

Media release

Ad hoc announcement pursuant to Art. 53 LR

VP Bank reports a semi-annual profit of CHF 11.5 million and implements substantial efficiency measures.

Vaduz, 20 August 2024

VP Bank Group generated a net profit of CHF 11.5 million in the first half of 2024. Client assets under management rose by 8.8 per cent, while the annualised net new money inflow was 2.2 per cent.

The key financial results

- The **net new money inflow** of the Group amounted to CHF 0.5 billion at the end of June 2024, corresponding to annualised growth of 2.2 per cent. The net new money inflow without taking into account further forced outflows due to adjustments to the client portfolio was CHF 0.8 billion; this corresponds to 3.6 per cent on an annualised level.
- **Client assets under management** increased by 8.8 per cent to CHF 50.4 billion.
- The **loan volume** increased by 5.2 per cent from CHF 5.5 billion at the end of 2023 to CHF 5.8 billion.
- As a result of the lower net interest income due to the shifting of client assets from current account balances to higher-interest-bearing time deposits and securities, **total operating income** fell by 13.6 per cent to CHF 162.6 million. The commission and services business and net trading income remained at the same level as in the same period of the previous year.
- **Operating expenses** fell by 6.0 per cent to CHF 148.8 million. This was due to lower personnel costs and lower depreciation and amortisation.
- The **semi-annual profit** was CHF 11.5 million, which corresponds to a reduction of 54.8 per cent compared to the previous year. The **cost/income ratio** stood at 91.5 per cent.
- VP Bank has a strong capitalisation and high liquidity. The **tier 1 ratio** was 26.1 per cent, and the **liquidity coverage ratio** was 309.5 per cent.
- The priority in the coming months will be to implement a comprehensive **package of measures to increase efficiency and accelerate growth**. This is to achieve a sustainable improvement in the cost/income ratio. In the second half of the year, **restructuring costs** and related costs in a broader sense totaling approximately CHF 10–12 million will be incurred in this context.

Strengthening and growth in core markets

As a full-service bank in Liechtenstein and an internationally active bank for intermediaries and private clients, VP Bank has a diversified business model in markets with good growth prospects. In order to achieve the growth target, the bank's strengths must be utilised in an even more targeted manner and the corresponding growth initiatives must be consistently focused on the core markets. In **Liechtenstein**, VP Bank already has a strong private client and commercial business with stable growth. The aim is to strengthen market leadership with respect to the fiduciary business. In **Europe**, VP Bank is represented in Zurich and Luxembourg, important international financial centres, and is recognised by discerning international clients for its comprehensive wealth management services and asset protection. This offering is to be expanded by tightening up the services. In **Asia**, VP Bank decided to close its Hong Kong office. The Asia region remains important for the Group. VP Bank will continue to grow and strengthen the Intermediaries and Private Banking presence in Asia and explore new opportunities from the Singapore location. In the **British Virgin Islands**, the aim is to defend market leadership in the prime real estate financing niche. The bank intends to utilise synergies with **asset servicing** in the future and continue to successfully position itself as a one-stop shop for funds with a comprehensive range of services.

Package of measures to increase efficiency

VP Bank has set itself a minimum efficiency target of CHF 20 million, which is to be achieved by the end of 2026. To this end, processes will be consistently geared towards clients, redundancies in the organisation will be eliminated and the existing product and pricing landscape will be simplified. Services that cannot be successfully positioned on the market will be discontinued. This includes, for example, the bank's own range of private market investments. There will also be a reduction in the size of the workforce associated with these changes. The restrictive hiring policy in place since the start of this year has meant that much of this downsizing can be undertaken via staff turnover, but some terminations will nevertheless occur. Any employees affected will be given support with their career transition.

Urs Monstein, Group CEO ad interim of VP Bank: "By consistently focussing on creating value for our clients, generating broad-based earnings and maintaining a high level of cost discipline, we will succeed in becoming less dependent on interest rate fluctuations and growing profitably. We are now implementing the necessary measures."

The detailed presentation of results will take place at 9.30 a.m. on 20 August 2024. The live stream can be viewed at: www.vpbank.com/en/media-and-analyst-conference-vp-bank-group.

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Corporate calendar:

2024 semi-annual results	20 August 2024
2024 annual results	13 March 2025
Annual general meeting	25 April 2025

Facts and figures of VP Bank Group

VP Bank Ltd was established in 1956 and, with around 1,000 employees, is one of the largest banks in Liechtenstein. VP Bank has an international presence, with locations in Vaduz, Zurich, Luxembourg, Singapore, Hong Kong and Road Town (British Virgin Islands). Its core competencies include the development of customised financial solutions for intermediaries and private individuals. In addition, the Group has an international fund competence centre. As of 30 June 2024, client assets under management of VP Bank Group amounted to CHF 50.4 billion. VP Bank is listed on the SIX Swiss Exchange and has an "A-" rating from Standard & Poor's.