

Compliance with compensation provisions

The compensation practices of VP Bank are in compliance with Annex 4.4 of the BankO as well as the EU Directive and are geared to long-term success. The decision concerning the earmarking of a total amount for compensation ultimately lies with the Board of Directors.

VP Bank does not make guaranteed payments in addition to fixed salaries such as end-of-service indemnities agreed in advance. Special payments upon commencement of employment may occur in given individual cases – as a rule, these relate to compensation for foregone benefits from the previous employer.

In application of Liechtenstein law, variable salary components, where applicable, may be cancelled, those withheld may be forfeited or those already paid out may be reclaimed. This applies in particular in the case of proven fault of an employee or the acceptance of excessive risk to achieve goals.

Compensation, shareholdings and loans to selected groups of persons

Board of Directors

The Board of Directors receives compensation for the duties and responsibilities conferred on them by law and pursuant to Art. 20 of the Articles of Association. This is laid down annually by the Board of Directors in plenary session acting on the proposal of the Nomination & Compensation Committee. Compensation to the Members of the Board of Directors is paid on a graduated basis according to their function on the Board of Directors and its committees or in other bodies. Three quarters of this compensation is paid in cash and one quarter is settled in the form of freely disposable VP Bank registered shares A, the number of which is determined by the current market price at the time of receipt.

Audited section

Compensation paid to the Members of the Board of Directors (audited)

in CHF 1,000		Remuneration ^{1,2}						Total remuneration	
		Fixed		thereof in registered shares A (market value)		Retirement benefit plans		2023	2022
		2023	2022	2023	2022	2023	2022	2023	2022
Board of Directors									
Dr Thomas R. Meier	Chairman ^{B, G}	490	490	123	123			490	490
Ursula Lang	Vice Chairwoman ^{B, E}	180	173	45	43			180	173
Dr Mauro Pedrazzini	Vice Chairman ^{F, H, J, M}	153	93	38	23			153	93
Stefan Amstad	BoD ^{C, F, L}	107		27				107	0
Philipp Elkuch	BoD ^{A, H}	160	153	40	38			160	153
Dr Beat Graf	BoD ^{B, D}	145	145	36	36			145	145
Markus Thomas Hilti	BoD ^I		43		11			0	43
Dr Gabriela Payer	BoD ^I		47		12			0	47
Michael Riesen	BoD ^K	53	160	13	40			53	160
Katja Rosenplänter-Marxer	BoD ^F	140	140	35	35			140	140
Stephan Zimmermann	BoD ^{B, H, L}	93		23				93	0
Total Board of Directors		1,522	1,445	381	362	0	0	1,522	1,445

^A Chairman of the Nomination & Compensation Committee.

^B Member of the Nomination & Compensation Committee.

^C Chairman of the Audit Committee.

^D Member of the Audit Committee.

^E Chairwoman of the Risk Committee.

^F Member of the Risk Committee.

^G Chairman of the Strategy & Digitalisation Committee.

^H Member of the Strategy & Digitalisation Committee.

^I Member of the Board of Directors until 29 April 2022.

^J Member of the Board of Directors from 29 April 2022.

^K Member of the Board of Directors until 28 April 2023.

^L Member of the Board of Directors from 28 April 2023.

^M Vice Chairman of the Board of Directors from 28 April 2023.

¹ Social-security costs on the emoluments paid to the Board members are borne by VP Bank.

² Compensation for out-of-pocket expenses is not included.

VP Bank has concluded no agreements on severance payments with Members of the Board of Directors.

Shareholdings and loans to the Members of the Board of Directors and related persons (audited)

in CHF 1,000

	Shareholdings in VP Bank Number of shares (including related parties, excluding qualifying participants)				Loans and credits	
	Registered shares A		Registered shares B		2023	2022
	2023	2022	2023	2022		
Board of Directors						
Dr Thomas R. Meier	5,313	3,854				
Ursula Lang	2,745	2,209				
Dr Mauro Pedrazzini	721	261				
Stefan Amstad ^b	318					
Philipp Elkuch	1,129	652			1,520	1,270
Dr Beat Graf	2,951	2,519				
Michael Riesen ^a		3,134				
Katja Rosenplänter-Marxer	1,359	942				
Stephan Zimmermann ^b	276					
Total Board of Directors	14,812	13,571	0	0	1,520	1,270

Remuneration, loans and credits to related parties: VP Bank Ltd., respectively Group, has provided remuneration by issuing a guarantee to related parties which is at arm's length terms.

Related parties are natural or legal persons who have a close personal, economic or actual relationship with a member of a governing body.

^a Member of the Board of Directors until 28 April 2023.

^b Member of the Board of Directors from 28 April 2023.

End of audited section

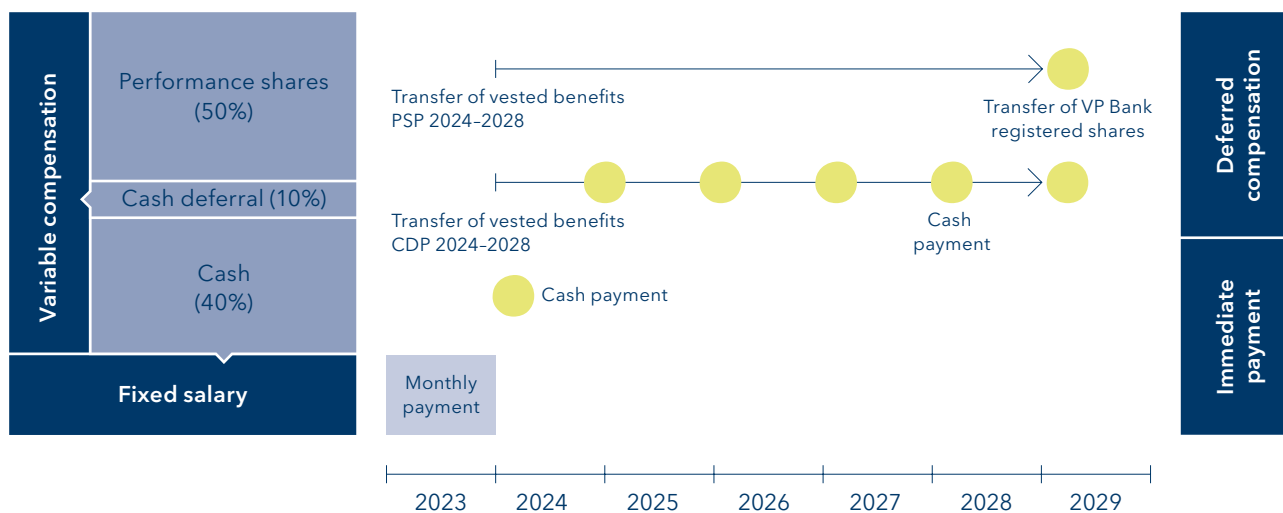
Group Executive Management

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

1. A fixed base salary; this is contractually agreed between the Board of Directors and individual members. In addition to the base salary, VP Bank pays proportionate contributions to the management insurance scheme and the pension fund.

2. A Performance Share Plan (PSP); this is a long-term variable management equity-participation programme in the form of registered shares A of VP Bank Ltd and promotes long-term commitment in the form of equity shares. At the end of the five-year plan period and depending upon performance, 50 to 150 per cent of the allocated vested benefits are transferred in the form of equity shares. This vesting multiple is determined from the weighting of an average group net income and the average net new money over the first three years of the plan period. Once the equity shares have been transferred, they remain blocked for one year.

Instruments of variable compensation



Until the time of transfer of ownership, the Board of Directors reserves the right to reduce or suspend the allocated vested benefits in the case of defined occurrences and in extraordinary situations. The share of the PSP makes up 50 per cent of total variable performance-related compensation.

3. A Cash Deferral Plan (CDP); this is a long-term management equity-participation programme in the form of cash payments. The payout is distributed pro rata over five years.

Until the time when each respective payment is made, the Board of Directors reserves the right to reduce or suspend the cash benefits allocated in the case of defined occurrences and in extraordinary situations. The share of the cash deferral makes up 10 per cent of total variable performance-related compensation.

4. An immediate cash compensation (STI), the share of which amounts to 40 per cent of total variable performance-related compensation.

The Board of Directors determines the planning parameters of the variable profit-sharing (PSP, CDP, STI) and their amount annually. The target share of total compensation varies in accordance with function and market customs. VP Bank has concluded no agreements on severance pay with the Members of Group Executive Management.

An external advisor who has no other mandates from VP Bank Group was commissioned to structure the compensation model and to verify the vesting multiple.

Audited section

Compensation paid to Group Executive Management (audited)

in CHF 1,000	Remuneration ^{1,2}										Total remuneration	
	Fixed basic salary		Short Term Incentive (STI)		Cash Deferral Plan (CDP)		Performance and Restricted Share Plan (PSP/RSP)		Retirement benefit plans		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Group Executive Management	3,303	3,220	774	506	176	383	986	765	436	448	5,674	5,322
Highest remuneration												
Paul H. Arni	700	700	200	138	50	138	250	275	109	112	1,309	1,362

¹ These amounts do not include fees or lump-sum allowances.

² Length of service awards and severance pay are included.

Group Executive Management was increased from six to seven Members at the beginning of 2023 (cf. table on page 113). The Members of Group Executive Management were paid a fixed basic salary of CHF 3.303 million in 2023. Variable compensation for the year totalled CHF 1.935 million, comprising a cash bonus of CHF 0.774 million and deferred compensation elements totalling CHF 1.161 million.

The Cash Deferral Plan (CDP 2024-2028) will be paid out on a straight-line basis over the next five years. For the 2023 financial year, a total of 10,330 performance shares were allocated to the Members of Group Executive Management as part of the Performance Share Plan (PSP 2024-2028) (previous year: 8,732 performance shares). The number of registered A shares and the corresponding monetary benefit are definitively determined only at the end of the respective plan (or upon transfer of the registered A shares). The plan period has now been set at five years, whereas it was still three years for the entitlement awarded for 2022. The calculation of the number of shares transferred after the end of the plan period depends on the achievement of the targets (net profit and net new money). In addition, the monetary benefit from the respective PSP programme is naturally determined by the share price at the time of the transfer of ownership.

End of audited section

Deferred compensation from previous years

The following payments were made to the Members of Group Executive Management in the 2023 financial year for variable deferred compensation from previous years.

The first tranche of the current plan totalling CHF 88,200 was paid out from CDP 2022-2026.

A total of 2,113 performance shares with a market value of CHF 212,357 on the date of allocation were transferred to the Members of Group Executive Management from PSP 2020-2022, which was part of the compensation for

the 2019 financial year. The vesting multiple applied was 50 per cent.

The vested benefits from previous management equity-participation programmes (PSP 2021-2023, PSP 2022-2024, PSP 2023-2025, CDP 2022-2026 and CDP 2023-2027) continue to run unchanged until the end of the plan period. The following table "Outstanding management equity-participation programmes" shows an overview of outstanding rights to deferred variable compensation from previous financial years for the members of Group Executive Management in post on 31 December 2023.

Outstanding management equity-participation programmes

Performance Share Plan	Vesting date	Performance shares		Shares (vesting)	
		Number	Value	Number	Value
PSP 2021-2023	01.03.2024	9,126	991,996	To be determined	To be determined
PSP 2022-2024	01.03.2025	10,343	1,032,438	To be determined	To be determined
PSP 2023-2025	01.03.2026	8,590	752,570	To be determined	To be determined

Cash Deferral Plan	Vesting date		Value on vesting date		Value	
	First	Last	Annually	Total	Outstanding	
CDP 2022-2026	01.03.2023	01.03.2027	82,600	413,000	330,400	
CDP 2023-2027	01.03.2024	01.03.2028	75,250	376,250	376,250	

Overview of outstanding allocations of deferred compensation (to the Members of Group Executive Management in post on 31 December 2023)

Audited section

Shareholdings and loans to Group Executive Management and related persons (checked)

in CHF 1,000	Shareholdings in VP Bank Number of shares (including related parties, excluding qualifying participants)				Loans and credits	
	Registered shares A		Registered shares B		2023	2022
	2023	2022	2023	2022		
Group Executive Management						
Paul H. Arni, CEO	587				750	
Roger Barmettler, CFO						
Patrick Bont, CRO						
Dr Mara Harvey ^c						
Dr Urs Monstein, COO	7,306	6,328			2,614	2,114
Adrian Schneider ^d	220					
Dr Rolf Steiner ^c						
Thomas von Hohenhau ^a						
Tobias Wehli ^b		6,762				2,135
Total Group Executive Management	8,113	13,090	0	0	3,364	4,249

Remuneration, loans and credits to related parties: VP Bank Ltd., respectively Group, has provided remuneration by issuing a guarantee to related parties which is at arm's length terms.

Related parties are natural or legal persons who have a close personal, economic or actual relationship with a member of a governing body.

^a Member of the Group Executive Management until 31 December 2022.

^b Member of the Group Executive Management until 31 March 2023.

^c Member of the Group Executive Management from 1 April 2023.

^d Member of the Group Executive Management from 1 August 2023.

End of audited section