

Valid from March 1st 2022

“Remuneration policy” Regulation

Table of content

1. Content and object of the remuneration policy	3
2. Basis	3
3. Governance	3
3.1. Responsibilities.....	3
3.2. Decision-making authority.....	3
3.3. Documentation and disclosure.....	3
4. Remuneration principles	3
5. Remuneration system	4
5.1. Remuneration of members of the Board of Directors.....	4
5.2. Remuneration system	4
5.3. Fixed remuneration	4
5.4. Variable remuneration.....	4
5.5. Employee shares	5
5.6. Retirement provision and staff insurance.....	5
5.7. Other remuneration components	5
5.8. Special agreements	6
6. Entry into force	6

1. Content and object of the remuneration policy

This "Remuneration policy" Regulation is applicable to VP Bank Group (in short: "VP Bank"), i.e. for all fully consolidated Group companies of VP Bank Ltd, Vaduz, in their entirety.

This "Remuneration policy" Regulation provides a binding Group-wide framework for remuneration practice, thereby ensuring that VP Bank personnel are compensated according to uniform guidelines and that the principle of equal pay for equivalent work is systematically applied. This "Remuneration policy" Regulation supplements the existing risk policy and covers the remuneration aspect of that policy.

2. Basis

The provisions and guidelines of Liechtenstein employment law and supervisory law that are relevant to this remuneration policy, in particular Annex 4.4 of the Ordinance on Banks and Investment Firms ("BankO"), are applied in this Regulation with all due consideration of the principle of proportionality.

Any provisions enacted within the context of this "Remuneration policy" Regulation by the Board of Directors, Group Executive Management and the governing bodies of the subsidiaries by way of implementing the remuneration policy and the details of the remuneration system are based on the applicable provisions of local law.

3. Governance

3.1. Responsibilities

Save where otherwise envisaged by individual provisions, the Board of Directors of VP Bank is responsible for shaping and administering the remuneration policy. Any amendment to or modification of this "Remuneration policy" Regulation requires the approval of the Board of Directors.

At Group level the Board of Directors has delegated responsibility for compliance with and implementation of this "Remuneration policy" Regulation and for its annual review to the Nomination and Compensation Committee (NCC).

With the assistance of control functions the NCC reviews this Regulation annually to ensure that it is up to date, consistent and appropriate. In so doing the NCC delegates responsibility for certain tasks to Group Executive Management. Group Executive Management keeps the NCC regularly informed of the results of its checks and submits proposals for changes to the NCC.

With all due allowance for the Group's structural organisation, Group Executive Management involves the supervisory and executive boards of the subsidiaries and, in conjunction with the latter, ensures that the remuneration

policy is implemented and periodic checks are carried out at the subsidiaries. In conformity with the remuneration policy, the subsidiaries / executive boards may devise their own remuneration system as part of the implementation process. Such remuneration systems must be presented to the Board of Directors for approval. The latter ensures that such remuneration systems are compatible with the principles applicable at Group level.

In addition, based on the predefined selection scheme, the NCC reviews the list of identified employees and amends it as and when required. Such identified employees could potentially have a significant influence on the VP Bank risk profile. They include both risk-takers and those performing risk control functions. These personnel are subject to special legal provisions which are applied in the remuneration policy and practices. Group Human Resources organises the necessary conditions for execution of the processes prescribed in this "Remuneration policy" Regulation and informs Group Executive Management and the NCC of any changes required.

Once a year the internal auditors check compliance with the rules and procedures for remuneration practice laid down in directives and regulations. The internal auditors report to the Board of Directors.

3.2. Decision-making authority

The total amount of remuneration paid to the members of the Board of Directors is set each year by the Board of Directors as a whole at the recommendation of the NCC.

The total amount of variable remuneration for VP Bank Group and the remuneration of Group Executive Management and the heads of Risk Management and Compliance are determined by the Board of Directors on the basis of a review and recommendation by the NCC.

The remuneration of the other identified personnel is determined by the NCC on the basis of a review and recommendation by Group Executive Management.

Group Executive Management has authority to determine the remuneration of other employees, and may delegate this responsibility.

3.3. Documentation and disclosure

Human Resources ensures regular, transparent internal communication and documentation of remuneration policy and practices to the employees.

As part of external reporting, the relevant aspects of the remuneration policy are disclosed in the remuneration report.

4. Remuneration principles

Subject to compliance with the relevant law, the following remuneration principles apply:

- VP Bank Group's remuneration policy and practices are simple, transparent and geared to sustainability, which include environmental, social and governance aspects. They are in line with the Group's business strategy, objectives and values as well as its long-term overall earnings and they take account of the Group's equity capital resources.
- Performance differentiation and linking pay to performance are major elements of the remuneration policy, acting as the link between the variable component of remuneration and attainment of the company's strategic objectives.
- Our remuneration policy is both compatible with and conducive to sound, effective risk management. It ensures that no conflicts of interest between the involved functions and/or individuals arise as a result of remuneration considerations. It also incorporates incentives in such a manner as to ensure wherever possible that employees do not take excessive risks for the sole purpose of boosting their remuneration in the short run.
- Under our remuneration policy we offer fair, attractive compensation in line with market conditions, allowing us to attract highly qualified and talented employees, to motivate them and bond them to VP Bank Group. We conduct regular reviews to ensure that our remuneration policy is in line with market rates.
- Because our method for calculating remuneration is not purely formulaic, it has sufficient in-built flexibility to take proper account of the performance of VP Bank Group or its subsidiaries over the relevant period.
- Our remuneration policy adheres to the principle of equal treatment. The fixed salary level is based on the employee's function. The size of the variable component reflects the performance of the Group as a whole, of the business area or team and/or of the individual concerned.
- The remuneration policy undergoes regular review. All relevant provisions are applied and implemented in our remuneration practices. All functional specifications, especially with regard to identified employees, are duly observed.

5. Remuneration system

5.1. Remuneration of members of the Board of Directors

The members of the Board of Directors of VP Bank shall be compensated in accordance with their exercise of the duties and responsibilities assigned to them by law and the Articles of Association. Three-quarters of their compensation shall be in cash, and one-quarter in the form of freely disposable VP Bank shares. The number of shares shall be based upon their market value when received. The compensation paid to members of the Board of Directors shall vary according to their function on the Board of

Directors and in its committees or other bodies (e.g. pension fund).

5.2. Remuneration system

The overall remuneration of VP Bank Group employees is made up of the fixed remuneration element plus potential further elements, such as variable remuneration, employee share schemes and fringe benefits.

The fixed remuneration for a full employment position should be high enough to ensure that the remuneration policy retains the requisite flexibility regarding any variable remuneration provided in addition.

When determining the remuneration system, attention is given to striking an appropriate balance between the fixed and variable elements and to ensuring that remuneration is appropriate to the function performed. In particular, the variable remuneration received by identified employees – including the members of Group Executive Management – must not exceed the statutory upper limit in relation to the annual salary (cf. BankO Annex 4.4 Art. 1 para. 2 item f).

5.3. Fixed remuneration

The basic remuneration is the individual's annual salary, which is stipulated in his or her employment contract and paid out in cash in monthly instalments. The size of this salary is based on the function performed and/or the requirements and responsibilities involved, as evaluated according to objective criteria. This facilitates intra-company comparability and equal treatment in terms of pay, as well as allowing comparisons with market data. VP Bank regards the fixed salary as compensation for the ordinary work activities of an employee. Each year the suitability of the fixed salary is reviewed as part of the wage round and if need be adjusted.

5.4. Variable remuneration

The variable component of remuneration may consist of an element paid out immediately and also of deferred remuneration instruments. All such elements are additional, voluntary disbursements by VP Bank Group and there is no legal entitlement to them, even if they have been made unconditionally many times in succession.

5.4.1. Financing variable remuneration

The overall variable remuneration pool is determined by the Board of Directors on the basis of key earnings figures and qualitative performance criteria. The overall pool is calculated with reference to VP Bank Group's risk-adjusted profit over multiple years, which itself takes account of sustained operational earnings, capital costs and hence present and future risks. The Board of Directors carries out a fact-based evaluation of the overall variable remuneration pool and may adjust the overall amount to a limited extent. Whenever business results are poor the overall variable

remuneration pool will decrease accordingly and may even reach zero.

The total provisions for variable remuneration must be financially viable. They must never place VP Bank Group or an individual subsidiary in financial difficulty. Another factor taken into account is the impact of variable remuneration on the Group's capital resources.

5.4.2. Allocating variable remuneration

Variable remuneration payments are made on a discretionary basis taking into account not only the employee's achievement of quantitative and/or qualitative targets but also in particular his or her compliance with the relevant statutory provisions, the company's own directives including the Code of Conduct and likewise the stipulations of the client. Multiple-year assessments may also be factored into the performance appraisal.

Performance appraisals for identified employees take as their basis individual targets and the objectives of the team, the business area and/or the subsidiary as well as VP Bank Group's overall results. Performance is judged using quantitative and qualitative criteria.

The variable remuneration of employees in control functions, Internal Audit or Legal and Compliance-related tasks is determined, independently of the results achieved by the business units they oversee, according to their achievement of the targets associated with their duties. Participation in the profit of the company or VP Bank Group within the normal parameters is permissible and, from the equal treatment perspective, reasonable.

The degree to which targets have been met is evaluated as part of the performance management process after the end of the financial year.

The amount of variable remuneration paid to individuals is decided by the line manager.

5.4.3. Payment of variable remuneration

5.4.3.1. Immediately payable variable remuneration (bonus)

The bonus is the variable remuneration paid annually in cash as a reward for the employee's contribution to results in the previous financial year.

If the bonus represents a particularly large proportion of the employee's total remuneration, a portion of it may be retained. Where reasonable and expedient, the retained portion may be allocated in the form of deferred remuneration instruments or shares subject to a lock-up period.

5.4.3.2. Deferred remuneration instruments

The purpose of deferred remuneration instruments is to achieve a long-term convergence between the interests of shareholders and employees by giving the latter a stake in the performance of the company. The deferred remuneration instruments used by VP Bank Group mainly consist of

share plans and index-based schemes, both of which are exposed to risk, as well as cash plans.

Eligibility for deferred variable remuneration instruments is dependent on the employee's function and individual performance. It is confirmed by means of an allocation certificate.

Through the use of deferred remuneration instruments VP Bank Group achieves compliance with the legal requirements for identified employee remuneration schemes, i.e. in principle a minimum of 40% of variable remuneration paid in the form of deferred remuneration instruments that are bound by a malus and/or clawback clause and as a result may lapse.

The provisions governing deferred remuneration instruments are laid down separately in the regulations of the plans in question.

5.4.3.3. Malus and clawback clauses

In certain circumstances VP Bank is entitled to retain, reduce or eliminate variable remuneration awarded to an employee (malus) or reclaim amounts already paid out (clawback). This applies in particular if the employee is later found to have been negligent or to have entered into a disproportionately high level of risk in order to boost profits.

When an employee leaves VP Bank his or her entitlement to deferred but not yet disbursed variable remuneration elements normally expires.

5.5. Employee shares

The employee share programme, with its focus on long-term participation, encourages employees to identify with VP Bank Group. Each year the entitled personnel receive a number of VP Bank AG shares in proportion to the size of their salary at a preferential purchase price, enabling them to participate in the bank's performance. The shares remain subject to lock-up for three years.

5.6. Retirement provision and staff insurance

The insurance cover provided for the economic effects of illness and accident and for retirement provision is at least equal to the statutory requirements. Where the prospective benefits and the employer's contributions exceed the statutory requirements, they are based on established market practices. The insurance cover provided and the pension contributions are set according to transparent, objective criteria.

There are no covert individual payments into the pension scheme, e.g. in order to circumvent the provisions governing variable remuneration.

5.7. Other remuneration components

On a voluntary basis VP Bank may grant employees fringe benefits. As a general rule such benefits are not extensive and are shown on the recipient's salary statement.

5.8. Special agreements

VP Bank does not make guaranteed payments (e.g. predetermined severance packages) in addition to the fixed salary. Any performance-related bonus paid to departing employees will at most be pro rata to the end of the termination notice period.

In certain exceptional individual cases involving newly recruited employees a variable remuneration component may be guaranteed for the first year of service: this is normally by way of compensating the new employee for forfeited benefits from his or her previous employer. Such compensation can be paid through VP Bank's existing remuneration instruments and hence in line with the risk profile.

6. Entry into force

This "Remuneration policy" Regulation replaces the "Remuneration policy" Regulation of 1st March 2021. It was adopted by the Board of Directors at its meeting on 17 February 2022 and entered into force on 1th March 2022.



Thomas R. Meier
Chairman of the Board
of Directors



Markus T. Hilti
Vice-Chairman of the Board
of Directors