Talents

Disclosure Report **2023**

VP BANK

Annual Report 2023
report.vpbank.com/en

Imprint

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.

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Index disclosure part 8 Capital Requirements Regulation (CRR)

Article CRR	Topic	Disclosure document
435	Risk management objectives and policies	Disclosure report p. 8 ff., Annual report p. 138 ff.
436	Scope of application	Disclosure report p. 11 ff., Annual report p. 183 ff.
437	Own funds	Disclosure report p. 14 ff., Annual report p. 145 ff.
438	Own funds requirements	Disclosure report p. 19, Annual report p. 145 ff.
439	Exposure to counterparty credit risk	Disclosure report p. 21 ff., Annual report p. 168 ff.
440	Capital buffers	Disclosure report p. 24 ff., Annual report p. 146 ff.
441	Indicators of global systemic importance	Not applicable
442	Credit risk and dilution risk	Disclosure report p. 26 ff., Annual report p. 150 ff.
443	Encumbered and unencumbered assets	Disclosure report p. 35 ff.
444	Use of the Standardised Approach	Disclosure report p. 37
445	Exposure to market risk	Disclosure report p. 38, Annual report p. 147 ff.
446	Operational risk	Disclosure report p. 39, Annual report p. 157 ff.
447	Key metrics	Disclosure report p. 3
448	Exposure to interest rate risk on positions not held in the trading book	Disclosure report p. 40, Annual report p. 147 ff.
449	Exposure to securitisation positions	Not applicable
449a	ESG risks	Not applicable
450	Remuneration policy	Disclosure report p. 42, Annual report p. 106 ff.
451	Leverage ratio	Disclosure report p. 52 ff.
451a	Liquidity requirements	Disclosure report p. 56 ff.
452	Use of the IRB Approach to credit risk	Not applicable
453	Use of credit risk mitigation techniques	Disclosure report p. 63 ff., Annual report p. 130 ff.
454	Use of the Advanced Measurement Approaches to operational risk	Not applicable
455	Use of Internal Market Risk Models	Not applicable

Key metrics (Articles 438, 477 CRR)

EU KM1 – Key metrics template

in CHF 1,000		31.12.2023	30.06.2023	31.12.2022
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,057,738	1,053,856	1,046,159
2	Tier 1 capital	1,057,738	1,053,856	1,046,159
3	Total capital	1,057,738	1,053,856	1,046,159
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	4,242,745	4,506,421	4,828,876
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	24.9	23.4	21.7
6	Tier 1 ratio (%)	24.9	23.4	21.7
7	Total capital ratio (%)	24.9	23.4	21.7
	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	0.1	0.1
EU 9a	Systemic risk buffer (%)	0.1	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	4.7
EU 11a	Overall capital requirements (%)	14.3	14.3	14.2
12	CET1 available after meeting the total SREP own funds requirements (%)	19.6	18.0	16.3
	Leverage ratio			
13	Leverage ratio total exposure measure	11,578,425	13,352,516	13,006,145
14	Leverage ratio	9.1	7.9	8.0
	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)	3,493,316	3,795,727	3,886,214
16a	Cash outflows – Total weighted value	3,796,876	4,081,693	4,588,290
16b	Cash inflows – Total weighted value	2,397,626	2,520,341	2,857,695
16	Total net cash outflows (adjusted value)	1,403,163	1,567,546	1,754,657
17	Liquidity coverage ratio (%)	258.9	248.2	240.2
	Net Stable Funding Ratio			
18	Total available stable funding	7,281,167	7,375,019	7,619,773
19	Total required stable funding	4,643,620	4,493,784	4,810,618
20	NSFR ratio (%)	156.8	164.1	158.4

Introduction

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 31 December 2023, 1,085 employees manage client assets of CHF 46.4 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 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, its risk profile and risk management.

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 semiannual 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 Articles 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 31 December 2022

The scope of this Disclosure Report remains unchanged compared to the previous year. The publication of the reporting template KM2 Key metrics – MREL, from the disclosure requirements for the minimum requirements for own funds and eligible liabilities (MREL), resulting from the national entry into force of BRRD II on 1 May 2023, in Liechtenstein, is waived until the effective date of 1 January 2024, based on Article 17 of Regulation (EU) 2021/763 in conjunction with the third subparagraph of Article 3(1) of Directive (EU) 2019/879.

Corporate governance (Article 435 CRR)

Board of Directors

Pursuant to Article 23 BankA, the Board of Directors (BoD) is responsible for the overall management, supervision and control of the bank. It is responsible for the medium to long-term strategic focus of VP Bank Group (Group Board of Directors).

The powers and obligations of the Board of Directors are set out in the Articles of Association and in the Organisation and Business Rules (OBR) of VP Bank.

Committees of the Board of Directors

To be able to fulfil its duties in an optimum manner, the Board of Directors is supported by four committees: the Nomination & Compensation Committee, the Audit Committee, the Risk Committee and the Strategy & Digitalisation Committee. Each committee consists of at least three members of the Board of Directors.

The tasks, powers of authority, rights and obligations of the various committees are laid down in the Organisation and Business Rules of VP Bank. In addition, the functions of the committees of the Board of Directors are governed by way of separate business regulations.

The Risk Committee is responsible in particular for the following tasks:

- Advising the Board of Directors concerning the bank's current and future overall risk appetite and strategy and supporting the Board of Directors in monitoring the implementation of the risk strategy by the Executive Board / Group Executive Management;
- Receiving and dealing with the risk reports as well as assessing the appropriateness of procedures deployed to measure, manage and monitor risks;
- Assessing significant risks for the bank and discussing them with the Chief Risk Officer and the competent experts;
- Assessing the functional capability of risk management and monitoring as well as of the internal control system;
- Assessing the functional capability of the measures taken designed to ensure compliance with and observance of legal (e.g. compliance with capital adequacy, liquidity and risk-diversification provisions) and internal provisions (compliance);
- Receiving and dealing with reports from the areas and departments answerable to the Chief Risk Officer;
- Assessing the quality (effectiveness) of risk governance as well as the cooperation between Risk Management, Risk Monitoring, the Executive Board / Group Executive Management, the Risk Committee and the Board of Directors;
- Reviewing whether the pricing of the offered liabilities and assets takes adequate account of the bank's business model and risk strategy and, should this not be the case, requiring a plan with corrective measures;
- Evaluating whether the incentives offered as part of the system of compensation take into account the risk, equity, liquidity as well as the probability and timing of revenues;
- Advising the Board of Directors on the appointment or removal of the Chief Risk Officer.

The Risk Committee usually meets on five to eight occasions per annum; in the 2023 financial year, the Risk Committee convened for six ordinary meetings. The Chief Risk Officer and the Head of Group Internal Audit attend the meetings. At one joint meeting with the Audit Committee, an exchange of information took place with the GEM regarding the quality of the internal control system and other matters.

Members of the Board of Directors

Pursuant to Article 16 of the Bank's Articles of Association, the Board of Directors must comprise at least five members who are elected for a term of three years.

The Board of Directors must collectively possess the requisite expertise, skills, and experience to ensure that VP Bank operates properly.

The required theoretical knowledge and practical professional experience are obtained from the tasks, competencies, and responsibilities assigned to either the institution as a whole or an individual. The tasks of the Board of Directors are outlined in the articles of association as well as in the Organizational and Business Regulations of VP Bank Ltd. Where appropriate and required, the Board of Directors defines the allocation of individual key tasks or responsibilities among the members of the body. The Nomination & Compensation Committee derives from these the required theoretical and practical skills per member. Overall, the body's requirements must be adequately met by all members.

The Nomination & Compensation Committee prepares the respective requirement profiles as needed and the BoD approves them to consider the current composition of the Board. Prior to this, an overall evaluation of the BoD takes place, if necessary with the involvement of an external specialist.

A solid, successful, and flawless business activity must be ensured at all times. Changes in business activities (e.g. expanding into new markets or introducing new products, etc.) as well as new regulatory requirements can lead to new tasks for business management and increase operational complexity. This may result in additional requirements for the supervisory function of the BoD.

The Nomination & Compensation Committee therefore reviews either in case of such an event, or at least once a year, if it leads to new requirements on the qualification of the members of the BoD and if these are covered by the whole body or an individual person.

If a deficit is identified, the Nomination & Compensation Committee immediately takes effective measures to ensure proper management of the BoD as a whole as well of the individual functions. The BoD will then take the relevant decisions.

At the Annual General Meeting of 28 April 2023, Dr Beat Graf and Katja Rosenplänter-Marxer were re-elected for a term of office of three years.

Michael Riesen declared his intention not to seek re-election and stepped down from his position on the BoD after nine years in office.

Stefan Amstad and Stephan Zimmermann were elected to the BoD for a term of three years.

Additional changes on the BoD:

The Liechtenstein home market plays a key role in the ongoing success of VP Bank. The BoD underscored its significance by appointing Dr Mauro Pedrazzini as Vice Chairman of the BoD. He serves as Vice Chairman alongside Ursula Lang.

The implementation of sustainability issues is of strategic significance for VP Bank. Katja Rosenplänter-Marxer was appointed to the newly created position of Sustainability Officer on the BoD. She operates as an interface between the BoD and Group Executive Management in relation to this important issue.

Following a total of six years in office and having served as Chairman of the BoD since 2020, at the annual general meeting held on 26 April 2024, Dr Thomas R. Meier decided not to stand for re-election. The early announcement should ensure a seamless passing of the baton.

As of 31 December 2023, the BoD of VP Bank consists of eight members. None of the members of the BoD belonged to the GEM, the Executive Board of VP Bank or the Executive Board of any subsidiary company during the past three financial years. Their biographies as well as their other activities and vested interests can be found in Section 3 of the 2023 Annual Report of VP Bank. Thus, the number of management or supervisory functions covered by BoD members can be listed as the following (including the mandate at VP Bank):
- Dr Thomas R. Meier: 4
- Ursula Lang: 2
- Dr Mauro Pedrazzini: 2
- Stefan Amstad: 3
- Philipp Elkuch: 5
- Dr Beat Graf: 4
- Katja Rosenplänter-Marxer: 3
- Stephan Zimmermann: 4

Diversity strategy for the selection of members of the Management Board

VP Bank has set itself the goal of promoting diversity across all its characteristics and levels – this in order to increase the diversity of thought and thus strengthen the competitiveness and the degree of innovation. Specifically, the bank aims to improve gender diversity within its ranks, recognizing its importance for sustainable success.

By 2026, the bank aims to have at least 30 per cent of the members of the BoD represented by women. As of the end of 2023, the percentage of female members on the BoD amounts to 25%. The gender benchmark will also be taken into account in the future succession planning of the BoD.

Information and control instruments of the Board of Directors

The Board of Directors and its committees have at their disposal various informational and control tools for managing and supervising the activities of the Executive Board / GEM. Among those tools are the strategy process, medium-term planning, the budgeting process and reporting.

The BoD receives monthly financial and risk-controlling reports as well as periodic reports on the semi-annual and annual financial statements:
- The reports include quantitative and qualitative information as well as budget variances, period-specific and multi-year comparisons, key performance indicators and risk analyses.
- The reports enable the BoD at all times to gain a picture of significant developments and risk situation.
- Those reports that lie within the scope of tasks of the Audit or Risk Committees are dealt with by the respective committee, and corresponding motions are forwarded to the Board of Directors for approval.
- The most recent reports undergo a comprehensive review at each Board meeting.

The BoD reviews twice a year the implementation of business strategies and strategy controlling on the basis of the reporting by the Executive Board / GEM. The Strategy & Digitalisation Committee assists and advises the BoD on strategic issues and projects.

The Chairman of the BoD receives all minutes of the Executive Board / GEM meetings. In addition, this person also exchanges information with the Chief Executive Officer on a weekly basis and on an ad hoc basis with the other members of the Executive Board / GEM.

A further important instrument to assist the BoD in fulfilling its supervisory and control function is Group Internal Audit, which conducts its activities in compliance with the internationally recognised standards of the Swiss Institute of Internal Auditing and the Institute of Internal Auditors (IIA). The duties and powers of Group Internal Audit are laid down in specific regulations.

As an independent body, it examines in particular the internal control system, management processes and risk management at VP Bank.

Group Executive Management

The GEM is responsible for the operating management of VP Bank as well as for the management of VP Bank Group (Group Executive Management).

The powers and authorities of the GEM are set out in the Organisation and Business Rules (OBR) of VP Bank.

Members of the GEM

Pursuant to Fig. 5.1 OBR, the GEM consists of the Chief Executive Officer, the Chief Financial Officer and at least one further member. One member of the GEM oversees the risk management function in the capacity of Chief Risk Officer, and may also simultaneously hold further functions, insofar as this is compatible with the necessary independence.

In professional and personal terms, the members of the GEM must offer assurance of proper business activities at all times and may not simultaneously be members of the BoD of the bank. They are appointed by the BoD after being proposed by the Nomination & Compensation Committee.

As of 1 April 2023, Dr Mara Harvey, Head of Region Europe and CEO of VP Bank (Switzerland) Ltd, was appointed to GEM. Region Europe comprises the Luxembourg location, in addition to the Zurich location.

Also as of 1 April 2023, Dr Rolf Steiner, Head of Products & Solutions, was appointed to the Executive Board / GEM. This new area brings together all competences relating to the creation and enhancement of VP Bank Group's range of services.

Tobias Wehrli, Head of Region Liechtenstein & BVI, left the Executive Board / GEM as of 1 April 2023.

The BoD appointed Adrian Schneider as the new head of the home market region of Liechtenstein (including BVI) and as a member of the Executive Board / GEM as of 1 August 2023.

As of 31 December 2023, the GEM consists of seven members. Their biographies as well as their other activities and vested interests can be found in Section 4 of the annual report of VP Bank.

Paul Arni, Chief Executive Officer of VP Bank Group, left the Executive Board / GEM as of 8 May 2024. Urs Monstein, Chief Operating Officer, is assuming the position of Chief Executive Officer on an interim basis.

Risk policy principles

Effective capital, liquidity and risk management is an elementary prerequisite for the success and stability of a bank. VP Bank understands this to mean the systematic process to identify, evaluate, manage and monitor the relevant risks as well as the steering of capital resources and liquidity necessary to assume risks and guarantee risk-bearing capacity. The binding framework for action in this context is provided by the relevant regulations defined by the Board of Directors of VP Bank Group, comprising the Risk Appetite Statement, the Risk Policy and Risk Strategies.

The Risk Appetite Statement defines the overall risk tolerance along the risk taxonomy, forming the basis for operationalising limits and targets in the risk policy. As an overall framework, the risk policy, together with the risk strategies per risk group (strategic and business risks, financial risks as well as operational and compliance risks), regulates the specific objectives and principles, organisational structures and processes, methods and tools of risk management.

Risk management is predicated on the following principles:

Harmonisation of risk-bearing capacity and risk tolerance

The concept of risk-bearing capacity is intended to enable a bank to continue its business operations or to fully meet the claims of depositors and creditors despite losses from risks that become effective. Risk tolerance indicates the potential loss which the Bank is prepared to bear without jeopardizing its ability to continue as a going concern. As a strategic success factor, risk-bearing capacity is to be maintained and enhanced at all times by employing a suitable process to ensure an appropriate capital and liquidity base.

Clearly defined powers of authority and responsibilities

Risk tolerance is operationalised using a comprehensive limit system and implemented effectively with a clear definition of the duties, powers of authority and responsibilities of all bodies, organisational units and committees involved in the risk and capital management process.

Conscientious handling of risks

Strategic and operational decisions are taken based on risk-return calculations and, in this way, aligned with the interests of the stakeholders.

Subject to compliance with statutory and regulatory requirements as well as corporate policy and ethical principles, VP Bank consciously assumes risks provided that the extent of these is known, the system requirements for capturing them are in place and the Bank is adequately compensated for them. Transactions with an imbalanced risk-return ratio are avoided, as are major risks and extreme risk concentrations, which could endanger the risk-bearing capacity and therefore also the future existence of the Group.

Segregation of functions

Units that report to the Chief Risk Officer and that are independent of the bodies that actively manage the risks are responsible for monitoring and reporting risks to Group Executive Management and the Board of Directors.

Transparency

Comprehensive, objective, timely and transparent disclosure of risks to Group Executive Management (GEM) and the Board of Directors (BoD) forms the basis for risk monitoring.

Risk management process

The identification, evaluation and independent controlling of risks lies within the responsibility of Chief Risk Officer and, in accordance with the Organisation and Business Regulations of VP Bank, encompasses the following tasks:

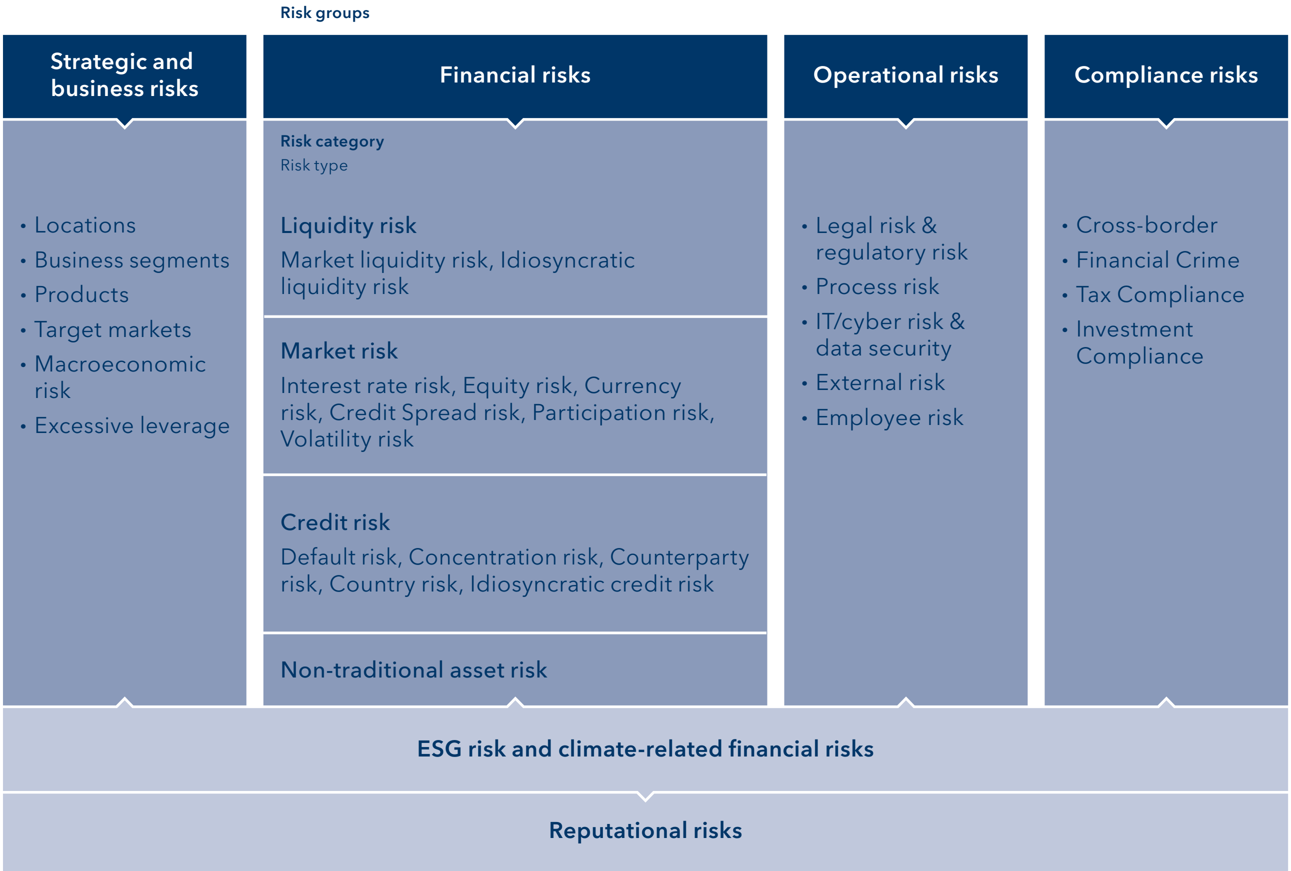
- Provide transparency on the overall risk situation and independent risk monitoring
- Ensure high-quality and timely risk reporting
- Assessment of risk-relevant aspects of strategic planning and mergers & acquisitions
- Advisory role in Group Risk Committee meetings

The creation of transparency regarding the overall risk situation is achieved through the identification of all material risks and their aggregation into the overall risk position in conjunction with comprehensive risk reporting. This ensures effective risk and capital management at VP Bank. Significant risks are identified based on the business model and related offerings of financial products and services of VP Bank. As part of the risk inventory along the risk taxonomy, risks are identified and assessed in terms of their materiality.

Further details on tasks, competencies and responsibilities in the risk management process can be found in the annual report.

Process to ensure risk-bearing capacity

The primary objective of the Internal Capital Adequacy Assessment Process (ICAAP) and of the Internal Liquidity Adequacy Assessment Process (ILAAP) is to comply with the regulatory requirements in order to assure continuation of the Bank as a going concern. The risks of banking operations are to be borne by the available risk coverage potential. The risk management process established at VP Bank essentially comprises the following components:



- Determination of risk strategies and approval by the Board of Directors
- Determination of risk coverage potential and establishment of risk appetite
- Risk identification (risk inventory)
- Risk measurement
- Assessment of risk-bearing capacity
- Risk management (optimization of risk/return, in compliance with limits and targets)
- Independent risk monitoring (control and reporting to GEM and BoD)

For a detailed description of the points mentioned, please refer to the Annual Report.

Risk steering

Risks are generally managed by the risk-taking units. The ALCO defines the strategic requirements for market risk and liquidity management, and Group Treasury and Execution is responsible for operational management. The Group Credit Committee defines the strategic guidelines for credit risk management. Operational implementation of credit risk management is the responsibility of the front-office units and the Credit Consulting unit.

Non-financial risks are managed by the Group Operational Risk Committee (ORC), the Group Business Risk Committee (BRMC) and the Group Reputational Risk Committee (GRRC).

Risk measurement and risk reporting

In accordance with the regulatory requirement, all risks classified as material are taken into account as part of the risk-bearing capacity and backed by risk capital. Different methods are used to quantify risks depending on the risk category, all of which aim to estimate a potential loss in a rare, adverse scenario. The observation horizon is uniformly 250 days. Market risk is mainly measured using a value-at-risk approach with a confidence level of 99% using the historical simulation method. As part of a stressed loss framework, an unexpected loss is calculated for credit risk as the difference between the loss in the event of stress and the expected loss. Two approaches are used here: In the lombard loan business the collateral portfolio is subjected to a market-wide and an idiosyncratic stress and the dynamics between the collaterals are taken into account. For all other credit risk exposures, a probability of default (PD)/loss given default (LGD) model is used, which applies stressed PD/LGD parameters and contains an idiosyncratic loss component. For non-financial risks, risk is determined through Risk Assessments, which are included in the risk-bearing capacity via operational risk or via the consideration of a risk buffer.

Risk measurement is carried out independently by the Chief Risk Officer on a monthly basis. Risk reporting includes monthly asset-liability management reports for each location, monthly and quarterly Group risk reports, and quarterly local risk reports from the subsidiaries. In the reports, the respective key risk figures are compared with the limits and targets set and compliance is monitored. In the event of negative developments, early warning thresholds and defined escalation processes ensure that those responsible for risk and management are informed at an early stage.

In parallel with the measurement of capital risks (value-at-risk, unexpected loss, basic indicator approach), additional capital and sensitivity ratios, volume-related concentration limits, portfolio or individual credit limits are used, with early warning thresholds or limits being set in a risk-adequate manner in each case. In the risk policy, the Board of Directors sets limits and targets at Group level, which are allocated by the Group Executive Management to Group companies or risk types as required.

Duties, powers and responsibilities

The following chart shows the key duties, powers and responsibilities of the bodies, organisational units and committees involved in the risk management process.

The roles and structures of risk steering and risk monitoring are separated, which avoids conflicts of interest between the risk-taking and monitoring units. Management, monitoring and verification of risks take place over three lines of defence:

1. First line of defence: Risk steering
2. Second line of defence: Risk monitoring
3. Third line of defence: Internal audit

Further details on process supervision can be found in the annual report on page 142 et seqq.

Risk declaration of the Board of Directors

The Board of Directors bears overall responsibility for capital and liquidity risk management and declares, that the procedures applied are in accordance with the risk profile and strategy of VP Bank.

Transactions with related companies and persons

Related parties include the members of the Board of Directors and Group Management as well as their close relatives and companies in which these persons either have a majority shareholding or, as a result of their role as a member of the Board of Directors and/or Group Management, have significant influence. Further details on related party transactions can be found in table 39 of the annual report.

Process supervision / Group Internal Audit

Definition of risk strategy and determination of risk appetite
- Board of Directors / Risk Committee
- Group Executive Management / Group Risk Commitee

Risk identification (risk inventory)
- Group Compliance & Operational Risk
- Group Financial Risk

Risk measurement and risk-bearing capacity
- Group Financial Risk
- Group Compliance & Operational Risk
- Group Credit Risk
- Group Financial Management & Reporting

Independent risk monitoring
- Chief Risk Officer (CRO)

Risk steering
- Group Treasury & Execution
- Intermediaries & Private Banking
- Asset & Liability Committee (ALCO)
- Group Credit Committee (GCC)
- Operational Risk Committee (ORC)
- Business Risk Committee (BRMC)
- Group Reputational Risk Committee (GRRC)

Scope of application (Article 436 CRR)

EU LIA: Explanations of differences between accounting and regulatory exposure amounts

As there are no differences between the regulatory risk positions and those according to the financial reporting, an explanation according to Article 436(b,d) can be dispensed with.

EU LIB: Other qualitative information on the scope of application

There are neither legal nor factual obstacles (pursuant to Article 436(f) CRR) to the prompt transfer of own funds or to the repayment of liabilities between the parent bank in Liechtenstein and its subsidiaries abroad. In the reporting year, there is no subsidiary (pursuant to Article 436(g) CRR) not included in the consolidation with lower own funds than the required amount. The consolidation on a stand-alone basis (pursuant to Article 9 CRR) and the exemption (pursuant to Article 7(3) CRR) are not utilized. The following table shows the regulatory scope of consolidation and the IFRS scope of consolidation.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation: Full consolidation	Proporational consolidation	Neither consolidated nor deducted	Deducted	Description of the entity
VP Bank AG, Vaduz[1]	Full consolidation	x				Credit institution
VP Bank (Schweiz) AG, Zürich	Full consolidation	x				Credit institution
VP Bank (Luxembourg) SA, Luxembourg	Full consolidation	x				Credit institution
VP Bank (BVI) Ltd, Tortola	Full consolidation	x				Credit institution
VP Fund Solutions (Liechtenstein) AG, Vaduz	Full consolidation	x				Fund management company
VP Fund Solutions (Luxembourg) SA, Luxembourg	Full consolidation	x				Fund management company
VP Wealth Management (Hong Kong) Ltd, Hong Kong	Full consolidation	x				Asset Management Company
Data Info Services AG, Vaduz	Equity method		x			Service company

[1] Incl. VP Bank Ltd Singapore Branch

EU LI1 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

in CHF 1,000			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash equivalents	1,610,959	1,610,959	1,610,959	0	0	267,567	0
Receivables arising from money market papers	170,894	170,894	170,894	0	0	170,894	0
Due from banks	1,353,783	1,353,783	1,353,783	0	0	1,103,768	0
Due from customers	5,467,518	5,467,518	5,467,518	0	0	1,342,124	0
Trading portfolios	213	213	213	0	0	213	0
Derivative financial instruments	41,960	41,960	0	41,960	0	23,108	0
Financial instruments at fair value	182,584	182,584	182,584	0	0	106,740	0
Financial instruments measured at amortised cost	2,371,683	2,371,683	2,371,683	0	0	1,761,700	0
Associated companies	23	23	23	0	0	0	0
Property and equipment	78,457	78,457	78,457	0	0	6,450	0
Goodwill and other intangible assets	78,186	78,186	0	0	0	165	0
Tax receivables	31	31	31	0	0	31	0
Deferred tax assets	11,832	11,832	11,832	0	0	9	0
Accrued receivables and prepaid expenses	57,282	57,282	57,282	0	0	26,552	0
Other assets	24,488	24,488	24,488	0	0	6,452	0
Total assets	**11,449,893**	**11,449,893**	**11,329,747**	**41,960**	**0**	**4,815,773**	**0**
Liabilities							
Due to banks	293,243	293,243	0	0	0	67,438	293,243
Due to customers – savings and deposits	422,295	422,295	0	0	0	719	422,295
Due to customers – other liabilities	9,082,770	9,082,770	0	0	0	6,644,419	9,082,770
Derivative financial instruments	104,288	104,288	0	0	0	22,763	104,288
Medium-term notes	53,005	53,005	0	0	0	4,599	53,005
Debentures issued	255,028	255,028	0	0	0	0	255,028
Tax liabilities	5,424	5,424	0	0	0	963	5,424
Deferred tax liabilities	1,502	1,502	0	0	0	0	1,502
Accrued liabilities and deferred items	57,189	57,189	0	0	0	21,832	57,189
Other liabilities	65,618	65,618	0	0	0	30,013	65,618
Provisions	2,379	2,379	0	0	0	628	2,379
Share capital	66,154	66,154	0	0	0	0	66,154
Less: treasury shares	–49,224	–49,224	0	0	0	0	0
Capital reserves	22,854	22,854	0	0	0	0	22,854
Income reserves	1,157,251	1,157,251	0	0	0	0	1,157,251
Actuarial gains/losses from defined-benefit pension plans	–33,502	–33,502	0	0	0	0	0
Unrealised gains/losses on FVTOCI financial instruments	–22,135	–22,135	0	0	0	0	0
Foreign-currency translation differences	–34,246	–34,246	0	0	0	0	0
Total liabilities and shareholders' equity	**11,449,893**	**11,449,893**	**0**	**0**	**0**	**6,793,374**	**11,449,893**

In addition to the EU LI1 template, template EU LI2 below illustrates the key differences between the carrying values under the IFRS Group balance sheet (under the regulatory reporting entities) and the risk exposures used for regulatory purposes. The division of the columns into regulatory risk categories corresponds to the breakdown listed in Part 3 of the CRR.

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

in CHF 1,000	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	**11,449,893**	**11,329,747**	**41,960**	**0**	**4,815,773**
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	0	0	0	0	6,793,374
Total net amount under the regulatory scope of consolidation	11,449,893	11,329,747	41,960	0	–1,977,601
Off-balance-sheet amounts	259,044	259,044	0	0	
Differences in valuations	48,055	0	48,055	0	
Differences due to different netting rules, other than those already included in row 2	0	0	0	0	
Differences due to consideration of provisions	0	0	0	0	
Differences due to prudential filters	–45,652	–45,652	0	0	
Others	0	0	0	0	
Exposure amounts considered for regulatory purposes	**11,633,154**	**11,543,139**	**90,015**	**0**	

Own funds (Article 437 CRR)

VP Bank's regulatory equity capital consists solely of core Tier 1 capital (common equity Tier 1 – CET1) and is comprised primarily of paid-in capital and retained earnings. The amounts to be deducted according to Article 36 of the CRR are deducted in full from core Tier 1 capital. Part 10, Title I of the CRR regarding transitional provisions is not applied.

EU CC1 – Composition of regulatory own funds

in CHF 1,000		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	66,154	L12
	of which: ordinary shares	66,154	L12
2	Retained earnings	1,113,042	L13,L14,L15
3	Accumulated other comprehensive income (and other reserves)	–37,714	
EU-3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0	
5	Minority interests (amount allowed in consolidated CET1)	0	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	11,132	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,152,614	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–329	
8	Intangible assets (net of related tax liability) (negative amount)	–41,140	A11,A13
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–4,183	A13
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0	
12	Negative amounts resulting from the calculation of expected loss amounts	0	
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	
15	Defined-benefit pension fund assets (negative amount)	0	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	–49,224	L13
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: securitisation positions (negative amount)	0	
EU-20d	of which: free deliveries (negative amount)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0	
22	Amount exceeding the 17,65% threshold (negative amount)	0	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
25	of which: deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current financial year (negative amount)	0	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0	
27a	Other regulatory adjustments	0	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	–94,876	
29	Common Equity Tier 1 (CET1) capital	1,057,738	

Own funds (continued)

in CHF 1,000		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	0	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	Additional Tier 1 (AT1) capital	0	
45	Tier 1 capital (T1 = CET1 + AT1)	1,057,738	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	0	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	
49	of which: instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments	0	
51	Tier 2 (T2) capital before regulatory adjustments	0	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0	
EU-56b	Other regulatory adjustments to T2 capital	0	
57	Total regulatory adjustments to Tier 2 (T2) capital	0	
58	Tier 2 (T2) capital	0	
59	Total capital (TC = T1 + T2)	1,057,738	
60	Total Risk exposure amount	4,242,745	

Own funds (continued)

in CHF 1,000		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	24.9%	
62	Tier 1 capital	24.9%	
63	Total capital	24.9%	
64	Institution CET1 overall capital requirements	10.8%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	0.2%	
67	of which: systemic risk buffer requirement	0.1%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2.0%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.5%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	19.6%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	44,319	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	

Due to lower Risk Weighted Assets (RWA), the common equity Tier 1 of VP Bank Group increased in 2023 from 21.7 per cent to 24.9 per cent and remains significantly above the regulatory minimum requirement. The equity base is very solid and permits successful growth. VP Bank has complied with the minimum capital requirements at all times in 2023.

EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

in CHF 1,000		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
	Assets – Breakdown by asset clases according to the balance sheet in the published financial statements			
1	Cash and cash equivalents	1,610,959	1,610,959	
2	Receivables arising from money market papers	170,894	170,894	
3	Due from banks	1,353,783	1,353,783	
4	Due from customers	5,467,518	5,467,518	
5	Trading portfolios	213	213	
6	Derivative financial instruments	41,960	41,960	
7	Financial instruments at fair value	182,584	182,584	
8	Financial instruments measured at amortised cost	2,371,683	2,371,683	
9	Associated companies	23	23	
10	Property and equipment	78,457	78,457	
11	Goodwill and other intangible assets	78,186	78,186	Nr. 8
12	Tax receivables	31	31	
13	Deferred tax assets	11,832	11,832	Nr. 8, 10
14	Accrued receivables and prepaid expenses	57,282	57,282	
15	Other assets	24,488	24,488	
16	**Total assets**	**11,449,893**	**11,449,893**	
	Liabilities – Breakdown by liability clases according to the balance sheet in the published financial statements			
1	Due to banks	293,243	293,243	
2	Due to customers – savings and deposits	422,295	422,295	
3	Due to customers – other liabilities	9,082,770	9,082,770	
4	Derivative financial instruments	104,288	104,288	
5	Medium-term notes	53,005	53,005	
6	Debentures issued	255,028	255,028	
7	Tax liabilities	5,424	5,424	
8	Deferred tax liabilities	1,502	1,502	
9	Accrued liabilities and deferred items	57,189	57,189	
10	Other liabilities	65,618	65,618	
11	Provisions	2,379	2,379	
12	Share capital	66,154	66,154	Nr. 1
13	Less: treasury shares	–49,224	–49,224	Nr. 2, Nr. 16
14	Capital reserves	22,854	22,854	Nr. 2
15	Income reserves	1,157,251	1,157,251	Nr. 2
16	Actuarial gains/losses from defined-benefit pension plans	–33,502	–33,502	
17	Unrealised gains/losses on FVTOCI financial instruments	–22,135	–22,135	
18	Foreign-currency translation differences	–34,246	–34,246	
19	**Total liabilities and shareholders' equity**	**11,449,893**	**11,449,893**	

EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

		a Common equity tier 1 (CET1)	b Common equity tier 1 (CET1)
Nr.		01	02
1	Issuer	VP Bank AG, Vaduz, registered share A	VP Bank AG, Vaduz, registered share B
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	LI0315487269	n.a.
2a	Public or private placement	Public placement	Private placement
3	Governing law(s) of the instrument	Liechtenstein law	Liechtenstein law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity tier 1	Common equity tier 1
5	Post-transitional CRR rules	Common equity tier 1	Common equity tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share Capital	Share Capital
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	60,150	6,004
9	Nominal amount of instrument	60,150	6,004
EU-9a	Issue price	60,150	6,004
EU-9b	Redemption price	n.a	n.a
11	Original date of issuance	n.a	n.a
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	n.a	n.a
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	n.a	n.a
16	Subsequent call dates, if applicable	n.a	n.a
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	n.a	n.a
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	n.a	n.a
22	Noncumulative or cumulative	n.a	n.a
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n.a	n.a
25	If convertible, fully or partially	n.a	n.a
26	If convertible, conversion rate	n.a	n.a
27	If convertible, mandatory or optional conversion	n.a	n.a
28	If convertible, specify instrument type convertible into	n.a	n.a
29	If convertible, specify issuer of instrument it converts into	n.a	n.a
30	Write-down features	n.a	n.a
31	If write-down, write-down trigger(s)	n.a	n.a
32	If write-down, full or partial	n.a	n.a
33	If write-down, permanent or temporary	n.a	n.a
34	If temporary write-down, description of write-up mechanism	n.a	n.a
34a	Type of subordination (only for eligible liabilities)	n.a	n.a
EU-34b	Ranking of the instrument in normal insolvency proceedings	n.a	n.a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n.a	n.a
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	n.a	n.a
37a	Link to the full term and conditions of the instrument (signposting)	https://www.vpbank.com/en/investor-relations/financial-information	https://www.vpbank.com/en/investor-relations/financial-information

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) 31.12.2023	31.12.2022	Total own funds requirements 31.12.2023
1	Credit risk (excluding CCR)	3,504,559	4,010,882	280,365
2	Of which the standardised approach	3,504,559	4,010,882	280,365
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	49,101	97,674	3,928
7	Of which the standardised approach	40,925	80,447	3,274
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	8,176	17,227	654
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)	43,764	108,532	3,501
21	Of which the standardised approach	43,764	108,532	3,501
22	Of which IMA	n.a.	n.a.	n.a.
EU 22a	Large exposures	0	0	0
23	Operational risk	645,321	611,788	51,626
EU 23a	Of which basic indicator approach	645,321	611,788	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	4,242,745	4,828,876	339,420

The total risk weighted exposure amounts (RWEA) decreased by CHF 586 million to CHF 4.2 billion compared to the previous year. This is mainly due to the decrease in credit risk (excluding counterparty credit risk) from CHF 4 billion to CHF 3.5 billion.

EU OVC: ICAAP Information

ICAAP information (Article 438(1)(a,c) CRR)

The primary objective of the ICAAP is both to comply with regulatory capital requirements and to ensure the economic risk-bearing capacity and thus the continued existence of the bank as a going concern. The risks of banking operations are to be borne by the available risk coverage potential.

Risk-bearing capacity is ensured if the existing risk coverage potential is greater than the risks assumed at all times. From a regulatory perspective, risk-bearing capacity is ensured as long as the eligible own funds are greater than the regulatory capital requirements plus the management buffer. From an economic point of view, the risk-bearing capacity is given as long as the present value of equity (less operating and risk costs) exceeds the risk capital requirements for market, credit and operational risks plus risk buffers. Pre-warning stages enable the course to be set at an early stage so as not to jeopardize the continued existence of VP Bank.

Risk-bearing capacity is a central component in the risk management process, which comprises the following components:

- Risk identification (risk inventory)
- Determination of risk strategies and risk tolerance (risk appetite)
- Risk measurement and assessment of risk-bearing capacity
- Risk steering
- Independent risk monitoring and reporting

Further information on the organization of capital, liquidity and risk management as well as the process of ensuring risk-bearing capacity can be found in the risk management section of the annual report of VP Bank Group. There is currently no additional requirement in place to disclose the institution’s own procedures for assessing the adequacy of internal capital.

Exposure to counterparty credit risk (Article 439 CRR)

OTC derivative transactions may only be concluded with counterparties with whom a netting contract and a clearing agreement have been concluded. The default risk is limited for interbank transactions within the context of the limit system.

As part of risk management, derivative financial instruments are concluded only in the banking book and are used to hedge against equity price, interest change and currency risks as well as to manage the banking book. Derivatives approved for this purpose are set out in the Risk Strategy for Financial Risks Regulations.

For the internal allocation of economic capital, no distinction is made between derivative and original credit risk exposures. Risk-reducing correlation effects between the risk types are not taken into consideration for reasons of prudence.

EU CCRA: Qualitative disclosure related to CCR

Counterparty Credit Risk (CCR) is defined as the risk that the counterparty will default before the final settlement of the cash flows of derivatives or securities financing transactions. At VP Bank, it is integrated into the internal control process for credit risks. VP Bank uses the SA-CCR to quantify counterparty credit risk. As of 31 December 2023, the capital requirements for the counterparty credit risk amounted to CHF 41 million. Template EU CCR1 shows the counterparty credit risk by approach pursuant to Article 439 CRR.

In order to reduce the credit risk from these instruments, VP Bank concludes framework agreements such as ISDA agreements, Swiss or German framework agreements for financial futures transactions with the respective counterparties. The contracts also specify the variation margin arrangements (e.g. through the Credit Support Annex in the ISDA Agreements). VP Bank only uses cash and securities collateral. A detailed list of collateral provided and received is set out in template EU CCR5. Collateral is revalued on a daily basis. Ensuring the value and recoverability of collateral for counterparty credit risks is carried out in accordance with internal rules and procedures. No derivatives are settled via central counterparties (CCPs). VP Bank calculates Credit Valuation Adjustments (CVA) using the standard method. The capital requirements for CVA risk as of 31 December 2023 amount to CHF 8 million.

Collateral agreements are concluded without any agreement to increase or decrease the provision of collateral in the event of rating changes on behalf of VP Bank.

EU CCR1 – Analysis of CCR exposure by approach

in CHF 1,000		Replacement cost (RC)	Potential future exposure (PFE)	EEPE[1]	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU – Original Exposure Method (for derivatives)	0	0	n.a.	1.4	0	0	0	0
EU-2	EU – Simplified SA-CCR (for derivatives)	0	0	n.a.	1.4	0	0	0	0
1	SA-CCR (for derivatives)	27,002	15,574	n.a.	1.4	60,401	59,607	59,607	40,925
2	IMM (for derivatives and SFTs)	n.a.	n.a.	0	0	0	0	0	0
2a	Of which securities financing transactions netting sets	n.a.	n.a.	0	n.a.	0	0	0	0
2b	Of which derivatives and long settlement transactions netting sets	n.a.	n.a.	0	n.a.	0	0	0	0
2c	Of which from contractual cross-product netting sets	n.a.	n.a.	0	n.a.	0	0	0	0
3	Financial collateral simple method (for SFTs)	n.a.	n.a.	n.a.	n.a.	0	0	0	0
4	Financial collateral comprehensive method (for SFTs)	n.a.	n.a.	n.a.	n.a.	0	0	0	0
5	VaR for SFTs	n.a.	n.a.	n.a.	n.a.	0	0	0	0
6	**Total**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**60,401**	**59,607**	**59,607**	**40,925**

[1] Effective Expected Positive Exposure
[1] Risk-Weighted Exposure Amounts

The following template presents regulatory calculations for CVA in accordance with Article 439(e,f) of the CRR. Only the standardised method defined under Article 384 of the CRR is used to determine CVA risk.

EU CCR2 – Transactions subject to own funds requirements for CVA risk

in CHF 1,000		Exposure value	RWEA
1	Total transactions subject to the Advanced method	n.a.	n.a.
2	(i) VaR component (including the 3× multiplier)	n.a.	n.a.
3	(ii) stressed VaR component (including the 3× multiplier)	n.a.	n.a.
4	Transactions subject to the Standardised method	58,391	8,176
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0	0
5	**Total transactions subject to own funds requirements for CVA risk**	**58,391**	**8,176**

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

in CHF 1,000	Risk weight											
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	others	Total exposure value
Exposure classes												
1 Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
2 Regional government or local authorities	39	0	0	0	0	0	0	0	0	0	0	39
3 Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0
4 Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
5 International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6 Institutions	0	0	0	0	19,212	360	0	0	0	0	0	19,572
7 Corporates	0	0	0	0	0	0	0	0	31,291	5	0	31,296
8 Retail	0	0	0	0	0	0	0	7,852	0	0	0	7,852
9 Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0
10 Other items	0	0	0	0	0	0	0	0	848	0	0	848
11 Total exposure value	**39**	**0**	**0**	**0**	**19,212**	**360**	**0**	**7,852**	**32,139**	**5**	**0**	**59,607**

In application of Article 439(e), the following template shows the impact of netting and collateral held on exposures.

EU CCR5 – Composition of collateral for CCR exposures

in CHF 1,000	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency	0	49,342	0	0	0	0	0	0
Cash – other currencies	0	0	0	0	0	0	0	0
Domestic sovereign debt	0	0	0	0	0	0	0	0
Other sovereign debt	0	0	0	0	0	0	0	0
Government agency debt	0	0	0	0	0	0	0	0
Corporate bonds	0	0	0	0	0	0	0	0
Equity securities	0	0	0	0	0	0	0	0
Other collateral	0	0	0	0	0	0	0	0
Total	**0**	**49,342**	**0**	**0**	**0**	**0**	**0**	**0**

In the case of OTC derivative transactions, netting agreements are in place with the relevant counterparties in order to take advantage of the credit risk mitigating effects resulting from the standardised master agreements. The Bank does not use on-balance-sheet netting agreements.

Capital buffers (Article 440 CRR)

Capital conservation buffer

According to Article 4a(1)(a) and Article 4b BankA, all banks in Liechtenstein are required to hold a capital conservation buffer consisting of 2.5 per cent of common equity tier 1 at an individual and consolidated level. The buffer is designed to ensure that banks form an adequate capital base during times of economic growth, enabling losses to be absorbed in difficult times.

Institution-specific countercyclical capital buffer

According to Article 4a(1)(b) and Article 4c BankA, all banks in Liechtenstein banks are required to hold an institution-specific countercyclical capital buffer consisting of 2.5 per cent of common equity tier 1 capital at an individual and consolidated level. The buffer is intended to counteract the risks arising from excessive credit growth. The institution-specific countercyclical capital buffer is calculated as the weighted average of the countercyclical buffer ratios applicable in the countries in which the bank's main credit exposures are located:

- The buffer rate for domestic credit exposures is set by the Financial Market Authority. In accordance with Article 4d(4) BankA. the buffer is set in steps of 25 basis points or a multiple thereof.
- In the case of non-domestic receivables, the buffer rate defined in the respective country is essentially applicable. In this conjunction, buffer rates of up to 2.5 per cent must be used in the EU and third-party countries on an automatic reciprocity basis. Pursuant to Article 4e(1) BankA, higher ratios need to be taken into account only if the government recognises these at the request of the Financial Market Authority Liechtenstein
- The institute-specific, anti-cyclical capital buffer for the country of Liechtenstein remains unchanged at 0 per cent.

Other systemically important institutions (O-SII) buffer

According to Article 4i(2,3) BankA, VP Bank was identified by the Financial Market Authority as O-SII. The Financial Market Authority identifies other systemically important institutions each year. According to Article 4i(3) BankA, a capital buffer amounting to up to 3 per cent of the total risk expose amount may be stipulated. The Financial Market Authority set the buffer for VP Bank at 2 per cent.

Systemic risk buffer (SyRP)

According to Article 4l BankA, the systemic risk buffer is used to capture all long-term non-cyclical systemic risks or macroprudential risks that are not covered by Articles 4c to 4k BankA. The government can set different systemic risk buffers for one or more subgroups of banks. It may require the systemic risk buffer to be held on an individual basis and/or on a consolidated or partially consolidated basis. The systemic risk buffer can be set for all risk exposures or for subgroups of individual sectoral risk exposures. According to Article 4l(6) BankA, the systemic risk buffer may not be used to cover risks that are already covered by one of the capital buffers listed before. If a group is subject to a systemic risk buffer in accordance with Article 4l Bank A and an O-SII buffer in accordance with Article 4i BankA, the systemic risk buffer shall apply in addition thereto.

In Liechtenstein, the following sectoral systemic risk buffer is applied to real estate:

Sectoral Systemic Risk Buffer

In order to address the structural long-term systemic risks in the Liechtenstein banking sector, the Financial Stability Council (FSC) has, pursuant to Article 33b(2)(d) of the Financial Market Authority Act, a systemic risk buffer for all banks in Liechtenstein in the amount of 1 per cent of the mortgage-backed loans for real estates located in Liechtenstein, both on a consolidated and on an individual basis. The sectoral systemic risk buffer results from the systematic concentration of risk arising from the substantial risk exposure of the banking sector, which, due to this similarity, could lead to significant negative effects in the financial system and the real economy for several banks. In Liechtenstein, the high mortgage assets on bank balance sheets against the background of high level of private household sector debt and the similar dependencies on correspondent banks have been identified as systematic concentration risks. The FSC can consider increasing or reducing the buffer ratio at any time.

EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

in CHF 1,000		a) General credit exposures: Exposure value under the standardised approach	b) General credit exposures: Exposure value under the IRB approach	c) Relevant credit exposures – Market risk: Sum of long and short positions of trading book exposures for SA	d) Relevant credit exposures – Market risk: Value of trading book exposures for internal models	e) Securitisation exposures Exposure value for non-trading book	f) Total exposure value
010	**Breakdown by country:**						
	Switzerland	1,862,807	0	0	0	0	1,862,807
	Liechtenstein	1,823,527	0	0	0	0	1,823,527
	British Virgin Islands	382,984	0	0	0	0	382,984
	United States	435,580	0	0	0	0	435,580
	France	213,572	0	0	0	0	213,572
	Luxembourg	74,978	0	0	0	0	74,978
	Germany	125,720	0	0	0	0	125,720
	Netherlands	120,825	0	0	0	0	120,825
	Singapore	115,008	0	0	0	0	115,008
	United Kingdom	68,792	0	0	0	0	68,792
	Other	814,202	0	0	0	0	814,202
020	**Total**	**6,037,994**	**0**	**0**	**0**	**0**	**6,037,994**

in CHF 1,000		g) Own fund requirements: Relevant credit risk exposures – Credit risk	h) Own fund requirements: Relevant credit exposures – Market risk	i) Own fund requirements: Relevant credit exposures – Securitisation positions in the non-trading book	j) Total	k) Risk-weighted exposure amounts	l) Own fund requirements weights (%)	m) Countercyclical buffer rate (%)
010	**Breakdown by country:**							
	Switzerland	76,212	0	0	76,212	952,648	0.30	0.00
	Liechtenstein	73,157	0	0	73,157	914,457	0.29	0.00
	British Virgin Islands	17,279	0	0	17,279	215,991	0.07	0.00
	United States	16,178	0	0	16,178	202,220	0.06	0.00
	France	7,447	0	0	7,447	93,088	0.03	0.00
	Luxembourg	7,434	0	0	7,434	92,930	0.03	0.01
	Germany	6,456	0	0	6,456	80,697	0.03	0.00
	Netherlands	5,937	0	0	5,937	74,218	0.02	0.00
	Singapore	4,515	0	0	4,515	56,437	0.02	0.00
	United Kingdom	3,964	0	0	3,964	49,552	0.02	0.02
	Other	34,256	0	0	34,256	428,198	0.14	0-1.0[1]
020	**Total**	**252,835**	**0**	**0**	**252,835**	**3,160,436**	**1.00**	**n.a.**

[1] The countries listed under "remaining countries" were subject to a ratio of the countercyclical capital buffer of between 0 and 1 per cent on the reporting date.

EU CCyB2 – Amount of institution-specific countercyclical capital buffer

in CHF 1,000		31.12.2023
1	Total risk exposure amount	4,242,745
2	Institution specific countercyclical capital buffer rate	0.17%
3	Institution specific countercyclical capital buffer requirement	7,277

Credit risk and dilution risk (Article 442 CRR)

Risk management and risk monitoring

Credit risks arise from all transactions for which payment obligations of third parties in favour of VP Bank exist or can arise. Credit risks accrue to VP Bank from client lending activities, the money-market business including bank guarantees, correspondent and metal accounts, the reverse repo business, the Bank's own portfolio of securities, securities lending and borrowing, collateral management and OTC derivative trades.

Credit risks are managed and monitored not only on an individual transaction level but also on a portfolio level. At the portfolio level, VP Bank uses expected and unexpected credit loss estimates to monitor and measure credit risk. The expected credit loss represents the average loss that can be expected within one year. The unexpected credit loss represents a scenario-based unexpected loss from a stressed loss framework that is the difference between the potential loss in a stressed scenario (stressed loss) and the loss to be expected in a normal market environment (expected loss) over one year. In the stressed loss framework, particular attention is paid to idiosyncratic credit risks. The unexpected loss is limited and monitored by a corresponding credit risk limit, both overall and for each loan portfolio.

The Credit Regulations together with the Framework Directive as well as the Group Standard Credit form the binding framework for credit risk management in the client lending business. Set out therein are not only the general guidelines governing credit granting as well as the framework conditions for the conclusion of credit business but also the decision-makers and the corresponding bandwidths within the framework of which credits may be approved (rules on powers of authority).

In principle, exposures in the private client loan business and in the commercial loan business must be covered by the loan-to-value of the collateral (collateral after haircut). Counterparty risks in the loan business are governed by limits which restrict the level of exposure depending on creditworthiness, industry segment, collateral and risk domicile of the client. VP Bank uses an internal risk classification for assessing creditworthiness. Deviations from credit-granting principles (exceptions to policy) are dealt with as part of the credit risk management process under consideration of the respective risks.

VP Bank enters into both secured and unsecured positions in the interbank business. Unsecured positions result from money market activities (including bank guarantees, correspondent and metals accounts), secured positions arising from reverse repo transactions, securities lending and borrowing, collateral management, and OTC derivative transactions. Repo deposits are fully secured and the collateral received serves as a reliable source of liquidity in a crisis situation. Hence, counterparty risk and liquidity risk are reduced with reverse repo transactions.

Counterparty risks in the interbank business may only be entered into in approved countries and with approved counterparties. Exposures to banks relate to institutions with a high creditworthiness (investment grade rating) and registered office in an OECD country. A comprehensive system of limits contains the level of exposure depending on the duration, rating, risk domicile and collateral of the counterparty. In this regard, VP Bank relies essentially on the rating of banks by the two rating agencies Standard & Poor's and Moody's. OTC derivative transactions may be concluded exclusively with counterparties with whom a netting agreement has been signed.

Country risk

Country risks arise whenever political or economic conditions specific to a country impinge on the value of an exposure abroad. The monitoring and management of country risk is undertaken using volume limits which restrict the respective aggregate exposures per country rating (Standard & Poor's and Moody's). All on- and off-balance-sheet receivables are considered in this process; positions in the Principality of Liechtenstein and Switzerland do not fall under this country limit rule.

The risk domicile of an exposure is the basis for recognizing country risk. For secured exposures, consideration is usually given to the country in which the collateral is located.

EU CRB Credit risk and dilution risk – Additional disclosure related to the credit quality of assets

Credit risk adjustments are defined as the amount of general and specific provisions for credit risk in accordance with Article 4(1)(95) CRR in conjunction with Delegated Regulation (EU) 183/2014.

VP Bank applies an Expected Credit Loss Model (ECL) in accordance with IFRS 9 for the determination of credit risk provisions on relevant financial assets. The ECL is calculated for financial instruments which are not already recognised at fair value through profit or loss. Each financial instrument is assigned to one of three stages:

- Stage 1 (Performing)
- Stage 2 (Under-performing)
- Stage 3 (Non-performing)

For financial instruments in Stages 1 and 2, the ECL is calculated on the basis of a model; for financial instruments in Stage 3, the ECL is generally calculated individually. The ECL is calculated over the 12-month period (Stage 1) or the remaining term (Stage 2 or 3).

In determining the ECL valuation and stage allocation for a financial instrument, VP Bank applies the definition of default which is consistent with the Basel definition. The ECL calculation takes into account the probability of default (PD) for the individual borrowers over 12 months (Stage 1) or over the term of the financial instrument (Stage 2). In addition, the gross exposure in the event of default by the debtor (exposure at default – EAD) is included in the calculation. Finally, the Loss Given Default (LGD) is included in the ECL calculation. Existing loan collateral is also taken into account. For Stage 3 loans to customers, the credit department generally calculates the individual value adjustments.

In general, VP Bank applies the definition of default in accordance with Article 178 CRR when determining defaults and credit impairments (Stage 3). There are no differences between the accounting and regulatory scopes and definitions used for “past due” and “impaired” receivables. The application is consistent for both as it defines according to Article 178 that a borrower should be classified as defaulted / credit impaired if:

- the bank considers that it is unlikely that the borrower will pay a loan obligation in full without recourse measures having to be taken, such as the realization of collateral, and/or
- the borrower is more than 90 days past due on a material loan obligation to the bank. The borrower’s credit obligation is classified as Stage 3 and treated as impaired in accordance with IFRS 9.
- Past due receivables are treated as follows: Borrowers more than 90 days past due are assigned to Stage 3
- Past due more than 30 days and less than 90 days are assigned to Stage 2 if they exceed the corresponding defined thresholds.
- Past dues of 30 days and less are not subject to a change in classification (Stage 1).

VP Bank recognizes risk exposures that are past due (more than 90 days) as impaired and thus has no risk exposure which are more than 90 days past due and have not been impaired.

The institution’s own definition of a restructured risk exposure of the bank is similar to the risk exposure for the implementation of Article 178(3)(d) CRR, which is specified in the EBA guidelines on the definition of default in accordance with Article 178 CRR.

According to the disclosure requirements of Article 442(c,e) CRR, institutions should disclose a breakdown of their performing and non-performing exposures and related provisions broken down by cash balances at central banks and other demand deposits, loans and advances, debt securities and off-balance sheet exposure in template EU CR1 below.

EU CR1 – Performing and non-performing exposures and related provisions

in CHF 1,000	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
Cash balances at central banks and other demand deposits	**2,141,078**	**2,140,506**	**571**	**0**	**0**	
Loans and advances	**6,246,495**	**6,207,613**	**38,882**	**45,933**	**0**	**45,933**
Central banks	0	0	0	0	0	0
General governments	1,339	1,339	0	0	0	0
Credit institutions	771,630	771,630	0	0	0	0
Other financial corporations	1,020,720	1,007,354	13,366	18,869	0	18,869
Non-financial corporations	1,782,846	1,774,080	8,766	9,888	0	9,888
of which SMEs	7,484	7,484	0	684	0	684
Households	2,669,960	2,653,210	16,750	17,175	0	17,175
Debt securities	**2,543,631**	**2,526,358**	**17,273**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0
General governments	632,315	632,315	0	0	0	0
Credit institutions	632,187	632,187	0	0	0	0
Other financial corporations	363,210	355,964	7,246	0	0	0
Non-financial corporations	915,920	905,893	10,027	0	0	0
Off-balance-sheet exposures	**185,913**	**185,688**	**225**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0
General governments	242	242	0	0	0	0
Credit institutions	76,586	76,586	0	0	0	0
Other financial corporations	30,020	29,796	224	0	0	0
Non-financial corporations	77,184	77,184	0	0	0	0
of which SMEs	0	0	0	0	0	0
Households	1,881	1,881	1	0	0	0
Total	**11,117,117**	**11,060,165**	**56,952**	**45,933**	**0**	**45,933**

in CHF 1,000	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumula-ted partial write-off	Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	**-36**	**-35**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**-1,883**	**-1,429**	**-455**	**-18,707**	**0**	**-18,707**	**0**	**5,320,521**	**0**
Central banks	0	0	0	0	0	0	0	0	0
General governments	-1	-1	0	0	0	0	0	917	0
Credit institutions	-77	-77	0	0	0	0	0	0	0
Other financial corporations	-808	-367	-441	-3,942	0	-3,942	0	969,254	0
Non-financial corporations	-727	-720	-7	-2,139	0	-2,139	0	1,709,402	0
of which SMEs	0	0	0	0	0	-0	0	7,424	0
Households	-271	-264	-7	-12,626	0	-12,626	0	2,640,948	0
Debt securities	**-1,054**	**-618**	**-436**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0
General governments	-84	-84	0	0	0	0	0	0	0
Credit institutions	-87	-87	0	0	0	0	0	0	0
Other financial corporations	-462	-110	-352	0	0	0	0	0	0
Non-financial corporations	-421	-337	-84	0	0	0	0	0	0
Off-balance-sheet exposures	**234**	**9**	**225**	**0**	**0**	**0**	**n.a.**	**185,913**	**0**
Central banks	0	0	0	0	0	0	n.a.	0	0
General governments	0	0	0	0	0	0	n.a.	242	0
Credit institutions	1	1	0	0	0	0	n.a.	76,586	0
Other financial corporations	226	1	224	0	0	0	n.a.	30,020	0
Non-financial corporations	4	4	0	0	0	0	n.a.	77,184	0
of which SMEs	0	0	0	0	0	0	n.a.	0	0
Households	3	2	1	0	0	0	n.a.	1,881	0
Total	**-2,739**	**-2,073**	**-666**	**-18,707**	**0**	**-18,707**	**0**	**5,506,433**	**0**

Template EU CR1-A shows the breakdown of loans and advances and debt securities of the net exposure values by residual maturity in accordance with Article 442(g) CRR as of 31 December 2023. The net value is the on-balance-sheet gross carrying value of exposure less valuation allowances.

EU CR1-A – Maturity of exposures

in CHF 1,000	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and advances	843	4,728	917	334	0	6,821
Debt securities	0	372	1,381	619	0	2,372
Total	**843**	**5,100**	**2,297**	**953**	**0**	**9,193**

EU CR2 – Changes in the stock of non-performing loans and advances

	in CHF 1,000	Gross carrying value
010	**Initial stock of non-performing loans and advances**	**55,001**
020	Inflows to non-performing portfolios	0
030	Outflows from non-performing portfolios	9,069
040	Outflows due to write-offs	9,069
050	Outflow due to other situations	0
060	**Final stock of non-performing loans and advances**	**45,933**

EU CQ1 – Credit quality of forborne exposures

in CHF 1,000	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**7,629**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	7,629	0	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0	0	0
Households	0	0	0	0	0	0	0	0
Debt Securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loan commitments given	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**7,629**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

EU CQ3 – Credit quality of performing and non-performing exposures by past due days

in CHF 1,000	a	b	c
	Gross carrying amount/nominal amount		
	Performing exposures		
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days
Cash balances at central banks and other demand deposits	**2,141,078**	**2,141,078**	**0**
Loans and advances	**6,246,495**	**6,210,465**	**36,030**
Central banks	0	0	0
General governments	1,339	1,339	0
Credit institutions	771,630	771,630	0
Other financial corporations	1,020,720	1,020,453	267
Non-financial corporations	1,782,846	1,773,478	9,368
of which SMEs	7,484	7,483	0
Households	2,669,960	2,643,566	26,395
Debt securities	**2,543,631**	**2,543,631**	**0**
Central banks	0	0	0
General governments	632,315	632,315	0
Credit institutions	632,187	632,187	0
Other financial corporations	363,210	363,210	0
Non-financial corporations	915,920	915,920	0
Off-balance-sheet exposures	**185,913**	**n.a.**	**n.a.**
Central banks	0	n.a.	n.a.
General governments	242	n.a.	n.a.
Credit institutions	76,586	n.a.	n.a.
Other financial corporations	30,020	n.a.	n.a.
Non-financial corporations	77,184	n.a.	n.a.
Households	1,881	n.a.	n.a.
Total	**11,117,117**	**10,895,174**	**36,030**

in CHF 1,000	d	e	f	g	h	i	j	k	l
				Gross carrying amount/nominal amount					
				Non-performing exposures					
		past due ≤ 90 days[1]	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 year	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**45,933**	**6,633**	**22**	**7,131**	**29,201**	**2,881**	**64**	**0**	**45,933**
Central banks	0	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	18,869	1	14	2,023	16,702	121	8	0	18,869
Non-financial corporations	9,888	6,591	0	9	794	2,469	26	0	9,888
of which SMEs	1	0	0	1	0	0	0	0	1
Households	17,175	41	8	5,099	11,705	292	30	0	17,175
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0	0	0	0
Off-balance-sheet exposures	**0**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**0**
Central banks	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
General governments	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Credit institutions	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Other financial corporations	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Non-financial corporations	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Households	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Total	**45,933**	**6,633**	**22**	**7,131**	**29,201**	**2,881**	**64**	**0**	**45,933**

[1] Unlikely to pay that are not past due or are past due ≤ 90 days

EU CQ4 – Quality of non-performing exposures by geography

in CHF 1,000	Gross carrying/nominal amount				Accumulated impairment	Provisions[1]	Accumulated negative changes[2]
	Total	Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**8,836,059**	**45,933**	**45,933**	**8,836,059**	**–21,644**	**n.a.**	**0**
Switzerland	2,860,263	6,802	6,802	2,860,263	–2,353	n.a.	0
Liechtenstein	1,901,803	28,652	28,652	1,901,803	–12,296	n.a.	0
British Virgin Islands	584,675	2,775	2,775	584,675	–725	n.a.	0
United States	577,027	55	55	577,027	–196	n.a.	0
France	313,205	2	2	313,205	–73	n.a.	0
Singapore	307,585	4	4	307,585	–17	n.a.	0
Germany	271,979	27	27	271,979	–107	n.a.	0
Netherlands	244,274	0	0	244,274	–136	n.a.	0
Luxembourg	202,469	4,061	4,061	202,469	–4,351	n.a.	0
Canada	181,685	0	0	181,685	–30	n.a.	0
Others	1,391,094	3,554	3,554	1,391,094	–1,359	n.a.	0
Off-balance-sheet exposures	**185,913**	**0**	**0**	**n.a.**	**n.a.**	**234**	**n.a.**
Switzerland	81,989	0	0	n.a.	n.a.	3	n.a.
Liechtenstein	70,517	0	0	n.a.	n.a.	6	n.a.
Luxembourg	20,340	0	0	n.a.	n.a.	0	n.a.
Singapore	10,191	0	0	n.a.	n.a.	0	n.a.
Germany	1,300	0	0	n.a.	n.a.	0	n.a.
Others	1,576	0	0	n.a.	n.a.	224	n.a.
Total	**9,021,972**	**45,933**	**45,933**	**8,836,059**	**–21,644**	**234**	**0**

1 Provisions on off-balance-sheet commitments and financial guarantees given.
2 Accumulated negative changes in fair value due to credit risk on non-performing exposures.

EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

in CHF 1,000	Gross carrying amount				Accumulated impairment	Accumulated negative changes[1]
		Of which non-performing		Of which subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	7,728	0	0	7,728	0	0
Mining and quarrying	3,056	0	0	3,056	0	0
Manufacturing	101,700	0	0	101,700	-50	0
Electricity, gas, steam and air conditioning supply	1	0	0	1	0	0
Water supply	0	0	0	0	0	0
Construction	74,039	0	0	74,039	-1	0
Wholesale and retail trade	112,650	6,380	6,380	112,650	-1,370	0
Transport and storage	9,704	0	0	9,704	0	0
Accommodation and food service activities	28,507	0	0	28,507	-1	0
Information and communication	71,272	2,634	2,634	71,272	-490	0
Real estate activities	772,257	1	1	772,257	-13	0
Financial and insurance actvities	129,133	0	0	129,133	-224	0
Professional, scientific and technical activities	51,987	17	17	51,987	-16	0
Administrative and support service activities	15,866	73	73	15,866	-5	0
Public administration and defense, compulsory social security	0	0	0	0	0	0
Education	0	0	0	0	0	0
Human health services and social work activities	36,230	0	0	36,230	0	0
Arts, entertainment and recreation	736	0	0	736	0	0
Other services	377,867	783	783	377,867	-695	0
Total	**1,792,734**	**9,888**	**9,888**	**1,792,734**	**-2,864**	**0**

[1] Accumulated negative changes in fair value due to credit risk on non-performing exposures.

EU CQ7 – Collateral obtained by taking possession and execution processes

in CHF 1,000	Collateral obtained by taking possession Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	0	0
Other than PP&E	0	0
Residential immovable property	0	0
Commercial Immovable property	0	0
Movable property (auto, shipping, etc.)	0	0
Equity and debt instruments	0	0
Other	0	0
Total	**0**	**0**

Encumbered and unencumbered assets (Article 443 CRR)

VP Bank prepares the asset encumbrance pursuant to Article 100 CRR in accordance with the Implementing Regulation (EU) 2021/451. Encumbered and unencumbered assets are disclosed in accordance with Article 443 CRR.

The following qualitative information on encumbered and unencumbered assets is based on the requirements of table EU AE4 letters a) and b).

There are no differences between the regulatory scope of consolidation used for asset encumbrance disclosures and the scope of consolidation used for the application of the liquidity requirements on a consolidated basis as defined in Chapter 2 of Part 2 of Regulation (EU) No 575/2013 at VP Bank.

There are no incongruencies between the accounting perspective of collateral deposited and transferred assets and encumbered assets (regulatory view).

The values reported in the templates EU AE1, EU AE2 and EU AE3 are calculated as the median of the previous four quarters of the financial year 2023. Therefore, the sum of the individual positions does not necessarily correspond to the total in the templates.

An asset is deemed as encumbered if it has been deposited as collateral or if it is the subject of some form of agreement for the provision of collateral, security or the granting of credit security for a transaction from which it cannot be readily withdrawn. At VP Bank, these may involve financial transactions such as securities lending and borrowing, repo transactions or collateral linked to derivatives business. VP Bank enters into such transactions only to a relatively small extent, therefore encumbered assets have no material impact on the business model. Most of the transactions are unencumbered business, as VP Bank can withdraw or exchange the provided collateral immediately.

The full share of encumbered assets, if any, in the VP Bank Group are held by VP Bank Ltd.

Under normal circumstances, VP Bank considers some of the unencumbered assets (column 060 from EU AE1) to be unavailable for encumbrance. In addition to receivables from customers and banks, this mainly includes receivables from reverse repo transactions and other assets such as property, plant and equipment or tax assets.

The encumbered and unencumbered assets are shown below in the EU AE1 template.

EU AE1 – Encumbered and unencumbered assets

in CHF 1,000		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the disclosing institution	0	0	n.a.	n.a.	11,620,349	3,785,458	n.a.	n.a.
030	Equity instruments	0	0	0	0	186,851	70,154	147,910	67,082
040	Debt securities	0	0	0	0	2,629,250	2,044,110	2,516,405	1,958,001
050	of which: covered bonds	0	0	0	0	297,109	292,242	268,338	261,692
060	of which: securitisations	0	0	0	0	0	0	0	0
070	of which: issued by general governments	0	0	0	0	433,088	412,446	418,732	397,216
080	of which: issued by financial corporations	0	0	0	0	1,085,789	629,568	1,043,917	609,343
090	of which: issued by non-financial corporations	0	0	0	0	966,131	876,169	893,733	811,184
120	Other assets	0	0	n.a.	n.a.	8,796,095	1,678,081	n.a.	n.a.

EU AE2 – Collateral received and own debt securities issued

in CHF 1,000				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution	0	0	0	0
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	0	0	0	0
170	of which: covered bonds	0	0	0	0
180	of which: securitisations	0	0	0	0
190	of which: issued by general governments	0	0	0	0
200	of which: issued by financial corporations	0	0	0	0
210	of which: issued by non-financial corporations	0	0	0	0
220	Loans and advances other than loans on demand	0	0	0	0
230	Other collateral received	0	0	0	0
240	Own debt securities issued other than own covered bonds or securitisations	0	0	0	0
241	Own covered bonds and securitisations issued and not yet pledged	n.a.	n.a.	0	0
250	**Total collateral received and own debt securities issued**	**0**	**0**	**n.a.**	**n.a.**

The EU AE3 template discloses the total on- and off-balance sheet sources of encumbrance. This includes secured financial liabilities, such as repo transactions, as well as encumbrances that are not associated with refinancing.

EU AE3 – Sources of encumbrance

in CHF 1,000		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**0**	**0**

Use of external rating agencies

To determine regulatory capital requirements under the Credit Risk Standardized Approach, the credit assessments of recognized rating agencies (External Credit Assessment Institutions (ECAIs)) Standard & Poor's Rating Services (S&P) and Moody's pursuant to Article 135 CRR are used for the following asset classes:

- Exposure value vis-à-vis central governments or central banks
- Exposure value vis-à-vis regional governments or local authorities
- Exposure value vis-à-vis public sector entities
- Exposure value vis-à-vis multilateral development banks
- Exposure value vis-à-vis institutions
- Exposure value vis-à-vis corporates
- Exposure value vis-à-vis covered bonds.

If a directly applicable rating exists for an exposure value, this shall be used for the risk weighting. In all other cases, the exposure shall be deemed not to have been assessed.

External ratings are assigned to the regulatory credit quality step ratings in accordance with the standard EBA allocation.

The following overviews contain the respective total of the risk exposure values using the standardized approach in accordance with Article 444(e) of the CRR. The risk exposure values in the template below are broken down by risk exposure classes before and after factoring in credit risk mitigation effects of collateral.

EU CR5 – Standardised approach

in CHF 1,000	Risk weight											
	0%	10%	20%	35%	50%	75%	100%	150%	1,250%	Others	Total	Of which unrated
Exposure classes												
1 Central governments or central banks	1,836,232	0	6,528	0	0	0	0	0	0	0	1,842,760	0
2 Regional government or local authorities	153,305	0	5,910	0	0	0	420	0	0	0	159,636	159,636
3 Public sector entities	96,081	0	5,326	0	0	0	0	0	0	0	101,407	101,407
4 Multilateral development banks	95,176	0	24,276	0	0	0	0	0	0	0	119,452	95,176
5 International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6 Institutions	0	0	1,645,691	0	93,137	0	226	600	0	0	1,739,655	600,009
7 Corporates	0	0	467,162	3,831	495,450	0	990,365	14	0	0	1,956,823	756,964
8 Retail exposures	0	0	0	0	0	63,500	0	0	0	0	63,500	63,500
9 Exposures secured by mortgages on immovable property	0	0	0	2,322,333	785,565	3,196	140,345	0	0	0	3,251,440	3,251,440
10 Exposures in default	0	0	0	0	0	0	26,402	5,107	0	0	31,509	31,509
11 Exposures associated with particularly high risk	0	0	0	0	0	0	0	11,916	0	0	11,916	11,916
12 Covered bonds	0	265,461	0	0	0	0	0	0	0	0	265,461	0
13 Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0
14 Units or shares in collective investment undertakings	1,551	0	0	0	3,023	0	12,082	19,242	6,057	0	41,955	41,955
15 Equity exposures	0	0	0	0	0	0	113,682	0	0	0	113,682	113,682
16 Other items	19,721	0	129,546	75,170	0	4	71,644	0	0	0	296,086	296,086
17 Total	**2,202,067**	**265,461**	**2,284,440**	**2,401,335**	**1,377,175**	**66,701**	**1,355,167**	**36,879**	**6,057**	**0**	**9,995,281**	**5,523,280**

Exposure to market risk (Article 445 CRR)

Risk management and risk monitoring

Market risks arise from taking positions in financial assets (debt instruments, shares and other securities), foreign currencies, precious metals and corresponding derivative transactions, as well as from client business, interbank business and from consolidated subsidiary companies whose functional currency is a foreign currency.

The Bank uses a comprehensive set of methods and key figures for the monitoring and management of market risks. In this respect, the value-at-risk approach has established itself as the standard method to measure general market risk. The value-at-risk for market risks quantifies the potential loss in market value of all market risk positions on the evaluation date, expressed in CHF. The value-at-risk is computed on a Group-wide basis with the aid of historic simulation mainly. In this process, the historical movements in market data over a period of at least five years are used in order to evaluate all positions subject to market risk.

The projected loss refers to an investment horizon of 250 trading days and will not be exceeded with a probability of 99 per cent.

As the maximum losses arising from extreme market situations cannot be determined with the value-at-risk approach, the market risk analysis is supplemented by stress tests that allow an assessment of the effects of extreme market fluctuations on the present value of equity capital and on net interest income. In this context, fluctuations in net present value of all balance sheet items and derivatives are calculated by applying defined market movements in the simulations (parallel shift, rotation or inclination changes in interest-rate curves, exchange rate fluctuations by a multiple of their implicit volatility, slump in equity share prices). In addition, the development of interest income is simulated for selected market scenarios (rising interest rates, falling interest rates).

By entering into foreign exchange transactions, VP Bank hedges its own financial investments against exchange rate fluctuations in the principal currencies. Currency risks from client business are generally eliminated by immediate countertrade transactions. Any remaining currency positions are closed via the foreign exchange market. Group Treasury & Execution is responsible for the management of foreign currency risks from client business.

While engaged in complying with the relevant statutory and regulatory provisions, the monitoring and management of financial risks is based on internal bank objectives and limits relating to volumes, sensitivities and risk metrics. Scenario analyses and stress tests also demonstrate the effect of events which possibly were not or not sufficiently taken into consideration within the scope of ordinary risk evaluation.

Group Treasury & Execution is responsible for the central management of market risks within the set limits. GEM allocates the financial risks limits set by the Board of Directors to the individual subsidiaries and risk types. Group Financial Risk in the CRO area monitors independently and Group-wide compliance with the relevant limits.

To calculate additional value adjustments (AVA), VP Bank applies the simplified approach defined under Article 4 of Delegated Regulation (EU) No. 2016/101. Thus, for all items valued at market prices or fair value, 0.1 per cent of the absolute value is deducted from equity capital as an additional valuation adjustment.

EU MR1 – Market risk under the standardised approach

in CHF 1,000		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	n.a.
2	Equity risk (general and specific)	n.a.
3	Foreign exchange risk	29,311
4	Commodity risk	14,453
9	**Total**	**43,764**

Operational risk (Article 446 CRR)

Operational risk

There are a wide variety of causes for operational risks. People make mistakes, IT systems fail, external risks affect the Bank or business processes do not work. It is therefore necessary to determine the factors which trigger important risk events and their impact in order to contain them with suitable preventive measures.

The management of operational risks is understood at VP Bank to be an integral cross-divisional function which is to be implemented across all business units and processes on a uniform Group-wide basis. The following methods are used for this purpose:
- VP Bank's internal control system
- Early warning indicators
- Systematic recording of significant loss events and centralized evaluation
- Periodic top-down and bottom-up risk assessments
- Quarterly reporting
- Business continuity management (BCM)

Strategy and business risk

Business risk on the one hand results from unexpected changes in market and underlying conditions with an adverse effect on profitability or equity. On the other hand, it indicates the danger of unexpected losses that may result from management decisions regarding the business policy orientation of the Group (strategy risk). Group Executive Management is responsible for managing business risk. Taking into account the banking environment and the internal company situation, this risk is analysed by Group Executive Management, top-risk scenarios are derived and appropriate measures are worked out, the implementation of which is entrusted to the responsible body or organisational unit (top-down process).

Compliance risk

Compliance risk is understood to be breaches of statutory and regulatory provisions that can cause significant damage to VP Bank's reputation or result in sanctions, fines or even in the Bank's license being withdrawn. The compliance risk of VP Bank consists in particular in the fact that VP Bank does not or does not sufficiently recognise financial crime compliance risks of its clients and counterparties – such as money laundering, financing of terrorism, violations of sanctions and embargoes, and fraud and corruption activities – and has not established appropriate surveillance and monitoring processes/measures for identification, management and limitation of crossborder compliance risks as well as tax and investment compliance risks.

Further information on the above-mentioned risk types can be found in the Annual Report.

EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

in CHF 1,000		Relevant indicator			Own funds requirements	Risk exposure amount
Banking activities		31.12.2021	31.12.2022	31.12.2023		
1	Banking activities subject to basic indicator approach (BIA)	326,394	335,541	370,579	51,626	645,321
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	n.a.	n.a.	n.a.	n.a.	n.a.
3	Subject to TSA:	n.a.	n.a.	n.a.		
4	Subject to ASA:	n.a.	n.a.	n.a.		
5	Banking activities subject to advanced measurement approaches AMA	n.a.	n.a.	n.a.	n.a.	n.a.

Exposure to interest rate risk on positions not held in the trading book (Article 448 CRR)

Interest rate risks in the banking book

VP Bank refinances its medium and long-term client loans and its nostro positions in interest-bearing debt securities primarily through short-term client deposits and is therefore exposed to interest rate risk. Rising interest rates have an adverse impact on the net present value of fixed income business activities and they also increase refinancing costs. As part of VP Bank's asset and liability management, interest rate swaps measured at fair value are deployed to hedge this risk. VP Bank applies fair-value hedge accounting according to IFRS in order to recognize the offsetting effect of changes in the value of the hedged items on the balance sheet.

VP Bank does not take any significant interest rate risk positions in the trading book. For the purposes of risk management, no distinction is made between trading and banking book positions.

The starting point for the risk management and risk monitoring is the cash flow structure of the interest-sensitive positions. For this purpose, all on- and off-balance-sheet assets and liabilities are allocated to the various maturity bands corresponding to their contractually agreed interest term. For non-maturing client positions, an internal replication model is applied. For this purpose, the affected transactions are grouped according to their characteristics, for example by product type, currency and customer segment. The models are derived based on a combination of historical data and an estimate of expected behavior in future scenarios. In the replication portfolios, individual tranches with maturities up to ten years are permitted. The average duration is 0.8 years. Implicit options in client loans which may, for example, potentially result from special termination rights without early-redemption penalties are negligible and have not been modelled.

Interest rate risk is quantified monthly at individual and consolidated level. Key indicators include interest rate sensitivities, key rate durations, value-at-risk, interest income as well as static and dynamic earnings effects. There is a comprehensive limit system for this purpose, which is supplemented by regular stress tests. The risk management process for interest rate risks is part of the risk management process for market risks. Further details can be found in the previous chapters and in the risk report of the annual report.

EU IRRBB1 – Interest rate risks of non-trading book activities

in CHF 1,000		Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios		31.12.2023	31.12.2022	31.12.2023	31.12.2022
1	Parallel up	–88,225	–80,923	–9,205	1,207
2	Parallel down	44,935	43,105	–10,577	–40,507
3	Steepener	–8,277	–9,396	n.a.	n.a.
4	Flattener	–11,303	–9,710	n.a.	n.a.
5	Short rates up	–44,897	–39,517	n.a.	n.a.
6	Short rates down	21,880	20,678	n.a.	n.a.

Template EU IRRBB1 presents the impact of interest rate changes on both the economic value of equity and net interest income at consolidated level as of 31 December 2023.

The economic value of equity is based on the present values of assets, liabilities and derivative financial instruments. Baseline present values are calculated using market parameters as of the reporting date.

Interest rate risk in terms of changes in economic value of equity is determined by applying the six supervisory interest rate shock scenarios (according to Article 114 of the EBA Guideline 2018/02) in a revaluation of all positions for all currencies. The aggregation of the results per currency follows the prescribed method of the guideline (underweight of positive changes). The respective changes of economic value of equity reflect profit or loss of the present value in the respective scenario. Negative values in the event of an interest rate increase (as in scenario 1 "Parallel up") indicate an asset surplus, positive values indicate a liability surplus with regard to the term transformation of interest rates.

Net interest income is derived in a simulation of interest income and expenses for a period of one year following the reporting date. Positions as of the reporting date are included with current interest rates up to the respective interest term. Expiring transactions are renewed taking into account the interest rate changes as defined by the scenarios. The assumptions regarding maturities and interest margins for new business are derived from existing business. Similarly, assumptions were made for the simulated development of interest rates for transactions without contractual maturity, particularly affecting sight and call deposits. For the reporting date 31 December 2023, a constant balance sheet scenario is applied, as well as the above mentioned method for aggregation per currency.

The two interest rate shock scenarios presented for the net interest income are based on the corresponding scenarios for the economic value of equity: The interest rate movements are 100 bps for CHF and 200 bps for EUR and USD, each modeled as an immediate interest rate shock at the beginning of the simulation period. The changes of the net interest income in the template EU IRRBB1 show the currency aggregate of the difference between the simulated net interest income of the shock scenario and that of the baseline scenario. Negative values indicate a lower net interest income for the subsequent year as compared to the baseline scenario. Results for the reporting date 31 December 2023 cannot be compared to results for 31 December 2022, as in the previous disclosure report a different calculation method was applied (considering internal balance sheet scenarios).

Remuneration policy (Article 450 CRR)

Acting on the basis of regulatory requirements, the Board of Directors has issued "Remuneration policy" regulations for VP Bank Group. As a framework for compensation practice, the remuneration policy creates a group-wide commitment and thus ensures that employees are remunerated in accordance with uniform guidelines. The regulations are reviewed annually in order to ensure that they are up-to-date, compliant and reasonable.

For a number of years, the remuneration policy of VP Bank Group corresponds to the size of VP Bank, its internal organisation and the scope and complexity of its business model.

Principles of compensation

Compensation plays a central role in the recruitment and retention of employees. VP Bank subscribes to fair, performance-oriented and balanced practices in terms of compensation which are in keeping with the long-term interests of shareholders, employees and clients alike.

The principles applied are laid down in the remuneration policy.

- The remuneration policy and practices of VP Bank Group are simple, transparent and sustainability-oriented – especially with regard to environmental, social and governance aspects. They are in line with the Group's business strategy, objectives and values, as well as its long-term overall success, and take its equity situation into account.
- Performance orientation and performance differentiation are substantive components of the remuneration policy and ensure the interlinking of variable compensation with the achievement of the strategic goals of the business.
- The remuneration policy is compatible with and helps foster robust and effective risk management. It makes sure that compensation-based conflicts of interests of the functions or persons involved are avoided. The assumption of excessive risks by employees to increase compensation in the short term should be prevented where possible by setting appropriate incentives.
- The remuneration policy renders possible a fair and attractive remuneration in line with the market to enable VP Bank Group to attract, motivate and retain qualified and talented employees. Conformity with market conditions is reviewed regularly.
- The compensation system is not founded on a purely formula-based approach and therefore possesses sufficient flexibility to take account of the business performance of VP Bank Group or its subsidiary companies.
- Compensation practices follow the principle of equal treatment. The level of fixed compensation depends on the function. The level of variable compensation reflects Group performance, the performance of the segment or team and/or individual performance.
- The remuneration policy is subject to regular review. Relevant legal provisions are applied and implemented in compensation practices. Prescriptions specific to functions, in particular those relating to identified employees (risk takers), are taken into account.

Components of compensation

The total compensation of the employees of VP Bank Group comprises a fixed compensation, an additional variable salary, an equity participation programme, as well as additional perquisites (fringe benefits). In laying down the structure of compensation, an appropriate relationship between the fixed components and variable compensation as well as a function-specific compensation is taken into account. In particular, risk takers, which include the Group Executive Management (GEM), receive a maximum variable compensation which complies with the legal relationship to the annual salary (maximum of 1:2). Limitation of the ratio of fixed to variable compensation at VP Bank to a maximum of 1:2 was approved by shareholders at the 53rd annual general meeting on 29 April 2016.

Fixed compensation

The annual salary set out in the individual employment contract and payable in cash in monthly instalments forms the basis of compensation. The level thereof varies in accordance with the function exercised and the demands and responsibilities deriving therefrom which are assessed based on objective criteria. This enables internal comparability as well as the equal treatment in compensation matters and also permits the comparison with market data. VP Bank considers the fixed compensation to be compensation for the employee's activities performed in an orderly manner. The fixed salary is reviewed annually for ongoing appropriateness within the scope of the salary and wage round negotiations and, where necessary, adjusted.

Variable compensation

The variable compensation can consist of a directly paid-out portion as well as of deferred compensation instruments.

- **Immediately payable variable compensation (bonus):** The bonus is the part of the variable compensation settled annually in cash as compensation for the contribution made to earnings in the previous business year. Should the bonus be particularly high in relation to overall compensation, a part of the payment thereof can be withheld. Where it appears sensible and appropriate, such withheld portion can also be settled in the form of deferred compensation instruments or in the form of equity shares which may not be disposed of during a limited period.
- **Deferred compensation instruments:** Using deferred compensation instruments, the long-term alignment of the interests of shareholders and employees is to be achieved by a participation of the employees in the growth in the value of the Group. VP Bank Group deploys both risk-exposed equity-share and index-based plans as well as cash plans as deferred compensation instruments. Entitlement to deferred compensation instruments is dependent on the function exercised and the individual. Deferred compensation instruments are used particularly by risk takers in order to comply with the regulatory requirements for variable compensation. VP Bank Group uses the following instruments:

Performance Share Plan (PSP)

The PSP is a long-term variable management equity participation programme in the form of registered shares A of VP Bank. At the end of the five-year plan period and depending upon performance, 50 to 150 per cent of the allocated vested benefits are transferred in the form of registered shares A of VP Bank. This vesting multiple is determined from the weighting of an average Group net income and the average net inflow of new client assets over a three-year period. Once the equity shares have been transferred, they remain blocked for one year.

Cash Deferral Plan (CDP)

In the case of the CDP, the payment of the deferred cash portion is paid out annually pro rata over five years.

Restricted Share Plan (RSP)

The RSP will be paid out annually in fifths over a scheduled duration of five years in the form of registered shares A of VP Bank. Once the equity shares have been transferred, they remain blocked for one year.

The payout conditions for all three instruments are regulated in separate regulations. In the event that a negative Group net income, a threat to adequate capital base, a significant downward adjustment of the Group net income, a restatement or similar circumstances or developments lead to variable compensation granted being based on incorrect data or some other oversight, the Board of Directors is entitled to reduce the current plans or reduce them to 0 at any time.

In the event of criminally relevant misconduct, fundamental violations of regulatory or legal requirements, VP Bank may withhold, reduce or cancel variable compensation components awarded to an employee (malus) or reclaim amounts which have already been paid (claw-back). This applies particularly in the case of the subsequently discovered fault of the employee or in the case of disproportionately high risks being entered into to increase revenues.

The variable compensation constitutes an additional voluntary benefit payable by VP Bank Group to which no legal entitlement exists, not even after repeated, unconditional payment thereof.

Equity-participation programme

Every year, employees are offered the chance to purchase VP Bank registered shares A on preferential terms. The number thereof depends in equal shares on the level of the fixed salary and the period of employment as of the measurement date, 1 May. The shares are subject to a blocking period of three years.

Fringe Benefits

Fringe benefits are ancillary benefits which VP Bank offers its employees on a voluntary basis, often as a result of practices which are customary in the given location or business segment. In principle, the benefits are only of a minor amount. They are settled and reported in accordance with local regulations.

They include the following benefits in particular:
- Insurance benefits in excess of statutory provisions
- Retirement-benefit-related amounts, in particular voluntary employer contributions
- Preferential conditions for employees in the case of banking transactions, such as reduced-rate mortgages for an individual’s own home
- Further fringe benefits which are customary in the given location.

Governance

Responsibilities

The Board of Directors of VP Bank is responsible for managing and structuring the remuneration policy. Any change or adjustment to the remuneration policy must be approved by the Board of Directors.

The Nomination & Compensation Committee (NCC) supports the Board of Directors with regard to all aspects relating to the remuneration policy. The NCC comprises the members Philipp Elkuch (Chairman), Beat Graf, Ursula Lang and Dr Thomas R. Meier. The Committee is primarily responsible for the following tasks:

- defining the criteria for the election of Board members; performing the evaluation and submitting the related motions to the Board of Directors
- preparing and submitting motions to the Board of Directors concerning the appointment of the Chief Executive Officer and – in collaboration with the Chief Executive Officer – of the remaining members of Executive Management
- submitting proposals to the Board as to the compensation to be paid to the members of Executive Management
- dealing with fundamental issues concerning personnel policy (e.g. salary and equity participation systems, management development, succession planning, staff welfare benefits) for the attention of the Board of Directors
- submitting motions to the Board with regard to the compensation paid to the Chairman and other members of the Board of Directors.

The Nomination & Compensation Committee usually meets six to ten times per annum. In case of need, the CEO participates in the meetings of the Nomination & Compensation Committee in an advisory capacity. During 2023, the Nomination & Compensation Committee met on a total of seven occasions.

Group Executive Management is responsible for all aspects involving the implementation of compensation processes within the scope of the policy and lays down the framework thereof for the individual companies. It specifies the fixed and variable compensation of key managers, including the managers in charge of subsidiary companies. Furthermore, it issues annual implementing regulations to the companies and/or supervisors for the fixing of individual variable compensations.

Tasks and competencies

	Group Executive Management	Chief Executive Officer	Nomination & Compensation Committee	Board of Directors
Remuneration policy	Proposal		Review / request	Approval
Compensation of the Chairman of the Board of Directors			Request	Approval
Compensation of the other members of the Board of Directors			Request	Approval
Total amount of variable compensation at VP Bank Group	Proposal		Review / request	Approval
Compensation of the Chief Executive Officer			Request	Approval
Compensation of the other members of the Executive Board		Proposal	Review / request	Approval
Compensation of the heads of Risk Management and Compliance	Proposal		Review / request	Approval
Compensation of other risk takers	Review / request		Approval	
Compensation of other employees	Approval			

HCM International Ltd., which has no other mandates from VP Bank Group, was commissioned to structure the compensation model, calibrate the performance share plan as well as to verify the vesting multiple.

Content and method of determining fixed and variable compensation

The remuneration policy regulations as well as the risk policy regulations of VP Bank stipulate that the Bank's compensation systems and human resources management are to be designed in a manner that minimises personal conflicts of interest and behavioural risks.

With the budget, the Board of Directors approves the framework for the fixed compensation and, at the end of the year, decides on the level of provisions for the variable portion of salary – taking the annual results into account.

The total amount of variable compensation is determined within a range known as the "value share" and is based primarily on the net profit of VP Bank Group. The Board of Directors makes a facts-based assessment of the total amount of variable compensation and can adapt the amount. In times of adverse operating conditions, the overall amount of variable compensation is reduced accordingly and can even amount to zero. This takes into consideration the multi-annual, risk-adjusted profitability of VP Bank Group (cf. graph below), the sustainable level of profitability, capital costs and therefore takes account of current and future risks.

The sum of provisions for variable compensation must be affordable in the aggregate. This should never result in VP Bank Group nor any individual Group subsidiary falling into financial difficulties. The impact on the Group's equity situation is taken into consideration in this process.

Compensation of selected groups of persons

As part of the Disclosure Report, the remuneration policy and practice for employees whose professional activities have a material impact on the risk profile of VP Bank Group must be presented.

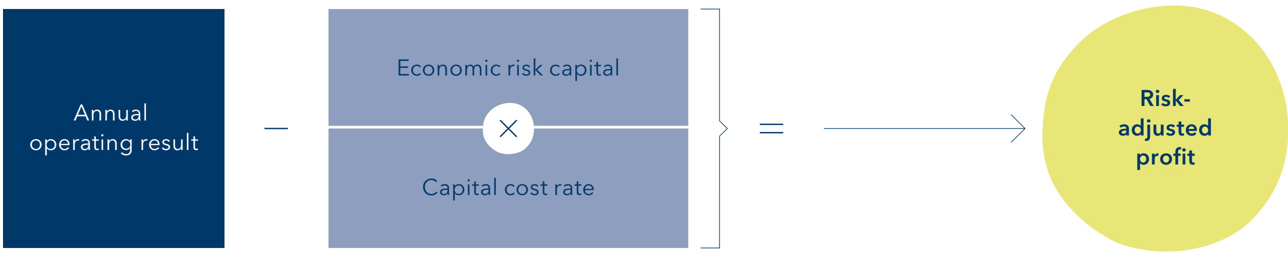
The criteria for identifying these employees, so-called risk takers, are based on Annex 4.4 of the FL Banking Ordinance and Delegated Regulation (EU) 2021/923 of March 25, 2021.

Board of Directors

The Board of Directors receives compensation for the duties and responsibilities conferred on them by law and pursuant to Article 20 of the Articles of Association. This is laid down annually by the Board of Directors in plenary session acting on the proposal of the Nomination & Compensation Committee. Compensation to the members of the Board of Directors is paid on a graduated basis according to their function in the Board of Directors and its committees or in other bodies (e.g. the pension fund). Three quarters of this compensation is paid in cash and one quarter is settled in the form of freely disposable VP Bank registered shares A, the number of which is determined by the current marketprice at the time of receipt.

At VP Bank, there are no agreements pertaining to severance pay for members of the Board of Directors.

Calculation of the risk-adjusted profit



Group Executive Management

In accordance with the Long Term Incentive (LTI) model approved by the Board of Directors on 26 October 2023, the compensation payable to the Group Executive Management consists of the following components:

1. A fixed base salary; this is contractually agreed between the Board of Directors and individual members. In addition to the base salary, VP Bank pays proportionate contributions to the management insurance scheme and the pension fund.
2. A Performance Share Plan (PSP); this is a long-term variable management equity-participation programme in the form of registered shares A of VP Bank Ltd. At the end of the five-year plan period and depending upon performance, 50 to 150 per cent of the allocated vested benefits are transferred in the form of equity shares. This vesting multiple is determined from the weighting of an average group net income and the average net new money over the first three years of the plan period. Once the equity shares have been transferred, they remain blocked for one year. The share of the PSP generally makes up 50 per cent of total variable performance-related compensation. Until the time of transfer of ownership, the Board of Directors reserves the right to reduce or suspend the allocated vested benefits in the case of defined occurrences and in extraordinary situations.
3. A Cash Deferral Plan (CDP); this is a long-term management equity-participation programme in the form of cash payments. The payout is distributed pro rata over five years. The share of the cash deferral generally makes up 10 per cent of total variable performance-related compensation. Until the time when each respective payment is made, the Board of Directors reserves the right to reduce or suspend the cash benefits allocated in the case of defined occurrences and in extraordinary situations.
4. Direct cash compensation (STI), the share of which amounts to 40 per cent of total variable performance-related compensation.

The Board of Directors determines the planning parameters of the variable profit-sharing (PSP, CDP, STI) and their amount annually. The target share of total compensation varies according to function and market customs. Furthermore, the Board of Directors annually approves the compensation of the Group Executive Management based on a review and recommendation of the Nomination & Compensation Committee.

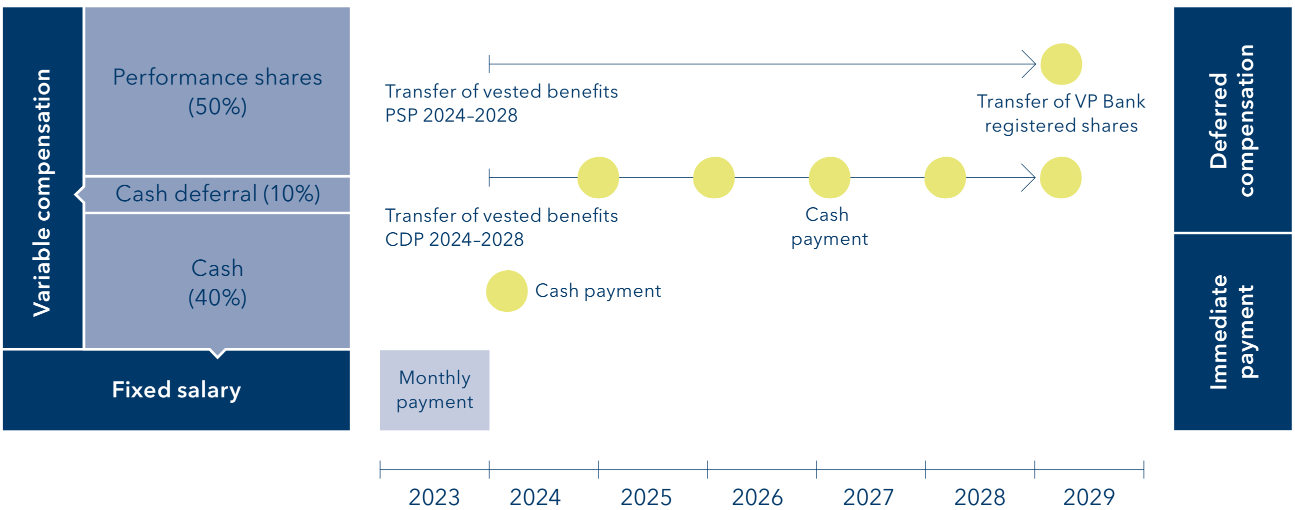
VP Bank has concluded no agreements on severance pay with members of the Group Executive Management.

Other risk taker

For the other risk takers, who already participate in the LTI model due to their function, the compensation is analogous to that of the Group Executive Management. The same conditions apply.

For the other risk takers, a remuneration model consisting of the following three components is applied in order to comply with the regulatory provisions:

Instruments of variable compensation of the Group Executive Management



1. A fixed base salary
2. A Restricted Share Plan (RSP); this is a long-term variable management equity-participation programme in the form of registered shares A of VP Bank Ltd, which will be paid out annually in fifths over a scheduled duration of five years in the form of registered shares A. The share of the RSP makes up 60 per cent of total variable performance-related compensation. Once the equity shares have been transferred, they remain blocked for one year.

   Until the time of transfer of ownership, the Board of Directors reserves the right to reduce or suspend the allocated vested benefits in the case of defined occurrences and in extraordinary situations.
3. Direct cash compensation (STI), the share of which amounts to 40 per cent of variable performance-related compensation.

Based on a review and recommendation by the Group Executive Management, the Nomination & Compensation Committee approves the remuneration of the other Risk Takers.

VP Bank has concluded no agreements on severance pay with the other risk taker.

Additional provisions

Compensation of employees in control functions

The variable compensation of employees in controlling functions, internal audit or with legal and compliance tasks is determined based upon the achievement of the targets related to their tasks irrespective of the results of the business units being controlled. A participation in the results of the company or of VP Bank Group is admissible within normal limits and is sensible within the spirit of equal treatment.

Prohibition of hedging practices

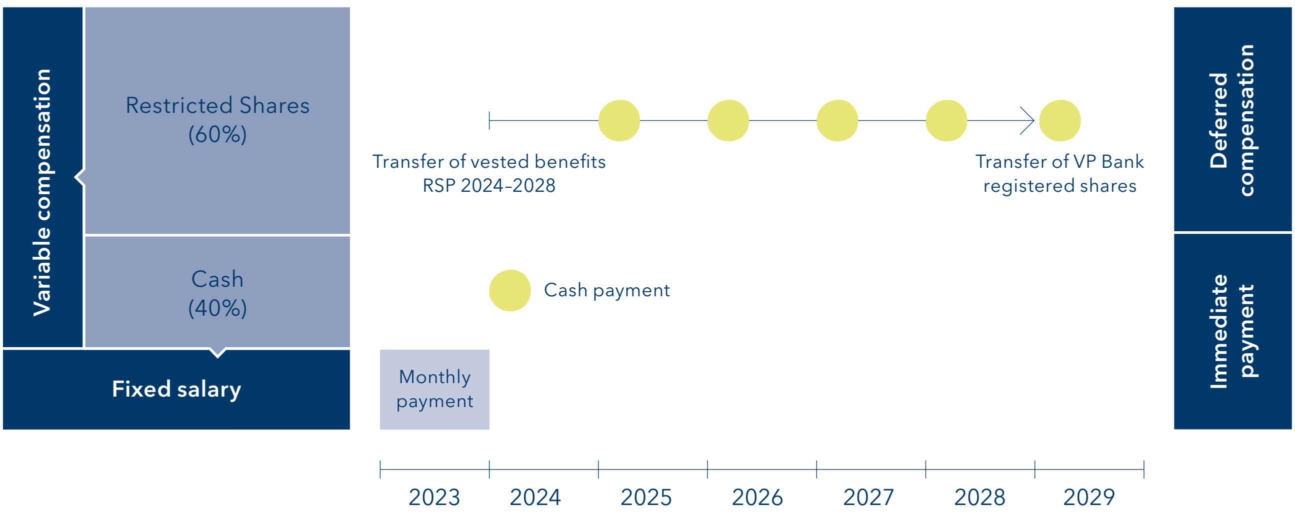
Individual hedging of downside risks that may arise from the PSP is prohibited.

Special payments

VP Bank does not make guaranteed payments in addition to fixed salaries such as end-of-service indemnities agreed in advance. Any performance-related compensation will be granted on a pro-rata basis at most until the end of the notice period.

Special payments upon commencement of employment may occur in given individual cases for the first year of employment – as a rule, these relate to compensation for foregone benefits from the previous employer, which is based on the VP Bank's remuneration instruments and therefore in accordance with the Risk profile can be paid out.

Instruments of variable compensation of the other risk takers



Quantitative information

A total of CHF 4.9 million in variable compensation was granted to Group Executive Management and risk takers for the 2023 financial year.

EU REM1 – Remuneration awarded for the financial year

in CHF 1,000			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	8	7	4	35
2		Total fixed remuneration	1,522	3,739	1,973	7,932
3		Of which: cash-based	1,141	3,303	1,868	7,767
EU-4 a		Of which: shares or equivalent ownership interests	381	0	0	0
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		Of which: other instruments	0	0	0	0
7		Of which: other forms	0	436	105	165
9	Variable remuneration	Number of identified staff	0	7	4	31
10		Total variable remuneration	0	1,935	846	2,077
11		Of which: cash-based	0	949	529	1,296
12		Of which: deferred	0	176	64	127
EU-13a		Of which: shares or equivalent ownership interests	0	986	317	781
EU-14a		Of which: deferred	0	986	317	756
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-14b		Of which: deferred	0	0	0	0
EU-14x		Of which: other instruments	0	0	0	0
EU-14y		Of which: deferred	0	0	0	0
15		Of which: other forms	0	0	0	0
16		Of which: deferred	0	0	0	0
17	Total remuneration (2 + 10)		1,522	5,674	2,819	10,009

VP Bank applies the exception rule whereby risk takers whose annual variable compensation does not exceed EUR 50,000 or the equivalent in Swiss francs and does not account for more than one-third of the risk taker’s total annual compensation do not have a retention on their variable compensation. This exception affected 22 risk takers in the financial year, with a fixed compensation of CHF 3.7 million and a variable compensation of CHF 0.4 million (total compensation: CHF 4.1 million).

EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

in CHF 1,000		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards – Number of identified staff	0	0	0	0
2	Guaranteed variable remuneration awards – Total amount	0	0	0	0
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	0	0	1	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	0	0	150	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year – Number of identified staff	0	1	1	1
7	Severance payments awarded during the financial year – Total amount	0	180	61	237
8	Of which paid during the financial year	0	72	61	237
9	Of which deferred	0	108	0	0
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
11	Of which highest payment that has been awarded to a single person	0	180	61	237

EU REM3 – Deferred remuneration

in CHF 1,000 Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function	0	0	0	0	0	0	0	0
2 Cash-based	0	0	0	0	0	0	0	0
3 Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
4 Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5 Other instruments	0	0	0	0	0	0	0	0
6 Other forms	0	0	0	0	0	0	0	0
7 MB Management function	4,214	731	3,484	-324	0	-112	295	0
8 Cash-based	789	83	707	0	0	0	83	0
9 Shares or equivalent ownership interests	3,425	648	2,777	-324	0	-112	212	0
10 Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
11 Other instruments	0	0	0	0	0	0	0	0
12 Other forms	0	0	0	0	0	0	0	0
13 Other senior management	1,220	401	819	-57	0	-51	293	0
14 Cash-based	237	20	217	0	0	0	20	0
15 Shares or equivalent ownership interests	984	381	603	-57	0	-51	273	0
16 Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
17 Other instruments	0	0	0	0	0	0	0	0
18 Other forms	0	0	0	0	0	0	0	0
19 Other identified staff	2,259	798	1,461	-291	0	-155	352	0
20 Cash-based	562	57	505	0	0	0	57	0
21 Shares or equivalent ownership interests	1,697	741	956	-291	0	-155	295	0
22 Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
23 Other instruments	0	0	0	0	0	0	0	0
24 Other forms	0	0	0	0	0	0	0	0
25 Total amount	7,693	1,930	5,764	-672	0	-318	940	0

EU REM4 – Remuneration of 1 million CHF or more per year

EUR		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	0
3	Over 2 000 000	0

EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

in CHF 1,000		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										54
2	Of which: members of the MB	8	7	15							
3	Of which: other senior management				0	4	0	0	0	0	
4	Of which: other identified staff				0	11	2	10	12	0	
5	Total remuneration of identified staff	1,522	5,674	7,195	0	5,242	1,381	3,683	2,522	0	
6	Of which: fixed remuneration	1,522	3,739	5,260	0	4,236	851	2,564	2,253	0	
7	Of which: variable remuneration	0	1,935	1,935	0	1,006	530	1,119	269	0	

Leverage ratio (Article 451 CRR)

In addition to the risk-based capital adequacy requirements, Basel III introduced a leverage ratio, which applies the equity capital in relation to unweighted-balance-sheet and off-balance-sheet risk exposures.

EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

in CHF 1,000		Applicable amount
1	Total assets as per published financial statements	11,449,893
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustment for derivative financial instruments	44,454
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	229,208
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	–145,131
13	**Total exposure measure**	**11,578,425**

EU LRA: Disclosure of LR qualitative information

The leverage ratio (according to Article 429 CRR) is shown in table LR2. There were no strategic changes or external factors that had a negative impact on the leverage ratio during the reporting period. As at the reporting date, no use of transitional provisions is made. The regulatory minimum requirement for a leverage ratio of >3% is significantly exceeded at VP Bank.

As part of the annual capital planning, a projection of the leverage ratio is made over the next three years. This ensures forward-looking monitoring of potential excessive debt. In addition, monthly monitoring is carried out by Group Financial Management & Reporting. In the recovery plan, the leverage ratio is not used as a separate indicator because, unlike the tier 1 ratio, the threshold value of the leverage ratio would only be breached downstream; however, the share of the exposure measure is used as an additional quantitative criterion in the recovery plan for the purposes of the materiality review.

EU LR2 – LRCom: Leverage ratio common disclosure

in CHF 1,000		CRR leverage ratio exposures	
		31.12.2023	31.12.2022
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	11,266,960	12,530,667
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(General credit risk adjustments to on-balance sheet items)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	0	0
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**11,266,960**	**12,530,667**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	37,803	78,217
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	44,454	94,935
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	Exposure determined under Original Exposure Method	0	0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivatives exposures**	**82,256**	**173,152**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	**Total securities financing transaction exposures**	**0**	**0**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	600,921	611,794
20	(Adjustments for conversion to credit equivalent amounts)	–371,712	–309,469
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	0	0
22	**Off-balance sheet exposures**	**229,208**	**302,325**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0	0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	0	0
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	0	0
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	0	0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0	0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22k	**(Total exempted exposures)**	**0**	**0**

EU LR2 – LRCom: Leverage ratio common disclosure (continued)

in CHF 1,000		CRR leverage ratio exposures	
Capital and total exposure measure			
23	Tier 1 capital	1,057,738	1,046,158
24	Total exposure measure	11,578,425	13,006,145
Leverage ratio			
25	Leverage ratio (%)	9.1%	8.0%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.1%	8.0%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.1%	8.0%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0	0
EU-26b	of which: to be made up of CET1 capital	0	0
27	Leverage ratio buffer requirement (%)	0	0
EU-27a	Overall leverage ratio requirement (%)	3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	0	0
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	0	0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	0
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,578,425	13,006,145
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,578,425	13,006,145
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.1%	8.0%
31a	**Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)**	**9.1%**	**8.0%**

EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

in CHF 1,000		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)**	**11,266,960**
EU-2	of which Trading book exposures	213
EU-3	Banking book exposures	11,266,747
EU-4	of which Covered bonds	265,461
EU-5	Exposures treated as sovereigns	2,198,367
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	24,276
EU-7	Institutions	1,713,332
EU-8	Secured by mortgages of immovable properties	3,269,175
EU-9	Retail exposures	173,571
EU-10	Corporate	3,297,202
EU-11	Exposures in default	31,524
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	293,837

EU LIQA Liquidity risk management (Artikel 451a Abs. 4 CRR)

The Internal Liquidity Adequacy Assessment Process (ILAAP) established at VP Bank ensures a risk-adequate level of liquidity. The ILAAP approach involves two complementary perspectives: the normative perspective ensures continuous compliance with all regulatory requirements (Liquidity Coverage Ratio, LCR and Net Stable Funding Ratio, NSFR), and the economic perspective requires compliance with internal requirements in various risk scenarios (liquidity survival horizon in liquidity stresstest).

Liquidity risk represents the risk that the Bank will ultimately not be able to meet its payment obligations (insolvency risk). It includes market liquidity risk on the one hand and idiosyncratic liquidity risk on the other. In the case of market liquidity risk, the risk lies in the fact that the Bank may be unable to procure the required liquidity due to market distortions on the money or capital markets, or can do so only on inadequate terms and conditions. For eample, the securities market, where securities can normally be sold at market value, might not be sufficiently liquid, or the interbank market might not be available, or only to a limited extent, to all market participants for short-term liquidity procurement. Idiosyncratic liquidity risk, on the other hand, represents the risk that the Bank may not be able to procure liquidity for VP Bank-specific reasons or can do so only on inadequate terms and conditions.

In compliance with statutory liquidity requirements and provisions contained in the BankO, CRR and Capital Requirements Directive (CRD), VP Bank monitors and manages liquidity risks using internal directives and limits regarding interbank and credit-granting activities. Maintaining liquidity within VP Bank Group has the highest priority at all times. This is assured with large cash and cash-equivalent holdings as well as high-quality liquid assets (HQLA). VP Bank has significantly exceeded the minimum regulatory liquidity requirements at all times in 2023.

VP Bank can rapidly procure liquidity on a secured basis in case of need through its access to the Eurex repo market. In addition, VP Bank possesses a credit facility (Liquidity Shortage Financing Facility, LSFF), that the SNB provides to commercial banks for bridging liquidity shortages. The liquidity coverage ratio (LCR) is actively managed and monitored in the main currencies (CHF, EUR and USD). Continuous checks are carried out to ensure that liquid assets which do not qualify as liquid assets in a third country are not factored into the LCR calculation at Group level either. Short-term client deposits play a significant role in the Bank's refinancing. The NSFR also plays a crucial role as a steering tool in managing liquidity risk, as the ratio of required stable funding (RSF) to available stable funding (ASF) is constantly monitored. The NSFR ist only moderately dependent on the capital market. VP Bank has reliable access to the capital market (e.g., through the issuance of bonds) and has also already issued bonds. Derivative items which might involve potential collateral requirements consist primarily of interest-rate swaps and currency swaps.

Group Treasury & Execution (GTR) takes care of operational liquidity risk management. Group Financial Management & Reporting (GFI) conducts daily monitoring and analysis as the 1st line of defense, followed by Group Financial Risk (GFR) as the 2nd line of defense. Responsibilities and areas of responsibility are defined in the liquidity risk management framework directive and in the Group standard on liquidity management.

The liquidity risk is actively managed and controlled by VP Bank applying regulatory and economic steering instruments. The respective key risk indicators are monitored closely and with the highest priority. Forward-looking liquidity gap reports provide information concerning expected inflows and outflows of the balance sheet. In the liquidity stress test, the survival horizon of VP Bank is simulated in various scenarios. This allows VP Bank to take timely and forward-looking countermeasures and, if necessary, limit certain business activities. Based on the steering instruments, the Board of Directors sets limits and targets that define the respective risk appetite. Compliance with the limits and targets is reviewed on a regular basis, reported to various committees, and subjected to an annual review as standard procedure. VP Bank organizes liquidity risk management within the framework of the Group-wide applicable directive system. This includes the framework directive and the group standard, as well as a liquidity emergency plan that outlines predefined measures that can be implemented promptly in the event of a liquidity shortage.

The liquidity emergency plan is designed to ensure that VP Bank possesses adequate liquidity, even in the event of bank specific or market-triggered liquidity crises as well as combinations thereof. For this purpose, suitable early warning indicators (LCR, NSFR, survival horizon, concentration risks, etc.) are identified and regularly monitored. Possible measures are set out in the emergency liquidity plan. The liquidity emergency plan includes different sets of measures, taking into account the time effectiveness of each measure. The measures are clearly defined and reviewed regularly.

The adequacy of liquidity risk management is assessed and ensured within the framework of an annual Group-wide process (ILAAP) and subsequently reported to the Group Executive Management and the Board of Directors. Liquidity risk management is derived from the business strategy in conjunction with the risk strategy (risk tolerance) and is comprehensively described in regulations, framework directives, group standards and other directives.

Declaration of the Board of Directors

The Board of Directors bears overall responsibility for liquidity management appropriate to the profile and strategy of VP Bank.

Key performance indicators in VP Bank's liquidity management include the LCR, NSFR, the liquidity reserve and survival horizon. To bring the liquidity risk profile into line with the defined risk tolerance, the Bank sets itself minimum requirements that are above the statutory minimum in each case. As of 31 December 2023, the LCR is 305.83 per cent and the NSFR is 156.80 per cent, meaning that both ratios are well above the minimum requirement of 100 per cent. Similarly, the survival horizon according to the stress test was significantly more than 31 days. VP Bank complied with the requirements of the liquidity coverage ratio (LCR) and the structural liquidity ratio (NSFR) at all times during 2023.

EU LIQB on qualitative information on LCR, which complements template EU LIQ1 (Artikel 451a Abs. 2 CRR)

The LCR results are primarily driven by developments in deposit and loan volumes, that are affected by ordinary business activities. Excess liquidity is invested in the long-term in predominantly HQLA-eligible bonds, as well as in the short-term at central banks and as receivables from banks. If there is excess liquidity on the assets side, the LCR increases accordingly.

There is no excessive concentration of funding sources. Early warning indicators are used to monitor concentration risks in the liquidity emergency plan. The liquidity buffer (weighted) of VP Bank Group consists of 76 per cent Level 1 instruments (excluding covered bonds), 5 per cent Level 1 covered bonds, 9 per cent Level 2a instruments and 10 per cent Level 2b instruments.

Derivative exposures and potential collateral requirements are included in the item "Outflows related to derivative exposures and other collateral requirements" and represent a relatively small proportion of total outflows.

There are no significant currency mismatches in the LCR at VP Bank Group. The LCR is calculated in the main foreign currencies and there are minimum requirements for the LCR by currency, which are monitored and limited using early warning indicators in the liquidity emergency plan.

The VP Bank Group has no other significant positions in the liquidity profile that are not included in the template EU LIQ1.

EU LIQ1 – Quantitative information of LCR

in CHF 1,000		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High-quality liquid assets								
1	Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	3,493,316	3,650,714	3,795,727	3,882,002
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	3,968,173	4,075,606	4,227,182	4,330,373	620,790	629,262	648,663	640,354
3	Stable deposits	385,953	314,533	254,489	233,997	19,298	15,727	12,724	11,700
4	Less stable deposits	3,582,219	3,761,074	3,972,693	4,096,376	601,492	613,535	635,938	628,654
5	Unsecured wholesale funding	5,222,290	5,446,608	5,777,528	6,041,284	2,881,120	2,984,973	3,136,437	3,319,872
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	5,221,696	5,446,070	5,777,283	6,041,153	2,880,526	2,984,435	3,136,193	3,319,741
8	Unsecured debt	594	538	244	131	594	538	244	131
9	Secured wholesale funding	n.a.	n.a.	n.a.	n.a.	30,490	26,850	17,071	5,474
10	Additional requirements	213,686	241,466	261,799	277,135	127,353	139,869	153,543	163,472
11	Outflows related to derivative exposures and other collateral requirements	92,985	92,065	96,336	98,777	92,985	92,065	96,336	98,777
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	120,701	149,401	165,463	178,358	34,368	47,804	57,207	64,695
14	Other contractual funding obligations	18,048	18,048	18,056	16,478	1,641	1,641	1,641	1,705
15	Other contingent funding obligations	671,839	709,900	719,513	621,665	135,482	135,612	124,338	112,135
16	**Total cash outflows**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**3,796,876**	**3,918,206**	**4,081,693**	**4,243,016**
	Cash inflows								
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	3,645,107	3,686,943	3,826,707	3,988,717	2,347,031	2,364,374	2,474,429	2,615,682
19	Other cash inflows	70,215	62,325	62,784	87,845	50,596	43,536	45,913	47,360
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	n.a.	n.a.	n.a.	n.a.	0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)	n.a.	n.a.	n.a.	n.a.	0	0	0	0
20	**Total cash inflows**	**3,715,323**	**3,749,268**	**3,889,491**	**4,076,561**	**2,397,626**	**2,407,910**	**2,520,341**	**2,663,042**
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	3,715,323	3,749,268	3,889,491	4,076,561	2,397,626	2,407,910	2,520,341	2,663,042
	Total adjusted value								
EU-21	**Liquidity buffer**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**3,493,316**	**3,650,714**	**3,795,727**	**3,882,002**
22	**Total net cash outflow**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**1,403,163**	**1,510,296**	**1,567,546**	**1,604,035**
23	**Liqudity Coverage Ratio (LCR)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**258.9%**	**245.7%**	**248.2%**	**254.8%**

EU LIQ2 – Net Stable Funding Ratio as per 31.12.2023

	in CHF 1,000	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	1,057,738	0	0	0	1,057,738
2	Own funds	1,057,738	0	0	0	1,057,738
3	Other capital instruments	n.a.	0	0	0	0
4	Retail deposits	n.a.	4,242,208	150,051	2,255	3,982,772
5	Stable deposits	n.a.	549,663	0	0	522,180
6	Less stable deposits	n.a.	3,692,545	150,051	2,255	3,460,592
7	Wholesale funding:	n.a.	5,350,576	91,420	0	1,985,173
8	Operational deposits	n.a.	0	0	0	0
9	Other wholesale funding	n.a.	5,350,576	91,420	0	1,985,173
10	Interdependent liabilities	n.a.	0	0	0	0
11	Other liabilities:	25,952	22,931	103,894	203,537	255,484
12	NSFR derivative liabilities	25,952	n.a.	n.a.	n.a.	n.a.
13	All other liabilities and capital instruments not included in the above categories	n.a.	22,931	103,894	255,484	255,484
14	**Total available stable funding (ASF)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**7,281,167**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	384,069
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	n.a.	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	n.a.	0	0	0	0
17	Performing loans and securities:	n.a.	5,796,240	641,332	2,005,359	4,149,770
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	n.a.	0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	n.a.	2,029,855	147,324	33,722	310,369
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	n.a.	2,763,573	429,933	1,189,130	2,607,514
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	74,859	0	0	37,429
22	Performing residential mortgages, of which:	n.a.	912,558	6,567	550	460,030
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	0	0	0	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	n.a.	90,253	57,508	781,958	771,857
25	Interdependent assets	n.a.	0	0	0	0
26	Other assets:	0	276,095	0	8,065	99,713
27	Physical traded commodities	n.a.	n.a.	n.a.	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	n.a.	0	0	0	0
29	NSFR derivative assets	n.a.	0	n.a.	n.a.	0
30	NSFR derivative liabilities before deduction of variation margin posted	n.a.	100,988	n.a.	n.a.	5,049
31	All other assets not included in the above categories	n.a.	175,107	0	8,065	94,663
32	Off-balance sheet items	n.a.	953,065	84,015	14,736	10,068
33	**Total RSF**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**4,643,620**
34	**Net Stable Funding Ratio (%)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**156.8%**

EU LIQ2 – Net Stable Funding Ratio as per 30.09.2023

in CHF 1,000		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	1,055,787	0	0	0	1,055,787
2	Own funds	1,055,787	0	0	0	1,055,787
3	Other capital instruments	n.a.	0	0	0	0
4	Retail deposits	n.a.	4,461,553	83,183	3,139	4,108,141
5	Stable deposits	n.a.	294,794	0	0	280,055
6	Less stable deposits	n.a.	4,166,759	83,183	3,139	3,828,087
7	Wholesale funding:	n.a.	5,614,358	102,266	7,045	2,135,937
8	Operational deposits	n.a.	0	0	0	0
9	Other wholesale funding	n.a.	5,614,358	102,266	7,045	2,135,937
10	Interdependent liabilities	n.a.	0	0	0	0
11	Other liabilities:	0	28,045	2,948	305,692	307,166
12	NSFR derivative liabilities	0	n.a.	n.a.	n.a.	n.a.
13	All other liabilities and capital instruments not included in the above categories	n.a.	28,045	2,948	305,692	307,166
14	**Total available stable funding (ASF)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**7,607,032**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	412,484
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	n.a.	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	n.a.	0	0	0	0
17	Performing loans and securities:	n.a.	5,720,663	582,720	1,912,603	4,070,861
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	n.a.	0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	n.a.	1,878,381	136,904	32,954	289,245
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	n.a.	2,881,241	400,557	1,107,693	2,582,234
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	59,903	0	1,019	30,614
22	Performing residential mortgages, of which:	n.a.	887,085	3,898	0	445,491
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	0	0	0	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	n.a.	73,955	41,361	771,956	753,890
25	Interdependent assets	n.a.	0	0	0	0
26	Other assets:	0	327,785	0	8,065	137,161
27	Physical traded commodities	n.a.	n.a.	n.a.	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	n.a.	0	0	0	0
29	NSFR derivative assets	n.a.	23,492	n.a.	n.a.	23,492
30	NSFR derivative liabilities before deduction of variation margin posted	n.a.	103,429	n.a.	n.a.	5,171
31	All other assets not included in the above categories	n.a.	200,864	0	0	108,497
32	Off-balance sheet items	n.a.	1,053,764	40,182	17,859	8,638
33	**Total RSF**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**4,629,144**
34	**Net Stable Funding Ratio (%)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**164.3%**

EU LIQ2 – Net Stable Funding Ratio as per 30.06.2023

in CHF 1,000		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	1,053,856	0	0	0	1,053,856
2	Own funds	1,053,856	0	0	0	1,053,856
3	Other capital instruments	n.a.	0	0	0	0
4	Retail deposits	n.a.	4,221,647	106,755	643	3,912,082
5	Stable deposits	n.a.	317,543	0	0	301,665
6	Less stable deposits	n.a.	3,904,104	106,755	643	3,610,416
7	Wholesale funding:	n.a.	6,022,577	83,445	1,141	2,103,409
8	Operational deposits	n.a.	0	0	0	0
9	Other wholesale funding	n.a.	6,022,577	83,445	1,141	2,103,409
10	Interdependent liabilities	n.a.	0	0	0	0
11	Other liabilities:	3,745	30,557	1,187	305,078	305,671
12	NSFR derivative liabilities	3,745	n.a.	n.a.	n.a.	n.a.
13	All other liabilities and capital instruments not included in the above categories	n.a.	30,557	1,187	305,671	305,671
14	**Total available stable funding (ASF)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**7,375,019**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	399,377
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	n.a.	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	n.a.	0	0	0	0
17	Performing loans and securities:	n.a.	6,023,269	647,174	1,760,585	3,967,661
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	n.a.	0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	n.a.	2,206,462	221,342	32,336	363,653
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	n.a.	2,877,487	391,487	1,130,730	2,595,404
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	54,617	0	1,018	27,970
22	Performing residential mortgages, of which:	n.a.	857,560	1,903	22	429,750
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	0	0	0	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	n.a.	81,760	32,442	597,497	578,853
25	Interdependent assets	n.a.	0	0	0	0
26	Other assets:	0	512,368	0	8,065	113,071
27	Physical traded commodities	n.a.	n.a.	n.a.	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	n.a.	0	0	0	0
29	NSFR derivative assets	n.a.	0	n.a.	n.a.	0
30	NSFR derivative liabilities before deduction of variation margin posted	n.a.	70,239	n.a.	n.a.	3,512
31	All other assets not included in the above categories	n.a.	442,129	0	8,065	109,559
32	Off-balance sheet items	n.a.	432,175	8,448	68,783	13,675
33	**Total RSF**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**4,493,784**
34	**Net Stable Funding Ratio (%)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**164.1%**

EU LIQ2 – Net Stable Funding Ratio as per 31.03.2023

in CHF 1,000		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	1,021,861	0	0	0	1,021,861
2	Own funds	1,021,861	0	0	0	1,021,861
3	Other capital instruments	n.a.	0	0	0	0
4	Retail deposits	n.a.	4,093,428	182,770	182,770	3,867,167
5	Stable deposits	n.a.	321,253	0	0	305,191
6	Less stable deposits	n.a.	3,772,175	182,770	182,770	3,561,977
7	Wholesale funding:	n.a.	5,909,146	57,026	399	2,146,455
8	Operational deposits	n.a.	0	0	0	0
9	Other wholesale funding	n.a.	5,909,146	57,026	399	2,146,455
10	Interdependent liabilities	n.a.	0	0	0	0
11	Other liabilities:	7,364,883	46,595	1,097	303,247	303,796
12	NSFR derivative liabilities	7,364,883	n.a.	n.a.	n.a.	n.a.
13	All other liabilities and capital instruments not included in the above categories	n.a.	46,595	1,097	303,247	303,796
14	**Total available stable funding (ASF)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**7,339,279**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	400
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	n.a.	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	n.a.	0	0	0	0
17	Performing loans and securities:	n.a.	5,641,041	837,703	1,787,621	4,049,779
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	n.a.	0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	n.a.	1,823,013	312,908	33,472	372,227
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	n.a.	2,900,278	487,922	1,147,193	2,669,002
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	73,040	0	1,061	37,210
22	Performing residential mortgages, of which:	n.a.	834,135	5,071	0	419,603
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	n.a.	0	0	0	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	n.a.	83,615	31,803	606,956	588,947
25	Interdependent assets	n.a.	0	0	0	0
26	Other assets:	0	590,851	0	0	116,138
27	Physical traded commodities	n.a.	n.a.	n.a.	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	n.a.	0	0	0	0
29	NSFR derivative assets	n.a.	0	n.a.	n.a.	0
30	NSFR derivative liabilities before deduction of variation margin posted	n.a.	76,956	n.a.	n.a.	3,848
31	All other assets not included in the above categories	n.a.	513,895	0	8,065	116,138
32	Off-balance sheet items	n.a.	437,081	15,569	74,412	14,348
33	Total RSF	n.a.	n.a.	n.a.	n.a.	4,584,081
34	**Net Stable Funding Ratio (%)**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**160.1%**

Use of credit risk mitigation techniques (Article 453 CRR)

EU CRC: Qualitative disclosure requirements related to CRM techniques

VP Bank does not apply on-balance sheet netting (in accordance with Article 195 CRR). Mutual claims of VP Bank and other counterparties are therefore not an eligible form of credit risk mitigation.

A clear separation of front-office and independent credit control function is in place within the credit area of VP Bank. The Group Credit Consulting department is responsible for credit advisory tasks as well as for 1st line of defense daily collateral management and monitoring, while the Group Credit Risk department as 2nd line of defense oversees the application of "loan-to-value-ratios" for Lombard collateral and is responsible for the credit methodology as such. The legal basis for the enforceability of the credit collateral is provided by the pledge and loan agreements. All financial collateral is valued daily by the core banking system Avaloq or the corresponding data providers. For real estate collateral, external valuations from recognized real estate valuers as well as internal hedonic assessments using standardized tools from external providers, including income and property valuations, are used. In accordance with regulatory requirements, real estates are reviewed annually (commercial real estate) or every three years (mortgages with an equivalent value of EUR >3 million).

If there is a loss in value of Lombard collateral in the event of market fluctuations, leading to a collateral shortfall, this will give rise to an obligation of the client to restore the collateral situation or will directly trigger a margin call process and the subsequent realization of the collateral.

Market fluctuations in real estate valuations or revaluation losses that result in over-lending are initially discussed with the client. An effort is made to achieve an adjustment by introducing amortization and/or pledging further collateral. If the client is unable or unwilling to do so, a loan loss provision may be established.

If recovery cases arise, they are closely monitored throughout the entire value chain aiming for highest possible recovery rate.

VP Bank applies the comprehensive method (according to Articles 223 to 228 CRR) to take volatility adjustments of financial collateral into account.

The following table shows the types of credit risk mitigation applied at VP Bank (according to Articles 197, 198 and 200 CRR). These collateral types are subsequently used as risk mitigants in the capital requirements calculation for credit risk.

According to the CRR, the standard approach for credit risk, is not considered to be a risk mitigating technique for real estate collateral, but rather reduces the capital requirement by applying a lower risk weight to the part of the risk position secured by the property. For a better understanding these are nevertheless listed below:

Collateral type	Collateral
Financial collateral	Cash deposits or cash-equivalent instruments
	Debt securities
	Shares or convertible bonds listed in a major index or index
	Shares in CIUs (investment funds)
	Gold
Real estate collateral	Residential real estate
	Commercial real estate
Other forms of collateral	Pledged life insurances

At VP Bank, no credit derivatives are used to reduce the capital requirement. The most important issuers of life insurance policies are allocated to the risk exposure class "corporates", while the most important guarantors are allocated to the risk position class "institutions". Loans secured by life insurance policies and guarantees are monitored on an ongoing basis.

In application of Article 453(f) CRR, the following EU CR3 template provides an overview of the overall extent to which credit risk mitigation techniques are used. The collateral reported in the column "Of which secured by collateral" includes financial collateral, real estate collateral and physical collateral. Both unsecured and secured net carrying amounts are disclosed.

VP Bank conducts collateral concentration analysis for all lending collateral. The analysis considers various aspects, such as collateral category, borrower's rating class and regional allocation. In addition, there are credit portfolio risk limits in place which are used to monitor the concentration risks and possible abnormalities. The limits and their utilization are reported monthly to the Group Executive Management and the Board of Directors.

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

in CHF 1,000		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	3,092,359	5,320,521	5,291,554	28,967	0
2	Debt securities	2,542,542	0	0	0	n.a.
3	**Total**	**5,634,901**	**5,320,521**	**5,291,554**	**28,967**	**0**
4	Of which non-performing exposures	27,226	0	0	0	0
EU-5	Of which defaulted	0	0	n.a.	n.a.	n.a.

The EU CR4 template shows the effect of credit risk mitigation techniques on the risk-weighted exposure amounts on both the on-balance and off-balance sheets under the standardised approach by exposure class in accordance with Article 453(g-i) CRR.

EU CR4 – Standardised approach – Credit risk exposure and CRM effects

in CHF 1,000		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	Exposure classes						
1	Central governments or central banks	1,842,760	0	1,842,760	0	1,306	0.1%
2	Regional government or local authorities	159,024	1,843	159,024	573	1,602	1.0%
3	Public sector entities	101,407	0	101,407	0	1,065	1.1%
4	Multilateral development banks	119,452	0	119,452	0	4,855	4.1%
5	International organisations	0	0	0	0	0	0.0%
6	Institutions	1,713,332	14,394	1,716,921	3,162	372,811	21.7%
7	Corporates	3,297,202	263,705	1,846,757	78,770	1,300,073	67.5%
8	Retail	173,571	53,992	42,879	12,770	41,150	73.9%
9	Secured by mortgages on immovable property	3,269,175	266,987	3,187,622	63,817	1,348,342	41.5%
10	Exposures in default	31,524	0	31,509	0	34,062	108.1%
11	Exposures associated with particularly high risk	11,916	0	11,916	0	17,874	150.0%
12	Covered bonds	265,461	0	265,461	0	26,546	10.0%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.0%
14	Collective investment undertakings	41,955	0	41,955	0	118,172	281.7%
15	Equity	113,682	0	113,682	0	113,682	100.0%
16	Other items	126,498	0	287,048	8,190	123,018	41.7%
17	**TOTAL**	**11,266,960**	**600,921**	**9,768,393**	**167,281**	**3,504,559**	**35.3%**

VP Bank Group

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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