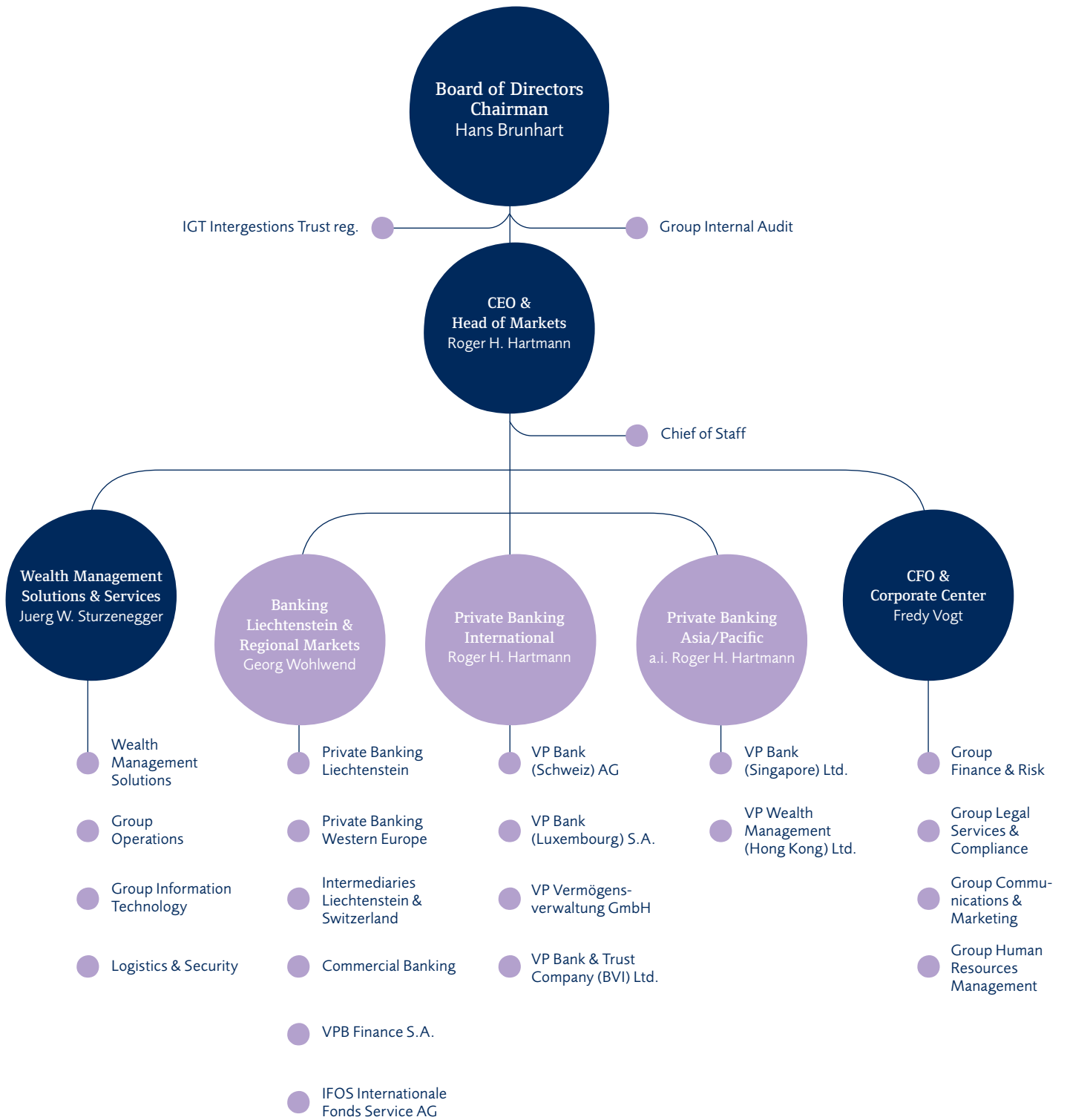
As before, Group Executive Management at VP Bank consists of Chief Executive Officer Roger H. Hartmann, Chief Financial Officer Fredy Vogt, Chief Operating Officer Juerg W. Sturzenegger, and now Georg Wohlwend as representative of the Banking Liechtenstein & Regional Markets segment.

As of 1 January 2012, the Wealth Management Solutions (WMS) unit was transferred away from the scope of responsibilities of Juerg W. Sturzenegger into the hands of Chief Economist Dr Jörg Zeuner, who now heads the new Investment Services Center organisational unit. In his new function, he will report directly to Roger H. Hartmann, Head of Private Banking International. The investment process has been revamped and structured in a more front-oriented manner.

As a single-source solution, the Investment Services Center now renders all services involved in the value chain of the investment process, enables synergies to be exploited to a greater extent, and unifies all of the related competencies. Client needs, demand orientation and a dynamic integration of current economic developments are the central rationale for this change.

Chief Operating Officer Juerg W. Sturzenegger remains responsible for the trading function.

Effective as of 1 January 2012, the specific tasks of the Private Banking Liechtenstein, Private Banking Western Europe and Intermediaries LI & CH units, which are part of the Private Banking Liechtenstein & Regional Markets business segment, were also reallocated: the objective of this adjustment was to create a leaner management structure as well as to form the basis for measures aimed at efficient, client-focused advice. Private & Affluent Banking has been condensed into a single unit and concentrates on the consulting-intensive servicing of private clients. For the new Intermediaries & Transaction Banking unit, efficient back-office competence and operational excellence take centre stage.



**VP Bank, Vaduz, head office**

Segment	Area	Head
Board of Directors	Group Internal Audit	Nikolaus Blöchlinger
Chief Executive Officer & Head of Markets	Chief of Staff	Armin Lauer
Chief Financial Officer	Group Finance & Risk Group Legal Services & Compliance Group Communications & Marketing Group Human Resources Management	Siegbert Näscher Monika Vicandi Tanja Muster Dr Karl Walch
Banking Liechtenstein & Regional Markets	Private Banking Clients Liechtenstein Private Banking Clients Western Europe Commercial Banking Clients Intermediaries Liechtenstein & Switzerland	Werner Wessner Martin Engler Rolf Jermann Günther Kaufmann
Wealth Management Solutions & Services	Group Information Technology Group Operations Logistics & Security Wealth Management Solutions	Dr Andreas Benz Andreas Zimmerli Lorenz Kindle Tobias Kaeser

**Subsidiaries with bank status**

Company	Country	City	Head
Verwaltungs- und Privat-Bank Aktiengesellschaft	Liechtenstein	Vaduz	Roger H. Hartmann, Fredy Vogt, Juerg W. Sturzenegger
VP Bank (Schweiz) AG	Switzerland	Zurich	Dr Marcel Tschanz, Katharina Vogt-Schädler, Jürg Moll, Marc Wallach, Tobias Kaeser
VP Bank (Luxembourg) S.A.	Luxembourg	Luxembourg	Yves de Vos, Romain Moebus, Marco Predetti
VP Bank (BVI) Limited	British Virgin Islands	Tortola	Dr Peter Reichenstein
VP Bank (Singapore) Ltd.	Singapore	Singapore	Reto Isenring

**Asset management companies**

Company	Country	City	Head
VP Vermögensverwaltung GmbH	Germany	Munich	Willi Heigl
VP Wealth Management (Hong Kong) Ltd.	China	Hong Kong	Clare Lam

**Fund management companies**

Company	Country	City	Head
IFOS Internationale Fonds Service Aktiengesellschaft	Liechtenstein	Vaduz	Alexander Boss, Sothearith Kol
VPB Finance S.A.	Luxembourg	Luxembourg	Enrico Mela, Joachim Kuske, Jos Wautraets
ATU Fund Administrators (BVI) Limited	British Virgin Islands	Tortola	Dr Christoph Gutmann

**Trust companies**

Company	Country	City	Head
IGT Intergestions Trust reg.	Liechtenstein	Vaduz	Viktor Büchel
ATU General Trust (BVI) Limited	British Virgin Islands	Tortola	Dr Christoph Gutmann
ATU General Trust (Anguilla) Inc.	Anguilla	The Valley	Dr Christoph Gutmann

**Representative office**

Company	Country	City	Head
VP Bank (Switzerland) Limited Moscow Representative Office	Russia	Moscow	Walter Moretti
Verwaltungs- und Privat-Bank Aktiengesellschaft Hong Kong Representative Office	China	Hong Kong	Clare Lam



# Consolidated annual report of VP Bank Group

## Consolidated results

The consolidated financial statements for 2011 of VP Bank Group, prepared in accordance with International Financial Reporting Standards (IFRS), disclose group net income of CHF 6.4 million. In comparison with the previous year in which the Group generated net income of CHF 17.2 million, this represents a reduction of 62.9 per cent.

2011 was marked by the ongoing uncertainties within the euro zone and the worsening global economic outlook. In the first half of 2011, the Swiss franc again appreciated in value against most currencies. This appreciation was halted in September 2011 by the intervention of the Swiss National Bank. The historically low level of interest rates receded even further in the second half of the year. These factors are reflected in revenues and client activities. The net new money inflow developed very positively. Thanks to intensive marketing efforts, VP Bank Group succeeded in acquiring CHF 1.0 billion of net new client funds in 2011.

Having regard to the lower level of net income and the long-term dividend policy, the Board of Directors will propose a dividend of CHF 1.50 per bearer share and of CHF 0.15 per registered share to the annual general meeting to be held on 27 April 2012.

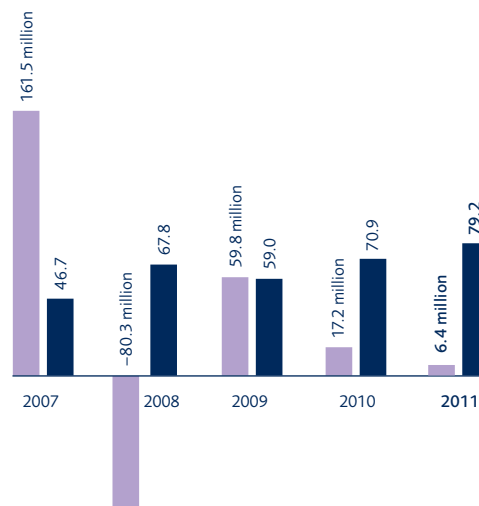
VP Bank Group has adopted prematurely IFRS 9, Phase I – Financial Instruments – Classification and Measurement (effective 1 January 2015). In compliance with IFRS 9, the prior-year's comparative figures were not restated, thus rendering comparability more difficult with certain prior-year captions.

## Medium-term goals

In the medium term, VP Bank Group strives to achieve the following goals:

- net new money inflow of an average of 5 per cent per annum
- a cost/income ratio of 65 per cent
- a tier 1 ratio of 16 per cent

The positive trend in net new client money which commenced during 2010 continued into 2011. In the current business year, VP Bank Group achieved an inflow of net new client funds of CHF 1.0 billion, or 3.5 per cent. In 2010, the equivalent amounts were CHF 0.1 billion or 0.3 per cent, respectively. In 2011, the cost/income ratio rose to 79.2 per cent (previous year: 70.9 per cent). The decline in revenues could not be totally made good by cost reductions. With a tier 1 ratio of 18.2 per cent, VP Bank Group is well capitalised. The medium-



Consolidated net income (in CHF) combined with cost/income ratio (in per cent)

term goal of 16 per cent which is far in excess of the legally prescribed level, was again exceeded in 2011. The future regulatory framework Basel III will impose stricter capital-adequacy and liquidity requirements on banking institutions. Even after the introduction of Basel III, VP Bank Group will continue to possess a robust core capital (tier 1), thus reflecting a high measure of stability and security.

## Segment reporting

VP Bank Group is divided into four business segments, Banking Liechtenstein & Regional Markets, Private Banking International, Wealth Management Solutions & Services as well as CFO & Corporate Center. Indirect costs for internal recharges between the segments are basically accounted for by the provider of the services as income and by the recipient as expenses, following the originator principle.

### Banking Liechtenstein & Regional Markets

The strong Swiss franc, the market uncertainties and the low interest-rate level adversely impacted VP Bank's activities. Interest margins were under pressure as a result of the further declining interest rates in the second half of the year. The reticence displayed by clients is reflected in the level of trade-



related fee income. Segment costs were reduced year-on-year. For this reason, a segment result at the same level as the previous year could be achieved in 2011.

As a result of the declining net interest and commission and service income, total operating income fell by 5.2 per cent from CHF 142.8 million to CHF 135.4 million. The gross margin amounted to 75.0 basis points (previous year: 72.4 basis points). Cost/income ratio improved from 40.1 to 41.7. Operating expenses fell by 1.4 per cent to CHF 56.4 million (previous year: CHF 57.3 million). This reduction is attributable to lower recharges from other segments. Depreciation and amortisation, valuation allowances and provisions could be reduced by more than half and totalled CHF 3.4 million (previous year: CHF 10.4 million). Pre-tax results increased by 0.4 per cent from CHF 75.2 million to CHF 75.6 million.

The net new money inflow developed positively. The net out-flow of client money could be brought under strict control. In 2011, this latter aggregated CHF 0.3 billion and was thus markedly lower than the result in 2010 of CHF 1.0 billion.

As at 31 December 2011, client assets under management aggregated CHF 17.3 billion (31 December 2010: CHF 18.8 billion). The headcount stood at 165 positions (previous year: 164 positions).

#### Private Banking International

Uncertainties as to market parameters, regulatory prescriptions and the development of the world economy left their mark on the results of the International Private Banking segment during 2011. VP Bank Group again achieved success in client acquisition activities in the international private banking field. The interest business profited from the development of client relationships. On the other hand, commission and service income suffered from competitive pressures and lower levels of client activities. Year-on-year, costs could be reduced. Together, these two factors had the effect of the 2011 segment results exceeding those of the previous year.

Total operating income increased by 2.1 per cent from CHF 63.9 million to CHF 65.3 million. The improved interest and trading income results made up for the decline in commission and service income. The gross margin was 80.2 basis points (previous year: 85.1 basis points). Cost/income ratio improved from 76.5 to 75.9. Operating expenses increased by 1.3 per cent to CHF 49.5 million (previous year: CHF 48.9 million) which was primarily due to an increase in general and administrative expenses. Depreciation and amortisation, valuation allowances and provisions could be reduced by CHF 8.9 million to CHF 6.3 million. Pre-tax results increased year-on-year by 51.8 per cent from CHF 6.2 million to CHF 9.4 million.

In 2011, the segment experienced an inflow of net new money of CHF 1.5 billion (previous year: CHF 0.9 billion). As at 31 December 2011, client assets under management aggregated CHF 8.6 billion (31 December 2010: CHF 7.7 billion). The headcount increased from 202 to 213 positions.

#### Wealth Management Solutions & Services

This business segment in 2011 was marked by the deployment of the Avaloq banking software in VP Bank (Luxembourg) S.A. This banking software is used in the Luxembourg subsidiary since 1 January 2012. As a result, all Group subsidiaries having banking status operate on a uniform IT platform. In the area of investment funds, the focus was on the Strategy Fund which was well received by clients.

In 2011, total operating income improved to minus CHF 0.7 million (previous year: minus CHF 1.5 million). Operating expenses increased by 3.7 per cent from CHF 27.4 million (previous year: CHF 26.4 million). In aggregate, depreciation and amortisation, valuation allowances and provisions could be reduced from CHF 29.8 million to CHF 24.2 million.

In 2011, pre-tax results were minus CHF 52.3 million, after minus CHF 54.7 million in the previous year. The headcount declined from 252 to 250 positions.

#### CFO & Corporate Center

Historically low interest-rate levels further receded in the second half of the year, adversely impacting the replacement values of the interest-rate swaps which are employed for interest-rate hedging purposes. The appreciation of the Swiss franc in the first half of 2011 was halted as a result of the intervention of the Swiss National Bank in September.

As a result of the negative drop in replacement values for interest-rate swaps and the lower level of foreign-currency gains, total operating income of this segment declined by 45.6 per cent to CHF 24.5 million (previous year: CHF 45.0 million). Operating expenses fell by 5.5 per cent from CHF 47.0 million to CHF 44.4 million. Depreciation and amortisation, valuation allowances and provisions totalled CHF 5.4 million (previous year: CHF 5.6 million). Pre-tax results were minus CHF 25.3 million, as opposed to minus CHF 7.6 million in the previous year. The headcount was 109 positions (previous year: 110 positions).

#### Client assets

At the end of 2011, client assets under management of VP Bank Group totalled CHF 27.4 billion. In comparison the previous year's level of CHF 28.2 billion, this constitutes a reduction of 2.8 per cent. Thanks to intensive and successful market development activities, VP Bank Group was able to increase the inflow of net new money. In aggregate, VP Bank Group experienced an inflow of new money of CHF 1.0 billion (previous year: CHF 0.1 billion). The performance-related decline in assets primarily relating to the development in market values amounted to CHF 1.8 billion.

Custody assets also declined by 8.4 per cent to CHF 11.5 billion (previous year: CHF 12.6 billion) as a result of performance-related declines. Client assets including custody assets as of 31 December 2011 amounted to CHF 39.0 billion (previous year: CHF 40.8 billion).

## Income statement

The year-on-year comparison of certain captions is rendered more difficult as a result of the early adoption of IFRS 9.

This concerns principally the captions interest income and income from financial investments.

### Total net operating income

Total net operating income fell year-on-year by 11.4 per cent from CHF 253.2 million to CHF 224.5 million. The interest income fell by 7.9 per cent to CHF 66.6 million. As a result of the continuing low level of interest rates, VP Bank has implemented various measures designed at enhancing the net interest result. Whereas a positive income result could be achieved in the first half of 2011, net interest income was heavily impacted by the negative revaluations of interest-rate swaps in the second half of 2011. These interest-rate swaps are employed to hedge interest-rate risk primarily with respect to long-term client loans. As VP Bank Group does not apply hedge accounting in accordance with IFRS, the underlying assets and the hedges are valued differently; only changes in the value of the hedges are recognised in the income statement.

As a result of the volatile market environment marked by uncertainties, income from commissions and services declined by 8.3 per cent to CHF 121.9 million. The lower level of client activities and the strong Swiss franc adversely impacted the commission business. Both trade-related commissions and those unrelated to trades – with the exception of those for funds management – were on the decline. The results of trading developed as follows:

Trading on behalf of clients fell slightly by 2.3 per cent to CHF 24.3 million. Trading for the Bank's own account fell from CHF 20.9 million to CHF 5.0 million as a result of a drop in gains from currency hedges. In 2011, VP Bank Group reports gains and losses from financial investments in a separate caption, in accordance with IFRS 9. In 2011, gains from financial investments totalling CHF 5.9 million were generated, whereas a loss of CHF 1.1 million was incurred in the previous year. Other income amounted to CHF 0.7 million, as opposed to CHF 1.0 million in the previous year.

### Operating expenses

Year-on-year, operating expenses fell by 1.0 per cent to CHF 177.7 million.

At the end of 2011, VP Bank Group employed 738 employees, expressed in terms of full-time equivalents, corresponding to an increase in personnel of 1.5 per cent. The average headcount in 2011 was 727 employees (previous year: 721 employees). Year-on-year, personnel expenses increased by 2.5 per cent to CHF 124.9 million, due to higher retirement benefit-related expenses pursuant to IAS 19. General and administrative expenses could be reduced by 8.4 per cent to CHF 52.9 million. Cost savings could be achieved in all areas. The reduction in capital taxes is attributable to the new Tax Law in Liechtenstein.

### Depreciation and amortisation, valuation allowances, provisions and losses

Depreciation and amortisation was 13.2 per cent less than the prior-year's level and stood at CHF 33.6 million. In 2011, less valuation allowances and provisions were required than in 2010. In addition, valuation allowances which were no longer required could be released. In aggregate, the captions valuation allowances, provisions and losses amounted to CHF 5.8 million (previous year: CHF 15.8 million).

### Net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft

After deducting minority interests, there resulted a group net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft of CHF 4.3 million (previous year: CHF 15.1 million). Net income per bearer share fell by CHF 2.62 to CHF 0.75.

### Comprehensive income

Comprehensive income encompasses all income and expenses recognised in the income statement as well as in shareholders' equity. VP Bank Group generated comprehensive income of CHF 11.5 million, in contrast to CHF 4.3 million in the previous year.

### Balance sheet

With a year-on-year increase of 1.4 per cent total assets of CHF 10.7 billion were marginally higher. On the liabilities side, client deposits and medium-term bonds increased slightly to CHF 8.9 billion. The reduction in the caption debenture bonds is due to the redemption of parts of a debenture bond issue maturing in June 2012 with a nominal value of CHF 0.1 billion. On the assets' side, client loans grew by 17.9 per cent to CHF 3.9 billion, the majority of which relates to secured credits. Conversely, the volume of money-market paper and bank deposits declined by 13.1 per cent to CHF 5.3 billion. Group shareholders' equity totalled CHF 0.9 billion at the end of 2011. The shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft was also CHF 0.9 billion. As of 31 December 2011, the tier 1 ratio amounted to 18.2 per cent (previous year: 19.0 per cent).

### Outlook

At present, little indicates that the economic uncertainty will abate. In 2012, VP Bank Group also expects a low level of client activities. It anticipates that interest rates will remain low and that the Swiss National Bank will strive to maintain a minimum parity between the Swiss franc and Euro at 1.20. These conditions will continue to impact the results of VP Bank Group.

# Consolidated income statement

in CHF 1,000	2011	2010	Variance absolute	Variance in %
Interest income	118,841	121,127	-2,286	-1.9
Interest expense	52,242	46,639	5,603	12.0
<b>Total interest income</b>	<b>66,599</b>	<b>74,488</b>	<b>-7,889</b>	<b>-10.6</b>
Commission income	165,963	177,636	-11,673	-6.6
Commission expense	44,038	44,677	-639	-1.4
<b>Total income from commission business and services</b>	<b>121,925</b>	<b>132,959</b>	<b>-11,034</b>	<b>-8.3</b>
Income from trading activities	29,367	45,905	-16,538	-36.0
Income from financial instruments	5,912	-1,107	7,019	n.a.
Other income	655	976	-321	-32.9
<b>Total net operating income</b>	<b>224,458</b>	<b>253,221</b>	<b>-28,763</b>	<b>-11.4</b>
Personnel expenses	124,862	121,797	3,065	2.5
General and administrative expenses	52,871	57,728	-4,857	-8.4
<b>Operating expenses</b>	<b>177,733</b>	<b>179,525</b>	<b>-1,792</b>	<b>-1.0</b>
<b>Gross income</b>	<b>46,725</b>	<b>73,696</b>	<b>-26,971</b>	<b>-36.6</b>
Depreciation and amortisation	33,636	38,730	-5,094	-13.2
Valuation allowances, provisions and losses	5,769	15,814	-10,045	-63.5
<b>Income before income tax</b>	<b>7,320</b>	<b>19,152</b>	<b>-11,832</b>	<b>-61.8</b>
Taxes on income	930	1,940	-1,010	-52.1
<b>Net income</b>	<b>6,390</b>	<b>17,212</b>	<b>-10,822</b>	<b>-62.9</b>
Net income attributable to minority interests	2,058	2,128	-70	-3.3
<b>Net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>	<b>4,332</b>	<b>15,084</b>	<b>-10,752</b>	<b>-71.3</b>
<b>Undiluted consolidated earnings per share of Verwaltungs- und Privat-Bank AG, Vaduz</b>				
Net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz (in CHF 1,000)	4,332	15,084		
Weighted average number of bearer shares	5,163,336	5,163,237		
Weighted average number of registered shares	5,967,975	5,982,787		
Total weighted average number of bearer shares	5,760,134	5,761,516		
Undiluted net income per bearer share	0.75	2.62		
Undiluted net income per registered share	0.08	0.26		
<b>Fully diluted consolidated earnings per share of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>				
Adjusted net income attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz (in CHF 1,000)	4,332	15,084		
Number of shares used to compute the fully diluted consolidated income	5,760,134	5,761,516		
Fully diluted consolidated income per bearer share	0.75	2.62		
Fully diluted consolidated income per registered share	0.08	0.26		

# Statement of comprehensive income

in CHF 1,000	2011	2010	Variance absolute	Variance in %
<b>Net income</b>	<b>6,390</b>	<b>17,212</b>	<b>-10,822</b>	<b>-62.9</b>
Financial instruments				
• Reclassification adjustments recorded in income statement	n.a.	-7,020	7,020	n.a.
• Changes in value transferred to profit reserves	0	676	-676	-100.0
• Changes in value of FVTOCI financial instruments	5,429	n.a.	5,429	n.a.
<b>Total financial instruments</b>	<b>5,429</b>	<b>-6,344</b>	<b>11,773</b>	<b>n.a.</b>
Foreign-currency translation differences	-288	-6,586	6,298	n.a.
<b>Other comprehensive income for the period recognised directly in equity (net-of-tax)</b>	<b>5,141</b>	<b>-12,930</b>	<b>18,071</b>	<b>n.a.</b>
<b>Total comprehensive income for the period (net-of-tax)</b>	<b>11,531</b>	<b>4,282</b>	<b>7,249</b>	<b>169.3</b>
Attributable to minority shareholders	2,027	302	1,725	571.2
Attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	9,504	3,980	5,524	138.8

# Consolidated balance sheet

## Assets

in CHF 1,000	31/12/2011	31/12/2010	Variance absolute	Variance in %
Cash and cash equivalents	245,381	130,548	114,833	88.0
Receivables arising from money-market papers	124,938	439,767	-314,829	-71.6
Due from banks	5,143,910	5,622,808	-478,898	-8.5
Due from customers	3,851,050	3,266,872	584,178	17.9
Trading portfolios	-44	4,011	-4,055	-101.1
Derivative financial instruments	103,690	63,322	40,368	63.8
Financial instruments at fair value	461,325	108,221	353,104	326.3
Financial instruments measured at amortised cost	558,297	685,604	-127,307	-18.6
Associated companies	25	34	-9	-26.5
Property and equipment	129,157	135,791	-6,634	-4.9
Goodwill and other intangible assets	70,812	85,636	-14,824	-17.3
Taxes receivable	368	392	-24	-6.1
Deferred tax assets	7,698	6,338	1,360	21.5
Accrued receivables and prepaid expenses	31,374	28,398	2,976	10.5
Other assets	14,084	13,805	279	2.0
<b>Total assets</b>	<b>10,742,065</b>	<b>10,591,547</b>	<b>150,518</b>	<b>1.4</b>

## Liabilities and shareholders' equity

in CHF 1,000	31/12/2011	31/12/2010	Variance absolute	Variance in %
Due to banks	352,481	189,117	163,364	86.4
Due to customers – savings and deposits	931,733	954,218	-22,485	-2.4
Due to customers – other liabilities	7,760,773	7,753,020	7,753	0.1
Derivative financial instruments	129,443	70,034	59,409	84.8
Medium-term notes	251,713	183,334	68,379	37.3
Debentures issued	324,664	446,798	-122,134	-27.3
Tax liabilities	3,230	5,782	-2,552	-44.1
Deferred tax liabilities	9,217	8,512	705	8.3
Accrued liabilities and deferred items	25,791	28,834	-3,043	-10.6
Other liabilities	48,069	33,056	15,013	45.4
Provisions	6,362	3,214	3,148	97.9
<b>Total liabilities</b>	<b>9,843,476</b>	<b>9,675,919</b>	<b>167,557</b>	<b>1.7</b>
Share capital	59,148	59,148	0	0.0
Less: treasury shares	-38,632	-38,465	-167	-0.4
Capital reserves	-3,882	-5,323	1,441	27.1
Income reserves	880,374	902,648	-22,274	-2.5
Reserves – financial instruments (IAS 39)	n.a.	-5,841	5,841	n.a.
Unrealised gains/losses on financial instruments FVTOCI	-2,766	n.a.	-2,766	n.a.
Foreign-currency translation differences	-14,639	-14,382	-257	-1.8
<b>Shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz</b>	<b>879,603</b>	<b>897,785</b>	<b>-18,182</b>	<b>-2.0</b>
Minority interests	18,986	17,843	1,143	6.4
<b>Total shareholders' equity</b>	<b>898,589</b>	<b>915,628</b>	<b>-17,039</b>	<b>-1.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,742,065</b>	<b>10,591,547</b>	<b>150,518</b>	<b>1.4</b>

# Consolidated changes in shareholders' equity

in CHF 1,000	Share capital	Treasury shares	Capital reserves	Income reserves	Reserves financial instruments IAS 39
<b>Total shareholders' equity 01/01/2011</b>	<b>59,148</b>	<b>-38,465</b>	<b>-5,323</b>	<b>902,648</b>	<b>-5,841</b>
Initial adoption IFRS 9				-6,429	5,841
<b>Total shareholders' equity 01/01/2011 adjusted</b>	<b>59,148</b>	<b>-38,465</b>	<b>-5,323</b>	<b>896,219</b>	<b>0</b>
Changes in value transferred to profit reserves				0	
Changes in value of FVTOCI financial instruments					
Foreign-currency translation differences					
Net income				4,332	
<b>Total reported result 31/12/2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,332</b>	<b>0</b>
Dividends 2010				-20,177	
Management equity participation plan (LTI)			1,313		
Movement in treasury shares		-167	128		
<b>Total shareholders' equity 31/12/2011</b>	<b>59,148</b>	<b>-38,632</b>	<b>-3,882</b>	<b>880,374</b>	<b>0</b>
<b>Total shareholders' equity 01/01/2010</b>	<b>59,148</b>	<b>-38,302</b>	<b>-6,093</b>	<b>907,755</b>	<b>503</b>
Unrealised gains and losses on available for sale financial instruments					
• gains/losses transferred to income statement					-7,020
• change in unrealised gains and losses (net-of-tax)					676
Foreign-currency translation differences					
Net income				15,084	
<b>Total reported result 31/12/2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,084</b>	<b>-6,344</b>
Dividends 2009				-20,191	
Management equity-participation plan (LTI)			1,264		
Change in treasury shares		-163	-494		
<b>Total shareholders' equity 31/12/2010</b>	<b>59,148</b>	<b>-38,465</b>	<b>-5,323</b>	<b>902,648</b>	<b>-5,841</b>

## Consolidated changes in shareholders' equity (continued)

Unrealised gains/losses FVTOCI	Foreign-currency translation differences	Equity of shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	Minority interests	Total shareholders' equity
<b>0</b>	<b>-14,382</b>	<b>897,785</b>	<b>17,843</b>	<b>915,628</b>
-8,195		-8,783		-8,783
<b>-8,195</b>	<b>-14,382</b>	<b>889,002</b>	<b>17,843</b>	<b>906,845</b>
0		0		0
5,429		5,429		5,429
	-257	-257	-31	-288
		4,332	2,058	6,390
<b>5,429</b>	<b>-257</b>	<b>9,504</b>	<b>2,027</b>	<b>11,531</b>
		-20,177	-884	-21,061
		1,313		1,313
		-39		-39
<b>-2,766</b>	<b>-14,639</b>	<b>879,603</b>	<b>18,986</b>	<b>898,589</b>
<b>0</b>	<b>-9,622</b>	<b>913,389</b>	<b>18,529</b>	<b>931,918</b>
		-7,020		-7,020
		676		676
	-4,760	-4,760	-1,826	-6,586
		15,084	2,128	17,212
<b>0</b>	<b>-4,760</b>	<b>3,980</b>	<b>302</b>	<b>4,282</b>
		-20,191	-988	-21,179
		1,264		1,264
		-657		-657
<b>0</b>	<b>-14,382</b>	<b>897,785</b>	<b>17,843</b>	<b>915,628</b>

# Consolidated statement of cash flow

in CHF 1,000	2011	2010
<b>Cash flow from operating activities</b>		
Net income	4,332	15,084
Share of minority interests in Group net income	2,058	2,128
Depreciation and amortisation	33,636	38,730
Increase/release in retirement pension provisions	4,257	-139
Increase/release in provisions	5,777	8,477
Unrealised gains/losses on trading portfolios	20	-946
Unrealised gains/losses on financial instruments at fair value	-4,320	-3,738
Unrealised gains/losses on financial instruments at amortised cost	12,624	30,375
Deferred income taxes	-1,371	-2,245
Tax on income paid, interest received less interest paid and dividends received	-73,004	-83,428
<b>Subtotal</b>	<b>-15,991</b>	<b>4,298</b>
<b>Changes in assets and liabilities in connection with operating business activities, after adjustment for non-cash-related transactions:</b>		
Due from/to banks, net	438,819	823,337
Trading portfolios, including replacement values, net	23,004	3,796
Interest received from interest-differential business	103,722	109,592
Interest received from trading portfolio	48	130
Dividends received from trading portfolio	2	6
Interest received on financial instruments at fair value	7,923	1,707
Dividends received on financial instruments at fair value	4,761	74
Interest received on financial instruments at amortised cost	10,963	14,232
Dividends received on financial instruments FVTOCI	805	2,522
Due from/to customers	-642,738	-1,532,346
Foreign-exchange impact on intra-group payments	5,113	-12,116
Accrued receivables, prepaid expenses and other assets	-3,080	5,013
Accrued liabilities and other liabilities	5,211	-61,303
Interest paid in connection with interest-differential business	-51,922	-43,795
Taxes on income paid	-3,298	-1,040
<b>Net cash flow from operating activities</b>	<b>-116,658</b>	<b>-685,893</b>



Consolidated statement of cash flow (continued)

in CHF 1,000	2011	2010
<b>Cash flow from investment activities</b>		
Net reduction/increase in financial instruments at fair value	-317,762	56,402
Net reduction in financial instruments at amortised cost	94,420	22,923
Acquisition of property and equipment and intangible asset	-12,240	-11,905
<b>Cash flow from investment activities</b>	<b>-235,582</b>	<b>67,420</b>
<b>Cash flow from financing activities</b>		
Net increase in treasury shares	-35	-657
Dividends paid	-20,177	-20,192
Issuance of medium-term notes	68,379	-16,303
Redemption/issuance of debenture	-125,300	198,312
Dividend payments to minority shareholders	-884	-988
<b>Net cash flow from financing activities</b>	<b>-78,017</b>	<b>160,172</b>
Impact of foreign-currency translation	13,583	-7,430
<b>Net decrease in cash and cash equivalents</b>	<b>-416,674</b>	<b>-465,731</b>
Cash and cash equivalents at the beginning of the financial year	1,584,825	2,050,556
Cash and cash equivalents at the end of the financial year	1,168,151	1,584,825
<b>Net decrease in cash and cash equivalents</b>	<b>-416,674</b>	<b>-465,731</b>
<b>Cash and cash equivalents are represented by</b>		
Cash	245,381	130,548
Receivables arising from money-market papers	124,938	439,767
Due from banks – at-sight balances	797,832	1,014,510
<b>Total cash and cash equivalents</b>	<b>1,168,151</b>	<b>1,584,825</b>

At-sight balances due from banks bear interest at daily rates or are invested in interest-bearing short-term money-market deposits for between one day and three months, depending upon the liquidity needs of VP Bank Group. Interest rates are based upon equivalent market rates. The fair value of cash and cash equivalents amounts to CHF 1,168.2 million (2010: CHF 1,584.8 million).

# Consolidated off-balance-sheet transactions

in CHF 1'000	31/12/2011	31/12/2010
<b>Contingent liabilities</b>		
Credit guarantees and similar	13,345	3,995
Performance guarantees and similar	85,027	94,595
Irrevocable commitments	0	0
Other contingent liabilities	0	0
<b>Total contingent liabilities</b>	<b>98,372</b>	<b>98,590</b>
<b>Credit risks</b>		
Irrevocable facilities granted	34,204	22,079
Capital subscription and margin obligations	0	0
Commitment credits	0	0
• liabilities arising from deferred payment obligations	0	0
• acceptances	0	0
• other commitment credits	0	0
Commitments arising from artificial repurchase transactions	0	0
<b>Total credit risks</b>	<b>34,204</b>	<b>22,079</b>
<b>Fiduciary transactions</b>		
Fiduciary deposits <sup>1</sup>	1,444,199	1,937,560
Fiduciary loans	12,793	8,787
Other fiduciary financial transactions	0	0
<b>Total fiduciary transactions</b>	<b>1,456,992</b>	<b>1,946,347</b>

<sup>1</sup> Placements that Group companies made with banks outside of the scope of consolidation in their own name but at the expense and risk of the client.

## Maturity structure

in CHF 1,000	at sight	1 year	1 to 5 years	over 5 years	Total
<b>31/12/2011</b>					
Contingent liabilities	30,635	56,408	8,694	2,635	<b>98,372</b>
Credit risks	2,748	23,991	5,040	2,425	<b>34,204</b>
<b>31/12/2010</b>					
Contingent liabilities	27,965	59,210	8,050	3,365	<b>98,590</b>
Credit risks	5,380	16,699	0	0	<b>22,079</b>

## Securities lending and repurchase and reverse-repurchase transactions with securities

in CHF 1,000	31/12/2011	31/12/2010
Amounts receivable arising from cash deposits in connection with securities borrowing and reverse repurchase transactions	203,900	0
Amounts payable arising from cash deposits in connection with securities lending and repurchase transactions	0	0
Securities lent out within the scope of securities lending or delivered as collateral within the scope of securities borrowing activities, as well as securities in own portfolio transferred within the framework of repurchase transactions	605,897	584,955
of which securities where the unlimited right to sell on or pledge has been granted	433,801	407,843
Securities received as collateral within the scope of securities lending or borrowed within the scope of securities borrowing activities, as well as received under reverse-repurchase transactions, where the unlimited right to resell or repledge has been granted	895,076	744,663
of which securities which have been resold or repledged	243,272	299,422

These transactions were conducted on conditions which are customary for securities lending and borrowing activities as well as trades for which VP Bank acts as intermediary.

# VP Bank Group

Verwaltungs- und Privat-Bank Aktiengesellschaft is a bank domiciled in Liechtenstein and is subject to the Liechtenstein Financial Market Authority (FMA), Landstrasse 109, P.O. Box 279, LI-9490 Vaduz, [www.fma-li.li](http://www.fma-li.li)

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