

Principles underlying financial statement reporting and notes

The unaudited interim financial statements were drawn up in accordance with the International Financial Reporting Standards applicable in the European Union (EU IFRS, IAS 34) and with Liechtenstein law. The semi-annual financial statements are prepared applying the same accounting and valuation principles as were applied for the 2022 annual financial statements.

New and revised International Financial Reporting Standards

Since 1 January 2023, the following new and revised standards and interpretations have taken effect and have no material impact on the consolidated financial statements of VP Bank Group:

- Amendments to IAS 1 Presentation of Financial Statements - disclosure of material accounting policy information rather than significant accounting policies.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Post-balance-sheet-date events

The Board of Directors reviewed and approved the semi-annual report and authorised it for publication in its meeting of 10 August 2023.

Litigation

As part of its ordinary banking activities, VP Bank Group is involved in various legal proceedings. The legal and regulatory environment in which VP Bank Group operates involves significant litigation, compliance, reputational and other risks in connection with legal disputes and regulatory proceedings. The impact of these proceedings on the financial strength and/or profitability of VP Bank Group is dependent on the status of the proceedings and their outcome.

VP Bank Group employs the relevant processes, reports and committees to monitor and manage these risks. It also

establishes provisions for ongoing and threatened proceedings if the probability that such proceedings will entail a financial loss is judged to be greater than the probability of this not being the case. In isolated cases in which the amount cannot be reliably estimated, for instance because of the early stage or the complexity of the proceedings or other factors, no provision is established but contingent liabilities may be created. The risks described below are not necessarily the only ones to which VP Bank Group is exposed. Additional risks which are presently unknown or risks and proceedings which are currently considered insignificant may equally impact the future course of business, operating results and the outlook of VP Bank Group.

The High Court of Justice in London served a civil suit on VP Bank (Switzerland) Ltd at the beginning of 2020. VP Bank Ltd is also named as a defendant and was notified of the action in March 2020. The main defendant is a former governing body of a foreign pension fund. The latter is said to have acted unlawfully in its role by accepting distribution remunerations for investment funds. The action names more than 40 defendants, among them various other banks and individuals that processed payments or paid distribution remunerations. VP Bank Ltd and VP Bank (Switzerland) Ltd are accused of a violation of due diligence obligations. They are also accused of involvement in the processing of questionable third-party fees and commissions of at least USD 46 million, meaning they would have to assume non-contractual collective liability for the damages incurred. VP Bank Group is disputing the accusations and the place of jurisdiction. Two defendant banks in Switzerland successfully challenged the UK jurisdiction.

VP Bank Group considers the risk of outflow of funds to be small in the above case, which is why no provision has been formed.

Significant foreign exchange rates

The following exchange rates were used for the most important currencies:

	Balance-sheet-date rates			H1 2023	Average rates H1 2022	2022	Variance Balance-sheet-date rates		Average rates	
	30.06.2023	30.06.2022	31.12.2022				actual year	previous year	actual year	previous year
USD/CHF	0.8947	0.9574	0.9252	0.91231	0.96986	0.95513	-3%	-7%	-4%	-6%
EUR/CHF	0.9761	1.0009	0.9874	0.98547	1.02399	1.00462	-1%	-2%	-2%	-4%
SGD/CHF	0.6611	0.6879	0.6898	0.68259	0.70036	0.69242	-4%	-4%	-1%	-3%
HKD/CHF	0.1142	0.1220	0.1185	0.11639	0.12357	0.12197	-4%	-6%	-5%	-6%
GBP/CHF	1.1374	1.1627	1.1129	1.12475	1.19338	1.17895	2%	-2%	-5%	-6%