



HALF-YEAR REPORT 2016
VZ GROUP

HALF-YEAR REPORT 2016

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KEY FIGURES

Income statement

in CHF million

	1H 16	2H 15	1H 15	2H 14	1H 14
Operating revenues	113.8	114.0	112.4	102.1	94.8
Operating expenses	63.0	61.5	58.3	53.1	52.5
Operating profit (EBITDA)	50.8	52.5	54.1	49.0	42.3
Net profit¹	40.4	41.4	42.9	37.6	32.9

1 Including minority interests.

Balance sheets

in CHF million

	30.06.16	31.12.15	30.06.15	31.12.14	30.06.14
Total assets	2'332.8	2'007.7	1'968.2	1'928.8	1'445.9
Equity ¹	383.6	377.2	337.5	318.9	281.2
Net cash ²	333.5	344.1	285.9	292.6	248.6

1 Including minority interests.

2 Cash & cash equivalents, short-term investments, marketable securities, financial assets less current liabilities due to customers, long-term debts and due to banks.

Equity key figures

	30.06.16	31.12.15	30.06.15	31.12.14	30.06.14
Equity ratio ¹	16.5%	18.8%	17.2%	16.5%	19.5%
Common equity tier 1 capital ratio	26.5%	28.7%	26.8%	28.0%	25.4%
Total eligible capital ratio	26.5%	28.7%	26.8%	28.0%	25.4%

1 Equity compared to the consolidated balance sheet total.

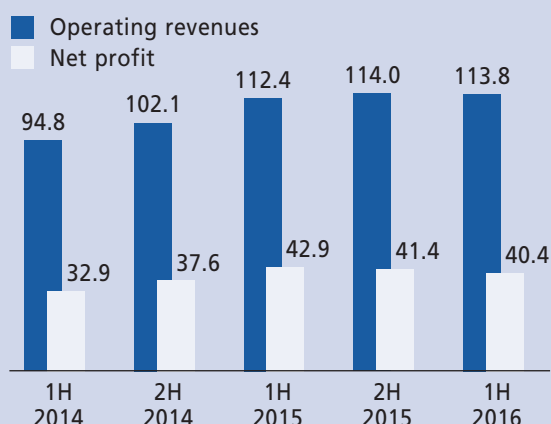
Funds under management

in CHF million

	30.06.16	31.12.15	30.06.15	31.12.14	30.06.14
Assets under Management	17'272	16'495	15'403	14'549	13'290

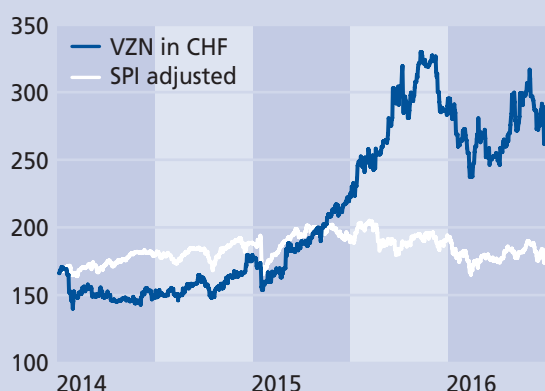
Revenues and profit

in CHF million



Share price VZ Holding N (VZN)

1.1.2014 to 30.6.2016



Share statistics

	30.06.16	31.12.15	30.06.15
Shares issued	8'000'000	8'000'000	8'000'000
Registered shareholders	1'673	1'564	1'362
Share price in CHF	289.75	295.50	225.00
Lowest price in CHF	237.60	154.00	154.00
Highest price in CHF	317.00	330.00	225.00
Market capitalisation in CHF million	2'318	2'364	1'800

Ownership structure

	30.06.16	31.12.15	30.06.15
Matthias Reinhart (direct and indirect)	60.86%	60.85%	60.85%
Members of the Board of Directors	1.37%	1.35%	1.35%
Other members of the Executive Board	3.31%	3.30%	3.39%
Employees ¹	0.40%	0.47%	0.47%
Deutsche Asset & Wealth Management GmbH	3.06%	3.06%	3.06%
Capital Group Companies, Inc.	3.00%	3.00%	3.00%
Treasury shares	0.30%	0.57%	0.65%

¹ Only the locked-up shares listed in the share register held by VZ employees (including former employees) are shown.

Employees

	30.06.16	31.12.15	30.06.15	31.12.14	30.06.14
Number of employees	830	812	773	708	686
Full-time equivalents (FTE)	718.3	702.9	666.5	613.3	600.0

VZ GROUP: FIRST HALF YEAR 2016

Dear Shareholders,

Uncertainty and geopolitical turmoil	Negative headlines prevailed in the first half-year, with the refugee crisis and Brexit as the primary concerns in Europe. Stock markets posted a very weak start to the year and prices only made a faltering recovery as interest rates fell again. As always, our clients responded to the uncertainty by taking a more hesitant approach.
Growth brought to temporary halt	Revenues grew 1.2 percent compared to the same period last year to CHF 113.8 million. There are two reasons for this restrained growth: firstly the basis for comparison is unusually high as the franc shock resulted in significant extra earnings in the first half of 2015. Secondly, revenue growth has slowed this year as the markets collapsed at the start of 2016, clients are being much more cautious and negative interest rates are impairing revenues. To further expand the business costs temporarily outgrew revenues at 8.0 percent and net profit was 5.8 percent down on the same period last year at CHF 40.4 million.
Increased balance sheet total	Many uncertain clients are holding cash instead of investing. As a result, the balance sheet has grown by 16.2 percent to CHF 2.3 billion since the start of the year. At the same time, equity capital increased to CHF 384 million. Equity capital ratios are clearly more solid than average for the sector.
Robust business model	The influx of new clients is unabated. Because we focus on offering a quantifiable added value, they still seek our expertise during times of uncertainty. In spite of negative stock market returns, assets under management grew during the first half-year to CHF 17'272 million. Net new money came to CHF 1005 million relative to CHF 1105 million during the same period last year. This decrease reflects clients' reluctance to enter into new commitments.
Next steps	In August, MeinFinanzportal will supersede our e-banking. The rationale behind the new portal is for our clients to consolidate all their money-related matters in a single place and conveniently manage them online. The preparations for setting up our bank in Germany next year, as announced previously, are well under way.
Outlook	We expect to return to our growth path in the second half-year. Provided that there are no further major distortions, we therefore anticipate a similar profit for the whole year as in 2015. Based on our robust business model and the steps we have initiated, we are confident that our business will continue to grow next year and that the growth will be reflected in the financial figures.

We thank all those involved with VZ, as well as those who help shape its development.

Zurich, 16 August 2016



Fred Kindle
Chairman of the Board of Directors



Matthias Reinhart
Chairman of the Executive Board

«TODAY WE ARE ABLE TO FULLY COVER ALL OUR CLIENTS' FINANCIAL NEEDS»

Adriano Pavone, Head of Media Relations, discusses the results and outlook for VZ Group with Matthias Reinhart, Chairman of the Executive Board.

Mr Reinhart, compared to the prior year the result for the first half of 2016 seems mediocre.

That's true: last year external factors had an extremely positive impact on our half-year result, whereas this year they had an extremely negative effect. At the start of 2015, we benefited from a one-off effect caused

«Our clients want to choose what they do themselves and what they discuss with an expert»

by the Swiss franc shock, while in 2016 the markets had their worst start to the year in decades. That impacted assets under management and, as a result, volume-based revenues. Negative interest rates are also having an adverse effect. A significant share of our liquid assets is deposited with the SNB, as security is one of our top priorities. We are paying 0.75 percent interest on these assets, which burdened our interest result with CHF 1.6 million in the first half-year.

How does the overall result look discounting the external factors?

Our operation has continued to grow as in previous years and all the key indicators are positive: we have more clients, higher consulting fees and increased assets under management. Only the conversion of consulting into management clients has been more difficult. It is a temporary phenomenon that occurs when the markets are in upheaval. Clients tend to take longer before deciding to proceed with their plans when times are uncertain. Once the general situation improves, they will have less trouble committing to something.

So the negative market sentiment has mainly affected wealth management?

Yes, exactly. Per advisor there was 19 percent less net new money relative to the same period last year. That wasn't a surprise: we already noticed this trend in the

second half of 2015 and we are familiar with this effect from similar market situations.

VZ Group has systematically broadened its services in recent years. Where are you today?

We are now able to cover our clients' financial needs in full: we are wealth managers and we offer our clients many opportunities to manage their securities themselves. VZ Depository Bank holds their cash and securities accounts and processes their payments. They can take out favourable mortgages from Hypotheken-Zentrum, and several foundations manage their mandatory and voluntary pension schemes (2nd and 3rd pillars). We have also been offering all the property and liability insurance required by a private household since mid-2015. In other words, we are now a one-stop-shop for financial services. All these services have one thing in common: they are transparent and a lot cheaper than what you can get elsewhere.

How can you undercut the competition that much?

There are essentially two explanations: for a start we have hardly any distribution costs as our services target our existing clientele. If we look at car insurance, for instance, that lets us save CHF 200 from every CHF 1000 of premium. Secondly, we designed our organisation on a blank canvas so to speak. Many providers have to operate generations of IT systems in parallel. Our organisation operates on a platform that is both significantly cheaper and more advanced.

How are you approaching the digital transformation?

More and more clients want to do as much as possible online, while many others want to have the choice between what they manage themselves online and what they discuss with an expert. We have developed our financial portal in response. *MeinFinanzportal* has replaced our e-banking and is a much more complete tool. It works as a personal cockpit from which you can maintain a comprehensive and real-time overview of your finances: cash and securities accounts, pension fund and pillar 3a, insurance and taxes, real estate and mortgages, will and testament. *MeinFinanzportal* enables you to do everything online and to securely store your documents.



to date, we expect a positive contribution from 2017.

You recently reorganised your corporate client business. Why?

We consolidated responsibility. Both the consulting and management services for corporate clients are now managed by one Executive Board member. This enables us to consolidate the acquisition, simplify the cooperation between different teams and better exploit cross-selling opportunities. At the same time it frees up resources for strategic tasks: the pension fund business is faced with far-reaching changes, and we are predestined to assume a leading role in that transformation.

Could VZ become my house bank?

We have made a major stride towards this objective. Clients call the bank they use to make their payments their house bank. Since we started offering a complete payment service including credit cards, more and more clients use us to make their payments. Moreover, as payments are the linchpin of any financial need, they are naturally transferring other types of business to us as well.

«Payment services are central to all financial transactions. This is a major step forward for us»

Is that why you are starting a bank in Germany?

Until now our German clients have to obtain most of the services we provide here in Switzerland from third parties. Our medium-term objective is for these clients to enjoy the same benefits as we provide here. We expect VZ Depository Bank to be operational in Germany next year. From then we will be able to provide our German clients with a more rounded service.

The insurance pool has been in operation for a year. Are you pleased with the results?

Yes. If you look back, the figures are still modest. The volume is increasing over time but there is a lag before it is reflected in the financial figures. We started at zero in mid-2015. Based on the premium underwritten

How do you assess the outlook for the second half-year and beyond?

The environment remains challenging. However, our fundamental business is mainly demography-driven, and our target group continues to grow. We view the slight fall in earnings over the past six months as a dip in growth rather than as a trend.

What are your priorities going forward?

We are focusing on our online strategy: *Mein-Finanzportal* goes live in August and we will continue to develop it further. We will also use our rule-based investment solutions to get new groups of clients on board. Our website is evolving from a content tool to an online service, and while we will continue to expand our branch network, we will also offer online access to all our services.

FINANCIAL STATEMENTS VZ GROUP

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CONSOLIDATED INCOME STATEMENTS

CHF '000

	Note	1H 2016	2H 2015	1H 2015
Consulting fees		9'042	9'445	8'632
Management fees				
On assets under management		81'587	80'846	79'822
Other management fees		8'975	8'481	8'463
Banking revenues		13'154	14'959	15'305
Net earned insurance premiums		845	(50)	0
Other operating revenues		155	325	154
Total operating revenues		113'758	114'006	112'376
Personnel expenses		(46'467)	(44'053)	(42'803)
Other operating expenses	7	(16'535)	(17'464)	(15'523)
Total operating expenses		(63'002)	(61'517)	(58'326)
EBITDA		50'756	52'489	54'050
Depreciation and amortisation		(3'152)	(2'995)	(2'867)
EBIT		47'604	49'494	51'183
Finance expense		(75)	(57)	(202)
Finance income		69	39	58
Net finance income		(6)	(18)	(144)
Profit before income taxes		47'598	49'476	51'039
Income taxes		(7'174)	(8'045)	(8'148)
Net profit		40'424	41'431	42'891
Attributable to:				
Shareholders of VZ Holding Ltd		40'410	41'407	42'870
Non-controlling interests		14	24	21
Basic earnings per share (CHF)		5.08	5.20	5.42
Diluted earnings per share (CHF)		5.05	5.16	5.40

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CHF '000

	1H 2016	2H 2015	1H 2015
Net profit recognised in the income statement	40'424	41'431	42'891
Other comprehensive income ¹ :			
Items that may be reclassified subsequently to the income statement			
Cumulative translation adjustments	25	228	(634)
Items that will not be reclassified to the income statement			
Remeasurement of defined benefit obligation	(964)	(2'864)	(454)
Total comprehensive income	39'485	38'795	41'803
Attributable to:			
Shareholders of VZ Holding Ltd	39'471	38'778	41'782
Non-controlling interests	14	17	21

1 Revenues and expenses recorded directly in equity (after taxes).

CONSOLIDATED BALANCE SHEETS

CHF '000

	Note	30.06.2016	31.12.2015	30.06.2015
Assets				
Cash and cash equivalents		694'884	493'748	596'633
Short term investments		207'459	196'987	297'602
Marketable securities at fair value		57	225	126
Trade receivables		4'346	4'110	3'999
Other receivables		25'099	9'406	20'325
Accrued income and deferred expenses		32'553	32'332	35'790
Other current assets		2'969	4'037	2'578
Current assets		967'367	740'845	957'053
Financial assets		1'342'656	1'245'361	992'593
Investments in associates		411	400	400
Property and equipment		13'211	13'813	14'068
Intangible assets		7'981	6'574	3'805
Deferred tax assets		1'195	711	303
Non-current assets		1'365'454	1'266'859	1'011'169
Total assets		2'332'821	2'007'704	1'968'222
Liabilities and equity				
Trade payables		1'693	699	1'165
Other current liabilities		8'217	10'531	7'869
Due to banks		5'066	0	2'176
Due to customers		1'793'467	1'478'146	1'484'210
Income tax payables		1'736	1'654	469
Provisions		2'000	2'000	0
Accrued expenses and deferred income		13'348	13'021	14'068
Current liabilities		1'825'527	1'506'051	1'509'957
Long-term debts		113'047	114'057	114'695
Other non-current liabilities		9'851	8'573	5'309
Deferred tax liabilities		752	1'851	736
Non-current liabilities		123'650	124'481	120'740
Total liabilities		1'949'177	1'630'532	1'630'697
Share capital		2'000	2'000	2'000
Treasury shares	10	(6'500)	(9'364)	(8'050)
Retained earnings		348'727	301'255	301'946
Net profit		40'410	84'277	42'870
Cumulative translation adjustments		(1'151)	(1'176)	(1'404)
Equity attributable to shareholders of VZ Holding Ltd		383'486	376'992	337'362
Non-controlling interests		158	180	163
Total equity		383'644	377'172	337'525
Total liabilities and equity		2'332'821	2'007'704	1'968'222

CONSOLIDATED STATEMENTS OF CASH FLOWS

CHF '000

	Note	1H 2016	2H 2015	1H 2015
Operating activities				
Net profit		40'424	41'431	42'891
Depreciation and amortisation of fixed assets and intangible assets		3'152	2'995	2'867
Net capital (gains)/losses and impairments on financial assets		848	264	1'830
(Increase)/decrease in dues from short term investments		(10'472)	100'614	141'160
(Increase)/decrease in market value of marketable securities at fair value		168	(99)	884
(Increase)/decrease in trade receivables		(237)	(110)	(290)
(Increase)/decrease in financial assets		(109'784)	(201'197)	(67'005)
(Increase)/decrease in other operational assets		(15'330)	12'510	(20'833)
Increase/(decrease) in trade payables		994	(466)	(57)
Increase/(decrease) in other operational liabilities		(1'726)	9'179	(1'920)
Increase/(decrease) in due to banks		5'066	(2'176)	2'176
Increase/(decrease) in due to customers		315'322	(6'065)	12'088
Non cash share-based payment transactions		(2'139)	(720)	(1'134)
Other non-cash items		(964)	(2'864)	(454)
Net cash flows (used in)/provided by operating activities		225'322	(46'704)	112'203
Investing activities				
Purchase of property and equipment		(1'214)	(1'494)	(3'876)
Purchase of financial assets held to maturity		0	(61'130)	(123'396)
Proceeds from financial assets held to maturity		11'631	9'295	19'250
Purchase of intangible assets		(2'743)	(4'074)	(1'229)
Cash flow (used in)/provided by investing activities		7'674	(57'403)	(109'251)
Financing activities				
Purchase of treasury shares		(5'107)	(4'700)	(2'225)
Proceeds of treasury shares		7'699	6'272	7'952
Repayment of long-term debts		(1'040)	(777)	(165)
Proceeds from long-term debts		90	139	8'614
Dividends paid to shareholders	13	(33'431)	0	(27'756)
Cash flow (used in)/provided by financing activities		(31'789)	934	(13'580)
Effect of foreign exchange rate changes		(71)	288	(635)
Net increase/(decrease) in cash and cash equivalents		201'136	(102'885)	(11'263)
Cash and cash equivalents at beginning of the period		493'748	596'633	607'896
Cash and cash equivalents at the end of the period		694'884	493'748	596'633
thereof				
Cash at banks and in hand		469'246	375'748	433'294
Short term deposits less than 90 days		225'638	118'000	163'339
Other supplementary cash flow disclosures				
Interest paid		(3)	(3)	(5)
Interest received		23	24	19
Income tax paid		(9'496)	(1'003)	(20'766)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CHF '000

	Share capital	Treasury shares	Cumulative translation adjustment	Retained earnings	Equity to shareholders of VZ Holding Ltd	Non-controlling interests	Total equity
As at 1 January 2015	2'000	(14'631)	(770)	332'144	318'743	142	318'885
Net profit				42'870	42'870	21	42'891
Other comprehensive income			(634)	(454)	(1'088)	0	(1'088)
Total comprehensive income for the period			(634)	42'416	41'782	21	41'803
Participation plans				(4'750)	(4'750)		(4'750)
Change in treasury shares		6'581		2'762	9'343		9'343
Dividends				(27'756)	(27'756)		(27'756)
As at 30 June 2015	2'000	(8'050)	(1'404)	344'816	337'362	163	337'525
As at 1 July 2015	2'000	(8'050)	(1'404)	344'816	337'362	163	337'525
Net profit				41'407	41'407	24	41'431
Other comprehensive income			228	(2'857)	(2'629)	(7)	(2'636)
Total comprehensive income for the period			228	38'550	38'778	17	38'795
Participation plans				(720)	(720)		(720)
Change in treasury shares		(1'314)		2'886	1'572		1'572
As at 31 December 2015	2'000	(9'364)	(1'176)	385'532	376'992	180	377'172
As at 1 January 2016	2'000	(9'364)	(1'176)	385'532	376'992	180	377'172
Net profit				40'410	40'410	14	40'424
Other comprehensive income			25	(964)	(939)	0	(939)
Total comprehensive income for the period			25	39'446	39'471	14	39'485
Participation plans				(6'002)	(6'002)		(6'002)
Change in treasury shares		2'864		3'592	6'456		6'456
Dividends				(33'431)	(33'431)	(36)	(33'467)
As at 30 June 2016	2'000	(6'500)	(1'151)	389'137	383'486	158	383'644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and 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 2015 consolidated annual financial statements which were published on 26 February 2016. 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 ended 31 December 2015 except for new accounting policies changes made after the date of the annual financial statements.

2 New accounting policies The new standards and amendments to existing standards have been adopted with a date of initial application as of 1 January 2016. They have no impact on the Group's net profit or equity.

IASB and IFRIC have passed a number of new Standards and Interpretations that must be applied from 1 January 2017 or later. VZ Group has not used the possibility of early adoption of these changes and is currently analysing their implications.

3 Foreign currency translation	Foreign currency unit	Exchange rates for balance sheets as of			Average exchange rates for income and cash flow statements		
		30.06.16	31.12.15	30.06.15	1H 16	2H 15	1H 15
	USD	0.9753	0.9971	0.9307	0.9820	0.9628	0.9476
	EUR	1.0828	1.0859	1.0403	1.0960	1.0689	1.0587

4 Risk management VZ Group's risk management monitors default and credit risks, market, liquidity and refinancing risks, operational, regulatory and legal risks as well as reputation risks. The risk management described in the annual report 2015 has not changed materially in the first half-year 2016.

5 Estimates, assumptions and management's discretionary power VZ Group makes estimates and assumptions concerning the future and exercises judgment in applying the effective accounting policies. Changes in estimates and assumptions with a material impact on the first half-year 2016 results are discussed below.

Benefit plans

The actuarial calculation for the benefit plans were carried forward to 30 June 2016. The discount rate for the actuarial calculation was lowered due to new market conditions. The other parameters were not altered since 31 December 2015. The extrapolation results in actuarial losses of TCHF 1222 (after taxes: TCHF 964), directly recorded in the equity. The next actuarial calculation for these benefit plans will be carried out by the expert for the next reporting date as per 31 December 2016.

Provisions for operational risks

As per 30 June 2016, the management of the VZ Group does not see any needs for additional provisions for operational risks compared to 31 December 2015.

Impairments of financial assets

As of the reporting date, there was no need for impairments on financial assets.

6 Changes in the group structure

VZ Services Ltd, Munich, was founded on 25 May 2016. VZ Holding Ltd is the sole shareholder of the fully paid-up share capital of EUR 2 Mio. After receiving the necessary regulatory approvals the entity change its name and will offer banking services for clients in Germany. The operational start is planned for 2017.

7 Other operating expenses

CHF '000

	1H 2016	2H 2015	1H 2015
Office space rent and maintenance	3'976	3'833	3'745
Marketing expenses	4'203	3'562	4'156
Expenses of insurance contracts ¹	454	47	0
General and administrative expenses	7'902	10'022	7'622
Total	16'535	17'464	15'523

¹ Claims incurred and change in actuarial loss reserves of VZ InsurancePool Ltd.

8 Fair value
of financial
instruments

CHF '000

	Book value	Fair Value	Divergence
as at 30.06.2016			
Assets			
Cash & cash equivalents	694'884	694'884	0
Short term investments	207'459	207'459	0
Marketable securities at fair value	57	57	0
Trade receivables	4'346	4'346	0
Other receivables	25'099	25'099	0
Other current assets	2'969	2'969	0
Financial assets			
Mortgage	1'001'574	1'060'435	58'861
Bonds	153'787	159'515	5'728
Time deposits	184'852	184'852	0
Other financial assets	2'443	2'443	0
Subtotal	2'277'470	2'342'059	64'589
Liabilities			
Trade payables	1'693	1'693	0
Other current liabilities	8'217	8'217	0
Due to banks	5'066	5'066	0
Due to customers	1'793'467	1'793'467	0
Long-term debts			
Medium-term notes	3'958	4'096	(138)
Loans from central mortgage institutions	109'089	116'052	(6'963)
Other non-current liabilities	9'851	5'309	4'542
Subtotal	1'931'341	1'933'900	(2'559)
Total of divergence			62'030
as at 31.12.2015			
Assets			
Cash & cash equivalents	493'748	493'748	0
Short term investments	196'987	196'987	0
Marketable securities at fair value	225	225	0
Trade receivables	4'110	4'110	0
Other receivables	9'406	9'406	0
Other current assets	4'037	4'037	0
Financial assets			
Mortgage	892'149	945'720	53'571
Bonds	159'043	162'802	3'759
Time deposits	191'983	191'983	0
Other financial assets	2'186	2'186	0
Subtotal	1'953'874	2'011'204	57'330
Liabilities			
Trade payables	699	699	0
Other current liabilities	10'531	10'531	0
Due to banks	0	0	0
Due to customers	1'478'146	1'478'146	0
Long-term debts			
Medium-term notes	4'908	5'051	(143)
Loans from central mortgage institutions	109'149	114'243	(5'094)
Other non-current liabilities	8'573	8'573	0
Subtotal	1'612'006	1'617'243	(5'237)
Total of divergence			52'093

8 Fair value
of financial
instruments
(continuation)

CHF '000

	Book value	Fair Value	Divergence
as at 30.06.2015			
Assets			
Cash & cash equivalents	596'633	596'633	0
Short term investments	297'602	297'602	0
Marketable securities at fair value	126	126	0
Trade receivables	3'999	3'999	0
Other receivables	20'325	20'325	0
Other current assets	2'578	2'578	0
Financial assets			
Mortgage	690'994	724'507	33'513
Bonds	152'838	156'855	4'017
Time deposits	146'584	146'584	0
Other financial assets	2'177	2'177	0
Subtotal	1'913'856	1'951'386	37'530
Liabilities			
Trade payables	1'165	1'165	0
Other current liabilities	7'869	7'869	0
Due to banks	2'176	2'176	0
Due to customers	1'484'210	1'484'210	0
Long-term debts			
Medium-term notes	5'485	5'662	(177)
Loans from central mortgage institutions	109'210	114'721	(5'511)
Other non-current liabilities	5'309	5'309	0
Subtotal	1'615'424	1'621'112	(5'688)
Total of divergence			31'842

9 Valuation
methods for
financial
instruments

CHF '000

	Listed market prices <i>(Level 1)</i>	Valuation methods based on market data <i>(Level 2)</i>	Valuation methods not based on market data <i>(Level 3)</i>	Total
as at 30.06.2016				
Assets				
Marketable securities at fair value	33	24 ¹	0	57
Liabilities				
Derivative financial instruments	0	422	0	422
as at 31.12.2015				
Assets				
Marketable securities at fair value	33	192 ¹	0	225
Liabilities				
Derivative financial instruments	0	217	0	217
as at 30.06.2015				
Assets				
Marketable securities at fair value	28	98 ¹	0	126
Liabilities				
Derivative financial instruments	0	275	0	275

¹ Marketable securities include mainly investments funds and positive replacement values of foreign exchange forward transactions.

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 by generally accepted valuation models which are based on input parameters available on the market. The pricing models are based on the relevant parameters such as the contract specifications, the underlying instrument's market value and the interest rate curves. Investment funds are recognised according to their published net asset values.

The VZ Group does not have any financial instruments (level 3) whose fair value is determined using a valuation method which is not based on market data.

As in the previous year, there were no transfers of financial instruments in the first half-year 2016.

10 Treasury shares

Number	in '000 CHF					
	30.06.16	31.12.15	30.06.15	30.06.16	31.12.15	30.06.15
	24'343	45'854	51'821	6'500	9'364	8'050

11 Off-balance sheet information

CHF '000				
	Mortgage collaterals	Other collaterals	Without collaterals	Total
Contingencies		1'117		1'117
Irrevocable residential mortgages granted	7'574	12'459	710	20'743
Payment obligation regarding depositor protection measures			8'412	8'412
Total unconditional commitments/ payment obligations	7'574	12'459	9'122	29'155
Call receivables and liabilities			806	806
Total as at 30.06.2016	7'574	13'576	9'928	31'078
Total as at 31.12.2015	5'072	3'121	9'218	17'411
Total as at 30.06.2015	5'031	3'112	5'056	13'199

12 Segment information

The determination of the operating segments is based on the management approach. The reported segments have to be in line with the financial information the business is managed, the management takes decisions and assesses the performance. The reported financial information correspond with the internal management information. VZ Group focuses its services on individuals and couples aged 50 or over who live in their own homes. Out of one hand and through several platforms 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. The financial ma-

management of VZ Group by the board of directors and executive board therefore is based on the consolidated income statements, consolidated balance sheets and consolidated cashflow statements. The reported financial information correspond with the internal management information.

All revenues are generated in Switzerland except the insignificant revenues generated by the subsidiary in Germany. Also, the assets held abroad are insignificant, and therefore no separate information covering geographical areas is necessary.

- 13 Dividend The dividend of CHF 4.20 per share for 2015 was distributed on 19 April 2016. The total of dividend pay out was TCHF 33'431.
- 14 Subsequent events No events took place between 30 June 2016 and 12 August 2016 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.
- 15 Approval At its meeting held on 12 August 2016, the Board of Directors discussed and approved the unaudited consolidated half-year financial statements.

INFORMATION FOR SHAREHOLDERS

Information about the VZ Holding Ltd registered share

ISIN number	CH0028200837
Securities number	2820083

Ticker symbols

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

Important dates

Publication of the annual report 2016	6 March 2017
General meeting 2017	6 April 2017
Publication of the half-year report 2017	11 August 2017

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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.ch.

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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