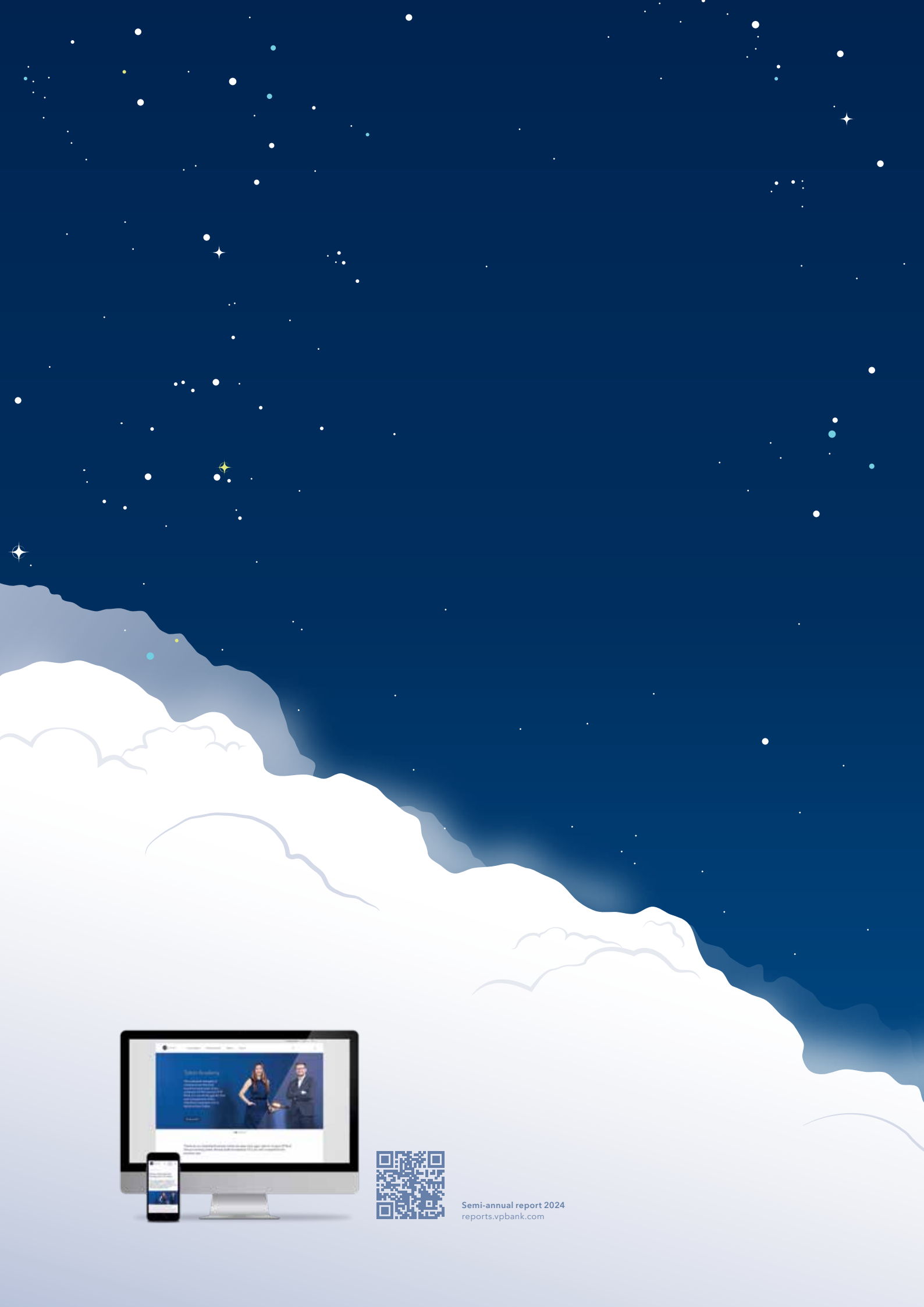




Talents

Semi-annual disclosure report
as of June 2024





Semi-annual report 2024
reports.vpbank.com

Imprint

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Employees and their talents are what make a business successful. This is why managing talent and promoting the diverse skills of its employees is an important part of VP Bank's corporate strategy. It is also actively involved in promoting talent outside of the bank, as part of its sponsorship and further training commitments.

The annual report presents a selection of five projects in which VP Bank is active in various areas of talent promotion.

Further information concerning these projects can be found in the online report at report.vpbank.com.

VP Bank

VP Bank is an internationally active private bank and is one of the biggest banks in Liechtenstein. It has offices in Vaduz, Zurich, Luxembourg, Tortola / British Virgin Islands, Singapore and Hong Kong.

Since its foundation in the year 1956, VP Bank has focused on asset management and investment consultancy for private individuals and financial intermediaries. As of June 30, 2024, 1,079 employees manage client assets of CHF 50.4 billion.

VP Bank is listed on the SIX Swiss Exchange. Its financial strength has been given an "A-" rating by Standard & Poor's. The shareholder base with three anchor shareholders ensures stability, independence and sustainability.

Basis and purpose of the disclosure

The Disclosure Report is based upon Part 8 of the Regulation (EU) No. 575/2013 CRR, which has been directly applicable in Liechtenstein with amendments of the Banking Act Liechtenstein (BankA) and the Banking Ordinance Liechtenstein (BankO) since 1 February 2015, in conjunction with Regulation (EU) 2019/876 (CRR II) Part 8 Articles 431 to 455 of the European Parliament and of the Council of 20 May 2019, amending Regulation (EU) No. 575/2013, which entered into force in Liechtenstein as of 1 May 2022. The disclosure requirements are supplemented by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, laying down implementing technical standards and Directive (EU) 2019/879 (BRRD II) Article 45i(3)(a,c) amending Directive (EU) 2014/59 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firm, which came into force in Liechtenstein on 1 May 2023.

The Disclosure Report provides a comprehensive overview of the bank's capital and liquidity adequacy.

Content and scope of application of the disclosure

The Disclosure Report contains all qualitative and quantitative information specified in Part 8 Section II CRR that has not already been published in the semi-annual report of VP Bank. The exemption rules set out under Article 432 CRR for immaterial or confidential information as well as business secrets have not been applied.

VP Bank Ltd with registered domicile in Vaduz, Liechtenstein, is the parent company of VP Bank Group and fulfils the disclosure requirements pursuant to Article 13(1) CRR on a consolidated level. The basis for this is the prudential scope of consolidation pursuant to Article 18 to 24 CRR. For this reason, all information in the Disclosure Report relate to VP Bank Group.

Frequency and means of disclosure

A comprehensive Disclosure Report is drawn up annually and published as a separate document on the VP Bank homepage (www.vpbank.com). Supplementary information is provided in the annual report. A supplementary Disclosure Report is issued semi-annually to a reduced extent in accordance with Article 433a(2) in conjunction with Article 4(1)(146,148) CRR and is also published on the VP Bank website.

Preparation and assessment of the disclosure

VP Bank has implemented a process for preparing the Disclosure Report, and has defined the tasks and responsibilities in writing. Within this context, the content and frequency of the disclosure is regularly reviewed in order to ascertain that this is reasonable and compliant to regulatory requirements. This Disclosure Report is not subject to any review by statutory banking auditors. The most recent Disclosure Report audited by an external auditor was published on 31 December 2022.

No significant obstacles exist that limit the prompt transfer of equity capital or the repayment of liabilities between the parent company and fully consolidated subsidiaries.

This Disclosure Report has been prepared in line with Article 431 CRR disclosure requirements and policies and complies with the applicable legal and regulatory requirements. The Group Executive Management (GEM), as the management body at level VP Bank Group, confirms in accordance with Article 431(3) CRR that the preparation of this Disclosure Report has been made in accordance with the formal policies and internal processes, systems and controls.

Changes compared to the Disclosure Report as of 30.06.2023

Compared to the June 2023 Disclosure Report, a new table has been added due to the first-time application of the BRRD II regulation: EU KM2 - Key metrics of MREL (Minimum requirement for own funds and eligible liabilities).

Key metrics (Articles 438, 477 CRR)

The template EU KM1 shows an overview of the regulatory key parameters. The common equity Tier 1 ratio has increased from 24.9 per cent to 26.1 per cent since December 31, 2023, and is well above the minimum regulatory requirement. The equity base is very solid and permits successful growth. The liquidity coverage ratio according to EU KM1 increased from 258.9 per cent to 289.8 per cent and remains well above the minimum requirement of 100 per cent. VP Bank complied with all minimum requirements for capital, leverage ratio, liquidity coverage ratio, net stable funding ratio as well as minimum requirements for own funds and eligible liabilities, consistently over the past semester.

EU KM1 – Key metrics template

in CHF 1,000		30.06.2024	31.12.2023	30.06.2023
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	1,071,329	1,057,738	1,053,856
2	Tier 1 capital	1,071,329	1,057,738	1,053,856
3	Total capital	1,071,329	1,057,738	1,053,856
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	4,101,680	4,242,745	4,506,421
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	26.1	24.9	23.4
6	Tier 1 ratio (%)	26.1	24.9	23.4
7	Total capital ratio (%)	26.1	24.9	23.4
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional CET1 SREP requirements (%)	1.5	1.5	1.5
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8	0.8	0.8
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1	1.1	1.1
EU 7d	Total SREP own funds requirements (%)	9.5	9.5	9.5
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0	0.0	0.0
9	Institution specific countercyclical capital buffer (%)	0.2	0.2	0.1
EU 9a	Systemic risk buffer (%)	0.2	0.1	0.1
10	Global Systemically Important Institution buffer (%)	0.0	0.0	0.0
EU 10a	Other Systemically Important Institution buffer	2.0	2.0	2.0
11	Combined buffer requirement (%)	4.8	4.8	4.8
EU 11a	Overall capital requirements (%)	14.3	14.3	14.3
12	CET1 available after meeting the total SREP own funds requirements (%)	20.8	19.6	18.0
Leverage ratio				
13	Leverage ratio total exposure measure	11,737,947	11,578,425	13,352,516
14	Leverage ratio	9.1	9.1	7.9
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0	0.0	0.0
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0	0.0	0.0
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	0.0	0.0	0.0
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0	3.0
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,286,946	3,493,316	3,795,727
16a	Cash outflows - Total weighted value	3,593,393	3,796,876	4,081,693
16b	Cash inflows - Total weighted value	2,438,889	2,397,626	2,520,341
16	Total net cash outflows (adjusted value)	1,157,535	1,403,163	1,567,546
17	Liquidity coverage ratio (%)	289.8	258.9	248.2
Net Stable Funding Ratio				
18	Total available stable funding	6,731,491	7,281,167	7,375,019
19	Total required stable funding	4,705,930	4,643,620	4,493,784
20	NSFR ratio (%)	143.0	156.8	164.1

Key metrics of own funds and eligible liabilities (Articles 447 CRR, 45 BRRD)

The template EU KM2 shows an overview of the minimum requirement for own funds and eligible liabilities (MREL), as the bank is subject to the minimum requirement for own funds and eligible liabilities in accordance with Article 45e of Directive 2014/59/EU. The Bank is not subject to the requirements pursuant to Article 92a of Regulation (EU) 575/2013, which is why the items of the G-SII requirement for own funds and eligible liabilities (TLAC) are not disclosed. MREL is well above the minimum regulatory requirement. VP Bank complied with the MREL minimum requirement over the last semester.

EU KM2 - Key metrics - MREL

in CHF 1,000		Minimum requirement for own funds and eligible liabilities (MREL) 30.06.2024
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	1,245,356
EU-1a	Of which own funds and subordinated liabilities	1,226,329
2	Total risk exposure amount of the resolution group (TREA)	4,101,680
3	Own funds and eligible liabilities as a percentage of the TREA	30.4%
EU-3a	Of which own funds and subordinated liabilities	29.9%
4	Total exposure measure (TEM) of the resolution group	11,737,947
5	Own funds and eligible liabilities as percentage of the TEM	10.6%
EU-5a	Of which own funds or subordinated liabilities	10.4%
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)	n.a.
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	n.a.
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)	n.a.
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	19.6%
EU-8	Of which to be met with own funds or subordinated liabilities	15.9%
EU-9	MREL expressed as a percentage of the TEM	5.1%
EU-10	Of which to be met with own funds or subordinated liabilities	5.1%

Own funds requirements (Article 438 CRR)

VP Bank calculates the equity requirement in accordance with the provisions of the CRR using the following approaches:

- Standardised approach for credit risk (under Part 3, Title II, Chapter 2 of the CRR)
- Basic-indicator approach for operational risk (under Part 3, Title III, Chapter 2 of the CRR)
- Standardised procedure for market risk (under Part 3, Title IV, Chapters 2 to 4 of the CRR)
- Standardised method for credit valuation adjustment (CVA) risk (under Article 384 of the CRR)
- Comprehensive method for taking into consideration financial collateral (under Article 223 of the CRR)

The following overview shows the capital adequacy requirements specific to the various regulatory risk types in accordance with Article 438(c) to (f) of the CRR.

EU OV1 – Overview of total risk exposure amounts

in CHF 1,000		Risk weighted exposure amounts (RWEAs)		Total own funds requirements 30.06.2024
		30.06.2024	31.12.2023	
1	Credit risk (excluding CCR)	3,357,367	3,504,559	268,589
2	Of which the standardised approach	3,357,367	3,504,559	268,589
3	Of which the foundation IRB (FIRB) approach	n.a.	n.a.	n.a.
4	Of which: slotting approach	n.a.	n.a.	n.a.
EU 4a	Of which: equities under the simple riskweighted approach	n.a.	n.a.	n.a.
5	Of which the advanced IRB (AIRB) approach	n.a.	n.a.	n.a.
6	Counterparty credit risk - CCR	63,552	49,101	5,084
7	Of which the standardised approach	53,268	40,925	4,261
8	Of which internal model method (IMM)	n.a.	n.a.	n.a.
EU 8a	Of which exposures to a CCP	n.a.	n.a.	n.a.
EU 8b	Of credit valuation adjustment - CVA	10,284	8,176	823
9	Of which other CCR	n.a.	n.a.	n.a.
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	0	0	0
17	Of which SEC-IRBA approach	n.a.	n.a.	n.a.
18	Of which SEC-ERBA (including IAA)	n.a.	n.a.	n.a.
19	Of which SEC-SA approach	n.a.	n.a.	n.a.
EU 19a	Of which 1,250% / deduction	n.a.	n.a.	n.a.
20	Position, foreign exchange and commodities risks (Market risk)	35,439	43,764	2,835
21	Of which the standardised approach	35,439	43,764	2,835
22	Of which IMA	n.a.	n.a.	n.a.
EU 22a	Large exposures	0	0	0
23	Operational risk	645,321	645,321	51,626
EU 23a	Of which basic indicator approach	645,321	645,321	51,626
EU 23b	Of which standardised approach	n.a.	n.a.	n.a.
EU 23c	Of which advanced measurement approach	n.a.	n.a.	n.a.
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	0	0	0
29	Total	4,101,680	4,242,745	328,134

The total risk weighted exposure amounts (RWEA) decreased by CHF 141 million to CHF 4.1 billion compared to the previous period. This is mainly due to the decrease in credit risk (excluding counterparty credit risk) from CHF 3.5 billion to CHF 3.4 billion.

VP Bank Ltd is a bank domiciled in Liechtenstein and is subject to supervision by the Financial Market Authority (FMA) Liechtenstein, Landstrasse 109, 9490 Vaduz, Liechtenstein, www.fma-li.li

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This report has been produced with the greatest possible care and all data have been closely examined. Rounding, typeset or printing errors, however, cannot be ruled out.

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