

VP Bank Ltd · valid as of 1 August 2018

Organisation and Business Regulations



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1. General provisions

1.1. Purpose and scope of application

- 1) In application of the Ordinance to the Liechtenstein Banking Act and the Articles of Association of VP Bank Ltd (VP Bank, Vaduz/LI), these Organisation and Business Regulations shall regulate the organisation and underlying principles of the business activities and financial management of VP Bank, Vaduz, and of VP Bank Group. They shall regulate in particular the duties and powers of the following governing bodies/officers, executive instances and functions, insofar as these are not already subject to mandatory regulation by law or the Articles of Association:
 - a Board of Directors
 - b Committees of the Board of Directors
 - c Chairman of the Board of Directors
 - d Executive Board / Group Executive Management
 - e Chief Executive Officer
 - f Chief Financial Officer
 - g Chief Risk Officer (risk management function)
 - h Compliance function
 - i Group Internal Audit
 - j Supervisory and executive boards of Group companies
- 2) VP Bank Group encompasses all companies which are required to be consolidated in accordance with Art. 41a et seq. of the Liechtenstein Banking Act and their associated entities. These are referred to below as Group companies.

1.2. Management of business operations

The business activities of VP Bank Group shall be conducted in accordance with the scope of its business operations, in compliance with local law and the articles of association of the relevant Group company and in conformity with these Organisation and Business Regulations.

1.3. Delegation

The powers and authority laid down in these Organisation and Business Regulations may only be delegated where this is expressly envisaged.

1.4. Abstention from participation and voting

- 1) The members of all governing bodies, executive instances and functions shall abstain from participating in deliberations and voting on matters affecting their own interests or the interests of any individual or corporate entity with which they are closely associated.
- 2) The Board of Directors shall decide in cases of doubt.

1.5. Authorised signatories

- 1) The Board of Directors shall delegate the granting of signing authority to the Executive Board, save where this power is reserved exclusively to the Board of Directors by law or the Articles of Association.
- 2) In general the legal power of representation shall be limited to individuals entered in the Commercial Register as holding joint signing authority (two signatures required).
- 3) In particular cases, in order to expedite certain transactions the Chairman, together with one other Member of the Board of Directors, may grant sole signing authority to a member of the Board of Directors, a member of the Executive Board or some other individual, enabling him or her to legally represent VP Bank without counter-signature.

1.6. Banking secrecy and data exchange

In addition to observing statutory and regulatory provisions concerning banking secrecy, high priority shall be given to safeguarding client privacy when handling client data and exchanging data within VP Bank Group.

1.7. D&O and staff transactions

By means of appropriate organisational measures VP Bank shall ensure that no transactions which contravene the statutory provisions are effected for directors, officers or employees.

2. Board of Directors

2.1. Basic principles

- 1) Responsibility for the overall management, supervision and control of the Bank's operational management within the meaning of the law and the Articles of Association of VP Bank, Vaduz, rests with the Board of Directors as a whole. In this context it is responsible for ensuring that VP Bank is managed by the Executive Board in a secure, profit-oriented and forward-looking manner.
- 2) The Board of Directors shall delegate full responsibility for operational management to the Executive Board, subject to the law, the Articles of Association and the provisions of these Organisation and Business Regulations.
- 3) The function of Board of Directors at the Group level shall be assumed by the Board of Directors of VP Bank, Vaduz.

2.2. Overall management, supervision and control

In addition to those listed in Art. 17 of the Articles of Association, the Board of Directors has the following non-transferable and irrevocable duties:

- a to set and periodically review medium- and long-term corporate targets and determine the means of achieving those targets (vision/mission, Group strategy, basic principles of business, risk and credit policy, dividend and reinvestment policies);
- b to issue guidelines on financial reporting and on write-down/provisioning policies and to deal with important taxation matters;
- c to set annual targets and annual budgets (capital expenditures, budgeted income statement, budgeted balance sheet);
- d to issue internal regulations which lay down the principles underlying business policy, and in particular risk and credit policy, as well as defining the related duties and areas of authority;
- e to set annual country, bank and broker limits at VP Bank Group level (excluding brokers for delivery against payment positions) as well as limits for public sector corporations;
- f to set annual overall limits for proprietary holdings of securities, foreign exchange, precious metals and derivative financial instruments;
- g acquisitions of equity interests;
- h to issue the Bank's own bonds;
- i to make resolutions on all transactions and matters within the exclusive remit of the Board of Directors;
- j to make resolutions on all transactions and matters within the exclusive remit of the Board of Directors in accordance with the "Rules on authority in legal disputes involving VP Bank Ltd" set out in the annex hereto;
- k to receive and take positions on the periodic reports from the Executive Board, in particular on the situation and business operations of individual Group companies as well as of VP Bank Group itself, the income statement, changes in the balance sheet, risk exposure, liquidity and capital adequacy;
- l to receive reports from the Executive Board and the internal and external auditors on all significant extraordinary events, such as material losses, serious disciplinary cases, litigation;
- m to elect members of the committees of the Board of Directors;
- n to elect members of the Executive Board, to appoint the Chief Executive Officer and his deputy and to delineate the areas of responsibility of the individual members of the Executive Board;
- o to set levels of remuneration for Executive Board members;
- p to nominate members of the supervisory bodies of Group companies.

2.3. Right of inspection and access to information

- 1) During meetings, all members of the Board of Directors and individuals entrusted with operational management functions have an obligation to provide information on VP Bank matters.
- 2) Outside meetings, any member of the Board of Directors may demand information from individuals entrusted with operational management functions regarding business performance and - with the authorisation of the Chairman or, in his absence, the Vice-Chairman - regarding specific transactions.
- 3) Insofar as necessary in the performance of his duties, each member of the Board of Directors may apply to the Chairman (or, in his absence, the Vice-Chairman) to have books and documents presented to him for inspection.

2.4. Media communications, investor relations

The Board of Directors shall specify the individuals who are authorised to provide information on VP Bank and specific transactions to the media, financial analysts, investors and other stakeholder groups as well as the guidelines to be observed when providing such information..

2.5. Convocation of meetings

- 1) Meetings shall be convened in writing at least eight calendar days prior to the date of the meeting. In urgent cases, meetings can also be convened by telephone with a reduced period of notice.
- 2) The main supporting documents for the meeting shall be enclosed with the invitation or sent out otherwise before the date of the meeting. In exceptional cases, supporting documents may be made available for inspection prior to the meeting.
- 3) Agenda items shall be announced when the meeting is convened. Resolutions on matters not included on the agenda may be adopted only if all members of the Board of Directors are present.
- 4) Executive Board members generally attend meetings of the Board of Directors in an advisory capacity.

2.6. Minutes

- 1) The Chairman shall designate a meeting secretary, who need not be a member of the Board of Directors.
- 2) The minutes shall be signed by the Chairman and the secretary and for each subject matter discussed shall normally indicate:
 - a the initial position / existing basis for decision-making and any motions tabled;
 - b a summary of the opinions expressed including any counter-proposals;

- c the resolution adopted, stating the votes cast for and against and indicating how the resolution will be implemented
- 3) The minutes must be approved by the Board of Directors at its next meeting.

3. Committees of the Board of Directors

3.1. Constitution, convocation and resolutions

- 1) All committees of the Board of Directors shall consist of a minimum of three members each.
- 2) The Board of Directors shall issue regulations regulating each of its committees.
- 3) The provisions of Art. 19 and 20 the Articles of Association and of Sections 2.5 and 2.6 of these Organisation and Business Regulations shall apply by analogy.
- 4) The minutes of the committees shall be distributed to the members of the Board of Directors for their information.

3.2. Nomination & Compensation Committee

The Nomination & Compensation Committee has the following principal duties:

- a to assist the Chairman of the Board of Directors in fulfilling his management and co-ordination duties and to support the Board of Directors in matters of corporate governance, organisation (Articles of Association, regulations) and business performance monitoring;
- b to formulate the criteria for electing members of the Board of Directors for the attention of the Board of Directors, to carry out evaluations and to submit proposals to the Board of Directors;
- c to submit proposals to the Board of Directors concerning the composition of the committees of the Board of Directors;
- d to prepare and submit proposals concerning the appointment of the Chief Executive Officer and, in collaboration with the Chief Executive Officer, of the remaining members of the Executive Board;
- e to submit proposals to the Board of Directors concerning remuneration of members of the Executive Board;
- f to take positions on fundamental issues relating to human resources policy (e.g. salary and performance-related remuneration systems, management development, succession planning, staff welfare) for the attention of the Board of Directors;
- g to submit proposals to the Board of Directors concerning remuneration of the Chairman and the other members.

3.3. Audit Committee

- 1) The Audit Committee assists the Board of Directors in fulfilling the tasks assigned to it under the Banking Act

- with regard to the overall management, supervision and control of the VP Bank, Vaduz, and of VP Bank Group.
- 2) The Audit Committee has the following duties in particular:
 - a to receive and take positions on reports from Group Internal Audit and the statutory external auditors and to assess the appropriateness of the procedures used to implement outstanding audit recommendations;
 - b to carry out critical assessments of financial reports (individual company and consolidated financial statements, income statements, statements of comprehensive income, balance sheets, statements of changes in equity, cash flow statements, annual reports and their annexes, interim financial statements with the exception of the risk management section, etc.) and to discuss them with the Chief Financial Officer, the head of Group Internal Audit and the Group's independent auditors or, as applicable, the lead auditor from the statutory external auditors;
 - c to decide whether individual company and consolidated financial statements can be recommended to the Board of Directors for submission to the Annual General Meeting of shareholders;
 - d to assess the functional capability of the internal control system;
 - e to evaluate the measures taken to ensure compliance with statutory norms (e.g. provisions on capital adequacy, liquidity and risk diversification) and with internal rules (compliance) and the levels of adherence to these provisions;
 - f to take note of significant interactions with the relevant supervisory authorities, to evaluate the measures taken to satisfy conditions and to assess the appropriateness of the procedures used to ensure fulfilment of supervisory conditions and measures;
 - g to assess the quality (effectiveness) of in-house and external auditing (statutory external auditors and the Group's independent auditors) and of the cooperation between the two, in particular by taking positions on the reports drawn up by Group Internal Audit and the statutory external auditors for the attention of the Board of Directors; to formulate the one-year and multi-year audit plans for Group Internal Audit; and to take note of and discuss the audit plans drawn up by the Group's independent auditors and the statutory external auditors;
 - h to assess the performance, remuneration and independence of the external auditors, especially in terms of the compatibility of their auditing activities with any consultancy functions they may have;

- i to advise the Board of Directors on the appointment or dismissal of the external auditors;
- j to submit proposals to the Board of Directors concerning the appointment and dismissal of the head of Group Internal Audit;
- k to advise the Board of Directors on the appointment or dismissal of the Chief Financial Officer.

3.4. Risk Committee

- 1) The Risk Committee shall assist the Board of Directors in fulfilling its duties under the Banking Act with regard to the overall management, supervision and control of VP Bank, Vaduz, and VP Bank Group.
- 2) The Risk Committee has the following duties in particular:
 - a to receive and take positions on reports from Group Internal Audit and the statutory external auditors and to assess the appropriateness of the procedures used to implement outstanding audit recommendations;
 - b to carry out critical assessments of financial reports (individual company and consolidated financial statements, income statements, statements of comprehensive income, balance sheets, statements of changes in equity, cash flow statements, annual reports and their annexes, interim financial statements with the exception of the risk management section, etc.) and to discuss them with the Chief Financial Officer, the head of Group Internal Audit and the Group's independent auditors or, as applicable, the lead auditor from the statutory external auditors;
 - c to decide whether individual company and consolidated financial statements can be recommended to the Board of Directors for submission to the Annual General Meeting of shareholders;
 - d to receive and take positions on reports from Legal, Compliance & Tax;
 - e to take note of significant interactions with the relevant supervisory authorities, to evaluate the measures taken to satisfy conditions and to assess the appropriateness of the procedures used to ensure fulfilment of supervisory conditions and measures;
 - f to assess the quality (effectiveness) of risk governance and of the co-operation between risk management, risk monitoring, Group Executive Management, the Risk Committee and the Board of Directors;
 - g to check whether risk, capital requirements, liquidity and the likelihood and timing of income flows are duly factored into the incentives built into the remuneration system;
 - h to advise the Board of Directors on the appointment or dismissal of the Chief Risk Officer.

3.5. Strategy & Digitisation Committee

- 1) The Strategy & Digitisation Committee shall assist and advise the Board of Directors on strategic issues and projects.
- 2) The Strategy & Digitisation Committee has the following duties in particular:
 - a to carry out preparatory work on strategic issues for the attention of the Board of Directors;
 - b to prepare in-depth input on strategic issues (e.g. digitisation in banking);
 - c to ensure a continuous management and control process in strategic matters;
 - d to conduct strategy reviews (periodically and whenever required);
 - e to review the implementation of strategic measures (strategy control);
 - f to ensure that the Bank's strategy is properly embedded;
 - g to evaluate the strategic fit in mergers, acquisitions, joint ventures, business cases, etc.;
 - h to enhance the Bank's outward-looking/market orientation and its powers of innovation.

4. Chairman of the Board of Directors

4.1. Responsibilities and areas of authority

- 1) The Chairman of the Board of Directors shall chair the Annual General Meeting of shareholders and the meetings of the Board of Directors.
- 2) The Chairman or, in his absence, the Vice-Chairman shall directly supervise and control the Executive Board and Group Executive Management on behalf of the Board of Directors. In carrying out this supervisory function he may by way of exception demand that the Executive Board and Group Executive Management reconsider decisions they have already taken.

5. Executive Board / Group Executive Management

5.1. Constitution

- 1) The Executive Board shall consist of the Chief Executive Officer, the Chief Financial Officer and at least one further member. One member of the Executive Board shall assume the role of Chief Risk Officer at the head of the risk management function, but may simultaneously perform other functions providing this is compatible with the required degree of independence.
- 2) The Chief Executive Officer shall be entitled to make proposals to the Nomination & Compensation Committee concerning the appointment of new members of the Executive Board and of his deputy.

- 3) The Executive Board of VP Bank, Vaduz, shall perform the function of Group Executive Management.

5.2. Duties and areas of authority

- 1) The Executive Board is the governing body in charge of managing business operations. It shall assist the Board of Directors in developing the strategy and shall be responsible for the implementation and results of the strategy. It shall foster co-operation within VP Bank Group.
- 2) The Executive Board has the following duties in particular:
 - a) to issue and implement the General Terms and Conditions and all directives concerning business operations;
 - b) to develop efficient organisational structures and procedures and an effective internal control system in order to avoid and limit risks of all types;
 - c) to make resolutions on all transactions and matters within the remit of the Executive Board as defined in the "Rules on authority in legal disputes involving VP Bank Ltd" set out in the annex hereto;
 - d) to manage risks and returns and above all the structure of the balance sheet;
 - e) to carry out preparatory work on agenda items and other business of the Board of Directors and its committees;
 - f) to draw up properly substantiated proposals in relation to transactions over which the Board of Directors has authority;
 - g) to keep the Board of Directors continuously informed of the business performance of VP Bank Group. The Chairman or Vice-Chairman of the Executive Board shall report extraordinary transactions and events to the Board of Directors immediately.
- 3) In its function as Group Executive Management, the Executive Board has the following additional duties:
 - a) to formulate and further develop strategic issues (Group strategy) for the attention of the Board of Directors;
 - b) to take positions on VP Bank Group strategic projects in the role of a steering committee (business cases, merger & acquisition projects);
 - c) to draw up strategic reports for the attention of the Board of Directors;
 - d) to take positions on strategic human resources issues;
 - e) to draw up budgets and medium-term plans for VP Bank Group, including the allocation of resources to the various business units and Group entities;
 - f) to carry out financial reporting for VP Bank Group (monthly, quarterly, half-yearly and annual reports);

- g) to submit proposals to the Board of Directors of VP Bank, Vaduz, concerning the nomination of members of the supervisory bodies of Group companies;
 - h) to approve new members of the executive boards of Group companies as well as their salaries and the performance-related components of their remuneration;
 - i) to take positions on audit reports for Group companies;
 - j) to issue and implement all framework directives for VP Bank Group business operations in areas in which a common policy exists.
- 4) Group Executive Management shall issue framework directives governing all responsibilities and areas of authority not covered by these Organisation and Business Regulations.

5.3. Meetings, minutes

- 1) In its capacity of Group Executive Management the Executive Board shall as a general rule meet every two weeks. Extraordinary meetings shall take place as and when needed or at the request of a member.
- 2) The Chief Executive Officer shall act as Chairman of the Executive Board and shall set the agenda. The agenda shall be forwarded to the Chairman of the Board of Directors for his information.
- 3) At meetings, each member of the Executive Board may advance agenda items for the attention of the Chief Executive Officer and shall report regularly on business performance, any significant transactions and all other important matters and extraordinary events affecting the organisational units and markets for which he is responsible.

5.4. Quorum and adoption of resolutions

- 1) The Executive Board has a quorum when the majority of its members are in attendance.
- 2) Minutes shall be kept of the resolutions adopted at meetings of the Executive Board. The Chief Executive Officer shall designate the meeting secretary, who need not be a member of the Executive Board. Copies of the minutes shall be sent to the members of the Executive Board, the Chairman of the Board of Directors and the head of Group Internal Audit for their information.
- 3) Resolutions of the Executive Board shall be passed by a majority of the votes present and entered in the minutes together with the votes cast for and against and an indication of how the resolution will be implemented. Each member of the Executive Board shall have one vote. In the event of a tie, the vote cast by the Chief Executive Officer shall count as two votes.

- 4) Resolutions may also be made by circular letter, provided that no member demands a meeting in person. Resolutions by circular letter shall be recorded in the minutes of the following meeting.

5.5. Chief Executive Officer

- 1) The Chief Executive Officer heads the Executive Board. He shall ensure that decisions are taken promptly and shall monitor the implementation of resolutions.
- 2) The Chief Executive Officer shall support the other Executive Board members as well as the heads of Group companies in all business and management matters. He shall ensure that business operations are managed in a consistent manner and that the activities of operating and service units are properly co-ordinated.
- 3) The Chief Executive Officer shall assume a leading role in developing the strategic direction of VP Bank Group. He shall oversee the management promotion process. He shall bear overall responsibility for creating an entrepreneurial corporate culture, safeguarding the company's reputation and representing it vis-à-vis investors, clients and other stakeholder groups as well as the general public.
- 4) The Chief Executive Officer shall be responsible for regulating the acceptance by VP Group employees of positions at third-party companies and of public, political or civic office.
- 5) The Chief Executive Officer shall ensure the Chairman and Board of Directors are kept appropriately and promptly informed. He shall normally attend meetings of the Board of Directors and the Nomination & Compensation Committee in an advisory capacity.
- 6) The Chief Executive Officer shall have a right of access to information and of inspection concerning all matters dealt with by the Group companies.
- 7) The Chief Executive Officer shall head those sections of the Corporate Centre indicated in the organisational chart.

5.6. Chief Financial Officer

- 1) The Chief Financial Officer shall be responsible for creating transparency concerning the financial results of VP Bank Group and the individual Group companies.
- 2) The Chief Financial Officer shall ensure that financial reporting takes all due account of regulatory requirements and corporate governance standards. He shall organise VP Bank Group's planning, budgeting and control processes and shall assess the financial aspects of strategic plans and merger & acquisition transactions.
- 3) Further, the Chief Financial Officer shall be responsible for the areas of financial, taxation and capital re-

source management. He shall implement accounting, financial reporting and disclosure standards and, together with the Chief Executive Officer, shall be responsible for relationships with investors and supervisory authorities.

- 4) The Chief Financial Officer shall head those sections of the Corporate Centre and organisational units indicated in the organisational chart.
- 5) The Chief Financial Officer shall co-ordinate the Executive Board's working relationships with the internal and external auditors.
- 6) The Chief Financial Officer shall normally attend meetings of the Audit Committee in an advisory capacity.

5.7. Chief Risk Officer

- 1) The Chief Risk Officer shall be responsible for creating transparency concerning the overall risk situation and for independently monitoring the risk exposures of VP Bank Group and the individual Group companies. He shall head the risk management function and accordingly may be removed from that position only by the Board of Directors.
- 2) The Chief Risk Officer shall ensure that risk reporting takes all due account of regulatory requirements and corporate governance standards. He shall organise the risk-related processes within VP Bank Group and assess the risk-related aspects of strategic plans and merger & acquisition transactions.
- 3) The Chief Risk Officer shall ensure that risk control principles, regulations and limits are developed and implemented. He shall implement the standards governing risk reporting.
- 4) The Chief Risk Officer shall head those sections of the Corporate Centre indicated in the organisational chart.
- 5) The Chief Risk Officer shall normally attend Risk Committee meetings in an advisory capacity.

6. Compliance Function

6.1. Duties and areas of authority

- 1) The term 'compliance' denotes the situation in which business conduct is in conformity with the applicable statutory, regulatory and internal provisions. Achieving and maintaining compliance is primarily a management task for the Executive Board and Group Executive Management.
- 2) The duties of the compliance function (formulating rules, providing advice, training, monitoring) shall be defined in a binding manner and communicated through framework directives issued by Group Executive Management.
- 3) Employees entrusted with compliance functions shall support the Executive Board and Group Executive

Management and all other employees and shall monitor observance of the relevant provisions in order to identify and, where possible, avoid reputational and regulatory risks at an early stage and more generally to ensure that VP Bank's conduct of its business activities is sufficiently irreproachable.

- 4) Employees entrusted with compliance functions shall be independent of the normal business units.
- 5) Employees entrusted with compliance functions at Group companies shall report regularly to the head of Group Compliance. The latter shall inform Group Executive Management, the Audit Committee and the Board of Directors.

7. Group Internal Audit

7.1. Basic principles

- 1) Group Internal Audit shall perform the function of internal auditors for both VP Bank, Vaduz, and VP Bank Group.
- 2) Hierarchically, it shall constitute a separate organisational unit independent of operational business units and reporting directly to the Chairman of the Board of Directors. In technical terms, it shall report to the Audit Committee.

7.2. Duties and areas of authority

- 1) Group Internal Audit shall be responsible for the riskadequate planning and conduct of audits in all organisational units and business segments of VP Bank Group and for appropriate reporting to the responsible governing bodies.
- 2) Group Internal Audit shall co-ordinate its activities with the statutory external auditors and the Group's independent auditors.
- 3) In the exercise of its duties, Group Internal Audit shall have an unrestricted right of audit as well as a universal and unlimited right of access to information and right of inspection within VP Bank, Vaduz, and throughout all Group companies.

7.3. Group Internal Audit regulations

Details shall be set out in regulations to be issued by the Board of Directors.

8. Organisation of VP Bank Group

8.1. Business activities, duties and areas of authority

- 1) The Group companies shall be responsible for their business activities within the framework of local laws, their articles of association, business regulations,

framework directives and directives. They shall ensure that their business operations are managed in a secure, profit-oriented and forward-looking manner.

- 2) The Group companies shall regulate duties and areas of authority by means of local organisational and business regulations which are based upon these Organisation and Business Regulations. The local regulations shall be subject to prior approval by the responsible Group Executive Management member.
- 3) The Group companies shall formulate their medium-term targets and annual targets within the framework of the Group strategy. The supervisory and executive boards of the Group companies shall have their respective plans (with due account taken of the dividend and reinvestment policy) approved by Group Executive Management.
- 4) As a general rule, the external auditors of VP Bank, Vaduz, or their authorised agents shall also audit the Group companies.

8.2. Supervisory and executive boards of Group companies

- 1) A majority of the members of each Group company's board of directors shall consist of representatives of VP Bank, Vaduz. Members of Group Executive Management usually sit on the boards of directors of those Group companies with bank status, with the Chief Executive Officer normally acting as chairman.
- 2) A member of Group Executive Management designated by the Board of Directors of VP Bank, Vaduz, shall be responsible for the Group company concerned to the Board of Directors of VP Bank, Vaduz. This Group Executive Management member shall act as the chairman of the board of directors of the Group company and, in consultation with its management, shall lay down its organisational structures and procedures.
- 3) The responsible Group Executive Management member shall be responsible for ensuring that the Group companies in his charge promptly receive all the necessary directives and information they require to conduct their business.
- 4) For its part, the senior management at each Group company shall keep the responsible board of directors and Group Executive Management member informed of the general business performance, significant transactions, other important matters and decisions taken, primarily by forwarding the relevant minutes. Extraordinary events shall be reported in writing to the responsible Group Executive Management member without delay.

8.3. Branch offices

- 1) For legal purposes branch offices shall form part of VP Bank Ltd, Vaduz. They shall conduct their business activities in other locations.
- 2) The duties and areas of authority specified in 8.1 above shall apply by analogy to the branch offices.
- 3) The Head of Client Business shall be responsible to the Board of Directors of VP Bank, Vaduz, for the branch office concerned. In all other respects Section 8.2 para. 2-4 shall apply by analogy.

9. Final provisions

9.1. Entry into force

These Regulations were issued by the Board of Directors on 5 July 2018. They replace the Organisation and Business Regulations of 7 November 2016. The current version entered into force on 1 August 2018 following approval by the Financial Market Authority of Liechtenstein.



Fredy Vogt
Chairman of the Board
Directors



Markus Thomas Hilti
Vice-Chairman of the Board of
Directors

Annex: Rules on authority in legal disputes involving VP Bank Ltd

Situation	BoD authority	GEM authority	Head of GCG authority
Initiation of criminal/regulatory proceedings against governing officers, employees or persons otherwise closely associated with VP Bank (subject to Art. 27 of the Articles of Association)	yes	no	no
Initiation of criminal/regulatory proceedings against VP Bank clients or service providers who are not closely associated with VP Bank	no	yes	no
Formation of provisions for legal disputes (key factor is the intended or resultant total provision)	> CHF 3 m ²	CHF 0.5 m to CHF 3 m ^{1,2}	< CHF 0.5 m ²
Write-back of provisions for legal disputes	> CHF 3 m ²	CHF 0.5 m to CHF 3 m ^{1,2}	< CHF 0.5 m ²
<ul style="list-style-type: none"> • Initiation of civil and debt collection proceedings • Withdrawal of claim in already initiated civil or debt collection proceedings • Acknowledgement of claims in civil and debt collection proceedings • Decisions on whether to appeal • Conclusion of judicial or extra-judicial settlement • Conclusion of judicial or extra-judicial composition agreement 	<p>Yes, if already responsible for forming the relevant provision.</p> <p>If no provision was formed, the amount in controversy serves as the basis. The volume limits for the write-back and formation of provisions apply by analogy.</p>	<p>Yes, if already responsible for forming the relevant provision.¹</p> <p>If no provision was formed, the amount in controversy serves as the basis. The volume limits for the write-back and formation of provisions apply by analogy.</p>	<p>Yes, if already responsible for forming the relevant provision.</p> <p>If no provision was formed, the amount in controversy serves as the basis. The volume limits for the write-back and formation of provisions apply by analogy.</p>

¹ Group Executive Management is authorised to delegate this authority to the Chief Financial Officer.

² In the event of an increase the key factor in each case is the resultant total provision.