



HALF-YEAR REPORT 2024

VZ GROUP

HALF-YEAR REPORT 2024

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KEY FIGURES

Income statement

in CHF million

	1H 24	2H 23	1H 23	2H 22 ¹	1H 22 ¹
Revenues	252,9	239,5	224,3	198,8	205,1
Expenses	133,8	121,7	123,2	112,4	115,2
Operating profit (EBIT)	119,0	117,8	101,1	86,4	89,9
Net profit	102,8	100,7	86,3	74,4	77,0

1 Retrospective restatement due to the implementation of IFRS 17.

Balance sheets

in CHF million

	30.06.24	31.12.23	30.06.23	31.12.22 ¹	30.06.22 ¹
Total assets	7'044,4	6'535,7	6'224,7	5'946,0	6'025,3
Equity	957,2	926,1	795,5	771,0	690,5
Net cash	844,3	844,0	703,5	686,3	581,6

1 Retrospective restatement due to the implementation of IFRS 17.

Equity key figures

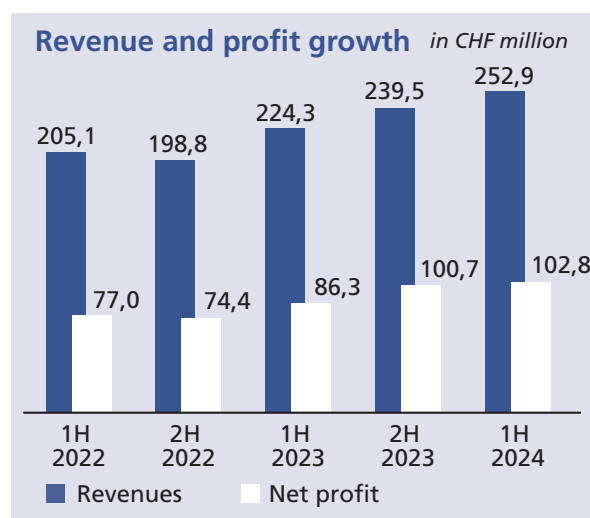
	30.06.24	31.12.23	30.06.23	31.12.22 ¹	30.06.22 ¹
Equity ratio	13,6%	14,2%	12,8%	13,0%	11,5%
Common equity tier 1 capital ratio	25,0%	26,2%	24,1%	25,2%	23,5%
Total eligible capital ratio	25,0%	26,2%	24,1%	25,2%	23,5%

1 Retrospective restatement due to the implementation of IFRS 17.

Assets under management

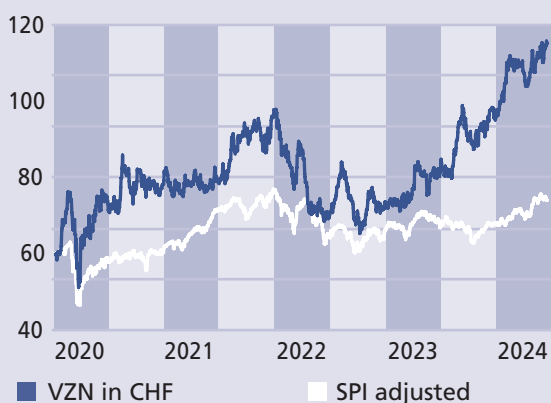
in CHF million

	30.06.24	31.12.23	30.06.23	31.12.22	30.06.21
Assets under Management	49'573	44'887	42'580	39'108	37'646



Share price VZ Holding N (VZN)

1.1.2020 to 30.6.2024



Share statistics

	30.06.24	31.12.23	30.06.23
Shares issued	40'000'000	40'000'000	40'000'000
Registered shareholders	2'713	2'409	2'381
Share price in CHF	115.20	98.20	82.20
Lowest price in CHF	95.10	79.80	71.20
Highest price in CHF	115.80	98.90	84.20
Market capitalisation in CHF million	4'608	3'928	3'288

Ownership structure

	30.06.24	31.12.23	30.06.23
Matthias Reinhart (direct and indirect)	61,16%	61,14%	61,12%
Other members of the Board of Directors	0,25%	0,25%	0,25%
Members of the Executive Board	0,76%	0,73%	1,98%
Employees ¹	4,84%	4,73%	3,60%
UBS Fund Management (Switzerland) AG	3,82%	–	–
The Capital Group Companies	3,91%	3,02%	–
Treasury shares	1,27%	1,57%	1,74%

¹ Shares held by VZ employees that are registered in the share register are shown.

Employees

	30.06.24	31.12.23	30.06.23	31.12.22	30.06.22
Full-time equivalents (FTE)	1'451,3	1'390,7	1'299,3	1'247,4	1'186,2

Alternative Performance Measures (APM)

To measure our performance, we use alternative performance measures that are not defined under International Financial Reporting Standards (IFRS). Details can be found on page 28.

VZ GROUP: FIRST HALF YEAR 2024

Dear Shareholder

Positive sentiment outweighs risks

Despite geopolitical crises and relatively high interest rates, the global economy gained some momentum, and stock markets performed well in the first semester. A majority of companies are forecasting rising profits and expect interest rates to fall. The Swiss National Bank (SNB) has already lowered its key policy rate twice.

Profit rises by 19.1 percent

As expected, VZ Group's business has continued to develop well in the past six months. Compared to the first semester of 2023, revenues grew by 12.8 percent from 224.3 to 252.9 million Swiss francs. The SNB's policy rate cuts were reflected in net interest income, which increased by 19.3 percent compared to the first semester of 2023, but decreased by 4.4 percent compared to the second semester of 2023. With an increase of 19.1 percent, profit grew significantly from 86.3 to 102.8 million francs.

Good advice remains in high demand

The consulting fees rose less than in the same period of the previous year, but demand for financial consulting remains high. Following a consulting project, around 4200 clients opted for one or more of our platform services. At 2.3 billion francs, net new money came in at around the same level as the previous year. While many clients were still reluctant to invest in the first quarter, the mood has gradually improved over the second quarter.

Unchanged solid balance sheet

Since 31 December 2023, total assets have grown from 6.5 to 7.0 billion francs. The 7.8 percent increase can be attributed primarily to the growing number of clients. There were no changes to the low-risk structure: The majority of assets are invested with the SNB, in prime residential mortgages and in highly liquid bonds. At 25.0 percent, the core capital ratio remains above the industry average.

Outlook

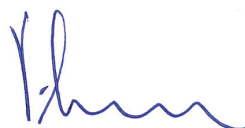
The lower policy rate means that our net interest income will decrease in the second half of the year. Consequently, revenues and profit will grow at a slower rate in the second half of the year, as forecast. From today's perspective, growth over the entire 2024 financial year should be in line with the long-term average, provided the financial markets remain spared from crises. Given the healthy business situation, our shareholders can expect a further increase in the dividend.

We thank all those involved with VZ and help shape its development.

Zug, 16 August 2024



Matthias Reinhart
Chairman of the Board of Directors



Giulio Vitarelli
Chief Executive Officer

«Well-trained financial consultants are the most important resource for the growth of our business.»

Adriano Pavone, Head of Media Communications, discusses the results and outlook for VZ Group with Giulio Vitarelli, Chief Executive Officer.

Mr Vitarelli, how do you assess the result in the first half of the year?

Our business is working well, and demand for our financial consulting continues to grow. In the first six months, consulting fees did not grow as strongly as before but exceeded the previous period's high benchmark. On a net basis, around 4200 clients chose one or more platform services following a consulting project. The growing number of platform clients is a positive indicator and confirms that our business model creates value.

How do you define platform clients?

In the private client business, they are households that use at least one of our management services. These include portfolio management, account/custody management, mortgages, pension fund solutions and insurances. Corporate client are companies that have their occupational benefit schemes or their risk insurances managed by us.

«We expect the growth rates for revenues and profit to be in line with the long-term average.»

What makes you assume that demand for your services will continue to grow?

More and more people seek help on topics such as retirement and estate planning. Many are particularly concerned about the reforms to our social security systems. This trend reinforces the additional demand resulting from demographic developments. Over the years, we have also noticed that the share of people in our target group who seek professional advice and are prepared to pay a fee for it is increasing. Word is obviously getting around that this expense pays off.

In how far have you benefited from the stock market's good performance?

Positive developments on the stock markets support our results, as around two thirds of our revenues are generated with assets under management. In the first semester, revenues from this business grew by 13.9 percent. However, the most important driver behind this development is the influx of new clients.

When stock prices are on the rise, your clients apparently invest more ...?

That is correct. In difficult market phases, they are more hesitant, whereas in positive markets they become more decisive. Experience shows that it takes around six to nine months for a change in sentiment to be reflected in our figures. In the first quarter, many were still reluctant to invest, but sentiment has improved steadily in the second quarter. Overall, net new money in the first half of the year was roughly the same as in the first half of 2023, but higher than in the second half of 2023. This trend makes us optimistic for the coming months.

How do the SNB's policy rate cuts affect your figures?

In March and June, the SNB lowered its policy rate by 25 basis points each, and a further rate cut is expected in September. Our net interest income still increased compared to the first semester of 2023, but has already decreased compared to the second semester of 2023. This decline will continue in the second half of the current year, although the balance sheet is expected to grow further. As a result, it is unlikely that net interest income in 2024 will exceed the 2023 level. Nota bene, net interest income only accounts for around 13 percent of all our revenues – a significant difference between us and most banks.

Do you stand by your March statement that the profit margin will not improve any further? At the end of June, it was around 40 percent, well above your 38 percent target.



Yes, our targets are still valid. In the medium term, we expect an EBIT margin of 44 percent and a profit margin of 38 percent. 2023 was an exceptional year because interest rates rose sharply. This effect has had a noticeable impact on our net interest income in the past six months. However, interest income will normalise over the coming months.

«Clients prefer to entrust their money to a bank with high equity figures and low balance sheet risks.»

Your balance sheet is very security-oriented and the core capital ratios are unusually high. Why is that so important to you?

That's right: We invest a large proportion of our assets with the SNB, in our clients' prime Swiss residential mortgages and in bonds with the highest credit ratings. This structure is extremely low-risk. We also want to maintain our core capital ratio at around 25 percent. We know that many clients prefer to entrust their money to a bank with high equity figures and low balance sheet risks. That is why our security-oriented policy is a valuable selling proposition.

Where do you intend to grow in the coming years?

We have been investing in the organic growth of our company for as long as we have existed. The most important resource to achieve this goal are well-trained consultants. This will remain our focus in the future. Another focal point is our financial portal. The attractiveness of this digital client interface does a lot to encourage clients to use platform services. That's why we introduce new features every quarter, such as self-onboarding or additional personal finance functions. Our mobile banking is number one in the e.foresight ranking. This confirms that we are on the right track. At the same time, we are continuing to expand our local presence by enlarging our branch offices and increasing the density of our branch network in Switzerland and abroad.

What's new in Germany and the UK?

Business in Germany is developing in line with Switzerland, albeit at a lower level. It is particularly positive that we are achieving a significantly higher response rate with our marketing and are gaining more clients as a result. We will be opening our sixth branch in Germany in Berlin this fall. It will be the first step towards tapping into the north of the country. We are also on schedule in the UK. Our focus there remains on marketing, training new advisors and integrating additional Independent Financial Advisors (IFAs). The Lumin founders are gradually handing over operational management to the new management team. This will enable us to fully take over the company in 2026 as planned.

And finally: What is the outlook for the second half of the year and the following years?

Generally speaking, we are positive about the outlook. All signs point to a further increase in demand for our services in all areas. The decline in net interest income will slow down growth temporarily in the second half of this year and next year. However, as already mentioned, the proportion of the overall results is limited. If there are no external shocks, we currently expect the growth rates for revenues and profit in the current year to be in line with the average of previous years. In principle, this assessment also applies to subsequent years.

FINANCIAL STATEMENTS VZ GROUP

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CONSOLIDATED INCOME STATEMENT

CHF '000

	Page	1H 2024	2H 2023	1H 2023
Consulting fees		18'620	19'099	18'217
Management fees	16			
On assets under management		159'277	145'941	139'749
Other management fees		16'932	15'866	15'235
Banking income from commissions and trading activities	16			
Commission income		12'965	11'201	12'629
Commission expenses		(3'994)	(2'346)	(2'137)
Income from trading activities		10'767	8'589	8'842
Banking income from interest operations	16			
Interest income		51'092	50'828	37'910
Interest expense		(18'422)	(16'523)	(10'548)
Insurance result	16			
Insurance revenue		17'581	16'879	14'724
Insurance service expenses		(16'120)	(11'023)	(11'531)
Result from reinsurance contracts		2'793	(1'870)	79
Insurance finance result		1'165	2'523	917
Net impairment (losses)/recoveries on financial assets	15	(47)	(15)	8
Other revenues		268	369	230
Total revenues		252'877	239'518	224'324
Personnel expenses		(94'864)	(85'629)	(84'606)
Other operating expenses	17	(26'905)	(24'256)	(27'339)
Depreciation and amortisation		(12'073)	(11'847)	(11'245)
Total expenses		(133'842)	(121'732)	(123'190)
Operating profit before interests and taxes (EBIT)		119'035	117'786	101'134
Finance expenses		(773)	(981)	(622)
Finance income		689	320	359
Net finance income		(84)	(661)	(263)
Profit before income taxes		118'951	117'125	100'871
Income taxes	14	(16'121)	(16'406)	(14'568)
Net profit		102'830	100'719	86'303
Attributable to:				
Shareholders of VZ Holding Ltd		102'319	100'393	86'542
Non-controlling interests		511	326	(239)
Undiluted earnings per share (CHF)		2.59	2.55	2.20
Diluted earnings per share (CHF)		2.59	2.54	2.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF '000

	1H 2024	2H 2023	1H 2023
Net profit recognised in the income statement	102'830	100'719	86'303
Other comprehensive income, which can be reclassified to the income statement			
Cumulative conversion adjustments	806	(1'082)	(523)
Change in cashflow hedge reserve	9'172	26'931	8'520
Tax effects	(1'086)	(3'214)	(1'000)
Total other comprehensive income (net of tax), which can be reclassified to the income statement	8'892	22'635	6'997
Other comprehensive income, which cannot be reclassified to the income statement			
Remeasurement of defined benefit obligation	4'958	308	(2'224)
Tax effects	(876)	(50)	373
Total other comprehensive income (net of tax), which cannot be reclassified to the income statement	4'082	258	(1'851)
Total comprehensive income	115'804	123'612	91'449
Attributable to:			
Shareholders of VZ Holding Ltd	115'403	123'926	91'331
Non-controlling interests	401	(314)	118

CONSOLIDATED BALANCE SHEET

CHF '000

	Page	30.06.2024	31.12.2023	30.06.2023
Assets				
Cash and cash equivalents		1'529'299	1'419'720	1'296'127
Short term investments		396'516	258'943	218'737
Marketable securities at fair value		19'344	12'322	1'167
Trade receivables		6'462	5'552	10'729
Other receivables		31'065	14'732	31'039
Accrued income and deferred expenses		95'109	79'418	81'125
Other current assets		12'897	10'826	10'973
Current assets		2'090'692	1'801'513	1'649'897
Financial assets		4'739'286	4'535'041	4'376'453
Investments in associates		8'455	420	424
Property and equipment		162'658	152'793	149'260
Goodwill and other intangible assets		40'710	40'518	38'004
Deferred tax assets		2'551	5'423	10'705
Non-current assets		4'953'660	4'734'195	4'574'846
Total assets		7'044'352	6'535'708	6'224'743
Liabilities and equity				
Trade payables		2'738	1'879	3'005
Other current liabilities		62'046	59'727	87'210
Due to banks		212'831	48'868	19'299
Due to customers		5'086'002	4'835'485	4'723'933
Income tax payables		29'192	34'619	24'917
Provisions		1'383	1'383	1'383
Accrued expenses and deferred income		55'672	53'414	47'152
Current liabilities		5'449'864	5'035'375	4'906'899
Long-term debts		541'349	497'638	445'735
Other non-current liabilities		92'625	73'647	74'613
Deferred tax liabilities		3'336	2'931	1'971
Non-current liabilities		637'310	574'216	522'319
Total liabilities		6'087'174	5'609'591	5'429'218
Share capital		2'000	2'000	2'000
Treasury shares	25	(41'922)	(47'643)	(51'037)
Retained earnings		893'597	791'962	788'075
Net profit		102'319	186'935	86'542
Other equity components	12	(5'672)	(14'168)	(37'205)
Equity attributable to shareholders of VZ Holding Ltd		950'322	919'086	788'375
Non-controlling interests		6'856	7'031	7'150
Total equity		957'178	926'117	795'525
Total liabilities and equity		7'044'352	6'535'708	6'224'743

CONSOLIDATED STATEMENT OF CASH FLOWS

CHF '000

	1H 2024	2H 2023	1H 2023
Cashflow from operating activities			
Net profit	102'830	100'719	86'303
Depreciation and amortisation of fixed assets and intangible assets	12'073	11'847	11'245
Income tax paid	(20'183)	(2'826)	(20'181)
Interest paid from net finance income	(1)	(21)	(26)
Interest received from net finance income	123	201	128
Net capital (gains) losses and impairments on financial assets and liabilities	6'084	15'589	4'163
(Increase)/decrease in dues from short term investments	(137'573)	(40'205)	(46'253)
(Increase)/decrease in market value of marketable securities at fair value	(7'022)	(11'155)	176
(Increase)/decrease in trade receivables	(910)	5'140	(7'462)
(Increase)/decrease in financial assets	(257'144)	(172'018)	(163'144)
(Increase)/decrease in other assets	(31'223)	23'556	(25'337)
Increase/(decrease) in trade payables	859	(1'127)	229
Increase/(decrease) in other liabilities	36'903	(8'272)	48'365
Increase/(decrease) in due to banks	163'963	29'569	(111'145)
Increase/(decrease) in due to customers	248'766	113'895	293'084
Non cash share-based payment transactions	698	2'156	3'503
Other non-cash items	9'736	20'739	4'417
Cashflow from operating activities	127'979	87'787	78'065
Cashflow from investing activities			
Purchase of property and equipment	(4'263)	(2'372)	(2'053)
Purchase of financial assets	(16'015)	(11'481)	(53'550)
Proceeds from financial assets	67'849	22'485	24'762
Purchase of intangible assets	(3'737)	(2'613)	(3'200)
Dividend from associates	9	28	0
Purchase of subsidiaries and associates	(8'000)	(2'366)	(494)
Proceeds from sale of associates	44	0	0
Cashflow from investing activities	35'887	3'681	(34'535)
Cashflow from financing activities			
Purchase of treasury shares	(7'015)	(4'627)	(3'282)
Proceeds of treasury shares	12'223	11'061	1'409
Repayment of long-term debts	(134'559)	(96'182)	(94'170)
Proceeds from long-term debts	165'693	130'091	130'274
Payments of lease liabilities	(4'181)	(3'620)	(3'436)
Dividends paid to shareholders	(89'540)	(46)	(68'682)
Cashflow from financing activities	(57'379)	36'677	(37'887)
Effect of foreign exchange rate changes	3'092	(4'552)	250
Net increase/(decrease) in cash and cash equivalents	109'579	123'593	5'893
Cash and cash equivalents at beginning of the period	1'419'720	1'296'127	1'290'234
Cash and cash equivalents at the end of the period	1'529'299	1'419'720	1'296'127

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF '000

	Share capital	Treasury shares	Cumulative conversion adjustment ¹	Hedge reserve ¹	Retained earnings	Equity to shareholders of VZ Holding Ltd	Non-controlling interests	Total equity
As at 1 January 2023	2'000	(53'629)	(2'442)	(41'640)	858'801	763'090	7'873	770'963
Net profit					86'542	86'542	(239)	86'303
Other comprehensive income			(643)	7'520	(1'849)	5'028	118	5'146
Total comprehensive income for the period			(643)	7'520	84'693	91'570	(121)	91'449
Participation plans					(2'667)	(2'667)		(2'667)
Treasury shares		2'592			1'705	4'297		4'297
Dividends					(68'396)	(68'396)	(286)	(68'682)
Liability to purchase non-controlling interests					481	481	(407)	74
Change in non-controlling interests						0	91	91
As at 30 June 2023	2'000	(51'037)	(3'085)	(34'120)	874'617	788'375	7'150	795'525
As at 1 July 2023	2'000	(51'037)	(3'085)	(34'120)	874'617	788'375	7'150	795'525
Net profit					100'393	100'393	326	100'719
Other comprehensive income			(680)	23'717	257	23'294	(401)	22'893
Total comprehensive income for the period			(680)	23'717	100'650	123'687	(75)	123'612
Participation plans					2'157	2'157		2'157
Treasury shares		3'394			3'039	6'433		6'433
Dividends					0	0	(46)	(46)
Liability to purchase non-controlling interests					(1'566)	(1'566)	16	(1'550)
Change in non-controlling interests						0	(14)	(14)
As at 31 December 2023	2'000	(47'643)	(3'765)	(10'403)	978'897	919'086	7'031	926'117
As at 1 January 2024	2'000	(47'643)	(3'765)	(10'403)	978'897	919'086	7'031	926'117
Net profit					102'319	102'319	511	102'830
Other comprehensive income			410	8'086	4'076	12'572	402	12'974
Total comprehensive income for the period			410	8'086	106'395	114'891	913	115'804
Participation plans					(6'309)	(6'309)		(6'309)
Treasury shares		5'721			6'495	12'216		12'216
Dividends					(88'461)	(88'461)	(1'079)	(89'540)
Liability to purchase non-controlling interests					(1'101)	(1'101)	(9)	(1'110)
As at 30 June 2024	2'000	(41'922)	(3'355)	(2'317)	995'916	950'322	6'856	957'178

¹ «Cumulative conversion adjustment» and «Hedge Reserve» recognised in the balance sheet item «Other equity components».

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

VZ Group's unaudited consolidated half-year financial statements have been prepared in accordance with IAS 34 «Interim financial reporting». The half-year financial statements should be read in conjunction with the 2023 consolidated annual financial statements which were published on 29 February 2024. The accounting policies applied comply with International Financial Reporting Standards (IFRS), and are consistent with those followed in the preparation of VZ Group's annual financial statements for the year 2023, with the exception of those principles introduced in section «New accounting principles» as at 1 January 2024.

Implemented new standards and interpretations from 2024

In the 2024 financial year, VZ Group applied the following new or revised standards and interpretations for the first time:

IAS 1	Presentation of financial statements	Amendments to the criteria for classifying liabilities as current or non-current.
IFRS 16	Lease liabilities in sale and leaseback	New accounting model for variable payments, requiring the revaluation of sale and leaseback transactions.
IAS 7 and IFRS 7	Amendments to disclosures in the notes	Additional disclosure requirements for supplier finance arrangements.

The first-time application of the aforementioned revised standards and interpretations did not have a material impact on these interim financial statements.

Foreign currency translation

Foreign currency unit	Exchange rates for balance sheets as at			Average exchange rates for income and cash flow statements		
	30.06.24	31.12.23	30.06.23	1H 24	2H 23	1H 23
EUR	0.9630	0.9306	0.9788	0.9619	0.9717	0.9856
GBP	1.1360	1.0718	1.1339	1.1256	1.1173	1.1249
USD	0.8988	0.8417	0.8966	0.8899	0.8986	0.9119

Risk management

Risk management assesses the following risks in particular:

- Default-, market, liquidity and refinancing risks
- Risks from insurance contracts
- Operational, technology and cyber risks
- Legal and compliance risks
- Reputational risk

There have been no significant changes in the first half of 2024 compared to the risk management report in the 2023 annual report.

Estimates, assumptions and discretionary power

The preparation of the half-year financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of the accounting standards and reported amounts of assets and liabilities, income and expenses. Changes in estimates and assumptions with a material impact on the first half-year 2024 results are discussed below.

Benefit plans

The actuarial calculations at the end of 2023 were extrapolated at the end of June 2024. Due to changed market conditions, the discount rate was reduced from 1.5 percent by 0.1 percent to 1.4 percent, while the other parameters remained unchanged. These projections resulted in actuarial gains of TCHF 4958 (2H 2023: gains of TCHF 308, 1H 2023 losses of TCHF 2224), which were recognised directly in equity. The next actuarial calculations will be made at the balance sheet date of 31 December 2024.

Income taxes

For the financial years 2014 to 2019, which have not yet been definitively assessed for tax purposes, the cantonal tax authorities have differing assessments as to how profit shares are to be allocated to the relevant cantons. To account for these uncertainties, VZ Group recognised tax deferrals of TCHF 3520 in previous years. In June 2024, a first instance court reviewed the tax authorities' assessment and partially ruled in favour of VZ Group.

As the VZ Group will appeal the disputed tax assessments to the next instance and it is not yet foreseeable how the cantonal tax authorities will proceed, uncertainties remain. Consequently, VZ Group has reviewed the tax deferrals using weighted scenarios, as required by IFRIC 23 («Accounting for Uncertainty over Income Taxes»). Based on this review, the provisions for income taxes were reduced by TCHF 100 to TCHF 3420.

Estimates and assumptions for insurance contracts The measurement of insurance liabilities requires actuarial and financial estimates and assumptions. The methods and principles for the estimates and assumptions for the accounting of insurance contracts are described in detail in the 2023 annual report and were applied accordingly for the 2024 half-year report.

Impairments The impairments on financial assets in accordance with IFRS 9 have developed as follows:

Development of expected credit losses in accordance with IFRS 9

CHF '000

	Impairment as at 01.01.2024	Addition to the scope of consolidation	Measurement effect in the income statement	Cumulative conversion adjustments	Impairment as at 30.06.2024
Assets					
Cash and cash equivalents (A)	(8)		2		(6)
Short-term investments (A)	(8)		(2)		(10)
Trade receivables (V)	(20)		5		(15)
Other current assets (V)	(6)		(2)		(8)
Financial assets (A)	(93)		(7)	1	(99)
Total	(135)	0	(4)	1	(138)

	Impairment as at 01.01.2023	Addition to the scope of consolidation	Measurement effect in the income statement	Cumulative conversion adjustments	Impairment as at 30.06.2023
Assets					
Cash and cash equivalents (A)	(9)		1		(8)
Short-term investments (A)	(10)		0		(10)
Trade receivables (V)	(13)		1		(12)
Other current assets (V)	(3)		(3)		(6)
Financial assets (A)	(91)		9	(1)	(83)
Total	(126)	0	8	(1)	(119)

(A) = Calculation according to the general approach.

(V) = Calculation according to a simplified approach.

In connection with the sale of the associated company Lumin Insurance Solutions Ltd (see details on page 27), VZ Group waived an existing receivable of TCHF 43 and wrote it off in full. The analysis of the other balance sheet items has shown that no impairments are necessary as at the balance sheet date.

Notes on the income statement

Revenues

CHF '000

	1H 2024	2H 2023	1H 2023
Consulting fees	18'620	19'099	18'217
Management fees			
Management fees on assets under management	159'277	145'941	139'749
Fees for the management of securities portfolios	135'872	122'740	117'856
Custody fees	5'829	5'459	5'414
Fees for the management of residential property mortgages	17'576	17'742	16'479
Other management fees	16'932	15'866	15'235
Total management fees	176'209	161'807	154'984
Banking income from commissions and trading activities			
Income from commission business	8'957	8'837	10'476
Commission income	12'951	11'183	12'613
Commission expenses	(3'994)	(2'346)	(2'137)
Income from trading activities	10'767	8'589	8'842
Other banking income	14	18	16
Total banking income from commissions and trading activities	19'738	17'444	19'334
Banking income from interest operations			
Interest income ¹	51'092	50'828	37'910
Interest expense	(18'422)	(16'523)	(10'548)
Total banking income from interest operations	32'670	34'305	27'362
Insurance result			
Insurance service result	4'254	3'986	3'272
Insurance revenue	17'581	16'879	14'724
Insurance service expenses	(16'120)	(11'023)	(11'531)
Result from reinsurance contracts	2'793	(1'870)	79
Insurance finance result	1'165	2'523	917
Investment result from insurance business	602	291	405
Finance result from Insurance contracts	563	2'232	512
Total insurance result	5'419	6'509	4'189
Net impairment (losses)/recoveries on financial assets	(47)	(15)	8
Other revenues	268	369	230
Total revenues	252'877	239'518	224'324

¹ Calculated according to the effective interest rate method. Interest income includes interest income of TCHF 2473 (2H 2023 TCHF 2674, 1H 2023 TCHF 3063) from foreign exchange swaps for the interest rate differential business.

Other operating expenses

CHF '000

	1H 2024	2H 2023	1H 2023
Office space rent and maintenance	3'388	3'403	3'336
Marketing expenses	6'774	5'306	6'603
General and administrative expenses ¹	16'743	15'547	17'400
Total other operating expenses	26'905	24'256	27'339

1 Of which IT expenses 1H 2024 TCHF 9681 (2H 2023 TCHF 9982, 1H 2023 TCHF 9710).

Notes on the balance sheet

Receivables and liabilities from insurance and reinsurance contracts

Current receivables from insurance/reinsurance contracts are included in «Trade receivables» and non-current receivables in «Financial assets». Current liabilities from insurance/reinsurance contracts are part of «Accrued expenses and deferred income» and non-current liabilities are allocated to «Other non-current liabilities».

Receivables and liabilities from insurance and reinsurance contracts

CHF '000

	Current	Non-current	Total 30.06.2024	Current	Non-current	Total 31.12.2023
Insurance contracts						
Receivables						
Non-life	212		212	204		204
Group life			0	715		715
Liabilities						
Non-life	(13'947)	(7'362)	(21'309)	(7'366)	(6'300)	(13'666)
Group life	(5'136)	(49'316)	(54'452)	(478)	(28'463)	(28'941)
Total receivables/liabilities net	(18'871)	(56'678)	(75'549)	(6'925)	(34'763)	(41'688)
Reinsurance contracts						
Receivables						
Non-life			0			0
Group life	1'202	18'994	20'196	78	10'078	10'156
Liabilities						
Non-life			0			0
Group life			0			0
Total receivables/liabilities net	1'202	18'994	20'196	78	10'078	10'156

Receivables and liabilities from insurance and reinsurance contracts (continued)

CHF '000

	Current	Non-current	Total 30.06.2023
Insurance contracts			
Receivables			
Non-life	109		109
Group life			0
Liabilities			
Non-life	(10'803)	(7'781)	(18'584)
Group life	(3'250)	(30'456)	(33'706)
Total receivables/liabilities net	(13'944)	(38'237)	(52'181)
Reinsurance contracts			
Receivables			
Non-life			0
Group life	6'682	6'466	13'148
Liabilities			
Non-life			0
Group life			0
Total receivables/liabilities net	6'682	6'466	13'148

Fair value of financial instruments as at 30.06.2024

CHF '000

	Book value	Fair value	Difference
Assets			
Cash and cash equivalents	1'529'299	1'529'299	0
Short term investments	396'516	396'516	0
Marketable securities at fair value			
Marketable securities at fair value	176	176	0
Derivative financial instruments	19'168	19'168	0
Trade receivables	6'462	6'462	0
Other receivables	31'065	31'065	0
Other current assets	12'897	12'897	0
Financial assets			
Mortgage	3'956'233	3'996'015	39'782
Bonds	363'839	365'226	1'387
Time deposits	324'739	321'927	(2'812)
Units investment funds	19'972	19'972	0
Other financial assets	74'503	74'776	273
Subtotal	6'734'869	6'773'499	38'630
Liabilities			
Trade payables	2'738	2'738	0
Other current liabilities			
Other current liabilities	40'723	40'723	0
Derivative financial instruments	21'323	21'323	0
Due to banks	212'831	212'831	0
Due to customers	5'086'002	5'086'002	0
Long-term debts			
Medium-term notes	148	148	0
Loans from central mortgage institutions	476'965	474'731	2'234
Time deposits from customers	4'202	4'469	(267)
Leasing liabilities	60'034	60'034	0
Other non-current liabilities ¹	25'509	25'509	0
Subtotal	5'930'475	5'928'508	1'967
Total of divergence			40'597

¹ Financial instruments included in Other non-current liabilities.

Fair value of financial instruments as at 31.12.2023

CHF '000

	Book value	Fair value	Difference
Assets			
Cash and cash equivalents	1'419'720	1'419'720	0
Short term investments	258'943	258'943	0
Marketable securities at fair value			
Marketable securities at fair value	101	101	0
Derivative financial instruments	12'221	12'221	0
Trade receivables	5'552	5'552	0
Other receivables	14'732	14'732	0
Other current assets	10'826	10'826	0
Financial assets			
Mortgage	3'707'934	3'738'383	30'449
Bonds	378'224	379'603	1'379
Time deposits	362'743	352'759	(9'984)
Units investment funds	20'014	20'014	0
Other financial assets	66'126	66'286	160
Subtotal	6'257'136	6'279'140	22'004
Liabilities			
Trade payables	1'879	1'879	0
Other current liabilities			
Other current liabilities	25'032	25'032	0
Derivative financial instruments	34'695	34'695	0
Due to banks	48'868	48'868	0
Due to customers	4'835'485	4'835'485	0
Long-term debts			
Medium-term notes	148	146	2
Loans from central mortgage institutions	417'350	413'544	3'806
Time deposits from customers	28'280	28'664	(384)
Leasing liabilities	51'860	51'860	0
Other non-current liabilities ¹	23'882	23'882	0
Subtotal	5'467'479	5'464'055	3'424
Total of divergence			25'428

¹ Financial instruments included in Other non-current liabilities.

Fair value of financial instruments as at 30.06.2023

CHF '000

	Book value	Fair value	Difference
Assets			
Cash and cash equivalents	1'296'127	1'296'127	0
Short term investments	218'737	218'737	0
Marketable securities at fair value			
Marketable securities at fair value	100	100	0
Derivative financial instruments	1'067	1'067	0
Trade receivables	10'729	10'729	0
Other receivables	31'039	31'039	0
Other current assets	10'973	10'973	0
Financial assets			
Mortgage	3'543'528	3'553'581	10'053
Bonds	384'128	356'018	(28'110)
Time deposits	370'742	346'249	(24'493)
Other financial assets	78'055	77'868	(187)
Subtotal	5'945'225	5'902'488	(42'737)
Liabilities			
Trade payables	3'005	3'005	0
Other current liabilities			
Other current liabilities	26'730	26'730	0
Derivative financial instruments	60'480	60'480	0
Due to banks	19'299	19'299	0
Due to customers	4'723'933	4'723'933	0
Long-term debts			
Medium-term notes	183	178	5
Loans from central mortgage institutions	375'567	375'318	249
Time deposits from customers	21'993	21'782	211
Leasing liabilities	47'992	47'992	0
Other non-current liabilities ¹	20'753	20'753	0
Subtotal	5'299'935	5'299'470	465
Total of divergence			(42'272)

¹ Financial instruments included in Other non-current liabilities.

Following initial recognition, the fair value of financial instruments (level 1) is determined on the basis of listed market prices or prices quoted by traders insofar as the financial instruments are traded on an active market. The fair value of financial instruments (Level 2) is determined using generally accepted valuation models. These models are based on relevant parameters observable on the market and take into account, among other things, contract specifications, the market price of the underlying instrument and yield curves. The discount rates are based on the current market interest rate and swap curves. For investment funds, the published net asset values are applied.

Level 3 instruments are financial instruments whose fair value is based on a valuation technique that uses at least one significant input parameter, that is neither directly nor indirectly observable on the market. This includes the obligation to acquire the minority interests, which results from the right of sale of the minority of the Lumin Group and the Davidson Deem Ltd.

For the calculation of the fair value of the obligation to purchase these minority interests, the results of Lumin Group and Davidson Deem are estimated separately based on internal business plans. This data is used to determine the present value of the purchase obligation at the time the options are exercised. Parameters that are not directly or indirectly observable on the market are also used, such as the expected growth in assets under management, the development of costs or the discount rate.

If Lumin Group acquires companies, the purchase price is paid in several instalments. As a rule, the first 50 to 60 percent of the purchase price is due upon conclusion of the contract, with the remainder being paid in two equal instalments after one and two years respectively. The remaining amount is linked to the revenue development in the first two years after the purchase. When recognised at the end of the year, the remaining purchase price is adjusted to the revenue to date and the expectation derived therefrom for the remaining period. Changes in residual purchase price obligations from company acquisitions are recognised in profit or loss.

Level 3 financial instruments

CHF '000

	Residual liability from acquisitions		Residual liabilities to acquire non-controlling interests Lumin	
	30.06.24	31.12.23	30.06.24	31.12.23
Carrying amount at the beginning of the year	3'879	2'494	20'003	18'130
Addition to the scope of consolidation		2'796		815
Payments	(1'345)	(1'391)		
Expense recognised in the income statement	35	120	418	787
Changes recognised in equity			1'119	1'099
Cumulative conversion adjustments	235	(140)	1'165	(828)
Total carrying amount at balance sheet date	2'804	3'879	22'705	20'003

The table above shows the changes in Level 3 financial instruments in the balance sheet and income statement.

Sensitivity of fair values of Level 3 instruments

Key assumptions for the valuation of the obligation to acquire the minority interest in Lumin Group Ltd are the expected average growth in earnings and the discount rate. The following table shows the effect on the valuation if these two assumptions are changed.

CHF '000

Key assumption	Change of key assumption	Change of Fair Value	
		30.06.24	31.12.23
Expected growth	+1 percentage point	298	307
Expected growth	-1 percentage point	(296)	(307)
Discount rate	+1 percentage point	(430)	(475)
Discount rate	-1 percentage point	442	490

Valuation methods for financial instruments at fair value

CHF '000

	Level 1	Level 2	Level 3	Total
as at 30.06.2024				
Assets				
Marketable securities at fair value ¹	160	16		176
Derivative financial instruments ¹		19'168		19'168
Financial assets		19'972		19'972
Liabilities				
Derivative financial instruments ²		21'323		21'323
Change in market value of hedged loans from central mortgage institutions ³		1'473		1'473
Liability to acquire non-controlling interests ⁴			22'705	22'705
Residual liability from acquisitions ⁴			2'804	2'804
as at 31.12.2023				
Assets				
Marketable securities at fair value ¹	78	23		101
Derivative financial instruments ¹		12'221		12'221
Financial assets		20'014		20'014
Liabilities				
Derivative financial instruments ²		34'695		34'695
Change in market value of hedged loans from central mortgage institutions ³		5'877		5'877
Liability to acquire non-controlling interests ⁴			20'003	20'003
Residual liability from acquisitions ⁴			3'879	3'879
as at 30.06.2023				
Assets				
Marketable securities at fair value ¹	95	5		100
Derivative financial instruments ¹		1'067		1'067
Liabilities				
Derivative financial instruments ²		60'480		60'480
Change in market value of hedged loans from central mortgage institutions ³		19'712		19'712
Liability to acquire non-controlling interests ⁴			18'623	18'623
Residual liability from acquisitions ⁴			1'616	1'616

1 Included in the balance sheet item «Marketable securities at fair value».

2 Included in the balance sheet item «Other current liabilities».

3 Included in the balance sheet item «Long-term debts».

4 Included in the balance sheet item «Other non-current liabilities».

As in the previous year, no financial instruments have been reclassified in 2024.

Off-balance sheet contingencies and commitments

CHF '000

	Mortgage collaterals	Other collaterals	Without collaterals	Total
Contingencies		2'131		2'131
Irrevocable residential mortgages granted, promised payments	52'767	9'249	84'823	146'839
Payment obligation regarding depositor protection measures			25'553	25'553
Total unconditional commit- ments/payment obligations	52'767	9'249	110'376	172'392
Additional funding obligation			1'910	1'910
Total as at 30.06.2024	52'767	11'380	112'286	176'433
Total as at 31.12.2023	13'717	11'593	111'664	136'974
Total as at 30.06.2023	22'790	9'506	25'504	57'800

Treasury shares

Number			in '000 CHF		
30.06.24	31.12.23	30.06.23	30.06.24	31.12.23	30.06.23
508'970	629'878	697'697	41'922	47'643	51'037

Segment reporting

VZ Group focuses its services on individuals and couples over 50 with residential property as well as on advising corporate clients in the areas of insurance and occupational benefits. Through several platforms from one hand miscellaneous financial services are provided for these clients. Because of this focus VZ Group only reports one segment, in accordance with the applicable rules and VZ Group's management organisation.

VZ Group's external financial reporting is based on the internal reporting to the Executive Board of the Group, responsible for allocating resources and assessing the financial performance of the business. However, for its management decisions, the Executive Board reviews and uses the consolidated financial reports.

Informations on regions¹

CHF '000

	1H 2024	2H 2023	1H 2023
Total revenue			
Switzerland	239'215	227'201	212'818
Europe w/o Switzerland	13'662	12'317	11'506
Total	252'877	239'518	224'324

	30.06.24	31.12.23	30.06.23
Assets			
Switzerland	7'349'883	6'780'439	6'487'498
Europe w/o Switzerland	122'503	116'520	116'208
Consolidation items	(428'034)	(361'251)	(378'963)
Total	7'044'352	6'535'708	6'224'743

Property and equipment, goodwill and other intangible assets

Switzerland	173'548	164'302	161'391
Europe w/o Switzerland	29'820	29'009	25'873
Consolidation items			
Total	203'368	193'311	187'264

¹ Reporting according to the permanent establishment principle

Acquisition and sales of subsidiaries and associates

On 10 May 2024, Lumin Group Ltd sold its 20 percent stake in Lumin Insurance Solutions Ltd, St Albans, and generated a book profit of CHF 42 thousand from the sale.

On 14 June 2024, VZ Holding AG acquired a third of the shares in Mark & Michel AG, Zurich, via a share capital increase. The company provides independent pension and insurance advice and employs around 25 people. The investment is recognised in the consolidated financial statements as an associated company.

Dividend

On 12 April 2024, the dividend of CHF 2.24 per share for 2023 was distributed. The total of dividend pay out was TCHF 88'461.

Subsequent events

No events took place between 30 June 2024 and 14 August 2024 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

Approval of consolidated half-year financial statements

At its meeting held on 14 August 2024, the Board of Directors discussed and approved the unaudited consolidated half-year financial statements.

INDEX OF ALTERNATIVE PERFORMANCE MEASURES

VZ Group prepares and publishes its financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of FINMA. The alternative performance measures used outside the recognised accounting standards as defined by the SIX Swiss Exchange Directive are explained in the following overview.

Measure	Definition/Reference
Assets under Management	Detailed information on page 168 of the annual report 2023
Core capital ratio	Common equity tier 1 capital ratio (CET1)
EBIT-Margin	Operating profit before interests and taxes (EBIT) compared to revenues
Equity	Equity of VZ Group including non-controlling interests
Equity Ratio	Equity compared to consolidated balance sheet total
Interest income	Banking income from interest operations
Net cash	Cash and cash equivalents, short-term investments, marketable securities and financial assets, less current liabilities due to clients, long-term debts and due to banks
Net new money	Detailed information on page 168 of the annual report 2023
Net profit	VZ Group's net profit, including non-controlling interests
Management and platform clients	Clients who use one or more platform services (portfolio management, banking services, mortgages, pension plans or insurances)
Profit margin	Net profit compared to revenues

INFORMATION FOR SHAREHOLDERS

Information about the VZ Holding Ltd registered share

ISIN number	CH0528751586
Securities number	52875158

Ticker symbols

Listing	Bloomberg	Reuters	Telekurs
SIX Swiss Exchange	VZN SW	VZN.S	VZN

Important dates

Publication of the annual report 2024	28 February 2025
General meeting 2025	9 April 2025
Publication of the half-year report 2025	15 August 2025

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The half-year report for shareholders is available in German and English. The German version prevails.

Electronic information

Additional information on VZ Holding Ltd can be found on our website: www.vzch.com.

Disclaimer

All statements in this report, if they are not based on historical facts, relate to the future and do not provide any guarantee regarding future benefits. They include risks and uncertainties comprising, but not limited to future global economic conditions, exchange rates, legal provisions, market conditions, activities of competitors as well as other factors that are outside the company's control.

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