PERSPECTIVES

Disclosure Report 2024

Imprint

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Introduction

VP Bank

VP Bank is an internationally active private bank and one of the largest banks in Liechtenstein. It is therefore classified by the Financial Market Authority (FMA) in Liechtenstein as a locally systemically relevant institution. It has offices in Vaduz, Zurich, Luxembourg, Tortola / British Virgin Islands and Singapore.

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 2024, 1,024 employees manage client assets of CHF 50.7 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 Annual Report of VP Bank. The exemption rules set out under Article 432 CRR for immaterial or confidential information as well as business secrets have not been applied. The dark shaded fields in the templates indicate that the information is not required or applicable and therefore does not need to be completed.

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 2023

In comparison to the Disclosure Report of December 2023, the scope has been expanded due to the initial implementation of the BRRD II regulation in Liechtenstein, encompassing the templates EU KM2 – Key metrics of MREL (Minimum requirement for own funds and eligible liabilities), EU TLAC 1 – Composition of MREL and EU TLAC 3b – creditor ranking.

Key metrics (Articles 438, 447 CRR)

The template EU KM1 shows an overview of the regulatory key parameters. The common equity Tier 1 ratio has increased from 24.9 per cent to 25.9 per cent since December 31, 2023, and is well above the minimum regulatory requirement. The equity base is very solid and permits successful growth. The liquidity coverage ratio according to EU KM1 decreased from 258.9 per cent to 248.1 per cent and remains well above the minimum requirement of 100 per cent. VP Bank complied with all minimum requirements for capital, leverage ratio, liquidity coverage ratio, net stable funding ratio as well as minimum requirements for own funds and eligible liabilities, consistently over the past semester. In accordance with disclosure requirements, the Liquidity Coverage Ratio is determined based on 12-month rolling averages, whereas the other metrics are derived from spot data.

EU KM1 – Key metrics template

in CHF 1,000		31.12.2024	30.06.2024	31.12.2023
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,066,172	1,071,329	1,057,738
2	Tier 1 capital	1,066,172	1,071,329	1,057,738
3	Total capital	1,066,172	1,071,329	1,057,738
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	4,121,797	4,101,680	4,242,745
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	25.9	26.1	24.9
6	Tier 1 ratio (%)	25.9	26.1	24.9
7	Total capital ratio (%)	25.9	26.1	24.9
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional CET1 SREP requirements (%)	1.5	1.5	1.5
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8	0.8	0.8
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1	1.1	1.1
EU 7d	Total SREP own funds requirements (%)	9.5	9.5	9.5
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0	0.0	0.0
9	Institution specific countercyclical capital buffer (%)	0.2	0.2	0.2
EU 9a	Systemic risk buffer (%)	0.1	0.2	0.1
10	Global Systemically Important Institution buffer (%)	0.0	0.0	0.0
EU 10a	Other Systemically Important Institution buffer	2.0	2.0	2.0
11	Combined buffer requirement (%)	4.8	4.8	4.8
EU 11a	Overall capital requirements (%)	14.3	14.3	14.3
12	CET1 available after meeting the total SREP own funds requirements (%)	20.5	20.8	19.6
	Leverage ratio			
13	Leverage ratio total exposure measure	10,763,065	11,737,947	11,578,425
14	Leverage ratio	9.9	9.1	9.1
	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)	3,158,739	3,286,946	3,493,316
16a	Cash outflows – Total weighted value	3,636,522	3,592,511	3,796,876
16b	Cash inflows – Total weighted value	2,332,507	2,438,889	2,397,626
16	Total net cash outflows (adjusted value)	1,304,014	1,157,535	1,403,163
17	Liquidity coverage ratio (%)	248.1	289.8	258.9

in CHF 1,000		31.12.2024	30.06.2024	31.12.2023
	Net Stable Funding Ratio			
18	Total available stable funding	6,628,199	6,731,491	7,281,167
19	Total required stable funding	4,588,005	4,705,930	4,643,620
20	NSFR ratio (%)	144.5	143.0	156.8

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

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

EU KM2 – Key metrics – MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities

in CHF 1,000		Minimum requirement for own funds and eligible liabilities (MREL)
		31.12.2024
	Own funds and eligible liabilities, ratios and components	
1	Own funds and eligible liabilities	1,235,882
EU-1a	of which own funds and subordinated liabilities	1,221,172
2	Total risk exposure amount of the resolution group (TREA)	4,121,797
3	Own funds and eligible liabilities as a percentage of the TREA	30.0%
EU-3a	of which own funds and subordinated liabilities	29.6%
4	Total exposure measure (TEM) of the resolution group	10,763,065
5	Own funds and eligible liabilities as percentage of the TEM	10.9%
EU-5a	of which own funds or subordinated liabilities	10.7%
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)	
	Minimum requirement for own funds and eligible liabilities (MREL)	
EU-7	MREL expressed as a percentage of the TREA	20.2%
EU-8	of which to be met with own funds or subordinated liabilities	12.7%
EU-9	MREL expressed as a percentage of the TEM	5.3%
EU-10	of which to be met with own funds or subordinated liabilities	n.a.

Corporate governance (Article 435 CRR)

Board of Directors

Pursuant to Article 66 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 BoD are set out in the Articles of Association and in the Organisation and Business Regulations (OBR) of VP Bank. The OBR can be found online at vpbank.com/regulations.

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 BoD.

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

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

- Advising the BoD concerning the bank's current and future overall risk appetite and strategy and supporting the BoD 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 BoD;
- 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 BoD on the appointment or removal of the Chief Risk Officer.

The Risk Committee usually meets on five to eight occasions per annum; in the 2024 financial year, the Risk Committee convened for eight 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 BoD must comprise at least five members who are elected for a term of three years. The members of the BoD are elected individually (re-election is permitted). The BoD elects the Chairman and Vice Chairman from among its members for a term of three years (re-election is permitted).

The BoD 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 BoD are outlined in the Articles of Association as well as in the OBR of VP Bank Ltd. Where appropriate and required, the BoD 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 26 April 2024, Philipp Elkuch was re-elected for a term of office of three years.

Thomas R. Meier declared that he would not be seeking re-election and resigned as Chairman of the BoD after six years in the post and two terms of office. After the annual general meeting, Stephan Zimmermann was elected by the BoD as its Chairman. Stephan Zimmermann was elected to the BoD of VP Bank in April 2023.

In addition, Dirk Klee was elected to the BoD for a term of office of three years at the annual general meeting held on 26 April 2024. However, Dirk Klee resigned from his position on the BoD of VP Bank with effect from 30 September 2024, having taken on a new professional challenge that was incompatible with his role at VP Bank.

As of 31 December 2024, the BoD of VP Bank consists of seven members. No member 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 2024 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):

- Stephan Zimmermann: 2
- Ursula Lang: 2
- Dr Mauro Pedrazzini: 2
- Stefan Amstad: 3
- Philipp Elkuch: 4
- Dr Beat Graf: 4
- Katja Rosenplänter-Marxer: 3

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 2024, the percentage of female members on the BoD amounts to 28.6%. 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 BoD 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 instruments 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 BoD 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.

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.

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.

Executive Board and Group Executive Management

The Executive Board (EB) is responsible for the operational management of the head office (VP Bank Ltd, Vaduz), whereas GEM is responsible for the management of VP Bank Group. Its tasks and competencies are specified in the OBR as well as in the functional descriptions for the individual Members of the EB / GEM. The Chairman of the EB / GEM (CEO) is responsible for the overall management of the Group and group-wide coordination.

The members of the EB / GEM generally meet every two weeks for a session. Additional meetings and workshops are held for the purpose of assessing the strategy and corporate developments as well as for dealing with annual planning, budgeting and other current issues.

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.

Paul Arni, Chief Executive Officer of VP Bank Group, left VP Bank by mutual agreement on 8 May 2024. Urs Monstein, Chief Operating Officer, has assumed the role of Chief Executive Officer of VP Bank Group on an interim basis.

The BoD appointed Urs Monstein as Group CEO with effect from 5 November 2024. Urs Monstein joined VP Bank in 2018 as Chief Operating Officer and has many years of experience and comprehensive know-how in the financial sector.

Roger Barmettler, Chief Financial Officer of VP Bank, informed the BoD that he would be seeking a new professional challenge outside VP Bank. Mara Harvey, CEO of VP Bank (Switzerland) Ltd and Head of Region Europe, also decided to leave VP Bank for personal reasons. Roger Barmettler and Mara Harvey remained available as Members of the GEM until the end of 2024 and assisted in the handover.

The BoD has been embracing the change as an opportunity to align the organisation more consistently with clients and the strategic transformation. Since 1 January 2025, GEM has consisted of the client-facing units of Region Liechtenstein, International Locations, Products, Services & Investments and Strategic Transformation. The client-facing units are complemented by the Chief Financial Officer and Chief Risk Officer units.

Urs Monstein is managing International Locations on an interim basis, and Philippe Wüst, Head of Group Finance, is serving as CFO ad interim. The new Strategic Transformation unit will be led by Rolf Steiner (previously Head of Group Products & Solutions). As the Head of Investment & Client Services, Chief Investment Officer Felix Brill has been appointed as a Member of the EB / GEM.

As of 1 January 2025, the GEM consists of six 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.

Risk management objectives and policies (Article 435 CRR)

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, consisting of 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 the 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.

Risk groups

Strategic and business risks	Financial risks	Operational risks	Compliance risks	Information security risks (incl. cyber)
· Locations · Business segments · Products · Target markets · Macroeconomic risk · Excessive leverage	**Risk category** Risk type **Liquidity risk** Market liquidity risk, Idiosyncratic liquidity risk **Market risk** Interest-rate risk, Equity risk, Currency risk, Credit Spread risk, Participation risk, Volatility risk **Credit risk** Default risk, Concentration risk, Counterparty risk, Country risk, Idiosyncratic credit risk **Non traditional assets risk**	· Employee risk · Internal and external fraud · Business Continuity · Transaction processing and execution · Legal risk & regulatory risk · Third-party risk · Regulatory reporting and taxes	· Conduct · Cross Border · Financial Crime · Tax Compliance · Investment Compliance	· Information security (incl. cyber) · Data management · Technology · Physical security
ESG risk and climate-related financial risks				
Reputational risks				

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 and assessment of risk-bearing capacity
- Risk management (optimization of risk/return, in compliance with limits and targets)
- Independent risk monitoring 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, while 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 Operational Risk Committee (ORC), the 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 applied: for the lombard loan business the collateral portfolio is subject to a market-wide and an idiosyncratic stress and the dynamics between 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, in addition, also 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, operational risk standardized 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 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 potential conflicts of interest between the risk-taking and risk-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 127 et seqq.

Process monitoring / 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 & Group Operational Risk Committee · Group Financial Risk	Risk measurement and risk-bearing capacity · Group Financial Risk · Group Compliance & Group Operational Risk Committee · 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) · Group Operational Risk Committee (ORC) · Business Risk Committee (BRMC) · Reputational Risk Committee (GRRC)

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.

Overall responsibility

Board of Directors

Risk identification, evaluation and surveillance		Risk responsibility, risk taking and steering	
Support and monitoring	**Risk Committee** **Group Internal Audit**	Responsibility for implementing Risk Policy	**GEM**
Risk monitoring	**GEM / GRC**	Risk steering	**ALCO / GCC / GORC / BRMC / GRRC**
Identifying, assessing and independently monitoring	**CRO**	Profit and risk responsibility	**Group Treasury & Execution** **Operative units**

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.

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				Description of the entity
		Full consolidation	Proporational consolidation	Neither consolidated nor deducted	Deducted	
VP Bank AG, Vaduz[1]	Full consolidation	x				Credit institution
VP Bank (Schweiz) AG, Zürich	Full consolidation	x				
VP Bank (Luxembourg) SA, Luxembourg	Full consolidation	x				
VP Bank (BVI) Ltd, Tortola	Full consolidation	x				
VP Fund Solutions (Liechtenstein) AG, Vaduz	Full consolidation	x				Fund management company
VP Fund Solutions (Luxembourg) SA, Luxembourg	Full consolidation	x				
VP Wealth Management (Hong Kong) Ltd, Hong Kong (wind down)	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 valuesas reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			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 require-ments or subject to deduction from capital
Assets							
Cash and cash equivalents	905,199	905,199	905,199	0	0	171,153	0
Receivables arising from money market papers	171,749	171,749	171,749	0	0	171,749	0
Due from banks	850,681	850,681	850,681	0	0	717,111	0
Due from customers	5,941,252	5,941,252	5,941,252	0	0	1,365,637	0
Trading portfolios	372	372	372	0	0	372	0
Derivative financial instruments	86,848	86,848	0	86,848	0	12,242	0
Financial instruments at fair value	192,990	192,990	192,990	0	0	111,472	0
Financial instruments measured at amortised cost	2,227,254	2,227,254	2,227,254	0	0	1,682,165	0
Associated companies	22	22	22	0	0	0	0
Property and equipment	66,509	66,509	66,509	0	0	5,031	0
Goodwill and other intangible assets	69,640	69,640	0	0	0	206	0
Tax receivables	157	157	157	0	0	157	0
Deferred tax assets	14,915	14,915	14,915	0	0	49	0
Accrued receivables and prepaid expenses	41,883	41,883	41,883	0	0	23,033	0
Other assets	66,126	66,126	66,126	0	0	37,246	0
Total assets	**10,635,597**	**10,635,597**	**10,479,109**	**86,848**	**0**	**4,297,623**	**0**
Liabilities							
Due to banks	176,852	176,852	0	0	0	56,597	176,852
Due to customers – savings and deposits	380,210	380,210	0	0	0	724	380,210
Due to customers – other liabilities	8,568,284	8,568,284	0	0	0	6,223,351	8,568,284
Derivative financial instruments	18,715	18,715	0	0	0	9,345	18,715
Medium-term notes	49,491	49,491	0	0	0	3,995	49,491
Debentures issued	154,987	154,987	0	0	0	0	154,987
Tax liabilities	5,251	5,251	0	0	0	64	5,251
Deferred tax liabilities	2,323	2,323	0	0	0	0	2,323
Accrued liabilities and deferred items	43,197	43,197	0	0	0	18,586	43,197
Other liabilities	112,552	112,552	0	0	0	74,180	112,552
Provisions	6,941	6,941	0	0	0	2,495	6,941
Share capital	66,154	66,154	0	0	0	0	66,154
Less: treasury shares	–44,909	–44,909	0	0	0	0	–44,909
Capital reserves	22,067	22,067	0	0	0	0	22,067
Income reserves	1,144,832	1,144,832	0	0	0	0	1,144,832
Actuarial gains/losses from defined-benefit pension plans	–31,630	–31,630	0	0	0	0	0
Unrealised gains/losses on FVTOCI financial instruments	–11,049	–11,049	0	0	0	0	0
Foreign-currency translation differences	–28,671	–28,671	0	0	0	0	0
Total liabilities and shareholders' equity	**10,635,597**	**10,635,597**	**0**	**0**	**0**	**6,389,337**	**10,635,597**

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. The row "other differences" includes valuation differences such as intangible assets and goodwill as well as deferred tax assets that do not have to be deducted from own funds.

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)	**10,635,597**	**10,479,109**	**86,848**	**0**	**4,297,623**
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	0	0	0	0	6,389,337
Total net amount under the regulatory scope of consolidation	10,635,597	10,479,109	86,848	0	–2,091,714
Off-balance-sheet amounts	272,658	272,658	0	0	
Differences in valuations	19	0	19	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 the use of credit risk mitigation techniques (CRMs)	0	0	0	0	
Differences due to credit conversion factors	0	0	0	0	
Differences due to Securitisation with risk transfer	0	0	0	0	
Other differences	–51,537	–45,863	0	0	
Exposure amounts considered for regulatory purposes	**10,792,771**	**10,705,904**	**86,867**	**0**	**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 on 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	1,126,331	L13,L14,L15
3	Accumulated other comprehensive income (and other reserves)	–21,578	
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	0	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,170,907	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–299	
8	Intangible assets (net of related tax liability) (negative amount)	–45,863	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)	–5,674	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)	–44,909	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)	0	
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	
24	Not applicable	0	
25	of which: deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current financial year (negative amount)	–7,991	
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)	–104,736	
29	Common Equity Tier 1 (CET1) capital	1,066,172	

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) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	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)	1,066,172	
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)	1,066,172	
60	Total Risk exposure amount	4,121,797	

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	25.9%	
62	Tier 1 capital	25.9%	
63	Total capital	25.9%	
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	20.5%	
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)	9,241	
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	42,512	
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 2024 from 24.9 per cent to 25.9 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 2024.

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	905,199	905,199	
2	Receivables arising from money market papers	171,749	171,749	
3	Due from banks	850,681	850,681	
4	Due from customers	5,941,252	5,941,252	
5	Trading portfolios	372	372	
6	Derivative financial instruments	86,848	86,848	
7	Financial instruments at fair value	192,990	192,990	
8	Financial instruments measured at amortised cost	2,227,254	2,227,254	
9	Associated companies	22	22	
10	Property and equipment	66,509	66,509	
11	Goodwill and other intangible assets	69,640	69,640	Nr. 8
12	Tax receivables	157	157	
13	Deferred tax assets	14,915	14,915	Nr. 8, 10
14	Accrued receivables and prepaid expenses	41,883	41,883	
15	Other assets	66,126	66,126	
16	**Total assets**	**10,635,597**	**10,635,597**	
	Liabilities – Breakdown by liability clases according to the balance sheet in the published financial statements			
1	Due to banks	176,852	176,852	
2	Due to customers – savings and deposits	380,210	380,210	
3	Due to customers – other liabilities	8,568,284	8,568,284	
4	Derivative financial instruments	18,715	18,715	
5	Medium-term notes	49,491	49,491	
6	Debentures issued	154,987	154,987	
7	Tax liabilities	5,251	5,251	
8	Deferred tax liabilities	2,323	2,323	
9	Accrued liabilities and deferred items	43,197	43,197	
10	Other liabilities	112,552	112,552	
11	Provisions	6,941	6,941	
12	Share capital	66,154	66,154	Nr. 1
13	Less: treasury shares	–44,909	–44,909	Nr. 2, Nr. 16
14	Capital reserves	22,067	22,067	Nr. 2
15	Income reserves	1,144,832	1,144,832	Nr. 2
16	Actuarial gains/losses from defined-benefit pension plans	–31,630	–31,630	
17	Unrealised gains/losses on FVTOCI financial instruments	–11,049	–11,049	
18	Foreign-currency translation differences	–28,671	–28,671	
19	**Total liabilities and shareholders' equity**	**10,635,597**	**10,635,597**	

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

		a	b
		Common equity tier 1 (CET1)	**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 trigde(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 trigde(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)	vpbank.com/en/investor-relations/financial-information	vpbank.com/en/investor-relations/financial-information

Own funds and eligible liabilities (Article 437a CRR)

This section provides comprehensive information on the composition of VP Bank’s own funds and eligible liabilities and its ranking in the creditor hierarchy. As of December 31, 2024, the VP Bank's available own funds and eligible liabilities totaled CHF 1,236 million, comprising CHF 1,066 million in own funds, CHF 155 million in subordinated liabilities, and CHF 14.7 million in non-subordinated liabilities.

EU TLAC1 – Composition – MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities

in CHF 1,000		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)
	Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	1,066,172	n.a.
2	Additional Tier 1 capital (AT1)	0	n.a.
6	Tier 2 capital (T2)	0	n.a.
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	1,066,172	n.a.
	Own funds and eligible liabilities: Non-regulatory capital elements		**n.a.**
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	155,000	n.a.
EU 12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	0	n.a.
EU12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	0	n.a.
EU12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	0	n.a.
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	14,710	n.a.
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	0	n.a.
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	14,710	n.a.
17	Eligible liabilities items before adjustments	169,710	n.a.
EU-17a	of which subordinated	155,000	n.a.
	Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	1,235,882	n.a.
19	(Deduction of exposures between MPE resolution groups)	0	n.a.
20	(Deduction of investments in other eligible liabilities instruments)	0	n.a.
22	Own funds and eligible liabilities after adjustments	1,235,882	n.a.
EU-22a	of which own funds and subordinated	1,221,172	n.a.
	Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount	4,121,797	n.a.
24	Total exposure measure	10,763,065	n.a.
	Ratio of own funds and eligible liabilities		**n.a.**
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	30.0%	n.a.
EU-25a	of which own funds and subordinated	29.6%	n.a.
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	10.9%	n.a.
EU-26a	of which own funds and subordinated	10.7%	n.a.
27	CET1 (as a percentage of TREA) available after meeting the resolution group’s requirements	25.9%	n.a.
28	Institution-specific combined buffer requirement		n.a.
29	of which: capital conservation buffer requirement		n.a.
30	of which: countercyclical buffer requirement		n.a.
31	of which: systemic risk buffer requirement		n.a.
EU-31a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		n.a.
	Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) CRR		n.a.

The template EU TLAC3b discloses creditor ranking for VP Bank as of 31 December 2024, as required by Article 45e BRRD and Article 92a CRR in conjunction with Article 14(2) of Implementing Regulation (EU) 2021/763. The ranking of liabilities is carried out in accordance with the FMA's special legal insolvency ranking for banks in Liechtenstein, which can be found on the website of the resolution authority under Bank Insolvency Ranking Liechtenstein. The ranking is presented from the more junior liabilities to the more senior liabilities.

EU TLAC3b: creditor ranking – resolution entity

in CHF 1,000		insolvency ranking			
		1	2	3	Total
1	Description of insolvency rank (free text)	Rank 1 Common Equity Tier 1 Capital	Rank 5 Senior non-preferred claims	Rank 6 Senior unsecured claims	
5	Own funds and liabilities potentially eligible for meeting MREL	739,830	155,000	62,368	957,198
6	o/w residual maturity ≥ 1 year < 2 years	0	0	37,933	37,933
7	o/w residual maturity ≥ 2 year < 5 years	0	155,000	22,857	177,857
8	o/w residual maturity ≥ 5 years < 10 years	0	0	1,578	1,578
9	o/w residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0	0
10	o/w perpetual securities	0	0	0	0

Own funds requirements (Article 438 CRR)

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

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

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

EU OV1 – Overview of total risk exposure amounts

in CHF 1,000		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31.12.2024	**31.12.2023**	**31.12.2024**
1	Credit risk (excluding CCR)	3,270,921	3,504,559	261,674
2	of which the standardised approach	3,270,921	3,504,559	261,674
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 risk weighted 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	152,063	49,101	12,165
7	of which the standardised approach	130,052	40,925	10,404
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	22,010	8,176	1,761
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)	48,265	43,764	3,861
21	of which the standardised approach	48,265	43,764	3,861
22	of which IMA	n.a.	n.a.	n.a.
EU 22a	Large exposures	0	0	0
23	Operational risk	650,549	645,321	52,044
EU 23a	of which basic indicator approach	650,549	645,321	52,044
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)	23,103	0	1,848
29	Total	4,121,797	4,242,745	329,744

The total risk weighted exposure amounts (RWEA) decreased by CHF 121 million compared to the previous year to CHF 4.1 billion. This is mainly due to the decrease in credit risk (excluding counterparty credit risk) from CHF 3.5 billion to CHF 3.3 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 VP Bank Group's annual report. 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 signed. 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 precautionary reasons.

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 2024, the capital requirements for the counterparty credit risk amounted to CHF 130 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 2024 amount to CHF 22 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[2]
EU-1	EU – Original Exposure Method (for derivatives)	0	0		1.4	0	0	0	0
EU-2	EU – Simplified SA-CCR (for derivatives)	0	0		1.4	0	0	0	0
1	SA-CCR (for derivatives)	83,678	29,611		1.4	159,911	158,606	158,606	130,052
2	IMM (for derivatives and SFTs)			0	0	0	0	0	0
2a	of which securities financing transactions netting sets			0		0	0	0	0
2b	of which derivatives and long settlement transactions netting sets			0		0	0	0	0
2c	of which from contractual cross-product netting sets			0		0	0	0	0
3	Financial collateral simple method (for SFTs)					0	0	0	0
4	Financial collateral comprehensive method (for SFTs)					0	0	0	0
5	VaR for SFTs					0	0	0	0
6	**Total**					**159,911**	**158,606**	**158,606**	**130,052**

1 Effective Expected Positive Exposure
2 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.
3	(ii) stressed VaR component (including the 3× multiplier)		n.a.
4	Transactions subject to the Standardised method	155,286	22,010
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**	**155,286**	**22,010**

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	1,091	0	0	0	0	0	0	0	0	0	0	1,091
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	19,323	4,041	0	0	0	0	0	23,365
7	Corporates	0	0	0	0	0	0	0	0	105,136	141	0	105,277
8	Retail	0	0	0	0	0	0	0	28,695	0	0	0	28,695
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	178	0	0	178
11	**Total exposure value**	**1,091**	**0**	**0**	**0**	**19,323**	**4,041**	**0**	**28,695**	**105,314**	**141**	**0**	**158,606**

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	7,019	0	2,750	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**	**7,019**	**0**	**2,750**	**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 94 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 96 BankA, all banks in Liechtenstein banks are required to hold an institution-specific countercyclical capital buffer consisting of up to 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 97 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 98 and Article 99 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 102 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 102(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 104 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 96 to 103 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 104(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 104 Bank A and an O-SII buffer in accordance with Article 102 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)	b)	c)	d)	e)	f)
		General credit exposures		Relevant credit exposures – Market risk			
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value
010	**Breakdown by country:**						
	Switzerland	2,309,944	0	0	0	0	2,309,944
	Liechtenstein	1,803,645	0	0	0	0	1,803,645
	United States	410,966	0	0	0	0	410,966
	British Virgin Islands	308,895	0	0	0	0	308,895
	France	195,629	0	0	0	0	195,629
	Germany	128,936	0	0	0	0	128,936
	Luxembourg	66,943	0	0	0	0	66,943
	Netherlands	120,889	0	0	0	0	120,889
	Singapore	119,178	0	0	0	0	119,178
	United Kingdom	69,188	0	0	0	0	69,188
	Other	759,204	0	0	0	0	759,204
020	**Total**	**6,293,418**	**0**	**0**	**0**	**0**	**6,293,418**

in CHF 1,000		g)	h)	i)	j)	k)	l)	m)
		Own fund requirements						
		Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
010	**Breakdown by country:**							
	Switzerland	85,375	0	0	85,375	1,067,184	34.52%	0.00%
	Liechtenstein	72,683	0	0	72,683	908,541	29.39%	0.00%
	United States	15,153	0	0	15,153	189,409	6.13%	0.00%
	British Virgin Islands	12,282	0	0	12,282	153,521	4.97%	0.00%
	France	6,561	0	0	6,561	82,015	2.65%	1.00%
	Germany	5,899	0	0	5,899	73,738	2.39%	0.75%
	Luxembourg	5,271	0	0	5,271	65,882	2.13%	0.50%
	Netherlands	5,113	0	0	5,113	63,908	2.07%	2.00%
	Singapore	4,803	0	0	4,803	60,036	1.94%	0.00%
	United Kingdom	3,692	0	0	3,692	46,156	1.49%	2.00%
	Other	30,504	0	0	30,504	381,305	12.33%	0–2.5% [1]
020	**Total**	**247,336**	**0**	**0**	**247,336**	**3,091,695**	**100.00%**	

[1] The countries listed under "remaining countries" were subject to a ratio of the countercyclical capital buffer of between 0 and 2.5 per cent on the reporting date.

EU CCyB2 – Amount of institution-specific countercyclical capital buffer

in CHF 1,000		31.12.2024
1	Total risk exposure amount	4,121,797
2	Institution specific countercyclical capital buffer rate	0.19%
3	Institution specific countercyclical capital buffer requirement	7,717

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 a systematic market stress as well as 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 Group Credit Framework Directive as well as the Group Credit Standards 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 loanable values of the collateral (collateral after loan-to-value 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	**1,286,780**	**1,281,498**	**5,281**	**0**	**0**	**0**
Loans and advances	**6,371,969**	**6,318,141**	**53,828**	**51,474**	**0**	**51,474**
Central banks	0	0	0	0	0	0
General governments	3,891	3,891	0	0	0	0
Credit institutions	455,817	455,817	0	0	0	0
Other financial corporations	997,216	979,357	17,859	20,979	0	20,979
Non-financial corporations	2,150,388	2,141,914	8,475	3,357	0	3,357
of which SMEs	2,035	2,028	6	0	0	0
Households	2,764,657	2,737,163	27,494	27,138	0	27,138
Debt securities	**2,399,920**	**2,383,954**	**15,966**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0
General governments	699,964	699,964	0	0	0	0
Credit institutions	550,573	550,573	0	0	0	0
Other financial corporations	339,377	331,939	7,437	0	0	0
Non-financial corporations	810,006	801,477	8,529	0	0	0
Off-balance-sheet exposures	**211,549**	**211,549**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0
General governments	275	275	0	0	0	0
Credit institutions	107,141	107,141	0	0	0	0
Other financial corporations	29,755	29,755	0	0	0	0
Non-financial corporations	72,661	72,661	0	0	0	0
Households	1,717	1,717	0	0	0	0
Total	**10,270,218**	**10,195,143**	**75,075**	**51,474**	**0**	**51,474**

in CHF 1,000	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated 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 per-forming 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	**–25**	**–25**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**–3,113**	**–2,437**	**–675**	**–23,284**	**0**	**–23,284**	**0**	**5,868,772**	**0**
Central banks	0	0	0	0	0	0	0	0	0
General governments	–1	–1	0	0	0	0	0	3,402	0
Credit institutions	–22	–22	0	0	0	0	0	0	0
Other financial corporations	–1,197	–549	–648	–2,211	0	–2,211	0	996,019	0
Non-financial corporations	–1,639	–1,637	–2	–3,357	0	–3,357	0	2,123,892	0
of which SMEs	–0	–0	–0	–0	0	–0	0	2,016	0
Households	–254	–229	–25	–17,716	0	–17,716	0	2,745,458	0
Debt securities	**–917**	**–551**	**–366**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0
General governments	–86	–86	0	0	0	0	0	0	0
Credit institutions	–76	–76	0	0	0	0	0	0	0
Other financial corporations	–412	–99	–313	0	0	0	0	0	0
Non-financial corporations	–342	–289	–53	0	0	0	0	0	0
Off-balance-sheet exposures	**433**	**433**	**0**	**0**	**0**	**0**		**211,549**	**0**
Central banks	0	0	0	0	0	0		0	0
General governments	0	0	0	0	0	0		275	0
Credit institutions	1	1	0	0	0	0		107,141	0
Other financial corporations	348	348	0	0	0	0		29,755	0
Non-financial corporations	78	78	0	0	0	0		72,661	0
Households	7	7	0	0	0	0		1,717	0
Total	**–4,462**	**–3,421**	**–1,041**	**–23,284**	**0**	**–23,284**	**0**	**6,080,321**	**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 2024. 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	730	4,641	1,122	298	0	6,792
Debt securities	0	517	1,408	474	0	2,399
Total	**730**	**5,158**	**2,530**	**772**	**0**	**9,191**

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**	**45,933**
020	Inflows to non-performing portfolios	12,073
030	Outflows from non-performing portfolios	–6,531
040	Outflows due to write-offs	–6,531
050	Outflow due to other situations	0
060	**Final stock of non-performing loans and advances**	**51,474**

EU CQ1 – Credit quality of forborne exposures

	a	b	c	d	e	f	g	h
in CHF 1000	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	**11,618**	**0**	**0**	**0**	**–579**	**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	10,259	0	0	0	–579	0	0	0
Non-financial corporations	1,359	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	**11,618**	**0**	**0**	**0**	**–579**	**0**	**0**	**0**

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

	a	b	c
in CHF 1,000	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	**1,286,780**	**1,286,780**	**0**
Loans and advances	**6,371,969**	**6,315,841**	**56,128**
Central banks	0	0	0
General governments	3,891	3,891	0
Credit institutions	455,817	455,817	0
Other financial corporations	997,216	996,478	738
Non-financial corporations	2,150,388	2,135,309	15,079
of which SMEs	2,035	2,035	0
Households	2,764,657	2,724,346	40,310
Debt securities	**2,399,920**	**2,399,920**	**0**
Central banks	0	0	0
General governments	699,964	699,964	0
Credit institutions	550,573	550,573	0
Other financial corporations	339,377	339,377	0
Non-financial corporations	810,006	810,006	0
Off-balance-sheet exposures	**211,549**		
Central banks	0		
General governments	275		
Credit institutions	107,141		
Other financial corporations	29,755		
Non-financial corporations	72,661		
Households	1,717		
Total	**10,270,218**	**10,002,541**	**56,128**

	d	e	f	g	h	i	j	k	l
in CHF 1,000				**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	**51,474**	**856**	**2,644**	**2,632**	**4,791**	**36,264**	**191**	**4,097**	**51,474**
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	20,979	15	7	1,928	31	18,987	10	0	20,979
Non-financial corporations	3,357	840	1,059	16	21	1,260	161	0	3,357
of which SMEs	0	0	0	0	0	0	0	0	1
Households	27,138	0	1,578	688	4,739	16,016	19	4,097	27,138
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**								**0**
Central banks	0								0
General governments	0								0
Credit institutions	0								0
Other financial corporations	0								0
Non-financial corporations	0								0
Households	0								0
Total	**51,474**	**856**	**2,644**	**2,632**	**4,791**	**36,264**	**191**	**4,097**	**51,474**

[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]
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**8,889,345**	**50,574**	**50,574**	**8,889,345**	**–27,314**		**0**
Switzerland	3,086,710	1,387	1,387	3,086,710	–2,960		0
Liechtenstein	1,802,722	40,105	40,105	1,802,722	–15,546		0
United States	581,577	11	11	581,577	–176		0
British Virgin Islands	499,510	1,764	1,764	499,510	–2,284		0
Singapore	330,196	7	7	330,196	–17		0
Germany	270,043	2	2	270,043	–65		0
France	260,319	0	0	260,319	–61		0
Netherlands	229,988	0	0	229,988	–110		0
Canada	175,810	0	0	175,810	–27		0
Hong Kong	151,364	5	5	151,364	–82		0
Others	1,501,106	7,292	7,292	1,501,106	–5,985		0
Off-balance-sheet exposures	**249,190**	**0**	**0**			**433**	
Switzerland	85,509	0	0			12	
Liechtenstein	72,218	0	0			3	
Singapore	34,468	0	0			1	
Luxembourg	15,300	0	0			0	
Netherlands	1,877	0	0			0	
Others	39,819	0	0			417	
Total	**9,138,535**	**50,574**	**50,574**	**8,889,345**	**–27,314**	**433**	**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	7,595	7	7	7,595	–5	0
Mining and quarrying	2,869	0	0	2,869	–0	0
Manufacturing	73,361	2	2	73,361	–38	0
Electricity, gas, steam and air conditioning supply	0	0	0	0	0	0
Water supply	0	0	0	0	–0	0
Construction	64,549	433	433	64,549	–431	0
Wholesale and retail trade	86,623	407	407	86,623	–2,105	0
Transport and storage	9,781	0	0	9,781	–1	0
Accommodation and food service activities	37,142	0	0	37,142	–0	0
Information and communication	16,381	1,289	1,289	16,381	–1,907	0
Financial and insurance actvities	174,611	134	134	174,611	–310	0
Real estate activities	1,305,208	2	2	1,305,208	–26	0
Professional, scientific and technical activities	29,039	13	13	29,039	–67	0
Administrative and support service activities	14,880	16	16	14,880	–13	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	37,490	153	153	37,490	–0	0
Arts, entertainment and recreation	839	0	0	839	–0	0
Other services	293,377	900	900	293,377	–91	0
Total	**2,153,745**	**3,357**	**3,357**	**2,153,745**	**–4,996**	**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

	Collateral obtained by taking possession	
in CHF 1,000	**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 2024. 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			11,371,091	3,682,967		
030	Equity instruments	0	0	0	0	192,277	72,947	138,565	76,955
040	Debt securities	0	0	0	0	2,505,545	2,018,749	2,440,820	1,964,613
050	of which: covered bonds	0	0	0	0	368,313	359,181	363,609	354,004
060	of which: securitisations	0	0	0	0	0	0	0	0
070	of which: issued by general governments	0	0	0	0	448,045	441,906	430,170	424,177
080	of which: issued by financial corporations	0	0	0	0	1,094,495	726,936	1,072,389	715,013
090	of which: issued by non-financial corporations	0	0	0	0	861,895	780,123	837,615	757,078
120	Other assets	0	0			8,681,226	1,546,731		

EU AE2 – Collateral received and own debt securities issued

in CHF 1,000		Fair value of encumbered collateral received or own debt securities issued		Unencumbered 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			0	0
250	**Total collateral received and own debt securities issued**	**0**	**0**		

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 the Standardised Approach (Article 444 CRR)

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%	2%	4%	10%	20%	35%	50%	70%	75%
Exposure classes										
1	Central governments or central banks	1,134,402	0	0	0	0	0	0	0	0
2	Regional government or local authorities	182,118	0	0	0	6,365	0	0	0	0
3	Public sector entities	96,280	0	0	0	5,551	0	0	0	0
4	Multilateral development banks	136,310	0	0	0	30,540	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	1,075,804	0	55,041	0	0
7	Corporates	0	0	0	0	454,743	3,910	448,201	0	0
8	Retail exposures	0	0	0	0	0	0	0	0	88,689
9	Exposures secured by mortgages on immovable property	0	0	0	0	0	2,768,086	746,074	0	7,806
10	Exposures in default	0	0	0	0	0	0	0	0	0
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0
12	Covered bonds	0	0	0	345,312	0	0	0	0	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	1,568	0	0	0	0	0	2,469	0	0
15	Equity exposures	0	0	0	0	0	0	0	0	0
16	Other items	13,330	0	0	0	89,418	72,529	0	0	0
17	**Total**	**1,564,009**	**0**	**0**	**345,312**	**1,662,420**	**2,844,525**	**1,251,785**	**0**	**96,496**

in CHF 1,000									
		100%	150%	250%	370%	1250%	Others	Total	Of which unrated
Exposure classes									
1	Central governments or central banks	0	0	0	0	0	0	1,134,402	0
2	Regional government or local authorities	453	0	0	0	0	0	188,936	30,433
3	Public sector entities	0	0	0	0	0	0	101,831	0
4	Multilateral development banks	0	0	0	0	0	0	166,850	136,310
5	International organisations	0	0	0	0	0	0	0	0
6	Institutions	24,116	5,156	0	0	0	0	1,160,117	203,125
7	Corporates	901,679	1,549	0	0	37	0	1,810,119	725,788
8	Retail exposures	0	0	0	0	0	0	88,689	88,689
9	Exposures secured by mortgages on immovable property	115,790	0	0	0	0	0	3,637,755	3,637,755
10	Exposures in default	24,562	380	0	0	0	0	24,942	24,942
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0
12	Covered bonds	0	0	0	0	0	0	345,312	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	9,578	28,491	0	0	1,810	0	43,916	43,916
15	Equity exposures	105,478	0	0	0	0	0	105,478	105,478
16	Other items	64,559	0	9,241	0	0	0	249,077	249,077
17	**Total**	**1,246,213**	**35,575**	**9,241**	**0**	**1,847**	**0**	**9,057,424**	**5,245,513**

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 historical simulation. 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, present value fluctuations from all balance sheet items and derivatives are determined on the basis of simulated market movements (parallel shifts, twists or changes in the slope of yield curves, exchange rate fluctuations by a multiple of their implicit volatility, price falls on the stock markets). In addition, the development of the net interest income is simulated for selected market scenarios (parallel rising/falling interest rates).

By entering into foreign exchange transactions, VP Bank has hedged its own financial investments against exchange rate fluctuations in the principal currencies. Currency risks from the client business generally may not arise, and currency positions that remain open are closed via the foreign exchange market. Group Treasury & Execution is responsible for the management of foreign currency risks from the 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 cannot or not sufficiently be taken into account within the scope of ordinary risk methodology.

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	28,947
4	Commodity risk	19,318
9	**Total**	**48,265**

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		31.12.2022	31.12.2023	31.12.2024		
1	Banking activities subject to basic indicator approach (BIA)	335,541	370,579	334,758	52,044	650,549
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 1.0 years for 2024 (0.8 years for 2023). Implicit options in client loans which may, for example, potentially result from special termination rights without early-redemption penalties are negligible and have therefore not been modelled.

Interest rate risk is quantified monthly at individual legal entity level 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 management section 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		31.12.2024	31.12.2023	31.12.2024	31.12.2023
1	Parallel up	–68,471	–88,225	–26,484	–9,205
2	Parallel down	11,883	44,935	–2,708	–10,577
3	Steepener	1,647	–8,277		
4	Flattener	–30,755	–11,303		
5	Short rates up	–54,086	–44,897		
6	Short rates down	6,936	21,880		

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 2024.

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 98(5) (a) of Directive 2013/36/EU (CRD)) in a revaluation of all positions for all currencies. The aggregation of the results per currency follows the prescribed method of the regulation (underweight of positive conributions). 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 both reporting dates, a constant balance sheet scenario is applied, as well as the above mentioned method for aggregation per currency.

The two interest rate shock scenarios applied for the net interest income (according to Article 98(5) (b) of Directive 2013/36/EU (CRD)) correspond to the parallel scenarios applied for the economic value of equity: Market 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. Due to the currency aggregation, a comparison of the figures is not readily possible. The results for the reporting date of December 31, 2024 show a higher impact of rising interest rates and a lower impact of falling interest rates compared to the reporting date of December 31, 2023. This indicates that the balance sheet structure has changed over the course of 2024, with a reduction of fast repricing assets (central and other bank deposits) vs. slow repricing liabilities (client deposits).

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 Stephan Zimmermann. 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 2024, the Nomination & Compensation Committee met on a total of ten 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 and calibrate the performance share plan.

Content and method of determining fixed and variable compensation

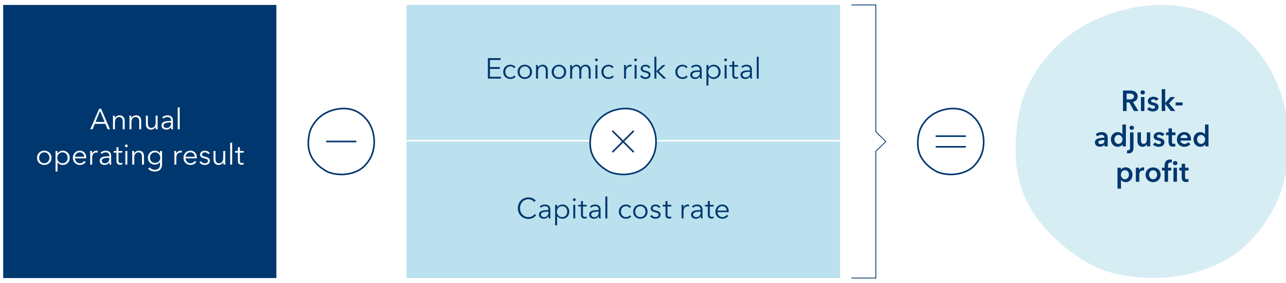
The remuneration policy regulations as well as the risk policy regulations of VP Bank stipulate that the Bank's compensation systems and human resources management are to be designed in a manner that minimises personal conflicts of interest and behavioural risks.

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.

Calculation of the risk-adjusted profit



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.

Group Executive Management

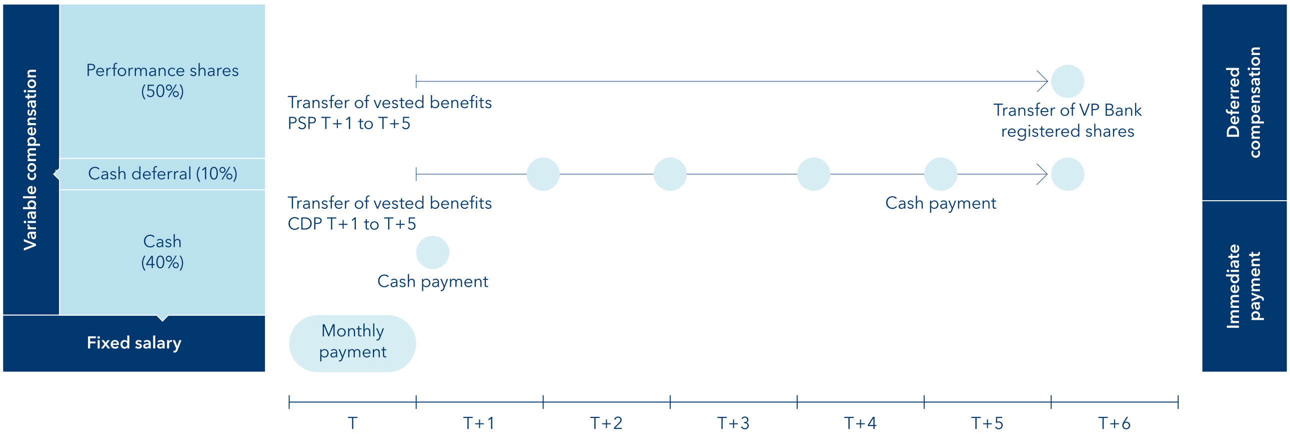
In accordance with the Long Term Incentive (LTI) model approved by the Board of Directors on 26 October 2023, the compensation payable to the Group Executive Management consists of the following components:

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.

Instruments of variable compensation 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:

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

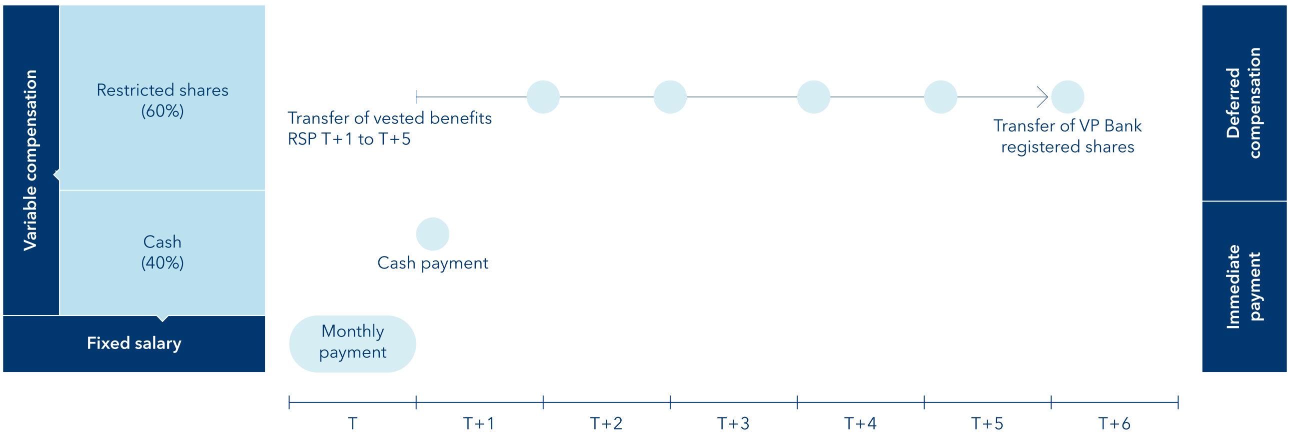
Individual hedging of downside risks that may arise from the PSP is prohibited.

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 2.3 million in variable compensation was granted to Group Executive Management and risk takers for the 2024 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	9	7	4	36
2		Total fixed remuneration	1,538	3,953	1,675	8,491
3		of which: cash-based	1,165	3,289	1,602	8,306
EU-4 a		of which: shares or equivalent ownership interests	373	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	664	73	185
9	Variable remuneration	Number of identified staff	0	1	3	34
10		Total variable remuneration	0	600	505	1,207
11		of which: cash-based	0	600	166	357
12		of which: deferred	0	0	0	0
EU-13a		of which: shares or equivalent ownership interests	0	0	339	850
EU-14a		of which: deferred	0	0	339	815
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)		1,538	4,553	2,181	9,698

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 20 risk takers in the financial year, with a fixed compensation of CHF 3.5 million and a variable compensation of CHF 0.3 million (total compensation: CHF 3.8 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	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	0	0	0	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year – Number of identified staff	0	0	1	1
7	Severance payments awarded during the financial year – Total amount	0	0	166	50
8	of which paid during the financial year	0	0	166	50
9	of which deferred	0	0	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	0	166	50

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	3,001	1,225	2,161	–516	0	–88	621	0
8	Cash-based	338	193	531	0	0	0	193	0
9	Shares or equivalent ownership interests	2,663	1,032	1,630	–516	0	–88	428	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	1,132	359	773	–147	0	–25	186	0
14	Cash-based	244	64	181	0	0	0	64	0
15	Shares or equivalent ownership interests	887	295	592	–147	0	–25	122	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	2,547	757	1,789	–297	0	–52	408	24
20	Cash-based	537	137	400	0	0	0	137	0
21	Shares or equivalent ownership interests	2,009	620	1,389	–297	0	–52	271	24
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	6,679	2,341	4,724	–961	0	–165	1,216	24

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										56
2	of which: members of the MB	9	7	16							
3	of which: other senior management				0	3	1	0	0	0	
4	of which: other identified staff				0	12	1	11	12	0	
5	Total remuneration of identified staff	1,538	4,553	6,091	0	4,714	1,115	3,562	2,489	0	
6	of which: fixed remuneration	1,538	3,953	5,491	0	4,105	835	3,013	2,213	0	
7	of which: variable remuneration	0	600	600	0	608	280	548	275	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	10,635,597
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	45,424
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)	197,691
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	–115,647
13	**Total exposure measure**	**10,763,065**

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	
		31.12.2024	31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	10,400,732	11,266,960
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)**	**10,400,732**	**11,266,960**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	117,150	37,803
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	47,492	44,454
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**	**164,641**	**82,256**
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	583,960	600,921
20	(Adjustments for conversion to credit equivalent amounts)	–386,269	–371,712
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**	**197,691**	**229,208**
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**

Capital and total exposure measure			
23	**Tier 1 capital**	**1,066,172**	**1,057,738**
24	**Total exposure measure**	**10,763,065**	**11,578,425**

25	Leverage ratio (%)	9.9%	9.1%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.9%	9.1%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.9%	9.1%
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**	**Fully phased in**	**Fully phased in**
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)	10,763,065	11,578,425
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)	10,763,065	11,578,425
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)	9.9%	9.1%
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)**	**9.9%**	**9.1%**

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)**	**10,400,732**
EU-2	of which Trading book exposures	372
EU-3	Banking book exposures, of which	10,400,360
EU-4	of which Covered bonds	345,312
EU-5	Exposures treated as sovereigns	1,560,924
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	30,540
EU-7	Institutions	1,134,632
EU-8	Secured by mortgages of immovable properties	3,679,988
EU-9	Retail exposures	173,659
EU-10	Corporate	3,221,422
EU-11	Exposures in default	29,377
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	224,507

Liquidity requirements (Article 451a CRR)

EU LIQA Liquidity risk management (Article 451a(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 could 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 example, 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 exceeded the minimum regulatory liquidity requirements at all times in 2024.

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 is 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 a liquidity risk management framework directive and a 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 subject to an annual review as standard procedure. VP Bank organizes liquidity risk management within the framework of the Group-wide applicable directives system. This includes the framework directive on liquidity risk managementand the group standard on liquidity steering, 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 the 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 2024, the LCR is 165 per cent (12-month rolling average of the LCR is 248 per cent) and the NSFR is 144 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 at four months and thus significantly higher than 31 days. VP Bank complied with the requirements of the liquidity coverage ratio (LCR), the structural liquidity ratio (NSFR) and the survival horizon at all times during 2024.

EU LIQB on qualitative information on LCR, which complements template EU LIQ1 (Article 451a(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 67 per cent Level 1 instruments (excluding covered bonds), 6 per cent Level 1 covered bonds, 15 per cent Level 2a instruments and 12 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**	**31.12.2024**	**30.09.2024**	**30.06.2024**	**31.03.2024**	**31.12.2024**	**30.09.2024**	**30.06.2024**	**31.03.2024**
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)					3,158,739	3,258,742	3,286,946	3,356,984
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	4,156,401	4,296,428	4,439,006	4,457,064	576,320	585,340	586,969	608,663
3	Stable deposits	333,037	353,301	369,974	395,824	16,652	17,665	18,499	19,468
4	Less stable deposits	3,164,175	3,247,902	3,321,696	3,453,405	559,668	567,675	568,470	589,195
5	Unsecured wholesale funding	4,892,093	4,899,658	4,982,023	5,108,739	2,860,239	2,774,986	2,762,009	2,805,124
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)	4,883,280	4,890,901	4,981,552	5,108,150	2,851,425	2,766,229	2,761,538	2,804,553
8	Unsecured debt	8,813	8,757	471	590	8,813	8,757	471	571
9	Secured wholesale funding					0	3,640	13,418	25,016
10	Additional requirements	111,978	116,316	135,509	185,755	90,061	97,832	104,140	112,601
11	Outflows related to derivative exposures and other collateral requirements	85,613	91,507	89,381	88,214	85,613	91,507	89,381	88,214
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	26,365	24,809	46,128	97,542	4,447	6,325	14,759	24,387
14	Other contractual funding obligations	22,135	21,526	20,908	20,095	0	0	0	0
15	Other contingent funding obligations	560,780	559,379	587,935	643,913	109,902	109,591	125,975	134,207
16	**Total cash outflows**					**3,636,522**	**3,571,389**	**3,592,511**	**3,688,869**
	Cash inflows								
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	3,529,799	3,619,394	3,688,696	3,662,297	2,257,479	2,328,842	2,390,175	2,359,833
19	Other cash inflows	105,028	80,225	74,464	72,633	75,028	53,798	48,715	49,217
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)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	**Total cash inflows**	**3,634,827**	**3,699,619**	**3,763,160**	**3,734,929**	**2,332,507**	**2,382,640**	**2,438,889**	**2,409,050**
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	3,634,827	3,699,619	3,763,160	3,734,929	2,332,507	2,382,640	2,438,889	2,409,050
	Total adjusted value								
EU-21	**Liquidity buffer**					**3,158,739**	**3,258,742**	**3,286,946**	**3,356,984**
22	**Total net cash outflow**					**1,304,014**	**1,192,663**	**1,157,535**	**1,283,733**
23	**Liquidity Coverage Ratio (LCR)**					**248.1%**	**280.5%**	**289.8%**	**271.4%**

EU LIQ2 – Net Stable Funding Ratio as per 31.12.2024

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	1,066,172	0	0	0	1,066,172
2	Own funds	1,066,172	0	0	0	1,066,172
3	Other capital instruments		0	0	0	0
4	Retail deposits		4,012,944	78,466	710	3,702,740
5	Stable deposits		395,228	0	0	375,467
6	Less stable deposits		3,617,715	78,466	710	3,327,273
7	Wholesale funding:		5,071,819	23,595	0	1,662,011
8	Operational deposits		0	0	0	0
9	Other wholesale funding		5,071,819	23,595	0	1,662,011
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	0	23,891	5,133	194,710	197,277
12	NSFR derivative liabilities	0				
13	All other liabilities and capital instruments not included in the above categories		23,891	5,133	194,710	197,277
14	**Total available stable funding (ASF)**					**6,628,199**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					359,628
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		4,936,698	612,112	2,045,629	4,097,396
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,135,308	51,239	39,753	178,903
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,644,335	498,253	1,372,898	2,738,258
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		54,916	0	0	27,458
22	Performing residential mortgages, of which:		1,101,660	27,553	550	565,074
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		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		55,394	35,067	632,428	615,161
25	Interdependent assets		0	0	0	0
26	Other assets:	0	299,979	0	0	121,904
27	Physical traded commodities				0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	0	0
29	NSFR derivative assets		19,123			19,123
30	NSFR derivative liabilities before deduction of variation margin posted		81,908			4,095
31	All other assets not included in the above categories		198,949	0	0	98,685
32	Off-balance sheet items		752,583	37,377	112,242	9,077
33	**Total RSF**					**4,588,005**
34	**Net Stable Funding Ratio (%)**					**144.5%**

EU LIQ2 – Net Stable Funding Ratio as per 30.09.2024

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	1,068,641	0	0	0	1,068,641
2	Own funds	1,068,641	0	0	0	1,068,641
3	Other capital instruments		0	0	0	0
4	Retail deposits		3,841,753	73,357	1,969	3,541,490
5	Stable deposits		318,441	0	0	302,518
6	Less stable deposits		3,523,312	73,357	1,969	3,238,972
7	Wholesale funding:		4,983,245	28,221	99	1,614,324
8	Operational deposits		0	0	0	0
9	Other wholesale funding		4,983,245	28,221	99	1,614,324
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	2,486	132,523	4,385	197,640	199,832
12	NSFR derivative liabilities	2,486				
13	All other liabilities and capital instruments not included in the above categories		132,523	4,385	197,640	199,832
14	**Total available stable funding (ASF)**					**6,424,288**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					368,917
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		5,212,591	541,051	2,035,906	4,119,735
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,418,886	72,458	36,080	254,362
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,714,894	400,445	1,341,742	2,698,150
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		63,344	0	0	31,672
22	Performing residential mortgages, of which:		1,036,318	4,190	0	520,254
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		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		42,494	63,958	658,084	646,969
25	Interdependent assets		0	0	0	0
26	Other assets:	0	260,222	0	8,065	108,176
27	Physical traded commodities				0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	0	0
29	NSFR derivative assets		0			0
30	NSFR derivative liabilities before deduction of variation margin posted		64,914			3,246
31	All other assets not included in the above categories		195,308	0	8,065	104,930
32	Off-balance sheet items		930,150	52,558	61,430	11,028
33	**Total RSF**					**4,607,856**
34	**Net Stable Funding Ratio (%)**					**139.4%**

EU LIQ2 – Net Stable Funding Ratio as per 30.06.2024

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	1,071,329	0	0	0	1,071,329
2	Own funds	1,071,329	0	0	0	1,071,329
3	Other capital instruments		0	0	0	0
4	Retail deposits		4,056,420	57,679	927	3,719,579
5	Stable deposits		319,271	0	0	303,307
6	Less stable deposits		3,737,149	57,679	927	3,416,272
7	Wholesale funding:		5,220,381	55,992	0	1,738,476
8	Operational deposits		0	0	0	0
9	Other wholesale funding		5,220,381	55,992	0	1,738,476
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	0	124,667	4,684	199,764	202,106
12	NSFR derivative liabilities	0				
13	All other liabilities and capital instruments not included in the above categories		124,667	4,684	199,764	202,106
14	**Total available stable funding (ASF)**					**6,731,491**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					391,398
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		5,711,962	647,948	2,041,734	4,191,116
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,914,449	195,673	42,278	331,559
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,736,795	391,240	1,295,825	2,665,469
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		63,443	0	0	31,722
22	Performing residential mortgages, of which:		1,010,287	2,705	0	506,496
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		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		50,430	58,331	703,631	687,592
25	Interdependent assets		0	0	0	0
26	Other assets:	0	241,229	0	8,065	112,526
27	Physical traded commodities				0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	0	0
29	NSFR derivative assets		4,536			4,536
30	NSFR derivative liabilities before deduction of variation margin posted		38,813			1,941
31	All other assets not included in the above categories		197,880	0	8,065	106,050
32	Off-balance sheet items		1,098,960	62,814	32,574	10,889
33	**Total RSF**					**4,705,930**
34	**Net Stable Funding Ratio (%)**					**143.0%**

EU LIQ2 – Net Stable Funding Ratio as per 31.03.2024

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	1,071,341	0	0	0	1,021,861
2	Own funds	1,071,341	0	0	0	1,021,861
3	Other capital instruments		0	0	0	0
4	Retail deposits		4,262,171	173,098	708	4,009,241
5	Stable deposits		335,821	0	0	319,030
6	Less stable deposits		3,926,350	173,098	708	3,690,211
7	Wholesale funding:		5,597,766	87,360	48	2,097,064
8	Operational deposits		0	0	0	0
9	Other wholesale funding		5,597,766	87,360	48	2,097,064
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	0	22,779	104,992	200,961	253,457
12	NSFR derivative liabilities	0				
13	All other liabilities and capital instruments not included in the above categories		22,779	104,992	200,961	253,457
14	**Total available stable funding (ASF)**					**7,381,623**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					410,489
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		5,414,101	658,623	2,090,193	4,199,508
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,635,735	221,371	37,910	312,169
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,751,603	406,329	1,320,130	2,701,076
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		56,794	0	0	28,397
22	Performing residential mortgages, of which:		945,391	5,475	0	475,433
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		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		81,372	25,448	732,153	710,830
25	Interdependent assets		0	0	0	0
26	Other assets:	0	278,258	0	8,065	126,490
27	Physical traded commodities				0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	0	0
29	NSFR derivative assets		26,889			26,889
30	NSFR derivative liabilities before deduction of variation margin posted		73,763			3,688
31	All other assets not included in the above categories		177,606	0	8,065	95,913
32	Off-balance sheet items		1,192,447	39,277	82,754	12,472
33	**Total RSF**					**4,748,960**
34	**Net Stable Funding Ratio (%)**					**155.4%**

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 the 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	1,815,029	5,868,772	5,844,078	24,694	0
2	Debt securities	2,399,003	0	0	0	
3	**Total**	**4,214,032**	**5,868,772**	**5,844,078**	**24,694**	**0**
4	of which non-performing exposures	28,190	0	0	0	0
EU-5	of which defaulted	0	0			

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	RWA	RWA density (%)
	Exposure classes						
1	Central governments or central banks	1,134,402	0	1,134,402	0	0	0.0%
2	Regional government or local authorities	188,380	200	187,844	0	1,726	0.9%
3	Public sector entities	101,831	0	101,831	0	1,110	1.1%
4	Multilateral development banks	166,850	0	166,850	0	6,108	3.7%
5	International organisations	0	0	0	0	0	0.0%
6	Institutions	1,134,734	7,829	1,134,881	1,872	268,645	23.6%
7	Corporates	3,221,692	193,312	1,653,410	51,431	1,114,210	65.4%
8	Retail	173,659	50,333	45,646	14,348	44,216	73.7%
9	Secured by mortgages on immovable property	3,679,988	329,840	3,565,992	71,763	1,462,842	40.2%
10	Exposures in default	29,377	0	24,942	0	25,132	100.8%
11	Exposures associated with particularly high risk	0	0	0	0	0	0.0%
12	Covered bonds	345,312	0	345,312	0	34,531	10.0%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.0%
14	Collective investment undertakings	43,916	0	43,916	0	76,171	173.4%
15	Equity	105,478	0	105,478	0	105,478	100.0%
16	Other items	85,729	2,446	247,676	1,223	130,752	52.5%
17	**TOTAL**	**10,411,348**	**583,960**	**8,758,181**	**140,637**	**3,270,921**	**36.8%**

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

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