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Digitalisation is the new watchword and a topic that is bringing about permanent changes to the banking sector. VP Bank asked seven experts to demonstrate the diversity of digitalisation as well as the opportunities and challenges for the banking sector. The full-length versions are available online for reading and sharing at <https://report.vpbank.com/en>



# Report of the Board of Directors and Executive Management

## Course of business in 2016

2016 was a successful year for VP Bank (Switzerland) Ltd. The organisational changes and efforts made by the Executive Board resulted in a stable course of business and a successful conclusion of the year. Under the leadership of its Executive Board based in Zurich, our bank ideally combines traditional values of Swiss Private Banking with the strong support of VP Bank Group.

The banking market was once again characterised by changes in the past year: the markets were strongly volatile in view of Brexit at the beginning of the year, through to the US elections at the end of the year. In addition, regulatory changes remained a constant challenge for VP Bank (Switzerland) Ltd in 2016. In order to master these changes in an optimum manner, the Executive Board was further adapted and strengthened in 2016.

## Leadership and organisation

VP Bank (Switzerland) Ltd's Executive Board consisted of the following persons at the end of 2016:

- Antony Lassanianos, Chairman of the Executive Management
- Thomas Westh Olsen, Head of Private Banking Central and Eastern Europe
- Stephan Wernli, Chief Risk Officer & Head of Banking Support

Stephan Wernli was appointed to the Executive Board of VP Bank (Switzerland) Ltd on 1 June 2016. He entered VP Bank (Switzerland) Ltd in 2014 and took the position as Head of Legal, Compliance & Tax. Being an experienced expert in the field of Legal & Compliance, he strengthened the Executive Board in this field.

VP Bank (Switzerland) Ltd offers its customers services in the two divisions of "Private Banking & Intermediaries" and "Key Clients". These two divisions have a differentiated offer and follow a targeted growth strategy with a focus on the markets of Germany, Switzerland and Russia.

Our customer service units are actively supported by products and services from the "Investment Management" division, whose activities are oriented on the entire group and are rendered for all sites from Liechtenstein. This division works closely with investment and product management to provide optimum solutions and products for our customers.

The Executive Board and client advisors are locally supported in the field of credit business and credit risk controlling management by a Credit Advisor. The Banking Support division

forms the key service centre rendering the classic support services as well as legal, compliance and tax services for VP Bank (Switzerland) Ltd and ensures the banking operation at this location. We work closely with the Head Office in all divisions.

## Entrepreneurial activities

VP Bank (Switzerland) Ltd also placed an emphasis on entrepreneurial activities in 2016. It has been able to further optimise cooperation with the Head Office in Liechtenstein to benefit from economies of scale and the exchange of know-how. This formed the basis for having sufficient capacities to manage key regulatory issues.

The Group was able to make considerable progress in the field of digitalisation: it not only launched the "ProLink" platform for intermediaries but also achieved several internal improvements. It was able to digitalise manual processes for account opening to facilitate the cooperation between the individual teams. In addition, we achieved a new quality level in the field of investment proposal and investment tracking by launching our consultation tool "Finfox". This constitutes a clear added value for our customers in investment consulting. It was supported by a fundamental revision of the consultation process and relevant training measures among employees.

All advisors took part in on-going training measures in the year 2016 to be able to proactively react to the current subjects and challenges. New employees received a certification for the German market and we expanded the certifications available for existing consultants. Another focus was on information events and training sessions on current regulatory subjects such as the automatic exchange of information (AIA).

On the Russian market, the focus was also on legal provisions such as, for example, currency control. VP Bank Group handled these challenging subjects in the competency centre in Zurich in close cooperation with legal, tax, compliance and IT. Moreover, we promoted and opened up new contacts on the Russian market through VP Bank's local representation in Moscow.

VP Bank Group intensified and further optimised its cooperation in the intermediary division. Joint marketing and specialist events were held to optimally prepare the groups of customers (external asset managers, trustees and lawyers) for the regulatory changes and the digitalisation in VP Bank.

## Regulatory challenges

VP Bank (Switzerland) Ltd's international orientation was once again revealed in 2016 in view of the high requirements made by supervisory authorities. VP Bank (Switzerland) Ltd – and indeed the entire group – built up comprehensive competencies both in the front-end and tax divisions and is thus optimally prepared for the new requirements.

Both our Legal & Compliance and HR departments are positioned as professional specialist, training and consulting centres. Employees are constantly trained in terms of foreign supervisory and labour laws prevailing in the markets in which we work and these laws are integrated in the work processes. These processes ensure adequate supervision.

## Business result in 2016

The business result for 2016 is disclosed according to the accounting rules applicable to banks (ARB, FINMA Circular 2015/1).

The income from commission business and services amounted to CHF 9.6 million and fell by 23 percent compared to the previous year (2015: CHF 12.4 m). The reason for this reduction was largely the centralisation of the Investment Management activities at the Liechtenstein site and the elimination of the commissions associated therewith. At the same time, additional commission income could be generated in other fields.

The net result from interest operations was up by 16.8 percent from CHF 5.5 million to CHF 6.4 million in the reporting period. The net result from interest operations includes changes in the default-risk-related value adjustments and losses from interest operations. Changes in the default-risk-related value adjustments amount to CHF 0.6 million compared to the year before. Any value adjustments to be created in addition result from a higher borrowing volume and thus higher collective value adjustments. The income from trading activities and the fair value option amounts to CHF 2.8 million and is CHF 0.1 million above the value of the year before (2015: CHF 2.7 m).

Compared to the same period in the previous year, operating expenses could be reduced by 13.5 percent to CHF 16.0 million (2015: CHF 18.4 m) due to active cost management. Personnel expenses stood at CHF 11.6 million and were thus CHF 1.7 million below the previous year (2015: CHF 13.3 m). General and administrative expenses were down in 2016 by CHF 0.8 million to CHF 4.3 million (2015: CHF 5.1 m).

VP Bank (Switzerland) Ltd recorded an annual profit of CHF 2.0 million in the past financial year (2015: CHF 0.5 m). The company has thus been able to quadruple its profit despite a reduction in earnings caused by the centralisation of the Investment Management activities at the Head Office. On the cost side, not only the reduction of operating expenses but also the fall in depreciation and amortisation of tangible fixed assets contributed to the rise in profit. VP Bank (Switzerland) Ltd's total assets rose by CHF 223 million to CHF 1.3 billion in 2016.

VP Bank (Switzerland) Ltd recorded a net inflow of new money from customers in the amount of CHF 55.7 million (2015: net new money of CHF 144.0 m).

The headcount of VP Bank (Switzerland) Ltd fell slightly from 57.9 jobs to 55.5 positions.

## Outlook for 2017

VP Bank (Switzerland) Ltd shares the objectives set out in the group strategy for 2020. The focus is not only on ambitious growth objectives but continues to be on a sustainable and qualitative growth to be able to prevail in the competitive Swiss banking market. Our aim is growth in the target markets, based on the relevant know-how on the consultancy side and in banking support.

Besides the planned growth and a stable result of operations we consistently promote cost discipline and efficiently use the existing resources to ensure a positive financial year. The processes are constantly checked for efficiency and are digitalised and simplified wherever possible.

## Thanks

VP Bank (Switzerland) Ltd is able to look back on another intensive financial year. External and internal changes had a high impact on the business activities and made great demands on both the customers and employees. Despite all the challenges, we experienced a very positive financial year during which we were able to solidify the culture of change.

The Board of Directors and the Executive Board would like to thank the customers of VP Bank (Switzerland) Ltd for their loyalty and trust. The management expresses its thanks to the employees for their strong commitment in this intensive financial year and looks forward to the cooperation in the new year. We are convinced that we will be able to grow further in 2017 and offer our customers experiences that will continue to enthuse them.



Alfred W. Moeckli  
President of the  
Board of Directors



Antony Lissanianos  
Chairman of the  
Executive Board



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Financial Year 2016  
VP Bank (Switzerland) Ltd

# Governing bodies

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## Board of Directors

Alfred W. Moeckli, Vaduz	Chairman
Dr. Georg R. Lehner, Thalwil <sup>1</sup>	Vice Chairman
Martin C. Beinhoff, Pfäffikon SZ <sup>2</sup>	Vice Chairman
Siegbert Näscher, Gamprin <sup>1</sup>	
Christoph Mauchle, Vaduz	
Alexander Vögele, Zurich	

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## Executive Management

Antony Lissanianos <sup>3</sup>	Chairman of the Executive Board
Thomas Westh Olsen	Member
Stephan Wernli <sup>4</sup>	Member

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## External and internal auditors

Statutory auditors	Ernst & Young Ltd, Berne
Internal Audit	Internal Audit of VP Bank Ltd, Vaduz

<sup>1</sup> until 27.04.2016

<sup>2</sup> per 27.04.2016

<sup>3</sup> until 31.05.2016 Chairman of the Executive Board a.i.

<sup>4</sup> per 01.06.2016

# Balance sheet

## Assets

in CHF	Notes	31.12.2016	31.12.2015
Liquid assets		135,430,149	104,737,930
Amounts due from banks		874,903,683	692,934,786
Amounts due from customers	3.2	154,920,227	148,997,574
Mortgage loans	3.2	99,305,054	95,886,694
Positive replacement values of derivative financial instruments	3.4	1,590,533	2,655,782
Financial investments	3.5	66,282,103	63,405,497
Accrued income and prepaid expenses		3,047,720	3,471,164
Tangible fixed assets	3.8	185,514	300,556
Other assets	3.10	253,859	276,980
<b>Total assets</b>		<b>1,335,918,842</b>	<b>1,112,666,963</b>
Total subordinated claims		0	0

## Liabilities

in CHF	Notes	31.12.2016	31.12.2015
Amounts due to banks		54,211,776	41,466,273
Amounts due in respect of customer deposits		1,215,842,507	1,006,691,383
Negative replacement values of derivative financial instruments	3.4	1,523,328	2,578,554
Accrued expenses and deferred income		2,021,582	1,784,285
Other liabilities	3.10	1,294,471	1,230,907
Provisions	3.16	4,068,000	3,911,657
Bank's capital	3.17	20,000,000	20,000,000
Statutory retained earnings reserve		3,040,000	3,006,000
Voluntary retained earnings reserves		20,980,000	20,980,000
Profit carried forward		10,983,905	10,473,141
Profit		1,953,273	544,763
<b>Total liabilities</b>		<b>1,335,918,842</b>	<b>1,112,666,963</b>
Total subordinated liabilities		0	0

## Off-balance-sheet transactions

in CHF	Notes	31.12.2016	31.12.2015
Contingent liabilities	3.28	68,111,229	16,259,225
Irrevocable commitments		1,664,000	2,287,200

# Income statement

## Income and expenses from ordinary banking activities

in CHF	Notes	2016	2015
<b>Result from interest operations</b>			
Interest and discount income		5,798,650	4,530,758
Interest and dividend income from financial investments		611,183	586,606
Interest expense		201,135	-85,237
<b>Gross result from interest operations</b>		<b>6,610,968</b>	<b>5,032,127</b>
Changes in value adjustments for default risks and losses from interest operations		-235,000	427,000
<b>Subtotal net result from interest operations</b>		<b>6,375,968</b>	<b>5,459,127</b>
<b>Result from commission business and services</b>			
Commission income from securities trading and investment activities		12,111,106	14,778,654
Commission income from lending activities		194,608	130,825
Commission income from other services		1,365,500	1,367,636
Commission expense		-4,091,455	-3,890,775
<b>Subtotal result from commission business and services</b>		<b>9,579,759</b>	<b>12,386,340</b>
<b>Result from trading activities and the fair value option</b>	3.32	<b>2,822,941</b>	<b>2,677,314</b>
<b>Other result from ordinary activities</b>			
Result from the disposal of financial investments			-355,000
Other ordinary income		652,041	49,801
Other ordinary expenses			-9,032
<b>Subtotal other result from ordinary activities</b>		<b>652,041</b>	<b>-314,231</b>
<b>Operating expenses</b>			
Personnel expenses	3.34	-11,614,338	-13,343,343
General and administrative expenses	3.35	-4,339,516	-5,099,444
<b>Subtotal operating expenses</b>		<b>-15,953,854</b>	<b>-18,442,787</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	3.16	-161,680	-883,224
Changes to provisions and other value adjustments and losses	3.16	-636,902	-332,645
<b>Operating result</b>		<b>2,678,273</b>	<b>549,894</b>
Extraordinary income	3.36		378,398
Extraordinary expenses	3.36		-17,464
Taxes	3.39	-725,000	-366,065
<b>Profit</b>		<b>1,953,273</b>	<b>544,763</b>

## Appropriation of profit

in CHF	2016	2015
<b>Profit</b>	<b>1,953,273</b>	<b>544,763</b>
Profit carried forward	10,983,905	10,473,141
<b>Distributable profit</b>	<b>12,937,178</b>	<b>11,017,904</b>
<b>Appropriation of profit</b>		
Allocation to statutory retained earnings reserve	-100,000	-34,000
Allocations to Voluntary retained earnings reserves	-1,000,000	
<b>New amount carried forward</b>	<b>11,837,178</b>	<b>10,983,904</b>



# Statement of changes in equity

in CHF 1,000	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Currency translation reserves	Voluntary retained earnings reserves and profit/loss carried forward	Own shares (negative item)	Result of the period	Total
Equity at 01.01.2016	20,000		3,006		31,453		545	55,004
<b>Appropriation of profit 2015</b>								
• Statutory retained earnings reserve			34				-34	
• Allocations to Voluntary retained earnings reserves								
• Dividends								
• Net change of profit carried forward					511		-511	
Profit 2016							1,953	1,953
<b>Equity at 31.12.2016</b>	<b>20,000</b>		<b>3,040</b>		<b>31,964</b>		<b>1,953</b>	<b>56,957</b>

# Notes to the Annual Report as at 31 December 2016

## 1. Information on name and legal form as well as registered office of the Bank

100% of the shares in VP Bank (Switzerland) Ltd are held indirectly by VP Bank Ltd in Vaduz (Liechtenstein) so that the Bank belongs to VP Bank Group. VP Bank (Switzerland) Ltd with its registered office in Zurich is a stock corporation governed by Swiss law. The Bank is predominantly active in the field of investment consulting, asset management and associated services, as well as in credit business.

## 2. Accounting and valuation principles

### General principles

The accounting, financial reporting and valuation principles are based on the Swiss Code of Obligations, the Banking Law and its regulations and the accounting rules applicable to banks as published in the Circular 2015/1 of the Swiss Financial Market Supervisory Authority FINMA. This statutory single-entity annual report with a reliable presentation reflects the Bank's economic position in such a way that a third party can make a reliable assessment of the Bank's circumstances. The annual report may contain hidden reserves.

Figures disclosed in the Notes are rounded for publication, but calculations are still made on the basis of non-rounded figures so that small rounding differences might arise.

The Bank will not prepare a cash flow statement. VP Bank (Switzerland) Ltd applies the exemption provision set out in ARB recital 327 (consolidation reduction). VP Bank Group's consolidated cash flow statement will be published.

### General valuation principles

The annual reports are prepared under the going concern assumption. Figures in the balance sheet are also disclosed on a going concern basis.

The items disclosed in a balance sheet item are valued individually.

Assets and liabilities as well as expense and income are generally not set off. Receivables and obligations are only set off in the following cases:

- receivables and obligations are set off insofar as they arise from equivalent transactions conducted with the same counter-party, in the same currency, with the same or an earlier maturity and if no counter-party risks might arise.
- the value adjustments are deducted from the relevant item disclosed under assets.

### Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

### Amounts due from banks, amounts due from customers and mortgage loans

Amounts due from banks and customers as well as mortgage loans are recognised at their nominal value less necessary value adjustments.

Amounts due in respect of precious metal account deposits are valued at their fair value if the relevant metals are traded on a price-efficient and liquid market.

Doubtful receivables, i.e. customer commitments for which it is improbable that the debtor will meet their future obligations are valued individually and the impairment is to be covered by individual value adjustments. The impairment in case of doubtful receivables is measured according to the difference between the carrying value of the receivable and the probable recoverable amount. The probable recoverable amount of the cover is the realisable value (estimated realisable sales value, less cost of holding and liquidation). For that purpose, the entire commitment of the customer or of the economic unit will always be checked for existing counter-party risks.

Insofar as it proves impossible to use recoveries of receivables written off in prior periods simultaneously for other equivalent value corrections, they are credited through the item "Change in default-risk-related value adjustments and losses from interest operations" of the income statement.

In addition to individual value adjustments, the Bank also creates value adjustments for latent default risks to cover latent risks prevailing on the valuation date. Default risks are latent if experience shows them to be present in an apparently flawless credit portfolio on the balance sheet date but they do not become apparent until a later date.

Individual value adjustments and value adjustments for latent default risks are deducted from the relevant asset items in the balance sheet.

Doubtful receivables are, however, classified as being of full value if the outstanding capital amounts and interest are paid in due time again in compliance with the contractual agreements and if other creditworthiness criteria are fulfilled. The value adjustment is reversed through profit and loss in the item "Change of the default-risk-related value adjustments and losses from interest operations".

### Amounts due to banks and amounts due in respect of customer deposits

These items are recorded at nominal values.

Amounts due in respect of precious metal account deposits are valued at their fair value if the relevant metals are traded on a price-efficient and liquid market.

### Positive and negative replacement values of derivative financial instruments

Derivative financial instruments are applied for trading and hedging purposes.

In the year under review, the Bank applied no derivative financial instruments in the context of asset and liability management. The trade in derivative financial instruments is done exclusively on behalf of customers.

### Financial assets

Financial assets comprise debt securities, equity securities, physical precious metals and real estate taken over from credit activities and held for trading.

A revaluation of no higher than the historical cost of acquisition is posted to financial assets valued at the lower of cost or market principle, if the fair value which fell under the cost of acquisition rises subsequently. The balance of value adjustments is posted through the items "Other ordinary expenses" or "Other ordinary income".

### Debt instruments intended to be held to maturity

These are valued at their acquisition value where premium and discounts are accrued over the residual term (accrual method). The premium and discount are disclosed at the net value under the debt instruments over the term until their maturity. Default-risk-related value changes are immediately posted at the expense of the item "Change of the default-risk-related value adjustments and losses from interest operations".

If financial assets intended to be held to maturity are sold or repaid prematurely, the realised profits and losses corresponding to the interest component are accrued over the residual term until maturity of the transaction through "Other assets" or "Other liabilities".

The Bank holds debt instruments of CHF 66.3 million as at 31.12.2016 (previous year CHF 63.4 m) which are valued according to the "accrual method". The debt instruments have a rating of at least BBB and are denominated in the currencies CHF, EUR and USD.

### Equity securities, own physical precious metal holdings and real estate taken from credit activities and intended for sale

These are valued according to the lower of cost or market principle, the lower of cost or market value being the lower cost of acquisition or liquidation value as determined for

real estate taken from lending activities and intended for sale. Own physical precious metals which serve to cover obligations on precious metal accounts are also valued at their fair value according to the precious metal accounts. Value adjustments are posted per balance through the items "Other ordinary expenses" or "Other ordinary income".

### Tangible fixed assets

Investments in tangible fixed assets are capitalised if they are used for more than one accounting period and if they exceed the lower capitalisation limit.

Tangible fixed assets are accounted at cost of acquisition, less accumulated depreciation.

Tangible fixed assets are depreciated on a straight-line basis over a useful life of the assets as determined by a prudent estimate in the item "Value adjustment on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The estimated useful life for the individual categories of tangible fixed assets is:

Asset category	Max. useful life
Installations in rented real estate	Remaining rental term / max. 8 years
Information and communication systems	3 years
Other tangible fixed assets	8 years
Acquired software	3 years

Each tangible fixed asset is checked for impairment on each balance sheet date. This verification is made on the basis of signs indicating that individual assets might be affected by such a value impairment.

If the verification of the value of tangible fixed assets results in a different useful life, the remaining carrying value will be depreciated in a scheduled manner over the useful life to be newly determined.

Realised gains from the sale of tangible fixed assets are posted under "Extraordinary income", realised losses under the caption "Extraordinary expenses".

### Provisions

Legal and factual obligations are valued on a regular basis. The bank creates a provision if an outflow of funds is probable or can be estimated reliably due to an event which occurred in the past.

Existing provisions are newly assessed on each balance sheet date. Given the new assessment, they will be increased, maintained or reversed. Provisions are recognised as follows through the individual items of the income statement:

- Provision for pension benefit obligations: item "Personnel expenses";
- Other provisions: item "Changes in provisions and other value adjustments and losses".

Provisions are reversed through profit and loss, if they are no longer necessary from an entrepreneurial point of view and cannot be used simultaneously for other equivalent needs.

## Accruals and deferrals

Accruals and deferrals are created regarding the term to ensure an adequate allocation of income and expenses according to the accounting period.

## Taxes

Current taxes are recurring, normally annual income and capital taxes. Transaction-related taxes are not part of current taxes.

Obligations from current income and capital taxes are disclosed under the item "Accrued expenses and deferred income".

Current income and capital tax expenses are disclosed in the income statement under "Taxes".

## Contingent liabilities, irrevocable commitments, capital contribution and margin obligations and commitment credits

These are disclosed off-balance-sheet at their nominal value. Provisions are created for foreseeable risks.

## Pension benefit obligations

The Bank is linked to the collective pension trust fund of an insurance company in which employees of the Bank and their survivors are insured according to the legal provisions.

No employer contribution reserve exists.

Employer's contributions from these pension schemes are disclosed under "Personnel expenses" appropriate to the period.

## Employee participation schemes

Employees of VP Bank (Switzerland) Ltd take part in the employee participation scheme of VP Bank Ltd, Vaduz.

The participation scheme provides that employees are entitled to annually obtain a certain number of registered shares A of VP Bank Ltd, Vaduz, at a preferential price with selling restrictions over three years. After expiry of the selling restriction or at the time the employees leave VP Bank Group, the relevant shares become freely available. Since employees are ultimately given the option to obtain the shares, at any time and in full, the expenses associated with the employee participation schemes are recognised, in full, at the time of allocation. The number of registered shares A to be obtained depends proportionally on the amount of the fixed annual salary where fixed wage parts exceeding CHF 120,000 and variable wage components are not taken into account.

The purchase price is determined annually according to the value of the registered share on the effective date as quoted on the SIX Swiss Exchange AG (each ex dividend). The shares provided in this manner come either from VP Bank Group's portfolio or will be bought for this purpose at the stock exchange. The expenses arising will be deducted directly from personnel expenses.

## Management participation scheme

A long-term and value-oriented remuneration model applies on a group level for the Executive Board. For more information on the structure, please refer to VP Bank Group's remuneration report.

## Events after the balance sheet date

No events occurred after the balance sheet which essentially affect the balance sheet or the income statement for the financial year 2016.

## Amendments of the accounting and valuation principles

In the year under review, the Bank made no changes to the accounting and valuation principles.

## Recognition of the transactions

All transactions concluded as of the balance sheet date are recognised in the Bank's books on the closing date (trade date accounting) and valued according to the above mentioned principles. Any spot exchange transactions and forward exchange transactions which were concluded but not yet settled are recognised according to the settlement date accounting. These transactions are disclosed at recovery values under the items "Positive" or "Negative replacement values of derivative financial instruments" between the date of conclusion and the settlement date.

## Treatment of past due interest

Past due interest and the related commissions are not to be included under the caption of interest income. Interest and commissions are past due where they are more than 90 days overdue. In case of current account credit facilities used, interest and commissions are considered past due where the credit facility limit has been exceeded for more than 90 days. From then on, future interest and commissions accruing may no longer be credited to the income statement item "Interest and discount income" until no past due interest has been outstanding for longer than 90 days.

## Foreign currency translation

Assets and liabilities denominated in foreign currency are translated to CHF by using the mean rate of exchange prevailing on the last working day of the financial year. The prices applicable on the transaction date are applied to income and expenses.

The following exchange rates prevailing on the balance sheet date are used for currency translation:

	2016	2015
EUR	1.0720	1.0874
USD	1.0164	1.0010
GBP	1.2559	1.4754
JPY	0.8714	0.8321

## Risk management

The Bank is exposed to different bank-specific risks: credit, market and liquidity risks as well as operational and legal risks. The Bank places a great emphasis on monitoring, recognising, measuring and controlling these risks.

The Bank's highest objective is to maintain a first-class creditworthiness and a good reputation. The risk-bearing ability is determined in such a manner that the legally required capital resources remain maintained even if several negative events occur.

A binding risk policy which is verified for its adequacy periodically specifies the measuring, assessment and management of risks and the responsibilities both on a group level and for VP Bank (Switzerland) Ltd.

Clear limits are set for the individual risk categories and their compliance is supervised by units which are organisationally separated from the remaining daily business and which are staffed by persons with specialist knowledge and technical resources.

The Bank contributes to mitigating the risks already in the general business conduct by focusing on the central competencies of the Bank, on clients with a flawless reputation and by selecting first-class counter-parties.

### Risk assessment

The Board of Directors discussed the essential risks to which VP Bank (Switzerland) Ltd is exposed in its meeting held on 26 October 2016. These are credit risks, market risks and operational risks. The most important basis for the assessment was for credit risks the assessments of account overdrafts and limit violations, for market risks risk calculations (incl. bank-testing and stress scenarios) and for operational risks considerations concerning the internal risk inventory, including probability of occurrence and the estimated financial effects. Furthermore, the planned risk-mitigating measures and the internal controls (incl. reporting) were included in the assessment. A particular focus was placed on ensuring the on-going supervision and assessment and the correct recording of the effects of these essential risks in financial reporting.

### Credit risks

Credit risks are limited by risk distribution, quality requirements and cover margins. A risk-oriented competency allocation exists for credit approval in which creditworthiness and credit standing are assessed on the basis of uniform criteria. The Bank constantly supervises the lending limits to avoid any default risks in lombard loans.

Mortgage loans are supervised by a periodic resubmission of the credits and by on-going market observation of the intrinsic value of the mortgaged properties. The maximum financing depends, on the one hand, on their lending values determined in the bank and, on the other hand, on sustainability.

## Market risks and interest-change risks

Market and interest-change risks are counteracted by modern and timely asset and liability management (ALM). This enables detailed and timely supervision and is used as a basis for decision-making.

Stress-scenarios are used to assess the effects of parallel changes in the interest curve. A limit even exists for the standard stress scenario, compliance with which is independently supervised.

### Other market risks

The other market risks, which mainly comprise position risks from foreign currency, are restricted by limits and supervised on an on-going basis.

### Liquidity risks

The objective is to ensure on-going solvency at all times, namely in times of bank-specific and/or market-wide stress periods in which collateralised and non-collateralised financing options are strongly impaired.

Since VP Bank (Switzerland) Ltd has no own operating market access, several tasks in the field of liquidity management were outsourced to VP Bank Ltd Vaduz. A Service Level Agreement was concluded for this purpose between the Group Treasury & Execution (GTR) in Vaduz and VP Bank (Switzerland) Ltd. In the field of liquidity, it regulates, in particular, the limit management and portfolio management of financial assets. The Board of Directors of VP Bank (Switzerland) Ltd remains responsible for complying with the Circular.

It needs to be ensured in all cases that no restrictions apply with regard to the free transfer of financial means and securities – also within the Group.

### Operational risks

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, and caused by persons and systems or external events. In VP Bank (Switzerland) Ltd, these risks are mitigated on the basis of internal regulations and instructions on organisation and controls. VP Bank (Switzerland) Ltd has a Business Continuity Management (BCM) which is discussed and updated regularly with the responsible bodies in VP Bank Group, in line with the current regulatory provisions.

### Outsourcing of business units

The Bank has been outsourcing certain services to its Head Office, VP Bank Ltd, in Vaduz since 2006. This includes parts of the service units of credit management and credit administration, financial accounting, trade in, handling and administration of securities and a large part of the payment transactions and the printing and shipping. This relates also to the operation and maintenance of IT systems and different functions of risk management and reporting.

Customer-identifying data are transmitted to the Head Office by complying with comprehensive security precautions for handling the outsourced services. This includes customer data such as name, first name, address, nationality, account movements and assets. Any and all employees are subject to the banking secrecy which ensures confidentiality.

### Compliance and legal risks

The Chief Risk Officer, who is a Member of Executive Management, and their team ensure that the Bank's business activities are in compliance with the applicable regulatory standards and the duties of care of a financial intermediary. This office is responsible for verifying requirements and developments on the part of the legislator, the supervisory authority and other organisations. The Chief Risk Officer is independent of the front-end units and reports directly to the management and, if necessary or required, to the Board of Directors.

### Legal cases

VP Bank (Switzerland) Ltd is involved in different legal, regulatory and administrative procedures in the context of the normal course of business.

In the case of liquidations of two Russian banks, the Russian receivership requests that the utilisation of the pledges provided by these banks are to be reversed and the amount needs to be paid to the receivership. The transaction to utilise third-party pledges was conducted less than 30 days prior to the announcement that the banking license will be withdrawn and they will be liquidated, that is a period, under Russian law, allowing for a revocation of the transaction. The claims asserted against VP Bank Group in the context of this civil proceedings total USD 25 million. In one case, the court of cassation (third instance) rejected the action for re-assessment to the first instance on 21 September 2016, after the action had been decided in our favour in the first and second instance. The next hearing will be held on 16 March 2017. The other case is pending before the court of first instance. Plaintiff requested on 25 August 2016 by way of an amended complaint to include VP Bank (Switzerland) Ltd as co-respondent in the proceedings, in addition to VP Bank Ltd, Vaduz. The next hearing will be held on 18 May 2017. VP Bank considers the probability of a future outflow of funds to be low in view of the current state of information.

### 3. Details on individual items in the Notes to the Financial Statements (FINMA-Circular 15/1 Annex 5)

#### 3.2 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

per 31.12.2016 in CHF 1,000	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	4,088	151,843	399	156,330
Mortgage loans	97,578	1,867	52	99,497
• Residential property	88,508	391		88,899
• Office and business premises				0
• Commercial and industrial premises	9,070			9,070
• Other		1,476	52	1,528
<b>Total loans (before netting with value adjustments)</b>	<b>101,666</b>	<b>153,710</b>	<b>451</b>	<b>255,827</b>
Total loans (before netting with value adjustments) previous year	99,132	147,087	22	246,241
<b>Total loans (after netting with value adjustments)</b>	<b>101,465</b>	<b>152,608</b>	<b>152</b>	<b>254,225</b>
Total loans (after netting with value adjustments) previous year	98,754	146,108	22	244,884

The other mortgage loans include also loans, which are not secured by mortgage titles.

#### Off-balance sheet

Contingent liabilities		67,781	330	68,111
Irrevocable commitments			1,664	1,664
<b>Total off-balance-sheet</b>		<b>67,781</b>	<b>1,994</b>	<b>69,775</b>
Total off-balance-sheet previous year	90	13,481	4,975	18,546

#### Impaired loans/receivables

per 31.12.2016 in CHF 1,000	Gross debt amount	Estimated liquidation value of collateral <sup>1</sup>	Net debt amount	Individual value adjustments
<b>Total Impaired loans/receivables</b>			<b>0</b>	
Total Impaired loans/receivables previous year			0	

<sup>1</sup> Credit or liquidation value per customer: the lower value is to be applied.

#### 3.4 Derivative financial instruments (assets and liabilities)

per 31.12.2016 in CHF 1,000	Trading Instruments		Contract volume
	Positive replacement values	Negative replacement values	
Foreign exchange / precious metals			
Forward contracts	732	924	101,806
Combined interest rate / currency swaps	859	599	92,282
Options (OTC)			
Total Foreign exchange	1,591	1,523	194,088
<b>Total</b>	<b>1,591</b>	<b>1,523</b>	<b>194,088</b>
of which, determined using a valuation model	1,591	1,523	
Total previous year	2,656	2,579	212,281
of which, determined using a valuation model	2,656	2,579	

The bank has no netting agreements.

#### Breakdown by counterparty

per 31.12.2016 in CHF 1,000	Central clearing houses	Banks and securities dealers	Other customers
<b>Positive replacement values</b>	<b>0</b>	<b>683</b>	<b>908</b>



### 3.5 Financial investments

#### a) Breakdown of financial investments

in CHF 1,000	Book value		Fair value	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Financial investments				
Debt securities	66,282	63,405	67,532	64,534
of which, intended to be held to maturity	66,282	63,405	67,532	64,534
Equity securities				
Precious metals				
Real estate				
<b>Total financial investments</b>	<b>66,282</b>	<b>63,405</b>	<b>67,532</b>	<b>64,534</b>
of which, securities eligible for repo transactions in accordance with liquidity requirements	21,315	19,754	22,223	20,618

#### b) Breakdown of counterparties by rating

per 31.12.2016 in CHF 1,000	AAA to AA–	A+ to A–	BBB+ to BBB–	Below BBB–	Unrated	Total
<b>Debt securities: book values</b>	<b>36,146</b>	<b>20,051</b>	<b>1,089</b>		<b>8,996</b>	<b>66,282</b>
Previous year	30,266	21,540	1,105		10,494	63,405

The bank uses no own rating system rather support by the agency's Moody's, Standard & Poor's and Fitch; in the case of differing ratings, it takes the worst rating.

### 3.8 Tangible fixed assets

in CHF 1,000	Acquisition cost <sup>1</sup>	Accumu- lated deprecia- tion	Book value 31.12.2015	Additions	Reporting year 2016		Reversals	Book value 31.12.2016
					Disposals	Depreciation		
Proprietary or separately acquired software	76	–45	31	26		–30		27
Other tangible fixed assets	6,542	–6,272	270	21		–132		159
<b>Total tangible fixed assets</b>	<b>6,618</b>	<b>–6,317</b>	<b>301</b>	<b>47</b>	<b>0</b>	<b>–162</b>	<b>0</b>	<b>186</b>

<sup>1</sup> Acquisition cost of all not completely depreciated and amortised goods per 31.12.2015

#### Operating leases

in CHF 1,000	2016	2015
Leasing commitments not recognised in balance sheet		
Up to 12 months	1,274	1,405
12 months to 5 years		1,334
Over 5 years		
<b>Total Leasing commitments not recognised in balance sheet</b>	<b>1,274</b>	<b>2,739</b>

### 3.10 Other assets and other liabilities

in CHF 1,000	Other assets		Other liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Indirect taxes	191	163	643	609
Direct taxes				
Payment account	63	114	651	622
<b>Total other assets and other liabilities</b>	<b>254</b>	<b>277</b>	<b>1,294</b>	<b>1,231</b>



### 3.11 Assets pledged or assigned to secure own commitments and of assets under reservation of ownership

in CHF 1,000	Amount of receivable resp. book value 31.12.2016	Liabilities resp. portion drawn down 31.12.2016	Amount of receivable resp. book value 31.12.2015	Liabilities resp. portion drawn down 31.12.2015
Sureties / security deposits				
<b>Total pledged assets</b>				

During the financial year 2016 and 2015, there were no assets pledged or assigned to secure own liabilities nor assets subject to retention of title.

### 3.13 Economic situation of own pension schemes

Economic benefit / economic obligation and pension expense (in 1,000 CHF)	Over- funding/ under- funding at <sup>1</sup> 31.12.2016	Economic interest of the bank 31.12.2016	Economic in- terest of the bank 31.12.2016	Contributions paid for the current period	Accruals 31.12.2016	Pension expenses 2016	Pension expenses 2015
Pension schemes						917	1,153

<sup>1</sup> The pension scheme of VP Bank (Switzerland) Ltd benefits from a comprehensive insurance solution. In this manner, no shortfall of cover can arise.

As in the prior year, no liabilities to its in-house pension scheme exist, nor were there any employer contribution reserves (ARB A5-57).

There exists a contribution-defined pension scheme covering all employees of the bank which is outsourced, subject to comprehensive insurance, to the collective foundation of an insurance company. In principle, the retirement age is 65 in the case of men and 64 in the case of women. All insured employees are granted the possibility of early retirement subject to a reduction in pension benefits.

In connection with the Financial-Statement Reporting Guidelines (FINMA-Circular 2015/1), the Bank avails itself of the stipulated possibility (ARB No. 504) of waiving the recognition, for balance-sheet purposes, of any applicable economic benefit.

### 3.16 Value adjustments, provisions and reserves for general banking risks

in CHF 1,000	Balance of 31.12.2015	Use in conformity with designated purpose	Reclassi- fications	2016 Past due interest, recoveries	New creations charged to income	Releases to income	Balance of 31.12.2016
Provisions for default risks (collection risk and country risks)	50					-10	40
Other provisions <sup>1</sup>	3,862	-379			696	-151	4,028
<b>Total provisions</b>	<b>3,912</b>	<b>-379</b>			<b>696</b>	<b>-161</b>	<b>4,068</b>
Value adjustments for default and country risks of which, value adjustments for latent risks	1,357				529	-284	1,602
<b>Total value adjustments for default and country risks</b>	<b>1,357</b>				<b>529</b>	<b>-284</b>	<b>1,602</b>

<sup>1</sup> Other provisions include primarily silent reserves as well as provisions for legal costs.

### 3.17 Bank's capital

in CHF 1,000	31.12.2016			31.12.2015		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total bank's capital</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

The entire share capital is fully paid up.

in CHF 1,000	31.12.2016		31.12.2015	
	Nominal	Share in %	Nominal	Share in %
Significant shareholders and shareholder groups linked by voting rights				
<b>VPB Finanz Holding AG, Zurich</b>	<b>20,000</b>	<b>100%</b>	<b>20,000</b>	<b>100%</b>

### 3.18 Number and value of equity securities or options on equity securities<sup>1</sup> held by all executives and directors and by employees

in CHF 1,000	Equity securities			
	Number		Value	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Members of the board of directors <sup>2</sup>				
Members of executive bodies	770	203	85	16
Employees	187	2,437	20	195
<b>Total</b>	<b>957</b>	<b>2,640</b>	<b>105</b>	<b>211</b>

<sup>1</sup> No options were granted in the context of employee and management participation schemes.

<sup>2</sup> Members of the Board of Directors receive no participations from VP Bank (Switzerland) Ltd.

#### Management Participation Scheme

Long-term and value-oriented remuneration models are in place for the Executive Board and selected employees on a group level (Performance Share Plan and Restricted Share Plan). A vesting period of three years applies to associated participation rights. The number of registered shares A (expected future benefits) and the relevant benefit's monetary worth will only be fixedly determined at the end of the plan. For more information on the structure of the employee participation schemes, please refer to the Remuneration Report of VP Bank Group.

### 3.19 Amounts due from/to related parties

in CHF 1,000	Amounts due from		Amounts due to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Group companies	875,711	694,213	53,790	41,371
Linked companies				
Transactions with members of governing bodies <sup>1</sup>	400	1,000	232	193
Other related parties			52	

<sup>1</sup> Governing bodies mean members of the Board of Directors, the Executive Management and the auditors under stock corporation laws and the companies they control.

Loans to related companies and persons are provided under conditions customary in the market. In general, the conditions applicable to all employees also apply to members of the Board of Directors and the Executive Management. The bank subsidises loans to its employees up to a maximum credit amount of CHF 1 million.

Members of the governing bodies of the Bank undertake banking transactions on the same standard market conditions as available to employees.

#### Off-balance sheet

VP Bank (Switzerland) Ltd issued a guarantee of CHF 55,272 million for a related person. This guarantee is collateralised, in full, by a guarantee of VP Bank Ltd, Vaduz. No other essential off-balance-sheet transactions exist with related persons. For details on the contingent liabilities, please refer to Annex 3.28.

### 3.20 Holders of significant participations

VPB Finanz Holding AG (100% subsidiary of VP Bank Ltd, Vaduz) is the only shareholder and holds the entire voting capital of VP Bank (Switzerland) Ltd. Per the balance-sheet date, significant shareholders of VP Bank Ltd Vaduz (more than 5% of the voting capital) are:

	31.12.2016		31.12.2015	
	Share of capital in %	Share of voting rights in %	Share of capital in %	Share of voting rights in %
Stiftung Fürstl. Kommerzienrat Guido Feger, Vaduz	23.0	46.6	23.0	46.6
U.M.M. Hilti-Stiftung, Schaan	9.3	10.0	9.3	10.0
Marxer Stiftung für Bank- und Unternehmenswerte, Vaduz	11.4	6.3	11.4	6.3
Ethenea Independent Investors S.A., Luxemburg	n.a.	n.a. <sup>1</sup>	9.7	5.4

<sup>1</sup> Percentage of votes < 5 % and thus not liable to be disclosed.

### 3.23 Maturity structure of financial instruments

per 31.12.2016 in CHF 1,000	At sight	Cancellable	Due		after	No	Total
			within 3 months	within 3 to 12 months	within 1 year to 5 years	5 years	maturity
<b>Assets / financial instruments</b>							
Liquid assets	135,430						135,430
Amounts due from banks	869,613		291	5,000			874,904
Amounts due from customers	23	5,065	92,397	25,629	31,806		154,920
Mortgage loans	52	3,970	2,133	29,611	45,500	18,039	99,305
Positive replacement values of derivative financial instruments	1,591						1,591
Financial investments				9,532	43,456	13,294	66,282
<b>Total</b>	<b>1,006,709</b>	<b>9,035</b>	<b>94,821</b>	<b>69,772</b>	<b>120,762</b>	<b>31,333</b>	<b>1,332,432</b>
Total previous year	789,958	17,152	83,435	35,785	138,874	43,414	1,108,618
<b>Debt capital / financial instruments</b>							
Amounts due to banks	2,212		10,000	42,000			54,212
Amounts due in respect of customer deposits	1,207,963	2,589	291	5,000			1,215,843
Negative replacement values of derivative financial instruments	1,523						1,523
<b>Total</b>	<b>1,211,698</b>	<b>2,589</b>	<b>10,291</b>	<b>47,000</b>			<b>1,271,578</b>
Total previous year	997,372	2,737	993	44,634	5,000		1,050,736

### 3.24 Assets and liabilities by domestic and foreign origin<sup>1</sup>

in CHF 1,000	31.12.2016		31.12.2015	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	135,005	425	103,842	896
Amounts due from banks	82	874,822	84	692,851
Amounts due from customers	39,745	115,175	24,841	124,157
Mortgage loans	99,305		95,887	
Positive replacement values of derivative financial instruments	200	1,391	1,412	1,244
Financial investments	44,241	22,041	48,282	15,123
Tangible fixed assets	186		301	
Accrued income and prepaid expenses	2,389	659	2,843	628
Other assets	254		162	114
<b>Total assets</b>	<b>321,406</b>	<b>1,014,513</b>	<b>277,654</b>	<b>835,013</b>

in CHF 1,000	31.12.2016		31.12.2015	
	Domestic	Foreign	Domestic	Foreign
<b>Liabilities</b>				
Amounts due to banks	1,291	52,921	1,465	40,001
Amounts due in respect of customer deposits	225,694	990,149	223,776	782,915
Negative replacement values of derivative financial instruments	135	1,388	1,208	1,371
Accrued expenses and deferred income	2,022		1,781	3
Other liabilities	1,294		219	1,012
Provisions	4,068		3,912	
Bank's capital	20,000		20,000	
Statutory capital reserve	3,040		3,006	
Voluntary retained earnings reserves	20,980		20,980	
Profit carried forward	10,984		10,473	
Profit	1,953		545	
<b>Total liabilities</b>	<b>291,461</b>	<b>1,044,458</b>	<b>287,365</b>	<b>825,302</b>

<sup>1</sup> In this analysis, Liechtenstein is treated as foreign.

### 3.25 Total assets by country or group of countries (domicile principle)

in CHF 1,000	31.12.2016		31.12.2015	
	Absolute	Share as %	Absolute	Share as %
<b>Assets</b>				
Switzerland	321,406	24.06	277,654	24.95
Liechtenstein	875,926	65.57	695,222	62.48
Other Europe	58,097	4.35	40,606	3.65
North America	9,205	0.69	7,056	0.63
Other	71,285	5.34	92,129	8.28
<b>Total assets</b>	<b>1,335,919</b>	<b>100.00</b>	<b>1,112,667</b>	<b>100.00</b>

### 3.26 Total assets by credit rating of country groups (risk domicile view)

in CHF 1,000	Net foreign exposure 31.12.2016		Net foreign exposure 31.12.2015	
	Absolute	Share as %	Absolute	Share as %
<b>Standard &amp; Poor's</b>				
<b>Assets</b>				
AAA bis AA-	974,740	98.51	726,710	86.69
A+ bis A-	3,574	0.36	33,433	3.99
BBB+ bis BBB-	1,038	0.10	18,641	2.22
BB+ bis BB-	10,032	1.01	7,369	0.88
B+ bis B-			1,302	0.16
CCC+ bis CCC-			2,158	0.26
NR (no rating)	65	0.01	48,708	5.81
<b>Total assets</b>	<b>989,449</b>	<b>100.00</b>	<b>838,321</b>	<b>100.00</b>

The Bank does not use an own rating system but relies of the rating classes of rating agencies Moody's, Standard & Poor's and Fitch; in the case of differing ratings, it takes always the worst rating.

### 3.27 Assets and liabilities broken down by the most significant currencies

per 31.12.2016 in CHF 1,000	CHF	EUR	USD	Other	Total
<b>Assets</b>					
Liquid assets	133,855	1,369	133	73	135,430
Amounts due from banks	5,071	238,181	534,504	97,148	874,904
Amounts due from customers	33,067	89,116	32,132	605	154,920
Mortgage loans	99,305				99,305
Positive replacement values of derivative financial instruments	1,591				1,591
Financial investments	44,241	2,701	19,340		66,282
Accrued income and prepaid expenses	2,367	442	237	2	3,048
Tangible fixed assets	186				186
Other assets	200	54			254
<b>Total assets shown in balance sheet</b>	<b>319,882</b>	<b>331,863</b>	<b>586,346</b>	<b>97,828</b>	<b>1,335,919</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	41,348	56,443	79,389	16,910	194,090
<b>Total assets</b>	<b>361,230</b>	<b>388,306</b>	<b>665,735</b>	<b>114,738</b>	<b>1,530,009</b>
Total assets previous year	334,320	339,773	526,340	124,515	1,324,948
<b>Liabilities</b>					
Amounts due to banks	53,867	105	172	68	54,212
Amounts due in respect of customer deposits	201,708	331,287	585,247	97,601	1,215,843
Negative replacement values of derivative financial instruments	1,523				1,523
Accrued expenses and deferred income	2,021			1	2,022
Other liabilities	1,223	57	6	8	1,294
Provisions	4,068				4,068
Bank's capital	20,000				20,000
Statutory retained earnings reserve	3,040				3,040
Voluntary retained earnings reserves	20,980				20,980
Profit carried forward	10,984				10,984
Profit	1,953				1,953
<b>Total liabilities shown in the balance sheet</b>	<b>321,367</b>	<b>331,449</b>	<b>585,425</b>	<b>97,678</b>	<b>1,335,919</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	41,327	56,424	79,362	16,909	194,022
<b>Total liabilities</b>	<b>362,694</b>	<b>387,873</b>	<b>664,787</b>	<b>114,587</b>	<b>1,529,941</b>
Total Liabilities previous year	335,076	339,200	526,154	124,442	1,324,872
<b>Net position per currency</b>	<b>-1,464</b>	<b>433</b>	<b>948</b>	<b>151</b>	<b>68</b>

### 3.28 Contingent assets and liabilities

in CHF 1,000	31.12.2016	31.12.2015
Guarantees to secure credits and similar	7,611	10,690
Performance guarantees and similar	60,500 <sup>1</sup>	5,569
Irrevocable commitments arising from documentary letters of credit		
Other contingent liabilities		
<b>Total contingent liabilities</b>	<b>68,111</b>	<b>16,259</b>

<sup>1</sup> This is largely the guarantee disclosed in Note 3.19 Related persons.

### 3.30 Fiduciary transactions

in CHF 1,000	31.12.2016	31.12.2015
Fiduciary investments with third-party companies	105,189	185,641
Fiduciary investments with group companies and linked companies	32,584	1,756
<b>Total Fiduciary transactions</b>	<b>137,773</b>	<b>187,397</b>

### 3.31 Managed assets and presentation of their development

#### a) Breakdown of managed assets

in CHF 1,000	31.12.2016	31.12.2015
Type of managed assets		
Assets in collective investment schemes managed		
Assets under discretionary asset management agreements	263,911	256,278
Other managed assets	3,039,185	2,839,064
<b>Total managed assets (including double counting)</b>	<b>3,303,096</b>	<b>3,095,342</b>
of which, double counting		
<b>Net new money inflow/-outflow</b>	<b>55,719</b>	<b>144,027</b>

#### b) Presentation of the development of managed assets

in CHF 1,000	2016	2015
Total managed assets (including double counting) at beginning	3,095,342	3,076,385
+/- net new money inflow or net new money outflow	55,719	144,027
+/- price gains/losses, interest, dividends and currency gains/losses	152,035	-125,070
<b>Total managed assets (including double counting) at end</b>	<b>3,303,096</b>	<b>3,095,342</b>

#### Calculation method

Managed assets mean all customer assets managed for investment purposes or held, for which investment consulting and asset management services are rendered. This includes generally all amounts due to customers, fiduciary placements and rated deposit values. Managed assets contain no custody customer relations. Custody assets apply exclusively to assets held for transaction and depositing purposes in which the bank is limited to management and collection.

#### Net new money inflows/outflows

This item consists of the acquisition of new customers, customers leaving the bank and the inflow or outflow of existing customers. Performance-related asset changes such as price changes, interest and dividend payments and interest, commissions and expenses invoiced to customers are not considered inflows or outflows.

### 3.32 Result from trading activities and the fair value option

in CHF 1,000	2016	2015
Result from trading activities from:		
Foreign Currencies/banknotes	2,789	3,055
Foreign notes and coins	34	-378
<b>Total income from trading activities<sup>1</sup></b>	<b>2,823</b>	<b>2,677</b>

<sup>1</sup> VP Bank (Switzerland) Ltd does not apply the fair value option.

### 3.33 Income from material refinancing as well as material negative interest

#### a) Refinancing income under interest and discount income

No refinancing costs for trading activities are credited to interest and discount income.

#### b) Negative interest

in CHF 1,000	2016	2015
Negative interest on assets transactions (reduction of interest income)	-253	
Negative interest on liability transactions (reduction of interest expense)	253	34
<b>Total negative interest</b>	<b>0</b>	<b>34</b>

### 3.34 Personnel expenses

in CHF 1,000	2016	2015
Salaries (Compensation to members of the bank's governing bodies, salaries and benefits)	-9,459	-10,680
of which, expenses relating to share-based compensation and alternative forms of variable compensation	-189	-62
Social insurance benefits	-1,699	-2,027
Other personnel expenses	-456	-636
<b>Total personnel expenses</b>	<b>-11,614</b>	<b>-13,343</b>

### 3.35 General and administrative expenses

in CHF 1,000	2016	2015
Office space expenses (incl. operating leases)	-1,349	-1,370
Insurance	-82	-116
Expenses for information and communications technology	-1,296	-1,752
Expenses for vehicles, equipment, furniture and other fixtures	-30	-29
Fees of audit firm	-186	-268
of which, for financial and regulatory audits	-186	-266
of which, for other services		-2
Miscellaneous legal advisory	-352	-377
Office supplies	-42	-49
Marketing and advertising	-411	-419
Other operating expenses	-592	-719
<b>Total general and administrative expenses</b>	<b>-4,340</b>	<b>-5,099</b>

### 3.36 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

#### Accounting year 2016

No notes required for the year under review 2016.

#### Accounting year 2015

The extraordinary income reported relates to a non-recurrent payment by the parent company in connection with the settlement of a real-estate property.

### 3.39 Current and deferred taxes

in CHF 1,000	2016	2015
Charge for current taxation on income and capital	725	366
Provision for deferred taxes		
<b>Total taxes<sup>1</sup></b>	<b>725</b>	<b>366</b>
<b>Weighted average income-tax rate on the basis of annual net income</b>	<b>37.1%</b>	<b>31.2%</b>

<sup>1</sup> No tax losses carried forward exist with effect on income taxes.

# Report of the statutory auditor on the financial statements

To the General Meeting of  
VP Bank (Switzerland) Ltd, Zurich

As statutory auditor, we have audited the accompanying financial statements of VP Bank (Switzerland) Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 7–23), for the year ended 31 December 2016.

## Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



**Bruno Patusi**  
Licensed audit expert  
(Auditor in charge)



**Philipp Gämperle**  
Licensed audit expert

Berne, 21 March 2017



# Disclosures regarding the capital-adequacy and liquidity situation

## Disclosure requirements

The disclosure requirements in connection with capital-adequacy requirements for banks (FINMA-Circular 08/22) provide for exemptions from disclosure requirements. VP Bank (Switzerland) Ltd, as a foreign-controlled bank, avails itself of these exemptions. Details relating to capital adequacy of VP Bank (Switzerland) Ltd, together with the corresponding capital-adequacy disclosures are to be found in the annual report of VP Bank Group. The Bank has neither to prepare consolidated financial statements nor does it own significant participations.

## Capital ratios (in accordance with Appendix 2 of FINMA-Circular 16/1)

per 31.12.2016	
CET1 ratio	16.82%
T1 ratio	16.82%
Ratio relating to regulatory capital (total capital ratio)	17.99%
CET1 requirements pursuant to ERDO-transitional provisions (minimum requirements + equity buffer + anti-cyclical buffer)	4.69%
thereof capital-adequacy buffer as defined in ERDO	
thereof anti-cyclical buffer	0.19%
Available CET1 to cover the minimum and buffer requirements after deducting the AT1 and T2 requirements which are fulfilled by CET1	
CET1 equity target pursuant to FINMA-Circular 11/2 plus the anticyclical buffer	7.59%
Available CET1	13.02%
T1 capital-adequacy target pursuant to FINMA-Circular 11/2 plus the anti-cyclical buffer	9.19%
Available T1	14.62%
Regulatory-capital target pursuant to FINMA-Circular 11/2 plus the anti-cyclical buffer	11.39%
Available regulatory capital	16.82%

## Leverage Ratio

per 31.12.2016	
Leverage Ratio	3.93%

The Leverage Ratio is an alternative to risk-weighted indicators. It establishes a relationship of the mostly unweighted total assets to regulatory equity. The Leverage Ratio is designed to preserve the banking sector from excessive indebtedness. In this manner, the Leverage Ratio complements the capital-adequacy standards in accordance with Pillar 1.

## Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is an indicator to evaluate the short-term liquidity risk. The LCR is the relationship of the holdings of first-class assets to the aggregate net outflows of the following 30 days. The LCR is to be computed using a pre-defined stress scenario. The ratio is to be maintained at 70% during 2016.

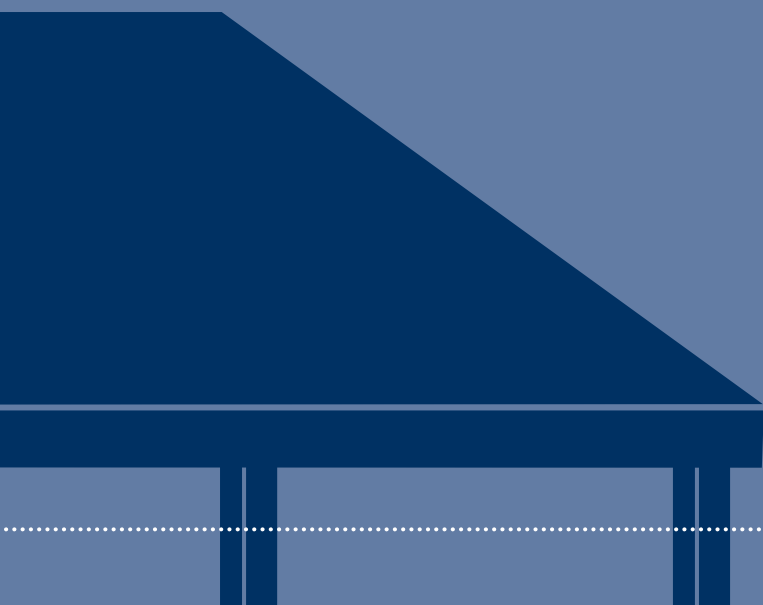
	1 <sup>st</sup> quarter 2016	2 <sup>nd</sup> quarter 2016	3 <sup>rd</sup> quarter 2016	4 <sup>th</sup> quarter 2016
Total of high-quality liquid assets (HQLA)	125'988	127'200	133'266	157'293
Total asset outflows	599'632	589'484	621'227	740'244
Total asset inflows (according to Cap)	449'724	442'113	465'921	555'183
Ratio for short-term liquidity LCR	84.04%	86.31%	85.81%	85.00%

In accordance with the letter of the FINMA to all auditing companies dated 22.02.2016, it is recommended that the average LCR be computed with the three-monthly average of the high-quality and liquid assets (numerator) and the three-monthly average of net outflows (denominator).



# 2

VP Bank Group  
(Excerpt)



# VP Bank at a glance

VP Bank Group is an internationally active private bank focused on rendering asset management services for private individuals and financial intermediaries.

VP Bank is one of the largest banks in the Liechtenstein financial centre. In addition to its headquarters in the Principality of Liechtenstein, VP Bank Group is present with offices in six other locations around the globe: Switzerland, Luxembourg, Singapore, Hong Kong, Russia and the British Virgin Islands.

The shares of VP Bank are listed on SIX Swiss Exchange. An "A-" rating from Standard & Poor's vouches for the financial strength of this banking enterprise. A large proportion of its equity capital is in the hands of three anchor shareholders: "Stiftung Fürstl. Kommerzienrat Guido Feger" foundation, "U.M.M. Hilti-Stiftung" foundation and "Marxer Stiftung für Bank- und Unternehmenswerte" foundation – a guarantee for continuity, independence and sustainability.

VP Bank's workforce of about 800 employees administer clients assets totalling almost CHF 42.0 billion. Its client advisors are supported by a global network of partner firms that contribute to the outstanding international know-how of VP Bank Group.

## Tradition and quality for more than 60 years

Founded in 1956 in Vaduz, Liechtenstein, VP Bank has grown steadily from a friendly local bank to become a globally active financial services enterprise.

The founder of VP Bank, Guido Feger, was a successful entrepreneur and one of Liechtenstein's most highly regarded fiduciaries. Right from the start, he demonstrated innovation, competence and courage, while never veering from the fundamental principles of client orientation and financial security. These tenets have been resolutely upheld for six decades.

To this very day, each and every employee of VP Bank Group lays claim to the ethos of quality. A number of international awards for the quality of the Bank's client advice and ancillary services, as well as for its competence in transaction processing, attest to this pronounced quality consciousness.

In 1983, VP Bank became Liechtenstein's first exchange-listed company, and ever since then it has

been present in the international banking system via the euro money market. The philanthropic activities of VP Bank's founder have been continued by its major shareholder, «Stiftung Fürstl. Kommerzienrat Guido Feger» foundation.

## Competencies and client advice

Tailor-made wealth planning, asset management and investment advice for a demanding private clientele represent VP Bank's core competencies. The Bank is also an established partner for financial intermediaries who especially count on decades of experience and a modern infrastructure.

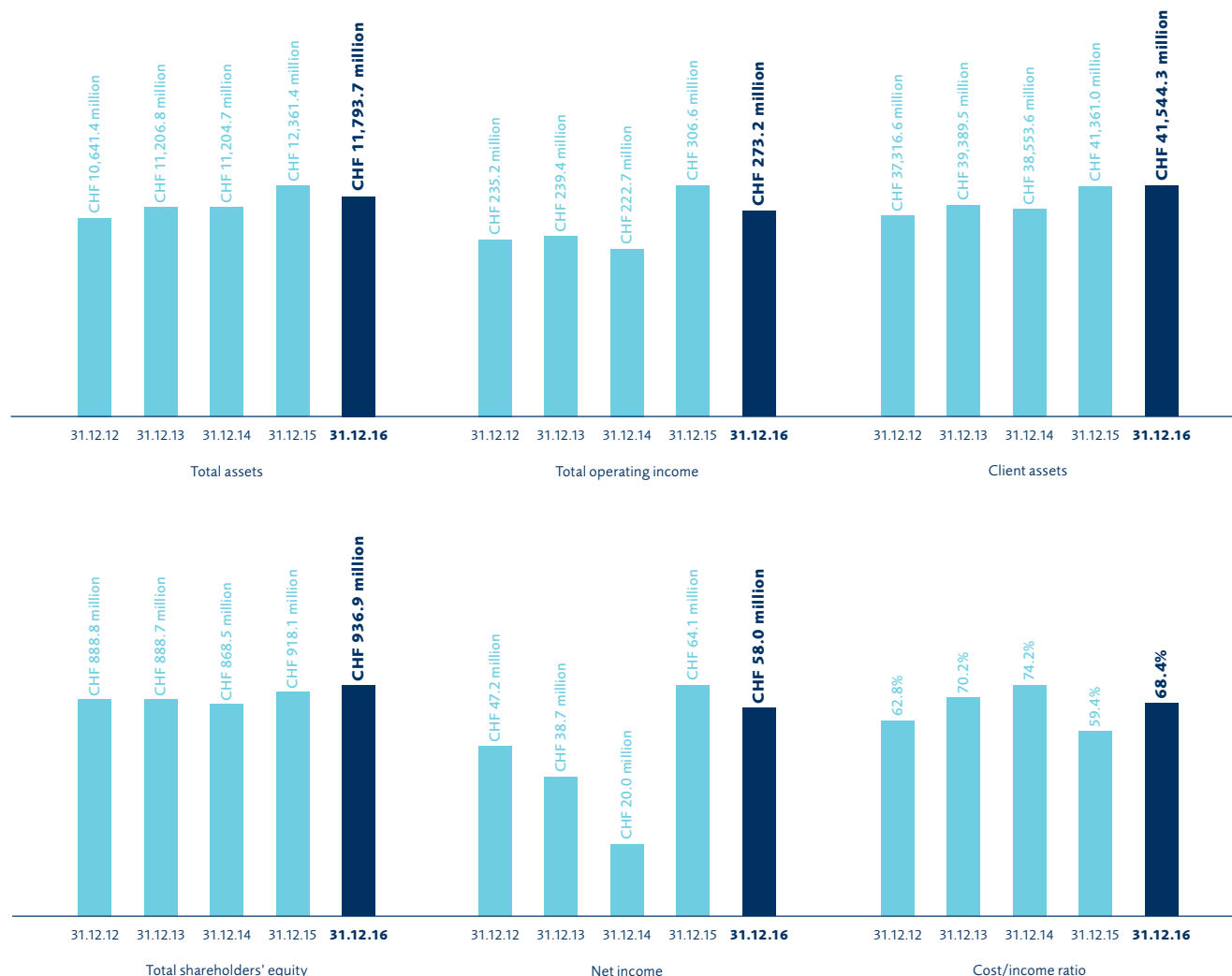
One of the strengths of VP Bank is its independence in terms of providing financial advice. The Bank's investment solutions are based on the principle of "open architecture", an approach that also takes into account the best-in-class products and services of third-party providers. The result: conflicts of interest are avoided right from the start.

Together with its partners throughout the world, VP Bank recommends either the best traditional investment instruments to its clients or develops proprietary, innovative solutions. The global presence of VP Bank Group means that it can draw on a vast pool of expertise, so that country-specific circumstances can be taken into account when necessary. Thanks to this open architecture and best manager selection, clients can always rest assured that they have the most suitable investment instruments in their portfolio.

In addition, VP Bank's e-banking application affords clients freedom of movement and maximum security when conducting banking transactions. They have round-the-clock electronic access to their securities and deposit accounts.

With more than 800 employees, VP Bank Group is the right size to offer top-notch solutions with a personal touch. Clients enjoy the individualised advice of a private bank while simultaneously gaining access to a worldwide network of specialists. And not least of all, the structured and transparent investment process ensures straightforward decisions, which benefit the client.

# Key figures of VP Bank Group



## Key figures of VP Bank Group

	2016	2015	Variance in %
<b>Key income statement data in CHF million<sup>1, 2</sup></b>			
Total operating income	273.2	306.6	-10.9
Total net interest income	102.4	88.4	15.8
Total net income from commission business and services	118.8	126.4	-6.0
Income from trading activities	44.5	42.2	5.5
Operating expenses	212.2	246.4	-13.9
Group net income	58.0	64.1	-9.5
<b>Key balance-sheet data in CHF million<sup>1, 2</sup></b>			
Total assets	11,793.7	12,361.4	-4.6
Due from banks	660.8	2,060.3	-67.9
Due from customers	5,248.7	5,007.0	4.8
Due to customers	9,838.9	10,546.4	-6.7
Total shareholders' equity	936.9	918.1	2.0
Equity ratio (in %)	7.9	7.4	7.0
Tier 1 ratio (in %)	27.1	24.4	10.9
Leverage ratio in accordance with Basel III (in %)	7.8	7.0	11.4
<b>Client assets in CHF billion<sup>2, 11</sup></b>			
On-balance-sheet customer deposits (excluding custody assets)	9,712.2	10,062.1	-3.5
Fiduciary deposits (excluding custody assets)	612.9	512.7	19.6
Client securities accounts	25,428.8	24,193.8	5.1
Custody assets <sup>11</sup>	5,790.4	6,592.3	-12.2
<b>Business volume<sup>12</sup></b>			
Net new money	7.4	6,045.5	-99.9
<b>Key operating indicators<sup>2</sup></b>			
Return on equity (in %) <sup>1, 3</sup>	6.3	7.3	
Cost/income ratio (in %) <sup>4</sup>	68.4	59.4	
Total operating expenses / total net operating income (in %)	77.7	80.4	
Headcount (expressed as full-time equivalents, excluding student apprentices) <sup>5</sup>	738.3	734.4	
Total operating income per employee (in CHF 1,000)	370.1	417.4	
Total operating expenses per employee (in CHF 1,000) <sup>6</sup>	253.3	248.0	
Group net income per employee (in CHF 1,000)	78.5	87.2	
<b>Key indicators related to shares of VP Bank in CHF<sup>1, 10</sup></b>			
Group net income per registered share A <sup>7</sup>	9.61	10.17	
Group net income per registered share B <sup>7</sup>	0.96	1.02	
Dividend per registered share A <sup>8</sup>	4.50	4.00	
Dividend per registered share B <sup>8</sup>	0.45	0.40	
Dividend yield (in %)	4.2	4.9	
Payout ratio (in %)	46.8	39.3	
Total shareholders' return on registered shares A (in %)	36.59	0.0	
Shareholders' equity per registered share A on the balance-sheet date	157.14	154.01	
Shareholders' equity per registered share B on the balance-sheet date	14.47	14.18	
Quoted price per registered share A	108.00	82.00	
Quoted price per registered share B	10.80	8.20	
Highest quoted price per registered share A	111.90	87.50	
Lowest quoted price per registered share A	78.05	71.15	
Market capitalisation (in CHF million) <sup>9</sup>	714	542	
Price/earnings ratio per registered share A	11.24	8.06	
Price/earnings ratio per registered share B	11.24	8.06	
Rating Standard & Poor's	A-/Positive/A-2 <sup>13</sup>	A-/Negative/A-2	

<sup>1</sup> The reported key data and operating indicators are computed and reported on the basis of the share of the net profit and shareholders' equity attributable to the shareholders of VP Bank Ltd, Vaduz.

<sup>2</sup> Details in the notes to the consolidated income statement and consolidated balance sheet.

<sup>3</sup> Net income / average shareholders' equity less dividend.

<sup>4</sup> Total operating expenses (without depreciation and amortisation, valuation allowances, provisions and losses) / total operating income.

<sup>5</sup> In accordance with legal requirements, apprentices are to be included in headcount statistics as 50 per cent of equivalent full-time employees.

<sup>6</sup> Operating expenses excluding depreciation and amortisation, valuation allowances, provisions and losses / gross income less other income and income from financial instruments.

<sup>7</sup> Based on the weighted average number of shares (registered share A) (note 11).

<sup>8</sup> Subject to approval by the annual general meeting.

<sup>9</sup> Including registered shares B.

<sup>10</sup> Conversion of bearer shares into registered shares A (note 30).

<sup>11</sup> Adjusted (custody assets, see also note client assets).

<sup>12</sup> Assets under management and due from customers.

<sup>13</sup> As of 2 March 2017.

# The organisational structure of VP Bank Group

VP Bank Group consists of four organisational units: "Chief Executive Officer", "Client Business" and "Chief Financial Officer & Banking Services" and "Chief Operating Officer".

## Changes to the organisational structure in the 2016 financial year

Effective as of 1 January 2016, the new organisational unit "Chief Operating Officer" was established. Martin C. Beinhoff was named Chief Operating Officer and head of this unit.

Also on 1 January 2016, the Group Finance & Risk operating unit was divided into two discrete units: Group Finance, and Group Risk. Hanspeter Kaspar remains in charge of the former, and Marcel Beutler was newly appointed as Head of Group Risk on that date.

The former Head of Group Treasury, Patrick D. Businger, left VP Bank in January 2016. The unit was supervised temporarily by COO Martin C. Beinhoff until 1 March 2016, when Claus Hug assumed the post of Head of Group Treasury & Execution.

Antoine Baronnet, Head of Client Business and Executive Board member at VP Bank (Luxembourg) SA, left VP Bank on 27 April 2016. His function is being performed on an interim basis by Thomas Steiger, CEO of VP Bank (Luxembourg) SA.

Following the effort spearheaded by Martin C. Beinhoff to conduct a comprehensive examination of the fundamental metrics Group Executive Management relies on when determining its lending policy and credit strategy, the GEM decided to separate the Front- and Mid-/Backoffice activities of the Group Credit unit. In this connection, the Mid- and Backoffice departments were shifted to the Chief Operating Officer unit. The Commercial Banking Domestic department was kept in the Client Business Liechtenstein segment until 30 April 2016. In order to augment the important Intermediaries business with a wider array of offerings and make it a one-stop source of advisory services, the Commercial Banking department was then integrated into the Intermediaries operating unit on 1 June 2016. The Group Credit unit was streamlined as of 1 May 2016 by combining the Credit Risk Management and Commercial Banking International departments to create the Credit Risk department headed by Michael Curschellas. Michael Curschellas was then appointed Head of Group Credit on 1 September 2016.

Upon the merger with Centrum Bank AG in 2015, the Intermediaries II unit of that bank was integrated into VP Bank's existing Intermediaries organisation. In a second step completed on 1 June 2016, the respective VP Bank and Centrum Bank teams were combined to realise the intended segment-specific organisational structure.

In effort to reinforce VP Bank's client business and generate added revenues by means of new services, Hendrik Breitenstein – the Head of Group Investment, Product & Market Management – built up a Group-wide Active Advisory Desk. Since 1 May 2016, Stefan Schwitter has been responsible for the Group Investment, Product & Market Management unit.

On 1 May 2016, Anne Guidi was named member of the Executive Board of VP Fund Solutions (Luxembourg) SA and is mainly in charge of risk and compliance at that firm. Its Executive Board now comprises three members: Eduard von Kymmel, Ralf Funk and Anne Guidi.

On 2 November 2015, Antony Lassanianos took over as interim Chief Executive Officer of VP Bank (Switzerland) Ltd and was definitively appointed CEO of this Zurich-based subsidiary, effective as of 1 June 2016. On the same date, Stephan Wernli, formerly Head of Legal, Compliance & Tax, was named to the Executive Board of VP Bank (Switzerland) Ltd. As a result, the subsidiary's Executive Board once again consists of three members: Antony Lassanianos, Thomas Westh Olsen and Stephan Wernli.

Alex Boss, CEO of VP Fund Solutions (Liechtenstein) AG, decided to leave that company in October 2016. His successor, Ralf Konrad, assumed that post as of 1 December 2016. Going forward, the Executive Board of VP Fund Solutions (Liechtenstein) AG will comprise two members: Ralf Konrad as CEO, and Reto Grässli as Chief Operating Officer.

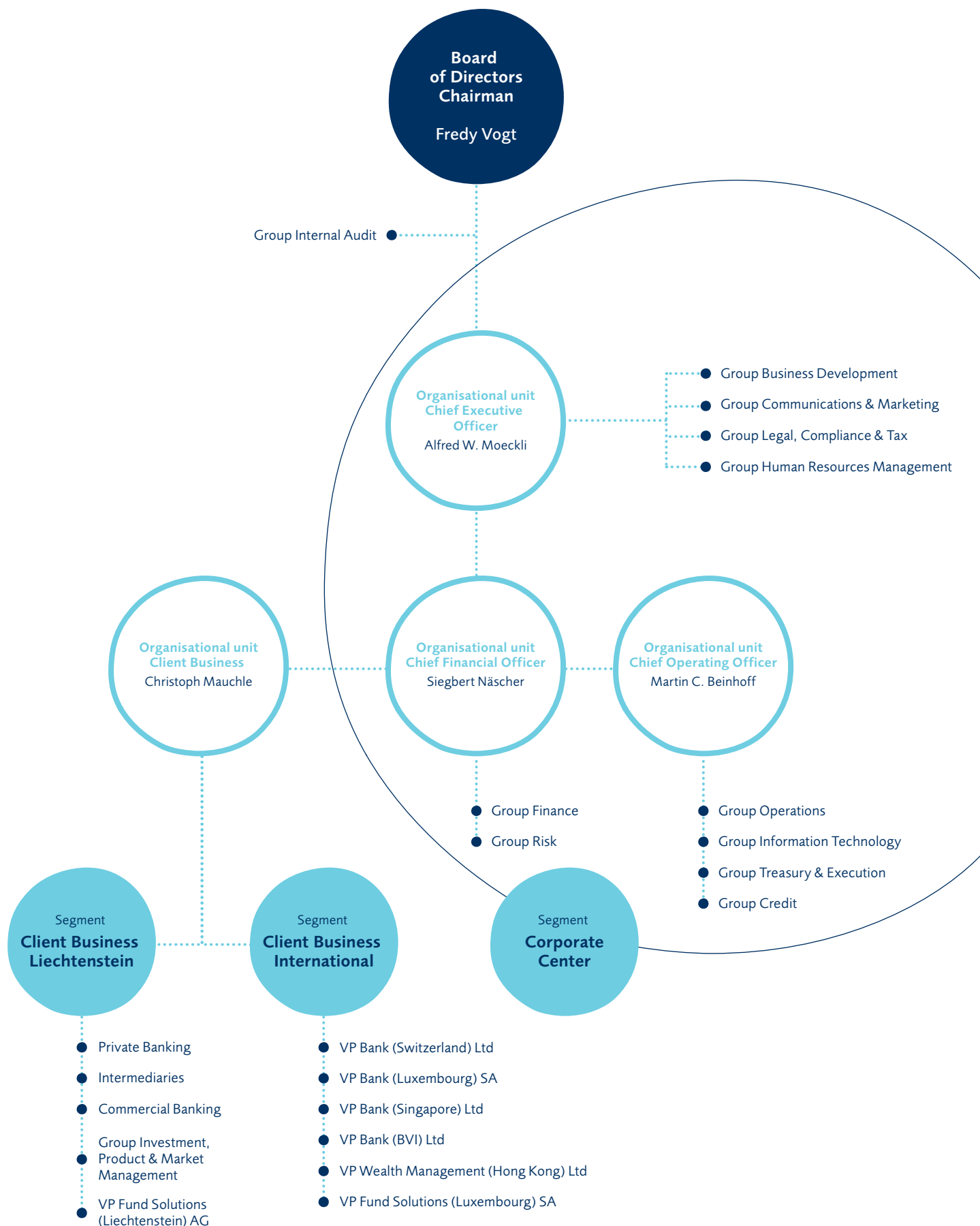
### Changes to the organisational structure subsequent to 31 December 2016

In conjunction with the implementation process for VP Bank Group's Strategy 2020, the function of General Counsel will be combined with that of the Chief Risk Officer. The investment competency of the Bank will also be reinforced in a targeted manner. This reorientation and the greater emphasis placed on these areas of activity are reflected in VP Bank Group's adapted organisational and management structure, which took effect as of 1 January 2017.

Monika Vicandi, General Counsel and Head of Group Legal, Compliance & Tax, will now oversee the "General Counsel & Chief Risk Officer" organisational unit at the Group Executive Committee level. The future head of "Investment Solutions", whose recruitment is currently under way, will also become a member of Group Executive Management. As of 1 January 2017, the Investment Solutions organisational unit now includes the Group Investment, Product & Market Management and VP Fund Solutions operating units, which were previously part of the Client Business organisational unit.

Katharina Vogt-Schädler, Chief Executive Officer of VP Bank (BVI) Ltd, has opted not to prolong her secondment to the British Virgin Islands. As of 1 February 2017, Nicholas A. Clark will take over as Chief Executive Officer of VP Bank (BVI) Ltd. At that point, the Executive Board of VP Bank (BVI) will comprise Nicholas A. Clark (CEO) and Sjoerd Koster as General Manager for Client Business.

Rajagopal Govindarajoo, Managing Director of VP Bank (Singapore) Ltd, decided in September 2016 to step down from his operative function. On 13 March 2017, Bruno Morel will take over as Chief Executive Officer of VP Bank (Singapore) Ltd.



Organisational chart as of 31.12.2016



## VP Bank, Vaduz, Head Office

Segment	Area	Head
Board of Directors	Group Internal Audit	Nikolaus Blöchliger
Chief Executive Officer	Group Communications & Marketing Group Human Resources Management Group Legal, Compliance & Tax Group Business Development	Tanja Muster Rita Becker Monika Vicandi Alfred W. Moeckli
Chief Financial Officer	Group Finance Group Risk	Dr Hanspeter Kaspar Marcel Beutler
Client Business	Private Banking Intermediaries Group Investment, Product & Market Management	Martin Engler Tobias Wehrli Stefan Schwitter
Chief Operating Officer	Group Operations Group Information Technology Group Treasury & Execution Group Credit	Jürg Mühlethaler Dr Andreas Benz Claus Hug Michael Curschellas

## Companies with bank status

Company	Country	City	Head
VP Bank Ltd	Liechtenstein	Vaduz	Alfred W. Moeckli, Siegbert Näscher, Christoph Mauchle, Martin C. Beinhoff
VP Bank (Switzerland) Ltd	Switzerland	Zurich	Antony Lassarinos, Thomas Westh Olsen, Stephan Wernli
VP Bank (Luxembourg) SA	Luxembourg	Luxembourg	Thomas Steiger, Romain Moebus
VP Bank (BVI) Ltd	British Virgin Islands	Tortola	Katharina Vogt-Schädler, Sjoerd Koster
VP Bank (Singapore) Ltd	Singapore	Singapore	Rajagopal Govindarajoo

## Wealth management companies

Company	Country	City	Head
VP Wealth Management (Hong Kong) Ltd	China	Hong Kong	Clare Lam Chan

## Fund management companies

Company	Country	City	Head
VP Fund Solutions (Liechtenstein) AG	Liechtenstein	Vaduz	Ralf Konrad, Reto Grässli
VP Fund Solutions (Luxembourg) SA	Luxembourg	Luxembourg	Eduard von Kymmel, Ralf Funk, Anne Guidi

## Representative offices

Company	Country	City	Head
VP Bank (Switzerland) Ltd Moscow Representative Office	Russia	Moscow	Jean-Michel Brunie
VP Bank Ltd Hong Kong Representative Office	China	Hong Kong	Clare Lam Chan

# VP Bank Group

VP Bank Ltd is a bank domiciled in Liechtenstein and is subject to the Financial Market Authority (FMA) Liechtenstein, Landstrasse 109, PO Box 279, 9490 Vaduz, Liechtenstein, [www.fma-li.li](http://www.fma-li.li)

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## Imprint

This annual report has been produced with the greatest possible care and all data have been closely examined. Rounding, typeset or printing errors, however, cannot be ruled out.

This annual report includes information and forecasts relating to the future development of VP Bank Group. Those forecasts represent estimates based on all information available at the time of publication.

Any such forward-looking statement is subject to risks and uncertainties that could lead to significant variances in actual future results.

No guarantee can be made as to the reliability of the prognoses, planned quantities or forward-looking statements contained herein.

This annual report has been produced in German and English, whereas the German version shall prevail in case of doubt.

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