ART
EXPERIENCE

DISCLOSURE REPORT 2021

VP BANK

IMPRINT

ABOUT THE CONTENT

In 2021, the VP Bank Art Foundation celebrated its 25th year of existence. The Art Foundation is based on VP Bank's sustained commitment to culture. On the occasion of this anniversary, the wider public was given access to VP Bank Art Foundation's collection as part of an exhibition at the Kunstmuseum Liechtenstein in Vaduz. The annual report presents seven artists and the focus of their work. Let yourself be moved by striking impressions from the collection and discover exciting works of modern art that can be viewed at the VP Bank offices, thus also turning art into an experience at the workplace.

You can find further information about the artists and the VP Bank Art Foundation in the online report available at report.vpbank.com and on our website.

THE COMPLETE ANNUAL REPORT IS ALSO AVAILABLE ONLINE AND CAN BE DOWNLOADED AS A PDF:

Annual report 2021
report.vpbank.com/en

INDEX DISCLOSURE PART 8 CAPITAL REQUIREMENTS REGULATION (CRR)

KEY METRICS

in CHF 1,000	31.12.2021	31.12.2020
OWN FUNDS		
Tier 1 Capital	1,014,488	972,754
Tier 1 Ratio	22.4%	20.8%
Risk weighted assets	4,535,817	4,675,482
Combined capital buffer requirement	205,933	212,314
LEVERAGE		
Leverage Ratio	7.6%	7.1%
LIQUIDITY		
Liquidity Coverage Ratio (LCR)	160.2%	179.4%

INTRODUCTION

VP Bank

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

Since its foundation in the year 1956, VP Bank has focused on asset management and investment consultancy for private individuals and financial intermediaries. As of December 31, 2021, 1012 employees manage client assets of CHF 51.3 billion.

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

Basis and purpose of the disclosure

The Disclosure Report is based upon Part 8 of the Regulation (EU) No. 575/2013 CRR, which has been directly applicable in Liechtenstein with amendments of the Banking Act Liechtenstein (BankA) and the Banking Ordinance Liechtenstein (BankO) since 1 February 2015.

The Disclosure Report provides a comprehensive overview of the bank's capital and liquidity adequacy, its risk profile and risk management.

Content and scope of application of the disclosure

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

VP Bank Ltd with registered domicile in Vaduz, Liechtenstein, is the parent company of VP Bank Group and fulfils the disclosure requirements pursuant to Art. 13 Para. 1 CRR on a consolidated level. The basis for this is the prudential scope of consolidation pursuant to Art. 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 annuall and published as a separate document on the VP Bank homepage (www.vpbank.com). Supplementary information is provided in the annual report. Publications performed during the course of the year are set out in the interim report. A supplementary Disclosure Report is issued semi-annually 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. The Disclosure Report is not subject to any review by statutory banking auditors.

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.

Changes since last year's Disclosure Report

No additional tables are disclosed compared with the previous year.

Board of Directors

Pursuant to Art. 23 BankA, the Board of Directors 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 and of VP Bank Group (Group Board of Directors).

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

Committees of the Board of Directors

To help it fulfil its responsibilities, the Board of Directors is supported by four committees: the Nomination & Compensation Committee, the Audit Committee, the Risk Committee and the Strategy & Digitalisation Committee. Each committee consists of at least three members of the Board of Directors.

The tasks, powers, rights and obligations of the committees of the Board of Directors are set out in the Organisation and Business Rules of VP Bank. The functions of the Audit Committee, of the Risk Committee as well as of the Strategy & Digitalisation Committee are also defined in regulations.

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

- Receiving and processing the reports prepared by the Chief Risk Officer as well as assessing the appropriateness of the procedures deployed to control and monitor the risks
- Assessing the financial, business, reputational and operational risks as well as discussing these with the Chief Risk Officer
- Assessing the integrity of the risk control and monitoring as well as of the internal control system
- Assessing the precautions taken to ensure adherence to statutory (such as e.g. equity capital, liquidity & risk distribution regulations) and internal regulations (compliance), and adherence to these regulations
- Receiving and processing the reports prepared by Group Legal Services, Group Compliance and Group Tax Center
- Assessing the quality (effectiveness) of the risk governance as well as of the cooperation between Risk Control, Risk Supervision, Group Executive Management (GEM), Risk Committee and the Board of Directors
- Reviewing whether the pricing of the liabilities and investments offered adequately takes into account the bank's business model and risk strategy and, if this is not the case, presenting a plan with remedial measures
- Assessment whether the incentives offered by the remuneration system take account of the risk, the capital, the liquidity as well as the likelihood and the timing of revenues
- Advising the Board of Directors on the appointment or dismissal of the Chief Risk Officer

As a rule, the Risk Committee holds five to eight meetings per year; in the 2021 financial year, seven ordinary meetings and one extraordinary meeting were held. The Chief Risk Officer, the Chief Financial Officer and the Head of Group Internal Audit attend the regular meetings as guests. At a joint meeting with the Audit Committee, an exchange of information took place with the GEM on the quality of the internal control system and other concerns.

Members of the Board of Directors

Pursuant to Art. 16 of the Bank's Articles of Association, the Board of Directors shall consist of at least five members who are elected individually for three-year terms of office.

In professional and personal terms, the members of the Board of Directors must at all times ensure proper business operations. Criteria governing the selection of the members of the Board of Directors are prepared and reviewed by the Nomination & Compensation Committee. In this conjunction, attention is paid to the balance of the know-how and capabilities, the diversity and the experience of the Board of Directors in its entirety.

Changes to business activities (e.g. expansion into new markets, products, etc.) or new regulatory requirements are leading to new tasks and increased complexity in business operations. This may result in additional requirements on the supervisory duties of the Board of Directors.

The Nomination & Compensation Committee therefore conducts ad hoc reviews at least annually as to any potential new requirements for the qualifications of members of the Board of Directors, and whether or not these requirements are adequately met by the body as a whole and/or by individuals. Where a deficit is discovered, the Nomination & Compensation Committee immediately initiates effective measures to ensure smooth management across all members of the body and within individual roles.

At the Annual General Meeting on April 30, 2021, Dr. Thomas R. Meier was re-elected for a term of office of three years. Following the Annual General Meeting, Dr. Thomas R. Meier was confirmed in office as Chairman by the Board of Directors.

Fredy Vogt did not stand for re-election and resigned from the Board of Directors. He was elected to the Board of Directors in 2012 and served as its Chairman until April 2020. Before joining the Board of Directors, Fredy Vogt had held various positions at VP Bank since 1987, including 16 years as a member of the Executive Board.

Philipp Elkuch was newly elected to the Board of Directors for a term of three years. With Philipp Elkuch, the digital competence in the Board of Directors will be strengthened and the connection to the home market Liechtenstein will be maintained.

As of 31 December 2021, the Board of Directors of VP Bank consists of eight members. None of the members of the Board of Directors belonged to the GEM, the Executive Board of VP Bank or the management of a Group company during the past three financial years. Their biographies as well as their other activities and vested interests can be found in Section 3.1 of the 2021 Annual Report of VP Bank.

Information and control instruments of the Board of Directors

The Board of Directors and its committees have various information and control instruments at their disposal. These include the strategy process, the medium-term planning, the budgeting process as well as the reporting.

The Board of Directors receives monthly financial and risk reports as well as periodic reports on the quarterly, interim and annual financial statements:

- The reports contain quantitative and qualitative information as well as budget discrepancies, period and multi-year comparisons, management parameters and risk analyses.
- The reports enable the Board of Directors to obtain a picture of the relevant developments and risk situation at all times.
- Reports that are the responsibility of the Audit Committee or of the Risk Committee are discussed by the respective committee, and are forwarded to the Board of Directors for acknowledgement or with corresponding motions for approval.
- The reports are discussed comprehensively within the context of the meetings of the Board of Directors.

On the basis of the reporting by the GEM, the strategy implementation or strategy controlling are checked twice per annum by the Board of Directors. The Strategy & Digitalisation Committee supports the Board of Directors to fulfil this function.

The Chairman of the Board of Directors receives all minutes of the meetings of the GEM. In addition, he holds regular consultations with the Chief Executive Officer (weekly) and other members of the GEM.

A further important instrument for exercising the supervisory and control functions of the Board of Directors is the internal audit, which applies the internationally recognised standards of the Swiss Internal Audit Association and of the Institute of Internal Auditors (IIA).

The duties and powers of the internal audit are set out in a dedicated set of regulations. Operating as an independent authority, it audits in particular the internal control system, the management processes and the risk management at VP Bank.

Group Executive Management

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

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

Members of the GEM

Pursuant to Fig. 5.1 OGR, 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. At VP Bank, the role of Chief Risk Officer is established at Group management level within the "General Counsel & Chief Risk Officer" organisational unit.

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 Board of Directors of the bank. They are appointed by the Board of Directors after being proposed by the Nomination & Compensation Committee.

Since June 2020, Roger Barmettler has held the position of CFO ad interim of VP Bank Group. As of March 1, 2021, Roger has been appointed Chief Financial Officer (CFO) and member of the Executive and Group Management by the Board of Directors.

As of December 31, 2020, the GEM consists of six members. Their biographies as well as their other activities and vested interests can be found in Section 4.1 of the annual report of VP Bank.

Risk policy principles

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

The Risk Appetite Statement defines the overall risk appetite in terms of the Bank's risk taxonomy, and as such forms the basis for the operationalisation of the limits and objectives contained in the Risk Policy. As an overarching framework, and together with the risk strategies for each risk group (strategic/business risks, financial risks, operational risks and compliance risks), the Risk Policy regulates the specific goals as well principles, organisational structures and processes, and methods and instruments of risk management in detail.

Risk management is predicated on the following principles:

Harmonisation of risk-bearing capacity and risk tolerance

According to the concept of risk-bearing capacity, a bank should be in a position to continue its business operations – or at least fully serve the demands of investors and creditors – in spite of losses from any risks that may materialise. Risk tolerance indicates the potential loss which the Bank is prepared to bear without jeopardising the Bank's ability to continue its business (going concern). As a strategic success factor, risk-bearing capacity is to be maintained and enhanced 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 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 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 are known, the system requirements for mapping them are in place and the Bank will be 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 thus 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.

Risikomanagementprozess

The prerequisite for risk management and the management of equity resources of VP Bank is the identification of all significant risks and their aggregation to an overall risk position.

Significant risks identified are based on the business model, related offerings of financial products and services of VP Bank. As part of the risk inventory along the system of banking risks, risks are identified and assessed in terms of their materiality.

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) is the compliance with the regulatory capital-adequacy requirements and thus the guaranteeing of the ability to continue as a going concern. The risks of banking operations are to be borne by the freely available risk capital. The risk management process established at VP Bank essentially comprises the following components:

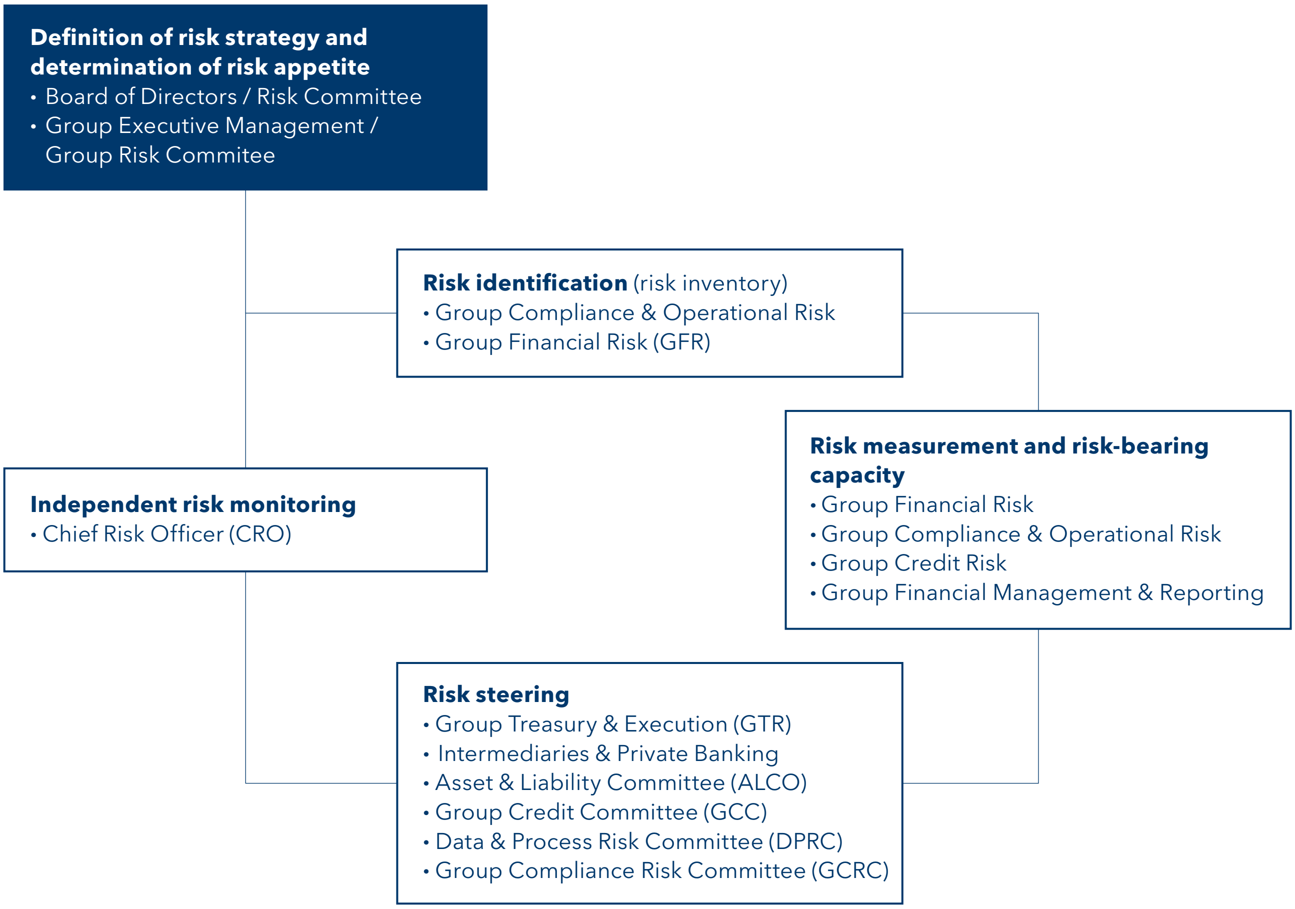
- Determination of risk strategies and approval by the Board of Directors
- Determination of risk coverage potential and establishment of risk appetite
- Risk identification (risk inventory)
- Risk measurement
- Assessment of risk-bearing capacity
- Risk management (optimization of risk/return, in compliance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

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

Risk declaration of the Board of Directors

The Board of Directors bears overall responsibility for capital and liquidity risk management and declares that it is adequately equipped in accordance with the profile and strategy of VP Bank.

PROCESS SUPERVISION / Group Internal Audit



The following table shows the regulatory reporting entities and the reporting entities in accordance with the IFRS for VP Bank.

OUTLINE OF THE DIFFERENCES IN THE SCOPE OF CONSOLIDATION (ENTITY BY ENTITY) (EU LI3)

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

[1] Incl. VP Bank Ltd Singapore Branch

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (EU LI1)

in CHF 1,000	Carrying values as 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 requirements or subject to deduction from capital
ASSETS							
Cash and cash equivalents	2,384,137	2,384,137	2,384,137	0	0	255,964	0
Receivables arising from money market papers	129,401	129,401	129,401	0	0	129,401	0
Due from banks	1,688,870	1,688,870	1,688,870	0	0	481,029	0
Due from customers	6,237,258	6,237,258	6,237,258	0	0	2,539,815	0
Trading portfolios	10,483	10,483	10,483	0	0	10,482	0
Derivative financial instruments	46,875	46,875	0	46,875	0	5,100	0
Financial instruments at fair value	195,927	195,927	195,927	0	0	123,077	0
Financial instruments measured at amortised cost	2,263,236	2,263,236	2,263,236	0	0	1,747,117	0
Associated companies	24	24	24	0	0	0	0
Property and equipment	95,192	95,192	95,192	0	0	2,106	0
Goodwill and other intangible assets	84,108	84,108	0	0	0	2,610	0
Tax receivables	297	297	297	0	0	297	0
Deferred tax assets	7,592	7,592	7,592	0	0	160	0
Accrued receivables and prepaid expenses	34,779	34,779	34,779	0	0	11,983	0
Other assets	18,251	18,251	18,251	0	0	9,837	0
Total assets	**13,196,430**	**13,196,430**	**13,065,447**	**46,875**	**0**	**5,318,978**	**0**
LIABILITIES							
Due to banks	70,886	70,886	0	0	0	44,746	70,886
Due to customers – savings and deposits	575,204	575,204	0	0	0	645	575,204
Due to customers – other liabilities	10,883,533	10,883,533	0	0	0	8,337,289	10,883,533
Derivative financial instruments	82,309	82,309	0	0	0	5,203	82,309
Medium-term notes	53,997	53,997	0	0	0	6,574	53,997

EU LI1 (continued)

in CHF 1,000			Capital requirements				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Debentures issued	255,134	255,134	0	0	0	0	255,134
Tax liabilities	10,970	10,970	0	0	0	258	10,970
Deferred tax liabilities	859	859	0	0	0	0	859
Accrued liabilities and deferred items	37,065	37,065	0	0	0	6,372	37,065
Other liabilities	139,781	139,781	0	0	0	65,101	139,781
Provisions	1,125	1,125	0	0	0	469	1,125
Share capital	66,154	66,154	0	0	0	0	66,154
Less: treasury shares	–56,790	–56,790	0	0	0	0	0
Capital reserves	22,959	22,959	0	0	0	0	22,959
Income reserves	1,134,088	1,134,088	0	0	0	0	1,134,088
Actuarial gains/losses from defined-benefit pension plans	–34,105	–34,105	0	0	0	0	0
Unrealised gains/losses on FVTOCI financial instruments	–18,587	–18,587	0	0	0	0	0
Foreign-currency translation differences	–28,152	–28,152	0	0	0	0	0
Total liabilities and shareholders' equity	**13,196,430**	**13,196,430**	**0**	**0**	**0**	**8,466,656**	**13,196,430**

In addition to the EU LI1 template, figure 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.

MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS (EU LI2)

in CHF 1,000		Items subject to			
	Total	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)	13,196,430	13,065,447	46,875	0	5,318,978
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	0	0	0	0	8,466,656
Total net amount under the regulatory scope of consolidation	13,196,430	13,065,447	46,875	0	–3,147,678
Off-balance-sheet amounts	181,064	145,286	0	0	0
Differences in valuations	105,354	0	105,354	0	0
Differences due to different netting rules, other than those already included in row 2	0	0	0	0	0
Differences due to consideration of provisions	0	0	0	0	0
Differences due to prudential filters	–59,359	–59,359	0	0	0
Others	0	0	0	0	0
Exposure amounts considered for regulatory purposes		**13,151,374**	**152,229**	**0**	**0**

OWN FUNDS (ART. 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(1) of the CRR are deducted in full from core Tier 1 capital. Part 10, Title I of the CRR regarding transitional provisions is not applied.

CAPITAL INSTRUMENTS

in CHF 1,000

ISSUER	VP BANK LTD, VADUZ	VP BANK LTD, VADUZ
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	registered share A	registered share B
Governing law(s) of the instrument	Liechtenstein law	Liechtenstein law
REGULATORY TREATMENT		
Transitional CRR rules	Common equity tier 1 (CET1)	Common equity tier 1 (CET1)
Post-transitional CRR rules	Common equity tier 1 (CET1)	Common equity tier 1 (CET1)
Eligible at solo(sub-)consolidated/ solo & (sub-)consolidated	solo and consolidated	solo and consolidated
Instrument type (types to be specified by each jurisdiction)	fully paid-up share capital	fully paid-up share capital
Amount recognised in regulatory capital	60,150	6,004
Nominal amount of instrument	60,150	6,004
Issue price	60,150	6,004
Redemption price	n.a.	n.a.
Accounting classification	equity	equity
Original date of issuance	n.a.	n.a.
Perpetual or dated	perpetual	perpetual
Original maturity date	n.a.	n.a.
Issuer call subject to prior supervisory approval	no	no
Optional call date, contingent call dates and redemption amount	n.a.	n.a.
Subsequent call dates, if applicable	n.a.	n.a.
COUPONS / DIVIDENDS		
Fixed or floating dividend/coupon	floating	floating
Coupon rate and any related index	n.a.	n.a.
Existence of a dividend stopper	n.a.	n.a.
Fully discretionary, partially discretionary or mandatory (in terms of timing)	fully discretionary	fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	fully discretionary	fully discretionary
Existence of step up or other incentive to redeem	n.a.	n.a.
Noncumulative or cumulative	n.a.	n.a.
Convertible or non-convertible	non-convertible	non-convertible
If convertible, conversion trigger(s)	n.a.	n.a.
If convertible, fully or partially	n.a.	n.a.
If convertible, conversion rate	n.a.	n.a.
If convertible, mandatory or optional conversion	n.a.	n.a.
If convertible, specify instrument type convertible into	n.a.	n.a.
If convertible, specify issuer of instrument it converts into	n.a.	n.a.
Write-down features	n.a.	n.a.
If write-down, write-down trigger(s)	n.a.	n.a.
If write-down, full or partial	n.a.	n.a.
If write-down, permanent or temporary	n.a.	n.a.
If temporary write-down, description of write-up mechanism	n.a.	n.a.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n.a.	n.a.
Irregular features of the converted instruments	n.a.	n.a.
Description of any irregular features	n.a.	n.a.

OWN FUNDS

in CHF 1,000	31.12.2021
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES	
Capital instruments and the related share premium accounts	105,174
of which: shares	105,174
Retained earnings	1,053,506
Accumulated other comprehensive income (and other reserves)	–28,043
Funds for general banking risk	n.a.
Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	n.a.
Minority interests (amount allowed in consolidated CET1)	n.a.
Independently reviewed interim profits net of any foreseeable charge or dividend	n.a.
Common equity tier 1 (CET1) capital before regulatory adjustments	**1,130,637**
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS	
Additional value adjustments (negative amount)	–336
Intangible assets (net of related tax liability) (negative amount)	–56,381
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) are met) (negative amount)	–2,642
Fair value reserves related to gains or losses on cash flow hedges	n.a.
Negative amounts resulting from the calculation of expected loss amounts	n.a.
Any increase in equity that results from securitised assets (negative amount)	n.a.
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	n.a.
Defined-benefit pension fund assets (negative amount)	n.a.
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–56,790
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 initiate artificially the own funds of the institution (negative amount)	n.a.
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)	n.a.
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)	n.a.
Exposure amount of the following items which qualify for the RW of 1250%, where the institution opts for the deduction alternative	n.a.
of which: qualifying holdings outside the financial sector (negative amount)	n.a.
of which: securitisation positions (negative amount)	n.a.
of which: free deliveries (negative amount)	n.a.
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	n.a.
Amount exceeding the 15% threshold (negative amount)	n.a.
of which: 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	n.a.
of which: deferred tax assets arising from temporary differences	n.a.
Losses for the current financial year (negative amount)	n.a.
Foreseeable tax charges relating to CET1 items (negative amount)	n.a.
Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	n.a.
Total regulatory adjustments to common equity tier 1 (CET1)	**–116,149**
Common equity tier 1 (CET1) capital	**1,014,488**
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS	
Capital instruments and the related share premium accounts	n.a.
of which: classified as equity under applicable accounting standards	n.a.
of which: classified as liabilities under applicable accounting standards	n.a.
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	n.a.
Qualifying tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	n.a.
of which: classified as liabilities under applicable accounting standards	n.a.
Additional tier 1 (AT1) capital before regulatory adjustments	**n.a.**
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS	
Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	n.a.
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)	n.a.
Direct, indirect and synthetic holding 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)	n.a.
Direct, indirect and synthetic holdings by the institution of the AT1 instrument of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	n.a.

Own funds (continued)

in CHF 1,000	31.12.2021
Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	n.a.
Total regulatory adjustments in additional tier 1 (AT1) capital	n.a.
Additional tier 1 (AT1) capital	n.a.
Tier 1 capital (T1 = CET1 + AT1)	1,014,488
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS	
Capital instruments and the related share premium accounts	n.a.
Amount of qualifying items referred to in article 484 (5) and the related share premium account subject to phase out from T2	n.a.
Qualifying own funds instruments included in consolidated T2 capital issued by subsidiaries and held by third parties	n.a.
of which: instruments issued by subsidiaries subject to phase out	n.a.
Credit risk adjustments	n.a.
Tier 2 (T2) capital before regulatory adjustments	n.a.
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS	
Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	n.a.
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)	n.a.
Direct and indirect 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)	n.a.
Direct and indirect 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)	n.a.
Total regulatory adjustments of Tier 2 (T2) capital	n.a.
Tier 2 (T2) capital	n.a.
Total capital (TC = T1 + T2)	**1,014,488**
Total risk weighted assets	**4,535,817**
CAPITAL RATIOS AND BUFFERS	
Common equity tier 1 (as a percentage of total risk exposure amount)	22.4%
Tier 1 (as a percentage of total risk exposure amount)	22.4%
Total capital (as a percentage of total risk exposure amount)	22.4%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	9.0%
of which: capital conservation buffer requirement	2.5%
of which: countercyclical buffer requirement	0.0%
of which: systemic risk buffer requirement	2.0%
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.0%[1]
Common equity tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.4%
AMOUNT BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)	
Direct and indirect holdings of the capital 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)	n.a.
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 10% threshold and net of eligible short positions)	n.a.
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	n.a.
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2	
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	n.a.
Cap on inclusion of credit risk adjustments in T2 under standardised approach	n.a.
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	n.a.
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	n.a.

Own funds (continued)

in CHF 1,000	31.12.2021
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2014 AND 1 JAN 2022)	
Current cap on CET1 instruments subject to phase out arrangements	n.a.
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	n.a.
Current cap on AT1 instruments subject to phase out arrangements	n.a.
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	n.a.
Current cap on T2 instruments subject to phase out arrangements	n.a.
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	n.a.

[1] When both the SyRB and the other systemically institutions (O-SII) buffer applies to the same institution, only the higher of the two must be applied.

The common equity Tier 1 of VP Bank Group increased in 2021 from 20.8 per cent to 22.4 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 2021 minimum capital requirements at all times.

RECONCILIATION BETWEEN BALANCE SHEET ITEMS USED TO CALCULATE OWN FUNDS AND REGULATORY OWN FUNDS

in CHF 1,000	31.12.2021	31.12.2020
CORE CAPITAL		
Share capital	66,154	66,154
Less: treasury shares	–56,790	–61,071
Capital reserves	22,959	23,377
Income reserves	1,134,088	1,107,739
of which premium for capital instruments	47,505	47,505
Group net income	50,638	41,622
Actuarial gains/losses from defined-benefit pension plans	–34,105	–57,859
Unrealised gains/losses on Fair Value Through OCI (FVTOCI) financial instruments	–18,587	–23,332
Foreign-currency translation differences	–28,152	–29,951
Total shareholders’ equity	1,085,567	1,025,057
Deduction for dividends as per proposal of Board of Directors	–33,077	–26,462
Deduction for equity instruments as per art. 28 CRR	–8,485	–9,989
Deduction for actuarial gains/losses from IAS19	34,105	57,859
Deduction of deferred taxes on IAS 19	–4,263	–7,232
Deduction for goodwill and intangible assets	–56,381	–63,781
Other regulatory adjustments (deferred tax, additional value adjustments (AVA), securisation positions, prudential filter)	–2,978	–2,698
Eligible core capital (tier 1)	**1,014,488**	**972,754**
Eligible core capital (adjusted)	1,014,488	972,754

CAPITAL REQUIREMENTS (ART. 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.

OVERVIEW OF RISK WEIGHTED ASSETS (RWAS) (EU OV1)

in CHF 1,000		Risk weighted assets		Minimum capital requirements	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
1	Credit risk (excluding CCR)	3,727,461	3,833,968	298,197	306,717
2	of which the standardised approach	3,727,461	3,833,968	298,197	306,717
6	Counterparty credit risk (CCR)	25,760	50,304	2,061	4,024
7	of which mark to market	15,128	36,646	1,210	2,932
12	of which CVA	10,631	13,659	851	1,093
19	Market risk	178,826	203,913	14,306	16,313
20	of which the standardised approach	178,826	203,913	14,306	16,313
23	Operational risk	603,770	587,298	48,302	46,984
24	of which basic indicator approach	603,770	587,298	48,302	46,984
29	**Total**	**4,535,817**	**4,675,482**	**362,865**	**374,039**

The total risk weighted assets decreased by CHF 140 million to CHF 4.5 billion compared to the previous year. This is due to the decrease in credit risk (excluding counterparty credit risk) from CHF 3.8 billion to CHF 3.7 billion, which is attributable to lower amounts due from banks and customers.

EXPOSURE TO COUNTERPARTY CREDIT RISK (ART. 439 CRR)

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

The lines for OTC derivative transactions with other banks are essentially secured, and changes are settled daily. As there are no unsecured lines, there are also no material obligations to provide additional capital.

Within the context of the risk controls, derivative financial instruments are concluded only in the banking book and serve to hedge 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 the economic capital, no distinction is made between derivative and original credit risk exposures. Risk-reducing correlation effects between the risk types are not taken into consideration for reasons of prudence.

The counterparty default risk arising out of the derivative transactions is determined by the credit equivalence sum resulting from the positive replacement values plus the add-ons. The credit equivalence sum is calculated using the Mark-to- Market Method pursuant to Art. 274 CRR. Existing netting agreements are not taken into account.

ANALYSIS OF CCR EXPOSURE BY APPROACH (EU CCR1)

in CHF 1,000	Notional	Replacement cost/ current market value	Potential future credit exposure	EEPE[1]	Multiplier	EAD[2] post CRM	RWAs
1 Mark to market	n.a.	46,875	105,354	n.a.	n.a.	156,861	15,128
11 Total	**n.a.**	**46,875**	**105,354**	**n.a.**	**n.a.**	**156,861**	**15,128**

[1] Effective Expected Positive Exposure
[2] Exposure At Default

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

CVA CAPITAL CHARGE (EU CCR2)

in CHF 1,000		Exposure value	RWAs
1	TOTAL PORTFOLIOS SUBJECT TO THE ADVANCED METHOD	n.a.	n.a.
2	(i) VaR component (including the 3 multiplier)	n.a.	n.a.
3	(ii) SVaR component (including the 3 multiplier)	n.a.	n.a.
4	All portfolios subject to the standardised method	70,804	10,631
EU4	Based on the original exposure method	n.a.	n.a.
5	**Total subject to the CVA capital charge**	**70,804**	**10,631**

CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK (EU CCR3)

in CHF 1,000				Risk weight						
	0%	20%	35%	50%	75%	100%	150%	others	Total	Of which unrated
EXPOSURE CLASSES										
1 Central governments or central banks	0	0	0	0	0	0	0	0	0	0
2 Regional governments or local authorities	222	0	0	0	0	0	0	0	222	222
3 Public sector entities	0	195	0	0	0	0	0	0	195	195
4 Multilateral development banks	0	0	0	0	0	0	0	0	0	0
5 International organisations	0	0	0	0	0	0	0	0	0	0
6 Institutions	29,967	37,277	0	627	0	0	0	0	67,872	7,685
7 Corporates	0	0	0	0	0	30,871	13	0	30,884	30,884
8 Retail	0	0	0	0	4,460	53,227	0	0	57,687	57,687
9 Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0
10 Other items	0	0	0	0	0	0	0	0	0	0
11 Total	**30,189**	**37,473**	**0**	**627**	**4,460**	**84,098**	**13**	**0**	**156,861**	**96,674**

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

IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES (EU CCR5-A)

in CHF 1,000	Gross positive fair Value or net carrying amount	Netting effects	Net current credit exposure	Collateral held	Net credit exposure
Derivatives	46,875	0	46,875	0	46,875
SFTs	0	0	0	0	0
Cross product netting	0	0	0	0	0
Total	**46,875**	**0**	**46,875**	**0**	**46,875**

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.

COMPOSITION OF COLLATERAL FOR EXPOSURES TO CCR (EU CCR5-B)

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		
Cash – domestic currency (CHF)	0	58,222	0	1,500	0	0
Equity securities	0	0	0	0	0	0
Total	**0**	**58,222**	**0**	**1,500**	**0**	**0**

The distinction between "separate" and "non-separate" describes whether or not collateral is held in insolvency-protected custody in accordance with Article 300 CRR (separate). As of December 31, 2021, VP Bank holds no insolvency-protected collateral.

Exposures to CCPs (EU CCR8)

In addition to the disclosure of counterparty credit risk in Tables EU CCR1 and EU CCR2, information relating to transactions with Central Counterparties in accordance with Article 439(e) and (f) CRR must be disclosed in Table EU CCR8. As of 31.12.2021, VP Bank has no direct exposures to Central Counterparties and therefore the EU CCR8 table has been omitted.

Capital conservation buffer

Pursuant to Art. 4a Para.1 Letter a 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 the 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.

Other systemically important institutions (O-SII) buffer

Pursuant to Art. 7e and Art. 7f BankO, VP Bank was identified by the Financial Market Authority as O-SII. The Financial Market Authority identifies other systemically important institutions each year. Pursuant to Art. 4a BankA, a capital buffer amounting to up to 2 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

Pursuant to Art. 7i BankO, VP Bank is required to hold a systemic risk buffer of at least 2 per cent of common equity tier 1 at the individual and consolidated level. The systemic risk buffer is designed to prevent or mitigate long-term non-cyclical systemic risks or macro-prudential risks. If a systemic risk buffer and a capital buffer for other systemically important institutions (O-SII) are applied simultaneously, the higher of the two capital buffers is applied.

Institution specific countercyclical capital buffer

Pursuant to Art. 5 et seq. BankO, all banks in Liechtenstein are required to hold an institution specific countercyclical capital buffer of up to 2.5per cent common equity tier 1 at the individual and consolidated level. The buffer is designed to counter risks arising out of excessive lending growth.

The institution-specific countercyclical capital buffer results from a weighted average of the countercyclical buffer ratios applicable in the countries in which the bank's significant credit risk exposures are located:

- The buffer rate for domestic credit exposures is set by the Financial Market Authority. In accordance with Art. 6 Para. 3 BankO 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 Art. 7 Para. 1 BankO, 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.

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

in CHF 1,000	General credit exposures	Own funds requirements			
	Exposure value for SA	Of which General credit exposures	Total	Own funds requirement weights	Counter-cyclical capital buffer rate
BREAKDOWN BY COUNTRY					
Switzerland	1,932,962	80,652	80,652	30.4%	0.00%
Liechtenstein	1,921,852	79,325	79,325	30.2%	0.00%
USA	469,248	18,119	18,119	7.4%	0.00%
British Virgin Islands	377,945	13,311	13,311	5.9%	0.00%
Germany	186,814	10,296	10,296	2.9%	0.00%
France	160,771	6,803	6,803	2.5%	0.00%
Luxembourg	147,155	10,099	10,099	2.3%	0.50%
Netherlands	126,054	6,699	6,699	2.0%	0.00%
Great Britain	93,817	5,410	5,410	1.5%	0.00%
remaining countries	937,334	32,472	32,472	14.8%	0%–1.0%[1]
Total	**6,353,953**	**263,186**	**263,186**	**100.0%**	**n.a.**

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

AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

in CHF 1,000	31.12.2021
Total risk exposure amount	4,535,817
Institution specific countercyclical buffer rate	0.04%
Institution specific countercyclical buffer requirement	1,821

Risk management and risk monitoring

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

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

The credit risk strategy and the credit regulations 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 banwidths within the framework of which credits may be approved (rules on powers of authority).

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

VP Bank enters into both secured and unsecured positions in the interbank business. Unsecured positions result from money market activities (including bank guarantees, correspondent and metals accounts), secured positions arising from reverse repo transactions, securities lending and borrowing, collateral management, and OTC derivative transactions. Repo deposits are fully secured and the collateral received serves as a reliable source of liquidity in a crisis situation. Hence, counterparty risk and also liquidity risk is 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 recognising country risk. In the case of secured exposures, it is generally the case that the country in which the collateral is located is considered.

The average indicated in the figure EU CRB-B were calculated on the basis of the quarterly closing dates.

TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES (EU CRB-B)

in CHF 1,000	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	2,683,215	2,735,876
Regional governments or local authorities	170,573	177,761
Public sector entities	217,942	215,369
Multilateral development banks	80,886	85,245
International organisations	10,835	11,125
Institutions	1,790,525	1,682,087
Corporates	2,740,109	2,891,480
Retail	1,927,454	1,885,478
Secured by mortgages on immovable property	3,379,746	3,472,680
Exposures in default	34,741	49,194
Items associated with particularly high risk	27,042	37,591
Covered bonds	361,936	397,016
Claims on institutions and corporates with a short-term credit assessment	0	0
Collective investments undertakings	36,329	37,721
Equity exposures	128,108	124,861
Other exposures	169,478	157,469
Total standardised approach	**13,758,918**	**13,960,954**

The figures EU CRB-C, EU CRB-D, EU CRB-E show the exposure values broken down by geographical region, industry and residual maturity.

GEOGRAPHICAL BREAKDOWN OF EXPOSURES (EU CRB-C)

in CHF 1,000	LI / CH	DE	FR	GB	LU	Rest of Europe	North America	Asia	Others	Total
Central governments or central banks	2,117,531	0	31,265	7,678	248,072	41,942	116,659	120,070	0	2,683,215
Regional governments or local authorities	53,156	11,493	0	0	14	0	94,633	8,146	3,131	170,573
Public sector entities	24,332	62,721	35,128	0	0	74,337	7,770	13,655	0	217,942
Multilateral development banks	0	0	10,452	0	28,217	12,668	6,558	13,944	9,048	80,886
International organisations	0	0	0	0	10,835	0	0	0	0	10,835
Institutions	1,614,382	33,209	3,039	4,324	6,863	64,630	4,108	54,287	5,683	1,790,525
Corporates	547,935	149,890	121,895	114,859	155,496	354,235	1,051,656	155,420	88,723	2,740,109
Retail exposures	538,367	81,322	19,354	38,248	159,754	363,137	215,265	488,232	23,775	1,927,454
Exposures secured by mortgages on immovable property	3,078,393	1,425	0	76,799	0	23,877	138,511	60,740	0	3,379,746
Exposures in default	26,145	872	0	0	507	2,845	4,312	24	36	34,741
Exposures associated with particularly high risk	17,281	0	0	2,276	3,204	0	2,034	2,246	0	27,042
Covered bonds	102,031	8,448	52,011	0	0	139,431	27,135	7,037	25,843	361,936
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0
Units or shares in collective investment undertakings (CIUs)	8,395	0	0	0	22,725	7	5,201	0	0	36,329
Equity exposures	71,271	16,330	15,201	10,721	0	9,427	5,157	0	0	128,108
Other items	132,163	4,722	0	526	25,953	75	788	5,241	9	169,478
Total standardised approach	**8,331,382**	**370,433**	**288,346**	**255,431**	**661,640**	**1,086,611**	**1,679,789**	**929,041**	**156,246**	**13,758,918**

CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES (EU CRB-D)

in CHF 1,000	Finance	Private persons	Manu-facturing	Real estate activities	Public adminis-tration	Services	Trade	Mechan-ical engi-neering	Others	Total
Central governments or central banks	2,367,846	0	0	0	315,369	0	0	0	0	2,683,215
Regional governments or local authorities	0	0	0	0	170,573	0	0	0	0	170,573
Public sector entities	15,991	0	0	0	1	194,180	0	0	7,770	217,942
Multilateral development banks	80,886	0	0	0	0	0	0	0	0	80,886
International organisations	0	0	0	0	10,835	0	0	0	0	10,835
Institutions	1,790,525	0	0	0	0	0	0	0	0	1,790,525
Corporates	1,313,724	0	1,122,141	55,403	13,063	8,004	122,781	5,890	99,103	2,740,109
Retail exposures	286,716	1,610,988	3,327	4,037	0	5,134	4,741	1,812	10,697	1,927,454
Exposures secured by mortgages on immovable property	293,100	1,924,747	35,604	753,281	0	63,301	53,264	86,408	170,040	3,379,746
Exposures in default	18,983	10,497	1,095	8	0	6	256	3,053	843	34,741
Exposures associated with particularly high risk	4,028	10,824	3,457	3,957	0	0	2,276	0	2,500	27,042
Covered bonds	352,799	0	0	0	0	9,137	0	0	0	361,936
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0
Units or shares in collective investment undertakings (CIUs)	31,880	0	172	0	0	0	4,278	0	0	36,329
Equity exposures	39,635	0	88,473	0	0	0	0	0	0	128,108
Other items	150,319	16,645	0	0	9	0	0	0	2,504	169,478
Total standardised approach	**6,746,431**	**3,573,701**	**1,254,268**	**816,687**	**509,851**	**279,762**	**187,596**	**97,164**	**293,458**	**13,758,918**

The category "Finance" includes the balance of due from Swiss National Bank, which amounts to appr. CHF 2.1 billion and due from banks which amounts to CHF 1.8 billion.

MATURITY OF EXPOSURES (EU CRB-E)

in CHF 1,000	on demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	2,233,601	308,648	67,019	73,948	0	2,683,215
Regional governments or local authorities	29	24,603	113,232	32,709	0	170,573
Public sector entities	1	35,390	106,880	75,671	0	217,942
Multilateral development banks	0	33,758	43,515	3,614	0	80,886
International organisations	0	4,642	6,193	0	0	10,835
Institutions	501,576	1,204,562	73,482	10,905	0	1,790,525
Corporates	267,216	1,319,315	819,832	333,745	0	2,740,109
Retail exposures	394,129	1,383,548	77,258	72,518	0	1,927,454
Exposures secured by mortgages on immovable property	337,958	2,000,857	693,648	347,282	0	3,379,746
Exposures in default	34,254	213	135	139	0	34,741
Exposures associated with particularly high risk	9,805	13,532	3,705	0	0	27,042
Covered bonds	0	77,555	222,957	61,424	0	361,936
Institutions and corporates with a short-term credit assess-ment	0	0	0	0	0	0
Units or shares in collective investment undertakings (CIUs)	35,973	0	356	0	0	36,329
Equity exposures	128,108	0	0	0	0	128,108
Other items	166,238	531	2,208	501	0	169,478
Total standardised approach	**4,108,889**	**6,407,153**	**2,230,420**	**1,012,456**	**0**	**13,758,918**

In accordance with the disclosure requirements under Article 442(g) and (h) of the CRR, institutes should use the following template, EU CR1-A, to disclose a breakdown of their defaulted and non-defaulted risk exposures by risk exposure class.

CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT (EU CR1-A)

in CHF 1,000	a	b	c	d	e	f	g
	Gross carrying values of						
	Defaulted exposures	Not defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumu-lated write -offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
16 Central governments or central banks	0	2,683,216	0	0	0	0	2,683,215
17 Regional governments or local authorities	0	170,573	0	0	0	0	170,573
18 Public sector entities	0	217,942	0	0	0	0	217,942
19 Multilateral development banks	0	80,886	0	0	0	0	80,886
20 International organisations	0	10,835	0	0	0	0	10,835
21 Institutions	0	1,790,655	131		0	0	1,790,525
22 Corporates	10,146	2,742,389	9,082	0	0	0	2,743,453
24 Retail	19,652	1,929,066	13,237	0	3,828	456	1,935,481
26 Secured by mortgages on immovable property	28,786	3,380,414	6,086	0	310	37	3,403,115
28 Exposures in default	0	0	0	0	0	0	0
29 Items associated with particularly high risk	0	27,042	0	0	0	0	27,042
30 Covered bonds	0	361,936	0	0	0	0	361,936
31 Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
32 Collective investments undertakings	0	36,329	0	0	0	0	36,329
33 Equity exposures	0	128,108	0	0	0	0	128,108
34 Other exposures	0	169,478	0	0	0	0	169,478
35 Total standardised approach	**58,585**	**13,728,869**	**28,536**	**0**	**4,139**	**493**	**13,758,917**
37 of which: Loans	58,532	7,405,137	27,992	0	4,139	493	7,435,676
38 of which: Debt securities	0	2,454,857	0	0	0	0	2,454,857
39 of which: off-balance-sheet exposures	53	630,497	13	0	0	0	630,538

The following tables "Credit quality of forborne exposures (template 1)", "Credit quality of performing and non-performing exposures by past due days (template 3)", "Performing and non-performing exposures and related provisions (template 4)", "Quality of non-performing exposures by geography (template 5)" and "Credit quality of loans and advances by industry (template 6)" must be disclosed in accordance with Directive (EBA/GL/2018/10) on the disclosure of non-performing and deferred risk positions.

The forborne exposures were created in connection with the COVID-19 crisis.

CREDIT QUALITY OF FORBORNE EXPOSURES (TEMPLATE 1)

in CHF 1,000	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment[1]		Collateral received[2]	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On nonperforming forborne exposure	Total	for nonperforming exposures[3]
		Total	Of which defaulted	Of which impaired				
LOANS AND ADVANCES	6,752	0	0	0	0	0	0	0
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	2,705	0	0	0	0	0	0	0
Household	4,048	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	**6,752**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

1 Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions.
2 Collateral received and financial guarantees received on forborne exposures.
3 Of which collateral and financial guarantees received on nonperforming exposures with forbearance measures.

CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (TEMPLATE 3)

in CHF 1,000	Gross carrying amount/nominal amount Performing exposures Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days
LOANS AND ADVANCES	10,248,944	10,243,133	5,811
Central banks	2,368,071	2,368,071	0
General governments	455	455	0
Credit institutions	1,688,944	1,688,944	0
Other financial corporations	1,392,951	1,390,385	2,566
Non-financial corporations	1,424,386	1,423,955.49	430
Households	3,374,136	3,371,322	2,814
DEBT SECURITIES	2,425,494	2,425,494	0
Central banks	0	0	0
General governments	699,149	699,149	0
Credit institutions	531,915	531,915	0
Other financial corporations	105,468	105,468	0
Non-financial corporations	1,088,963	1,088,963	0
OFF-BALANCE-SHEET EXPOSURES	180,971	n.a.	n.a.
Central banks	0	n.a.	n.a.
General governments	0	n.a.	n.a.
Credit institutions	4,205	n.a.	n.a.
Other financial corporations	106,562	n.a.	n.a.
Non-financial corporations	19,788	n.a.	n.a.
Households	50,416	n.a.	n.a.
Total	**12,855,409**	**12,668,627**	**5,811**

in CHF 1,000	Non-performing exposures Total	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
LOANS AND ADVANCES	65,868	24,249	756	524	40,339	0	0	0	65,868
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	35,495	15,932	0	0	19,563	0	0	0	35,495
Non-financial corporations	10,544	4,893	756	524	4,371	0	0	0	10,544
Households	19,829	3,425	0	0	16,404	0	0	0	19,829
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	93	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93
Central banks	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
General governments	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Credit institutions	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Other financial corporations	89	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	89
Non-financial corporations	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Households	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4
Total	**65,961**	**24,249**	**756**	**524**	**40,339**	**0**	**0**	**0**	**65,961**

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

PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (TEMPLATE 4)

in CHF 1,000	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3
LOANS AND ADVANCES	10,248,944	10,125,439	123,505	65,868	0	65,868
Central banks	2,368,072	2,368,072	0	0	0	0
General governments	455	455	0	0	0	0
Credit institutions	1,688,944	1,688,549	395	0	0	0
Other financial corporations	1,392,951	1,380,261	12,691	35,495	0	35,495
Non-financial corporations	1,424,386	1,383,320	41,065	10,544	0	10,544
Households	3,374,136	3,304,782	69,354	19,829	0	19,829
DEBT SECURITIES	2,425,494	2,425,494	0	0	0	0
Central banks	0	0	0	0	0	0
General governments	699,149	699,149	0	0	0	0
Credit institutions	531,915	531,915	0	0	0	0
Other financial corporations	105,468	105,468	0	0	0	0
Non-financial corporations	1,088,963	1,088,963	0	0	0	0
OFF-BALANCE-SHEET EXPOSURES	180,971	180,272	699	93	0	93
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	4,205	4,205	0	0	0	0
Other financial corporations	106,562	106,554	8	89	0	89
Non-financial corporations	19,788	19,752	36	0	0	0
Households	50,416	49,761	655	4	0	4
Total	**12,855,409**	**12,731,205**	**124,204**	**65,961**	**0**	**65,961**

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[1]			Non-performing exposures[2]					
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3		per-forming	non-per-forming
LOANS AND ADVANCES	1,746	1,051	695	25,173	0	25,173	0	5,852,570	37,446
Central banks	115	115	0	0	0	0	0	110	0
General governments	0	0	0	0	0	0	0	0	0
Credit institutions	131	131	0	0	0	0	0	0	0
Other financial corporations	933	314	618	9,014	0	9,014	0	1,282,682	23,786
Non-financial corporations	245	176	69	3,279	0	3,279	0	1,320,767	6,436
of which SMEs	30	13	16	3,279	0	3,279	0	864,265	6,436
Households	322	314	8	12,879	0	12,879	0	3,249,011	7,225
DEBT SECURITIES	1,470	1,294	176	0	0	0	0	346,339	0
Central banks	0	0	0	0	0	0	0	0	0
General governments	431	431	0	0	0	0	0	0	0
Credit institutions	166	166	0	0	0	0	0	346,339	0
Other financial corporations	71	41	29	0	0	0	0	0	0
Non-financial corporations	802	655	147	0	0	0	0	0	0
OFF-BALANCE-SHEET EXPOSURES	147	147	0	0	0	0	n.a.	126,897	38
Central banks	0	0	0	0	0	0	n.a.	0	0
General governments	0	0	0	0	0	0	n.a.	0	0
Credit institutions	0	0	0	0	0	0	n.a.	1	0
Other financial corporations	136	136	0	0	0	0	n.a.	85,574	0
Non-financial corporations	3	3	0	0	0	0	n.a.	10,670	0
Households	8	8	0	0	0	0	n.a.	30,652	38
Total	**3,363**	**2,492**	**871**	**25,173**	**0**	**25,173**	**0**	**6,325,807**	**37,484**

[1] Performing exposures – accumulated impairment and provisions.
[2] Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions.

QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY (TEMPLATE 5)

in CHF 1,000	Gross carrying/nominal amount				Accumulated impairment	Provisions[1]	Accumulated negative changes[2]
	Total	Of which non-performing		Of which subject to impairment			
		Total	Of which defaulted				
ON-BALANCE-SHEET EXPOSURES	12,752,643	65,868	65,868	65,868	28,389	n.a.	0
Switzerland	5,855,493	5,721	5,721	5,721	2,357	n.a.	0
Liechtenstein	1,850,302	39,259	39,259	39,259	6,273	n.a.	0
United States	683,156	0	0	0	289	n.a.	0
Luxembourg	565,511	10,604	10,604	10,604	10,673	n.a.	0
British Virgin Islands	560,269	10,283	10,283	10,283	7,044	n.a.	0
Germany	344,740	0	0	0	184	n.a.	0
France	271,940	0	0	0	136	n.a.	0
Singapore	263,692	0	0	0	44	n.a.	0
Great Britain	236,464	0	0	0	35	n.a.	0
Others	2,121,075	0	0	0	1,355	n.a.	0
OFF-BALANCE-SHEET EXPOSURES	181,064	93	93	n.a.	n.a.	147	n.a.
Liechtenstein	76,850	0	0	n.a.	n.a.	35	n.a.
Switzerland	44,858	0	0	n.a.	n.a.	30	n.a.
British Virgin Islands	6,857	0	0	n.a.	n.a.	0	n.a.
Luxembourg	12,607	0	0	n.a.	n.a.	0	n.a.
Singapore	20	0	0	n.a.	n.a.	0	n.a.
Others	39,871	93	93	n.a.	n.a.	82	n.a.
Total	**12,933,707**	**65,961**	**65,961**	**65,868**	**28,389**	**147**	**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.

CREDIT QUALITY OF LOANS AND ADVANCES BY INDUSTRY (TEMPLATE 6)

in CHF 1,000	Gross carrying amount				Accumulated impairment	Accumulated negative changes[1]
	Total	Of which non-performing		Of which subject to impairment		
		Total	Of which defaulted			
Agriculture, forestry and fishing	5,764.85	0	0	0	0	0
Mining and quarrying	3,674.97	0	0	0	0	0
Manufacturing	1,146,485.38	0	0	0	0	0
Electricity, gas, steam and air conditioning supply	16,651.38	0	0	0	0	0
Construction	60,525.66	0	0	0	0	0
Wholesale and retail trade	164,172.06	0	0	0	0	0
Transport and storage	39,726.35	0	0	0	0	0
Accommodation and food service activities	20,863.20	0	0	0	0	0
Information and communication	93,747.20	3,747	3,747	3,747	904	0
Financial and insurance activities	160,116.09	0	0	0	0	0
Real estate activities	662,597.36	0	0	0	0	0
Professional, scientific and technical activities	40,949.18	0	0	0	0	0
Administrative and support service activities	13,063.41	0	0	0	0	0
Education	1,300.93	0	0	0	0	0
Human health services and social work activities	43,315.05	0	0	0	0	0
Other services	71,046.52	6,163	6,163	6,163	2,375	0
Total	**2,544,000**	**9,910**	**9,910**	**9,910**	**3,280**	**0**

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

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (TEMPLATE 9)

At the reporting date VP Bank does not hold any collateral due to taking possession and execution processes. The disclosure of this table can be waived as there are no positions as of 31 December 2021.

CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS (EU CR2-A)

in CHF 1,000		Cumulated individual valuation allowances	Cumulated lump-sum valuation allowances
1	Opening balance at 1st January 2021	32,181	0
2	Increases due to amounts set aside for estimated loan losses during the period	2,078	0
3	Decreases due to amounts reversed for estimated loan losses during the period	–4,710	0
4	Decreases due to amounts taken against accumulated credit risk adjustments	–842	0
5	Transfers between credit risk adjustments	0	0
6	Impact of exchange rate differences	–171	0
7	Business combinations, including acquisitions and disposals for subsidiaries	0	0
8	Other adjustments	0	0
9	**Closing balance at 31 December 2021**	**28,536**	**0**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	13	0
11	Specific credit risk adjustments directly recorded to the statement of profit and loss	0	0

CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND DEBT SECURITIES (EU CR2-B)

in CHF 1,000		Gross carrying value defaulted exposures
1	Opening balance at 1st January 2021	81,011
2	Loans and debt securities that have defaulted or impaired since the last reporting period	2,831
3	Returned to non-defaulted status	–13,027
4	Amounts written off	–3,829
5	Other changes	–1,025
6	**Closing balance at 31 December 2021**	**65,961**

UNENCUMBERED ASSETS (ART. 443 CRR)

Assets are deemed to be encumbered if the bank cannot dispose of them freely. This is the case, for example, if they were lent or used as collateral for potential liabilities arising out of derivative transactions. Encumbered assets do not have a significant impact on the business model of VP Bank Group as the bank only enters such transactions in relatively low amounts.

The encumbered assets consist mainly of securities lending and borrowing and repo transactions that are performed only at the head office in Liechtenstein. In addition, the regulatory scope of consolidation, for determining encumbered assets, does not differ from the scope of consolidated used for consolidated liquidity requirements. There are no incongruencies between the accounting perspective of collateral deposited and transferred assets and encumbered assets (regulatory view).

The reported values have reporting dates of 31 December 2021 and are not average values (median), because the level of the encumbered assets vary only marginally.

The encumbered and unencumbered assets as of 31 December 2021 are set out below.

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
Assets of the reporting institution	373,078	n.a.	12,823,351	n.a.
Loans on demand	0	n.a.	2,859,828	n.a.
Equity instruments	4,238	4,689	170,051	169,774
Debt securities	368,840	369,826	2,055,361	2,084,997
of which covered bonds	103,681	103,691	252,428	258,211
of which asset-backed securities	0	0	0	0
of which issued by general governments	154,682	154,726	544,036	550,024
of which issued by financial corporations	141,639	141,787	495,536	502,013
of which issued by non-financial corporations	72,519	73,313	1,015,788	1,032,961
Loans and advances other than loans on demand	0	n.a.	7,434,146	n.a.
of which mortgage loans	0	n.a.	3,253,295	n.a.
Other assets	0	n.a.	303,966	20

COLLATERAL RECEIVED

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
Collateral received by the reporting institution	0	186
Loans on demand	0	0
Equity instruments	0	0
Debt securities	0	0
of which covered bonds	0	0
of which asset-backed securities	0	0
of which issued by general governments	0	0
of which issued by financial corporations	0	0
of which issued by non-financial corporations	0	0
Loans and advances other than loans on demand	0	0
Other collateral received	0	186
Own debt securities issued other than own covered bonds or asset-backed securities	0	259,270
Own covered bonds and asset-backed securities issued and not yet pledged	0	0
Total assets, collateral received and own debt securities issued	373,078	n.a.

The following table details the various pledge options available as of 31 December 2021. These include both selected secured financial liabilities and pledges without associated refinancing.

SOURCE 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 ABSs encumbered
OTHER SOURCES OF ENCUMBRANCE	0	373,078
Nominal value received loan commitments	0	0
Nominal value accepted financial collateral	0	0
Fair value borrowed securities and non-cash collateral	0	0
Other	0	373,078
Total	**0**	**373,078**

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)) 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 agencies
- Exposure value vis-à-vis multilateral development banks
- Exposure value vis-à-vis institutions
- Exposure value vis-à-vis corporates

If a directly applicable rating exists for a 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 steps ratings in accordance with the standard EBA allocation.

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

STANDARDISED APPROACH (EU CR5)

in CHF 1,000		Risk weight											
		0%	10%	20%	35%	50%	70%	75%	100%	150%	250%	Total	Of which unrated
	EXPOSURE CLASSES												
1	Central governments or central banks	2,675,544	0	7,216	0	0	0	0	455	0	0	2,683,215	0
2	Regional governments or local authorities	110	0	162,288	0	8,146	0	0	0	0	0	170,544	25,367
3	Public sector entities	14,542	0	198,545	0	4,854	0	0	0	0	0	217,941	8,340
4	Multilateral development banks	71,839	0	1,020	0	8,028	0	0	0	0	0	80,886	0
5	International organisations	10,835	0	0	0	0	0	0	0	0	0	10,835	0
6	Institutions	38,962	0	1,751,431	0	19,853	0	0	0	0	0	1,810,246	500,089
7	Corporates	0	0	788,288	20,995	479,931	24,113	0	746,514	201	0	2,060,042	946,552
8	Retail	0	0	518	0	0	0	66,214	269,279	0	0	336,011	336,011
9	Secured by real estate	0	0	0	2,176,768	803,937	0	0	201,409	0	0	3,182,114	3,182,114
10	Exposures in default	0	0	0	0	0	0	0	4,981	25,972	0	30,953	30,953
11	Items associated with particularly high risk	0	0	0	0	0	0	0	0	27,029	0	27,029	27,029
12	Covered bonds	0	361,936	0	0	0	0	0	0	0	0	361,936	0
13	Securitisation positions	0	0	0	0	0	0	0	0	0	0	0	0
14	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0
15	Collective investments undertakings	0	0	0	0	0	0	0	36,329	0	0	36,329	36,329
16	Equity exposures	0	0	0	0	0	0	0	128,108	0	0	128,108	128,108
17	Other items	16,299	0	9,019	0	0	0	0	137,874	0	6,285	169,478	67,702
18	**Total**	**2,828,131**	**361,936**	**2,918,324**	**2,197,763**	**1,324,750**	**24,113**	**66,214**	**1,524,948**	**53,202**	**6,285**	**11,305,666**	**5,288,593**

EXPOSURE TO MARKET RISK (ART. 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 derivatives, as well as from client business, interbank business and from consolidated Group companies whose functional currency is a foreign currency.

The Bank employs a comprehensive set of methods and indicators for the monitoring and management of market risks. In this respect, the value-at-risk approach was established as the standard method to measure general market risk. The value-at-risk for market risks quantifies the potential negative deviation, expressed in CHF, from the value of all positions exposed to market risk as of the reporting date. The value-at-risk indicator is computed on a Group-wide basis with the method 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.

VP Bank uses currency transactions to control the foreign exchange positions from its own financial assets.

Currency risks from the client business generally must not arise; currency positions that remain open are closed via the foreign exchange market. Group Treasury & Execution is responsible for the management of foreign currency risks.

The projected loss refers to a holding period 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. Such tests enable the Bank to estimate of the effects on the net present value of equity of extreme market fluctuations. In this manner, the fluctuations in net present value of all balance sheet items and derivatives in the area of market risks are computed with the aid of sensitivity indicators based on simulated market movements (parallel shift, rotation or inclination changes in interest-rate curves, exchange rate fluctuations by a multiple of their implicit volatility, slump in equity prices).

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

Group Treasury & Execution is responsible for the central control of market risks within the set limits. GEM allocates the financial risks limits set by the Board of Directors across the individual subsidiaries and risk categories to the subsidiaries and risk categories. Group Financial Risk monitors compliance with the Group-wide limits.

To calculate additional value adjustments (AVA) VP Bank applies the simplified concept 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.

MARKET RISK UNDER THE STANDARDISED APPROACH (EU MR1

in CHF 1,000	RWAs	Capital requirements
OUTRIGHT PRODUCTS		
Interest rate risk (general and specific)	n.a.	n.a.
Equity risk (general and specific)	n.a.	n.a.
Foreign exchange risk	138,926	11,114
Commodity risk	39,900	3,192
Total	**178,826**	**14,306**

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 in 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)

Business risk and strategic 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, strategic risk indicates the risk of unexpected losses or reduced earnings, resulting from management decisions regarding the strategic orientation of the Group. Group Executive Management is responsible for managing business and strategic risk by taking into account the internal and external business environment. Top business risks 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 Risik

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 licence being withdrawn. The compliance risk of VP Bank consists in particular of VP Bank not or not sufficiently recognising 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 not establishing appropriate monitoring and control processes/measures for the identification, management and limitation of cross-border 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.

EXPOSURES IN EQUITIES NOT INCLUDED IN THE TRADING BOOK (CRR 447)

Investments in equity instruments are recognised on the balance sheet at fair value. Changes in value are taken to income, except in those cases for which VP Bank Group has decided that they are to be recognised at fair value through other comprehensive income (OCI).

For illiquid shareholders' equity instruments (private equity) as well as investments in high-dividend individual shares, the OCI option is applied, which results in measurement at fair value (FVTOCI). The focus of these investments is on long-term value generation.

VALUE APPROACHES FOR EQUITIES

in CHF 1,000	Balance sheet value	Fair value
EQUITIES		
Equity shares, exchange-listed	128,374	128,374
Private Equity, non-exchange listed	4,496	4,496
INVESTMENT FUND UNITS		
exchange-listed	12,220	12,220
non-exchange listed	29,123	29,123
Total	**174,213**	**174,213**
GAINS ON EQUITY INSTRUMENTS		
Revaluation gains on equity instruments	0	3,100
Realised gains on equity instruments	0	–839
Total	**0**	**2,261**
Unrealised revaluation gain accounted in common equity tier 1 (CET1)	0	–18,587

EXPOSURE TO INTEREST RATE RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK (ART. 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 with short-term client deposits and thus is exposed to an interest rate risk.

The bank does not enter into any material interest rate risks in the trading book. For the purpose of risk management, no distinction is drawn 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 at the overall bank level. For this purpose, all balance sheet and off-balance-sheet assets and liabilities are allocated to the various maturity bands according to their contractually fixed period interest rates. For products with indefinite interest-rate and capital-commitment periods, appropriate maturity scenarios will be set on the basis of expert estimates. Implicit options in client loans business which may, for example, potentially result from special termination rights without early-redemption penalties are negligible and have not been modelled. Interest rate risk is quantified monthly at individual and consolidated level.

The following table shows the results of the interest sensitivity analysis as of 31 December 2021 at the consolidated level. For this, first of all, the current values of all asset and liability items as well as derivative financial instruments are calculated. Then, the interest rates of the relevant interest-rate curves are increased by 1 per cent (+100 basis points) in each maturity band and per currency. The respective changes represent the profit or loss of cash value resulting from the shift in the interest rate curve. Negative values point to an excess of assets, positive values to an excess of liabilities in the maturity band.

INTEREST RATE SENSITIVITY

in CHF 1,000	–100 bps	+100 bps
CHF	14,323	–12,096
EUR	10,215	–9,255
USD	15,444	–14,231
Other currencies	–3,912	3,798
Total	**36,070**	**–31,784**

Regulatory framework

The basis of this remuneration report of VP Bank is the implementation of the EU Regulation No. 575/2013 (with reference to Directive 2013/36/EU CRD IV), which, amongst other things, regulates the risks associated with remuneration policies and practices.

On the one hand, Liechtenstein has implemented this Regulation in the Act on Banks and Securities Firms (Banking Act, BankA), in particular in Art. 7a(6) thereof: “Banks and securities firms shall introduce and permanently maintain remuneration policies and practices that are consistent with sound and effective risk management as set out in this Article. The Government shall provide further details by ordinance”.

Furthermore, relevant content is set out in specific terms in Annex 1 and Annex 4.4 of the Liechtenstein Ordinance on Banks and Securities Firms (Banking Ordinance, BankO). 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. This primarily encompasses the offering of banking services for financial intermediaries and private clients in the disclosed target markets, in Liechtenstein and at the other locations as well as services for investment funds, special purpose vehicles and tokenisation

For more detailed information on the principles, elements and determination of compensation, please refer to the Annual Report of VP Bank (Compensation Report).

REMUNERATION “RISK TAKER”

in CHF	Board of Directors	Group Executive Management	Other Risk Taker
Fixed basic salary	1,546,000	3,157,530	6,438,131
Short Term Incentive (STI)	0	284,000	779,049
Performance & Restricted Share Plan (PSP & RSP)	0	1,136,024	1,847,900
Retirement benefit plans	0	413,934	685,082
Total remuneration	**1,546,000**	**4,991,487**	**9,750,162**
Number of beneficiaries	9	6	20
Vested benefits paid out in the financial year (PSP &RSP)	0	397,909	1,489,977
Outstanding vested rights, not earned (PSP &RSP)	0	754,868	2,154,724

In the 2021 financial year, neither new sign-on nor severance payments were paid to the members of the GEM.

In two cases, the other risk takers received new sign-on payments (usually compensation for lost benefits from the former employer) amounting to CHF 84,840 in the 2021 financial year. The highest amount granted to a risk taker was CHF 50,000. No severance payments were made to the other risk takers in the 2021 financial year.

In the 2021 financial year, one risk taker received compensation of between EUR 1 million and EUR 1.5 million.

REMUNERATION "RISK TAKER" BY BUSINESS SEGMENT

in CHF	Intermediaries & Private Clients		Client Solutions		Corporate Center		Total	
	Amount	Share in %	Amount	Share in %	Amount	Share in %	Amount	Share in %
Fixed basic salary	3,888,044	66%	1,104,208	70%	4,603,408	63%	9,595,660	65%
Short Term Incentive (STI)	554,049	9%	66,000	4%	443,000	6%	1,063,049	7%
Performance & Restricted Share Plan (PSP & RSP)	1,067,978	18%	264,032	17%	1,651,914	23%	2,983,924	20%
Retirement benefit plans	341,434	6%	138,623	9%	618,959	8%	1,099,016	7%
Total remuneration	**5,851,505**	**100%**	**1,572,863**	**100%**	**7,317,281**	**100%**	**14,741,649**	**100%**

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.

LEVERAGE RATIO

in CHF 1,000		31.12.2021
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	13,181,017
2	Asset amounts deducted in determining tier 1 capital	–116,149
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**13,064,868**
DERIVATIVE EXPOSURES		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	46,875
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	105,354
EU-5a	Exposure determined under original exposure method	n.a.
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	n.a.
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	n.a.
8	Exempted CCP leg of client-cleared trade exposures	n.a.
9	Adjusted effective notional amount of written credit derivatives	n.a.
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	n.a.
11	**Total derivatives exposures (sum of lines 4 to 10)**	**152,229**
SFT EXPOSURES		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	n.a.
13	Netted amounts of cash payables and cash receivables of gross SFT assets	n.a.
14	Counterparty credit risk exposure for SFT assets	n.a.
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	n.a.
15	Agent transaction exposures	n.a.
EU-15a	Exempted CCP leg of client-cleared SFT exposure)	n.a.
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**0**
OTHER OFF-BALANCE SHEET EXPOSURES		
17	Off-balance sheet exposures at gross notional amount	630,549
18	(Adjustments for conversion to credit equivalent amounts)	–485,263
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**145,286**
EXEMPTED EXPOSURES IN ACCORDANCE WITH ARTICLE 429(7) AND (14) OF REGULATION (EU) NO 575/2013 (ON AND OFF BALANCE SHEET)		
EU-19a	Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet)	n.a.
EU-19b	**Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet)**	**n.a.**
CAPITAL AND TOTAL EXPOSURE MEASURE		
20	Tier 1 capital	1,014,488
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**13,362,384**
LEVERAGE RATIO		
22	**Leverage ratio**	**7.6%**
CHOICE ON TRANSITIONAL ARRANGEMENTS AND AMOUNT OF DERECOGNISED FIDUCIARY ITEMS		
EU-23	Choice on transitional arrangements for the definition of the capital measure	n.a.
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	n.a.

SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

in CHF 1,000	31.12.2021
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)	13,181,017
of which Trading book exposures	10,482
Banking book exposures	13,170,535
of which Covered bonds	361,936
Exposures treated as sovereigns	2,943,132
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	237,943
Institutions	1,948,465
Secured by mortgages of immovable properties	3,127,571
Retail exposures	647,934
Corporate	3,455,683
Exposures in default	34,688
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	413,183

SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

in CHF 1,000	31.12.2021
Total assets as per published financial statements	13,196,430
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013	0
Adjustments for derivative financial instruments	105,354
Adjustment for securities financing transactions (SFTs)	0
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	145,286
Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013	0
Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013	0
Other adjustments	–84,687
Leverage ratio total exposure measure	**13,362,384**

Risk of excessive debt

In order to prevent the risk of excessive indebtedness, VP Bank has set a minimum value for the leverage ratio and reviews compliance therewith at least on a quarterly basis. A regulatory binding minimum ratio does not exist in 2021. This will become valid when CRR II enters into force in Liechtenstein in May 2022.

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

CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW (EU CR3)

in CHF 1,000		Exposures unsecured – carrying amount	Exposures secured – carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Total loans	1,844,701	5,590,975	5,567,918	23,057	0
2	Total debt securities	2,092,921	361,936	361,936	0	0
3	Total exposures	7,366,587	6,392,331	6,369,182	23,149	0
4	of which defaulted	7,588	27,153	27,153	0	0

The following figure provides an overview of the overall extent to which credit risk mitigation techniques are used in accordance with Article 453(f) and (g) of the CRR. In addition to financial collateral, real estate collateral and asset collateral are also included among the collateral reported in the column "Risk exposures backed by collateral". Both unsecured and secured net carrying amounts are disclosed.

STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

in CHF 1,000		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
	EXPOSURE CLASSES						
1	Central governments or central banks	2,683,215	0	2,683,215	0	1,899	0.1%
2	Regional government or local authorities	170,544	29	170,544	0	36,531	21.4%
3	Public sector entities	217,941	2	217,941	0	42,136	19.3%
4	Multilateral development banks	80,886	0	80,886	0	4,218	5.2%
5	International organisations	10,835	0	10,835	0	0	0.0%
6	Institutions	1,786,321	4,204	1,809,389	857	360,213	19.9%
7	Corporates	2,605,562	134,547	2,023,536	36,507	1,168,161	56.7%
8	Retail	1,687,942	239,511	310,757	25,253	316,928	94.3%
9	Secured by mortgages on immovable property	3,127,571	252,175	3,127,571	54,544	1,356,874	42.6%
10	Exposures in default	34,688	53	30,951	2	43,939	142.0%
11	Exposures associated with particularly high risk	27,025	17	27,025	3	40,543	150.0%
12	Covered bonds	361,936	0	361,936	0	36,194	10.0%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.0%
14	Collective investment undertakings	36,329	0	36,329	0	36,329	100.0%
15	Equity	128,108	0	128,108	0	128,108	100.0%
16	Other items	169,478	0	169,478	0	155,390	91.7%
17	**Total**	**13,128,381**	**630,538**	**11,188,501**	**117,165**	**3,727,461**	**33.0%**

LIQUIDITY

VP Bank has implemented a process, the Internal Liquidity Adequacy Assessment Process (ILAAP), to ensure risk-adequate liquidity. The ILAAP approach involves two complementary perspectives: the normative perspective is based on ensuring the continuous fulfilment of all legal and internal requirements, while the economic perspective ensures the institution's ability to survive.

Liquidity risk ultimately represents the risk that the Bank will be unable to meet its payment obligations (insolvency risk). It comprises the market liquidity risk on the one hand and the idiosyncratic liquidity risk on the other. Market liquidity risk is the risk that the Bank is unable to procure the required liquidity due to market distortions on the money or capital markets, or cannot do so under adequate terms and conditions. For example, the market for securities, which 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, for short-term liquidity procurement. Idiosyncratic liquidity risk, on the other hand, represents the risk that the Bank is unable to procure the required liquidity for reasons relating to VP Bank itself, or can do so only under inadequate terms and conditions.

Liquidity risks are monitored and controlled – in compliance with statutory liquidity standards and regulations of the BankO, CRR and Capital requirements directive (CRD) – by means of internal guidelines and limits for the interbank and credit business and further balance-sheet-related key figures. Maintaining liquidity within VP Bank Group at all times is a top priority. This is ensured with a high level of cash and cash equivalents and investments with high liquidity (HQLA – High Quality Liquid Assets). Approximately two-thirds of the HQLA are held at central banks. VP Bank has complied with the minimum liquidity requirements in 2021 at all times.

If necessary, VP Bank can access the Eurex repo market to procure covered liquidity at short notice.

The LCR is actively managed and monitored in all currencies (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. It is only dependent on the capital market to a minor extent.

Derivative items which might involve potential collateral requirements consist primarily of interest-rate swaps and currency swaps – the potential collateral requirements are low in amount.

With the help of regular stress tests, the impact of extraordinary (although plausible) events on liquidity is analysed. This enables VP Bank to take countermeasures in good time and, if necessary, to set limits.

A liquidity emergency plan is designed to ensure that VP Bank continues to have sufficient liquidity, even in cases of bank-specific or market-triggered liquidity crises as well as combinations thereof. For this purpose, suitable early warning indicators are identified and regularly monitored. Possible measures are set out in the emergency liquidity plan.

The Net Stable Funding Ratio (NSFR) is mandatory for VP Bank as of May 2022 and is monitored on an ongoing basis.

Declaration of the Board of Directors

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

Key performance indicators in VP Bank's liquidity management include the LCR, NSFR, the liquidity reserve and distance to liquidity. 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 2021, the LCR is 160 per cent and the NSFR is 179 per cent, which is both ratios are well above the minimum requirement of 100 percent. Similarly, the distance to liquidity according to the stress test was significantly more than 31 days. VP Bank complied with the 2021 LCR at all times.

LIQUIDITY COVERAGE RATIO

in CHF 1,000	Unweighted value (average)				Weighted value (average)			
Quarter ending	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2021	30.06.2021	30.09.2021	31.12.2021
Number of data points used	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	4,387,949	4,312,495	4,187,830	4,077,372
CASH OUTFLOWS								
Retail deposits and deposits from small business customers	4,726,158	4,876,360	4,870,246	4,824,367	537,756	554,263	551,520	543,008
of which Stable deposits	665,028	672,715	673,265	674,149	33,251	33,636	33,663	33,707
of which Less stable deposits	4,061,130	4,203,645	4,196,981	4,150,218	504,505	520,627	517,856	509,300
Unsecured wholesale funding	6,643,225	6,593,281	6,513,311	6,559,453	4,544,145	4,586,323	4,556,574	4,595,775
• Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
• Non-operational deposits (all counterparties)	6,643,225	6,593,281	6,513,311	6,559,453	4,544,145	4,586,323	4,556,574	4,595,775
• Unsecured debt	0	0	0	0	0	0	0	0
Secured wholesale funding	n.a.	n.a.	n.a.	n.a.	0	0	0	0
Additional requirements	568,205	584,145	601,761	624,388	223,895	226,148	226,278	239,504
• Outflows related to derivative exposures and other collateral requirements	120,159	117,782	109,979	111,216	120,159	117,782	109,979	111,216
• Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
• Credit and liquidity facilities	448,047	466,363	491,781	513,172	103,736	108,366	116,298	128,287
Other contractual funding obligations	134,697	131,539	127,369	123,500	134,697	131,539	127,369	123,500
Other contingent funding obligations	34,277	33,855	33,689	30,916	15,817	15,411	15,259	12,501
Outflwos from secured lending and capital market-driven transactions	668	668	780	793	668	668	780	793
Total cash outflows	**12,107,230**	**12,219,848**	**12,147,155**	**12,163,417**	**5,456,978**	**5,514,352**	**5,477,780**	**5,515,081**
CASH INFLOWS								
Secured lending (eg reverse repos)	0	0	0	0	0	0	0	0
Inflows from fully performing exposures	4,347,012	4,382,317	4,507,378	4,594,637	2,962,486	2,932,797	2,991,184	3,031,274
Other cash inflows	0	0	0	0	0	0	0	0
Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies	n.a.	n.a.	n.a.	n.a.	0	0	0	0
Excess inflows from a related specialised credit institution	n.a.	n.a.	n.a.	n.a.	0	0	0	0
Total cash inflows	**4,347,012**	**4,382,317**	**4,507,378**	**4,594,637**	**2,962,486**	**2,932,797**	**2,991,184**	**3,031,274**
Fully exempt inflows	0	0	0	0	0	0	0	0
Inflows Subject to 90% Cap	0	0	0	0	0	0	0	0
Inflows Subject to 75% Cap	4,347,012	4,382,317	4,507,378	4,594,637	2,962,486	2,932,797	2,991,184	3,031,274
					TOTAL ADJUSTED VALUE			
Liquidity buffer					4,387,949	4,312,495	4,187,830	4,077,372
Total net cash outflow					2,494,493	2,581,555	2,486,595	2,483,807
Liqudity Coverage Ratio (LCR)					178.6%	168.0%	169.1%	164.5%

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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