

Research Update: Update:

# VP Bank AG 'A-/A-2' Ratings Affirmed; Outlook Remains Negative Still Reflecting Subpar Financials

March 20, 2026

## Overview

- We believe Liechtenstein-based VP Bank's business model has stabilized following its strategic realignment and restructuring efforts over 2024-2025.
- This has translated into net new money inflows, improved profitability, and lower employee turnover.
- However, the path to improved financial performance looks fragile, and VP Bank's current level remains below that of peers. Strengthening its franchise and improving efficiency are key to enhancing the bank's resilience.
- We affirmed our 'A-/A-2' ratings on VP Bank.
- The negative outlook reflects the risk of continuous financial underperformance compared with that of peers.

## Rating Action

On March 20, 2026, S&P Global Ratings affirmed its 'A-/A-2' long- and short-term issuer credit ratings on VP Bank AG. The outlook on the long-term rating remains negative.

At the same time, we affirmed the issue rating on the senior subordinated notes at 'BBB+' and the resolution counterparty ratings at 'A/A-1'.

## Rationale

**Our rating affirmation reflects the stabilization of the franchise.** 2025 results show improved profitability stemming from management's restructuring efforts, which are now starting to feed through in the financials. Operating expenses decreased 7.5% year over year, while operating revenue increased 2.1%. Throughout this period, VP Bank maintained its risk standards and strong capitalization. 2026 will be a pivotal year for VP Bank to demonstrate its ability to expand its client base and convert the recalibrated business model into sustainable revenue and profitability, while controlling costs to align closer with peers.

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**We expect that the bank's financial performance will continue to improve by 2028.** VP Bank's net new money (NMM) generation reached Swiss franc 1.2 billion 2025 or annualized 2.3% of assets under management, which is broadly in the range of peers. Net new money (NNM) generation in the second half of 2025 was more muted, driven by a few single stock outflows. We note that this is nothing unusual for VP Bank, as it acts as cash manager for fiduciaries. Prior to 2024, VP Bank showed weak NNM generation, partially driven by the outflow and write-down of Russian client-related assets, reflecting management's decision to exit relationships with Russian customers, and other forced outflows. We project NNM to improve and reach the target of 4% from 2026. We understand from management that the stagnation of the lending business is the result of growth being balanced by exit from less profitable loans, which will be positive for structural profitability. Improving the value proposition and attracting new clients and assets will be key to boosting operating efficiency and providing the necessary scale to absorb further investments in personnel and IT over the medium term, in our view.

**Senior management and employee turnover significantly decreased over 2024-2025, falling to 7% from 11% in 2023.** In 2024, VP Bank experienced considerable leadership change, including the CEO. However, the bank stabilized its leadership team in 2025. While we've observed a normalization in turnover, we highlight that significant leadership changes could increase execution risks related to the bank's realigned strategy.

**VP Bank's very strong capitalization provides a comfortable buffer during the restructuring process, until it brings material and sustainable improvements in profitability.** We consider VP Bank's capital as a key rating strength. We estimate a risk-adjusted capital (RAC) ratio of around 22.4% by year-end 2028, compared with 21.4% at year-end 2024. In case of attractive acquisition opportunities in the private banking sector, we do not expect that VP Bank would put its strong capitalization at risk. We also expect VP Bank's quality of capital, consisting solely of core capital, to remain high.

**Despite the stabilization and expected improvement in performance, it remains uncertain whether management will ultimately succeed in improving financial metrics to the level of peers rated 'A-'.** We continue to see risks that the bank's transformation may not result in the level of profitability and business strength in line with peers. We reflect these concerns in the negative outlook.

## Outlook

The negative outlook refers to the next 24 months and reflects the risk of continuous financial underperformance compared with peers. There is a remaining material risk, in our view, that VP Bank may not be able to close the gap with peers as regards profitability, efficiency, and customer offer. Ultimate success depends heavily on the enforcement of the planned strategy.

### Downside scenario

We could lower the rating if we concluded that VP Bank's restructuring did not translate into better financial performance, which we would see as material and sustainable to close the gap with peers over the medium term.

We will evaluate VP Bank's financial performance in relation to its 'A-' rated peers. We need to be confident that the bank is improving its financial performance sufficiently through 2028. To evaluate the trend, when analyzing 2026 performance, we would look particularly for:

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- Return on average common equity above 3% in 2026 with a clear path for further improvement toward the peer average by 2028;
- Cost-to-income ratio of below 80% (according to our calculations);
- Fee and commission income growth of above 3.5% in 2026; and
- NNM generation in line with peers.

We could also lower the ratings if the bank's capital buffer eroded significantly, reflected in our RAC ratio dropping below 15%, or if we see the bank compromising its risk standards in pursuit of growth.

### Upside scenario

We could consider revising the outlook to stable if we believe that management's actions have stabilized the bank's business model sustainably, yielding stronger financial performance and improving its business prospects over the medium term to the level of peers rated 'A-'. We would need to foresee that the bank is likely to meet our expectations through 2028.

## Rating Component Scores

### Rating Component Scores

Issuer Credit Rating	A-/Negative/A-2
SACP	a-
Anchor	a-
Business position	Constrained (-2)
Capital and earnings	Very Strong (2)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

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

## Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021

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- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [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

- [Banking Industry Country Risk Assessment: Liechtenstein](#), Sept. 17, 2025
- [Liechtenstein](#), Nov. 24, 2025
- [VP Bank AG](#), Oct. 29, 2025
- [Research Update: Liechtenstein-Based VP Bank AG Ratings Affirmed At 'A-/A-2' On Continuing Restructuring; Outlook Negative](#), March 27, 2025
- [Bulletin: VP Bank's Announced Restructuring Is A Positive Step, But The Execution Is Key](#), Aug. 20, 2024
- [VP Bank AG Outlook Revised To Negative; 'A-/A-2' Ratings Affirmed](#), May 17, 2024
- [Liechtenstein-Based LGT Bank AG And VP Bank AG Ratings Affirmed On Resolution Strategy Evolution](#), Jan. 24, 2024

## Ratings List

### Ratings List

#### Ratings Affirmed

#### **VP Bank AG**

Issuer Credit Rating	A-/Negative/A-2
Resolution Counterparty Rating	A/--/A-1
Senior Subordinated	BBB+

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