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VP Bank AG

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Ratings Score Snapshot

Global Scale Ratings
Issuer Credit Rating
A/Negative/A-1
Resolution Counterparty Rating
A+/--/A-1

SACP: a → **Support: 0** → **Additional factors: 0**

Anchor	a-	
Business position	Moderate	-1
Capital and earnings	Very strong	+2
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
A/Negative/A-1
Resolution counterparty rating
A+/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
A favorable financial risk profile thanks to very strong capitalization and a supportive shareholder structure.	Execution risks related to strategic transformation to an open wealth-management provider in a tightening economy.
Established market position in private banking, particularly with financial intermediaries, benefiting from Liechtenstein's sound reputation as a hub for wealth management services.	Niche player in the highly competitive private-banking segment that faces structural headwinds.
Sound funding and liquidity position, underpinned by a stable customer deposit base.	Legal and reputational risk inherent in the private banking model.

VP Bank AG's ability to deliver on its financial targets for 2026 is increasingly uncertain, given the difficult economy. The bank has stated it will maintain its Strategy 2026 and long-term ambitions for now, but will review the 2026 financial targets over the coming months because of the significantly worsened operating environment (for more information, see "VP Bank AG Maintains Its Strategy, But 2026 Financial Targets Need Review Amid A Tightening Economic Environment," published Aug. 18, 2022, on RatingsDirect). S&P Global Ratings believes maintaining the originally envisaged timeline and achieve net profits of Swiss franc (CHF) 100 million by end-2026, compared with CHF51 million in 2021, will become increasingly difficult. Challenging economic conditions and heightened geopolitical uncertainty in various markets where VP Bank operates pose significant risks. Those pressures come on top of existing structural issues for global wealth management players.

We expect that VP Bank's outstanding capitalization will remain its key rating strength. We forecast that the bank's risk-adjusted capital (RAC) ratio will remain comfortably above our 15% threshold, supported by solid earnings with moderate dividend payouts and growth in our risk-weighted assets (RWA) figure.

We maintain a cautious stance toward VP Bank's resolution strategy and buffer of bail-in-able instruments. We do not assign any rating uplift for additional loss-absorbing capacity (ALAC) that would protect senior unsecured creditors in the event of a resolution. We expect to receive details on the preferred resolution strategy for the bank and its bank-specific minimum requirement for own funds and eligible liabilities (MREL) requirements in 2023. The bank has issued only one instrument that will likely count toward its MREL.

Outlook

The negative outlook on VP Bank reflects uncertainty around the bank's transformation and ambitious goals under its revised strategy, under difficult market conditions. It also considers the challenges concerning structural problems that persist for VP Bank to deliver sound profitability in private banking, such as from general margin pressure amid high competition.

Downside scenario

We could lower the rating if the bank's growth strategy or search for additional revenue streams were not as effective as planned, leading to a loss of its reasonably successful niche position in private banking and questioning the stability of its business franchise. We could also downgrade VP Bank if we observe further risk governance deficiencies or loss incidents. A sizable acquisition could also constrain the rating should it materially erode the bank's capital buffer, reflected in our risk-adjusted capital ratio dropping below 15%.

Upside scenario

We could revise the outlook to stable if VP Bank successfully implements its revised strategy, evident from increasing fee income and continuing inflows of net new money that would result in stable to improving profitability despite persistent strong competition and difficult markets.

While we think it is unlikely, we could also consider revising the outlook to stable if we believed that VP Bank had built a material buffer of bail-inable capital that would protect senior unsecured creditors should the bank become nonviable. However, the regulator will likely communicate VP Bank's MREL in 2023 only.

Key Metrics

VP Bank AG--Key Ratios And Forecasts					
	--Fiscal year ended Dec. 31--				
(%)	2020a	2021a	2022f	2023f	2024f
Growth in operating revenue	(2.7)	3.4	1.2-1.5	4.5-5.5	5.2-6.3
Growth in customer loans	(7.6)	(1.2)	3.6-4.4	4.1-4.9	5.4-6.6
Net interest income/average earning assets (NIM)	1.1	1.0	1.0-1.1	1.1-1.2	1.1-1.3
Cost to income ratio	73.1	77.5	76.8-80.8	75.4-79.2	73.4-77.2
Return on average common equity	4.0	4.8	4.0-4.4	4.6-5.1	5.4-5.9
New loan loss provisions/average customer loans	0.3	(0.0)	0.05-0.1	0.05-0.2	0-0.05
Gross nonperforming assets/customer loans	1.2	1.0	1.0-1.1	0.9-1.0	0.9-1.0
Risk-adjusted capital ratio	18.0	18.0	17.8-18.7	17.6-18.5	17.3-18.2

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' For A Private Bank Operating In Liechtenstein

We use the economic risk and industry risk scores from our Banking Industry Country Risk Assessment (BICRA) to determine a bank's anchor, the starting point in assigning an issuer credit rating. In the case of VP Bank, a private bank, we use the economic and industry risk factors for the country of origin, Liechtenstein. Hence, the anchor for VP Bank is 'a-', based on an economic risk score of '2' and an industry risk score of '3' for Liechtenstein.

We view the economic and industry risk trends in the Liechtenstein banking industry as stable. Economic risk in the sector remains relatively low in a global context, despite its exposure to global free trade flow, challenges relating to the COVID-19 pandemic, and economic uncertainty from the war in Ukraine. Liechtenstein's wealth levels are among the highest of any rated sovereign, and risks from household debt remain average by European standards. Mirroring trends in neighboring countries such as Switzerland and Germany, house prices in Liechtenstein have risen moderately in recent years, and we expect this to continue without creating a credit-fueled asset-price bubble. Furthermore, we expect that credit losses in the country's retail and corporate banking will remain low in 2022-2023, despite potential indirect effects from the war.

Our assessment of industry risk mainly reflects banks' off-balance-sheet business model focused on private banking and wealth management. We consider Liechtenstein banks' risk appetites restrained, with a conservative risk culture, but the high confidence sensitivity of their business model exposes the financial industry to reputational risk. Nevertheless, the country has implemented international best practices for tax compliance and information exchange. In addition, the financial supervisory authority enacts banking regulation and supervision in line with EU standards. Banks' funding structures are driven by ample private-banking deposits, which we consider neutral for Liechtenstein's banking sector.

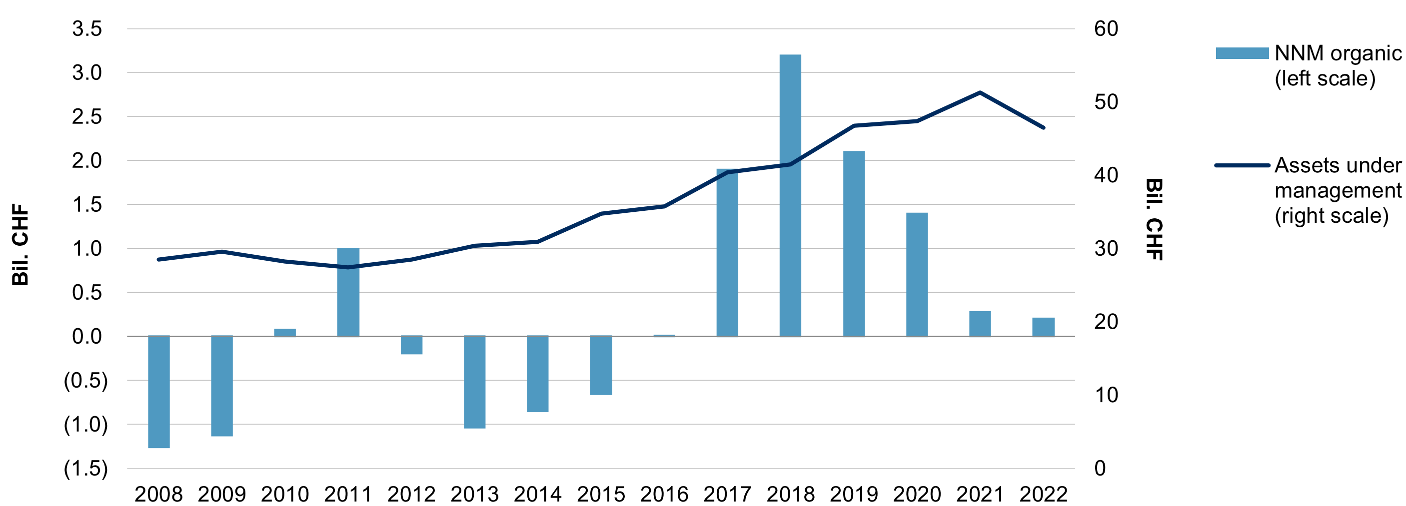
Business Position: A Niche Position In Private Banking Limits Diversity And Adds To Transformation Risk Amid A Challenging Environment

We consider VP Bank's business franchise weaker than that of larger and better diversified peers, for instance, some Swiss private banks or domestic peer LGT Bank AG. This reflects VP Bank's niche position in private banking and with financial intermediaries. Although it acts as a universal bank with retail and commercial lending activities in Liechtenstein and adjacent parts of Switzerland, it lacks business diversification and scale compared with most of its commercial and private-banking peers, in our view. At the same time, we acknowledge VP Bank's proven business stability and track record. We expect that it will continue to focus on its core competencies in private banking and its financial intermediaries business in its target markets in Liechtenstein, Switzerland, Germany, Luxembourg, the Nordics, and select Asian countries including China. There is heightened geopolitical uncertainty in various markets where VP Bank operates, which poses a revenue risk. On a global scale, the bank will remain a niche player, in our view.

We think that VP Bank will continue to record net new money inflow, but at lower levels given the challenging economy. The bank reported organic growth in net new money of CHF180 million in the first six months in 2022, significantly down from CHF652 million in first-half 2021, leading to assets under management (AUMs) of CHF46.5 billion at end-June 2022. The net new money development can be sensitive to single developments, as illustrated in 2021, when the repositioning of one institutional fund client reduced VP Bank's net new money to CHF0.3 billion. We also expect that the bank's profitability metrics will remain negatively affected by reduced market valuations which reduced its fee-generating asset base and because it needs to continue investing in its information technology infrastructure and additional client advisors.

Chart 1

After The Repositioning Of A Fund Client, Organic Net New Money Growth In 2021 Weakened



CHF--Swiss franc. NNM--New net money. 2022 refers to H1 data. Source: S&P Global Ratings, VP Bank AG.

Amid a tightening economy, VP Bank is currently in the process of reviewing its Strategy 2026 financial targets. Under Strategy 2026, the bank aims to transition toward an open wealth management platform. It intends to strengthen its franchise with intermediaries, expanding its product range to nondirect customers and allowing its own clients to make purchases from third-party providers in asset classes where it has limited offerings of its own. Given the significantly worsening economy and structural pressures in the private banking industry, we now think the execution of Strategy 2026 is becoming more challenging. In our view, it is increasingly difficult for the bank to reach its targeted net income of CHF100 million by 2026, compared with CHF51 million in 2021. Similar to other private banks, VP Bank's business stability is highly sensitive to the overall market environment and client activity. We also consider the risk of disintermediation if its customers increasingly invest in third-party products.

Table 1

VP Bank's 2026 Targets Are Under Review

	Goals under Strategy 2026	2022 H1 results
Profit	Group net income of CHF100 million by 2026	CHF21.3 million
Growth	Net new money: >4% a year over the cycle	Net new money: -35.1% compared with H1 2021
Profitability	Profit margin: >15 bps and cost-to-income ratio 70% until 2026	Profit margin: 13 bps. Cost-to-income ratio 85.7%
Stability	Tier 1 ratio: >20% over the cycle	Tier 1 ratio: 22.8%

H1--First half. CHF--Swiss franc. bps--Basis points. Source: VP Bank AG.

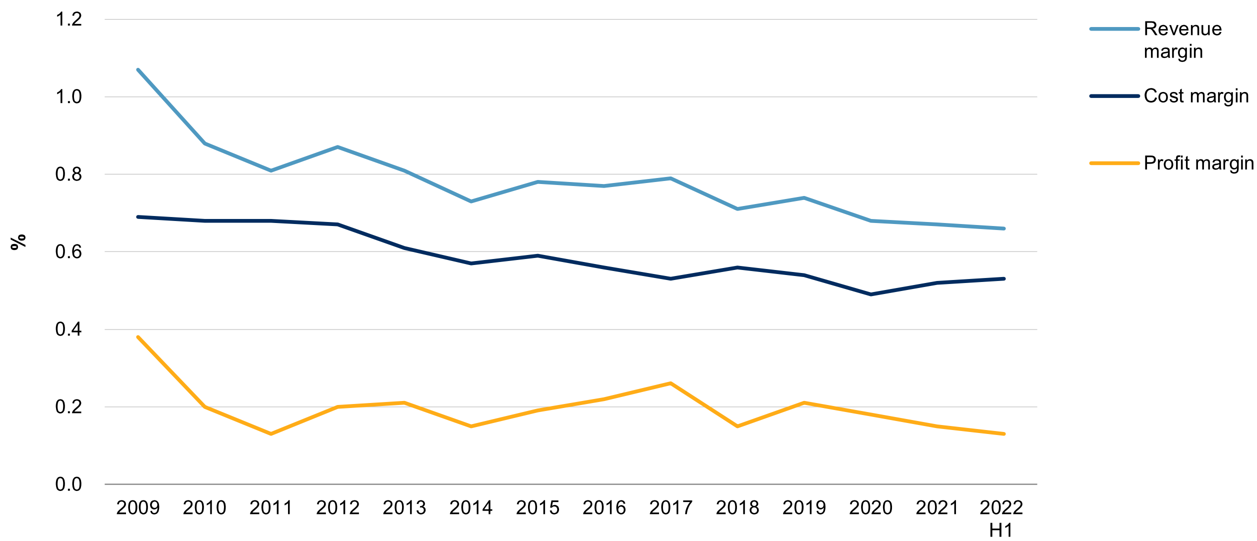
Capital And Earnings: Very Strong Capitalization Remains A Key Rating Strength

We assess VP Bank's capital and earnings as a key rating strength. This is underpinned by our projected RAC ratio of 17.7%-18.2% by year-end 2024, compared with 18.0% at year-end 2021. The bank's RAC ratio remains below its regulatory Tier 1 capital ratio, which was 22.8% at end-June 2022. This reflects S&P Global Ratings' higher risk weights compared with the regulatory approach, especially for market and operational risk. Our forecast does not factor in any large acquisitions since we expect that VP Bank would not jeopardize its capitalization. Nevertheless, the bank can use its treasury shares or issue additional capital instruments to mitigate any material capital effects from a large acquisition. We also expect the quality of VP Bank's capital, consisting solely of core capital, to remain high.

Given challenging economic conditions and investment needs under the new strategy, we think VP Bank will increase its net income only gradually. In our base-case scenario, we expect net income to reach CHF60 million-CHF70 million in 2024. VP Bank's revenue will also remain sensitive to market perceptions, development of AUMs, client activity, and changing interest rates, similar to private banking peers. Despite a comparatively low number of discretionary wealth-management mandates, we expect that the bank will maintain adequate margins on its AUMs. However, we do not anticipate that the competitive pressure will level off.

Chart 2

Continuing Pressure On Margins Is Unlikely To Reverse



H1--First half. Revenue margin is defined as operating revenue to average assets under management (AUM). Cost margin is defined as noninterest expense to average AUM. Gross profit margin is defined as preprovision operating income to average AUM. 2022 refers to H1 data. Source: S&P Global Ratings, VP Bank AG.

Risk Position: Structural Risk Management And Governance Deficits Have Been Addressed, But Operational Risks Remain Inherent To The Business Model

We think that VP Bank has now eliminated all deficiencies in its risk management and governance systems that surfaced after its large CHF20 million single loss in 2020. The bank's solid management of recent market turmoil illustrates its improved governance and organizational standards, in our view. VP Bank's implementing recent sanctions from the Russia-Ukraine conflict has been swift and thorough, which underlines its improved risk governance, in our view. We now see the bank as well equipped with risk governance and management, in line with peers'.

Still, VP Bank remains sensitive to inherent legal, operational, and reputational risks from private banking activities. We reflect those risks mainly in our starting point for the rating, because we see this as an industrywide characteristic for all Liechtenstein private banking players. We also believe that our RAC model captures the operational and reputational risks inherent in VP Bank's business model through market and operational risk charges. However, recent rounds of sanctions against companies and individuals from Russia and Belarus put a spotlight on Liechtenstein's banks while they comply fully with EU sanctions. Russia used to be a target market for VP Bank until earlier this year.

Over the past 10 years, about 10% of its net new money came from Eastern Europe, presumably most of it from Russia. Sanctions affect CHF200 million in client AUMs, but the overall impact is not material. Nevertheless, we think VP Bank is exposed to heightened geopolitical uncertainty in various markets.

The credit risk from the loan portfolio--amounting to CHF5.9 billion at end-June 2022--is contained, in our view. The loan book is generally granular and adequately collateralized, and the bank maintains prudent underwriting standards overall. This should limit the risk of further losses, even during extreme market movements. However, compared with the private-banking business, we assess higher risk in Lombard lending to legal entities, such as funds or trusts, where we usually observe no recourse to the beneficial owners in the case of collateral shortfalls. We forecast the cost of risk will remain below 10 basis points over 2022-2024. We understand VP Bank is conservatively hedging its market and foreign-exchange risks.

Funding And Liquidity: The Funding Profile Benefits From Stable And Granular Deposits

We continue to assess VP Bank's funding as average and in line with our assessment of systemwide funding in Liechtenstein. The bank's balance sheet largely reflects its private-banking deposit base and the use of Lombard loans by clients, with excess deposits invested in money market and fixed-income instruments. Unlike retail and commercial banks, private banks do not generate their main business on the balance sheet. VP Bank has historically benefited from a stable deposit base that accounted for about 96% of its funding base as of end-June 2022, resulting in a strong stable funding ratio of 180%. Despite this comparably high ratio, we do not regard funding as one of the bank's main strengths, because we view private banks' customer deposits as generally more confidence-sensitive than those of retail banks, as was evident before. They are largely uncovered by deposit insurance and we envisage greater volatility of private banks' client deposits.

VP Bank holds CHF4.7 billion of its excess deposits in cash and money market instruments and has a securities portfolio of CHF2.6 billion as of June 2022, largely constituting generally highly liquid assets. This results in adequate coverage of short-term customer deposits by net broad liquidity assets of about 50%. Liquidity is generally neutral to the ratings on private banks and depends strongly on clients' investment behavior, since a sudden shrinkage in client deposits could prompt a drop in liquidity.

Support: The Decisions On The Preferred Resolution Strategy And MREL Requirements Are Outstanding

VP Bank is the third-largest bank in Liechtenstein, and we assess the bank as systemically important. We base this on its scale and interconnectedness with the domestic economy. However, we consider the likelihood of extraordinary government support for banks in Liechtenstein uncertain, and do not include any uplift for such support in our ratings on systemic banks. We also consider the country's bank resolution framework effective. This generally allows us to include uplift for ALAC in our ratings on individual systemically important banks if we view the ALAC buffer as sufficiently high and the bank as being subject to a resolution strategy ensuring protection to senior creditors. However, Liechtenstein's Resolution Authority has not communicated the preferred resolution strategy for VP Bank, the eligible liabilities or any bank-specific requirements. Once we get clarity on the preferred resolution strategy, including requirements, which we now expect in 2023, we will assess its implication and the bank's plan to achieve the targets. We will consider the extent of the additional protection to receive timely payments for senior preferred creditors. So far, VP Bank has only issued a single senior nonpreferred bond of a nominal CHF155 million.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	G-2	**G-3**	G-4	G-5
- N/A					- N/A					- Risk management, culture and oversight				

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Governance factors are a moderately negative consideration in our credit rating analysis of VP Bank. Due to risk-management and governance deficiencies, the bank faced a large single loss in its Lombard book in 2020. Positively, the reaction to eliminate those was swift and thorough, but we believe VP Banks needs a longer track record to demonstrate its improved resilience and risk governance. We remain cautious around potential risk and governance issues stemming from its transition to an open wealth management platform, which might be less transparent than the bank's current business model. Social and environmental factors remain neutral in our analysis.

Hybrids

We rate VP Bank's senior nonpreferred note (ISIN CH0461238880), which contractually ranks below its senior unsecured debt, 'A-', one notch below the bank's stand-alone credit profile, reflecting the note's subordination in a resolution.

Resolution Counterparty Ratings (RCRs)

We assigned our 'A+' RCR to VP Bank since we assess the resolution regime in Liechtenstein to be effective, and the bank likely to be subject to a bail-in led resolution if it reaches nonviability. The RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institution.

Key Statistics

Table 2

VP Bank AG--Key Figures

	--Year ended Dec. 31--				
(Mil. CHF)	**2021**	**2020**	**2019**	**2018**	**2017**
Adjusted assets	13,112.3	13,456.7	13,337.7	12,376.7	12,723.6
Customer loans (gross)	6,263.9	6,311.6	6,833.4	6,240.4	5,713.1
Adjusted common equity	984.3	952.9	946.3	913.7	913.7
Operating revenue	329.9	319.0	327.8	290.8	300.1
Noninterest expense	255.7	233.1	236.7	229.5	201.2
Core earnings	67.7	57.7	87.9	70.5	90.0

CHF--Swiss Franc.

Table 3

VP Bank AG--Business Position

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Total revenue from business line (currency in millions)	329.9	319.0	327.8	290.8	300.1
Commercial and retail banking/total revenue from business line	90.4	90.4	90.8	95.9	87.6
Other revenue/total revenue from business line	9.6	9.6	9.2	4.1	12.4
Return on average common equity	4.8	4.0	7.3	5.6	6.8

Table 4

VP Bank AG--Capital And Earnings

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	22.4	20.8	20.2	20.9	25.7
S&P Global Ratings' RAC ratio before diversification	18.0	18.0	17.3	16.8	21.1
S&P Global Ratings' RAC ratio after diversification	15.8	16.0	15.1	14.6	18.3
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenue	33.6	35.9	35.8	38.9	34.8
Fee income/operating revenue	47.4	43.9	41.8	42.7	41.3
Market-sensitive income/operating revenue	18.4	19.9	22.3	15.9	23.1
Cost-to-income ratio	77.5	73.1	72.2	78.9	67.0
Preprovision operating income/average assets	0.6	0.6	0.7	0.5	0.8
Core earnings/average managed assets	0.5	0.4	0.7	0.6	0.7

RAC--Risk-adjusted capital.

Table 5

VP Bank AG--Risk-Adjusted Capital Framework Data

(CHF 000s)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	3,163,869.5	84,783.1	2.7	62,075.5	2.0
Of which regional governments and local authorities	170,794.7	36,530.6	21.4	6,338.1	3.7
Institutions and CCPs	2,220,450.3	404,175.5	18.2	372,481.8	16.8
Corporate	2,767,750.0	1,168,906.6	42.2	1,490,277.8	53.8
Retail	5,365,271.2	1,675,783.9	31.2	1,422,723.3	26.5
Of which mortgage	3,379,816.6	1,356,874.0	40.1	816,889.4	24.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	238,443.1	199,329.3	83.6	265,041.2	111.2
Total credit risk	13,755,784.0	3,532,978.4	25.7	3,612,599.6	26.3
Credit valuation adjustment					
Total credit valuation adjustment	--	10,637.5	--	0.0	--
Market risk					
Equity in the banking book	169,068.3	169,064.3	100.0	980,920.2	580.2
Trading book market risk	--	178,825.0	--	268,237.5	--
Total market risk	--	347,889.3	--	1,249,157.7	--
Operational risk					
Total operational risk	--	603,770.3	--	612,026.6	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	4,535,813.0	--	5,473,783.9	100.0
Total diversification/ concentration adjustments	--	--	--	759,214.9	13.9
RWA after diversification	--	4,535,813.0	--	6,232,998.8	113.9
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		1,014,488.0	22.4	984,327.0	18.0
Capital ratio after adjustments‡		1,014,488.0	22.4	984,327.0	15.8

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CHF--Swiss franc. Sources: Company data as of Dec. 31, 2021, S&P Global Ratings.

Table 6

VP Bank AG--Risk Position

	--Year ended Dec. 31--				
(%)	2021	2020	2019	2018	2017
Growth in customer loans	(0.8)	(7.6)	9.5	9.2	7.6

Table 6

VP Bank AG--Risk Position (cont.)

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Total diversification adjustment/S&P Global Ratings' RWA before diversification	13.9	13.0	14.7	15.0	14.8
Total managed assets/adjusted common equity (x)	13.4	14.2	14.2	13.6	14.0
New loan loss provisions/average customer loans	(0.0)	0.3	(0.1)	(0.2)	0.1
Net charge-offs/average customer loans	0.0	0.1	0.0	0.1	0.0
Gross nonperforming assets/customer loans + other real estate owned	1.0	1.2	0.8	0.4	1.0
Loan loss reserves/gross nonperforming assets	40.8	41.1	68.9	169.3	109.6

RWA--Risk-weighted asset.

Table 7

VP Bank AG--Funding And Liquidity

	--Year ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	96.6	94.2	92.0	92.2	91.3
Customer loans (net)/customer deposits	54.4	54.6	61.0	60.0	53.5
Long-term funding ratio	99.3	97.1	96.1	95.7	95.1
Stable funding ratio	178.7	165.2	152.0	153.0	172.8
Short-term wholesale funding/funding base	0.8	3.2	4.2	4.7	5.3
Regulatory net stable funding ratio	179.0	N/A	N/A	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	64.6	14.6	9.9	9.1	9.5
Broad liquid assets/total assets	44.9	41.7	37.4	38.3	45.6
Broad liquid assets/customer deposits	51.7	49.0	45.0	46.0	55.2
Net broad liquid assets/short-term customer deposits	50.9	45.7	40.5	41.0	49.5
Regulatory liquidity coverage ratio (LCR) (x)	160.2	N/A	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	22.6	54.5	52.7	59.9	61.2
Narrow liquid assets/3-month wholesale funding (x)	80.4	17.9	12.3	11.9	10.3

N/A--Not applicable.

VP Bank AG--Rating Component Scores

Issuer Credit Rating	**A/Negative/A-1**
SACP	a
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Moderate
Capital and earnings	Very strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	0

VP Bank AG--Rating Component Scores (cont.)	
Issuer Credit Rating	**A/Negative/A-1**
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- VP Bank AG Maintains Its Strategy, But 2026 Financial Targets Need Review Amid A Tightening Economic Environment, Aug. 18, 2022
- Liechtenstein-Based VP Bank Affirmed At 'A/A-1'; Outlook Remains Negative Amid Tightening Economic Environment, July 20, 2022
- Banking Industry Country Risk Assessment: Liechtenstein, July 12, 2022
- Banking Industry Country Risk Assessment Update: June 2022, June 28, 2022
- Swiss and Liechtenstein Bank Ratings Affirmed Under Revised FI Criteria, Feb. 8, 2022
- ESG Credit Indicator Report Card: EMEA Banks, Jan. 19, 2022
- VP Bank AG, Sept. 8, 2021

Ratings Detail (As Of October 4, 2022)*	
VP Bank AG	
Issuer Credit Rating	A/Negative/A-1
Resolution Counterparty Rating	A+/--/A-1
Senior Subordinated	A-

Ratings Detail (As Of October 4, 2022)*(cont.)	
Senior Unsecured	A
Issuer Credit Ratings History	
17-Jul-2020	A/Negative/A-1
17-May-2018	A/Stable/A-1
02-Mar-2017	A-/Positive/A-2
Sovereign Rating	
Liechtenstein	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.