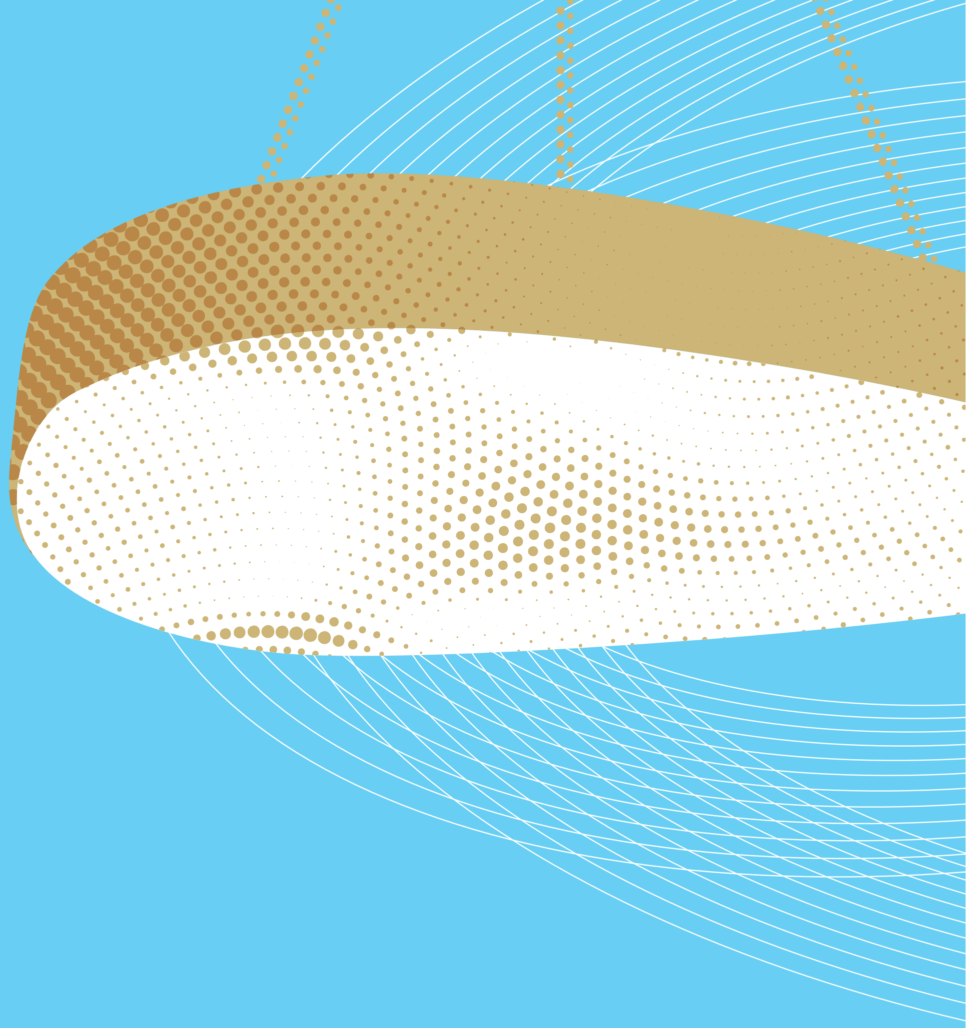
Semi-annual report 2009

VP BANK



The English version of the VP Bank semi-annual report was translated from the original German version, which shall be binding.

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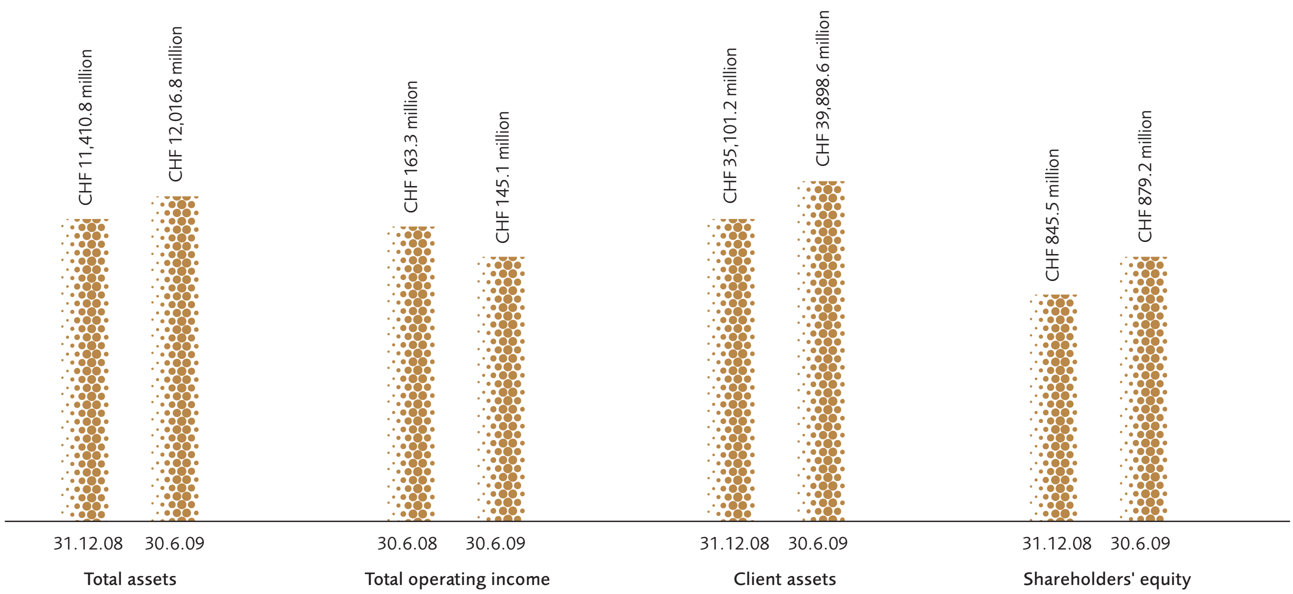
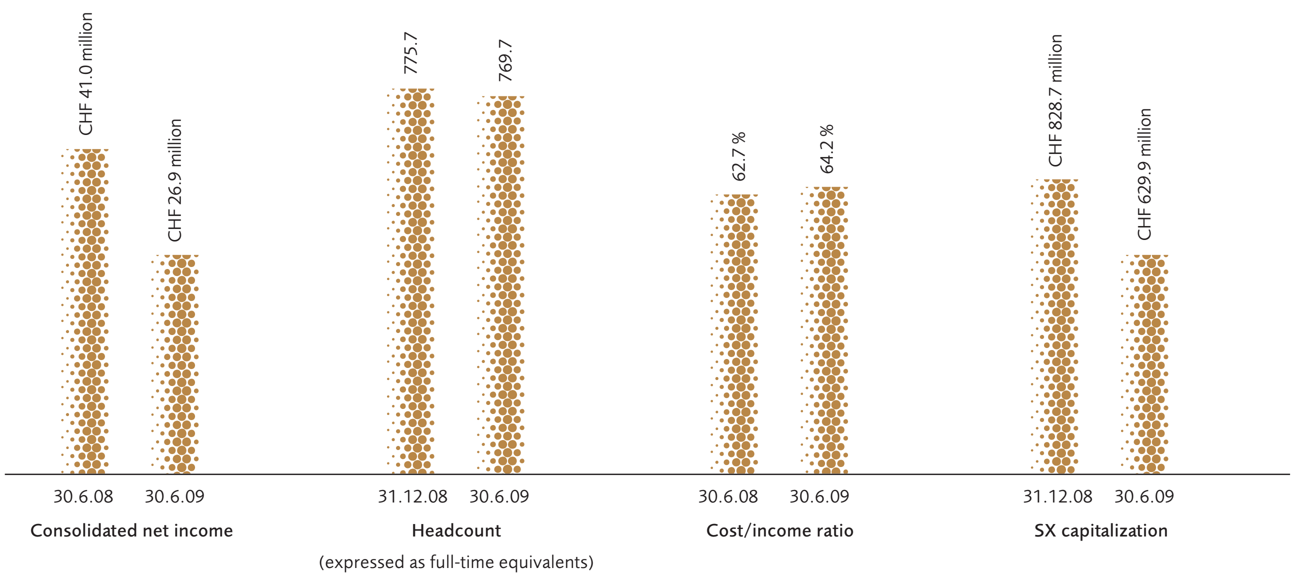


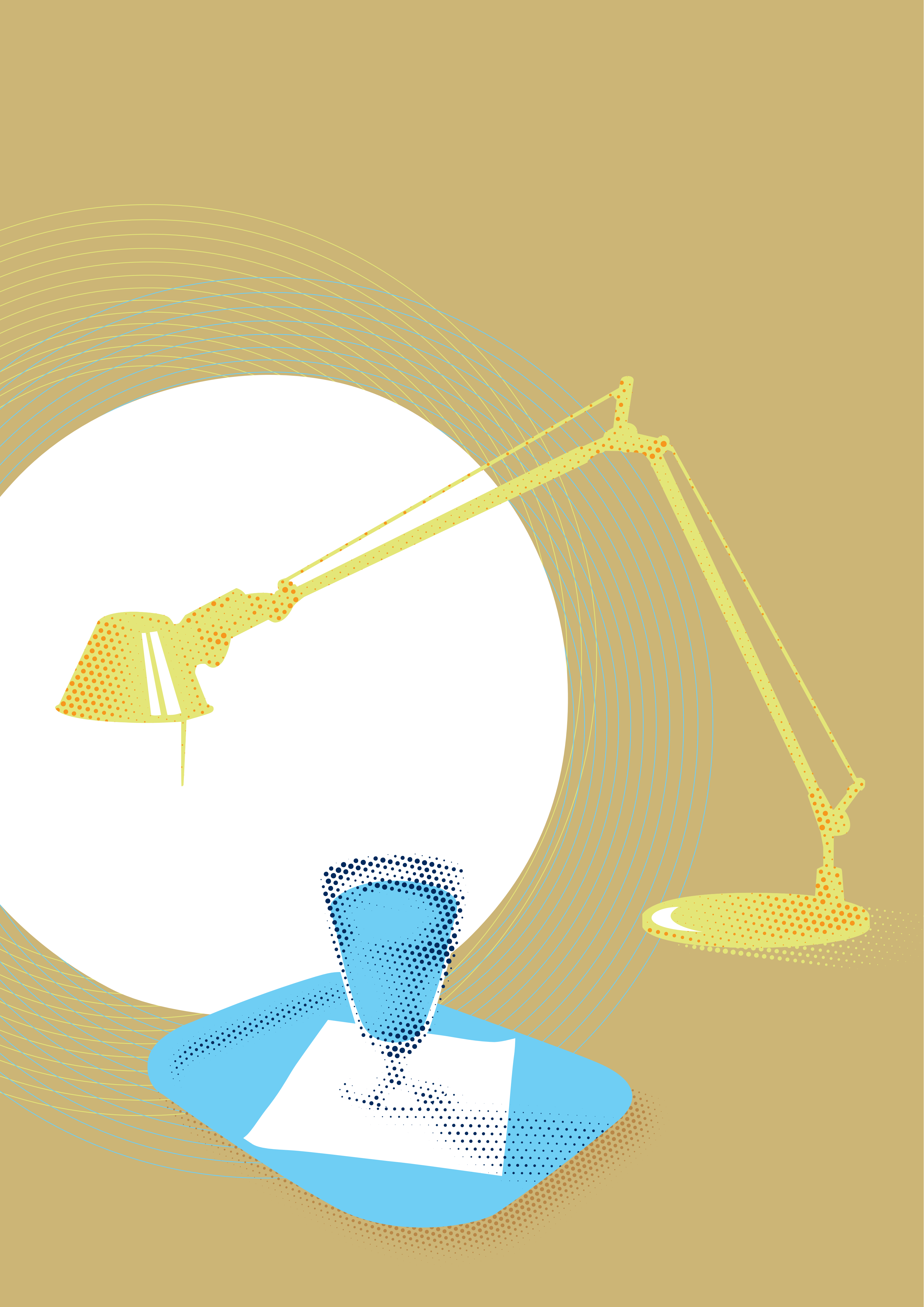


Key figures for VP Bank Group

	30.6.2009	30.6.2008	31.12.2008	Variance to 30.6.2008 in %
Key income statement figures in CHF millions				
Total net operating income	145.1	163.3	290.1	–11.2
Income from interest-differential business	66.8	71.8	148.5	–7.0
Income from commission business and services	60.4	82.4	151.8	–26.6
Income from trading activities	6.5	13.3	30.3	–50.9
Operating expenses	93.2	102.5	196.7	–9.1
Net income	26.9	41.0	–80.3	–34.4
Net income attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	25.0	39.0	–83.2	–35.8

	30.6.2009	30.6.2008	31.12.2008	Variance to 31.12.2008 in %
Key balance sheet figures in CHF millions [1]				
Total assets	12,016.8	11,459.8	11,410.8	5.3
Due from banks	7,192.0	7,191.3	7,024.0	2.4
Due from customers	3,158.1	2,973.1	2,985.2	5.8
Due to customers	10,098.9	9,590.7	9,594.0	5.3
Total shareholders' equity	879.2	972.7	845.5	4.0
Shareholders' equity attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	860.5	956.9	828.2	3.9
Equity ratio (in %)	7.2	8.4	7.3	–1.3
Tier 1 ratio (in %)	14.7	16.5	13.6	8.1
Client assets in CHF millions [2]	39,898.6	39,915.1	35,101.2	13.7
On-balance-sheet customer deposits (excluding custody assets)	10,495.2	8,879.7	10,131.9	3.6
Fiduciary deposits (excluding custody assets)	1,389.7	3,585.8	2,117.5	–34.4
Fiduciary transactions	17,026.1	22,211.8	16,269.5	4.7
Custody assets	10,987.6	5,237.7	6,582.3	66.9
Net new money	–1,048.1	–99.1	–1,261.2	
Standard & Poor's rating	A-/Stable/A-2	A/Stable/A-1	A/Negative/A-1	
Key operating indicators [1]				
Return on equity (in %) [3]	6.2	8.0	n. a.	
Cost/income ratio (in %) [4]	64.2	62.7	67.8	
Headcount (expressed as full-time equivalents, excluding trainees) [5]	769.7	718.1	775.7	
Total operating income per employee in CHF 1,000	188.5	227.4	374.0	
Total operating expenses per employee in CHF 1,000	121.1	142.7	253.6	
Net income per employee in CHF 1,000	32.5	54.3	–107.3	
Performance indicators related to shares of VP Bank in CHF [1]				
Group net income per bearer share [6]	4.35	6.66	–14.32	
Group net income per registered share [6]	0.43	0.67	–1.43	
Shareholders' equity per outstanding bearer share as of balance sheet date	149.81	165.85	144.13	
Shareholders' equity per outstanding registered share as of balance sheet date	14.58	16.20	14.02	
Share price per bearer share	106.50	262.00	140.10	
Share price per registered share	10.00	25.00	13.50	
Capitalization (in CHF millions) [7]	629.9	1,549.7	828.7	
Price-earnings ratio per bearer share	12.26	19.67	n. a.	
Price-earnings ratio per registered share	11.51	18.77	n. a.	

1 The key figures and indicators are computed and reported on the basis of the consolidated net income and shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.
2 Details in the notes to the consolidated income statement and the consolidated balance sheet.
3 Consolidated net income / average shareholders' equity less dividend.
4 Operating expenses / total operating income.
5 In accordance with legal provisions pertaining to the disclosure of trainees, these are to be reported as 50% of full-time equivalents.
6 On the basis of the weighted average number of shares (bearer) (note 10).
7 Including registered shares.



Dear Shareholders, Ladies and Gentlemen

For the first half of 2009, VP Bank Group recorded a consolidated net profit of CHF 26.9 million. This decline of roughly one-third compared to the first six months of 2008 is a reflection of the persistently difficult market environment.
Income from our interest-differential business eased by 7 percent, income from our commission business and services declined by 27 percent. In contrast to last year, our financial investments made a positive contribution.
Operating expenses fell by 9 percent. In addition to the effects of the "FOCUS" cost-savings program, this reduction in costs resulted primarily from the reduction in those salary components which are dependent upon results. It is one of the initial consequences of our "FOCUS" cost-savings program, which was introduced at the end of 2008 and will continue throughout the year. General and administrative expenses remained essentially unchanged, whereby extraordinary costs relating to the introduction of Avaloq represented a considerable factor in this regard. Provisions for credit risks remained at a low level.
Client assets under management increased from CHF 28.5 billion at the end of 2008 to CHF 28.9 billion as at June 30, 2009. Positive changes in market valuations in the amount of CHF 1.4 billion contrasted with a net outflow of funds totaling CHF 1 billion (including double counts). However, assets held in custody rose significantly in the first half of 2009 so that the total client assets under management and custodial assets amounted to CHF 39.9 billion.
Total assets increased by CHF 606 million compared with the end of 2008 to reach CHF 12 billion, while shareholders' equity of CHF 879 million was CHF 33.7 million higher than on December 31, 2008. The tier 1 ratio of 14.7 percent once again demonstrated VP Bank Group's solid equity base.
In summary, it can be said that the consolidated net profit represents a solid foundation for further development within the framework of VP Bank Group's strategy. Our cost reduction measures are beginning to have an effect both in terms of personnel expenses and G&A outlays.
Apart from the cost side, efforts to increase revenues and spur the acquisition of new clients were the center of focus during the first half of 2009. By reinforcing the Wealth Management Solutions team, which joined VP Bank Group last fall, considerable advances were made in terms of our advisory capacity. Contributing to that was also the new Avaloq banking software system, even though its introduction placed an added burden on our employees and posed tremendous challenges for them.

Challenges of a fundamental nature are also being faced by the Liechtenstein financial center, as is the case with other financial centers. VP Bank supports the Liechtenstein government's recently-introduced policy. The demands for increased cooperation – a situation that is also being fueled by the current economic crisis – will continue to be a predominant factor both at the international and bilateral levels. Given those circumstances, it is better to act and negotiate rather than to hope and ignore. It is essential that one's own interests be upheld as best possible, yet on a realistic basis. The legal certainty gained through formal arrangements and treaties is indeed in the best interest of our clients, just as much as it is to our Bank and the financial center as a whole.

Developments relating to the conditions for cross-border asset management attest to the soundness of VP Bank Group's strategy – in addition to nurturing client relationships in our core markets and further developing our cross-border banking business, it is also vital that new markets must be cultivated. And despite the otherwise challenging circumstances, VP Bank Group made progress in this respect during the past half-year by pressing ahead with the related projects.

Flexibility and dynamism will open up important areas for future success. Here too VP Bank Group aims to put in place the conditions that enable the emerging opportunities to be exploited on behalf of our clients.

We would like to express our sincere gratitude for the trust you have placed in VP Bank and hope that, going forward, we can continue to count you among our valued shareholders, clients and partners. Our thanks also go to our employees for their tremendous commitment.

Hans Brunhart
Chairman of the Board of Directors

Adolf E. Real
Chief Executive Officer

Structure of VP Bank Group

Board of Directors
Hans Brunhart

Group Internal Audit
Nikolaus Blöchlinger

Chief Executive Officer
Adolf E. Real

Chief Financial Officer
Fredy Vogt

Private Banking Clients
Ernst Näf

Intermediaries
Georg Wohlwend

Banking Services
Gerhard Häring

Private Banking Clients

- **Private Banking Clients Liechtenstein**
  Werner Wessner
- **Private Banking Clients Western Europe**
  Martin Engler
- **Private Banking Clients Switzerland Central & Eastern Europe**
  Jürg Moll
- **Private Banking Clients Asia & Middle East**
  a.i. Ernst Näf
- **Wealth Management Solutions**
  Juerg W. Sturzenegger

Intermediaries

- **Intermediaries Liechtenstein & Switzerland**
  Günther Kaufmann
- **Intermediaries Europe**
  Yves de Vos
- **Fund Solutions**
  Georg Wohlwend
- **VP Bank & Trust Company (BVI) Ltd.**
  Dr. Peter Reichenstein

Banking Services

- **Information Technology**
  Dr. Andreas Benz
- **Operations**
  Andreas Zimmerli

Corporate Center

- **Corporate Development**
  Martin Matt
- **Corporate Communications**
  Tanja Gartmann
- **Group Marketing**
  Thomas Weidmann
- **Group Human Resources Management**
  Dr. Karl Walch
- **Group Finance**
  George M. Isliker
- **Group Risk Management**
  Dr. Hans-Fredo List
- **Group Legal Services and Compliance**
  Thomas Ritter

Consolidated Semi-Annual Report of VP Bank Group

Cost reduction program on target, decline in operating revenues as a result of difficult market environment, positive contribution to income from financial investments, no valuation allowances required on financial investments, stable cost/income ratio.

During the first half of 2009, VP Bank Group generated consolidated net income including minority interests of CHF 26.9 million in accordance with International Financial Reporting Standards (IFRS). In comparison to the semi-annual results of 2008 of CHF 41.0 million, consolidated net income declined by 34 percent or CHF 14.1 million. This decline in net income is a consequence of the generally very difficult market environment of the preceding twelve months. Operating revenues in the first six months of 2009 declined in total by 20 percent over the comparable 2008 period – interest income declining by 7 percent and commission and service income by 27 percent. Although equity markets as of June 30, 2009 had regained their level of December 31, 2008, during the reporting period they had suffered losses in value of up to 25 percent; uncertainties as to markets and the financial center led to a marked reduction in client activities.

On the other hand, a net contribution to income of CHF 5.6 million from financial investments was recorded and for the first six months of 2009, no valuation allowances were required on financial investments.

During the first six months of 2009, VP Bank Group suffered outflows of client assets under management of CHF 1.0 billion (3.6 percent of client assets under management). 2008 was a year with various extraordinary negative special effects. With the banking project "FOCUS", which was initiated as of the end of 2008, VP Bank Group is pursuing a target of reducing overheads in 2009 of about 10 percent in comparison to the prior year. Operating expenses in the first six months of 2009 declined by 9 percent over those of the equivalent period of the prior year from CHF 102.5 million to CHF 93.2 million. As a result of the cost-saving measures taken, the reduction in gross profit led to only a small rise in the cost/income ratio to 64.2 percent compared to that of the equivalent period of the prior year of 62.7 percent.

Events during the half-year

VP Bank Group, excluding VP Bank (Luxembourg) S.A., migrated its IT systems to the Avaloq Banking System software. The migration took place on schedule over a period of 18 months. Since January 5, 2009, all banking transactions are now processed over this new platform.

The negative developments in the financial markets during 2008 compelled VP Bank to reassess its situation. This reassessment was made over various phases within the framework of the banking project "FOCUS". In addition to immediate measures for reducing costs in 2009, all VP Bank Group organizational units and projects were analyzed in detail in further phases of the project and corresponding optimization opportunities were realized at the level of the general and administrative expenses and personnel costs. At the same time, measures designed to enhance income were introduced. This reassessment does not question the Group's long-term strategic orientation; rather, the focus of the project is to concentrate energies on medium-term planning and the annual planning derived therefrom.

Financial markets – a turbulent first half-year in 2009 without short-term prospects of stability

A glance at the performance of the most important equity markets shows hardly any change in the indices as per June 30, 2009 over those at the end of 2008. These, however, hide drastic fluctuations in prices. In the first quarter, great fears as to the state of the economy were at the forefront. Financial markets again lost up to 25 percent of their value. The data published in the second quarter showed that the fears of the market participants were too negative. Equities were able to make up their losses by June. The stabilization now appears to have entered a phase of slow recovery. Inventories which had been sold off must be replenished. National reflationary programs have been initiated, automatic stabilizers – triggered by lost tax revenues and social benefits – have been put into action, and central banks have pulled out all the stops – apparently with success. The base effect from the collapse of the last nine months will do its part to improve the dynamism of the economy. Cost savings and manufacturing prices markedly lower than those of the prior year are brightening many companies' prospects of generating profits. Nevertheless, growth will only slowly gain speed. In spite of various improvements, not insignificant risks continue to exist. All these events will continue to leave their shadow over the risk appetite of market participants and clients.

Business segments

In this difficult first half of 2009, the Private Banking Clients and Intermediaries business units earned a pre-tax income of CHF 56.0 million (first half of 2008: CHF 77.6 million. Banking Services and the staff functions grouped within the Corporate Center – with the exception of the Risk Management staff function, which is responsible for the management of risk – are service or cost centers.

The Private Banking Clients business unit reported a decline in its pre-tax segment results of 43 percent or CHF 14.4 million. The costs of the business expansion in Dubai, Singapore and Hong Kong as well as for the new Wealth Management Solutions team occurred exclusively in the Private Banking Clients business unit. The revenues generated therefrom will only arise at a later stage, however.

The Intermediaries business unit reported a decline in profits of CHF 7.1 million or 16 percent over the equivalent period of the prior year.

For the Banking Services business unit, its negative pre-tax segment result increased by 99 percent to CHF 24.5 million. The net increase in the negative contribution of Banking Services, amounting to CHF 12.2 million, resulted, after internal recharging, principally from the amortization of intangible assets, such as, for example, for the Avaloq Banking System software (CHF 6.0 million).

In the Corporate Center are reported those revenues and costs having no direct connection to the operating business as well as staff functions and consolidation adjustments. The management of own equity resources by the Group Risk Management central staff function and the results of asset & liability management are component parts of the Corporate Center. The Corporate Center thus ended the first half of 2009 with a negative segment result of CHF 2.6 million (negative segment result of the Corporate Center in the equivalent period of the prior year CHF –20.4 million).

Client assets – outflow of client assets under management, marked increase in custody assets

Client assets under management increased from CHF 28.5 billion as of December 31, 2008 to CHF 28.9 billion as of June 30, 2009. Positive changes in market values aggregated CHF 1.4 billion and as of the end of June 2009, the cumulative net outflows of client assets, including double counts aggregated CHF 1.0 billion, 60 percent of which was in the Intermediaries business unit and 40 percent in the Private Banking Clients business unit. Net outflows of client assets amounted to 3.6 percent of total assets under management. Custody assets increased as a result of an improved range of services, the automated depositary function, in the first six months of 2009 by CHF 4.4 billion to CHF 11.0 billion.
Thus, client assets, including custody assets, amounted to CHF 39.9 billion. This is CHF 4.8 billion more than on December 31, 2008 (CHF 35.1 billion).

Income statement

Income from interest-differential business (decline over the equivalent period of the prior year of 7 percent or CHF 5.0 million)

Interest and discount income reflects, on the one hand, revenues from the operational account maintenance business and, on the other, from transactions relating to balance sheet management (interest rate derivatives).
Despite the increase in on-balance-sheet liquidity holdings by clients (money inflow), income from the interest-differential business declined by 7 percent to CHF 66.8 million (half-year 2008: CHF 71.8 million). As a result of the massively lower money-market interest rates in comparison to those prevailing in the first six months of 2008, in conjunction with highly money-market-related balance-sheet structure of the bank, interest income from the account maintenance business dropped by CHF 2.5 million. In addition, the trend of clients to shift from variable to fixed-rate mortgages increased pressure on margins. At the same time, this shift will produce stable revenues in future.

The low interest rates also impacted the interest rate derivatives. Together with the discontinuation of several interest rate derivatives, a reduction in interest income of CHF 2.2 million ensued.

Income from commission business and services (reduction of 27 percent or CHF 22.0 million over the equivalent period of the prior year)

Uncertainties in financial markets and centers, uncertainties as to the sustainability of government intervention and support measures and on the handling of the enormous government indebtedness as well as the profitability of companies resulted in a large reduction in client market activities. As a result, the basis of client assets under management was 17 percent lower than in the equivalent period of the prior year. Both effects led to declines in trade and portfolio revenues. Brokerage commissions were CHF 3.8 million (16 percent) lower than in the equivalent period of the prior year, commissions from asset management and investment business were lower by CHF 7.0 million (28 percent), commissions from depositary fees fell by CHF 5.1 million (38 percent) and the revenues from investment fund management activities fell by CHF 11.6 million (34 percent).Commission expenses correlated with commission revenues and also fell by CHF 7.3 million (28 percent).
In a market environment dominated by uncertainties, income from commission business and services thus declined by 27 percent compared with the equivalent period of the prior year.

Income from trading activities (reduction of 51 percent or CHF 6.8 million over the equivalent period of the prior year)

Income from trading in foreign currencies resulted in a positive variance of CHF 0.3 million over the prior year at CHF 12.5 million. The negative variance in trading activities over the prior year resulted from revaluation losses on hedging transactions for the purposes of balance sheet management (hedging of own financial investments).

Other income (increase of CHF 15.5 million over the equivalent period of the prior year)

Other income mainly encompasses revaluation adjustments, realized gains and losses from the disposal of financial investments and revenues of Group subsidiaries with trustee services.
A positive net income contribution of CHF 5.6 million was realized through various disposals with the primary goal of minimizing risk. In the same period of 2008, other income was charged mainly with revaluation adjustments of CHF 13.5 million. In the equivalent period of the prior year, a one-time gain from the disposal of real estate was recorded in the category of miscellaneous other income, thus leading to a negative variance compared with 2009.

Operating expenses (decrease of 9 percent or CHF 9.3 million over the equivalent period of the prior year)

Personnel expenses (decrease of 13 percent or CHF 9.1 million over the equivalent period of the prior year)

In the first six months of 2009, salaries and wages totaled CHF 50.3 million, which is CHF 5.2 million lower than the equivalent period of the prior year. This reduction in costs resulted primarily from the reduction in those salary components which are dependent upon results. Although the headcount of VP Bank Group as of June 30, 2009, expressed in terms of full-time employees, was effectively 769.7 employees (as of June 30, 2008: 718.1 employees, increase of 7 percent; headcount as of December 31, 2008: 775.7 employees). The savings from the bank project "FOCUS" will further reduce personnel expenses in the second half of 2009.
Other personnel expenses of CHF 2.5 million were CHF 5.8 million lower than same period of 2008 (CHF 8.3 million). The reason for this reduction was among others the non-recurrence of personnel recruitment costs.

General and administrative expenses (no increase over the equivalent period of the prior year)

Cost reductions in marketing and public relations expenses, taxes on capital and other general and administrative costs were offset by cost increases for external fees, IT procurement costs and for IT systems.
The increase in costs for IT systems of CHF 2.7 million compared with the first six months of 2008 was primarily due to a temporary increase in IT infrastructure costs. Other general and administrative costs declined over the same period last year by CHF 1.5 million, as the speed and scope of expenses of several expansion projects – which have since commenced operational activities – were adapted to the conditions prevailing in financial markets and centers.

Valuation allowances, provisions and losses

Provisioning expenses for credit risks increased by CHF 1.5 million from CHF 1.8 million to CHF 3.3 million. Non-performing loans remain unchanged at just 1 percent of the total volume of client loans. As of June 30, 2009, no valuation allowances were recorded on available-for-sale financial investments, as no permanent impairment in value was assumed.

Development of risks

Market risk declined by CHF 6.4 million over the level of the first six months of 2008 (half-year 2008: CHF –46.0 million). VP Bank applies the value-at-risk concept to measure market risk. Based upon changes in market data of the preceding 260 trading days, the historical value-at-risk indicates the possible loss which will not be exceeded for a holding period of one month with a probability of 99 percent.
Of prime importance for this reduction were various hedging measures in the first quarter of 2009. The proportion of equites was reduced from the June 30, 2008 level from 22 to 12 percent. Through the employment of equity index futures, the equity price risk was further significantly reduced. Furthermore, foreign-currency forward transactions were concluded in order to hedge the forex risk (see profit trading activities). On aggregate, the financial investments under management amounted to CHF 1.1 billion, of which 83 percent was invested in interest-bearing securities as of mid-year.

Balance sheet

Total assets increased by CHF 606.0 million over their level as of December 31, 2008 to reach CHF 12.0 billion. The higher level of total assets is in principle driven by the liabilities side, above all by liabilities to clients, as a result of the propensity of clients to hold greater liquid balances (shift from off-balance-sheet business to on-balance-sheet client monies). As a result, these deposits were reinvested on the assets' side in amounts due from banks (CHF +168 million to CHF 7.2 billion).
Following the decision of the Board of Directors of February 19, 2009, securities no longer satisfying the investment goals expected by the Bank and its clients were transferred at book values from the cash and money-market investment funds of VP Bank to the Bank's own financial investments and liquidity thus provided to the funds. As a result, the aggregate level of financial investments of VP Bank Group as of June 30, 2009 and thus the total assets at that date rose.

Stable equity resources

Equity resources totaling CHF 879 million remained practically unchanged at their level as of December 31, 2008 (CHF 845 million). Equity resources attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz, aggregated CHF 861 million as of June 30, 2009 (December 31, 2008: 828 million). The return on shareholders' equity amounted to 6.2 percent, influenced by the lower level of consolidated net income (June 30, 2008: 8.0 percent). The equity ratio, defined as the percentage of shareholders' equity to total assets, reached 7.2 percent (December 31, 2008: 7.3 percent).
Tier 1 ratio, defined as core capital as a percentage of risk-weighted assets, was 14.7 percent as of June 30, 2009 (December 31, 2008: 13.6 percent). VP Bank Group thus continues to have a solid equity base.

Investments

Investments totaled CHF 25.7 million as of June 30, 2009, whereby the investment activities primarily related to the planned follow-up work in connection with the introduction of the Avaloq Banking System software (CHF 18.5 million). Based upon the investments already made for the new banking software, depreciation and amortization increased by CHF 5.8 million or 44 percent from CHF 13.1 million (as of mid-year 2008) to CHF 18.9 million (as of mid-year 2009).

Consolidated Income Statement (unaudited)

In 1,000 CHF	Note	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Interest income		119,341	178,700	–59,359	–33.2
Interest expense		52,569	106,910	–54,341	–50.8
Total income from interest-differential business	1	**66,772**	**71,790**	**–5,018**	**–7.0**
Commission income		79,295	108,585	–29,290	–27.0
Commission expense		18,863	26,199	–7,336	–28.0
Total income from commission business and services	2	**60,432**	**82,386**	**–21,954**	**–26.6**
Income from trading activities	3	6,525	13,287	–6,762	–50.9
Other income	4	11,349	–4,148	15,497	n. a.
Total operating income		**145,078**	**163,315**	**–18,237**	**–11.2**
Personnel expenses	5	61,392	70,524	–9,132	–12.9
General and administrative expenses	6	31,791	31,942	–151	–0.5
Operating expenses		**93,183**	**102,466**	**–9,283**	**–9.1**
Gross income		**51,895**	**60,849**	**–8,954**	**–14.7**
Depreciation and amortization	7	18,868	13,098	5,770	44.1
Valuation allowances, provisions and losses	8	4,094	2,906	1,188	40.9
Income before income tax		**28,933**	**44,845**	**–15,912**	**–35.5**
Taxes on income	9	2,044	3,884	–1,840	–47.4
Consolidated net income		**26,889**	**40,961**	**–14,072**	**–34.4**
Consolidated net income attributable to minority interests		1,887	1,990	–103	–5.2
Consolidated net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		**25,002**	**38,971**	**–13,969**	**–35.8**

Share information [1]			
Consolidated net income per bearer share	10	4.35	6.66
Consolidated net income per registered share	10	0.43	0.67
Diluted consolidated net income per bearer share	10	4.35	6.66
Diluted consolidated net income per registered share	10	0.43	0.67

[1] Basis: weighted average number of shares, computed for 6 months.

Consolidated Statement of Comprehensive Income (unaudited)

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Consolidated net income	**26,889**	**40,961**	**–14,072**	**–34.4**
Financial instruments available for sale				
• Reclassifying adjustments recorded in Income Statement	3,430	–4,396	7,826	
• Net change in unrealized gains/losses	18,510	–46,253	64,763	
Total financial instruments available for sale	21,940	–50,649	72,589	
Foreign-currency translation differences	875	–4,878	5,753	
Other comprehensive income for the period recognized directly in equity (net-of-tax)	**22,815**	**–55,527**	**78,342**	
Total comprehensive income for the period (net-of-tax)	**49,704**	**–14,566**	**64,270**	
Attributable to minority shareholders	2,043	306	1,737	
Attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	47,661	–14,872	62,533	

Consolidated Balance Sheet (unaudited)

Assets

In 1,000 CHF	Note	30.6.2009	31.12.2008	Variance absolute	Variance in %
Cash and cash equivalents		204,200	215,182	–10,982	–5.1
Receivables arising from money-market papers		37,817	109	37,708	n. a.
Due from banks		7,192,034	7,023,989	168,045	2.4
Due from customers		3,158,109	2,985,188	172,921	5.8
Trading portfolios		2,200	4	2,196	n. a.
Derivative financial instruments		69,559	59,254	10,305	17.4
Financial instruments at fair value		228,091	175,227	52,864	30.2
Financial instruments available for sale		784,610	630,630	153,980	24.4
Associated companies		2,381	2,565	–184	–7.2
Property and equipment		151,572	156,597	–5,025	–3.2
Goodwill and other intangible assets		103,121	91,180	11,941	13.1
Taxes receivable		464	487	–23	–4.7
Deferred taxation assets		15,045	14,765	280	1.9
Accrued receivables and prepaid expenses		48,469	43,420	5,049	11.6
Other assets		19,129	12,226	6,903	56.5
Total assets		**12,016,801**	**11,410,823**	**605,978**	**5.3**

Liabilities and shareholders' equity

In 1,000 CHF	Note	30.6.2009	31.12.2008	Variance absolute	Variance in %
Due to banks		343,163	124,837	218,326	174.9
Due to customers – savings and deposits		920,927	677,866	243,061	35.9
Due to customers – other liabilities		9,177,979	8,916,107	261,872	2.9
Derivative financial instruments		70,500	62,502	7,998	12.8
Medium-term notes		254,544	356,236	–101,692	–28.5
Debentures issued	11	248,185	247,894	291	0.1
Tax liabilities		5,512	4,083	1,429	35.0
Deferred taxation liabilities		16,325	14,739	1,586	10.8
Accrued liabilities and deferred items		36,757	54,599	–17,842	–32.7
Other liabilities		61,965	36,627	25,338	69.2
Provisions		1,719	69,847	–68,128	–97.5
Total liabilities		**11,137,576**	**10,565,337**	**572,239**	**5.4**
Share capital	12	59,148	59,148	0	0.0
Less: treasury shares	13	–38,487	–38,521	34	0.1
Capital reserves		–6,981	–6,045	–936	–15.5
Income reserves		875,764	865,131	10,633	1.2
IAS 39 reserves		–20,247	–42,187	21,940	52.0
Foreign-currency translation differences		–8,651	–9,370	719	7.7
Shareholders' equity attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz		860,546	828,156	32,390	3.9
Minority interests		**18,679**	**17,330**	**1,349**	**7.8**
Total shareholders' equity		**879,225**	**845,486**	**33,739**	**4.0**
Total liabilities and shareholders' equity		**12,016,801**	**11,410,823**	**605,978**	**5.3**

Consolidated Changes in Shareholders' Equity (unaudited)

In 1,000 CHF	Share-capital	Treasury shares	Capital reserves	Income reserves	Reserves financial instruments IAS 39	Foreign currency translation differences	Shareholders' equity attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz	Minority interests	Total shareholders' equity
Total shareholders' equity 1.1.2008	59,148	–11,925	–9,954	1,013,440	13,102	–6,813	1,056,998	17,019	1,074,017
Unrealized gains or losses on available-for-sale financial instruments									
• gains/losses taken to income statement					–4,396		–4,396		–4,396
• change in unrealized gains/losses (net-of-tax)					–46,253		–46,253		–46,253
Foreign-currency translation differences						–3,194	–3,194	–1,684	–4,878
Consolidated net income				38,971			38,971	1,990	40,961
Total reported result 30.6.2008				38,971	–50,649	–3,194	–14,872	306	–14,566
Appropriation of income 2007				–65,062			–65,062	–1,569	–66,631
Management equity participation plan (LTI)			4,000				4,000		4,000
Change in treasury shares		–23,034	–1,117				–24,151		–24,151
Total shareholders' equity 30.6.2008	59,148	–34,959	–7,071	987,349	–37,547	–10,007	956,913	15,756	972,669
Total shareholders' equity 1.1.2009	59,148	–38,521	–6,045	865,131	–42,187	–9,370	828,156	17,330	845,486
Unrealized gains or losses on available-for-sale financial instruments									
• gains/losses taken to income statement					3,430		3,430		3,430
• change in unrealized gains/losses (net-of-tax)					18,510		18,510		18,510
Foreign-currency translation differences						719	719	156	875
Consolidated net income				25,002			25,002	1,887	26,889
Total reported result 30.6.2009				25,002	21,940	719	47,661	2,043	49,704
Appropriation of income 2008				–14,369			–14,369	–694	–15,063
Management equity participation plan (LTI)			–950				–950		–950
Change in treasury shares		34	14				48		48
Total shareholders' equity 30.6.2009	59,148	–38,487	–6,981	875,764	–20,247	–8,651	860,546	18,679	879,225

Consolidated Statement of Cash Flows (unaudited)

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008
Cash and cash equivalents at the beginning of the business year	**1,005,917**	**1,269,810**
Cash flows from post-tax operating activities	1,736,468	1,012,049
Cash flows from investing activities	–205,178	18,723
Cash flows from financing activities	–117,981	–83,789
Impact of foreign-currency translation	–2,425	6,994
Cash and cash equivalents at the end of the period	**2,416,801**	**2,223,787**
Change in cash and cash equivalents	1,410,884	953,977
Cash and cash equivalents are represented by:		
Cash balances	204,200	90,553
Receivables arising from money-market papers	37,817	95
Due from banks – sight balances	2,174,784	2,133,139
Total cash and cash equivalents	**2,416,801**	**2,223,787**

Principles Underlying Financial-Statement Reporting

The unaudited semi-annual Group report has been prepared in compliance with International Financial Reporting Standards (IAS 34). With the exception of the following modifications and revisions, the semi-annual financial statements have been prepared on the basis of the accounting policies applied as of December 31, 2008.

Since January 1, 2009, the following new and revised Standards and Interpretations have come into force:

IAS 1: Presentation of Financial Statements
IAS 32 and IAS 1: Amendments – Puttable Instruments and Obligations Arising on Liquidation
IFRS 1 and IAS 27: Amendments – Acquisition Cost of a Subsidiary in the Separate Financial Statements of a Parent Company
IFRS 2: Amendment – Vesting Conditions and Cancelations
IFRS 8: Operating Segments
IFRIC 16: Hedges of a Net Investment in a Foreign Operation
IFRIC 17: Distribution of Non-Cash Assets to Owners

The implementation of these standards had no impact on the semi-annual financial statements.

Post-balance-sheet-date events
There were no material events impacting the balance sheet and income statement for the first six months of 2009.

The Board of Directors discussed and approved the semi-annual report in its meeting of August 20, 2009.

The following exchange rates have been used for the most important Group currencies:

	Exchange rates as of		Annual average rates	
	30.6.2009	31.12.2008	2009	2008
USD/CHF	1.0795	1.0650	1.12955	1.08258
EUR/CHF	1.5255	1.5000	1.50525	1.58718
SGD/CHF	0.7462	0.7365	0.75703	0.76495
HKD/CHF	0.1393	0.1367	0.14578	0.13909

Notes to the Consolidated Income Statement and Consolidated Balance Sheet (unaudited)

1 Income from interest-differential business

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Interest and discount income	105,992	164,486	–58,494	–35.6
Interest income from available-for-sale financial instruments	9,562	9,634	–72	–0.7
Dividend income from available-for-sale financial instruments	1,320	1,709	–389	–22.8
Subtotal	**116,874**	**175,829**	**–58,955**	**–33.5**
Interest income from trading portfolios and interest rate derivatives	40	4	36	n. a.
Interest income from financial instruments designated at fair value	2,349	2,812	–463	–16.5
Dividend income from trading portfolios	6	28	–22	–78.6
Dividend income from financial instruments designated at fair value	72	27	45	166.7
Total interest income	**119,341**	**178,700**	**–59,359**	**–33.2**
Interest expenses on liabilities	44,993	98,708	–53,715	–54.4
Interest expenses on medium-term bonds	3,666	3,999	–333	–8.3
Interest expenses on debenture bonds	3,910	4,203	–293	–7.0
Total interest expense	**52,569**	**106,910**	**–54,341**	**–50.8**
Total income from interest-differential business	**66,772**	**71,790**	**–5,018**	**–7.0**

2 Income from commission business and services

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Commission income from credit business	550	461	89	19.3
Asset management and investment business [1]	18,227	25,178	–6,951	–27.6
Brokerage fees	20,709	24,536	–3,827	–15.6
Safekeeping fees	8,426	13,568	–5,142	–37.9
Fund management fees	22,096	33,744	–11,648	–34.5
Fiduciary commissions	2,430	4,647	–2,217	–47.7
Commission income from other services	6,857	6,451	406	6.3
Total income from commission business and services	**79,295**	**108,585**	**–29,290**	**–27.0**
Brokerage expenses	4,000	4,231	–231	–5.5
Other commission and service-related expenses	14,863	21,968	–7,105	–32.3
Total expenses – commission business and services	**18,863**	**26,199**	**–7,336**	**–28.0**
Total income from commission business and services	**60,432**	**82,386**	**–21,954**	**–26.6**

[1] Income securities processing, asset management commissions, investment advisory, all-in fees, securities lending and borrowing, retrocessions.

3 Income from trading activities

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Securities' trading	–7,082	508	–7,590	n. a.
Foreign currency	12,531	12,219	312	2.6
Bank notes, precious metals and other	1,076	560	516	92.1
Total income from trading activities	**6,525**	**13,287**	**–6,762**	**–50.9**

The results of trading derivatives, options, etc. is included in the securities' trading category.

4 Other income

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Income from financial instruments at fair value	12,249	–11,252	23,501	n. a.
Income from available-for-sale financial instruments	–6,627	–2,232	–4,395	–196.9
Income from real estate	56	63	–7	–11.1
Release of valuation allowances and provisions no longer required	1,326	1,889	–563	–29.8
Miscellaneous other income [1]	5,369	7,612	–2,243	–29.5
Profits/losses of associated companies	–184	0	–184	n. a.
Miscellaneous other losses	–840	–228	–612	268.4
Total other income	**11,349**	**–4,148**	**15,497**	**373.6**

[1] Principally revenues from subsidiary companies with trustee services.

Income from financial instruments at fair value

Gains/losses from assets designated at fair value	12,249	–11,252	23,501	n. a.
Income from liabilities designated at fair value	0	0	0	0.0
Total [1]	**12,249**	**–11,252**	**23,501**	**n. a.**

[1] Included in this amount are gains and losses from purchases and sales and changes in market values of financial instruments designated at fair value.

Income from available-for-sale financial instruments

Debt instruments	–2,212	–5,228	3,016	n. a.
Equity instruments / shares in investment funds	–4,415	2,996	–7,411	–247.4
Total [1]	**–6,627**	**–2,232**	**–4,395**	**196.9**

[1] Included in this amount are amounts transferred from shareholders' equity to the income statement in respect of available-for-sale financial instruments.

5 Personnel expenses

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Salaries and wages	50,317	55,556	–5,239	–9.4
Social contributions required by law	4,208	4,915	–707	–14.4
Contributions to pension plans / defined-benefit plans	3,770	3,734	36	1.0
Contributions to pension plans / defined-contribution plans	574	616	–42	–6.8
Other personnel expenses	2,523	8,303	–5,780	–69.6
Capitalized share of personnel costs [1]	0	–2,600	2,600	100.0
Total personnel expenses	**61,392**	**70,524**	**–9,132**	**–12.9**

[1] In accordance with IAS 38, a portion of self-created software was capitalized. The amount thus capitalized was deducted from personnel expenses.

6 General and administrative expenses

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Occupancy	4,595	4,528	67	1.5
Insurance	501	575	–74	–12.9
Professional fees	4,028	3,117	911	29.2
Financial information procurement	3,817	3,320	497	15.0
Telecommunication and postage	1,342	1,288	54	4.2
IT systems	10,056	7,395	2,661	36.0
Marketing and public relations	3,256	5,205	–1,949	–37.4
Taxes on capital	322	1,169	–847	–72.5
Other general and administrative expenses	3,874	5,345	–1,471	–27.5
Total general and administrative expenses	**31,791**	**31,942**	**–151**	**–0.5**

7 Depreciation and amortization

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Depreciation and amortization of property and equipment	6,784	6,900	–116	–1.7
Amortization of intangible assets	12,084	6,198	5,886	95.0
Total depreciation and amortization	**18,868**	**13,098**	**5,770**	**44.1**

8 Valuation allowances, provisions and losses

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Credit risks	3,315	1,772	1,543	87.1
Legal and litigation risks	0	0	0	0.0
Valuation allowances on available-for-sale financial investments	392	570	–178	–31.2
Other	387	564	–177	–31.4
Total valuation allowances, provisions and losses	**4,094**	**2,906**	**1,188**	**40.9**

9 Taxes on income

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Total current taxes	3,430	2,455	975	39.7
Total deferred taxes	–1,386	1,429	–2,815	–197.0
Total taxes on income	**2,044**	**3,884**	**–1,840**	**–47.4**

10 Consolidated net income per share

	30.6.2009	30.6.2008
Consolidated net income per share of Verwaltungs- und Privat-Bank AG, Vaduz		
Consolidated net income (in CHF 1,000) [1]	25,002	38,971
Weighted average of bearer shares	5,154,673	5,251,300
Weighted average of registered shares	5,993,966	5,995,986
Total weighted average number of shares (bearer)	5,754,070	5,850,899
Undiluted consolidated net income per bearer share	4.35	6.66
Undiluted consolidated net income per registered share	0.43	0.67
Diluted consolidated net income per share of Verwaltungs- und Privat-Bank AG, Vaduz		
Consolidated net income (in CHF 1,000) [1]	25,002	38,971
Adjusted consolidated net income (in CHF 1,000)	25,002	38,971
Number of shares used to compute the fully-diluted consolidated net income	5,754,070	5,850,899
Diluted consolidated net income per bearer share	4.35	6.66
Diluted consolidated net income per registered share	0.43	0.67

[1] On the basis of the consolidated net income attributable to the shareholders of Verwaltungs- und Privat-Bank AG, Vaduz.

11 Debentures issued

In 1,000 CHF					30.6.2009	31.12.2008
Verwaltungs- und Privat-Bank AG, Vaduz						
Year of issue	Interest rate in %	Currency	Maturity	Nominal amount	Total	Total
2007	2.875	CHF	4.6.2012	250,000	248,185	247,894

On June 4, 2007, Verwaltungs- und Privat-Bank AG issued debentures in an aggregate amount of CHF 250 million, which are listed on the Swiss stock exchange under security ID number 3.089.669.
At the time of their initial recording, debt securities are accounted for at their fair value plus transaction costs. The fair value equals the consideration received. Subsequently, they are valued for balance-sheet purposes at their amortized cost, using the effective interest method (3.14 percent) in order to amortize the difference between issuance price and redemption value over the duration of the debt securities.

12 Share capital

	30.6.2009		31.12.2008	
	No. of shares	Nominal CHF	No. of shares	Nominal CHF
Registered shares of CHF 1.00 nominal value	6,004,167	6,004,167	6,004,167	6,004,167
Bearer sharers of CHF 10.00 nominal value	5,314,347	53,143,470	5,314,347	53,143,470
Total share capital		**59,147,637**		**59,147,637**

All shares are fully paid up.

13 Treasury shares

	30.6.2009		31.12.2008	
	No. of shares	In 1,000 CHF	No. of shares	In 1,000 CHF
Registered shares at the beginning of the financial year	**9,915**	**252**	**8,970**	**246**
Purchases	1,000	9	4,300	97
Sales	0	0	–3,355	–91
Balance of registered shares as of balance-sheet date	**10,915**	**261**	**9,915**	**252**
Bearer shares at the beginning of the financial year	**151,695**	**38,269**	**40,009**	**11,679**
Purchases	16,371	1,422	195,516	48,680
Sales	–14,999	–1,465	–83,830	–22,090
Balance of bearer shares as of balance-sheet date	**153,067**	**38,226**	**151,695**	**38,269**

The movement in the balance of bearer shares is due in part to the future servicing of the management equity participation plan introduced in spring 2008.

Consolidated off-balance-sheet positions

In 1,000 CHF	30.6.2009	31.12.2008
Total contingent liabilities	127,324	267,222
Irrevocable facilities granted	25,010	22,647
Total fiduciary transactions	3,340,469	3,347,758
Contract volumes of derivative financial instruments	3,571,809	2,227,046

Securities lending and repurchase and reverse-repurchase transactions with securities

Receivables arising from cash deposits in connection with securities borrowing and reverse-repurchase transactions	0	0
Obligations 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	702,068	182,509
thereof those where the unlimited right to sell on or pledge has been granted	567,766	182,509
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 sell on or further pledge has been granted	873,835	51,065
thereof securities which have been resold or repledged	418,374	51,065

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

Client assets

Analysis of client assets under management In CHF millions	30.6.2009	31.12.2008	Variance absolute	Variance in %
Assets in self-administered funds	2,594.4	2,616.9	–22.5	–0.9
Assets in discretionary portfolios	2,216.6	2,084.7	131.9	6.3
Other client assets	24,099.9	23,817.3	282.7	1.2
Total client assets under management (including double counts)	**28,911.0**	**28,518.9**	**392.1**	**1.4**
Thereof: double counts	1,888.6	1,963.9	–75.3	–3.8
Net new money	**–1,048.1**	**–1,261.2**	**213.1**	**n. a.**

Custody assets In CHF millions	30.6.2009	31.12.2008	Variance absolute	Variance in %
Custody assets	**10,987.6**	**6,582.3**	**4,405.3**	**66.9**

Total client assets In CHF millions	30.6.2009	31.12.2008	Variance absolute	Variance in %
Total client assets under management (including double counts)	28,911.0	28,518.9	392.1	1.4
Custody assets	10,987.6	6,582.3	4,405.3	66.9
Total client assets	**39,898.6**	**35,101.2**	**4,797.4**	**13.7**

Segment Reporting per Business Unit (unaudited)

1.1.-30.6.2009 In 1,000 CHF	Private Banking Clients	Intermediaries	Banking Services	Corporate Center	Total Group
Total income from interest-differential business	23,130	17,533	6,635	19,474	66,772
Total income from commission business and services	30,476	30,461	–731	226	60,432
Income from trading activities	7,098	4,219	1,321	–6,113	6,525
Other income	4,162	3,847	1,510	1,830	11,349
Total operating income	**64,866**	**56,060**	**8,735**	**15,417**	**145,078**
Personnel expenses	26,247	8,568	20,472	6,105	61,392
General and administrative expenses	5,085	2,841	10,183	13,682	31,791
Services provided by/to other business divisions	10,443	6,612	–11,621	–5,434	0
Operating expenses	**41,775**	**18,021**	**19,034**	**14,353**	**93,183**
Gross income	**23,091**	**38,039**	**–10,299**	**1,064**	**51,895**
Depreciation and amortization	1,134	366	13,999	3,369	18,868
Valuation allowances, provisions and losses	2,865	737	187	305	4,094
Pre-tax income	**19,092**	**36,936**	**–24,485**	**–2,610**	**28,933**
Taxes on income					2,044
Consolidated net income					**26,889**
Consolidated net income attributable to minority interests					1,887
Consolidated net income attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz					**25,002**
Divisional assets (in CHF millions)	2,809	950	2,333	5,925	12,017
Divisional liabilities (in CHF millions)	4,418	5,287	1,043	390	11,138
Investment in property and equipment (in 1,000 CHF)	233	272	24,559	622	25,686
Depreciation and amortization (in 1,000 CHF)	1,134	366	13,999	3,369	18,868
Creation of valuation adjustments for credit risks (in 1,000 CHF)	2,268	166	881	0	3,315
Release of valuation adjustments for credit risks (in 1,000 CHF)	1,197	119	0	0	1,316
Client assets under management (in CHF billions) [1]	13.4	15.3	0.0	0.2	28.9
Net inflow of new client assets (in CHF billions)	–0.4	–0.6	0.0	0.0	–1.0
Headcount (employees)	262	117	296	148	823
Headcount (expressed as full-time equivalents)	253.6	114.9	274.0	127.2	769.7
as of 31.12.2008					
Divisional assets (in CHF millions)	2,628	1,164	1,917	5,702	11,411
Divisional liabilities (in CHF millions)	4,117	5,227	1,089	132	10,565
Client assets under management (in CHF billions) [1]	13.4	14.9	0.0	0.2	28.5
Net inflow of new client assets (in CHF billions)	–1.0	–0.3	0.0	0.0	–1.3
Headcount (employees)	271	114	299	147	831
Headcount (expressed as full-time equivalents)	261.6	112.4	275.9	125.8	775.7

[1] Computation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-BankO).

The recharging of costs and revenues between the business units is made on the basis of agreements as would be drawn up between unrelated third parties ("at arm's length"). Costs recharged between the business units are reviewed annually and renegotiated to reflect changed economic conditions.

1.1.-30.6.2008 In 1,000 CHF	Private Banking Clients	Intermediaries	Banking Services	Corporate Center	Total Group
Total income from interest-differential business	24,495	21,094	5,939	20,262	71,790
Total income from commission business and services	46,682	36,472	–694	–74	82,386
Income from trading activities	6,187	4,766	2,334	0	13,287
Other income	4,362	3,442	1,224	–13,176	–4,148
Total operating income	**81,726**	**65,774**	**8,803**	**7,012**	**163,315**
Personnel expenses	24,634	8,837	19,898	17,155	70,524
General and administrative expenses	7,358	3,023	9,849	11,712	31,942
Services provided by/to other business divisions	13,727	8,924	–16,671	–5,980	0
Operating expenses	**45,719**	**20,784**	**13,076**	**22,887**	**102,466**
Gross income	**36,007**	**44,990**	**–4,273**	**–15,875**	**60,849**
Depreciation and amortization	910	291	7,966	3,931	13,098
Valuation allowances, provisions and losses	1,568	675	65	598	2,906
Pre-tax income	**33,529**	**44,024**	**–12,304**	**–20,404**	**44,845**
Taxes on income					3,884
Consolidated net income					**40,961**
Consolidated net income attributable to minority interests					1,990
Consolidated net income attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz					**38,971**
Divisional assets (in CHF millions)	2,557	1,009	1,692	6,201	11,460
Divisional liabilities (in CHF millions)	3,940	4,396	799	1,353	10,487
Investment in property and equipment (in 1,000 CHF)	3,075	991	32,701	1,010	37,777
Depreciation and amortization (in 1,000 CHF)	910	291	7,966	3,931	13,098
Creation of valuation adjustments for credit risks (in 1,000 CHF)	1,107	412	0	253	1,772
Release of valuation adjustments for credit risks (in 1,000 CHF)	1,214	148	0	654	2,016
Client assets under management (in CHF billions) [1]	17.1	17.4	0.0	0.2	34.7
Net inflow of new client assets (in CHF billions)	0.0	–0.1	0.0	0.0	–0.1
Headcount (employees)	228	112	293	135	768
Headcount (expressed as full-time equivalents)	222.9	109.4	269.7	116.1	718.1

[1] Computation in accordance with Table P of the Guidelines to the Liechtenstein Banking Ordinance issued by the Government of Liechtenstein (FL-BankO).

The recharging of costs and revenues between the business units is made on the basis of agreements as would be drawn up between unrelated third parties ("at arm's length"). Costs recharged between the business units are reviewed annually and renegotiated to reflect changed economic conditions.

Private Banking Clients

Business unit results

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Total income from interest-differential business	23,130	24,495	–1,365	–5.6
Total income from commission business and services	30,476	46,682	–16,206	–34.7
Income from trading activities	7,098	6,187	911	14.7
Other income	4,162	4,362	–200	–4.6
Total operating income	**64,866**	**81,726**	**–16,860**	**–20.6**
Personnel expenses	26,247	24,634	1,613	6.5
General and administrative expenses	5,085	7,358	–2,273	–30.9
Services provided by/to other business divisions	10,443	13,727	–3,284	–23.9
Operating expenses	**41,775**	**45,719**	**–3,944**	**–8.6**
Gross income	**23,091**	**36,007**	**–12,916**	**–35.9**
Depreciation and amortization	1,134	910	224	24.6
Valuation allowances, provisions and losses	2,865	1,568	1,297	82.7
Divisional pre-tax income	**19,092**	**33,529**	**–14,437**	**–43.1**
Additional information				
Operating expenses excluding depreciation and amortization / total operating income (in %)	64.4	55.9		
Operating expenses including depreciation and amortization / total operating income (in %)	66.2	57.1		
Client assets under management (in CHF billions)	13.4	17.1		
Change in assets under management compared to 31.12. prior year (in %)	0.2	–8.7		
Net inflow of new client assets (in CHF billions)	–0.4	0.0		
Operating gross margin (bp) [1, 2]	90.6	86.6		
Gross income / average client assets under management (bp) [1]	28.5	37.5		
Cost/income ratio (operating income) (in %) [3]	68.8	59.1	9.7	16.5
Headcount (employees)	262	228	34.0	14.9
Headcount (expressed as full-time equivalents)	253.6	222.9	30.7	13.8

[1] Gross income without other income / average client assets under management.
[2] Annualized, average values.
[3] Operating expenses / gross income less other income.

The Private Banking Clients business unit encompasses the business with private clients of VP Bank Group. VP Vermögensverwaltung GmbH in Munich, VP Bank (Singapore) Ltd., VP Wealth Management (Middle East) Ltd. and VP Wealth Management (Hong Kong) Ltd. are also allocated to this business unit. In addition, the revenues and expenses of the Group subsidiaries VP Bank (Schweiz) AG and VP Bank (Luxembourg) S.A. are distributed over the Private Banking Clients, Intermediaries and Banking Services business units. Furthermore, the remit of Private Banking Clients encompasses the development of integrated wealth management solutions as well as the entire investment process with the related investment products.
Client assets under management allocated to the business unit remained unchanged from their level as of December 31, 2008 at CHF 13.4 billion as of June 30, 2009. Positive changes in market values amounted to CHF 0.4 billion and as of June 30, 2009, the cumulative net outflows of client assets including double counts also aggregated CHF 0.4 billion. The net outflows of client assets thus amounted to 3 percent of the assets under management of this business unit.
The pre-tax segment results saw a reduction of 43 percent or CHF 14.4 million. This clear reduction is principally a result of the reduction in the level of the commission business and services.
In the first six months of 2009, the basis of the assets under management of the Private Banking Clients business unit was 21 percent or CHF 3.7 billion lower than that of the equivalent period of 2008. Uncertainties in the financial markets and the ensuing reduced level of market activities among clients as well as a lower revenue basis led to marked declines in trade and portfolio revenues. Under these conditions, total operating income of the Private Banking Clients business unit fell by 21 percent or CHF 16.9 million to CHF 64.9 million.
Compared with the same period of 2008, operating expenses fell by 9 percent to CHF 41.8 million. Personnel expenses (+6 percent) and general and administrative expenses (–31 percent) amounted to CHF 26.2 million and CHF 5.1 million respectively. Personnel expenses increased by CHF 1.6 million. The impact of the increase in headcount from 222.9 to 253.6 employees (30.7 employees) was attenuated by cost-saving measures and the non-recurrence of certain cost blocks such as personnel recruitment costs. General and administrative expenses declined by CHF 2.3 million. A part of the reduction resulted from reduced expenditures for expansion projects which have since commenced operations, but the speed and scope of these expenditures were adapted to the conditions prevailing in financial markets and centers.
The recharging of costs and revenues between the business units is made on the basis of agreements as would be drawn up between unrelated third parties ("at arm's length"). Costs recharged between the business units are reviewed annually and renegotiated to reflect changed economic conditions. The net costs for services provided by/to other segments fell by 24 percent to CHF 10.4 million reflecting the current activity levels in the commission business and services. At the level of net income, the internal recharges are neutral insofar as this level is regarded as meaningful for assessing the profitability of the business unit.
In the Private Banking Clients business unit, required valuation allowances, provisions and losses increased by CHF 1.6 million over the prior period to CHF 2.9 million.
The pre-tax segment result of the Private Banking Clients business unit was therefore CHF 19.1 million (same period of 2008: CHF 33.5 million).

Intermediaries

Business unit results

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Total income from interest-differential business	17,533	21,094	–3,561	–16.9
Total income from commission business and services	30,461	36,472	–6,011	–16.5
Income from trading activities	4,219	4,766	–547	–11.5
Other income	3,847	3,442	405	11.8
Total operating income	**56,060**	**65,774**	**–9,714**	**–14.8**
Personnel expenses	8,568	8,837	–269	–3.0
General and administrative expenses	2,841	3,023	–182	–6.0
Services provided by/to other business divisions	6,612	8,924	–2,312	–25.9
Operating expenses	**18,021**	**20,784**	**–2,763**	**–13.3**
Gross income	**38,039**	**44,990**	**–6,951**	**–15.5**
Depreciation and amortization	366	291	75	25.8
Valuation allowances, provisions and losses	737	675	62	9.2
Divisional pre-tax income	**36,936**	**44,024**	**–7,088**	**–16.1**
Additional information				
Operating expenses excluding depreciation and amortization / total operating income (in %)	32.1	31.6		
Operating expenses including depreciation and amortization / total operating income (in %)	32.8	32.0		
Client assets under management (in CHF billions)	15.3	17.4		
Change in assets under management compared to 31.12. prior year (in %)	2.4	–10.0		
Net inflow of new client assets (in CHF billions)	–0.6	–0.1		
Operating gross margin (bp) [1, 2]	69.3	68.0		
Gross income / average client assets under management (bp) [1]	49.0	48.0		
Cost/income ratio (operating income) (in %) [3]	34.5	33.3	1.2	3.5
Headcount (employees)	117	112	5.0	4.5
Headcount (expressed as full-time equivalents)	114.9	109.4	5.5	5.0

[1] Gross income without other income / average client assets under management.
[2] Annualized, average values.
[3] Operating expenses / gross income less other income.

The Intermediaries business unit consists of the Group-wide areas Intermediaries and Fund Solutions. In addition to the investment-fund subsidiaries, VP Bank and Trust Company (BVI) Ltd. with its subsidiaries is also allocated to this business unit. The revenues and expenditures of the Group's subsidiaries VP Bank (Schweiz) AG and VP Bank (Luxembourg) S.A. are distributed over the Private Banking Clients, Intermediaries and Banking Services business units.

In terms of content, the business with intermediaries covers all group-wide activities which VP Bank provides to intermediary clients – these are primarily asset managers, trustees and lawyers.

In this business unit, client assets under management also increased marginally: from CHF 14.9 billion as of December 31, 2008 to CHF 15.3 billion as of June 30, 2009. Positive changes in market values amounted to CHF 0.9 billion. As of June 30, 2009, the cumulative net outflows of client assets including double counts aggregated CHF 0.6 billion. The net outflows of client assets thus amounted to 4 percent of the assets under management of this business unit.

If one compares the change in the income-generating basis between the first six months of 2008 and 2009, the client assets under management of the Intermediaries business unit declined from CHF 17.4 billion to CHF 15.3 billion. This reduction amounted to CHF 2.1 billion or 12 percent. The uncertainties in the financial markets which strongly influenced client behavior and the lower income-generating basis resulted in pre-tax segment results down by CHF 7.1 million or 16 percent. Thus, although the business with intermediaries shows also a downward trend compared with the same period of 2008, it has proven for the time being to be more resilient in face of the situation in the financial markets than the business with private clients.

The gross operating income of the business unit declined 15 percent or CHF 9.7 million to CHF 56.1 million; 60 percent of this fall is attributable to the commission business and services and the remaining 40 percent, from income from interest-differential business.

Operating expenses fell to CHF 18.0 million (–13 percent). Personnel expenses declined by 3 percent to CHF 8.6 million, and general and administrative expenses declined by 6 percent to CHF 2.8 million. The number of employees, expressed in terms of full-time equivalents, increased slightly from 109.4 to 114.9 (5.5 employees), but cost-saving measures allowed a reduction in operating expenses here too.

The recharging of costs and revenues between the business units is made on the basis of agreements as would be drawn up between unrelated third parties ("at arm's length"). Costs recharged between the business units are reviewed annually and renegotiated to reflect changed economic conditions. An adjustment to transfer prices is made to the extent that cost recharges are insufficient to cover the actual costs of the service center or exceed such actual costs. The net costs for services provided by/to other segments declined by 26 percent to CHF 6.6 million in line with the current business levels.

At the level of gross profit, the internal recharges are neutral insofar as this level is regarded as meaningful for assessing the profitability of the business unit.

The Intermediaries business unit reported a pre-tax segment result for the first six months of 2009 of CHF 36.9 million (same period of 2008: CHF 44.0 million).

Banking Services

Business unit results

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Total income from interest-differential business	6,635	5,939	696	11.7
Total income from commission business and services	–731	–694	–37	–5.3
Income from trading activities	1,321	2,334	–1,013	–43.4
Other income	1,510	1,224	286	23.4
Total operating income	**8,735**	**8,803**	**–68**	**–0.8**
Personnel expenses	20,472	19,898	574	2.9
General and administrative expenses	10,183	9,849	334	3.4
Services provided by/to other business divisions	–11,621	–16,671	5,050	–30.3
Operating expenses	**19,034**	**13,076**	**5,958**	**45.6**
Gross income	**–10,299**	**–4,273**	**–6,026**	**–141.0**
Depreciation and amortization	13,999	7,966	6,033	75.7
Valuation allowances, provisions and losses	187	65	122	187.7
Divisional pre-tax income	**–24,485**	**–12,304**	**–12,181**	**–99.0**
Additional information				
Headcount (employees)	296	293	3.0	1.0
Headcount (expressed as full-time equivalents)	274.0	269.7	4.3	1.6

The Banking Services business unit is the central service provider for VP Bank Group. Its core task consists of guaranteeing banking operations for tasks in Information Technology, Operations including Trading and Logistics and Security.

The revenues and expenses of the Group's subsidiaries VP Bank (Schweiz) AG and VP Bank (Luxembourg) S.A. are distributed over the Private Banking Clients, Intermediaries und Banking Services business units. In this manner, those expenses arising from the use on a Group-wide basis of internal services can be allocated directly to the Banking Services business unit.

Income from the interest-differential business of Banking Services encompasses interest revenues from two subsidiary companies which are banks, excluding the parent company; in the parent company, interest revenues from banks are basically recorded in the Group Risk Management central staff function, which is allocated to the Corporate Center. Income from the commission business and services of Banking Services reported a reduction in revenues. The reduction in revenues comprised third-party bank commissions which were recharged internally by the Operations organizational unit to other business units. Following the transfer of Trading to this business unit, central revenues from these activities are recorded in Banking Services.

The negative pre-tax segment results of the Banking Services business unit rose by CHF 12.2 million to CHF –24.5 million – a proportion of the costs of this unit arises in connection with pure overall banking activities and thus are not reallocated to the operating business units but remain in this business unit. On the other hand, revenues arising from central services, such as some of the trading results, are left in this business unit.

Personnel expenses increased by 3 percent or CHF 0.6 million. This increase resulted not so much from an increase in the employee headcount (4.3 employees) but rather because of the basis effect of last year's personnel expansion. This increase in headcount was caused by the centralization of various Banking Service areas from VP Bank Group into Verwaltungs- und Privat-Bank Aktiengesellschaft, Vaduz (parent company). General and administrative costs increased marginally by CHF 0.3 million (3 percent) to CHF 10.2 million.

The recharging of costs and revenues between the business units is made on the basis of agreements as would be drawn up between unrelated third parties ("at arm's length").

Costs recharged between the business units are reviewed annually and renegotiated to reflect changed economic conditions. An adjustment to transfer prices is made to the extent that cost recharges are insufficient to cover the actual costs of the service center or exceed such actual costs. Services recharged by Banking Services to other segments declined in the first six months of 2009 by CHF 5.1 million to reach CHF 11.6 million and reflect the lower level of business activities.

The reduction of CHF 5.1 million in the level of recharging and the increase in central depreciation and amortization by CHF 6.1 million as a result of the new Avaloq Banking System software led to an increase of CHF 12.2 million in the negative pre-tax segment results, reaching CHF –24.5 million.

Corporate Center

Business unit results

In 1,000 CHF	1.1.-30.6.2009	1.1.-30.6.2008	Variance absolute	Variance in %
Total income from interest-differential business	19,474	20,262	–788	–3.9
Total income from commission business and services	226	–74	300	–405.4
Income from trading activities	–6,113	0	–6,113	n. a.
Other income	1,830	–13,176	15,006	n. a.
Total operating income	**15,417**	**7,012**	**8,405**	**119.9**
Personnel expenses	6,105	17,155	–11,050	–64.4
General and administrative expenses	13,682	11,712	1,970	16.8
Services provided by/to other business divisions	–5,434	–5,980	546	9.1
Operating expenses	**14,353**	**22,887**	**–8,534**	**–37.3**
Gross income	**1,064**	**–15,875**	**16,939**	**n. a.**
Depreciation and amortization	3,369	3,931	–562	–14.3
Valuation allowances, provisions and losses	305	598	–293	–49.0
Divisional pre-tax income	**–2,610**	**–20,404**	**17,794**	**87.2**
Additional information				
Headcount (employees)	148	135	13.0	9.6
Headcount (expressed as full-time equivalents)	127.2	116.1	11.1	9.6

The Corporate Center encompasses all units which assume relevant roles on a Group-wide basis: corporate development, finances, human resource management, legal and compliance, marketing and risk management. It supports Group Executive Management in managing the corporation. The Corporate Development, Corporate Communications, Group Human Resources Management and Group Marketing units report directly to the CEO; Group Finance, Group Risk Management and Group Legal Services and Compliance report directly to the CFO.

In detail, those revenues and costs having no direct connection to operational business units as well as staff functions and consolidation adjustments are reported under the Corporate Center. The management of the Group's own equity resources by the Group Risk Management central staff function and the results of asset and liability management are components of the Corporate Center. Also, the results of the subsidiary companies FIB Finanz- und Beteiligungs-AG, Proventus Treuhand und Verwaltung AG and IGT Intergestions Trust reg. are integrated into the Corporate Center.

The costs of the Corporate Center are not charged to the business units of VP Bank.

The negative segment results of the Corporate Center as per mid-year 2009 aggregated CHF –2.6 million (prior year: negative segment results of the Corporate Center of CHF –20.4 million).

Total operating income increased to CHF 15.4 million (June 30, 2008: CHF 7.0 million). Other income for the first half of 2008 encompassed revaluation adjustments as well as realized gains and losses on disposals of financial investments.

In the same period of 2009, these adjustments did not recur. The negative variance over the equivalent period of the prior year in the area of trading activities resulted from revaluation losses from hedging transactions for balance sheet management purposes (hedging of own financial instruments).

The number of employees in the Corporate Center, expressed as full-time equivalents, rose by 11.1 employees (10 percent). The cost effect of this increase in employee numbers was more than offset by the general reduction in costs in the area of personnel expenses; this reduction in costs resulted primarily from the reduction in those salary components which are dependent upon results. General and administrative costs increased by CHF 2.0 million to reach CHF 13.7 million. This increase is directly connected with centrally-provided services which were not recharged and thus borne by the Corporate Center such as the new Group-wide management information system for VP Bank, VP Analytics.

As of July 1, 2008, changes in the organizational structure became effective which are designed to strengthen the management by the Group of the market organization and give the business divisions more freedom in order to develop their specific market profile and be able to better satisfy client needs. Segment reporting for the year 2008 was reclassified accordingly.

The following table shows the changes to the previously published segment reporting.

Changes to segment reporting 30.6.2008 In 1,000 CHF	Variance Private Banking Clients	Variance Intermediaries	Variance Banking Services	Variance Corporate Center	Variance Group
Total income from interest-differential business	–1,474	–4,474	5,939	9	0
Total income from commission business and services	5,655	–6,011	581	–225	0
Income from trading activities	4,107	–6,441	2,334	0	0
Other income	1,853	255	–2,108	0	0
Total operating income	**10,141**	**–16,671**	**6,746**	**–216**	**0**
Personnel expenses	4,747	–6,198	1,203	248	0
General and administrative expenses	–210	–1,473	1,709	–26	0
Services provided by/to other business divisions	43	3,346	–3,207	–182	0
Operating expenses	**4,580**	**–4,325**	**–295**	**40**	**0**
Gross income	**5,561**	**–12,346**	**7,041**	**–256**	**0**
Depreciation and amortization	0	0	0	0	0
Valuation allowances, provisions and losses	0	–65	65	0	0
Pre-tax income	**5,561**	**–12,281**	**6,976**	**–256**	**0**
Taxes on income					0
Consolidated net income					**0**
Consolidated net income attributable to minority shareholders					0
Consolidated net income attributable to shareholders of Verwaltungs- und Privat-Bank AG, Vaduz					**0**

The variance in the Private Banking Clients business unit (previously Private Clients) results from the transfer of the Asset Management unit from the previous Intermediaries business unit (previously Trust Banking) amounting to CHF 3.832 million. The reallocation of the subsidiary companies to the new business units contributed CHF 1.729 million to the modified segment results.

In Intermediaries (previously Trust Banking), the Asset Management unit was transferred to the Private Banking Clients business unit amounting to CHF –3.832 million, and the trading unit amounting to CHF –6.976 million was transferred to the Banking Services business unit. The reallocation of the subsidiary companies to the new business units contributed CHF –1.473 million to the modified segment results.

The Banking Services business unit received the trading unit from the Intermediaries business unit amounting to CHF 6.976 million.

The reallocation of the subsidiary companies in accordance with the new structure led to a change in the segment results of the Corporate Center of CHF –0.256 million.

VP Bank Group

Verwaltungs- und Privat-Bank Aktiengesellschaft is a bank domiciled in Liechtenstein and is subject to the Liechtenstein Financial Market Authority (FMA), Heiligkreuz 8, PO Box 684, LI-9490 Vaduz, www.fma-li.li.

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This semi-annual report has been produced with the greatest possible care, and all data has been closely examined. Rounding, typeset or printing errors however cannot be ruled out. This semi-annual report includes information and forecasts relating to the future development of VP Bank Group. Those forecasts represent estimates based on all information available at the time of publication. Any such forward-looking statement is subject to risks and uncertainties that could lead to significant deviations in future results. No guarantee can be made as to the reliability of the forecasts, planned quantities or forward-looking statements contained herein. This semi-annual report has been produced in German and English, but the German version shall prevail.

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