

Corporate governance

Corporate governance stands for responsible corporate management and control. The “Swiss Code of Best Practice for Corporate Governance” defines corporate governance as the entirety of principles focused on the interests of shareholders which aim to strike a healthy balance of management and control whilst maintaining decision-making capability as well as efficiency at the highest level of a company and transparency.

Good corporate governance ensures transparent management aimed at sustainable achievement. It is designed to serve not only the company but also external stakeholder groups. The overall framework of corporate governance is determined to a significant degree by the legislator and shareholders; the specific manner in which it is designed is the responsibility of the Board of Directors.

VP Bank Group strives to win the trust of all stakeholder groups. It thus acts with integrity and in a fair and transparent manner at all times and grants its stakeholder groups insight into its decision-making and control processes. For years, it has thus published, of its own accord, information as to its strategic objectives as well as its relationships with stakeholders.

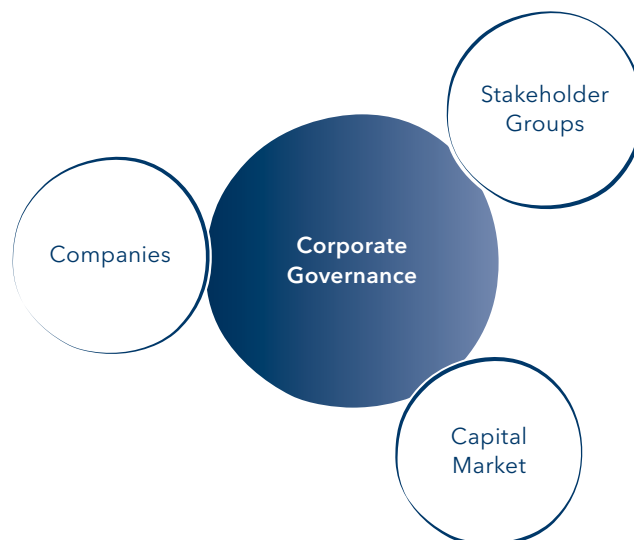
This report describes the basic principles underlying the corporate management of VP Bank Ltd¹, Vaduz as required by the revised “Directive on Information Relating to Corporate Governance” (DCG) of the Swiss Stock Exchange, SIX Swiss Exchange dated 20 March 2018 as well as the laws of Liechtenstein.

In Switzerland, the Ordinance against Excessive Compensation in Public Corporations (OAEC) has been in force as from 1 January 2014. It is applicable to Swiss joint-stock companies whose shares are quoted on a stock exchange in Switzerland or abroad, whereby VP Bank is not directly affected. In its Notification no. 2/2014 issued on 1 September 2014 concerning the revision of the “Directive on Information Relating to Corporate Governance” (DCG), the Regulatory Board stipulated that in principle all companies quoted on the SIX Swiss Exchange must disclose the same information concerning corporate governance. Consequently, the DCG contains in part special provisions for issuers which are not subject to the OAEC, but must apply these, in part, by analogy.

Unless otherwise indicated, all corporate-governance disclosures herein are valid as at 31 December 2018.

¹ Hereinafter referred to as VP Bank.

Equilibrium achieved through Corporate Governance



1. Group structure and shareholders

1.1 Group structure

1.1.1 Description of operating Group structure

As a joint-stock company, VP Bank is constituted in accordance with Liechtenstein law. It is the parent company of VP Bank Group. The organisation chart on page 15 shows the Group's operating structure and from page 89 onwards the detailed segment reporting is set out.

The Executive Board of the parent bank is designated as "Group Executive Management (GEM)". It assumes responsibility for the operational management of the parent bank as well as assuming the function as Executive Board for VP Bank Group². The members of the Executive Board are represented on the boards of directors of the subsidiary companies. As a general rule, either the Chief Executive Officer or another member of the Group Executive Management acts as Board Chairman of any given subsidiary company.

1.1.2 Listed companies included in the scope of consolidation

The registered shares A of VP Bank, Vaduz are listed on SIX Swiss Exchange, the B registered shares of the company are not quoted.

	ISIN	Year-end price in CHF	Market value in CHF million
Registered shares A (listed)	LI0010737216	141.40	850.5 ¹
Registered shares B (not listed)	LI0010737596	14.20	85.3
Total (market capitalisation of registered shares A plus market value of registered shares B)			935.8

¹ Stock-market capitalisation of listed registered shares A as of 31.12.2018

No other listed companies are included in the scope of consolidation.

1.1.3 Unlisted companies included in the scope of consolidation

Group subsidiaries and significant shareholdings included in the scope of consolidation together with their corporate name, registered office, share capital as well as the percentage of share capital held are set out in the Financial Report (page 165).

1.2 Significant shareholders (anchor shareholders)

As at 31 December 2018, the following shareholders have declared that they own more than 10 per cent of the share capital of VP Bank or exercise more than 5 per cent of the voting rights.

Shareholders	Registered shares A	Registered shares B	Voting rights	Voting rights as % of total	Ownership of total share capital
Stiftung Fürstl. Kommerzienrat Guido Feger, Vaduz ¹	1,066,426	4,530,047	5,596,473	46.6%	23.0%
U.M.M. Hilti-Stiftung, Schaan	547,170	658,370	1,205,540	10.0%	9.3%
Marxer Stiftung für Bank- und Unternehmenswerte, Vaduz	756,764	0	756,764	6.3%	11.4%

¹ incl. institutions controlled by the Foundation

During the financial year, no further disclosure notifications were received as foreseen by Art. 25 of the Liechtenstein Law Governing the Disclosure of Significant Shareholdings in a Listed Company and by Art. 120-124 of the Swiss Financial Market Infrastructure Act (FMIA). There exist no shareholder agreements.

1.3 Cross-shareholdings

VP Bank has entered into no cross-shareholdings with other companies involving share capital or voting rights.

² In principle, the term "Executive Board" is used in this chapter.

2. Capital structure

2.1 Share capital

The share capital of VP Bank amounts to CHF 66,154,167 and is divided into 6,015,000 fully paid-up registered shares A with a par value of CHF 10.00 each, as well as 6,004,167 registered shares B with a par value of CHF 1.00 each (see Financial Report, page 155).

	Number	Balance as of 31.12.2018 Share capital in CHF
Registered shares A	6,015,000	60,150,000
Registered shares B	6,004,167	6,004,167
Total	12,019,167	66,154,167

2.2 Conditional and authorised capital

VP Bank has neither authorised nor conditional capital.

2.3 Changes in shareholders' equity

The total shareholders' equity of VP Bank for the past three financial years (as at the respective balance-sheet date) has developed as follows:

in CHF 1,000	31.12.2016	31.12.2017	31.12.2018
Share capital	66,154	66,154	66,154
Capital reserves	47,143	47,143	47,094
Legal reserves	239,800	239,800	239,800
Other reserves	346,646	349,225	352,286
Provisions for general banking risks	63,150	63,150	63,150
Retained earnings	118,847	136,282	134,015
Total	881,740	901,754	902,454

2.4 Shares and participation certificates

The registered shares A of VP Bank are freely tradable on SIX Swiss Exchange. The registered shares B are not listed but are widely held among the regional population. Both share categories bestow the membership rights provided for in the Liechtenstein Persons and Companies Act (PCA) and the company's Articles of Incorporation. Each registered share A (par value of CHF 10.00) and each registered share B (par value of CHF 1.00) grants the holder the right to one vote at the Annual General Meeting of VP Bank, irrespective of the par value of the share.

VP Bank has issued no participation certificates.

2.5 Profit-sharing certificates

VP Bank has issued no profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

The registration and transfer of registered shares is regulated in detail in Art. 7 of the Articles of Incorporation³. Only those shareholders entered into the share register are entitled to exercise membership rights of the company.

The Board of Directors can refuse to enter holders of registered share B into the register of shareholders on important grounds (Art. 7a of Articles of Incorporation). During the financial year, the Board of Directors did not make use of their powers of authority in this respect.

2.7 Convertible bonds and options

VP Bank has issued neither convertible bonds nor options based on its shares.



³The Articles of Incorporation in the Internet:
www.vpbank.com/regulations

3. Board of Directors

The Board of Directors bears responsibility for the medium- to long-term strategic orientation of VP Bank Group. It is responsible for the overall management, supervision and control of the company.

Liechtenstein legislation provides for a clear separation of the overall management, supervision and control duties performed by the Board of Directors, and the duties performed by operational management. Accordingly, the Board of Directors of VP Bank consists exclusively of non-executive members (i.e. members not actively involved in management).

3.1 Members of the Board of Directors

The Board of Directors of VP Bank consists of ten members. No Board member has belonged to the Group Executive Management, the Executive Board of VP Bank or the Management of any Group company during the past three financial years.

As a bank, VP Bank maintains business relationships with numerous domestic and foreign companies. This is also true for the members of the Board of Directors as well as for individuals or legal entities that are closely related to the Board members.

The following table provides information on the names, ages, functions, joining dates and remaining terms of office of the Board members:

Name	Year of birth	Function	Joined Board of Directors in	Elected until AGM in	Committee membership
Fredy Vogt	1958	Chairman	2012	2021	Nomination & Compensation Committee ¹
Lic. oec. Markus Thomas Hilti	1951	Vice Chairman	1992	2019	Nomination & Compensation Committee
Dr Christian Camenzind	1960	Member	2016	2019	Strategy & Digitalisation Committee
Prof. Dr Teodoro D. Cocca	1972	Member	2011	2020	Strategy & Digitalisation Committee ¹
Dr Beat Graf	1964	Member	2014	2020	Audit Committee, Risk Committee
Lic. iur. Ursula Lang	1967	Member	2016	2019	Audit Committee, Risk Committee ¹
Dr Florian Marxer	1976	Member	2015	2021	Strategy & Digitalisation Committee
Dr Thomas R. Meier	1962	Member	2018	2021	Strategy & Digitalisation Committee
Dr Gabriela Maria Payer	1962	Member	2016	2019	Nomination & Compensation Committee, Strategy & Digitalisation Committee
Michael Riesen	1962	Member	2014	2020	Audit Committee ¹ , Risk Committee

¹ Chairperson

Fredy Vogt

Born 11 September 1958, citizen of Liechtenstein



Fredy Vogt is Chairman of the Board of Directors. In addition, he is Chairman of the Nomination & Compensation Committee. He participates in the meetings of the other Board Committees as a guest.

Education

Swiss Certified Public Accountant (1988); Swiss Certified Expert in Accounting and Controlling (1984).

Professional background

1987-2012 VP Bank Ltd, Vaduz: 1996-2012 member of the Executive Board (responsible for finance, corporate clients and intermediaries, trading, real estate and security) as well as 2003-2012 CFO. In addition, he held the office of CEO ad interim from 25 August 2009 to 31 March 2010. 1994-1996 Department Head of Corporate Planning and Accounting; 1990-1994 Organisation and Head of the Controlling Department; 1987-1990 Deputy Head of Internal Audit; 1985-1987 Lead Auditor Areva Allgemeine

Revision und Beratungs AG, Vaduz; 1984-1985 Managing Director Revikon Revision und Beratungs AG, Vaduz; 1983-1984 Auditor Neutra Treuhand AG, St. Gallen; 1980-1983 assistant (later Department Head) in Trustee Operations Confida Treuhand- und Revisions AG, Vaduz; 1979-1980 assistant in bookkeeping department Trevisor Treuhand- und Kontrollstellen AG, Vaduz; 1979 assistant in credit department Liechtensteinische Landesbank, Vaduz.

Other activities and vested interests

Chairman of the Board of Directors of VPB Finanz Holding AG, Zurich; Chairman of the Board of Trustees of Privatbank-Personalstiftung, Vaduz; member of the Foundation Council of the VP Bank Foundation and of the VP Bank Art Foundation; member of the Foundation Council of Karl Danzer Foundation, Vaduz; member of the Board of Directors of Helios Aviation AG, Triesen; member of the Executive Board of the Liechtenstein Chamber of Commerce and Industry (LIHK).

Markus Thomas Hilti

Born 3 January 1951, citizen of Liechtenstein



Markus Thomas Hilti is Vice-Chairman of the Board of Directors and member of the Nomination & Compensation Committee.

Education

Lic. oec. HSG University of St. Gallen (1976).

Professional background

Since 2010 Protector of the Martin Hilti-Familientreuhänderschaft, Schaan; 1990-2010 Administrative Trustee of the Martin Hilti-Treuhanderschaft, Schaan; 1981-1990 Hilti

Western Hemisphere, Tulsa, USA; 1987-1990 Member of Management and responsible for product management, procurement, development and quality control as well as the management of the Tulsa factory, USA; 1981-1987 various activities in the field of finances, product management and sales; 1977-1980 Auditor Coopers & Lybrand, White Plains, N.Y., USA.

Other activities and vested interests

Member of the Council of Trustees of U.M.M. Hilti-Stiftung, Schaan (point 1.2).

Dr Christian Camenzind

Born 10 May 1960, Swiss citizen



Dr Christian Camenzind is member of the Strategy & Digitalisation Committee.

Education

Advanced Management Program, Wharton School, University of Pennsylvania, Philadelphia, USA (1999); Dr. iur. University of Zurich (1989); lic. iur. University of Zurich (1986).

Professional background

Since 2013 independent management consultant, Zurich; 2011-2013 Chief Operating Officer, Wealth Management Asia/Pacific Deutsche Bank, Singapore; 2000-2011 Chairman of the Management, Bank Sal. Oppenheim jr. & Cie (Switzerland) AG, Zurich; 1998-1999 member of Management and Head Private Banking International, Bank Leu AG, Zurich; 1997 Head of Market and Product Manage-

ment, CS Private Banking Credit Suisse, Zurich; 1994-1996 Head of Private Banking and member of the Directorate, Credit Suisse, Luxembourg; 1993-1994 Head of Financial Products Private Banking Credit Suisse, London, UK; 1989-1994 Analyst Capital Markets, Advisor Investment Advice International/CS Life Credit Suisse, Zurich; 1987-1989 Assistant to Prof. Ernst Kilgus, Institute for Swiss Banking, University of Zurich.

Other activities and vested interests

Chairman of the Board of Directors of B&I Capital AG, Zurich and Singapore; member of the Board of Directors, Swiss Cyber Gate AG, Zurich; member of the Advisory Council, Swiss Business Development Services GmbH, Zurich.

Prof. Dr Teodoro D. Cocca

Born 25 July 1972, Swiss citizen



Prof. Dr Teodoro D. Cocca is Chairman of the Strategy & Digitalisation Committee.

Education

Dr. oec. University of Zurich (2001); lic. oec. University of Zurich (1998).

Professional background

Since 2010, Adjunct Professor at the Swiss Finance Institute in Zurich; since 2006 Johannes Kepler University Linz, Austria; since 2007 member of the Research Institute for Banking and Finance, since 2006 Professor for Asset Management; 2011-2013 Dean of the Social and Economic Sciences Faculty; 2004-2006 University of Zurich: 2005-2006 Project Associate Finance Group (with Prof. Thorsten Hens); 2004-2006 Project Associate Swiss Financial Center

Watch; 2003-2004 research activity with Prof. Ingo Walter at the Stern School of Business, New York, USA; 2001-2005 Project Associate at NCCR FINRISK (National Center of Competence in Research in Finance, Project: Financial Valuation and Risk Management); 1998-2006 Scientific Assistant and from 2001 onwards, Senior Assistant and Senior Researcher at the Swiss Banking Institute of Zurich University; 1995-1998 activities in Private Banking/Financial Control with Citibank Switzerland, Zurich; 1995-1996 President of the Organizing Committee of AIESEC Zurich.

Other activities and vested interests

Member of the investment committee of various Austrian investment funds; owner of Cocca Asset Management KG, Weisskirchen an der Traun/Austria; member of the Supervisory Council in Zertifikate Forum Austria (ZFA), Vienna.

Dr Beat Graf

Born 25 April 1964, Swiss citizen



Dr Beat Graf is a member of the Audit Committee and Risk Committee.

Education

Master of Advanced Studies in Risk Management at Lucerne University (2007); Dr iur. University of Fribourg (1996); lic. iur. University of Fribourg (1990).

Professional background

Since 2004 Allgemeines Treuunternehmen (ATU), Vaduz: since 2015 Chairman of the Council of Trustees and member or Chairman of the Board of Directors in various ATU Group companies; 2012–2015 member of Management and responsible for compliance, personnel and marketing, 2007–2012 member responsible for the coordination of all

ATU Group subsidiaries, member of Management and Head of Compliance; 2004–2007 Head of Compliance; 1999–2004 Founding Partner and Managing Director LM Legal Management AG, St. Gallen; 1991–1999 Swiss Bank Corporation/UBS, St. Gallen: 1998–1999 Deputy Head of Legal Services Eastern Switzerland; 1993–1998 assistant in Legal Services department; 1991–1993 trainee Corporate Client Advisor.

Other activities and vested interests

Member of Council of Trustees of Stiftung Fürstl. Kommerzienrat Guido Feger, Vaduz (see section 1.2); member of the Foundation Council of Privatbank Personalstiftung, Vaduz.

Ursula Lang

Born 15 February 1967, Swiss citizen



Ursula Lang is Chairwoman of the Risk Committee and member of the Audit Committee.

Education

Swiss licensed attorney (1996); lic. iur. University of Zurich (1993).

Professional background

Since 2015 independent lawyer (specialised in criminal law, commercial criminal law, compliance) Sintzel Krapf Lang Attorneys-at-Law, Zurich; 1998–2013 Credit Suisse, Zurich: 2011–2013 General Counsel for Switzerland and the business area Private Banking & Wealth Management,

2008–2011 Head of Compliance Switzerland, from 2009 additionally Co-Head of Global Compliance, 2006–2008 Global Head of Anti-Money Laundering Compliance, 2000–2006 employee Compliance Credit Suisse Private Banking and Credit Suisse Financial Services, 1998–2000 employee Legal Department; 1996–1998 Lawyer Stiffler & Nater Attorneys-at-Law, Zurich; 1994–1996 Auditor and Legal Secretary District Court of Horgen.

Other activities and vested interests

Member of the Board of Directors and Chairwoman of the Audit Committee of responsAbility Investments AG, Zurich.

Dr Florian Marxer

Born 17 August 1976, citizen of Liechtenstein



Dr Florian Marxer is a member of the Strategy & Digitalisation Committee.

Education

Admitted to the bar in Liechtenstein (2008); Dr iur. University of Zurich (2007); admitted to the bar, New York, USA; (2005); Master of Laws (LL.M.), Yale Law School, New Haven, USA (2005); Mag. iur. University of Innsbruck (2002).

Professional background

Since 2010 partner with Marxer & Partner Attorneys-at-Law, Vaduz; 2010–2015 member and during 2011–2014 Chairman of the Board of Directors Centrum Bank Ltd, Vaduz; 2009 trainee with Bank Julius Bär & Co. AG, Zurich and Singapore; 2005–2009 legal assistant with Marxer & Partner Attorneys-at-Law, Vaduz; 2003 legal trainee with the Princely Court of Justice (“Landgericht”) and Public Prosecutor’s Office

Liechtenstein, Vaduz; 2000–2001 project assistant at the Institute for Civil Law at the University of Innsbruck, Austria; 1997–1998 Stagiaire with the Permanent Representation of Liechtenstein with the Council of Europe, Strasbourg, France.

Other activities and vested interests

Chairman of the Board of Directors of Belvédère Asset Management AG, Glarus; Chairman of the Board of Directors of Centrum Beratungs- und Beteiligungen AG, Zurich; member of the Board of Directors of Confida Holding AG, Vaduz; member of the Board of Directors, Domar Treuhand- und Verwaltungs-Anstalt, Vaduz; President of the Foundation Council of Marxer Stiftung für Bank- und Unternehmenswerte, Vaduz (see point 1.2); member of the Board of Directors of Liechtensteiner Volksblatt AG, Schaan; council and board member of various non-profit and private-benefit establishments.

Dr Thomas R. Meier

Born 22 November 1962, Swiss citizen



Dr Thomas R. Meier is a member of the Strategy & Digitalisation Committee.

Education

Programme for Board Members, Swiss Board School, IMP-HSG (2017); Advanced Management Program, Wharton School, University of Pennsylvania (2003); Dr. iur. University of Zurich (1994); lic. iur. University of Zurich (2002).

Professional background

Since 2017 Independent Advisor with TRM Consulting AG, Herrliberg; 2005–2017 Bank Julius Bär Co. Ltd., Zurich; 2015–2017 Head CSR, Chairman Julius Bär Foundation, 2007–2015 Member of the Executive Board, CEO Asia, 2015–2007 Member of the Private Management Board, CEO for Asia, Middle East, Eastern Mediterranean &

Eastern Europe; 2004–2005 member of the Management and Head of Private Wealth Management with Deutsche Bank Luxembourg S.A.; 1988–2004 Credit Suisse Group: 2000–2004 CEO North Asia and Branch Manager of Credit Suisse Hongkong, 1997–1999 Market Head Private Banking Singapore, 1995–1996 Area Executive for South-East Asia, Australia and New Zealand, Zurich, 1993–1994 Senior Credit Officer and Area Manager for Indonesia and Australia, Zurich, 1992–1993 Workout Specialist, Lausanne, 1988–1992 various positions in the areas of risk management and product development, Zurich.

Other activities and vested interests

Member of the Board of Directors, of the Audit and of the Risk Committees of Leonteq AG, Zurich; Board member of the non-profit association “Smiling Gecko” (NGO).

Dr Gabriela Maria Payer

Born 14 July 1962, Swiss citizen



Dr Gabriela Maria Payer is a member of the Nomination & Compensation Committee and of the Strategy & Digitalisation Committee.

Education

Advanced HR Executive Program at the Michigan Business School, Michigan, USA (2004); Mastering Change in Financial Services at the International Institute for Management Development (IMD), Lausanne (1995); Dr. phil. University of Zurich (1990); study of languages and business management at the universities of Zurich and the Sorbonne, Paris/France (1987).

Professional background

Since 2012 Creative Business Development and Management Consulting PAYERPARTNER, St. Moritz; 2012-2017 Head of Training and Member of the Management Swiss Finance Institute, Zurich; 1993-2012 UBS AG, Zurich; 2009-2012 Founder and Head of the UBS Business University for the entire divisions of the bank, 2005-2009 Head of Personnel worldwide, Asset Management and Corporate Banking Businesses, 1998-2004 Founder and Head UBS

e-banking and Marketing Technology, 1993-1998 Head of Marketing and Distribution Channels Region Switzerland; 1990-1993 marketing and project manager with American Express, Zurich, London and Frankfurt; 1988-1989 Head of Communication Scheller Informatik Gruppe, Brugg; 1984-1987 student traineeship IBM Switzerland, Zurich.

Other activities and vested interests

Member of the Board of Directors and chairwoman of the Nomination and Compensation Committee as well as member of the Investment and Risk Committee of Helvetia Group AG, St. Gallen; vice-chairwoman of the Board of Directors of the SGO Stiftung Gesundheitsversorgung Oberengadin, Samedan; vice-chairwoman of the Board of Directors, chairwoman of the Nomination and Remuneration Committee as well as member of the Audit and Risk Committee of Sygnum AG, Zurich and Singapore; Committee member of the Advisory Council "CAS in General Management for Boards of Directors", University of Berne; member of the Supervisory Council for Swiss Leadership Forum; member of the Supervisory Council Center of Human Resource Management, University of Luzern.

Michael Riesen

Born 24 June 1962, Swiss citizen



Michael Riesen is Chairman of the Audit Committee and member of the Risk Committee.

Education

Swiss Certified Public Accountant (1992), Certified Trustee with Federal Diploma (1988), degree in Business Administration HKG (1985).

Professional background

Since 2014 independent management consultant; 1987-2013 various audit and advisory activities (as from 1998 as partner) with Ernst & Young AG, Zurich; 2010-2012 Sponsoring Partner of the Global Programme "Assessment of Service Quality (ASQ)" of Ernst & Young EMEA Sub-Area Financial Services; 2008-2012 Managing Partner Quality & Risk Management as well as Member of the Management Committee of Ernst & Young EMEA Sub-Area Financial

Services, 2008-2010 Managing Partner Financial Services and Member of the Board of Management; 2006-2008 Country Managing Partner Assurance Financial Services as well as Member of the Board of Management; 2005-2006 Head Assurance Financial Services as well as Member of Management of Ernst & Young AG; 2004 Head of one unit of Assurance Financial Services; 2000-2003 Head Professional Practice Banking Audit of Ernst & Young AG; 1985-1987 Internal Auditor with Swiss Federal Railways, department of Organisation & Audit, Berne; 1981-1984 assistant in municipal office of the commune of Steffisburg; 1980-1981 Member of the Project Team on Conversion to Natural Gas Energy and Transport Operations Thun.

Other activities and vested interests

Member of the Board of Directors of VPB Finanz Holding AG, Zurich.

3.2 Other activities and vested interests

Details of other activities of the Board members and any vested interests may be found in their biographies in section 3.1.

3.3 Number of authorised activities

VP Bank is not subject to the Swiss Ordinance against Excessive Compensation in Public Corporations (OAEC). From that point of view, it has not issued any statutory rules concerning the number of authorised activities.

3.4 Election and term of office

Details concerning the election and terms of office of the current members of the Board of Directors can be found in the analysis shown in Point 3.1. Pursuant to Art. 16 of the Articles of Incorporation, the Board of Directors shall comprise at least five members who are elected for a term of three years. The members of the Board of Directors are elected individually (re-election is permitted).

The Board of Directors elects the Chairman and Vice-Chairman from amongst its members for a term of three years (re-election is permitted).

3.5 Internal Organisation

The internal organisation and modus operandi of the Board of Directors are set out in the Articles of Incorporation (Arts. 17 to 19) and in the Organisation and Business Rules (OBR Sections 2 to 4)⁴.

In collaboration with the Executive Board, the Board of Directors annually reviews the Group's strategy in keeping with the provisions of the Articles of Incorporation and OBR and establishes the medium- and long-term objectives as well as the management guidelines of VP Bank Group. The Board of Directors decides on the annual budget proposed by the Executive Board for the parent bank and Group, on strategically important projects, on consolidated and individual-company financial statements, as well as on important personnel-related issues.

3.5.1 Division of tasks within Board of Directors

The Chairman – or, in his absence, the Vice-Chairman – conducts, in the name of the Board of Directors, the direct supervision and control of the Executive Board and Group Executive Management. To be able to fulfil its duties in an optimal manner, the Board of Directors is supported by four committees: the Nomination & Compensation Committee, the Audit Committee, the Risk Committee and the Strategy & Digitalisation Committee.

3.5.2 Composition, tasks and powers of authority of the Board committees

The tasks, powers of authority, rights and obligations of the various Committees are laid down in the Organisation and Business Rules. In addition, the functions of the Audit Committee, the Strategy & Digitalisation Committee and the Risk Committee are governed by way of separate business regulations. Minutes for the attention of the Board of Directors are kept on the meetings and the matters dealt with by the committees at their respective meetings. In addition, the committee chairmen inform the Board of Directors at the following Board meeting about all important matters as part of a standard agenda item.

Nomination & Compensation Committee

The Nomination & Compensation Committee comprises the following members: Fredy Vogt (Chairman), Markus Thomas Hilti and Dr Gabriela Maria Payer. Pursuant to chapter 3.2 OBR, the Committee is primarily responsible for the following tasks:

- assisting the Chairman of the Board of Directors in the fulfilment of his management and coordination duties, as well as the entire Board of Directors on matters of corporate governance, organisation and monitoring of business developments;
- defining the criteria for the election of Board members; performing the evaluation and submitting the related motions to the Board of Directors;
- submitting motions to the Board of Directors on the composition of the Committees of the Board of Directors;
- preparing and submitting motions to the Board of Directors concerning the appointment of the Chief Executive Officer and – in collaboration with the Chief Executive Officer – of the remaining members of the Executive Board;
- submitting proposals to the Board as to the compensation to be paid to the members of the Executive Board;
- dealing with fundamental issues concerning personnel policy (e.g. salary and equity-participation systems, management development, succession planning, staff welfare benefits) for the attention of the Board of Directors;
- submitting motions to the Board with regard to the compensation paid to the Chairman and other members of the Board of Directors.



⁴The Organisation and Business Rules in the Internet: www.vpbank.com/regulations

Audit Committee

The Audit Committee comprises Michael Riesen (Chairman), Dr Beat Graf and Ursula Lang. The Audit Committee assists the Board of Directors in fulfilling the duties assigned to it under the Banking Act regarding the overall management, supervision and control of the parent bank and of VP Bank Group. The Audit Committee is responsible in particular for the following tasks (pursuant to OBR Section 3.3):

- receiving and dealing with the reports of Group Internal Audit and the Banking-Law Auditors as well as assessing the appropriateness of the procedures deployed to remedy the pending items arising from the audit;
- critically assessing financial reporting as well as discussion thereof with the CFO, the Head of Group Internal Audit and representatives of the Banking-Law Auditors;
- deciding whether the individual company and consolidated financial statements can be recommended to the Board of Directors for submission to the Annual General Meeting of shareholders;
- assessing the functional capability of the internal control system;
- assessing the measures taken designed to ensure compliance with and observance of legal (e.g. compliance with capital-adequacy, liquidity and risk-diversification provisions) and internal provisions (compliance);
- taking note significant interactions with the respective supervisory authorities and assessing the measures taken to implement any conditions imposed as well as assessing the appropriateness of the procedures implemented to ensure compliance with regulatory conditions imposed and of remedial action taken;
- assessing the quality of the internal and external auditors, as well as the collaboration between the two sets of auditors;
- setting the multi-year audit plan of Group Internal Audit, as well as informing themselves as to and discussing the audit planning of the Group and Banking-Law auditors;
- assessing the performance, fees paid to and independence of the external auditors, especially in terms of the compatibility of their auditing activities with any advisory mandates they may have;
- advising the Board of Directors on the appointment and removal of external auditors;
- submitting motions to the Board of Directors for the appointment and removal of the Head of Group Internal Audit;
- advising the Board of Directors on the appointment and removal of the Chief Financial Officer.

Risk Committee

Ursula Lang (Chairwoman), Dr Beat Graf and Michael Riesen belong to the Risk Committee. The Risk Committee assists the Board of Directors in fulfilling the tasks assigned to it under the Banking Act regarding the overall management, supervision and control of the parent bank and of VP Bank Group. The Risk Committee is responsible in particular for the following tasks (pursuant to OBR Section 3.4):

- receiving and dealing with the reports of Group Risk as well as assessing the appropriateness of procedures deployed to manage and monitor risks;
- critically assessing financial, business, reputational and operational risks as well as discussing these with the Chief Risk Officer and the Head of Group Risk;
- assessing the functional capability of risk management and monitoring as well as of the internal control system;
- assessing the measures taken designed to ensure compliance with and observance of legal (e.g. compliance with capital-adequacy, liquidity and risk-diversification provisions) and internal provisions (compliance);
- taking note of significant interactions with the respective supervisory authorities and assessing the measures taken to implement any conditions imposed as well as assessing the appropriateness of the procedures implemented to ensure compliance with regulatory conditions imposed and of remedial action taken;
- assessing the quality (effectiveness) of risk governance as well as the cooperation between Risk Management, Risk Monitoring, Group Executive Management, Risk Committee and the Board of Directors;
- evaluating whether the incentives offered as part of the system of remuneration take into account the risk, equity, liquidity as well as the probability and timing of revenues;
- advising the Board of Directors on the appointment or removal of the Chief Risk Officer.

Strategy & Digitalisation Committee

Prof. Dr Teodoro D. Cocca (Chairman), Dr Christian Camenzind, Dr Florian Marxer, Dr Thomas R. Meier and Dr Gabriela Maria Payer belong to the Strategy & Digitalisation Committee. The Strategy & Digitalisation Committee assists and advises the Board on strategic issues and projects. The following tasks, in particular, are incumbent on it (in accordance with OBR Section 3.5):

- preparation of strategic issues for the attention of the Board of Directors;
- in-depth handling of strategic issues (e.g. digitalisation in banking);
- ensuring on-going steering and management processes in the area of strategy;
- review (periodically and on an ad-hoc basis) of strategy (strategy review);
- review of implementation of strategic measures (strategy controlling);
- ensuring strategy is well embedded within the Bank;
- examining the strategic fit of mergers, acquisitions, cooperation partnerships, business cases etc.;
- raising the outward and market orientation as well as the innovative capacity of the Bank.

3.5.3 Modus operandi of the Board of Directors and its committees

At the invitation of the Chairman, the Board of Directors normally meets eight to ten times per year as well as for one strategy meeting in camera. In principle, the meetings consist of three parts:

- a Board-internal part;
- a consultative part during which members of the Executive Board and Group Executive Management are also in attendance to present their proposals and exchange information;
- a decision-making part during which the Board of Directors arrives at its decisions. In order to be informed at first-hand, the CEO is also present during the decision-making part of Board of Directors' meetings.

Specific topics addressed by the Board of Directors and its committees can require, when needed, that further individuals are called upon to attend (executives of VP Bank Group, representatives of the Banking-Law Auditors, as well as internal or external specialists and advisors).

During 2018, the Board of Directors held eight ordinary meetings and four extraordinary meetings. In addition, the Board of Directors and Executive Board jointly conducted a full-day strategy workshop.

The Nomination & Compensation Committee usually meets six to ten times per annum. When required, the CEO participates in the Nomination & Compensation Committee meetings in an advisory capacity. During 2018, the Nomination & Compensation Committee met on a total of eleven occasions.

The Audit Committee usually meets on five to eight occasions per annum, with the meeting dates being set to accommodate the needs arising from specific tasks (closing of accounts, financial reporting, Auditors' reports, etc.). The CFO, the General Counsel & Chief Risk Officer and the Head of Group Internal Audit attend the meetings. For the purpose of addressing audit-specific topics, representatives of the external auditing firm (as a general rule, the Auditor-in-Charge) attend the meetings. Last year, the Audit Committee convened for nine ordinary meetings and one extraordinary meeting. At one joint meeting with the Risk Committee, an exchange of information took place with the Executive Board regarding the quality of internal control systems and other matters.

The Risk Committee usually meets on five to eight occasions per annum. The General Counsel & Chief Risk Officer, the CFO and the Head of Group Internal Audit attend the meetings. Last year, the Risk Committee met for seven ordinary and two extraordinary meetings. At one joint meeting with the Audit Committee, an exchange of information took place with the Executive Board regarding the quality of internal control systems and other matters.

The Strategy & Digitalisation Committee usually meets on six to eight occasions per annum. The CEO, and representatives of the Group Executive Board attend the meetings. In 2018, the Strategy & Digitalisation Committee met for a total of six meetings.

Name	Board of Directors	Nomination & Compensation Committee	Audit Committee	Risk Committee	Strategy & Digitalisation Committee
Number of meetings	14	11	10	9	6
Fredy Vogt	14	11	10	9	6
Lic. oec. Markus Thomas Hilti	13	11			
Dr Christian Camenzind	14				6
Prof. Dr. Teodoro D. Cocca	13				6
Dr Beat Graf	13		10	9	
Lic. iur. Ursula Lang	13		10	9	
Dr Florian Marxer	14				6
Dr Thomas R. Meier ¹	10				3
Dr Gabriela Maria Payer	13	11			6
Michael Riesen	14		10	9	

¹ Board member since 27 April 2018

Chairman Emeritus

Fürstlicher Kommerzienrat Dr Heinz Batliner, Vaduz, has been Chairman Emeritus of VP Bank since 1996. The Board of Directors bestowed this honorary title upon him for his services to VP Bank. From 1961 to 1990, Dr Heinz Batliner was Manager/General Manager and Head of the Management Board, and from 1990 through 1996, Chairman of the Board of Directors.

3.6 Regulations governing responsibilities and powers of authority

The Board of Directors is the corporate body in charge of overall management, supervision and control of the Executive Board. It bears ultimate responsibility for the strategic direction of VP Bank Group. The powers and duties of the Board of Directors are laid down in detail in Art. 17 of the Articles of Incorporation as well as in Section 2.2-2.4 OBR. The tasks and competencies of the four Board committees are described in Section 3 OBR.

The Board of Directors has delegated to the Executive Board the responsibility for the operational management of VP Bank as well as the overall management, supervision and control of the subsidiary companies of VP Bank Group. The tasks and competencies of the Executive Board are laid down in the Articles of Incorporation (Art. 21) and in the OBR. The OBR contains more detailed provisions regarding the Executive Board/ Group Executive Management in Section 5 thereof.

The segregation of functions between the Board of Directors and the Executive Board / Group Executive Management is also evident in the organisational chart ("Structure of VP Bank Group", page 15).

3.7 Information and control instruments vis-à-vis Executive Board and Group Executive Management

The Board of Directors and its committees have at their disposal various informational and control instruments for managing and supervising the activities of the Executive Board. Among those instruments are the strategy process, medium-term planning, the budgeting process and reporting.

The members of the Board of Directors regularly receive various reports: monthly financial reports (individual-company and Group basis), risk-controlling reports, as well as periodic reports on the semi-annual and annual financial statements (consolidated and individual company accounts). These also include quantitative and qualitative information, as well as budget variances, period-specific and multiyear comparisons, key performance indicators and risk analyses, all of which cover the parent bank, the subsidiaries and the Group in aggregate. These reports enable the Board of Directors at all times to gain a picture of significant developments and the risk situation. Those reports that lie within the scope of tasks of the Audit or Risk Committees are dealt with by the respective committee and corresponding motions are forwarded to the Board of Directors for approval. The most recent reports undergo a comprehensive review at each Board meeting.

Twice a year, the Board of Directors reviews the implementation of business strategies and strategy controlling on the basis of the reporting by the Executive Board.

A further important instrument to assist the Board of Directors in fulfilling its supervisory and control function is Group Internal Audit which conducts its activities in compliance with the internationally recognised standards of the Swiss Association of Internal Auditors and the Institute of Internal Auditors (IIA). The duties and powers of Group Internal Audit are laid down in a specific set of rules. As an independent body, it examines in particular the internal control systems, management processes and risk management

The Chairman of the Board receives all minutes of the Executive Board meetings. In addition, he exchanges information with the CEO on a weekly basis as well as regularly with the other Executive Board members.

4. Executive Board and Group Executive Management

The Executive Board is responsible for the operational management of the parent company and, at the same time, for the management of VP Bank Group and is designated as Group Executive Management. Its tasks and competencies are specified in the OBR as well as in the functional descriptions for the individual members of the Executive Board. The head of the Executive Board (CEO) is responsible for the overall management of the Group and Group-wide coordination.

The Executive Board members generally meet every two weeks for a half-day session. Additional meetings and workshops are held on strategy and corporate developments, as well as for dealing with annual planning, budgeting and other current issues.

4.1 Members of the Executive Board and Group Executive Management

As at 31 December 2018, the Executive Board and Group Executive Management were made up of the following individuals:

Name	Year of birth	Functions	At VP Bank since	Member since
Alfred W. Moeckli	1960	Chief Executive Officer (CEO)	2013	2013
Siegbert Näscher	1965	Chief Financial Officer (CFO), Deputy CEO	2010	2012
Dr Felix Brill	1979	Chief Investment Officer (CIO)	2018	2018
Christoph Mauchle	1961	Head of Client Business	2013	2013
Dr Urs Monstein	1962	Chief Operation Officer (COO)	2018	2018
Monika Vicandi	1967	General Counsel & Chief Risk Officer	2011	2017

Alfred W. Moeckli

Born 2 July 1960, Swiss citizen



Alfred W. Moeckli is Chief Executive Officer (CEO) of VP Bank Group (segment reporting, page 89 ff.).

Education

Master of Business Administration, Kellogg School of Management, Northwestern University, Evanston, Illinois, USA (1993); Bank employee with Federal Certificate of Competence (1980).

Professional background

Since 2013 Chief Executive Officer VP Bank Ltd, Vaduz; 2008-2013 bank zweiplus ag, Zurich; 2010-2013 Chief Executive Officer; 2008-2010 member of the Board of Directors; 2008-2010 Deputy Chief Executive Officer and Chief Operating Officer Falcon Private Bank Ltd, Zurich; 2004-2010 Founder, Chief Executive Officer and Chairman of the Board of Directors Tradejet Ltd, Zurich; 2003-2008 Founder and Chief Executive Officer INIVEST AG,

Zug; 1999-2002 Chief Executive Officer Swissquote Bank, Gland and Schwerzenbach; 1993-1999 Head of Capital Markets Citibank (Switzerland), Zurich and Geneva; 1987-1990 Head of Trading Banque Paribas (Suisse) S.A., Geneva; 1984-1987 Head of Trading Banque Gutzwiller, Kurz, Bungener S.A., Geneva; 1982-1984 Senior Sales Yamaichi (Switzerland) Ltd., Zurich and Geneva; 1981-1982 Stock-exchange trader/broker Carr, Sebag & Co. Geneva and London, UK; 1980-1981 Assistant in Private Banking department Credit Suisse, Zurich.

Other activities and vested interests

Member of the Board of the Liechtenstein Bankers' Association, Vaduz; member of the Board of the Financial Services Chapter of the "Swiss-American Chamber of Commerce, Financial Services Chapter", Zurich.

Siegbert Näscher

Born 25 December 1965, citizen of Liechtenstein



Siegbert Näscher is Chief Financial Officer (CFO) of VP Bank Group and Deputy Chief Executive Officer (segment reporting, page 89 ff.).

Education

Executive Programme of the Swiss Banking School (2003); Swiss Certified Public Accountant (1996); Federal Certified Expert in Financial-Statement Reporting and Controlling (1993).

Professional background

Since 2010 with VP Bank Ltd, Vaduz: since 2013 Chief Financial Officer and Deputy to the Chief Executive Officer as well as in 2016, in addition, Chief Risk Officer (CRO); 2012-2013 Chief Financial Officer and Head of the Corporate Center, Chief Executive Officer (CEO) ad interim; 2010-2012 Head of Group Finance & Risk; 2012 Chief Financial Officer and Head of Corporate Center; 1998-2010

Head of Group Finance & Risk Liechtensteinische Landesbank AG, Vaduz; 1994-1998 Head of Finance and Controlling at Schoeller Textil AG, Sevelen; 1992-1994 Controller at Maschinenfabrik Rieter AG, Winterthur; 1991-1992 Asst. Head of Finance and Accounting at Schild Mode AG, Lucerne; 1987-1991 bookkeeping and audit Revitrust Treuhand AG, Schaan; 1982-1987 bookkeeping Bank in Liechtenstein AG, Vaduz.

Other activities and vested interests

Chairman of the Board of Trustees of the Treuhand-Personalstiftung, Vaduz; member of the Board of Trustees of the Privatbank-Personalstiftung, Vaduz; Chairman of the Board of Directors of Data Info Services AG, Vaduz; Chairman of the Foundation Council of Deposit Guarantee and Investor Protection Foundation PCC; member of Specialist Group on Finances and Taxation of the Liechtenstein Chamber of Industry and Commerce, Vaduz.

Dr Felix Brill

Born 30 October 1979,
dual citizen of Germany and Switzerland



Dr Felix Brill is Chief Investment Officer (CIO) of VP Bank Group (segment reporting, page 89 ff.).

Education

Doctorate in Macroeconomics, University of Berne, and Study Center Gerzensee (2011); M.A. HSG in Economics, University of St. Gallen as well as Stockholm School of Economics (2006); Intermediate Diploma in Physics, University of Heidelberg (2001).

Professional background

Since 2018 member of Group Executive Management and Chief Investment Officer of VP Bank Ltd, Vaduz; 2009–2017 Wellershoff & Partners Ltd., Zurich; 2015–2017 Chief Executive Officer (CEO), 2009–2015 Founding Partner and Chief Economist; 2006–2009 UBS Wealth Management Research, Zurich; 2007–2009 Head Economic Research Switzerland, 2006–2007 Graduate Trainee Program (Zurich, New York).

Other activities and vested interests

Member of the Foundation Council of Treuhand-Personalstiftung, Vaduz.

Christoph Mauchle

Born 5 May 1961, Swiss citizen



Christoph Mauchle is Head of Client Business of VP Bank Group (segment reporting, page 89 ff.).

Education

Advanced Management Program, Kellogg School of Management, Northwestern University, Evanston, Illinois, USA (2007); Certified Financial Planner CFP (1999); INSEAD Management Program Business Administration/Mgt., INSEAD, Fontainebleau, France (1998); MA Economics HWV, St. Gallen (1986).

Professional background

Since 2013 member of the Group Executive Management and Head of Client Business of VP Bank

Ltd, Vaduz; 1992–2013 Credit Suisse, Switzerland; 2008–2012 Head Private Banking Germany, Austria and Luxembourg; 2001–2008 Head Private Banking and Zurich Region; 1998–2001 Head External Asset Managers; 1997–1998 Head Competence Centre Eastern Switzerland; 1995–1997 Sector Head Private Banking St. Gallen; 1992–1995 Sector Head Individual Clients Zurich; 1989–1992 Chief of Staff Private Banking Bank Vontobel, Zurich; 1986–1989 Research Analyst & Account Manager, Institutional Sales Brown Brothers Harriman & Co., New York; 1980–1983 Assistant Private Banking, Swiss Bank Corporation/UBS, St. Gallen.

Other activities and vested interests

None.

Dr Urs Monstein

Born 19 May 1962, Swiss citizen



Dr Urs Monstein is Chief Operating Officer of VP Bank Group (segment reporting, page 89 ff.).

Education

Swiss Banking School, Zurich (1996); Dr. iur. Hochschule St. Gallen (1994); lic. oec. Hochschule St. Gallen (1991); lic. iur. Hochschule St. Gallen (1988).

Professional background

Since 2018 member of Group Executive Management and Chief Operating Officer of VP Bank Ltd, Vaduz; 2006–2017 Bank Julius Bär & Co. AG, Zurich; 2012–2017 Global Head IT / Chief Information Officer, 2010–2011 Head Strategic Programs, 2008–2009 COO International / Program Manager, 2006–2007 Program Manager Strategic Initiatives; mem-

ber of Management and Chief Operating Officer with Bank Ehinger & Armand von Ernst, Zurich; 1998–2003 UBS Group AG, Zurich; 2001–2003 Head Strategic Project Management, 2000–2001 Head Private Banking Services Switzerland, 1998–1999 Project Manager Migration Private Banking Switzerland; 1992–1997 Swiss Bank Corporation, Zurich; 1996–1997 Chief of Staff Investment Clients and Securities' Management, 1995–1996 training programme – corporate clients, Geneva, 1993–1995 assistant to Chairman of Management Region Switzerland, 1992–1993 Controlling Region Switzerland; 1987–1997 scientific assistant (taxation law, public law) at the Hochschule St. Gallen.

Other activities and vested interests
None.

Monika Vicandi

Born 10 May 1967, Swiss citizen



Monika Vicandi is General Counsel and Chief Risk Officer (CRO) of VP Bank Group (segment reporting, page 89 ff.).

Education

Certificate of Advanced Studies FHNW Risk Management, FHNW School of Economics (2017); LL.M. in International Taxation, University of Liechtenstein (2014); Management for the Legal Profession MLP-HSG, University of St. Gallen, Advanced Training Programme HSG (2009); Master of Laws, LL.M. University of Minnesota, Minneapolis, USA (1999); Swiss licensed attorney (1996); lic. iur. University of Zurich (1992).

Professional background

Since 2011 with VP Bank Ltd, Vaduz: since 2017 Member of Group Executive Management, General Counsel as well as Chief Risk Officer, 2015–2016 Group General Counsel; 2015 by order of VP Bank

Ltd: Chief Executive Officer Centrum Bank Ltd, Vaduz, 2011–2015 Head Group Legal, Compliance & Tax; 2002–2011 Head Legal & Compliance Union Bancaire Privée, Zurich; 2000–2002 Head of the Legal, Trust and Compliance Department Discount Bank and Trust Company, Zurich; 1999–2000 Legal Counsel in the area of Legal & Claims Management Winterthur International, Winterthur; 1998 Lecturer for Law, KS Management School Zurich; 1996–1998 Legal Counsel Claims Management Winterthur Insurance (International Division), Winterthur; 1994–1998 Lecturer for Law at Betriebs- und Verwaltungsschule Winterthur; 1993–1994 Court Secretary/Auditor Hinwil District Court.

Other activities and vested interests

Member of Specialist Group - Legal & Compliance in the Liechtenstein Chamber of Industry and Commerce, Vaduz.

4.2 Other activities and vested interests

The other activities of the Executive Board members and any relevant vested interests can be found in the biographies in Point 4.1.

4.3 Number of authorised activities

VP Bank is not subject to the Swiss Ordinance against Excessive Compensation in Public Corporations (OAEC). From that point of view, it has not issued any statutory rules concerning the number of authorised activities.

4.4 Management contracts

VP Bank has no management contracts with third parties that involve the delegation of management functions.

5. Compensation, shareholdings and loans

5.1 Content and process to determine compensation and equity-participation programmes

The details and procedures to determine compensation and of the equity-participation programmes of the Board of Directors and Executive Board are described in the Remuneration Report from page 81 onwards.

5.2 Transparency of compensation, shareholdings and loans from foreign-domiciled issuers

As a SIX Swiss Exchange-listed issuer domiciled outside Switzerland, VP Bank discloses information on compensation, shareholdings and loans as provided for in Article 5.3 of the Appendix to the Corporate Governance Directive dated 13 December 2016, i.e. by analogy to Art. 14-16 OAEC. The details in this regard can be found in the Financial Report, individual company accounts of VP Bank Ltd, Vaduz (page 179 f.).

6. Shareholders' participation rights

6.1 Voting right restrictions and proxies

Each registered share and bearer share grants the holder the right to one vote at the Annual General Meeting of VP Bank, irrespective of the par value of the shares. Each shareholder may either attend in person or be represented by another shareholder by means of a written proxy. There are no voting right restrictions or statutory group clauses.

6.2 Statutory Quorums

Amendments to the Articles of Incorporation regarding a change in the ratio of the registered shares A to registered shares B (Articles of Incorporation, Art. 4 par. 2) as well as to the provisions governing the restriction on registration of B registered shares (Articles of Incorporation, Art. 7a

par. 1) require the approval of at least a two-thirds' majority of all shares issued by VP Bank (Articles of Incorporation, Art. 14 par. 4).

6.3 Convocation of Annual General Meeting

Convocation of the Annual General Meeting is made in accordance with the provisions of law and the Articles of Incorporation (Art. 11).

6.4 Agenda items

The agenda for the Annual General Meeting is based upon the provisions of law and those of the Articles of Incorporation (Arts. 11 to 14).

6.5 Entries in share register/invitation to the Annual General Meeting

Registered shares are inscribed into the share register with the name, citizenship, address and date of birth of the owner. Only registered shareholders are entitled to exercise shareholder rights vis-à-vis the company.

Registered shareholders who have been inscribed into the share register receive an invitation to the Annual General Meeting, including the agenda, sent to the address known to VP Bank. Upon successful registration, shareholders receive an entry pass together with the relevant voting material.

The invitation to the Annual General Meeting is also published in the Liechtenstein newspapers and the Swiss financial press.

7. Change of control and defensive measures

As VP Bank Ltd is a licensed bank domiciled in Liechtenstein whose share are quoted on the SIX Swiss Exchange, it also must observe several Swiss regulations, in addition to the Liechtenstein prescriptions. The former includes, in particular, the provisions regarding the disclosure of significant shareholders which are included in the Financial Market Infrastructure Act (FMIA) and the related Financial Market Infrastructure Ordinance (FMIO). Consequently, shareholders are to make ad-hoc notification to both the SIX Swiss Exchange and VP Bank Ltd whenever the defined thresholds are crossed.

The Articles of Incorporation of VP Bank contain no comparable regulations as to "opting-out" and "opting-in" as reflected in the Swiss regulations. Neither do any change of control clauses exist in favour of the members of the Board of Directors or the Executive Board or the Group Executive Management. The provisions of the Liechtenstein Act on Takeovers (TOA) apply.

8. Auditors

8.1 Duration of mandate and term of office of the lead auditor

Ernst & Young Ltd, Berne, has acted as auditor of VP Bank since 1956 (in accordance with PCA) and since 1994 as Group auditor of VP Bank Group. In addition, Ernst & Young Ltd undertakes the mandate as Banking-Law auditor pursuant to the Liechtenstein Banking Act (BankA Art. 37 ff.). Bruno Patusi, the responsible mandate manager, has been responsible for VP Bank Group since 2014 (Annual General Meeting on 25 April 2014). Philipp de Boer has been the Auditor in charge since 2018.

8.2 Audit fee

in CHF 1,000	2018	2017
Audit fee ¹	1,255	1,474

¹ Fees for auditing services in connection with the Group and stand-alone financial statements as well as regulatory provisions

8.3 Additional fees

in CHF 1,000	2018	2017
Audit-related fees ¹	78	225
Additional fees ²	1	20

¹ Fees for audit services regarding compliance with financial-statement reporting and regulatory provisions as well as other audit and review services

² Fees in connection with tax compliance and advisory services

In assigning additional tasks to the Auditors, the Bank ensures that these services are commensurate with their activities as external auditors and lead to no conflicts of interest.

8.4 Supervisory and control instruments in relation to the external audit

The Audit Committee reviews the multi-year audit planning as well as the planned annual auditing activities and, in a specific agenda item, discusses these with the Auditor-in-Charge from the external auditing firm as well as the Head of Group Internal Audit. The Audit Committee attaches particular importance to a risk-oriented approach in the planning and conduct of the audit, as well as appropriate coordination of the auditing activities of the external auditors with those of Internal Audit.

All reports of the external auditors are reviewed at the meetings of the Audit Committee. In 2018, the external auditors were present at all meetings of the Audit Committee in which external audit-related items were on the agenda. In addition, the Auditor in charge was in attendance at the Board of Director's meeting to present and deal with the Banking-Law Auditors' Report.

Each year, the Audit Committee assesses and evaluates the effectiveness and independence of the external auditors. In this process, it bases itself on documents generated by the external auditors, such as the Auditors' Report prescribed under the Banking Act, management letters, as well as oral and written statements of position on individual issues and technical questions in connection with financial-statement reporting and the audit. Furthermore, a systematic annual assessment is made on the basis of checklists and fee comparisons within the auditing segment. Based on this evaluation, a motion is submitted to the Board of Directors for the attention of the Annual General Meeting as regards the election of the external auditors and Group auditors.

9. Information policy

All announcements of VP Bank required by law are made in a legally binding manner in the official Liechtenstein publication media (Articles of Incorporation, Art. 25 section 1).

VP Bank informs shareholders and capital-market participants in an open, comprehensive and timely manner. Its information policy is based on the principle of equal treatment of all capital-market participants. VP Bank informs shareholders and capital-market participants by means of detailed annual and semi-annual reports, which are drawn up for VP Bank Group in accordance with International Financial Reporting Standards (IFRS), as well as via media releases concerning the latest changes and developments. As a company listed on SIX Swiss Exchange, VP Bank is also subject in particular to the obligation to immediately publicise any price-sensitive events (ad hoc publicity obligation).

Agenda

Annual General Meeting: 26 April 2019

Semi-Annual Report 2019: 20 August 2019

Investors and other interested parties can find additional information on the Bank as well as the Articles of Incorporation, OBR, and further publications on the website www.vpbank.com.

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