VP BANK

Disclosure report 2020

Seize opportunities

"Seize opportunities"

With its Strategy 2026, VP Bank set a milestone for the future of the Group. Under the motto "Seize opportunities", we have defined, among other things, a sharpened positioning and a number of strategic measures. The annual report 2020 guides you through the key components of the new strategy and presents seven themes that illustrate the idea of seizing opportunities. Learn about our approach to markets, trends, sustainable investments, risk management, data analytics, private markets and the intermediary business. The themes we show you here will also be encountered in a media advertising campaign slated for 2021.

Additional information on the topic of seizing opportunities can be found in the annual report 2020 as well as in your daily cooperation with the VP Bank team.

report.vpbank.com

Index disclosure part 8 Capital Requirements Regulation (CRR)

Key metrics

in CHF 1,000	31.12.2020	31.12.2019
Own Funds		
Tier 1 Capital	972,754	973,197
Tier 1 Ratio	20.8%	20.1%
Risk weighted assets	4,675,482	4,841,859
Combined capital buffer requirement	212,314	242,093
Leverage		
Total exposure measure	13,725,548	13,803,380
Leverage Ratio	7.1%	7.1%
Liquidity		
Liquidity Coverage Ratio (LCR)	179.4%	213.1%

The decrease in risk weighted assets is mainly due to the decrease in loans and advances to customers (decrease in volume CHF 0.5 billion).

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. Today, 990 employees manage client assets of CHF 47.4 billion.

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

Basis and purpose of the disclosure

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

The Disclosure Report provides a comprehensive picture 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 annually 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.

COVID-19

Despite the impact of the COVID 19 crisis, the capital and liquidity ratios disclosed in this report are well above the regulatory requirements.

Corporate governance

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 Group Risk as well as assessing the appropriateness of the procedures deployed to control and monitor the risks
- Assessing the strategic, business, financial, operational and reputation risks as well as discussing these with the Chief Risk Officer and the Head of Group Risk
- 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), Group Risk Committee, 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 2020 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. 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 knowhow 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 57th annual general meeting of VP Bank on April 24, 2020, Dr Beat Graf and Michael Riesen, whose mandates expired, were re-elected for a further term of three years.

Prof. Dr Teodoro D. Cocca has waived re-election and stepped down from the Board of Directors.

Katja Rosenplänter-Marxer was elected to the Board of Directors for a term of three years; she represents the interests of the anchor shareholder "Marxer Stiftung für Bank und Unternehmenswerte".

On April 24, 2020, there was a change in the chairmanship of the Board of Directors. Fredy Vogt relinquished his function as Chairman of the Board of Directors. In an extraordinary meeting of the Board of Directors following the Annual General Meeting, Dr. Thomas R. Meier was elected as the new Chairman with immediate effect. Dr Thomas R. Meier has been a member of the Board of Directors of VP Bank since 2018 and also served as its Vice Chairman since February 2019. As of 31 December 2020, 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 2020 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.

General Counsel & Chief Risk Officer, Monika Vicandi, has left VP Bank Group by mutual agreement as of 19 June 2020. Ad interim, the Head CEO Office, Dr Rolf Steiner, had taken over the function until the end of October 2020. As of November 1, 2020, Patrick Bont was appointed Group Chief Risk Officer and member of the Executive Board.

The CFO, Siegbert Näscher has decided to step down from his function and leave the bank as of June 19, 2020. Ad interim, the Head of Group Finance, Roger Barmettler, took over the leadership of the CFO area. He was definitively appointed CFO as of March 1, 2021.

Tobias Wehrli was appointed new Head of Intermediaries & Private Banking and member of the Executive Board as of July 1, 2020. He succeeded Christoph Mauchle, who relinquished his position on the Executive Board as of 30 June 2020 and left VP Bank Group at the end of September 2020 due to early retirement.

As of 1 July 2020, Dr Felix Brill moved to the CEO unit with responsibility for "Group CIO & Sustainability" and stepped down from the Executive Board.

Thomas von Hohenhau was appointed Head of Client Solutions, a new unit created as part of Strategy 2026, effective September 1, 2020. In this function, he is also a member of the Executive Board.

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 management objectives and policies (Art. 435 CRR)

Risk policy principles

Effective capital, liquidity and risk management is an elementary prerequisite for the success and stability of a bank. VP Bank understands this term 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 tolerance. The risk policy laid down by the Board of Directors of VP Bank Group constitutes the mandatory operating framework in this respect.

The risk policy regulations contain a comprehensive framework as well as a risk strategy for the risk groups business, financial and operational risks. These detail and clearly stipulate specific objectives and principles, organisational structures and processes, methods and instruments as well as targets and limits.

The following principles are applicable to risk management at VP Bank:

Harmonisation of risk-bearing capacity and risk tolerance

Risk-bearing capacity generally refers to a bank's ability to continue its business operations – or at least fully serve the claims 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 of authority and responsibilities of all bodies, organisational units and committees involved in the risk and capital management process.

Conscientious handling of risks

Strategic and operational decisions are taken based on risk-return calculations and 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.

Risk management process

The prerequisite for the risk management and the management of equity resources of VP Bank is the identification of all significant risks and their aggregation to an overall bank risk position. Which risks are significant is derived from the business model and related offerings of financial products and services of VP Bank.

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:

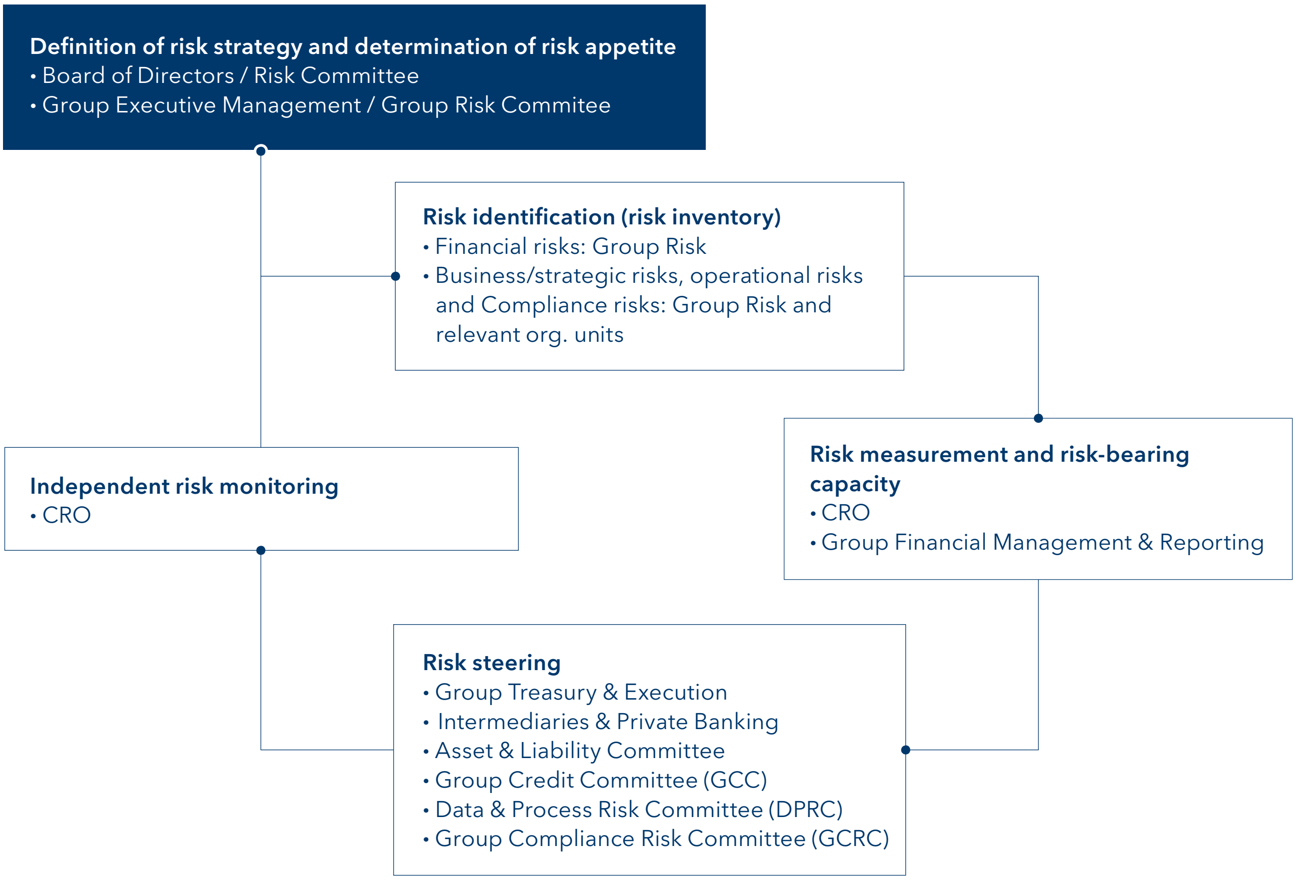
- Determination of risk strategies and approval by the Board of Directors
- Determination of risk coverage potential and establishment of risk appetite
- Risk identification (risk inventory)
- Risk measurement
- Assessment of risk-bearing capacity
- Risk management (optimization of risk/return, in compliance 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)



Scope of application (Art. 436 CRR)

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

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

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				
VP Bank (Luxembourg) SA, Luxembourg	Full consolidation	x				
VP Bank (BVI) Ltd, Tortola	Full consolidation	x				
VP Fund Solutions (Liechtenstein) AG, Vaduz	Full consolidation	x				Fund management company
VP Fund Solutions (Luxembourg) SA, Luxembourg	Full consolidation	x				
VP Wealth Management (Hong Kong) Ltd, Hong Kong	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	2,592,706	2,592,706	2,592,706	0	0	222,838	0
Receivables arising from money market papers	116,166	116,166	116,166	0	0	116,166	0
Due from banks	1,784,320	1,784,320	1,784,320	0	0	583,261	0
Due from customers	6,281,529	6,281,529	6,281,529	0	0	2,580,705	0
Trading portfolios	290	290	290	0	0	290	0
Derivative financial instruments	79,491	79,491	0	79,491	0	16,486	0
Financial instruments at fair value	182,936	182,936	182,936	0	0	118,242	0
Financial instruments measured at amortised cost	2,201,303	2,201,303	2,201,303	0	0	1,714,057	0
Associated companies	25	25	25	0	0	0	0
Property and equipment	108,156	108,156	108,156	0	0	4,095	0
Goodwill and other intangible assets	66,679	66,679	0	0	0	267	66,679
Tax receivables	159	159	159	0	0	159	0
Deferred tax assets	10,173	10,173	10,173	0	0	0	10,173
Accrued receivables and prepaid expenses	32,429	32,429	32,429	0	0	12,059	0
Other assets	66,989	66,989	66,989	0	0	61,420	0
Total assets	**13,523,351**	**13,523,351**	**13,377,181**	**79,491**	**0**	**5,430,044**	**76,852**

EU LI1 (continued)

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
Liabilities							
Due to banks	250,426	250,426	0	0	0	69,911	250,426
Due to customers – savings and deposits	589,784	589,784	0	0	0	414	589,784
Due to customers – other liabilities	10,921,871	10,921,871	0	0	0	8,214,782	10,921,871
Derivative financial instruments	104,371	104,371	0	0	0	11,911	104,371
Medium-term notes	76,148	76,148	0	0	0	10,636	76,148
Debentures issued	355,205	355,205	0	0	0	0	355,205
Tax liabilities	12,208	12,208	0	0	0	1,143	12,208
Deferred tax liabilities	141	141	0	0	0	10	141
Accrued liabilities and deferred items	36,085	36,085	0	0	0	5,666	36,085
Other liabilities	151,243	151,243	0	0	0	68,171	151,243
Provisions	812	812	0	0	0	267	812
Share capital	66,154	66,154	0	0	0	0	66,154
Less: treasury shares	–61,071	–61,071	0	0	0	0	–61,071
Capital reserves	23,377	23,377	0	0	0	0	23,377
Income reserves	1,107,739	1,107,739	0	0	0	0	1,107,739
Actuarial gains/losses from defined-benefit pension plans	–57,859	–57,859	0	0	0	0	–57,859
Unrealised gains/losses on FVTOCI financial instruments	–23,332	–23,332	0	0	0	0	–23,332
Foreign-currency translation differences	–29,951	–29,951	0	0	0	0	–29,951
Total liabilities and shareholders' equity	**13,523,351**	**13,523,351**	**0**	**0**	**0**	**8,382,912**	**13,523,351**

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

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.

in CHF 1,000	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	13,523,351	13,377,181	79,491	0	5,430,044
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	0	0	0	0	8,382,912
Total net amount under the regulatory scope of consolidation	13,523,351	13,377,181	79,491	0	–2,952,868
Off-balance-sheet amounts	619,442	139,986		0	0
Differences in valuations	105,183	0	105,183	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	–66,479	–66,479	0	0	0
Others	0	0	0	0	0
Exposure amounts considered for regulatory purposes		**13,450,687**	**184,674**	**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	31.12.2020
Common equity tier 1 (CET1) capital: instruments and reserves	
Capital instruments and the related share premium accounts	103,671
of which: shares	103,671
Retained earnings	1,033,772
Accumulated other comprehensive income (and other reserves)	–37,138
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	**1,100,304**
Common equity tier 1 (CET1) capital: regulatory adjustments	
Additional value adjustments (negative amount)	–367
Intangible assets (net of related tax liability) (negative amount)	–63,781
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)	–2,331
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)	–61,071
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)	**–127,550**
Common equity tier 1 (CET1) capital	**972,754**
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.**

Own funds (continued)

in CHF 1,000	31.12.2020
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.
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)	**972,754**
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)	**972,754**
Total risk weighted assets	**4,675,482**
Capital ratios and buffers	
Common equity tier 1 (as a percentage of total risk exposure amount)	20.8%
Tier 1 (as a percentage of total risk exposure amount)	20.8%
Total capital (as a percentage of total risk exposure amount)	20.8%
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)	12.8%
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.

Own funds (continued)

in CHF 1,000	31.12.2020
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.
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 2020 from 20.1 per cent to 20.8 per cent and remains significantly above the regulatory minimum requirement. A decline in loans and advances to clients led to a reduction in risk-weighted assets. The equity base is very solid and permits successful growth. VP Bank has complied with the 2020 minimum capital requirements at all times.

Reconciliation between balance sheet items used to calculate own funds and regulatory own funds

in CHF 1,000	31.12.2020	31.12.2019
Core capital		
Share capital	66,154	66,154
Less: treasury shares	–61,071	–68,004
Capital reserves	23,377	26,772
Income reserves	1,107,739	1,099,279
Group net income	41,622	73,543
Actuarial gains/losses from defined-benefit pension plans	–57,859	–61,151
Unrealised gains/losses on Fair Value Through OCI (FVTOCI) financial instruments	–23,332	–15,518
Foreign-currency translation differences	–29,951	–21,252
Total shareholders' equity	1,025,057	1,026,280
Deduction for dividends as per proposal of Board of Directors	–26,462	–36,385
Deduction for goodwill and intangible assets	–66,679	–62,189
Deduction for actuarial gains/losses from IAS19	57,859	61,151
Deduction for equity instruments as per art. 28 CRR	–9,989	–8,341
Other regulatory adjustments (deferred tax, securisation positions, prudential filter)	–7,032	–7,319
Total regulatory deduction	–52,303	–53,083
Eligible core capital (tier 1)	**972,754**	**973,197**
Eligible core capital (adjusted)	972,754	973,197

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)

Overview of risk weighted assets (RWAs) (EU OV1)

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.

in CHF 1,000		Risk weighted assets		Minimum capital requirements	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
1	Credit risk (excluding CCR)	3,833,968	3,961,965	306,717	316,957
2	of which the standardised approach	3,833,968	3,961,965	306,717	316,957
6	Counterparty credit risk (CCR)	50,304	57,534	4,024	4,603
7	of which mark to market	36,646	43,406	3,231	3,472
12	of which CVA	13,659	14,128	1,093	1,130
19	Market risk	203,913	253,168	16,313	20,253
20	of which the standardised approach	203,913	253,168	16,313	20,253
23	Operational risk	587,298	569,192	46,984	45,535
24	of which basic indicator approach	587,298	569,192	46,984	45,535
29	**Total**	**4,675,482**	**4,841,859**	**374,039**	**387,348**

The comparison of the distribution of risk-weighted assets compared to the previous year shows a reduction in credit risk, which is attributable to the decrease in receivables from customers. In addition, the market risk has been reduced by approximately CHF 49 million due to the newly chosen calculation approach.

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.	79,491	105,183	n.a.	n.a.	188,800	36,646
11 Total	**n.a.**	**79,491**	**105,183**	**n.a.**	**n.a.**	**188,800**	**36,646**

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

CVA capital charge (EU CCR2)

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.

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	96,111	13,659
EU4	Based on the original exposure method	n.a.	n.a.
5	**Total subject to the CVA capital charge**	**96,111**	**13,659**

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	387	0	0	0	0	0	0	0	387	387
3 Public sector entities		274	0	0	0	0	0	0	274	274
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	8,211	75,055	0	2,223	0	0	0	0	85,489	1,152
7 Corporates	0	0	0	0	0	38,229	23	0	38,252	38,252
8 Retail	0	0	0	0	8,960	55,438	0	0	64,398	64,398
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	**8,598**	**75,329**	**0**	**2,223**	**8,960**	**93,667**	**23**	**0**	**188,800**	**104,463**

Impact of netting and collateral held on exposure values (EU CCR5-A)

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

in CHF 1,000	Gross positive fair Value or net carrying amount	Netting effects	Net current credit exposure	Collateral held	Net credit exposure
Derivatives	79,491	0	79,491	0	79,491
SFTs	0	0	0	0	0
Cross product netting	0	0	0	0	0
Total	**79,491**	**0**	**79,491**	**0**	**79,491**

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	63,396	0	0	0	0
Equity securities	0	0	0	0	0	0
Total	**0**	**63,396**	**0**	**0**	**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, 2020, 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 31.12.2020, VP Bank has no direct exposures to Central Counterparties and therefore the EU CCR8 table has been omitted.

Capital buffers (Art. 440 CRR)

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 counte

- 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	2,378,622	85,211	85,211	31.2%	0.00%
Liechtenstein	2,213,545	76,809	76,809	28.1%	0.00%
USA	626,892	17,879	17,879	6.5%	0.00%
Luxembourg	537,994	13,177	13,177	4.8%	0.50%
British Virgin Islands	382,097	13,048	13,048	4.8%	0.00%
Germany	258,990	11,250	11,250	4.1%	0.00%
Austria	253,872	8,087	8,087	3.0%	0.00%
United Kingdom	200,479	7,954	7,954	2.9%	0.00%
France	191,302	6,628	6,628	2.4%	0.00%
Netherlands	170,605	5,920	5,920	2.2%	0.00%
Sweden	155,931	3,785	3,785	1.4%	0.00%
Norway	135,612	2,728	2,728	1.0%	1.00%
China	95,073	1,946	1,946	0.7%	0.00%
Cayman Islands	92,505	1,895	1,895	0.7%	0.00%
remaining countries	1,077,816	13,658	13,658	5.0%	0%-1.00%[1]
Total	**8,920,755**	**273,491**	**273,491**	**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	31.12.2020
Total risk exposure amount	4,675,482
Institution specific countercyclical buffer rate	0.0410%
Institution specific countercyclical buffer requirement	1,917

Credit risk adjustments (Art. 442 CRR)

Risk management and risk monitoring

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

Credit risks are managed and monitored not only on an individual transaction level but also on a portfolio level. On the portfolio level, VP Bank uses expected and unexpected credit loss estimates to monitor and measure credit risk. The expected credit loss quantifies a loss per credit portfolio which may be anticipated within one year, based on historical loss data and estimated default probabilities. Unexpected credit loss quantifies the deviation of potential losses from the expected loss based on a confidence level of 99 per cent over a risk horizon of one year.

In addition to the Risk Policy, the credit-granting rules constitute the binding framework for client credit risk management. They set out the general guidelines governing credit granting, the decision makers powers depending on corresponding band-widths for credit approval authority (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 loanable 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 the creditworthiness, industry segment, collateral and risk domicile of the client. VP Bank uses an internal rating method for assessing creditworthiness. Deviations from credit-granting principles (exceptions to policy) are dealt with as part of the credit risk management process depending on the risk content.

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. 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 credit capacity (investment grade rating) and registered office in an OECD country. A comprehensive system of limits restricts the level of exposure depending on the duration, rating, risk domicile and collateral of the counterparty. For banks, VP Bank relies on the rating provided by the two rating agencies Standard & Poor's and Moody's. OTC derivative transactions may only be concluded with counterparties with whom a netting agreement has been signed.

Country risk

Country risks arise whenever political or economic conditions specific to a country may affect the value of an exposure abroad. The monitoring and management of country risk is carried out by 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.

Total and average net amount of exposures (EU CRB-B)

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

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	2,893,544	3,034,555
Regional governments or local authorities	176,871	171,693
Public sector entities	209,864	218,792
Multilateral development banks	85,350	85,005
International organisations	10,756	8,002
Institutions	1,902,996	1,623,409
Corporates	2,661,473	2,686,549
Retail	1,688,005	1,581,414
Secured by mortgages on immovable property	3,567,812	3,519,417
Exposures in default	80,114	87,926
Items associated with particularly high risk	32,340	34,637
Covered bonds	432,740	459,344
Claims on institutions and corporates with a short-term credit assessment	0	158,145
Collective investments undertakings	31,943	30,615
Equity exposures	96,009	88,623
Other exposures	211,521	185,961
Total standardised approach	**14,081,337**	**13,974,086**

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	2,352,750	0	35,272	1,033	212,625	37,083	194,620	60,162	0	2,893,544
Regional governments or local authorities	60,172	13,762	0	0	17	4,024	85,382	10,337	3,177	176,871
Public sector entities	8,444	58,151	38,877	0	0	76,509	7,934	19,949	0	209,864
Multilateral development banks	0	0	11,018	0	24,016	12,684	15,494	12,035	10,103	85,350
International organisations	0	0	0	0	10,756	0	0	0	0	10,756
Institutions	1,712,967	6,465	3,092	14,173	4,291	82,172	3,205	71,406	5,224	1,902,996
Corporates	462,552	156,491	108,418	117,712	124,144	393,813	1,032,365	153,717	112,260	2,661,473
Retail exposures	512,747	55,032	19,052	49,090	135,485	279,153	149,568	459,046	28,832	1,688,005
Exposures secured by mortgages on immovable property	3,240,484	1,977	3,418	77,989	0	37,171	143,661	63,111	0	3,567,812
Exposures in default	33,408	2,719	155	15	12,298	2,100	26,708	2,573	138	80,114
Exposures associated with particularly high risk	22,721	0	0	1,565	1,713	0	1,668	2,065	2,607	32,340
Covered bonds	114,692	16,605	57,448	0	0	174,829	30,377	11,825	26,964	432,740
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)	8,502	0	0	0	18,021	0	5,419	0	0	31,943
Equity exposures	54,186	13,343	11,959	9,913	479	5,660	470	0	0	96,009
Other items	122,348	7,125	0	932	75,316	79	1,306	4,407	8	211,521
Total standardised approach	**8,705,975**	**331,670**	**288,709**	**272,423**	**619,161**	**1,105,276**	**1,698,176**	**870,633**	**189,313**	**14,081,337**

In the category "Corporates", VP Bank holds the third-largest risk position in North America after Liechtenstein and Switzerland. This position consists primarily of Treasury bonds issued by the Federal Reserve, which are classified as high quality liquid assets (HQLA).

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	2,565,375	0	0	0	328,169	0	0	0	0	2,893,544
Regional governments or local authorities	0	0	0	0	176,871	0	0	0	0	176,871
Public sector entities	2,235	0	0	0	6	199,690	0	0	7,934	209,864
Multilateral development banks	85,350	0	0	0	0	0	0	0	0	85,350
International organisations	0	0	0	0	10,756	0	0	0	0	10,756
Institutions	1,902,996	0	0	0	0	0	0	0	0	1,902,996
Corporates	1,263,751	0	1,059,791	114,194	8,603	6,831	103,372	17,855	87,077	2,661,473
Retail exposures	285,506	1,368,510	3,790	5,301	0	4,465	6,402	1,327	12,703	1,688,005
Exposures secured by mortgages on immovable property	298,324	2,010,667	42,233	815,950	0	75,900	52,079	94,832	177,826	3,567,812
Exposures in default	36,245	33,483	166	34	0	6	817	4,246	5,116	80,114
Exposures associated with particularly high risk	2,405	2,225	5,645	2,080	0	0	17,485	0	2,500	32,340
Covered bonds	415,580	0	0	0	0	17,160	0	0	0	432,740
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)	29,972	0	0	0	0	0	1,971	0	0	31,943
Equity exposures	23,252	0	72,757	0	0	0	–0	0	0	96,009
Other items	184,218	26,604	0	0	11	0	0	0	687	211,521
Total standardised approach	**7,095,209**	**3,441,489**	**1,184,383**	**937,559**	**524,415**	**304,052**	**182,126**	**118,261**	**293,844**	**14,081,337**

The category "Finance" includes the balance of due from Swiss National Bank, which amounts to appr. CHF 2.4 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	2,457,647	287,597	80,999	67,302	0	2,893,544
Regional governments or local authorities	30	16,469	104,998	55,374	0	176,871
Public sector entities	6	34,289	128,037	47,532	0	209,864
Multilateral development banks	0	12,925	59,136	13,289	0	85,350
International organisations	0	22	10,734	0	0	10,756
Institutions	623,161	1,199,444	65,083	15,308	0	1,902,996
Corporates	300,397	1,285,026	828,589	247,462	0	2,661,473
Retail exposures	270,687	1,294,117	43,055	80,145	0	1,688,005
Exposures secured by mortgages on immovable property	321,051	2,113,279	770,543	362,939	0	3,567,812
Exposures in default	75,865	721	1,915	1,613	0	80,114
Exposures associated with particularly high risk	13,195	19,146	0	0	0	32,340
Covered bonds	0	64,149	251,566	117,025	0	432,740
Institutions and corporates with a short-term credit assess-ment	0	0	0	0	0	0
Units or shares in collective investment undertakings (CIUs)	31,399	0	0	544	0	31,943
Equity exposures	96,009	0	0	–0	0	96,009
Other items	205,940	140	4,679	762	0	211,521
Total standardised approach	**4,395,386**	**6,327,323**	**2,349,333**	**1,009,294**	**0**	**14,081,337**

Credit quality of exposures by exposure class and instrument (EU CR1-A)

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.

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	2,893,545	0	0	0	0	2,893,545
17	Regional governments or local authorities	0	176,871	0	0	0	0	176,871
18	Public sector entities	0	209,864	0	0	0	0	209,864
19	Multilateral development banks	0	85,350	0	0	0	0	85,350
20	International organisations	0	10,756	0	0	0	0	10,756
21	Institutions	1	1,903,258	262		0	0	1,902,997
22	Corporates	28,456	2,670,042	15,228	0	22,254	17,356	2,683,270
24	Retail	29,352	1,693,518	10,022	0	113	88	1,712,848
26	Secured by mortgages on immovable property	36,762	3,571,189	6,667	0	3,648	2,845	3,601,285
28	Exposures in default	0	0	0	0	0	0	0
29	Items associated with particularly high risk	0	32,340	0	0	0	0	32,340
30	Covered bonds	0	432,740	0	0	0	0	432,740
31	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
32	Collective investments undertakings	0	31,943	0	0	0	0	31,943
33	Equity exposures	0	96,009	0	0	0	0	96,009
34	Other exposures	0	211,521	0	0	0	0	211,521
35	**Total standardised approach**	**94,571**	**14,018,946**	**32,180**	**0**	**26,015**	**20,289**	**14,081,337**
37	of which: Loans	94,283	7,397,822	30,937	0	26,015	20,289	7,461,168
38	of which: Debt securities	0	2,439,676	0	0	0	0	2,439,676
39	of which: off-balance-sheet exposures	287	619,155	22	0	0	0	619,420

As can be seen from the table above, VP Bank manages a high-quality client portfolio. The defaulted risk positions amount to 0.7 per cent of the gross book values. The specific credit risk adjustment amount to 0.2 per cent.

Credit quality of forborne exposures (template 1)

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.

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	175,955	5,700	5,700	5,700	57	2,065	260,962	3,539
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	11,191	0	0	0	0	0	11,325	0
Non-financial corporations	125,108	4,160	4,160	4,160	56	1,725	209,097	1,968
Household	39,656	1,540	1,540	1,540	1	340	40,540	1,571
Debt securities	0	0	0	0	0	0	0	0
Loan commitments given	0	0	0	0	0	0	0	0
Total	**175,955**	**5,700**	**5,700**	**5,700**	**57**	**2,065**	**260,962**	**3,539**

[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	**10,587,098**	**10,564,864**	**22,234**
Central banks	2,565,927	2,565,927	0
General governments	0	0	0
Credit institutions	1,786,307	1,786,307	0
Other financial corporations	1,517,156	1,497,643	19,513
Non-financial corporations	1,450,863	1,450,863	0
Households	3,266,845	3,264,125	2,721
Debt securities	**2,449,825**	**2,449,825**	**0**
Central banks	739,998	739,998	0
General governments	0	0	0
Credit institutions	604,591	604,591	0
Other financial corporations	57,643	57,643	0
Non-financial corporations	1,047,594	1,047,594	0
Off-balance-sheet exposures	**619,205**	**n.a.**	**n.a.**
Central banks	36	n.a.	n.a.
General governments	0	n.a.	n.a.
Credit institutions	4,055	n.a.	n.a.
Other financial corporations	210,214	n.a.	n.a.
Non-financial corporations	164,762	n.a.	n.a.
Households	240,139	n.a.	n.a.
Total	**13,656,129**	**13,014,689**	**22,234**

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	**80,774**	**0**	**33,254**	**4,503**	**10,995**	**32,023**	**0**	**0**	**80,774**
Central banks	0								0
General governments	0								0
Credit institutions	0								0
Other financial corporations	33,599		27,923			5,675			33,599
Non-financial corporations	11,385			92	7,152	4,141			11,385
Households	35,791		5,331	4,410	3,843	22,207			35,791
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	**237**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**237**
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	25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25
Non-financial corporations	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Households	212	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	212
Total	**81,011**	**0**	**33,254**	**4,503**	**10,995**	**32,023**	**0**	**0**	**81,011**

[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	10,587,098	10,479,854	107,244	80,774	0	80,774
Central banks	2,565,927	2,565,927	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	1,786,307	1,785,793	517	0	0	0
Other financial corporations	1,517,156	1,495,716	21,060	33,599	0	33,599
Non-financial corporations	1,450,863	1,434,070	16,774	11,385	0	11,385
Households	3,266,845	3,197,505	68,894	35,791	0	35,791
Debt securities	**2,449,825**	**2,447,553**	**2,272**	**0**	**0**	**0**
Central banks	739,998	739,998	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	604,591	604,591	0	0	0	0
Other financial corporations	57,643	57,643	0	0	0	0
Non-financial corporations	1,047,594	1,045,322	2,272	0	0	0
Off-balance-sheet exposures	**619,205**	**619,162**	**43**	**237**	**0**	**237**
Central banks	36	36	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	4,055	4,055	0	0	0	0
Other financial corporations	210,214	210,214	0	25	0	25
Non-financial corporations	164,762	164,718	43	0	0	0
Households	240,139	240,139	0	212	0	212
Total	**13,656,129**	**13,546,569**	**109,559**	**81,011**	**0**	**81,011**

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		performing	non-performing
Loans and advances	3,612	2,934	678	28,143	0	28,143	0	9,154,570	85,350
Central banks	434	434	0	0	0	0	0	110	0
General governments	0	0	0	0	0	0	0	0	0
Credit institutions	345	345	0	0	0	0	0	0	0
Other financial corporations	1,133	1,078	54	7,009	0	7,009	0	3,508,782	65,628
Non-financial corporations	1,146	827	318	3,340	0	3,340	0	1,314,301	9,624
Households	555	250	305	17,794	0	17,794	0	4,331,377	10,098
Debt securities	**225**	**225**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Central banks	65	65	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0	0
Credit institutions	148	148	0	0	0	0	0	0	0
Other financial corporations	1	1	0	0	0	0	0	0	0
Non-financial corporations	10	10	0	0	0	0	0	0	0
Off-balance-sheet exposures	**201**	**201**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
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	2	2	0	0	0	0	n.a.	0	0
Other financial corporations	189	189	0	0	0	0	n.a.	0	0
Non-financial corporations	3	3	0	0	0	0	n.a.	0	0
Households	7	7	0	0	0	0	n.a.	0	0
Total	**4,037**	**3,360**	**678**	**28,143**	**0**	**28,143**	**0**	**9,154,570**	**85,350**

[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 Total	Of which non-performing Total	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions[1]	Accumulated negative changes[2]
On-balance-sheet exposures	13,117,697	80,775	80,775	80,775	31,979	n.a.	0
Switzerland	6,235,890	9,202	9,202	9,202	2,811	n.a.	0
Liechtenstein	1,862,351	37,206	37,206	37,206	3,930	n.a.	0
United States	715,729	3,741	3,741	3,741	4,146	n.a.	0
British Virgin Islands	573,539	13,180	13,180	13,180	7,359	n.a.	0
Luxembourg	493,878	11,070	11,070	11,070	11,168	n.a.	0
Germany	306,443	0	0	0	240	n.a.	0
France	273,926	0	0	0	134	n.a.	0
Great Britain	255,789	0	0	0	45	n.a.	0
Singapore	221,735	0	0	0	23	n.a.	0
Others	2,178,417	6,376	6,376	6,376	2,123	n.a.	0
Off-balance-sheet exposures	619,442	237	237	n.a.	n.a.	201	n.a.
Liechtenstein	231,349	0	0	n.a.	n.a.	9	n.a.
Switzerland	181,018	0	0	n.a.	n.a.	5	n.a.
British Virgin Islands	45,394	28	28	n.a.	n.a.	180	n.a.
Luxembourg	27,255	0	0	n.a.	n.a.	0	n.a.
Singapore	26,551	0	0	n.a.	n.a.	0	n.a.
Others	107,875	209	209	n.a.	n.a.	7	n.a.
Total	**13,737,139**	**81,011**	**81,011**	**80,775**	**31,979**	**201**	**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 Total	Of which non-performing Total	Of which defaulted	Of which subject to impairment	Accumulated impairment	Accumulated negative changes[1]
Agriculture, forestry and fishing	6,652	0	0	0	0	0
Mining and quarrying	5,624	0	0	0	0	0
Manufacturing	113,672	0	0	0	74	0
Electricity, gas, steam and air conditioning supply	287	0	0	0	0	0
Construction	56,610	0	0	0	1	0
Wholesale and retail trade	160,665	0	0	0	59	0
Transport and storage	10,613	4,141	4,141	4,141	1,725	0
Accommodation and food service activities	23,061	0	0	0	0	0
Information and communication	116,462	5,222	5,222	5,222	999	0
Financial and insurance activities	71,785	0	0	0	77	0
Real estate activities	740,106	0	0	0	125	0
Professional, scientific and technical activities	40,510	2,022	2,022	2,022	620	0
Administrative and support service activities	33,276	0	0	0	1	0
Education	1,384	0	0	0	0	0
Human health services and social work activities	36,855	0	0	0	0	0
Other services	44,687	0	0	0	1	0
Total	**1,462,248**	**11,385**	**11,385**	**11,385**	**3,682**	**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 2020.

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 2020	37,907	0
2	Increases due to amounts set aside for estimated loan losses during the period	24,535	0
3	Decreases due to amounts reversed for estimated loan losses during the period	–26,015	0
4	Decreases due to amounts taken against accumulated credit risk adjustments	–2,673	0
5	Transfers between credit risk adjustments	–961	0
6	Impact of exchange rate differences	–612	0
7	Business combinations, including acquisitions and disposals for subsidiaries	0	0
8	Other adjustments	0	0
9	**Closing balance at 31 December 2020**	**32,181**	**0**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	41	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	Accumulated general credit risk adjustment
1	Opening balance at 1st January 2020	109,082	0
2	Loans and debt securities that have defaulted or impaired since the last reporting period	13,082	0
3	Returned to non-defaulted status	0	0
4	Amounts written off	–21,844	0
5	Other changes	–1,442	0
6	**Closing balance at 31 December 2020**	**98,878**	**0**

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 2020 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 2020 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	360,069	n.a.	13,163,282	n.a.
Loans on demand	0	n.a.	3,180,118	n.a.
Equity instruments	3,824	3,872	133,547	133,669
Debt securities	356,245	359,393	2,006,413	2,080,213
of which covered bonds	109,973	110,232	310,555	322,437
of which asset-backed securities	0	0	0	0
of which issued by general governments	153,996	154,249	565,250	583,181
of which issued by financial corporations	148,469	149,698	493,649	510,276
of which issued by non-financial corporations	53,780	55,446	947,514	986,756
Loans and advances other than loans on demand	0	n.a.	7,452,961	n.a.
of which mortgage loans	0	n.a.	3,399,258	n.a.
Other assets	0	n.a.	390,243	n.a.

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	225
Loans on demand	0	0
Equity instruments	0	0
Debt securities	0	27
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	27
of which issued by non-financial corporations	0	0
Loans and advances other than loans on demand	0	0
Other collateral received	0	198
Own debt securities issued other than own covered bonds or asset-backed securities	0	361,270
Own covered bonds and asset-backed securities issued and not yet pledged	0	0
Total assets, collateral received and own debt securities issued	**360,069**	**n.a.**

The following table details the various pledge options available as of 31 December 2020. 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	360,069
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	360,069
Total	**0**	**360,069**

Use of ECAIs (Art. 444 CRR)

Use of external rating agencies

To determine regulatory capital requirements under the Credit Risk Standardized Approach, the credit assessments of recognized rating agencies (External Credit Assessment Institutions (ECAIs)) 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.

Standardised approach (EU CR5)

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.

in CHF 1,000		**Risk weight**										
		0%	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Total**	**Of which unrated**
Exposure classes												
1	Central governments or central banks	2,891,073	0	2,029	0	0	0	442	0	0	2,893,544	0
2	Regional governments or local authorities	110	0	166,395	0	10,337	0	0	0	0	176,841	27,787
3	Public sector entities	18,106	0	184,085	0	7,667	0	0	0	0	209,858	8,438
4	Multilateral development banks	75,247	0	2,050	0	8,053	0	0	0	0	85,350	0
5	International organisations	10,756	0	0	0	0	0	0	0	0	10,756	0
6	Institutions	175,369	0	1,711,482	0	21,952	0	0	6	0	1,908,809	635,966
7	Corporates	0	0	711,446	19,704	446,321	0	827,894	1	0	2,005,366	996,194
8	Retail	0	0	533	0	0	71,289	224,916	0	0	296,739	296,739
9	Secured by real estate	0	0	0	2,263,314	859,594	0	219,481	0	0	3,342,389	3,342,389
10	Exposures in default	0	0	0	0	0	0	13,764	39,459	0	53,222	53,222
11	Items associated with particularly high risk	0	0	0	0	0	0	0	29,481	0	29,481	29,481
12	Covered bonds	0	432,740	0	0	0	0	0	0	0	432,740	0
13	Securitisation positions	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
15	Collective investments undertakings	0	0	0	0	0	0	31,943	0	0	31,943	31,943
16	Equity exposures	0	0	0	0	0	0	96,009	0	0	96,009	96,009
17	Other items	25,488	0	3,286	0	0	0	172,007	0	10,740	211,521	123,807
18	**Total**	**3,196,149**	**432,740**	**2,781,306**	**2,283,018**	**1,353,923**	**71,289**	**1,586,456**	**68,947**	**10,740**	**11,784,568**	**5,641,975**

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 applies a comprehensive set of methods and parameters to monitor and control the market risks. In this conjunction, the value-at-risk approach has become established as the standard method of measuring the general market risk. The value-at-risk for market risks quantifies the negative deviation, expressed in Swiss francs, from the value of all market risk positions as at the reporting date. The value-at-risk parameter is calculated Groupwide with the help of the historical simulation. For this purpose, historical changes in market data over a period of at least 5 years are used to evaluate all market risk positions. The forecast loss applies to a holding period of one year and there is a 99 per cent probability that this will not be exceeded.

Because the value-at-risk approach cannot identify maximum losses arising out of extreme market situations, the market risk analysis is supplemented by stress tests. Such tests make it possible to estimate the impact of extreme market fluctuations in the risk factors on the cash value of the equity capital. In the field of market risks, for example, cash value fluctuations arising out of all balance sheet items and derivatives are determined with the help of sensitivity parameters on the basis of synthetically generated market movements (parallel shift, rotation or change in the gradient of interest rate curves, fluctuation of exchange rates by a multiple of their implicit volatility, fall in equity market prices).

Monitoring and control of market risks is based – taking account of the relevant statutory and supervisory conditions – on defined internal bank targets and limits that reflect volumes and sensitivities. Scenario analyses and stress tests also show the impact of events that cannot or cannot sufficiently be taken account of within the context of the ordinary risk assessment.

The Group Treasury & Execution unit is responsible for the central control of market risks within the set limits. Group Executive Management allocates the set limits for financial risks in the form of value-at-risk (VaR) limits for financial risks across the individual subsidiaries and risk categories within which the respective subsidiaries control the risks with bottom-line responsibility. The Group Risk unit monitors the adherence to Group-wide limits.

VP Bank uses currency transactions to control the foreign exchange positions from its own financial assets. Foreign exchange risks arising out of client activities are essentially prohibited; residual currency positions are closed on the spot exchange market. Group Treasury & Execution is responsible for managing foreign exchange risks arising out of client activities.

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	171,081	13,687
Commodity risk	32,831	2,627
Total	**203,913**	**16,313**

Operational risk (Art. 446 CRR)

Operational risks

The causes of operational risks are many and varied. People can make mistakes, IT systems can malfunction or business processes can fail to have the desired effect. For this reason, it is important to identify the triggers of significant risk events and their effects, in order to limit these by means of suitable preventative measures.

At VP Bank, the management of operational risks is considered an integrative interdisciplinary function that needs to be implemented uniformly throughout the Group across divisions and processes. 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 risks result on the one hand from unexpected changes in market and environmental conditions that have negative impacts on earnings or equity capital; on the other hand, they also describe the risk of unexpected losses arising out of management decisions relating to the business policy of the Group (strategic risks). The GEM is responsible for the Management of business risks. Business risks are analysed by taking into account the banking environment and the internal situation of the company. Top risk scenarios are derived and adequate measures are developed. The responsible units or organisational units get entrusted with the implementation of the measures (Top down process).

Compliance risks

Compliance risk is defined as the risk of violations of legal and regulatory provisions which can significantly damage the reputation of VP Bank as well as lead to sanctions, fines or even a revocation of the banking license. The compliance risk of VP Bank consists in particular in the fact that VP Bank does not or does not sufficiently recognize financial crime compliance risks - such as money laundering, terrorist financing, sanctions and embargoes as well as fraud and corruption activities - of its clients and counterparties and has not established appropriate monitoring and control processes/measures to identify, manage and limit cross-border compliance risks as well as tax and securities 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 (Art. 447 CRR)

Investments in equity capital instruments are recognized in the balance sheet at fair value. Value changes are recognised in the income statement, except in cases in which VP Bank Group has decided to recognise these at fair value, while recording the change in the other overall result (“at fair value through other comprehensive income” / OCI).

For illiquid equity instruments (private equity) and investments in high-dividend individual shares, the OCI option is applied, resulting in a valuation at fair value (FVOCI) not affecting net income. In the case of these investments, the focus is on long-term value generation.

Value approaches for Equities

in CHF 1,000	Balance sheet value	Fair value
Equities		
Equity shares, exchange-listed	94,644	94,644
Private Equity, non-exchange listed	1,365	1,365
Total	**96,009**	**96,009**
Gains on equity instruments		
Revaluation gains on equity instruments	0	1,848
Realised gains on equity instruments	0	–1,071
Total	**0**	**777**
Unrealised revaluation gain accounted in common equity tier 1 (CET1)	0	–23,332

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-term to long-term client lending and own holdings of debt instruments primarily using short-term client deposits, meaning that it is subject to a risk of changing interest rates.

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 sensitivity

The following table shows the results of the interest sensitivity analysis as at 31 December 2020 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.

in CHF 1,000	-100 bps	+100 bps
CHF	7,574	–6,025
EUR	11,281	–10,207
USD	11,012	–10,038
Other currencies	–3,893	3,789
Total	**25,974**	**–22,480**

Remuneration policy (Art. 450 CRR)

Regulatory framework

Basis of the remuneration report of VP Bank is the implementation of the EU Regulation No. 575/2013 with reference to the EU Directive 2013/36/EU, which governs inter alia the risks associated with remuneration policy and practices.

Liechtenstein implemented these rules in its Banking Act, in Art. 7a Para. 6 (BankA): "Banks and securities companies must introduce a remuneration policy and practice, and must consistently ensure that these are compatible with sound and effective risk management within the meaning of this Article. The government regulates further details of the remuneration policy and practice with the Ordinance."

Furthermore, relevant content is set out in specific terms in Annex 1 and Annex 4.4 of the Liechtenstein Ordinance on Banks and Investment Firms (Verordnung über die Banken und Wertpapierfirmen – BankV). The remuneration policy of VP Bank Group is appropriate for the size of VP Bank and its business model. This covers the provision of bank services for private clients and financial intermediaries in the allocated target markets, in Liechtenstein and in the other sites, as well as investment fund services.

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

Quantitative data regarding compensation

Information relating to the salaries of members of the Board of Directors of VP Bank and members of GEM can be found in the Financial Report, in the individual financial statements of VP Bank Ltd, Vaduz, under "Compensation paid to members of governing bodies".

The following tables show the salary components of risk-takers.

Remuneration "Risk Taker"

in CHF	Executive management	Employees
Fixed basic salary	3,092,015	6,659,392
Short-Term Incentive (STI, cash), for performance year 2020	1,144,000	2,479,611
Entitlement for performance year 2020-2022	1,716,086	2,688,332
Pension fund senior employees Employer contributions	490,313	669,018
Total Remuneration[1]	**6,442,414**	**13,098,535**
PSP 2017-2019 / RSP 2017-2019 / RSP 2018-2020 / RSP 2019-2021	3,189,375	4,196,290

[1] Number of beneficiaries: 31

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	4,188,392	46%	449,930	55%	5,113,085	53%	9,751,408	50%
Short Term Incentive (Cash)	1,897,611	21%	128,000	16%	1,598,000	17%	3,623,611	19%
Performance Share Plan (PSP)	2,055,100	23%	192,057	23%	2,157,261	22%	4,404,418	23%
Pension Fund	360,450	4%	54,354	7%	744,527	8%	1,159,331	6%
Total	**9,103,735**	**100%**	**824,341**	**100%**	**9,612,873**	**100%**	**19,540,951**	**100%**

In the financial year 2020, severance payments to risk takers in the amount of CHF 145,000 were granted. Compensation in the amount of CHF 1,499,476 was paid out for GEM members who left the company. No compensation for lost benefits with the former employer was determined for Risk Takers. The following information relates to existing and former GEM members: In the 2020 financial year, 3 GEM members received compensation of between EUR 1 million and EUR 1.5 million and 1 GEM member received compensation between EUR 1.5 million and EUR 2.0 million.

Leverage (Art. 451 CRR)

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

Leverage ratio

in CHF 1,000		31.12.2020
On-balance sheet exposures (excluding derivatives and SFTs		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	13,528,438
2	Asset amounts deducted in determining tier 1 capital	–127,550
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**13,400,888**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	79,491
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	105,183
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)**	**184,674**
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	619,442
18	(Adjustments for conversion to credit equivalent amounts)	–479,457
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**139,986**
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	972,754
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**13,725,548**
Leverage ratio		
22	**Leverage ratio**	**7.09%**
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	31.12.2020
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)	13,528,438
of which Trading book exposures	290
Banking book exposures	13,528,148
of which Covered bonds	432,740
Exposures treated as sovereigns	3,166,355
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	236,742
Institutions	2,049,782
Secured by mortgages of immovable properties	3,284,178
Retail exposures	729,484
Corporate	3,114,691
Exposures in default	79,826
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	434,350

Summary reconciliation of accounting assets and leverage ratio exposures

in CHF 1,000	31.12.2020
Total assets as per published financial statements	13,523,351
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	105,183
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)	139,986
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	–42,972
Leverage ratio total exposure measure	**13,725,548**

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 2020. This will become valid when CRR II enters into force in Liechtenstein in March 2022.

Use of credit risk mitigation techniques (Art. 453 CRR)

Credit risk mitigation techniques – overview (EU CR3)

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.

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	1,905,227	5,555,941	5,546,782	9,159	0
2	Total debt securities	2,006,937	432,740	432,740	0	0
3	**Total exposures**	**7,631,673**	**6,449,664**	**6,437,666**	**11,999**	**0**
4	of which defaulted	19,098	61,015	60,344	671	0

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

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.

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	2,893,544	0	2,893,544	0	848	0.0%
2	Regional government or local authorities	176,841	30	176,841	0	38,447	21.7%
3	Public sector entities	209,858	6	209,858	0	40,651	19.4%
4	Multilateral development banks	85,350	0	85,350	0	4,436	5.2%
5	International organisations	10,756	0	10,756	0	0	0.0%
6	Institutions	1,898,942	4,054	1,907,431	1,379	353,282	18.5%
7	Corporates	2,571,562	89,912	1,979,060	26,307	1,200,082	59.8%
8	Retail	1,450,070	237,935	273,889	22,850	276,040	93.0%
9	Secured by mortgages on immovable property	3,284,178	283,633	3,284,178	58,211	1,432,270	42.9%
10	Exposures in default	79,826	287	53,217	5	72,952	137.1%
11	Exposures associated with particularly high risk	28,766	3,575	28,766	715	44,221	150.0%
12	Covered bonds	432,740	0	432,740	0	43,274	10.0%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	n.a.
14	Collective investment undertakings	31,943	0	31,943	0	31,943	100.0%
15	Equity	96,009	0	96,009	0	96,009	100.0%
16	Other items	211,521	0	211,521	0	199,514	94.3%
17	**Total**	**13,461,906**	**619,431**	**11,675,102**	**109,466**	**3,833,968**	**32.5%**

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 includes insolvency/scheduling, refinancing, market liquidity, withdrawal and step-in risk. Liquidity risk includes, for example, the risk of current and future payment obligations not being able to be refinanced in full or on time, in the right currency or at the standard market conditions, as well as cases where, due to insufficient market liquidity, it is not possible to liquidate or collateralise high-risk items on time or to the extent necessary and on reasonable terms.

Liquidity risks are monitored and controlled - in compliance with statutory liquidity standards and regulations - 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 2020 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.

Despite the fact that the Net Stable Funding Ratio (NSFR) is only mandatory with CRR II, VP Bank monitors the NSFR on a regular 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 at 31 December 2020, the LCR was 179 per cent, the NSFR was in excess of 100 per cent and the distance to liquidity according to the stress test was significantly more than 31 days. VP Bank complied with the 2020 LCR at all times.

Liquidity Coverage Ratio

in CHF 1,000	Unweighted value (average)				Weighted value (average)			
	31.03.2020	30.06.2020	30.09.2020	31.12.2020	31.03.2020	30.06.2020	30.09.2020	31.12.2020
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.	4,903,367	4,804,585	4,704,579	4,542,013
Cash outflows								
Retail deposits and deposits from small business customers	4,006,254	4,064,530	4,260,353	4,487,931	450,531	456,662	482,370	509,671
of which Stable deposits	594,247	646,752	644,369	654,152	29,712	32,338	32,218	32,708
of which Less stable deposits	3,412,007	3,417,778	3,615,985	3,833,779	420,819	424,325	450,152	476,964
Unsecured wholesale funding	6,673,977	6,736,160	6,772,182	6,717,155	4,460,461	4,488,743	4,557,233	4,572,132
• Operational deposits (all counterparties) and deposits in networks of cooperative banks	33,950	0	0	0	8,486	0	0	0
• Non-operational deposits (all counterparties)	6,640,027	6,736,160	6,772,182	6,717,155	4,451,975	4,488,743	4,557,233	4,572,132
• 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	922,300	563,842	554,889	553,357	363,780	205,743	215,262	217,829
• Outflows related to derivative exposures and other collateral requirements	79,109	93,867	111,008	121,144	79,109	93,867	111,008	121,144
• Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
• Credit and liquidity facilities	843,191	469,975	443,881	432,213	284,671	111,876	104,255	96,685
Other contractual funding obligations	167,398	154,260	144,475	137,989	167,398	154,260	144,475	137,989
Other contingent funding obligations	29,068	27,599	24,105	26,298	12,278	10,248	6,192	7,824
Outflwos from secured lending and capital market-driven transactions	0	0	0	0	0	0	0	0
Total cash outflows	**11,798,997**	**11,546,391**	**11,756,005**	**11,922,730**	**5,454,449**	**5,315,657**	**5,405,534**	**5,445,446**
Cash inflows								
Secured lending (eg reverse repos)	12,752	12,668	12,668	0	12,752	12,668	12,668	0
Inflows from fully performing exposures	4,297,255	4,411,056	4,384,840	4,392,857	2,737,315	2,888,183	2,916,965	2,981,470
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	**4,310,007**	**4,423,725**	**4,397,508**	**4,392,857**	**2,750,067**	**2,900,851**	**2,929,633**	**2,981,470**
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	4,310,007	4,423,725	4,397,508	4,392,857	2,750,067	2,900,851	2,929,633	2,981,470
					Total adjusted value			
Liquidity buffer					4,903,367	4,804,585	4,704,579	4,542,013
Total net cash outflow					2,704,382	2,414,806	2,475,901	2,463,977
Liqudity Coverage Ratio (LCR)					186.6%	201.2%	193.6%	188.0%

VP Bank Group

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

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