

valiant

2022  
annual  
report

- 2** Report by the Chairman and the CEO
- 5** Interview with the Chairman and the CEO

#### **Management report**

- 11** Strategy and goals
- 23** Business performance
- 27** Risk assessment
- 30** Investors

#### **Corporate responsibility report**

- 37** Foreword
- 38** Our priorities at a glance
- 39** Our understanding of corporate responsibility
- 44** Valiant and our goals for sustainable development
- 46** Sustainable business model

#### **Corporate governance report**

- 74** Group structure
- 78** Capital structure
- 80** Board of Directors
- 94** Executive Board
- 97** Compensation, shareholdings and loans
- 98** Shareholders' participation rights
- 101** Change of control and defensive measures
- 102** Auditors
- 104** Information policy
- 105** Trading blackout periods

#### **Compensation report**

- 109** Foreword
- 110** Key components and principles of our compensation policy
- 112** Decision-making authority for determining compensation
- 114** Components of compensation
- 117** Calculation of variable compensation
- 118** Executive Board targets and attainment
- 120** Compensation approved at the Annual General Meeting
- 121** Compensation in the reporting period
- 126** Gender representation in the Board of Directors and Executive Board
- 128** Auditor's report

#### **Financial report**

- 133** Consolidated financial statements
- 137** Notes to the consolidated financial statements
- 179** Auditor's report on the consolidated financial statements
- 185** Disclosures of capital adequacy and liquidity
- 186** Statutory financial statements of Valiant Holding AG
- 196** Auditor's report on Valiant Holding AG

#### **Addresses**

- 200** Addresses of Valiant Holding AG

# Valiant in 2022

## Interest rate turnaround

The Swiss National Bank began raising its key interest rate in June 2022. This initial increase was followed by further rate hikes in September and December.

On 1 July 2022, Valiant became one of the very first Swiss banks to eliminate negative interest rates for private and corporate clients. We also reacted rapidly to subsequent hikes and immediately passed on the increases to our clients.

## Annual General Meeting

The 25<sup>th</sup> Annual General Meeting of Valiant Holding AG took place on 18 May 2022. Shareholders approved all of the Board of Directors' recommendations by a substantial margin. Marion Khüny and Roland Herrmann were elected as new members of the Board of Directors.

## Two new members of the Executive Board

Serge Laville took over as CFO on 1 February, replacing Hanspeter Kaspar. Michael Eisenrauch became a member of the Executive Board on 1 September, taking over from Stefan Gempeler as Head of Operations and IT.

## Programme to increase profitability

The aim of this programme is to reduce costs by CHF 12–15 million annually from 2024 onwards. Valiant achieved some key milestones in 2022: in order to optimise the branch network, we closed 23 branches in our core market area and revamped three front-office areas.

## Expansion: opening of five branches

In 2022, we opened branches in Wädenswil, Pully, Winterthur, Meilen and Uster as part of our regional expansion. This means that 11 of the planned 14 new branches have been opened.

**CHF 129.5 m**

Net profit increased by 5.2% in 2022.

**15.8%**

With a total capital ratio of 15.8%, Valiant has a very solid capital base and exceeds FINMA requirements by a considerable margin.

**CHF 5**

An unchanged dividend of CHF 5.00 per share will be recommended at the Annual General Meeting.

**98 bp**

Despite the turbulent conditions, we once again achieved a high net interest margin.

**+5.3%**

Client loans increased by 5.3% to CHF 28.7 billion.



# Key figures

	2022	2021	2020	2019	2018
<b>Balance sheet</b>					
Total assets	in CHF thousands	35,729,828	35,560,329	33,184,237	29,905,977
Due from customers and mortgage loans	in CHF thousands	28,679,520	27,243,654	25,867,970	24,803,037
Customer deposits	in CHF thousands	22,551,659	22,138,749	21,028,487	19,194,858
Equity capital	in CHF thousands	2,467,447	2,398,755	2,361,107	2,318,261
Client assets	in CHF thousands	32,303,679	32,949,726	30,282,957	28,295,338
					26,377,559
<b>Income statement</b>					
Net interest income before value adjustments for credit risk, and loan losses	in CHF thousands	351,099	341,644	330,411	314,697
Operating income	in CHF thousands	448,409	430,609	413,122	405,312
Operating expenses	in CHF thousands	-267,572	-254,353	-241,604	-234,205
Operating profit	in CHF thousands	159,354	143,959	147,030	142,899
Group profit	in CHF thousands	129,514	123,125	121,869	121,059
Cost/income ratio <sup>1</sup>	as %	57.7	57.2	56.5	57.0
					55.9
<b>Profitability</b>					
RorE (return on required equity)	as %	11.0	10.8	10.9	11.2
RoE (return on equity)	as %	5.3	5.2	5.2	5.3
					5.4
<b>Equity capital</b>					
Risk-weighted assets	in CHF thousands	15,045,365	14,408,311	14,037,317	13,475,177
Eligible capital	in CHF thousands	2,377,563	2,307,811	2,261,455	2,217,836
Total capital ratio	as %	15.8	16.0	16.1	16.5
Leverage ratio	as %	6.3	6.1	7.0	7.0
					7.5
<b>Headcount</b>					
Number of employees		1,110	1,130	1,061	1,045
Full-time equivalents		981	995	937	918
					890
<b>Share data</b>					
Book value per share	in CHF	156.24	151.89	149.51	146.80
Net profit per share	in CHF	8.20	7.80	7.72	7.67
Dividend	in CHF	5.00 <sup>2</sup>	5.00	5.00	5.00
Payout ratio	as %	61.0	64.1	64.8	65.2
Year-end share price	in CHF	100.00	91.30	86.50	98.40
Market capitalisation	in CHF millions	1,579	1,442	1,366	1,554
					1,706
<b>Moody's rating</b>					
Short-term deposits		Prime-1	Prime-1	Prime-1	Prime-1
Long-term deposits		A1	A1	A1	A1
Baseline Credit Assessment		a3	a3	a3	a3

<sup>1</sup> Before value adjustments for credit risk, and loan losses.

<sup>2</sup> Proposed

# 2022 annual report



# Report by the Chairman and the CEO

Dear Shareholders,

The year 2022 was certainly a memorable one. The geopolitical situation, together with the response by central banks and financial markets, triggered significant upheavals and uncertainty. As a result, the era of negative interest rates came to an end. The year was also challenging for Valiant – and successful. We reacted very swiftly to the Swiss National Bank's decision in June, becoming one of the first Swiss banks to eliminate negative interest rates for our private and corporate clients. We also immediately passed on the benefits of the further interest rate rises to our clients. By doing so, we not only reinforced our clients' trust in Valiant, but we also showed that we can be flexible – even in a particularly challenging environment.

We are delighted to be able to report to you, our valued shareholders, that we once again turned in a solid operating performance in 2022. We are also on track with the implementation of our 2020–2024 strategy.

## **An overview of our successful 2022 financial year**

Valiant recorded consolidated net profit of CHF 129.5 million, an increase of 5.2% compared with the previous year. Operating income rose by 4.1% to CHF 448.4 million and operating profit was up by 10.7% to CHF 159.4 million. Interest income – our main revenue source – also came in strong. Net interest income rose by 2.5% year on year to CHF 335.5 million. In the current turbulent interest rate environment, Valiant continues to focus on stability and on ensuring long-term funding. Funds due to clients are the central pillar of these efforts. In addition, we continue to bring in funding through central mortgage institution loans and covered bonds.

We also recorded robust growth in funds due to clients, acquiring CHF 783 million in new client assets. The sale of properties led to extraordinary income of approximately CHF 25 million, which was allocated to the reserves for general banking risks in order to boost equity.

We were also able to generate growth in client loans, which stood at CHF 28.7 billion. That represents an increase of 5.3%, substantially above the annual growth target of 3%. Funds due to clients climbed by 1.9% to CHF 22.6 billion, with both private and corporate clients contributing to this growth.

### **Strategy 2020–2024 and regional expansion going to plan**

The implementation of the 2020–2024 strategy is going to plan. The expansion from Lake Geneva to Lake Constance is also on track. Valiant's goal is to open 14 new branches and create 170 full-time-equivalent positions, including 140 in client advisory services, between 2020 and 2024. Having opened a total of five new branches in 2022, we are on the home straight in terms of expanding our branch network. In 2023, the last branches for this strategy period will open their doors in Schaffhausen, Altstetten and Muttenz. This means that the regional expansion will be completed earlier than originally planned.

### **Programme to increase profitability begins to pay off**

To achieve the objective of reducing costs by CHF 12–15 million annually from 2024, savings and optimisation measures are being implemented in all divisions across the entire company. Although the initial effects of the programme to increase profitability will become noticeably more tangible from 2023 onwards, some key milestones were already achieved in 2022. As planned, we closed 23 branches in our core market area and converted three front-office areas out of a total of seven by the end of the year. 20 of the planned 50 full-time-equivalent positions were cut. Overall, costs were reduced by CHF 4.5 million in 2022. Valiant now operates a total of 84 branches.

### **Savings Account Plus with a preferential interest rate of 1.5 %**

To prove that saving with Valiant is even more worthwhile, we have launched a new savings account. With the Savings Account Plus, clients receive a preferential interest rate of 1.5 % on new money that they transfer to Valiant. This attractive interest rate is paid on the Savings Account Plus for one year.

### **Responsible employer – motivated employees**

Motivated employees are a crucial factor in Valiant's success. For that reason, we amended our employment conditions with effect from 1 January 2023. All employees now receive two additional days of annual leave, and maternity leave has been extended by two weeks. Valiant is also increasing the payroll total by 2.6 % this year. We have taken these measures in order to thank our employees for their tireless dedication and commitment and to promote our unmistakeable corporate culture.

**Two new members of the Executive Board**

Serge Laville took over as CFO on 1 February 2022, and Michael Eisenrauch has been in charge of Operations and IT since 1 September 2022. Both Serge Laville and Michael Eisenrauch are members of Valiant's Executive Board. We are delighted to have them both on board and wish our new colleagues much success and enjoyment in their roles.

**Outlook**

Valiant expects consolidated net profit to be higher in the current year. At the Annual General Meeting on 17 May 2023, the Board of Directors will ask shareholders to approve an unchanged dividend of CHF 5 per share.

Thank you, dear shareholders, for your trust in Valiant.

A handwritten signature in black ink, appearing to read "Markus Gygax".

**Markus Gygax**  
Chairman of the  
Board of Directors

A handwritten signature in black ink, appearing to read "Ewald Burgener".

**Ewald Burgener**  
CEO

# “Even in the challenging environment, we continue to consistently pursue our strategy 2020–2024.”

Valiant continues to be successful and remains on its growth trajectory. The 2022 financial year was encouraging, with an increase in consolidated net profit of 5.2% year on year.

**The year 2022 was an extremely turbulent one that was dominated by uncertainty. The financial markets were volatile and central banks responded to the upheavals in order to curb inflation. How did Valiant perform in this challenging environment?**

**MARKUS GYGAX (MG):** Valiant continued to consistently pursue its clear, long-term strategy for 2020–2024. Fortunately, the Swiss economy performed extremely well last year and the trend in the real estate market remained positive. These factors were key drivers of Valiant's growth and success in 2022.

**2022 was a successful financial year for Valiant. How do you explain this success?**

**MG:** We are now reaping the rewards of the strategy that we have been pursuing for several years. Our focus is on a simple business model, an easily understandable product and service offering, close relationships with our clients and personalised advice. The regional expansion and our committed employees also contributed to our success.

**EWALD BURGENER (EB):** Our expansion strategy is working. We performed well in our main revenue streams in 2022. On the one hand, we laid the foundations for a successful financial year in 2022 with our forward-looking preparations for the new interest rate environment. As a result, we were able to react swiftly to the Swiss National Bank's rate hikes and immediately pass on the benefits to our clients. On the other hand, our efforts to grow our fee and commission business are paying off. And our employees worked with tireless dedication and commitment to achieve these excellent results.

**You mentioned the forward-looking preparations for the new interest rate environment. Can you go into more detail on this?**

**EB:** The interest business is our main source of income. The Swiss National Bank's rate hikes and the subsequent end to negative interest rates saw interest rates returning to normal again. However, this also brought changes in terms of funding. In recent years, Valiant has been able to obtain funding on the capital markets on very favourable terms thanks to our covered bond programme and mortgage- backed bonds. In the new environment, funds due to clients have become significantly more important again as a source of funding, forming the central pillar of our funding activities. By passing on interest rate rises quickly in the savings and pension segment, we want to make saving attractive for our clients. We were able to increase net trading income by over 40%, due to higher income from forward

forex transactions. As a result, we are ideally equipped to cope with the challenging interest rate environment in 2023.

**Your strategy period runs from 2020 to 2024. What happens after that?**

MG: Of course we are studying trends and thinking about the future all the time. The implementation of the current strategy is in full swing and is using up our resources. We will present the plans for Valiant's further development – and thus our new strategy – to our shareholders, clients and employees in 2024.

**You are expanding from Lake Geneva to Lake Constance and have already opened 11 of the planned branches for the current strategy period. What happens next in this regard? Has the expansion been a success?**

EB: The regional expansion is also going to plan. Having opened five new branches in 2022, we are already on the home straight. Under the plan, the last three branches for this strategy period will open their doors by the end of 2023. These are the sites in Schaffhausen, Altstetten and Muttenz. As a result, our regional expansion will be completed a little earlier than originally scheduled. The planned creation of jobs as part of the expansion will go on until 2024. The fact that our expansion has also been successful from a business perspective is backed by the figures: since 2017, 50% of the growth in client loans has come from these new branches.

**A year ago you announced the sixth strategic initiative – the programme to increase profitability. What progress have you made with this?**

EB: We will begin our targeted cost-cutting in 2024. From then onwards, we aim to save CHF 12–15 million per year. The measures will be implemented across all divisions. We are already starting to feel some initial effects of this strategy: in 2022, expenditure was reduced by a total of CHF 4.5 million, 23 branches were closed in our core market area and 20 of the planned

50 full-time-equivalent positions were cut. The initial effects of the programme to increase profitability will start to be more clearly felt from the 2023 financial year. For example, a number of the branches we closed continued to have an impact on costs in 2022 because they were only closed in the second half of the year. It is also important to us that as many of the job cuts as possible take place through attrition.

**You have amended the employment conditions for your employees. Why?**

EB: Motivated employees are what drive our strong corporate culture. This is one of Valiant's distinctive characteristics and we want to continue looking after them and fostering their development. As a sign of our appreciation and to thank our employees, we have increased the annual leave entitlement by two days for everyone from this year. We have also extended maternity leave by two weeks. In order to send out a signal with regard to inflation, too, Valiant is increasing the payroll total by 2.6% this year. These measures will make Valiant even more attractive as an employer.

**Valiant launched a new product in mid-February. What are your hopes for the Savings Account Plus?**

**EB:** We want to show that saving is even more worthwhile with Valiant. With the new Savings Account Plus, clients receive a preferential interest rate of 1.5% on new money that they transfer to Valiant. This attractive interest rate is paid on the Savings Account Plus for one year. After that, the account becomes a Lila Savings Account, which pays the highest rate of interest. Of course, we are also aiming to appeal to new clients with this.

**Are you not punishing your loyal clients with this product?**

**EB:** The Savings Account Plus can be opened by anyone – it just has to be for new money that is transferred to us. In addition, Valiant offers existing clients an attractive range of products on appealing terms. We have simplified our Lila Sets, for example. Our clients continue to enjoy discounts in line with the client relationship. We have also shown that we pass on interest rate rises to our clients immediately.

**You have already accomplished almost all of your financial goals that you aimed to achieve by 2024. Which objectives haven't been fulfilled yet?**

**EB:** Yes, we are on track. We are doing very well with regard to growth in both lending and fee and commission income. We are also within the target range that we set for our capital ratio, which puts us well above the capital ratio required by regulators. We have not quite met our targets for the return on equity yet. Laying the foundations for this was one of the reasons we launched the programme to increase profitability. We still have ambitious goals for the future, and we intend to continue meeting them.

**MG:** One important prerequisite is our solid equity position. It provides a strong base from which we can continue to generate profitable growth through our expansion strategy. Sustainable growth in return on equity and an attractive dividend yield are key factors in the achievement of our financial goals up to 2024. That is why we will ask shareholders to approve an unchanged dividend of CHF 5 per share at the Annual General Meeting.

**What are your expectations for the 2023 financial year?**

**EB:** The environment is likely to remain turbulent this year. Particularly volatile financial markets, rising inflation and, consequently, the foreseeable rate hikes by central banks, especially the Swiss National Bank – all of these trends and developments are things that we will continue to follow closely. Valiant has been successful in terms of both strategy implementation and operations. We aim to maintain and consistently pursue this course. One of our goals is to increase consolidated net profit over the long term, for example. In the current environment, it remains difficult to make assertions about financial trend. Interest rate decisions and financial market movements will, of course, have an impact on our results, too. Nevertheless, we expect consolidated net profit to be higher in the current year.

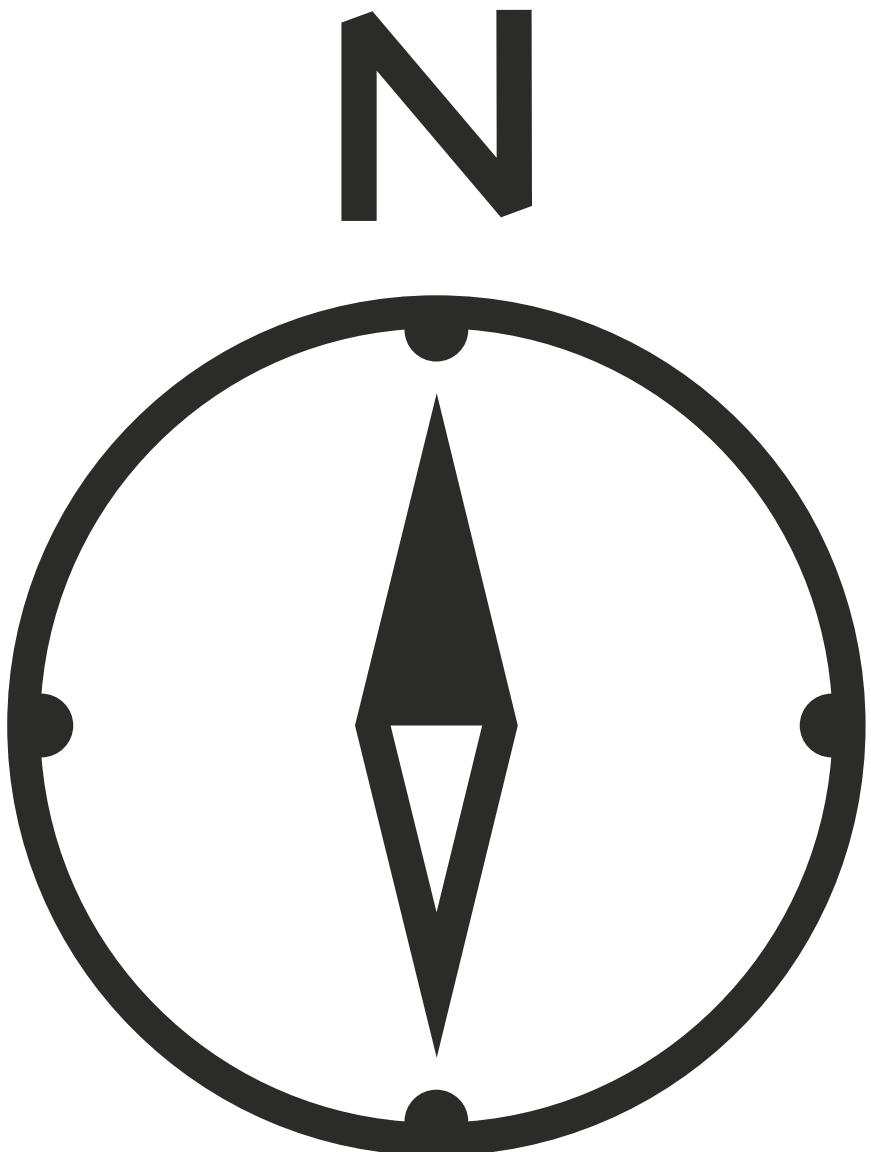
**Ewald Burgener, CEO**

Ewald Burgener has been CEO of Valiant since 17 May 2019. Prior to this, he was CFO for just under six years. Before joining Valiant, Mr Burgener, who comes from the canton of Valais, worked at Entris Holding AG. He likes to spend his free time with his family. He plays squash and enjoys going to the mountains.

**Markus Gygax, Chairman of the Board of Directors**

Markus Gygax was CEO of Valiant from November 2013 to May 2019. In May 2019, he was elected to the Board of Directors. He has served as Chairman of the Board of Directors since 13 May 2020. He likes to spend his free time with his family and enjoys outdoor sports.

# 2022 management report



**Strategy and goals**

- 11** Our vision
- 11** Our mission statement
- 12** Our brand
- 12** Our business model
- 13** Strategy for 2020–2024
- 14** Our strategic initiatives up to 2024
- 17** Our financial goals up to 2024
- 18** Our client segments
- 20** Our products and services
- 22** Our market

**Business performance**

- 23** Business performance

**Risk assessment**

- 27** Risk situation
- 27** Risk management

**Investors**

- 30** Investment in Valiant
- 31** The Valiant share
- 31** Dividend
- 32** Share price
- 32** Shareholder structure
- 32** Analyst and investor relations
- 33** Indices
- 33** Covered bonds
- 34** Credit ratings
- 34** Further information

# Strategy and goals

Valiant is an independent Swiss financial services provider operating exclusively in Switzerland. It offers private clients and SMEs a comprehensive, easy-to-understand range of products and services to meet all their financial needs. Valiant has total assets of CHF 35.7 billion and more than 1,100 employees, including 75 trainees.

## Our vision

“Valiant makes it the easiest for individuals and SMEs in Switzerland to manage their financial affairs.”

## Our mission statement

### Partnership and respect

We foster an open, value-based culture both within the bank and towards the outside world. We work in partnership with our clients, partners and employees and treat them with respect.

### Making financial lives easier

We take care of the financial needs of individuals and SMEs. We make our clients' financial lives easier, with comprehensive advice and solutions in the areas of payments, savings, investments, financing and retirement planning, and also offer other financial services.

Many private individuals and SMEs find financial matters complicated and unpleasant. Valiant resolves financial concerns in a more straightforward, understandable way than any of its competitors, enabling clients to manage their money conveniently and without stress.

### Simple business model

At Valiant, we earn our shareholders' trust by having a solid capital base, a simple, understandable business model and a business policy geared towards long-term stability.

### Balanced risk profile

We increase our profitability by striking the right balance between risk, return and growth.

### Employee development

A committed workforce is the key to the success of our company. We attach a great deal of importance to promoting and developing our workforce.

### Strong partners

We work with strong partners, freeing up resources so that we can focus fully on our clients.

## Our brand

Valiant means courageous, strong, powerful. We aim to assert ourselves in the market as a financial service provider with clear statements and easy-to-understand products. We actively pursue this objective – day in, day out.

### Simple brand identity

Valiant is represented uniformly on the market with a single logo. The colour purple is our distinctive feature and is unique in the banking market.

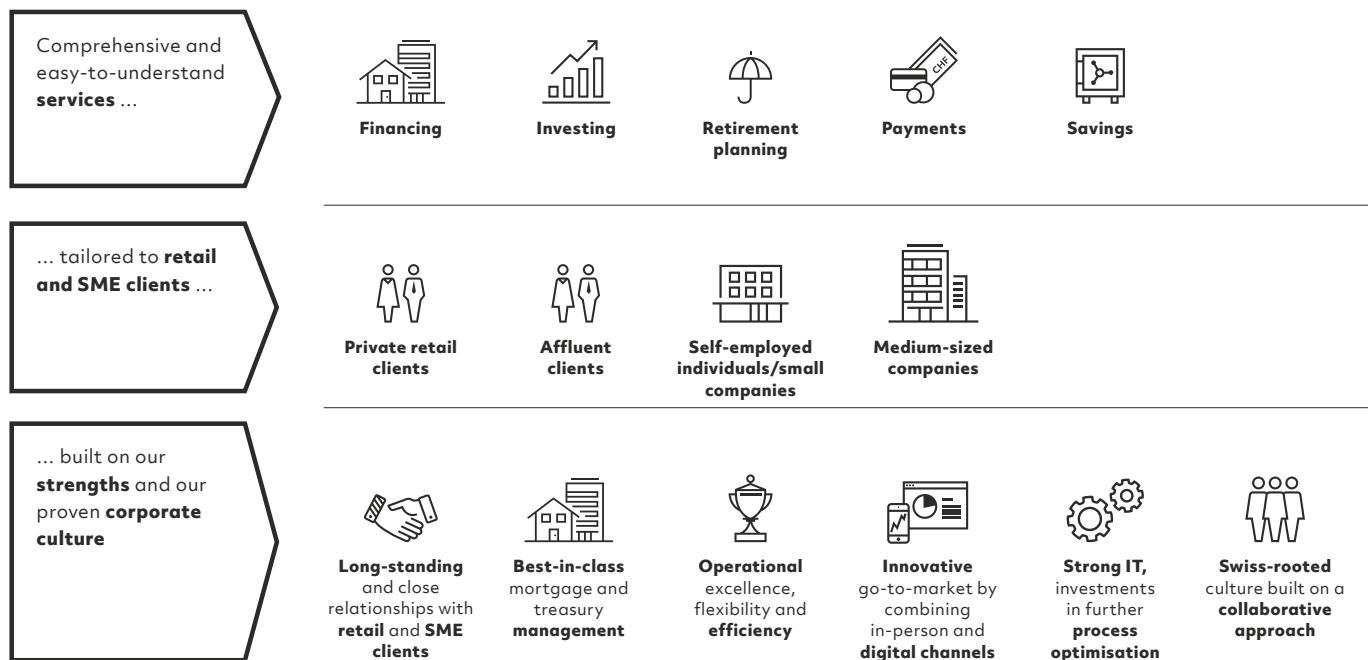
### Brand awareness

We measure the awareness of our brand at least twice a year. Our brand awareness rating was a solid 85% in the 2022 financial year within our market area. The following instruments in particular are used to increase brand awareness: national image and promotional campaigns, advertising presence on public transport and in sports stadiums, online advertising and unconventional marketing campaigns.

## Our business model

Valiant stands for simplicity in the Swiss financial market. Our strengths and DNA are the core tasks of a retail bank: Valiant receives funds, looks after them and makes them available again in the form of financing. We offer our clients easy-to-understand products and services in the areas of financing, investments, retirement planning, payments and savings. In doing so, we rely on our strengths and well-established culture, and focus on four client segments: private retail clients, affluent clients, self-employed individuals and small companies, and medium-sized companies.

### Business model

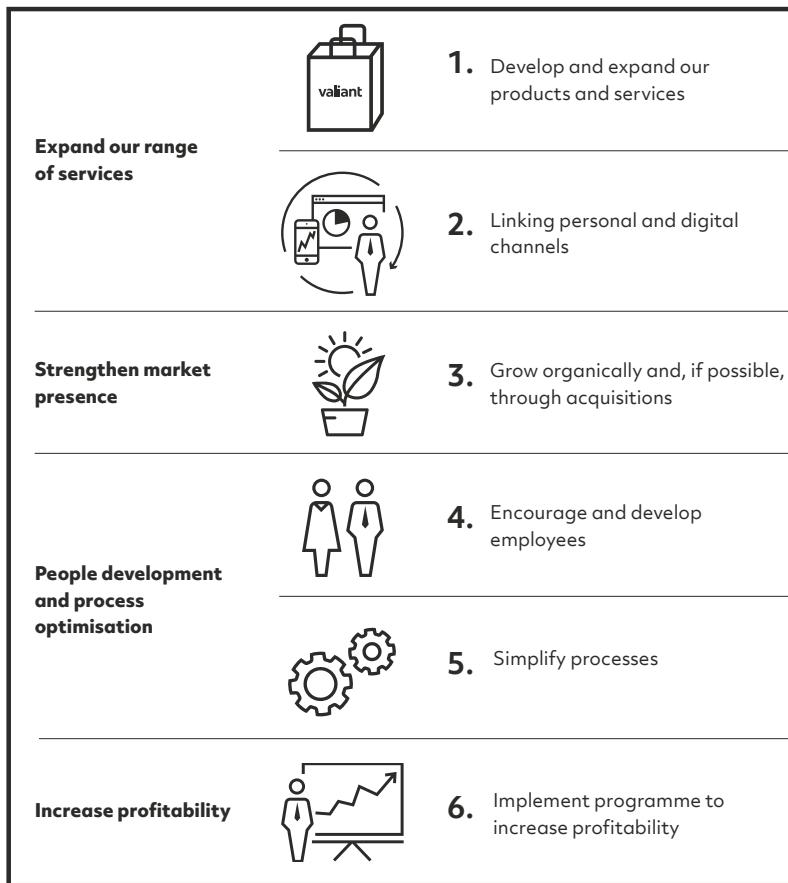


# Strategy for 2020–2024

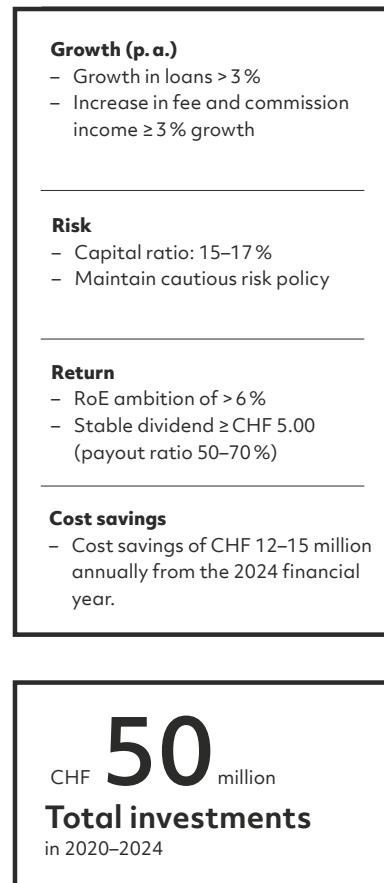
When drawing up the strategy for 2020–2024, the Board of Directors and the Executive Board were guided by the vision for Valiant. Our employees were also actively involved in this process and contributed their ideas. The result is a joint effort that has broad-based internal support and is intended to lead Valiant into a successful future. With our strategy for 2020–2024, we are continuing on the same successful track and intend to further strengthen our position within the Swiss financial sector. The strategy is based on simplicity and accelerated expansion. This involves, for instance, opening additional branches, with more client advisors and an extended range of services.

Our strategy for 2020–2024 consists of six strategic initiatives: We are continuing to enhance our products and services, linking personal and digital channels, seeking organic and, if possible, also non-organic growth, encouraging and developing our employees, simplifying processes and implementing a programme to increase profitability. The sixth strategic initiative is new and was added in 2022. We made further progress in 2022, with achievements in all strategic initiatives.

## Six strategic initiatives



## Financial goals up to 2024



# Our strategic initiatives up to 2024

## 1. Develop and expand our products and services

Going forward, we see ourselves increasingly as a financial services provider that offers more than a conventional bank. We will continue to develop and expand our core skills in the areas of financing, investments, retirement planning, payments and savings, in line with the needs of our clients. We want to provide our clients with professional, comprehensive advice and convenient solutions that fully meet their needs. We also intend to generate additional income by launching services that enable clients to compare different products and by expanding our offering to cover clients' entire value chains.



### Targets up to 2024

- Further develop and expand our offering
- Offer financing process as a product to other companies (B2B)

### Measures implemented in 2020–2022

- Launched new strategy funds with a focus on sustainability
- Replaced our Libor-based Flex mortgage with the Lila SARON mortgage
- Mortgage loan partnership with Vaudoise Insurance
- Acquired a majority stake in real estate platform AgentSelly AG
- Rolled out the Debit Mastercard
- Launched two new "capital gain-oriented" strategy funds
- Expanded pension advice to meet the needs of entrepreneurs
- Set up a centre of expertise for company succession

## 2. Linking personal and digital channels

In-person or digital channels – our clients can choose whichever option works best for them. By going further in combining personalised advice with an enhanced digital offering, we will be able to offer clients an outstanding and comprehensive banking experience and make their financial lives even easier. Personalised service and advice continue to take priority when it comes to both our in-person and our digital channels. We are consolidating our innovative position in the Swiss financial market and investing further in digitalisation to that end.



### Targets up to 2024

- Combine in-person and digital channels
- Develop website into a client-centred platform
- Launch new mobile app

### Measures implemented in 2020–2022

- Fitted out branches with new front-office areas
- Website revamped with a more client-friendly design and improved navigation
- Introduction of the personalised myValiant area on the website
- Identified and implemented numerous improvements to client-relevant processes in order to enhance the customer journey
- Released our own Twint app

## 3. Grow organically and, if possible, through acquisitions

We are gradually establishing or expanding our presence in the canton of Zurich, in French-speaking Switzerland, and in north-western and eastern Switzerland. To this end, we are recruiting new client advisors and pension specialists. We are also reinforcing our current branches with additional client advisors and pension and investment specialists. In addition, we wish to ensure the presence of every type of specialist across all our markets to provide ever more convenient services for our affluent clients, for example. The SME segment, which has seen encouraging growth in recent years, will also be further

expanded. This additional sales force will help us to continue to grow our core financing business. We do, however, also want to significantly increase our earnings from our non-interest business. In addition to the planned new branches in growth hotspots and prime locations, Valiant remains ready to acquire other banks. We have the potential to make better use of our resources and infrastructure and achieve economies of scale. However, acquisitions must fit with our corporate culture and our business model.



#### Target up to 2024

- Open 14 new branches
- Create 170 full-time jobs

#### Measures implemented in 2020–2022

- 11 new branches opened
- A total of 102 full-time-equivalent positions created since 1 January 2020 as part of expansion

#### 4. Encourage and develop employees

People are the key to our success in building close client relationships. For our planned expansion, we are looking to recruit locally based, committed client advisors with strong ties to their region. These are our best ambassadors in the urban areas and communities in which Valiant is establishing a presence. In addition to acquiring new employees, it is important to further promote and develop the skills of our existing employees. Through our employee training and development, we aim to equip our staff with the skills they need to advise clients holistically, comprehensively and on all their financial needs. Valiant has also taken various measures for the advancement of women, with the goal of increasing the proportion of women in management positions.



#### Targets up to 2024

- Promote and develop employees' skills
- Recruit the necessary human resources
- Further increase attractiveness as an employer

#### Measures implemented

##### in 2020–2022

- Sales career paths introduced
- New employees successfully recruited and onboarded in expansion areas
- Mentoring programme for women set up
- Improved employment conditions from 1 January 2023, including an increase in holiday entitlement and maternity leave

#### 5. Simplify processes

Valiant is focusing on efficiency and effectiveness by rigorously simplifying processes. We started off by simplifying the challenging lending process. Simplifying our internal processes will also benefit our clients. We need simple internal processes if we are to convince clients of our straightforward approach and build a positive client experience.

**Targets up to 2024**

- Increase efficiency
- Analyse and optimise 1–2 business processes per year

**Measures implemented in 2020–2022**

- “Kreditautobahn” (a tool that standardises and automates the processing of lending transactions) developed and expanded
- “Investment Express tool” (to support advisors and simplify the investment process) rolled out
- Switch to a core banking system: Valiant worked on two systems until the end of 2021. On 1 January 2022, all client relationships were transferred to the Finnova core banking solution
- Digitalisation of the process of opening accounts and entering modifications, such as changes of address

**6. Implement programme to increase profitability**

Valiant is making good progress in implementing its strategy for the period from 2020–2024 and is exceeding its growth targets by a substantial margin. To continue our successful trajectory and prepare for the future, we have launched a programme to increase profitability. In this context, and to take into account changes in client behaviour, modifications have also been made to the branch network in our core market area. These changes and further measures to increase efficiency will lead to cost savings.

**Targets up to 2024**

- Optimisation of the branch network: closure of 23 branches, conversion of the front-office areas in further branches
- Workforce reduction of 50 full-time-equivalent positions by the end of 2023
- Cost savings of CHF 12–15 million per year from the 2024 financial year onwards

**Measures implemented in 2022**

- Closure of 23 branches in our core market area
- Conversion of the front-office areas in three further branches
- Reduction of 20 full-time-equivalent positions
- Savings of CHF 4.5 million

# Our financial goals up to 2024

We are implementing our Strategy 2020–2024 to further strengthen our position in the Swiss financial sector. Through our strategy, we aim to reach the following financial targets.



## Growth

In our current market areas and with the planned expansion, we aim to achieve annual lending growth of more than 3%. We will achieve this by strengthening our presence in existing markets and by expanding into new regions. At the same time, we will continue to ensure that our loan book remains of a high quality and that we stick to our cautious risk policy. We will continue to focus on the interest margin, as we have successfully done in recent years. In addition to growing our lending business, we are also aiming for annual growth of 3% in fee and commission income. By expanding our investment and pension business and launching other new services, we hope to drive a considerable annual increase in this revenue stream.



## Return

We aim to increase consolidated net profit in the long term and are seeking to achieve a return on equity of over 6%, which is above the cost of capital. The dividend will be at least CHF 5 per share and the payout ratio will be 50–70%.



## Risk

Valiant will maintain its cautious risk policy. As a reflection of Valiant's financial resilience, the total capital ratio should always remain between 15–17%, thus ensuring that it exceeds the minimum FINMA requirements by a significant margin.

## Track record on our financial targets up to 2024

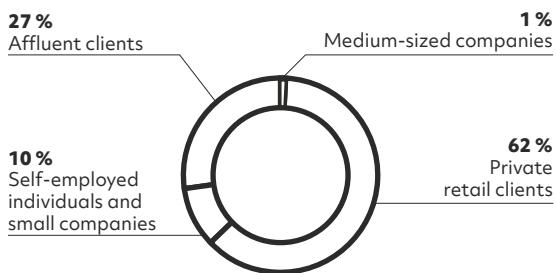
Metric	Target	At 31/12/2022	At 31/12/2021	At 31/12/2020
Growth in lending business	> 3% per year	5.3%	5.3%	4.3%
Growth in fee and commission income	≥ 3% per year	10.9% <sup>1</sup>	9.7%	-0.9%
Capital ratio	15–17%	15.8%	16.0%	16.1%
Return on equity	Ambition > 6%	5.3%	5.2%	5.2%
Payout ratio	50–70%	61.0%	64.1%	64.8%

<sup>1</sup>+0.0% adjusted for CHF 7.5 million impact of accounting change for payment card income

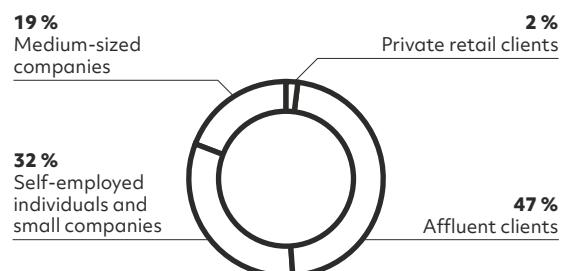
## Our client segments

Valiant focuses on four segments: private retail clients, affluent clients, self-employed individuals and small companies, and medium-sized companies.

### Clients count by segment



### CHF 470.7 million in interest and commission income by segment



### Private retail clients

#### › Personalised and digital client advice

Valiant stands out thanks to the simplicity of our products, services and processes. Our clients enjoy a combination of personalised advice and an expanded range of digital services.

#### Volume growth in the private retail clients segment

	in CHF billions	31/12/2022	31/12/2021	31/12/2020
Client assets		3.3 <sup>1</sup>	2.1	2.0
Loans		0.1	0.1	0.1

<sup>1</sup> Inflow of client assets from the affluent clients segment due to adjustment of segmentation criteria

**Affluent clients****> High-quality, personalised management and advisory services**

We work to build banking relationships with retail and affluent clients by providing high-quality, personalised client service and advice.

Volume growth in the affluent clients segment	31/12/2022	31/12/2021	31/12/2020
Client assets in CHF billions	14.9 <sup>1</sup>	16.2	14.8
Loans in CHF billions	13.0	12.3	11.5

<sup>1</sup> Shift of client assets to the private retail clients segment due to adjustment of segmentation criteria

**Self-employed individuals and small companies****> Comprehensive advice from a single source**

We stand out in this segment by offering solutions for entrepreneurs' private and business financial needs from a single source.

Volume growth in the self-employed individuals and small companies segment	31/12/2022	31/12/2021	31/12/2020
Client assets in CHF billions	5.8	5.9	5.4
Loans in CHF billions	10.1	10.1	9.7

**Medium-sized companies****> Specialist knowledge for flexible and convenient solutions**

For medium-sized companies and institutional clients, we serve as a professional partner who understands their needs and provides a modern advisory approach and solutions tailored to individual needs.

Volume growth in the medium-sized companies segment	31/12/2022	31/12/2021	31/12/2020
Client assets in CHF billions	8.3	8.7	8.1
Loans in CHF billions	5.5	4.7	4.6

# Our products and services

Our SAQ-certified client advisors expertly provide comprehensive advice, individual support and flexible solutions to retail clients, the self-employed and SMEs. We offer our clients a full range of simple and understandable banking services from a single source.

## Financing

Finding the best financing product, calculating the borrower's ability to service debt or choosing the right duration for a fixed-rate mortgage: these are all needs and issues that concern both private and corporate clients. Through our products and personal advisory services, we aim to provide our clients with targeted support in meeting these needs while also offering them comprehensive advice. Our strengths in this area are our local knowledge and market-oriented lending conditions. We remain true to our cautious lending policy when granting loans, despite the fiercely competitive market environment. We know the properties we finance. We also know the tradespeople and industrial companies that finance their investment needs with our business loans. To take due account of our understanding of sustainability, we apply binding exclusion criteria in our financing business for business and corporate clients.

## Investing

Valiant's investment solutions are flexible and individual. We have the right investment offering for our clients' personal and financial circumstances, and offer personal advice tailored to their needs. We draw up investment proposals in accordance with the personal investor profile that we define jointly with the client. Using our systematic investment process, we also continue to provide our clients with assistance and support in the implementation of the chosen investment strategy and in the long-term attainment of the goals that we have set together with them. In doing so, we take due consideration of changes in their personal and financial circumstances.

In keeping with our exclusion criteria and ESG integration, we take sustainability aspects into account in our investment business. In line with our ESG investment guidelines, we rolled out four sustainability-focused strategy funds with different risk profiles. For more information, see from page 57.

### Retirement planning

It is becoming increasingly important for clients to play an active role in their retirement planning, especially in view of the challenges in the pension system, including rising life expectancy. This applies equally to retail clients who wish to prepare for their retirement or protect their family or home and to business clients seeking the optimum pension fund and personal insurance solutions. Needs vary depending on each client's individual or business situation. Existing solutions must be reviewed and, where necessary, adjusted. Together with our clients, we customise their retirement planning to their individual needs.

### Payments

Our payment services make our clients' day-to-day lives easier. Clients increasingly wish to make cash-free payments and carry out banking transactions at any time. One of the ways in which Valiant meets this demand is by processing payment transactions and other banking transactions via the mobile banking app.

We offer private and business clients a selection of different sets which include various products and services for an all-in fee. In December 2022, Valiant launched the new Lila Set for private clients, which meets client needs even more precisely with its individually selectable modules – especially in terms of simple and worry-free processing of payment transactions.

In autumn 2022, Valiant Bank AG replaced all Maestro cards denominated in Swiss francs with the new Debit Mastercard. The Debit Mastercard allows clients to make online purchases by direct debit and make use of the card for all current mobile payment solutions.

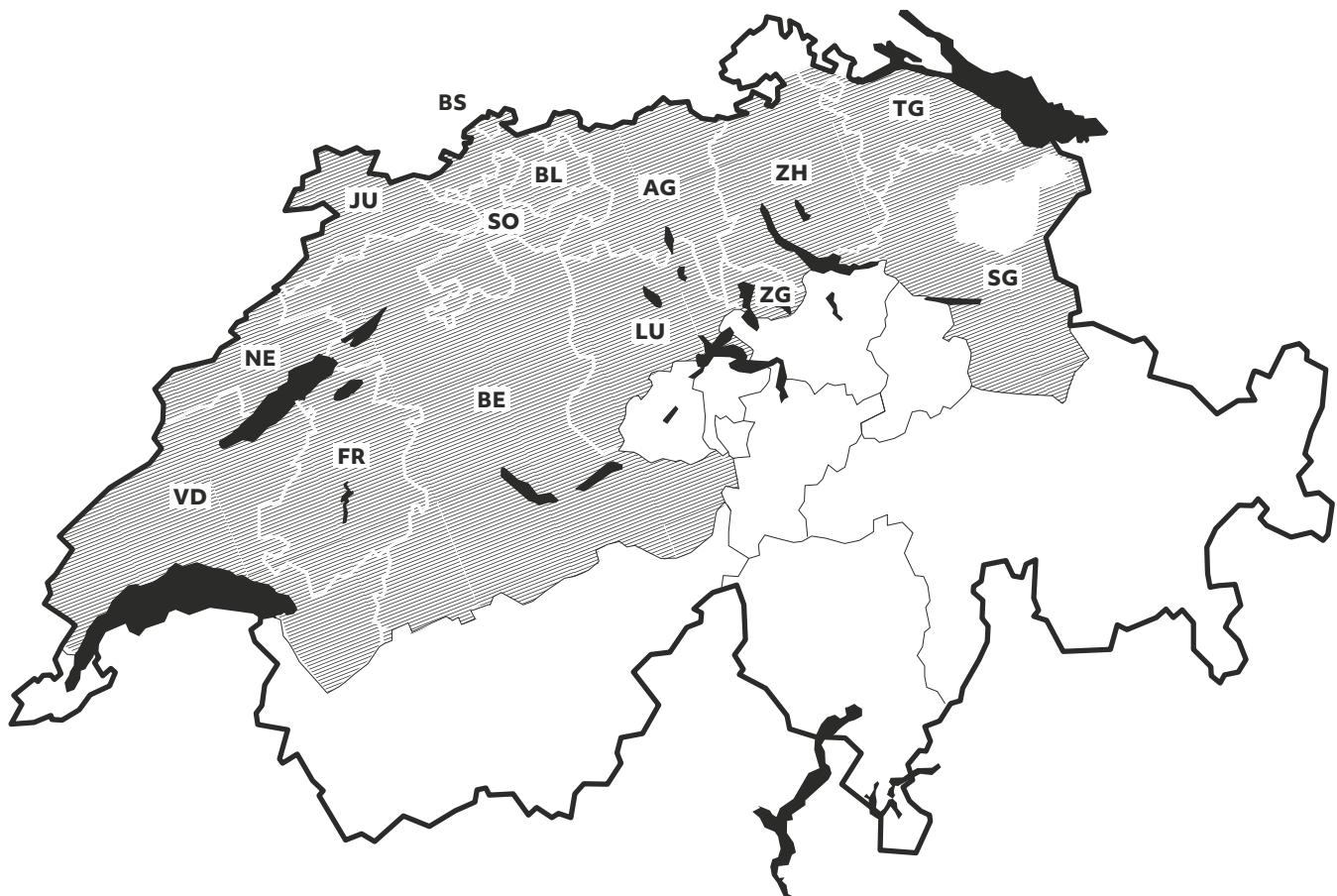
### Savings

We offer our clients simple savings products that are tailored exactly to their needs. Our active interest rate management means that interest rate benefits are quickly passed on to our clients. This positions Valiant as an attractive partner for savings. Saving has become even more rewarding with the new Savings Account Plus launched in February 2023.

In addition to selecting from our range of savings products, private clients can take advantage of a savings calculator and a budget calculator free of charge on the Valiant website. In just a few steps, the tools calculate and illustrate how they can reach their savings goals or the best way to budget for regular expenses.

## Our market

Valiant's market extends across 14 cantons from Lake Geneva to Lake Constance. Thanks to digitalisation, we can also offer our services throughout Switzerland.



# Business performance

Valiant performed well in a challenging economic environment. We made good progress in implementing our strategy for 2020–2024 and once again exceeded our growth targets. The 5% increase in consolidated net profit beat expectations. Both interest income and fee and commission income were key drivers of this solid growth.

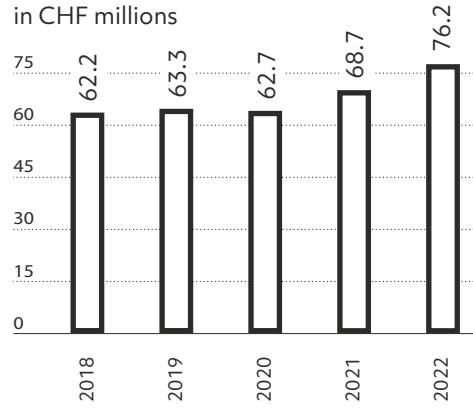
## Economic environment shaped by interest rate hikes

Supply bottlenecks, several years of loose monetary and fiscal policies, geopolitical tensions and higher energy prices brought about a sharp increase in inflation. In response, central banks, including Switzerland's, ended their extremely low or negative interest rate policies and raised key rates sharply. The real estate market remained relatively immune to the interest rate hikes. Although the pace of price increases slowed, they remained a key driver of the Swiss mortgage market in the year under review. The interest rate increases in 2022 had a negative impact on the financial markets, with both the stock and bond markets ending the year down by double digits.

## Solid fee and commission income

Despite sometimes substantial falls in prices, fee and commission income was again solid and increased by 10.9% to CHF 76.2 million. Adjusted for the change in accounting method, it remained at a similar level to that of last year, coming in at CHF 68.7 million. Valiant's focus on this business also paid off in what was an eventful financial year. Commission from securities trading and investment activities fell as a result of the turbulent market environment, but was nevertheless down only slightly, by 2.8%, in part due to newly acquired deposits under management totalling around CHF 340 million. The trend towards "all-in" fees paid off again and offset the decline in client activity over the year.

**Net fee and commission income**  
in CHF millions

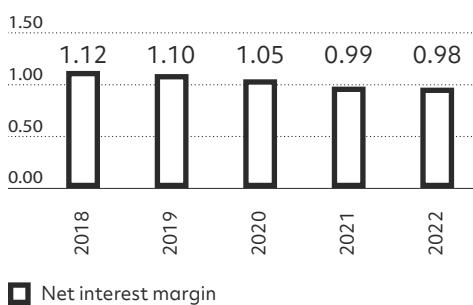


**Solid interest business**

Our interest business remained strong. We continued to ensure that our loans are of a high quality and maintained our cautious lending policy. Having anticipated the interest rate increases at an early stage, we were able to absorb the loss of income from negative interest rates. Net interest income before value adjustments, driven by a derivative interest rate hedging portfolio, rose by 2.8% to CHF 351.1 million over the course of the year. Value adjustments were up by 9.9% to CHF 15.6 million. Net interest income increased by 2.5% to CHF 335.5 million. The average return on assets rose to 1.08%, representing an increase of 8 basis points. At the same time, the average interest rate on liabilities rose by 9 basis points, primarily as a result of higher interest rates. Valiant was one of the first Swiss banks to scrap negative interest rates and responded immediately to each of the Swiss National Bank's further rate hikes, quickly passing on the benefits to its clients. The interest margin remained largely stable and is high by industry standards, at 98 basis points.

**Net interest margin remained high**

as %

**Operating income and expenses**

Operating income rose once again due to the balanced business performance and consistent implementation of the strategy. It increased by 4.1% in the year under review. Our low loan default rates show that we were right to maintain our cautious lending policy. Net trading income rose by 40.4% to CHF 22.6 million, due in particular to an increase in income from forward forex transactions. Our investments in digitalisation and in our expansion led to an increase in operating expenses of 5.2% over the year. This increase consisted of personnel and operating expenses and, adjusted for the one-off effect from the accounting change concerning payment cards, amounted to 2.3%. The 0.5% increase in personnel expenses was mainly the result of the continued pursuit of our expansion strategy. The 20 full-time-equivalent positions that have already been cut as part of the programme to increase profitability will start producing savings in personnel expenses only in the current year.

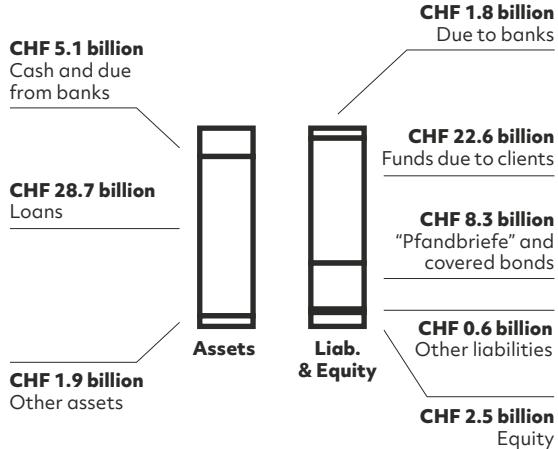
**Consolidated net profit**

Valiant is aiming to for an increase in consolidated net profit over the long term. Our solid operating performance meant that we were able to increase profit by 5.2% and operating profit by 10.7%. Depreciation expense remained stable compared to the previous year. Furthermore, we did not have to set aside any significant provisions in the year under review. The extraordinary income from property sales was fully allocated to the reserves for general banking risks and thus enhanced our equity capital. The reserves for general banking risks are taxed in full, which increased tax expense by 31.1%.

The return on equity at the end of the year amounted to 5.3%. Due to the good full-year group profit, the Board of Directors will propose an unchanged dividend of CHF 5 per share to the Annual General Meeting.

**Increase in total assets**

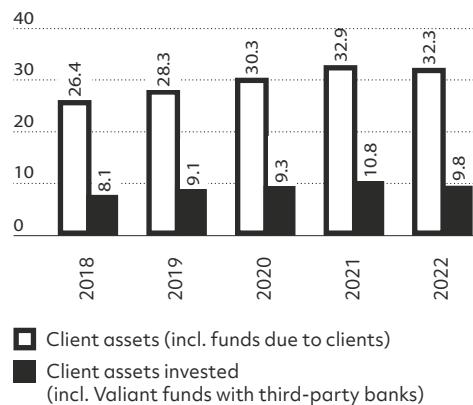
Valiant's total assets rose by 0.5% to CHF 35.7 billion. This further rise is largely due to the increase in client loans of around CHF 1.4 billion or 5.3%. Had there not been a reduction of money market positions in the Treasury division, the increase in the balance sheet would have been more substantial. Funds due to clients also increased over the course of the year, by 1.9% to CHF 22.6 billion. Funds due to clients continue to be our main source of funding. As the growth in client loans exceeded that of funds due to clients, the loan-to-deposit ratio and the overall funding ratio decreased to 78.6% and 107.7%, respectively.

**Total balance sheet: CHF 35.7 billion**

Valiant's simple balance sheet structure has been one of our distinguishing features for many years. It contained no goodwill and no other significant intangible assets. At the end of the year, loans accounted for roughly 80% of the bank's assets. The remaining 20% was made up of cash and cash equivalents and amounts due from banks (14%), investment-grade financial investments (4%) and other assets (2%). The asset encumbrance ratio, which quantifies the assets that are tied to Valiant and cannot simply be sold, again stood at 25% at the end of 2022.

**Client assets invested**

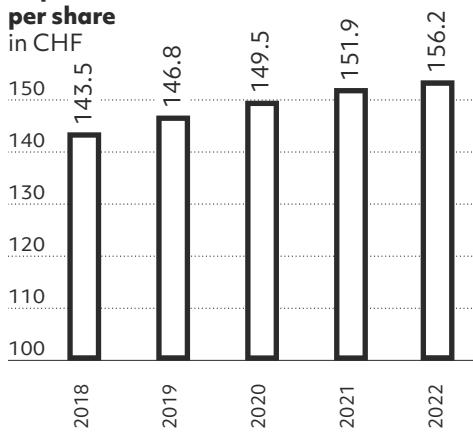
in CHF billions



Client assets consist of funds due to clients and client assets invested. The majority of client assets invested were held by clients with discretionary management or advisory mandates. These generate high non-transaction-based income. The focus on the fee and commission business also proved important in terms of income diversification. It is the second-largest income stream and accounted for 17% of operating income, an increase of one percentage point.

**Strengthening of equity**

Equity capital increased by 2.9% to CHF 2.5 billion, which once again allowed Valiant to increase its book value and equity capital to CHF 156.2 per share.

**Capital and book value per share**

Regulatory equity capital was CHF 2.4 billion at the end of the year and the capital ratio was 15.8%. Valiant's eligible equity capital consists entirely of the highest quality equity capital.

**Outlook**

Valiant expects consolidated net profit to be higher in the current year.

# Risk assessment

We strive to achieve a balanced risk/return ratio in our business transactions and remain true to our cautious risk policy.

## Risk situation

In managing risk, Valiant addresses all the relevant risk categories and risks. The risks are regularly assessed by the Executive Board, the Audit and Risk Committee and the Board of Directors. Where necessary, measures are initiated and implemented without delay.

### Risk categories

- **Overarching risks**
  - Systemic risks
  - Strategic risks
  - Reputational risks
  - Equity risks
  - Environmental/sustainability risks
- **Primary risks**
  - Credit risk
  - Interest rate risks
  - Liquidity and funding risks
  - Other market risks
- **Operational risks**
  - Legal risks
  - Compliance risks
  - Settlement risks

## Risk management

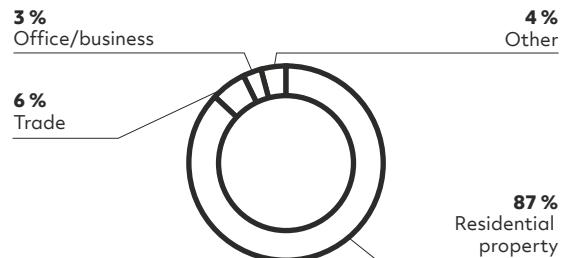
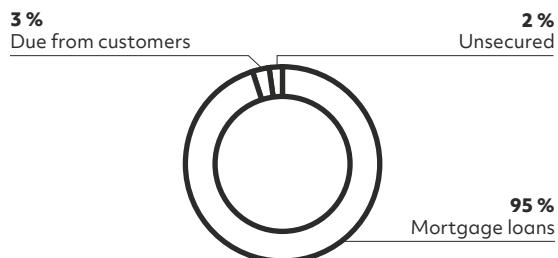
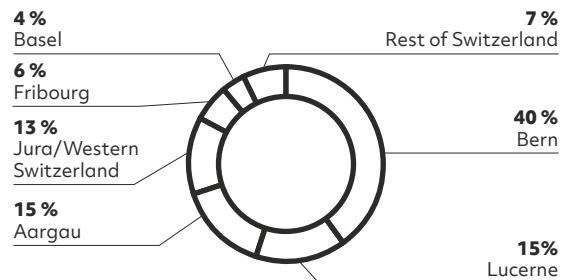
The Board of Directors pays constant attention to Valiant's risk situation and has adopted a risk policy that ensures a balanced risk, growth and return trade-off, manages risks proactively and also sets limits in line with our risk tolerance. All material risks are thus measured, mitigated and monitored. When establishing processes and organisational structures, appropriate consideration is given to risk management, which involves the identification, measurement, assessment, control and reporting of both individual and aggregated risks. At least once a year, the Board of Directors carries out a risk assessment and reviews the risk policy. This also includes assessing the appropriateness of the risk mitigation measures taken and the limits set.

Appropriate risk mitigation measures are taken to ensure compliance with the risk tolerance level set by the Board of Directors. These include a bank-wide internal control system, collateral and quality requirements for loans, hedging as part of asset and liability management, a comprehensive system of limits, optimised processes with appropriate segregation of functions, contingency plans pertaining to business continuity management, insurance protection and independent control bodies (Risk Control and Compliance).

The risk situation with respect to the key types of risk for Valiant is set out below. General information on risk management can be found in the notes on risk management in the notes to the consolidated financial statements on pages 147–156.

**Credit risk**

Our cautious lending policy means that we have a high-quality, diversified loan portfolio. Despite the challenging conditions and their associated macroeconomic effects, the need for value adjustments remained low.

**CHF 27.1 billion in mortgage loans  
by type of property****CHF 28.7 billion in loans****CHF 27.1 billion in mortgage  
loans by canton****Loan table**

First mortgages as a share of all mortgage loans, as a %	
Average loan-to-value ratio of mortgage loans, <sup>1</sup> as a %	
Value adjustments and provisions for credit risk, as a %	
Value adjustments and provisions for credit risk, in CHF thousands	

	2022	2021	2020
92.9	92.6	92.8	
62.8	63.1	63.2	
0.34	0.29	0.23	
98,574	78,485	59,377	

<sup>1</sup> Valuation of properties according to historical values

**Interest rate risk**

In view of Valiant's business activities, interest rate risk is the most significant market risk. Accordingly, interest rate risk is actively managed, limited, measured and reported. The limits are aligned with our risk capacity and also allow for future lending growth. The most important figures are set out below:

Key indicators of balance sheet structure	31/12/2022	31/12/2021	31/12/2020
Effective asset duration, as a %	2.82	3.15	3.17
Effective liability duration, as a %	2.38	2.56	2.71
Present value sensitivity of equity capital, as a % +100bp	-0.80	-1.24	-1.94
Present value of equity capital, in CHF millions	2,901	3,268	3,268
Value at risk 99 %/weeks (hedged), in CHF millions	14.38	14.03	16.25
Swap volume, in CHF millions	3,827	6,337	5,127
Hedging costs (+costs/-income), in CHF millions	-9.1	12.4	7.4

**Liquidity and funding risks**

At 31 December 2022, Valiant had funds due to clients of CHF 22.6 billion. Valiant can also cover its financing needs via third-party banks and on the capital market by means of central mortgage institution loans and covered bonds. Valiant also holds securities recognised under financial investments that are eligible for repo transactions totalling CHF 1.3 billion. This provides funding at any time.

The required minimum level for the short-term liquidity coverage ratio (LCR) is complied with at all times. More information on the LCR is available on page 185.

**Other market risk**

The securities recognised under financial investments totalling CHF 1.3 billion (previous year: CHF 1.5 billion) largely comprise high-quality fixed interest securities. The credit ratings of these securities, along with the interest rate risk associated with them, are monitored as part of the management of Valiant's overall interest rate risks.

All other market risks play a minor role for Valiant. Accordingly, the open limits are low and do not expose Valiant to any major risks.

**Operational risks (including legal and compliance risks)**

Valiant has a bank-wide internal control system to manage operational risks in line with the risk tolerance set by the Board of Directors.

The security and reliability of electronic data processing are of crucial importance for a financial service provider. Valiant outsources its IT to first-class external providers (in particular Swisscom and Econis). Due to greater digitalisation and interconnections, banks have increasingly been the subject of cyber attacks in recent times. Comprehensive measures have been taken to mitigate risk in conjunction with the external providers.

In the year under review, there were no significant operational incidents at Valiant, nor did any material provisions have to be created for legal cases.

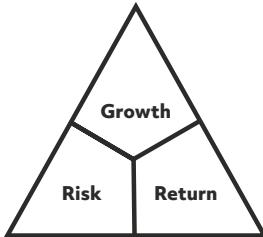
# Investors

All our shares are freely tradable on the capital market. We pursue a sustainable dividend policy. Our credit ratings confirm our good credit quality.

## Investment in Valiant

We will increase profitability by striking the right balance between risk, return and growth. Our business model, which focuses exclusively on the Swiss market, is characterised by low risks that are backed by a solid equity base. Our stable profitability is evidence of the high quality of our earnings. Compared to the market as a whole, Valiant

Risk: low-risk business model, high and qualitatively good return on equity	
– Low credit risk, thanks to prudent risk management	
– Low interest-rate risk, thanks to first-class treasury and no proprietary trading	
– Low operational risk, thanks to a focus on the Swiss market and streamlined services	



Return: solid earnings and high quality	
– High earnings quality, more than 90 % of income is recurring	
– Commitment to shareholder return, stable or increasing dividends at all times	
– Ambition to achieve a return on equity > 6 %, and above cost of capital	

## Key figures

Key figures per share	2022	2021	2020	2019	2018
Book value (CHF)	156.24	151.89	149.51	146.80	143.53
Net profit (CHF)	8.20	7.80	7.72	7.67	7.62
Price/earnings ratio	12.2	11.7	11.2	12.8	14.2
Dividend in CHF	5.00 <sup>1</sup>	5.00	5.00	5.00	4.40
Dividend yield (%)	5.0	5.5	5.8	5.1	4.1
Payout ratio (%)	61.0	64.1	64.8	65.2	57.7
Share price at year-end (CHF)	100.00	91.30	86.50	98.40	108.00
Full-year high (CHF)	101.80	102.60	106.60	117.00	119.20
Full-year low (CHF)	83.30	85.00	71.10	93.00	103.00
Market capitalisation at 31 December, in CHF millions	1,579	1,442	1,366	1,554	1,706

<sup>1</sup> Recommended

enjoys relatively low volatility, which keeps the cost of equity capital low. Valiant assumes the cost of equity capital to be at least 6%.

## The Valiant share

The Valiant share has been listed on SIX Swiss Exchange since Valiant Holding AG was founded in 1997.

### Valiant Holding AG share

Swiss security number	1478650
ISIN	CH0014786500
Bloomberg ticker	VATN SW
Reuters ticker	VATN.S
Par value	CHF 0.50
Number of shares outstanding	15 792 461

The latest information for investors in Valiant shares can be found at [valiant.ch/investors](http://valiant.ch/investors).

## Dividend

Valiant pursues a stable dividend policy that targets a payout ratio of 50–70% of consolidated net profit.

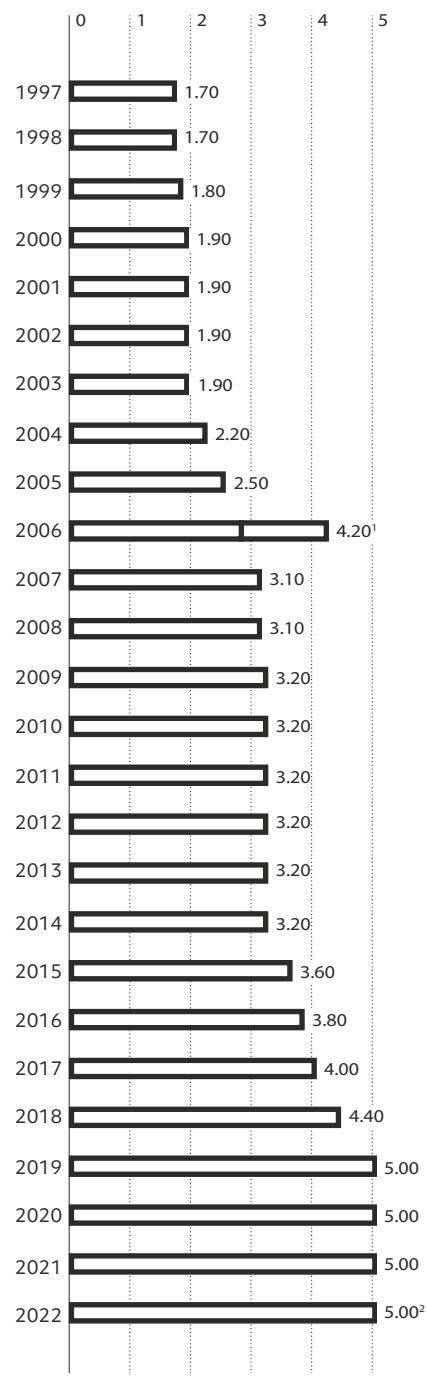
At the Annual General Meeting, the Board of Directors will recommend a dividend of CHF 5.00 per share for the 2022 financial year.

### Dividend information

Dividend per share	CHF 5.00 <sup>1</sup>
Ex-dividend date	22/05/2023
Payout date	24/05/2023

<sup>1</sup> Recommended

### Dividend trend



Dividend in CHF

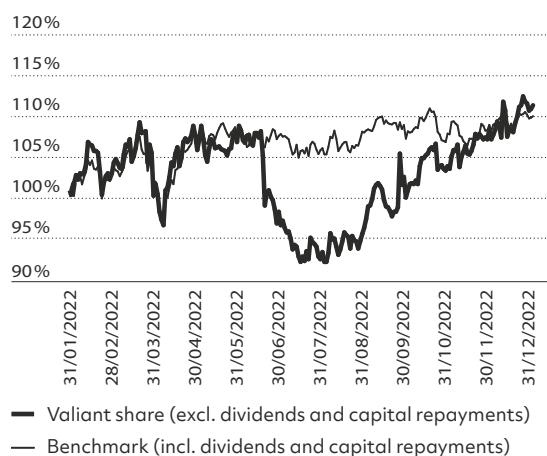
<sup>1</sup> An extraordinary anniversary dividend of CHF 1.40 was distributed for the 2006 financial year.

<sup>2</sup> Subject to approval at the 2023 annual general meeting.

## Share price

In 2022, the Valiant share traded in a range of between CHF 83.30 and CHF 101.80. The share price was CHF 100.00 at year-end 2022, versus CHF 91.30 at year-end 2021.

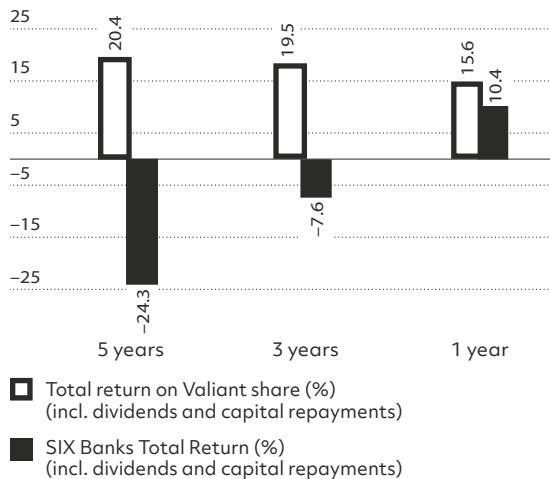
### Valiant share versus benchmark



The average daily trading volume of the Valiant share was CHF 1.9 million in 2022, which represents a year-on-year increase of around 16%.

The following chart shows the total return (capital gains, dividends and capital distributions) on an investment in Valiant shares. The benchmark is the SIX Banks Total Return Index calculated by SIX Swiss Exchange.

### Total return on Valiant share



Source: Bloomberg

## Shareholder structure

Of around 31,200 shareholders, over 97% are private individuals, who together hold 47.7% of our share capital. This contrasts with the 32.1% of share capital held by around 880 institutional investors. The remaining 20.2% of shares are not recorded in the share register.

Changes in shareholder structure (holdings)	Share 31/12/2022	Share 31/12/2021	Share 31/12/2020
Private shareholders	47.7 %	48.5 %	46.8 %
Institutional investors in Switzerland	25.7 %	24.6 %	27.2 %
Institutional investors abroad	6.4 %	6.0 %	6.9 %
Non-registered shares	20.2 %	20.9 %	19.1 %

At the balance sheet date, Valiant's largest shareholders were UBS Fund Management (Switzerland) AG, Swisscanto Fondsleitung AG and Credit Suisse Funds AG.

## Analyst and investor relations

Investor Relations again took part in numerous conferences in 2022. Most investor meetings were initiated by broker contacts. Investor Relations also regularly organises its own events. Most meetings in Switzerland again took place in person, while meetings with foreign investors were mainly virtual.

# Indices

The Valiant share is included in the following indices.

Indices	Ticker
ADASINA SOCIAL JUSTICE	JUSTICE
Bloomberg Developed Markets Aggregate Price Return Index	DMAPR
Bloomberg Developed Markets ex N. America Lrg, Mid, Sm Cap Price Ret Index	DXALS
Bloomberg Developed Markets ex US Large, Mid & Small Cap Price Return Index	DXULS
Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index	DMLS
Bloomberg Developed Markets Small Cap Price Return Index	DMSC
Bloomberg EMEA Developed Markets Large, Mid & Small Cap Price Return Index	EMEADLS
Bloomberg EMEA Large, Mid & Small Cap Price Return Index	EMEALS
Bloomberg Europe Developed Markets Large, Mid & Small Cap Price Return Index	EDMLS
Bloomberg Europe DM ex UK Large, Mid & Small Cap Price Return Index	EXULS
Bloomberg Europe Large, Mid & Small Cap Price Return Index	EURLS
Bloomberg Switzerland Large, Mid & Small Cap Price Return Index	CHLSP
Bloomberg World Aggregate Price Return Index	WAGGE
Bloomberg World ex China Large, Mid & Small Cap Price Return Index	WXCLS
Bloomberg World ex North America Large, Mid & Small Cap Price Return Index	WXNALS
Bloomberg World ex US Large, Mid & Small Cap Price Return Index	WXULS
Bloomberg World ex US Small Cap Value Price Total Return Index USD	WDXUSCVP
Bloomberg World Large, Mid & Small Cap Price Return Index	WLS
FTSE Developed Europe All Cap Net Tax (US RIC) Index	ACDER
FTSE Developed ex US All Cap Net Tax (US RIC) Index	ACDXUSR
Morningstar Developed Markets GR KRW	MSDMKRWG
MSCI AC Europe & Middle East IMI	MXUMIM
MSCI AC Europe IMI	MXERIM
MSCI ACWI ex Canada IMI Net Total Return USD RT Index	M1WDQIMR
MSCI ACWI ex UK IMI	MXWDGIM
MSCI ACWI ex USA IMI	MXWDUIM
MSCI ACWI IMI	MXWDIM
MSCI ACWI IMI with USA Gross Dividends Index	MXWDW\$GI
MSCI ACWI Index ex Australia IMI	MXWDOIM
MSCI ACWI Index ex EMU IMI	MXWDMIM
MSCI ACWI Index ex Japan IMI	MXWDJIM
MSCI ACWI Value Small USD Index	MSVUAWO
MSCI Europe ex UK Small Cap	NG106244
MSCI EUROPE SMALL CAP VALUE WEIGHTED Net EUR RT Index	M7EUSVWR
MSCI World ex USA IMI (VRS Taxes) Net Return USD Index	NU137534
MSCI WORLD SMALL CAP MINIMUM VOLATILITY (USD) Gross Total Return USD Index	M2CXUNGA

MSCI WORLD SMALL CAP MINIMUM VOLATILITY (USD) Net Total Return USD Index	M1CXUNGA
MSCI WORLD SMALL CAP MINIMUM VOLATILITY (USD) Price Return USD Index	MXCXUNGA
S&P Developed Net Zero 2050 Carbon Budget (2022 Vintag) Index (USD)	SPDECBU
Solactive ISS ESG Screened Europe Small Cap Index NTR	SESGEUSN
Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index NTR	SSPABDSN
SPI ESG TR	SPIT
SPI ex SLI PRICE RETURN	SXSLIX
SPI EXTRA® PR	SPIEXX
SPI® TR	SPI
Swiss All Share Index PR	SSIP
UBS 100 Index	SBC100
ZKB Swiss Small Cap Index	ZKBSSCI

# Covered bonds

The following bonds issued by Valiant Bank AG were outstanding at 31 December 2022:

Outstanding bond issues	Interest rate	Maturity	Amount in CHF millions
Valiant Bank AG	0.450%	2022/06/2023	20
Valiant Bank AG	0.750%	2022/08/2023	115
Valiant Bank AG	0.125%	2018/04/2024	500
Valiant Bank AG	0.000%	2019/10/2025	190
Valiant Bank AG	0.000%	2021/01/2026	270
Valiant Bank AG	0.200%	2019/01/2027	303
Valiant Bank AG	0.375%	2017/12/2027	250
Valiant Bank AG	0.000%	2019/07/2029	400
Valiant Bank AG	0.100%	2021/11/2030	215
Valiant Bank AG	0.100%	2021/05/2031	190
Valiant Bank AG	0.125%	2019/12/2034	310
<b>Total</b>			<b>2,763</b>

In 2022, Valiant issued a further covered bond worth CHF 20 million, with a coupon of 0.45%. A bond issue of over CHF 115 million was also extended by one year. We therefore maintained our covered bond funding strategy with success. Thanks to our excellent AAA rating, we were able to continue to fund ourselves on the same conditions as banks backed by government guarantees. Since the start of the covered bond programme in 2017, numerous tranches worth a total of CHF 2.9 billion have been placed. Of these, 11 tranches with a nominal value of CHF 2.8 billion were still outstanding at the end of the year. Valiant currently has no outstanding unsecured bonds.

You can find the latest information about our

bonds and ratings on the Investor Relations page of our website under [valiant.ch/debt](http://valiant.ch/debt).

## Credit ratings

Valiant Bank AG is rated by the following institutions, which reaffirmed our credit quality.

Agency/bank	Rating	Date
Moody's Deposit Rating	A1/Prime-1	21/10/2022
Zürcher Kantonalbank	A	14/11/2022

### Moody's

Valiant Bank AG has been rated by the world's leading rating agency since 2001. On 21 October 2022, Moody's reaffirmed its rating for long-term and short-term deposits of "A1/P-1", with a stable outlook, and its Baseline Credit Assessment (BCA) of "a3".

### Zürcher Kantonalbank (ZKB)

Valiant Bank AG has been rated by ZKB since 2012. The "A" rating did not change in the year under review. The rating was most recently reaffirmed on 14 November 2022.

## Further information

Further information on our results, reports and key figures is available on our website: [valiant.ch/results](http://valiant.ch/results).

# 2022 Corporate responsibility report



**Corporate responsibility**

- 37** Foreword
- 38** Our priorities at a glance
- 39** Our understanding of corporate responsibility
- 44** Valiant and the goals for sustainable development
- 46** Sustainable business model
- 48** Stability and profitability
- 49** Business ethics and compliance
- 51** Transparency and comprehensibility for stakeholders
- 53** Responsible corporate governance
- 54** Risk and lending policy
- 55** Client relationships
- 57** Sustainability of products and services
- 60** Innovation
- 62** Employee commitment
- 64** Employee development
- 66** Inclusion and fairness among employees
- 67** Regional economy and society
- 68** Social responsibility
- 69** Environmental impact and climate protection

# Foreword

## Dear Readers

Corporate responsibility and sustainability have always mattered to us, because of our regional roots. This is reflected in our values, our corporate culture and our responsible business practices. At the same time, we are always seeking to make progress in terms of both sustainability and corporate responsibility. At the moment, we are working on becoming even more transparent and perceptible to all our stakeholders, formally and in the way we communicate. For example, we have set clear targets and defined measures we can be gauged by in future.

Alongside economic goals such as stability, growth and profitability, having a positive impact on our social and natural environment is a key criterion in all our business activities. We have thoroughly revised our approach to sustainability management and made it more systematic, so sustainability is even more firmly embedded in our strategy. This ensures that the whole organisation supports and adopts this approach. The aim of this is to make a clear connection between sustainability issues and the our current corporate

**“Sustainability has been anchored at the very highest strategic level as part of our corporate targets.”**

strategy. We have also created a package of measures to better embed sustainability in all business areas. Implementation of this package has been included as part of our corporate targets at the highest strategic level. We are keen to establish sustainability even more firmly at Valiant in future and drive forward the many initiatives and projects in a targeted way. To do this, we have stepped up our commitment and created a new post of Head of Sustainability.

Valiant's corporate responsibility is multifaceted and has an impact on many areas of our work. This corporate responsibility report provides an overview of all our activities and progress in the area of sustainability.

We hope you find it an exciting read.



**Markus Gygax**  
Chairman of the  
Board of Directors



**Ewald Burgener**  
CEO

## Our priorities at a glance



### **Exclusion criteria for financing**

Valiant applies exclusion criteria in its lending business. Potential financing projects for corporate and business clients are checked for controversial environmental and social issues. The transaction is rejected if it does not comply with our standards.

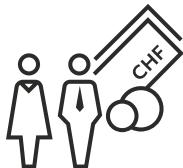
→ For more information, see page 59.



### **Sustainable offering in the investment business**

Valiant meets clients' needs and offers its own sustainability strategy funds and selected third-party funds. For our in-house sustainability strategy funds, Valiant systematically supplements purely financial analysis with ESG (environmental, social and governance) criteria to make prudent investment decisions. A special focus is placed on protecting the climate. Investments associated with large revenues from fossil fuels and energy sources are excluded as far as possible. MSCI has awarded our own equity and bond funds the minimum ESG rating we set ourselves of "A".

→ For more information, see page 57 onwards.



### **Equal pay for women and men**

Valiant ensures equal pay for women and men using the federal government's equal pay instrument. Equal pay is regularly monitored and measures are taken where necessary.

→ For more information, see pages 66 and 67.



### **Locally purchased goods and services**

We contribute to value creation across our local market areas, for instance by paying tax, dividends and wages, and by using local products and services. Over 90 % of our purchased goods and services come from our market areas.

→ For more information, see page 67.



### **Environmentally friendly promotional items**

We also assume our corporate responsibility when procuring promotional items. Our popular sports bags and our rucksacks are manufactured from recycled PET, which is also known as rPET. Our balloons are made from natural rubber. Both the balloon and the band and clasp are 100 % biodegradable.

→ For more information, see page 70 onwards.

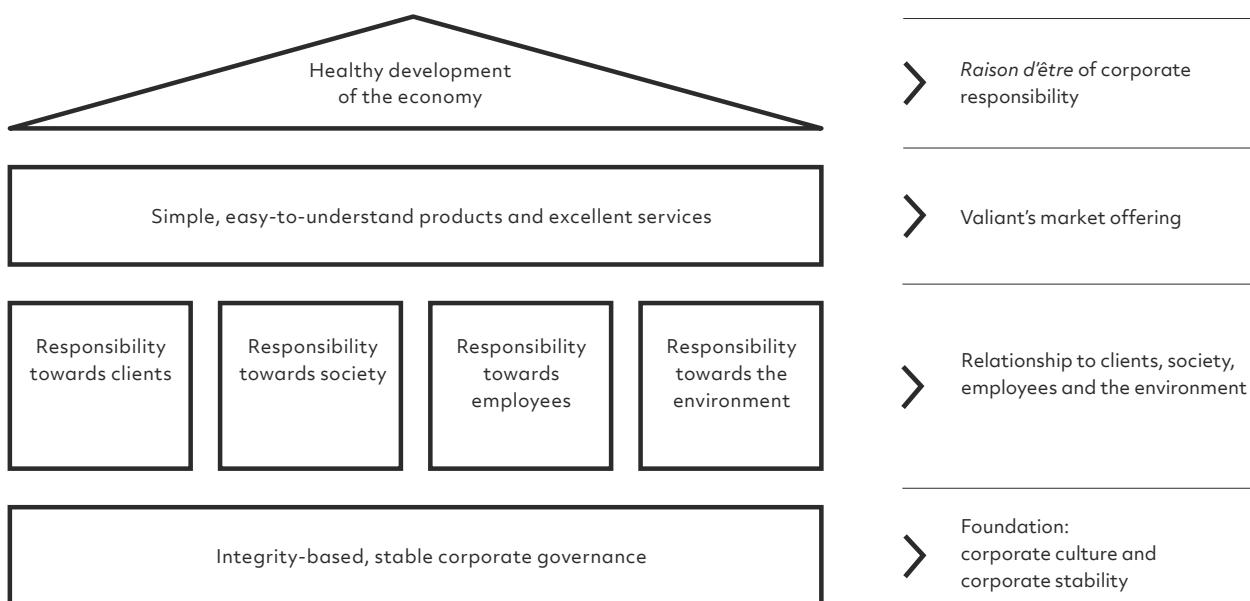
# Our understanding of corporate responsibility

Valiant attaches great value to stability and sustainability, and this is manifested in our business policy. This mindset forms the basis for our understanding of what constitutes a responsible and entrepreneurial approach. Continuity and fostering strong relationships are two key elements of our business model, defining the way we see our role and responsibilities within society and towards our various stakeholders.

We have continuously and systematically expanded our corporate responsibility efforts in recent years, developing a holistic approach to the topic. As part of the process of embedding sustainability management initiated in 2021, we completely revised our understanding of corporate responsibility, among other things.

## Elements of our corporate responsibility

Our understanding of corporate responsibility is broken down into seven overriding elements. As part of the process of revising sustainability management, we defined these various elements of corporate responsibility more precisely. Integrity-based, stable corporate governance forms the foundation. On top of this there are four pillars representing our relationship with our four primary stakeholder groups – clients, society, employees and the environment. Above Valiant's market offering, which is made up of our simple, easy-to-understand products and excellent services, healthy development of the economy is the *raison d'être* of our corporate responsibility.



**Material topics**

In order to structure our understanding of sustainability further and develop it within the company in a targeted manner, we bundled the various activities and measures in the areas of sustainability – the economy, society and the environment – into a total of 15 topics as part of a comprehensive materiality analysis. The requirements of the GRI Standards, an internationally recognised reporting standard, were also incorporated into the materiality analysis. For each of the individual topics, Valiant has formulated an ambition for the period up to 2024 in close consultation with the Executive Board and the Board of Directors. This will guide us in developing the sustainability topic in question in a targeted manner.

Material topics	Short description and primary content	GRI indicators
Sustainable business model	<ul style="list-style-type: none"> <li>- Fields of activity</li> <li>- Client segments</li> <li>- Geographic focus</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 2–6: Activities, value chain and other business relationships</li> </ul>
Stability and profitability	<ul style="list-style-type: none"> <li>- Role as a catalyst in the economic system</li> <li>- Solvency</li> <li>- Stable capital base and strong capital structure</li> <li>- Healthy financial results</li> <li>- Good liquidity and financing position</li> <li>- Creditworthiness</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 201: Economic performance</li> </ul>
Business ethics and compliance	<ul style="list-style-type: none"> <li>- Compliance with regulations and ethical principles of the banking sector</li> <li>- Business activity in harmony with ethical and moral principles</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 2–23, 2–24 and 2–27: Strategy, policies and practices</li> <li>- GRI 419: Socioeconomic compliance</li> </ul>
Transparency and comprehensibility internally and externally	<ul style="list-style-type: none"> <li>- Information and communications policy</li> <li>- Completeness, comprehensibility and comparability of communicated content</li> <li>- Handling of stakeholder questions, concerns, suggestions and complaints</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 2–1 to 2–5: The organisation and its reporting practices</li> <li>- GRI 2–29 and 2–30: Stakeholder engagement</li> <li>- GRI 2–26: Mechanisms for seeking advice and raising concerns</li> <li>- GRI 417: Marketing and labelling</li> <li>- GRI 402: Labour/management relations</li> </ul>
Responsible corporate governance	<ul style="list-style-type: none"> <li>- Proper conduct of business</li> <li>- Binding roles, clear responsibilities and effective control and supervisory functions between the Executive Board and the Board of Directors</li> <li>- Remuneration principles and systems</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 2–9 to 2–21: Corporate governance</li> </ul>
Risk and lending policy	<ul style="list-style-type: none"> <li>- Effective risk management</li> <li>- Stable lending business</li> <li>- Security of the system landscape and IT infrastructure</li> <li>- Consideration of social and ecological aspects in the risk management system</li> <li>- Business partner and supplier management</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 204: Procurement practices</li> <li>- GRI 418: Customer privacy</li> </ul>
Client relationship	<ul style="list-style-type: none"> <li>- Good, trust-based client relationships over the long term</li> <li>- Client experience</li> <li>- Quality of advice</li> <li>- Independent and neutral advice</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 201: Economic performance</li> </ul>
Sustainability of products and services	<ul style="list-style-type: none"> <li>- Consumer and investor protection</li> <li>- Quality of products and services</li> <li>- Promotion of sustainable development via products and services</li> <li>- Impact of the product and service range on society and the environment</li> </ul>	<ul style="list-style-type: none"> <li>- Valiant-specific topic</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>- Corporate development</li> <li>- Innovation that benefits sustainable development</li> <li>- Careful weighing-up of investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 201: Economic performance</li> </ul>
Employee commitment	<ul style="list-style-type: none"> <li>- Contractual employment relationship including remuneration and social security benefits</li> <li>- Corporate culture including management culture, opportunities to help shape the company, internal communications, decision-making and feedback processes</li> <li>- Working models</li> <li>- Physical and mental health</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 2–7 and 2–8: Activities and workers</li> <li>- GRI 401: Employment</li> <li>- GRI 403: Occupational health and safety (2018)</li> </ul>
Employee development	<ul style="list-style-type: none"> <li>- Training and education offering (to continuously improve the quality of the service we provide to clients)</li> <li>- Career development</li> <li>- Staff employability</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 404: Training and education</li> </ul>
Inclusion and fairness among employees	<ul style="list-style-type: none"> <li>- Equal treatment irrespective of individual personality traits</li> <li>- Equal pay</li> <li>- No discrimination</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 405: Diversity and equal opportunity</li> </ul>
Regional economy and society	<ul style="list-style-type: none"> <li>- Public welfare and economic prosperity in local structures</li> <li>- Indirect economic impacts, such as taxation, local procurement, creation of jobs and apprenticeships, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 203: Indirect economic impacts</li> <li>- GRI 204: Procurement practices</li> </ul>
Social responsibility	<ul style="list-style-type: none"> <li>- Sponsorship or charitable commitments</li> <li>- Positive social impacts beyond business activities</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 413: Local communities</li> </ul>
Environmental impacts and climate protection	<ul style="list-style-type: none"> <li>- Use of natural resources</li> <li>- Environmental impact of company's environmental performance through internal energy, waste and water management and mobility</li> </ul>	<ul style="list-style-type: none"> <li>- GRI 302: Energy</li> <li>- GRI 305: Emissions</li> </ul>

## Our priorities

To prioritise our 15 material sustainability topics, we sought contact with selected representatives of our stakeholder groups. We entered into dialogue with representatives of the following stakeholder groups:

- The banking sector
- The authorities and the political world
- Research and NGOs
- Investors
- Clients
- Employees
- Partner companies

We asked the representatives of our stakeholder groups for their assessment of the relevance of Valiant's 15 material sustainability topics. The findings were incorporated into the materiality matrix, as was an assessment by the Executive Board and the Board of Directors. In addition to relevance, the impact of the individual topics on the economy, society and the environment was discussed and evaluated, for subsequent integration into the materiality matrix. This evaluation

took place at a workshop with the Executive Board and was moderated by external sustainability experts.

## Materiality matrix

As part of the process of embedding sustainability management in Valiant's strategy in 2021, we comprehensively revised and redefined the materiality matrix – again in consultation with our stakeholder groups – in line with the current requirements of the GRI standards. The materiality matrix conveys the impact and environmental implications of our activities. This results in a better and more precise understanding of the topics that are of primary interest to our stakeholders and to the economy, society and the environment as a whole. The consolidated results also give us valuable indications of how to manage and prioritise the various measures and activities in relation to sustainability.

## Materiality matrix



The fundamental topics for ensuring successful corporate governance over the long term form the foundation of our bank and the trust that our stakeholder groups place in us. They appear in the materiality matrix accordingly:

- Business ethics and compliance
- Sustainable business model
- Risk and lending policy
- Stability and profitability
- Responsible corporate governance

These topics are worthy of increased attention and require a special level of transparency both within and outside the company. Our dialogue with stakeholders also showed, however, that all topics were considered to be of moderate to high relevance. This high overall assessment of our sustainability topics means that we must progress continuously in each of the individual topic areas with specific measures and objectives. We will also give all of the topics sufficient attention in our sustainability reporting and corporate communications and report on them with openness and transparency both internally and externally.

### **Corporate responsibility policy**

The corporate responsibility policy was first drawn up in 2017 and was further developed in 2019. The Board of Directors approved the corporate responsibility as further developed on 11 February 2020. This applies for the period 2020–2024. The corporate responsibility policy is intended as a concise summary of the key aspects of corporate responsibility as we understand it. It is closely aligned with our code of conduct, which binds our employees to a set of values to be put into practice in our day-to-day work. It also explains the organisational aspects of corporate responsibility at Valiant and the allocation of responsibilities. The Board of Directors is responsible for overseeing corporate responsibility and for defining objectives. This includes approving the policy. Responsibility at the operational level lies with the CEO. To establish sustainability even more firmly across all business areas and drive the various initiatives and projects forwards in a targeted manner, a new position was created specifically for this purpose at the start of 2023. Corporate responsibility

issues are addressed at regular intervals by the Executive Board and the Board of Directors. Our corporate responsibility policy and code of conduct are available on the Valiant website.

### **ESG Road Map 2024**

With the goal of embedding sustainability management in Valiant's strategy, the Executive Board came up with around 50 different measures and defined corresponding objectives in 2021. They cover all areas and stakeholders, including products and services, human resources, the environment and risk management. The majority of these measures and objectives will be developed and implemented in the current strategy period, which runs until 2024. The implementation of the ESG Road Map 2024 is anchored in the company targets at the very highest level, with the Executive Board to report on it to the Board of Directors on a quarterly basis. Progress towards the objectives at year-end will be published in the compensation report for the 2022 financial year.

### **Transparent reporting**

The results of the dialogue with our stakeholders have also given us valuable indications for the further development of our reporting. This annual report has been drawn up in compliance with the GRI Standards. We see further development of our reporting as a continuous process. Hence, we regularly invite our stakeholders to participate in an exchange of ideas, so that we can hear more about their specific expectations. Additionally, we aim to further develop and report on our activities and efforts in the area of corporate responsibility in a targeted and needs-oriented manner.

# Valiant and the goals for sustainable development

In 2015, the UN Member States adopted the 2030 Agenda for Sustainable Development. The 2030 Agenda is a reference framework for national and international efforts to solve global challenges. At its core are 17 Sustainable Development Goals (SDGs). The SDGs define a vision of sustainable development, combining social, economic and environmental dimensions, to be achieved by 2030. They are implemented according to a participatory approach. This means that implementation is the joint responsibility of individual states, the private sector, the scientific world and civil society.



We acknowledge the part we have to play in this. We are committed to the 17 SDGs as a whole, and we also implement a variety of measures that contribute to the achievement of many goals individually. We carried out an internal analysis in 2019 in order to determine which of the goals we can have the greatest impact on, which are most relevant to our work and which will allow us to implement measures that will have a positive impact on society and the environment. On this basis, we are focusing primarily on the following goals:



#### **Goal 4: Quality education**

A sound basic education and ongoing training and development form the key to a strong business setting and provide a basis for the continued employability of the population. To this end we invest heavily in developing our employees, no matter what their age or function, whether through on-the-job training or through internal and external courses and certificates. In addition to offering a wide range of apprenticeships, we also cooperate with Swiss educational establishments.



#### **Goal 5: Gender equality**

Valiant is actively committed to gender equality. We have defined specific measures with the aim of promoting female employees and managers, such as setting up a mentoring programme specially for women. Valiant guarantees equal pay for men and women. This is regularly monitored and measures are implemented where necessary. When filling vacancies, Valiant always chooses the most suitable candidate, regardless of gender.



#### **Goal 8: Decent work and economic growth**

Valiant is committed to sustainable economic growth and decent work throughout its value chain. We offer our employees progressive, flexible and family-friendly employment conditions and the opportunity to reduce their working hours to 80%, regardless of function. With our business model, which is rooted in sustainability, we offer a comprehensive range of easy-to-understand products and services covering all financial needs to SMEs and self-employed individuals, the backbone of the Swiss economy.

# Sustainable business model



**Our ambition:** Our business model is simple, easy to understand and focuses exclusively on Switzerland. See the explanations in the chapter "Strategy and goals" on pages 11–22. We play a role as a key link in the Swiss economy and the community. We invest our funds in accordance with the principles of sustainability. Our focus on private clients and SMEs in Switzerland means we avoid risky and ethically questionable commitments. In addition, we ensure compliance with international environmental standards.

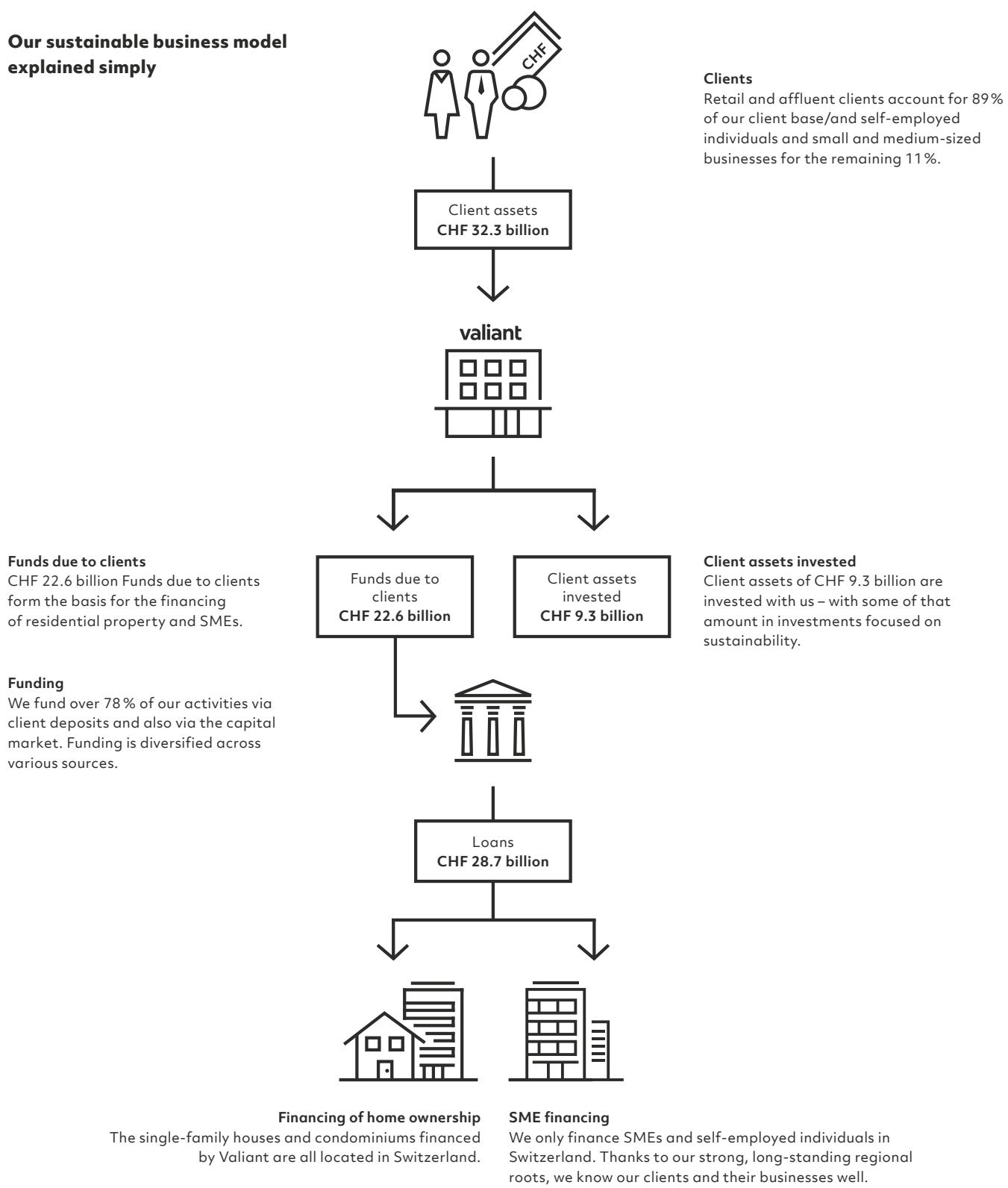
Thanks to our simple business model, we firmly believe that we are actively helping to ensure the economic, cultural and social development of Switzerland, something that ultimately benefits everyone who lives in the country. The focus lies on our core tasks of taking deposits, managing money carefully and lending it, and in this way completing the national money cycle.

## Impact of our core business on our environment

Sustainability is in our DNA. Valiant was created from the merger of many regional banks, which has helped us to build many long-standing client relationships. We know our clients, and our clients know us. Our clearly defined market within Switzerland, our positioning as a financial services provider for private and SME clients, and our close relationships with our clients are the key features of our simple, responsible and sustainable business model. The client deposits and savings entrusted to us are used to provide mortgages to home owners and funding to SMEs. Our lending is broken down into many small and medium-sized amounts. The properties and businesses that we finance are located exclusively in Switzerland, and we know them very well thanks to our regional roots and close ties with our clients. As a result, and given the very stringent regulatory environment in Switzerland, our approach to many environmental, economic and social aspects already

meets comparatively high standards. With our four clearly defined client segments (Strategy and goals, pages 18–19) we do not enter into disproportionately large, risky exposures. This focus offers comprehensive protection of the assets that our clients entrust to us. Valiant does not finance projects that are based on or result in human rights violations, environmental pollution or forced or child labour. Meanwhile, our lending portfolio reflects the sectoral distribution of SMEs in Switzerland. The portfolio is therefore well diversified, with no cluster risks.

### Our sustainable business model explained simply



Valiant operates exclusively in Switzerland. Given the very stringent regulatory environment, our approach to many environmental, economic and social aspects already meets comparatively high standards. This forms a solid basis for our sustainable, responsible and simple business model.

# Stability and profitability

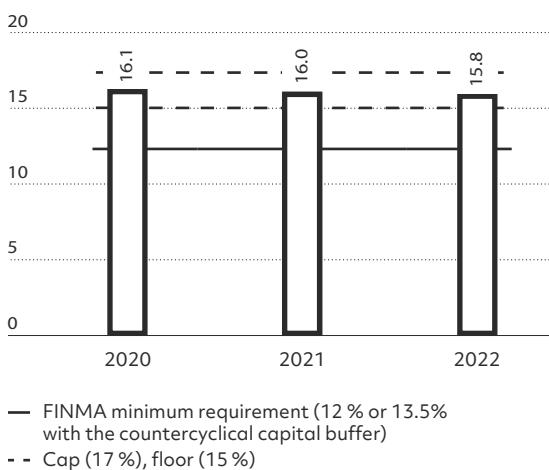


**Our ambition:** At Valiant, we earn our shareholders' trust by having a solid capital base, a simple, understandable business model and a business policy geared towards long-term stability. We increase our profitability by striking the right balance between risk, return and growth.

## Solid equity position

A firm financial footing is vital to the long-term success of a business. This includes solid backing in the form of equity. The authorities have significantly increased the relevant requirements in recent years. For example, the countercyclical capital buffer on loans secured against domestic residential property was reactivated. This means banks have to back their mortgage loans with more capital, making them more resilient should the market turn downwards. As part of our capital planning, we calculate our capital base and regularly subject it to an in-depth review using various macroeconomic scenarios.

## Total capital ratio as %



Valiant aims to continue exceeding FINMA capital adequacy requirements. It has a total capital ratio of 15.8% at the Group level, putting it well ahead of FINMA requirements.

## Good rating from Moody's

The global rating agency Moody's has been assessing our creditworthiness since 2001. Our rating has remained stable at a high level over the past few years, which reaffirms our strong credit quality. For more information on the ratings of Moody's, see the chapter "Credit ratings" on page 34.

## Sustainable equity indices

Valiant's sustainable business practices are also reflected in the fact that the Valiant share is included in several sustainability-focused equity indices. A list of the relevant indices can be found in the "Indices" section on page 33.

# Business ethics and compliance



**Our ambition:** Valiant's code of conduct and leadership principles set out the principles we put into practice in our day-to-day work. We ensure that our employees are familiar with them and understand them. Our actions are transparent and binding at all times, and our conduct is honest, credible and respectful. We encourage people to address misconduct and, where necessary, to report it anonymously.

## Conduct in business dealings

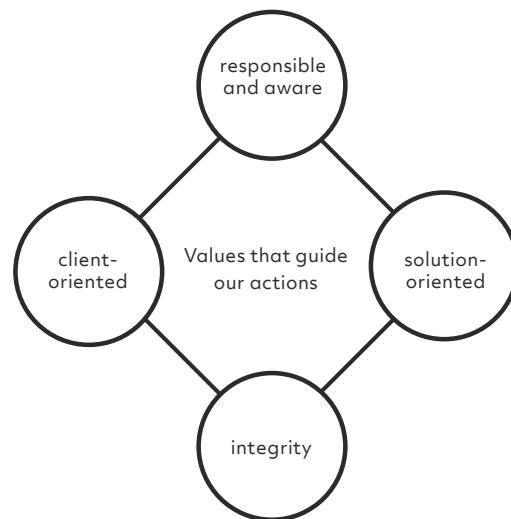
Our corporate culture is expressed in a binding code of conduct. It is founded on four values that guide our actions in our everyday business. These values provide a framework that essentially enables our staff to make the right decisions for Valiant and to live out our corporate culture.

The code of conduct is supplemented by a directive, which sets out the expected conduct of our employees in greater detail and defines the boundaries of acceptable behaviour. It also stipulates the procedure to be followed in cases where an employee suspects or witnesses a breach of the code of conduct. In addition to internal points of contact, an external reporting system from ENQUIRE is also available, to which reports may be made anonymously. ENQUIRE is a law firm registered with the Zurich Bar Association, which specialises in investigations, whistleblowing and compliance. ENQUIRE performs its activities in an unbiased and independent manner. The whistleblowing reporting system allows Valiant employees to draw attention to grievances that they become aware of in the workplace. Reports can be submitted within the following categories:

- Compliance topics, such as the violation of guidelines or the code of conduct
- Human resources issues, such as bullying, discrimination and harassment
- Criminal offences, such as corruption, fraud, embezzlement and theft
- Non-attributable grievances

A total of three reports were received in 2022 through the whistleblowing reporting system. After triage, these were all dealt with by the help-line unit. As the reporting system is operated by an external, independent body, the anonymity of reporters is guaranteed at all times. This applies on the condition that a report is made in good faith. Various campaigns were also held during the year to raise awareness of whistleblowing and justified grounds for suspicion. We review the code of conduct and its implementing directive annually.

## The four values of our corporate culture



### Compliance with legal provisions

It goes without saying that we comply with legal, regulatory and internal regulations, as well as with customary market standards and the code of conduct of the Swiss Bankers Association. In 2022, no fines or penalties were imposed on Valiant for failing to observe legal requirements. To ensure we maintain this high standard at all times, our staff are regularly given information and training on specific topics. New employees are assigned e-learning modules with all relevant training for their area of activity, particularly with regard to combating money laundering.

These must be completed within two months of joining Valiant. In addition, employees are regularly informed and trained on internet security and data protection.

As a modern employer, Valiant offers employees the opportunity to do some of their work from home. To raise awareness of the importance of information security and data protection when working from home, Valiant designed a corresponding training module that all employees had to complete online. The module looked at issues specifically relevant to working from home. The aim was to help employees identify potential risks in their daily work routine and provide useful guidelines on proper conduct.

### Data protection and data security

Valiant has made data protection and data security a major priority. Various directives and internal guidelines are in place to govern the handling of electronic media and of bank and client data by our employees, in compliance with relevant legal provisions such as bank confidentiality, data protection and archiving obligations.

Meanwhile, the digitisation of the financial services business continues apace, presenting new challenges for the protection of client and bank data. We work as part of various bodies and interest groups to anticipate new criminal activities and combat these effectively. With Swisscom as the operator of our core banking system, we benefit from the professional assistance of an experienced partner in this respect. As part of the standard regulatory audit, the auditors also examined information technology and the outsourcing of business areas and processes.

### Protection of privacy

Protecting and respecting privacy is crucially important to our business. We want our clients to feel they are safe and in good hands with us, and that we protect their assets and their privacy. To ensure that we can continue to protect our clients' data in future, we review and optimise our business processes on an ongoing basis.

### Protection against cyber crime

As digitisation progresses, the range of illegal online activities in the financial industry is also constantly growing. To protect our data and systems from illegal activities, Valiant works with "ethical hackers". Ethical hackers are computer security experts who attempt to infiltrate our IT system landscape in the same way as criminal hackers and thus uncover any security gaps, but do so on behalf of Valiant. They document any errors or gaps they uncover and use them to develop additional security measures in the IT system landscape. These cross-product and cross-service security tests are very similar in nature to hacker attacks and differ only insofar as they allow any vulnerabilities to be fixed before they are able to be exploited by criminals.

We take a range of measures to protect our clients as much as possible against cyber crime. We actively warn of potential dangers. Our website also provides information – such as short videos on how to protect against online fraudsters, basic security recommendations for using the internet and courses on e-banking security.

In addition to these proactive measures, we also use intelligent systems to monitor transactions in order to detect unusual or suspicious payments. If fraud is suspected, we stop payments and check personally with the client. This is to ensure that everything is in order.

# Transparency and comprehensibility for our stakeholders



**Our ambition:** Valiant communicates simply, truthfully and comprehensibly and disassociates itself from any form of greenwashing. We are expanding our routine exchange of information with our various stakeholders. We are approachable and open to criticism and use feedback to continuously improve our performance and communication.

## Dialogue with stakeholders

One key element of our positioning in the market and one of our strengths is that we foster solid relationships that are based on mutual trust. In 2021 we actively used this mutual basis of trust to discuss the prioritisation of our 15 key sustainability topics with our stakeholders and to ensure our continuous improvement with regard to sustainability (see the “Our priorities” and “Materiality matrix” chapters on pages 42–43). We also seek dialogue at different levels with our various partners in our day-to-day business. The following graphic is an extremely simplified illustration of our network of contacts but provides insight into our dialogue with key stakeholders.

## Dialogue with our stakeholders

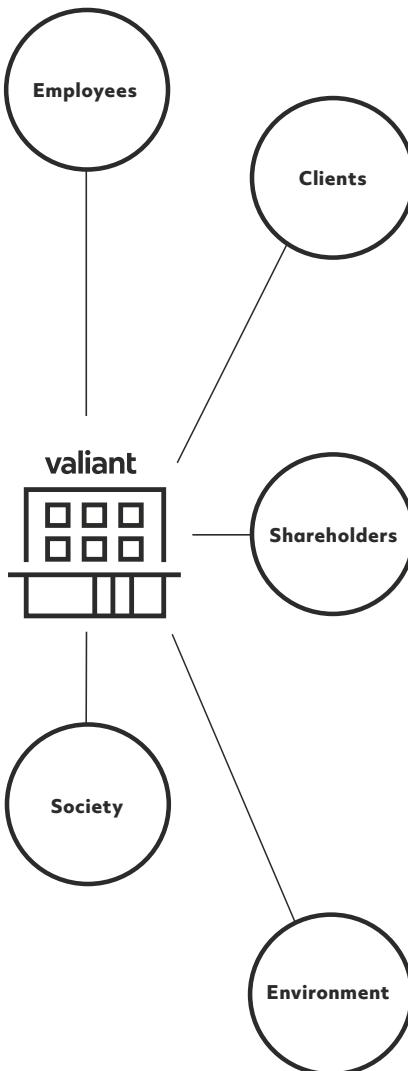
**Satisfied employees** We measure the satisfaction and commitment of our employees regularly. The results of the survey are discussed by the Executive Board and disclosed to the Board of Directors. Measures are taken, depending on the results.

**Branch visits by the CEO** To gauge the mood among employees on the ground more effectively and gain a better understanding of local needs, the CEO regularly visits various branches and departments in person. The findings and experiences gathered help shape the ongoing optimisation work.

**Regional support** Valiant assumes its responsibility as a company with strong local roots. As in the past, Valiant once again did not send out any Christmas presents in 2022. Instead, it made a Christmas donation to support four socially committed institutions. In the year under review, these were:

- Zollikofen School for Blind People: This centre of expertise for visual assistance provides full support, education and counselling for children and young people who are blind or have a visual impairment or multiple impairments, from early childhood through to early adulthood.
- St. Josef Foundation, Bremgarten AG: The foundation educates, supports and cares for people with a cognitive impairment.
- zeka: zeka has been assisting and caring for people with disabilities in the Canton of Aargau since 1966, helping them to be as integrated and independent as possible.
- ABA Association for Bulimia and Anorexia: ABA actively campaigns for people with eating disorders and their family members, and also seeks to raise social awareness of these diseases.

All the institutions are active in Valiant's market area, i.e. between Lake Geneva and Lake Constance. Each year Valiant also approves over 2,000 small and 30 large requests for partnership and support to the tune of over CHF 0.5 million.



**Client satisfaction** The satisfaction of our private and corporate clients is monitored in regular surveys. In addition to the feedback we receive through other established channels, we use the results from these surveys to devise ongoing optimisation measures and make further improvements.

**Client events** Due to the coronavirus pandemic and to protect the health of participants, Valiant held various events digitally and as live streams in 2022. For example, more than 650 interested clients took part in two popular online events called "Economy and Investments 2022", which provided fascinating insights on topics such as expected economic trends in 2022, the focus of investment portfolios and pension planning.

**Dialogue with investors** In addition to numerous private shareholders, 878 institutional investors hold just over a third of Valiant's share capital. Valiant actively seeks dialogue with them, meeting investors regularly in Switzerland and abroad, holding road shows and participating in investor conferences.

**Reporting** All of our shareholders – around 31,200 in total – will receive the short report on the 2022 financial year with their invitation to the AGM, with the motto "simple – but promising". This edition illustrates how we implement and pursue our business model, which is simple and focused on sustainability.

**Active dialogue** Valiant takes part in studies and engages in an active dialogue with environmental associations and organisations with a view to ensuring continuous improvement in this area.

# Responsible corporate governance



**Our ambition:** Valiant ensures that effective control and supervision mechanisms are in place throughout the organisation and in particular between the Board of Directors and the Executive Board. Members of senior management demonstrate a high level of individual expertise. We have a moderate compensation policy and operate a simple, transparent compensation system for the Board of Directors and the Executive Board.

## Sustainability objectives embedded at the highest level

Sustainability has been anchored at the very highest hierarchy level as part of our corporate targets. At the request of the Nomination and Compensation Committee, the Board of Directors determines the corporate targets annually. During the year under review this also included implementation of the ESG Road Map 2024, which contains around 50 goals and measures. Progress on the targets and therefore on implementation of the ESG Road Map 2024 is monitored and assessed on an ongoing basis and reported to the Board of Directors on a quarterly basis. Whether the targets have been achieved at year-end will have a direct impact on the Executive Board's variable compensation. In the interests of transparency, Valiant has been reporting on the targets of the Executive Board and their attainment in the compensation report since 2017.

## Corporate governance

For Valiant, good corporate governance goes without saying and ensures responsible, transparent corporate management focused on long-term success. The corresponding principles and mechanisms are disclosed transparently from page 71 onwards in the corporate governance report, which is prepared in accordance with the SIX Exchange Regulation's Directive on Information

Relating to Corporate Governance. This is based on the "Swiss Code of Best Practice for Corporate Governance" and is regularly reviewed and, where necessary, amended by the Executive Board and the Board of Directors. The zRating study on corporate governance, *inter alia*, reflects Valiant's exemplary practices with regard to good corporate governance. Valiant is one of Switzerland's leading banks and was particularly highly rated for shareholders and capital structure, composition of the Board of Directors and Executive Board and sustainability and information policy.

## Simple and moderate compensation policy

Valiant has a moderate compensation policy and an easily understandable and transparent compensation system. The key components and principles of the compensation policy, the powers for determining compensation and the components of compensation for the Board of Directors and the Executive Board are explained in detail in the compensation report on page 107 onwards.

# Risk and lending policy



**Our ambition:** Valiant pursues a prudent risk and lending policy that increasingly takes sustainability risks, such as climate change, into account. Our regional approach is a key component when it comes to managing risk in procurement and the supply chain. In addition, we regularly review our supply chain for sustainability risks and are aiming to commit our partners and suppliers more strongly to our sustainability concept in future by means of a binding code of conduct.

## High borrower quality

Valiant's business model is primarily based on lending. We mainly finance real estate for retail and affluent clients, self-employed individuals and small and medium-sized businesses. Loans not secured by a mortgage play only a minor role in our business activities, with 95 % of our loans covered by a mortgage. More than 87 % of the properties financed are residential and around threequarters of them are located in the cantons of Bern, Aargau and Lucerne. This means that we not only know our clients personally but are also familiar with the local real estate market. Our presence in exposed real estate regions is also manageable and constantly monitored. All these features underline the high quality of our lending portfolio and make a decisive contribution to the sustainable and solid performance of our bank.

## High-quality lending portfolio



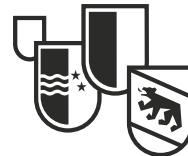
### Secured by mortgages

98% of our loans are secured and 95% are mortgages.



### Stable base

More than 87% of the properties financed are residential.



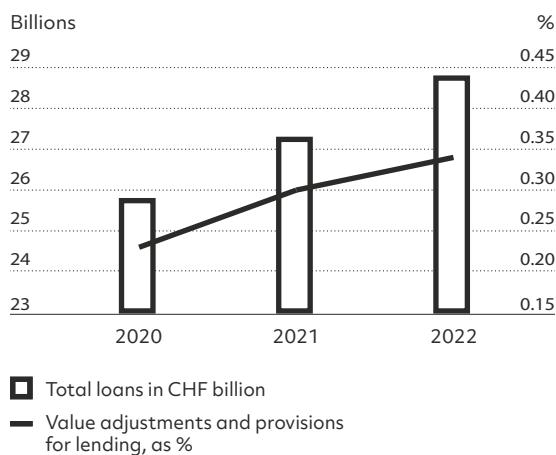
### Proximity to financed property

95 % of mortgage-backed loans are in the 14 cantons making up our core market area.

### Financing of home ownership

Financing real estate has always been the key pillar of our business model, so we monitor this market very closely. In this way, we can identify any risks at an early stage and take appropriate measures as part of our prudent lending policy. We also value financed property according to our own guidelines, which means that our real estate financing is not based on market prices, which can at times be inflated. Our approval process for real estate financing, along with our bank-wide advisory process, helps us ensure that our clients are not exposed to inappropriate financial risks. We deliberately avoid real estate financing that involves inappropriate risk exposure. Our prudent and sustainable approach to financing is borne out in particular by the fact that value adjustments and provisions have remained at a low level over the past three years even though lending volumes have risen over the same period.

### Prudent lending policy in figures



Thanks to our clear, low-risk focus, in 2022 we once again enabled many of our clients to realise their dream of owning their own home, and provided them with assistance and advice along the way.

## Client relationships



**Our ambition:** We offer private individuals and SMEs straightforward, understandable financial services from a single source. We create a positive client experience across all channels. Our long-term client relationships are characterised by professional, comprehensive and personal financial advice that is consistently tailored to our clients' needs.

### Needs-based offering

For us, providing our clients with transparent information on the opportunities and risks inherent in our financial products is an integral element of sound, trustworthy and credible advice. We are constantly developing our range of products and services in response to changing client needs, while ensuring that our products remain simple and understandable. At the same time, we offer solutions for specific requirements in collaboration with our specialists or with external partners where necessary.

### No distribution commission and a high degree of transparency

Protecting clients and their needs also means that, in both our asset management and investment advisory businesses, we only use products that do not involve a distribution commission. This principle also applies to our execution-only business. Where Valiant is nonetheless paid a distribution commission, it is passed on directly to the corresponding clients and is transparently displayed in their asset statements. Any conflicts of interest are also made clear to our clients during the consultation. Our main focus is to provide our clients with the neutral, independent advice they need. When granting loans, we also check that clients will not be exposed to inappropriate financial risks.

### **Client satisfaction**

The satisfaction of our private and corporate clients is monitored in regular surveys and any areas where there is scope for improvement are identified. The systematic survey carried out on behalf of Valiant by an independent market research company took place for the sixth time for private clients in the year under review, and for the fourth time for corporate clients. In addition to determining overall satisfaction and the net promoter score (NPS), satisfaction with individual aspects of our offering was surveyed for the following topics: products and services, online banking, website, personalised advice, telephone contact and handling of complaints. In the year under review, our scores remained stable at a high level for all client segments and for almost all sub-topics. Personalised advice continued to be the topic receiving the highest scores, with a very high satisfaction rating in all segments. Compared with other companies in the financial services industry, these scores put us at the top of the range and considerably above the average. These extremely encouraging scores affirm our consistent client-centric approach and also push us to expand and improve even further.

### **Financial partner for SMEs**

Valiant has always been a typical SME bank, and we count many SMEs and self-employed individuals among our clients. To strengthen this key area of our business, we are continually developing our advisory services for SMEs. We also provide our clients with assistance that goes beyond their daily financial business, for example by offering succession planning.

### **Succession planning**

SMEs and self-employed individuals are the backbone of our economy, and their continued existence is of key economic importance. Succession planning in a company is a complex process – be it at the operational or financial level – and represents a major challenge for all concerned. There is no one-size-fits-all solution. It is therefore vital to involve specialists in drawing up a customised individual succession plan. The earlier this is done, the better the results will be, which is why we have developed a comprehensive new offering in the form of a centre of expertise for company succession. Our goal is to support business handovers and acquisitions from A to Z. We support our

clients in preparing and implementing their succession planning. This can range from a company fitness check to financial planning, all the way to completing the transaction. Depending on requirements, only individual services may be called on. We see our holistic approach as an advantage for our clients. We do not offer just succession planning, we generate added value across the entire succession process. This allows us to lead companies into a successful and sustainable future, which is in the interests of our clients, their employees and the economy as a whole.

# Sustainability of products and services



**Our ambition:** We take sustainability aspects into account in our products and services and expand their scope as needed to cover our entire range of products and services. We understand and manage sustainability risks in relation to our products and services and take advantage of the opportunities that sustainability offers for selective market developments and revenue generation. We regularly assess our offerings from a sustainability standpoint and systematically factor in sustainability when developing our offering.

## Sustainable investments

More and more clients insist that their investment activities must not only generate satisfactory returns but also make a specific contribution to the sustainable development of the economy, society and the environment. We support these efforts and have kept pace with clients' increasing demand for sustainable investments. Our fund recommendation list offers sustainable fund solutions across three different sustainability profiles – responsible investing, sustainable investing and impact investing. This allows our clients to reflect their personal sustainability preferences in their investments.

## Exclusion criteria and ESG integration in our investment business

In addition to our range of sustainable fund solutions, we have also further improved our overall sustainability performance in our investment business. We use ESG criteria to a degree in analysing securities and selecting and valuing our investment products. Integrating ESG criteria in some areas helps us to further develop, evaluate and manage our investment products from a sustainability standpoint and make better long-term investment decisions for and with our clients. These measures are reflected in our own investment products. For example, it is our goal to retain a minimum ESG rating of "A" from MSCI for all our funds. During the year under review, as in the previous year too, the investment products mentioned achieved a minimum rating of "A", or even better in some instances.

### ESG criteria



#### Environment

Climate  
Resources  
Water  
Species diversity  
etc.



#### Social

Employees  
Safety  
Health  
Equality  
etc.



#### Corporate Governance

Risk management  
Supervisory structures  
Compliance  
Corruption  
etc.

### **ESG investment guidelines for Valiant**

In order to take on our corporate responsibility even more effectively and integrate sustainability into our core business more comprehensively, we decided to go one step further and develop an individual sustainability approach for our investment business that is tailored to Valiant's needs. The Executive Board issued a set of sustainable investment guidelines as a basis for implementing this. We are thus expanding fiduciary responsibility in the field of investments to include sustainability, which comprises the environment, social issues and corporate governance. The current investment guidelines on sustainability apply to all new sustainability products and services in the investment business.

At the same time, the data used for sustainability-related investment decisions are being broadened and improved in qualitative terms. The guidelines are geared towards continuity and can be implemented in a transparent, easy-to-understand way. By issuing the sustainable investment guidelines, the Executive Board has embedded the policy of corporate responsibility adopted by the Board of Directors in the bank's investment activities. The Valiant sustainable investment guidelines thus lay the foundation for a long-term, responsible investment approach. They form the framework and the basis for Valiant's investment solutions and cover the following topics:

- Responsible investment
- Universal principles
- Transparency
- Market-compliant investment results
- Impact-oriented investment
- ESG in Valiant's investment process

The investment guidelines are published on our website.

### **Investment funds with a focus on sustainability**

Based on the ESG investment guidelines, Valiant launched new strategy funds with conservative, balanced and dynamic risk profiles in 2021. In December 2022 a capital gain-oriented profile was added. Their sustainability policy means the funds invest in organisations with a positive ESG rating. Business models that run counter to ESG are excluded as far as possible. Hence our clients invest

mainly in organisations and institutions which responsibly take into account environmental and social factors.

For stock selection, exclusion criteria are used and a "best-in-class" approach is applied. This rules out securities issued by organisations with controversial practices and products and particular sectors which do not fit with our values. The "best-in-class" approach requires a minimum rating, and securities with better ratings are given a higher weighting. ESG criteria systematically complement a purely financial analysis.

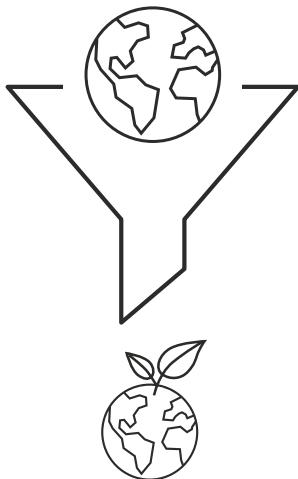
### **Focus on climate protection**

Particular emphasis is placed on climate protection. Investments associated with large revenues from fossil fuels and energy sources are excluded as far as possible.

The investment funds can be subscribed through custodial advisory accounts, as fund investment solutions and in pension plans.

## Filter process

When determining the sustainable investment universe, companies are put through a filtering process that screens out around a third of the companies originally deemed worthy of consideration.



The independent sustainability ratings agency Inrate analyses companies in terms of environmental, social and economic issues for Valiant's sustainable investment funds. This expertise is crucial in the complex sustainability process.

## Individual sustainable asset management mandates

Institutional clients, such as pension funds, are increasingly demanding more from their investments when it comes to sustainability. We base our institutional investment advice on sustainable sample portfolios that respond to these individual requirements in a focused manner. These can be adopted or individually tailored in line with client preferences with regard to sustainability. When compiling individual sustainable asset management mandates for institutional clients, we draw on the expertise of MSCI and Inrate.

## Exclusion criteria for financing

Our strong regional roots going back many years mean that we really know our clients, so we can assess the extent to which they meet social or environmental criteria when granting loans. To make our lending practices even more binding and take due account of our commitment to sustainable management, Valiant has been using exclusion criteria in the financing business since 2019. Potential financing projects for corporate and business clients are checked for controversial environmental and social issues. The transaction is rejected if it does not comply with our standards.

The exclusion criteria include:

## Initial universe

Global investments

## Filters

- Sustainability ratings (ESG rating)
- Exclusion of controversial practices and products
- Focus on climate protection

## Sustainable investment universe

Investments that are as responsible as possible

- projects with non-transparent financing streams
- direct financing of nuclear, lignite and coal projects
- financing of projects relating to the manufacture of military weapons systems
- financing of socially unacceptable projects, especially of breaches of human rights
- financing of projects relating to unsustainable agriculture and forestry, and unsustainable fishing or animal testing.

The criteria defined are applied to all new business. Client advisors were made aware of and trained on the criteria in management meetings and with the help of specially drafted documents.

# Innovation

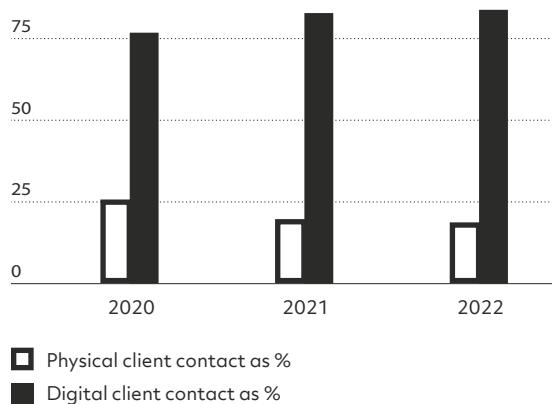


**Our ambition:** We actively promote innovation and continuously simplify our business processes. We take advantage of the opportunities presented by digitalisation and sustainability for the targeted implementation of our strategy. By doing so, we make an important contribution to the company's long-term success. Valiant also campaigns for the sustainable development of the Swiss financial centre on various committees.

## Access to financial services

In financial services, as in many other sectors, we are seeing a shift in client requirements towards digital channels. The coronavirus pandemic accelerated this trend. Valiant has also observed a significant shift over the past few years. Whereas in 2016 almost 60% of client contact was still physical, by the end of 2022 almost 80% of client contact took place via digital channels. For example, counter transactions once again fell, down nearly 8% year on year in 2022, due to the conversion of the front-office areas and the shift towards card payments. Since 2019 counter transactions have fallen by some 65%.

## Comparison of digital and physical client interaction



## At home physically and virtually

Many of our clients use different channels depending on their situation and needs, whether for personalised advice or digital services. To properly meet these needs, we are continuing to develop all channels. Valiant has developed a new type of branch that combines all the services of a traditional bank with the latest digital technology. Our clients can make an appointment or simply drop into a branch, as before. Following a needs analysis at the virtual reception, our client advisors take over on site or via video conferencing. A self-service option is available for clients who do not need personalised advice. The advantages of this new type of branch are the longer opening hours, rapid involvement of specialists, numerous self-service options and evening and weekend advisory appointments. The coronavirus crisis has shown that Valiant is well positioned when it comes to digitalisation and that we can continue to provide our clients with simple, personalised services even during exceptional times and in difficult circumstances.

## Good, simple advice also available online

Thanks to e-banking and the Valiant app, clients can take care of their banking transactions wherever and whenever they want – easily, securely (see the paragraph "Protection against cyber crime" on page 50) and free of charge. These two digital channels have been developed continuously in recent years and expanded in line with clients' numerous, constantly evolving needs.

A personal area for clients was set up on the Valiant website in the first quarter of 2022: myValiant. This offers a range of services, such as changing address, arranging meetings, a mortgage check and a better overview of transactions. The secure messenger in myValiant give clients a range of ways to interact with us efficiently. Clients can now communicate quickly and easily with their client advisors using myValiant, and they can also exchange documents. It is even possible to sign documents directly online.

We have also worked on making various services as accessible as possible. In this context, we equipped all our own ATMs with audio support in 2020. This new functionality enables blind and visually impaired people to navigate through the menu and use the ATM services through their headphones and the integrated voice control without any barriers.

#### **Commitment to the Swiss financial centre**

Valiant campaigns actively for the sustainable development of the Swiss financial centre on various committees such as Swiss Fintech Innovations. Swiss Fintech Innovations helps to strengthen the fintech ecosystem in Switzerland by integrating relevant partners and supporting fintech events and initiatives. Valiant is also involved in various committees at the Swiss Bankers Association. Valiant employees actively contribute to the further development of the Swiss financial centre as part of the industry association's numerous initiatives and activities. Since 2021, Valiant has also been a member of öbu, the Swiss Association for Sustainable Business. öbu promotes the implementation of the UN SDGs by Swiss companies and organisations. To do so, it brings together people, businesses, ideas and methods and campaigns with them to make the Swiss economy fit for the future.

# Employee commitment



**Our ambition:** Our employees play an active role via a variety of channels and help define the company's development. Dialogue is fostered through short communication channels, achieved thanks to our flat hierarchy. Meaningful responsibilities, flexible working conditions and qualified managers drive staff commitment.

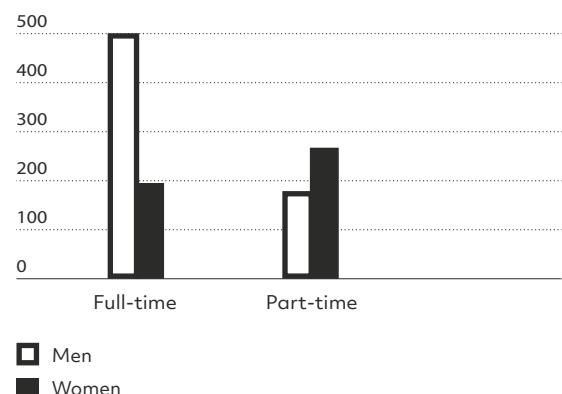
## Staff policy

Our particular strengths as an employer are that we offer our employees excellent opportunities to help shape the company. Other trademarks include our short decision-making processes thanks to our flat hierarchy and an uncomplicated, respectful attitude. The current expansion of our business is opening up additional development opportunities within the company.

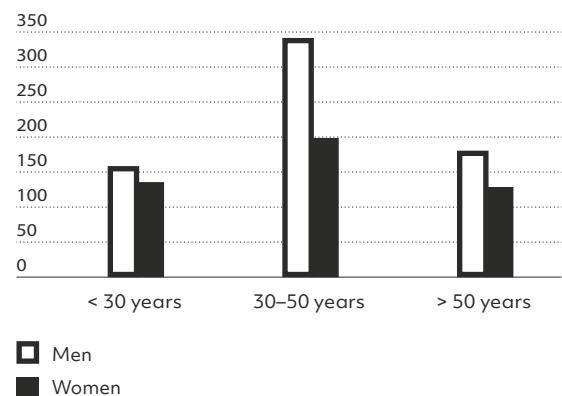
## Modern working arrangements

The changing needs of both our clients and our employees are reflected in the various working arrangements on offer. Whereas the norm ten years ago was a traditional Monday to Friday full-time job based on regular office hours, we are increasingly moving towards more flexible models. Various flexible, modern working arrangements are employed, with the goal of achieving a win-win situation for employees and Valiant. Over a third of our employees already work part time, for example. This, coupled with often very short commuting times, also creates attractive working opportunities outside the main densely populated areas. Further models, such as the option to build up extra annual leave, take unpaid leave, work from home or go on sabbaticals, are established at the company and considerable use was made of them in the year under review. All these and other measures make it easier to balance work and family in a whole range of life plans.

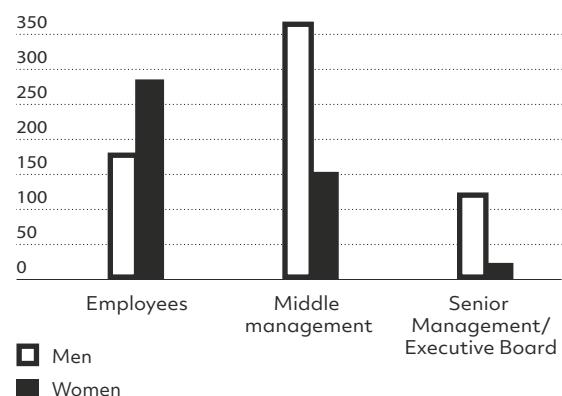
## Breakdown of headcount by gender



## Breakdown of headcount by age



## Breakdown of headcount by seniority



**Staff satisfaction**

We measure staff satisfaction using structured employee surveys carried out regularly. The survey results are a key indicator of job satisfaction and the commitment of employees. The last survey was conducted in 2021. The high participation rate of around 90% along with the level of job satisfaction gave a positive picture overall. Potential for improvement was identified and corresponding measures were defined such as steps to reduce complexity at all organisational units, concentrate on what is essential and strengthen collaboration and exchanges of views between and with employees. The aim of these measures is to have a positive impact on staff satisfaction and employees' commitment to the strategy and the company's targets. In the process, it is important not only to improve in areas with potential for optimisation, but also to maintain and further reinforce standards in areas with high ratings.

**Mental health and counselling**

A high level of stress at work can have a detrimental impact on our physical and in particular our mental health. We have launched a large number of measures as part of our approach to health management. A range of events, training sessions and blogs have been organised to pass on knowledge, raise awareness of health issues and embed them among all employees. Should longer health-related absences nevertheless occur, the affected employees are supported through professional case management when they return to work.

Valiant works with several external specialists to provide good support for employees experiencing challenges in their personal lives or at work. Employees can talk to a neutral expert at the Swiss Post counselling service who will work with them to seek appropriate solutions. Counselling is

**Key personnel figures**

Headcount
Total proportion of women as a %
Proportion of women in middle and senior management as a %
Full-time equivalents (FTE)
Average full-time equivalents over the year
Part-time employees
Part-time employees as a %
Women as a %
Men as a %
Employee turnover rate <sup>1</sup> as a %
New staff
Average duration of employment in years
Number of trainees
Number of interns
Number of apprentices
Number of career starters
Retention rate for trainees <sup>2</sup> as a %
Trainee-to-headcount ratio as a %
Costs of training and development in CHF 1,000
Average number of training events per employee
Absence rate as a %
Ratio of top to median salary <sup>3</sup>
Insured members of pension fund
Pension fund pension recipients
Pension fund coverage ratio as a %

	2022	2021	2020
1,110	1,130	1,061	
40.7	40.8	41.5	
27.6	26.8	26.9	
981	995	937	
992	967	928	
430	441	407	
38.7	39.0	38.4	
60.9	61.9	61.9	
39.0	38.1	38.1	
11.9	10.5	11.0	
113	172	143	
9.3	9.0	8.8	
72	80	76	
22	25	22	
47	53	52	
3	2	2	
83	100	83	
6.5	7.1	7.2	
1,773	1,926	1,469	
3.1	4.3	2.8	
2.3	2.4	2.1	
9.0: 1	9.4: 1	9.1: 1	
1,143 <sup>4</sup>	1,121	1,052	
428 <sup>4</sup>	443	441	
98.3 <sup>4</sup>	113.3	106.9	

<sup>1</sup> Net turnover: All departures initiated by the employee or the employer, including early retirements that occurred at the request of the employee.

<sup>2</sup> Interns, apprentices and career starters combined.

<sup>3</sup> Basis = fixed compensation (December salary) plus variable compensation for the previous financial year. The median salary is based on all employees' salaries and is extrapolated to working hours of 100%, excluding departures during the year.

<sup>4</sup> Provisional data.

available for issues such as bullying and sexual harassment, addiction, financial problems and family conflicts. The counselling is generally free of charge and is provided in absolute confidence. Employees can also seek counselling free of charge from our partner Carelink in the event of stressful experiences at work or personal misfortunes. Valiant has also been a member of the profawo association since 2020. This non-profit organisation offers our employees a wide range of services in the field of supplementary childcare and caregiving for family members.

### **Headcount**

Key personnel figures were stable overall. Having grown steadily since 2016, headcount fell slightly for the first time. This was due to the programme to increase profitability launched in 2022, seeking to reduce headcount by natural fluctuation as far as possible. At the end of 2022 Valiant employed 1,110 staff and 72 trainees. This is equivalent to a year-on-year decline of just 1.8%. There was a net decline of approximately 9 in the number of full-time equivalents in the year under review.

### **Pension fund with an innovative pension model**

Increasing life expectancy and longer pension payout periods, as well as the low interest-rate environment, represent major challenges for pension funds. The Foundation Board's priority is to guarantee the financial security of the pension fund over the long term. In addition to financial security, it strives to avoid redistribution between active members and those drawing a pension. A "variable pension model" was introduced, and became applicable to pensions from 1 July 2020. This means that in future, those drawing a pension will participate in the financial performance of the pension fund in the event of both positive and negative trends. The benefits provided by the Valiant pension fund go beyond the statutory minimum. The Valiant pension fund had a small deficit at 31 December 2022. The cover ratio was approximately 98.3%.

# **Employee development**



**Our ambition:** We offer varied and exciting career prospects and development pathways, for example in the form of sales careers. We actively support our employees, which allows them to perform to the best of their abilities and meet the needs of our clients. Several ESG topics will be integrated into our management training by 2024, which will embed corporate sustainability into the company in a more relevant way.

### **Onboarding and training**

We provide a professional onboarding programme to give new recruits comprehensive support when they are getting started in their new functions.

We also provide our staff at all levels with generous and targeted support in their training and development and offer them opportunities to pursue specialist or management careers. An increasing number of face-to-face events was held again during the year under review once the coronavirus measures had been lifted. However we continue to make efficient use of online training sessions where appropriate. Our 1,110 employees attended the 484 training courses on offer a total of 3,469 times. This equates to more than three training events per employee, on average. In addition to in-house training, Valiant also supports a large number of external training courses. Support can be given in the form of time credits as well as reimbursement of training costs. Valiant supports training and development generously, raising the technical skills and employability of staff and helping to combat the shortage of qualified workers in the Swiss labour market.

### **Career planning**

By identifying common career paths at Valiant, we can show our employees the range of opportunities available. These career paths show different routes that can be taken, whether by progressing in seniority within one particular function or by switching to a different function. Career paths may be horizontal, i.e. staying at the same function level, or vertical, i.e. moving up to a higher function level. Employees' existing abilities and personal goals are assessed and, if they are lacking particular skills for their target function, appropriate measures are taken to remedy this. One special focus of this career path approach is the next generation of client advisors, who are offered a targeted development plan. Our staff are trained in developing both their advisory and management expertise. This is because management is important at Valiant – for our staff and for the success of our bank. Career programmes were again offered during the year under review for employees advising private, business, corporate and wealth management clients. An average of around 50 employees committed to developing their careers at Valiant. In 2022, 21 employees successfully completed the corresponding programme and assumed their target function.

### **Certification of our client advisors**

Since 2017, Valiant has been certifying its client advisors with the Swiss Association for Quality (SAQ). SAQ is a neutral, established and experienced centre of competence for personal certification in Switzerland. SAQ certification comprises a written and an oral examination.

New employees are SAQ-certified according to their job profile when they join Valiant. The certification courses add value for all involved. Our clients benefit from high-quality advice. Our employees hold a certification that is recognised in the financial services sector, and Valiant can place itself positively in the market thanks to the recognised SAQ label. As a fundamental rule, the SAQ certification is renewed after three years through recognition of internal training. As in the previous year, various client advisors at Valiant successfully completed these re-certifications in the year under review.

### **Trainees**

In 2022 we employed a total of 72 trainees. These 72 trainees were engaged in six different training pathways.

In addition to the traditional Swiss Commercial Association banking apprenticeship (41), Valiant also offers an 18-month entry-level internship for secondary school leavers (18) as an alternative to going to university. On top of that comes the services and administration internship for commercial and economic secondary school leavers in the Client Centre and in HR Development (4). There are three client dialogue specialists completing their basic training in the Client Centre. As well as standard banking training, we also offer apprenticeships for media technologists (3) in digital communications. For university graduates we provide a two-year Career Starter Programme. Three people are taking this path to start their professional lives.

Once again in 2022, all apprentices successfully completed their apprenticeships. Over 80% of those who finished their training remained with Valiant.

The total figure of 72 trainees illustrates our strong commitment as a training bank for our future generations. We offer high-potential, performance-oriented junior staff exciting and wide ranging opportunities to further their personal development.

# Inclusion and fairness among employees



**Our ambition:** Equal treatment and opportunities are two of Valiant's core principles. We regularly monitor the implementation of these principles and raise employee awareness of specific topics. We also increase the proportion of women in management positions, taking into account the best-fit approach established at Valiant.

## Equal opportunities and diversity

As is stipulated in the implementing directive to the code of conduct, all employees must be treated fairly and equally in accordance with the principles of equality. This also applies to filling vacancies. Valiant always chooses the most suitable candidates.

New employees must be an optimal fit for both the job profile and the company culture. Personality traits and expertise are the decisive selection criteria rather than gender or age or whether the candidate is internal or external.

We believe that having a good cultural and gender balance within our staff has a positive impact on the work atmosphere, job satisfaction and results. In this context, we attach particular importance to promoting the development of women employees through targeted measures and preparing them for the subsequent stage of their career.

## Targeted advancement of women

Targeted advancement of women is one of the key measures Valiant takes in the context of equal opportunities. In order to develop specific measures, we again took part in a benchmarking assessment by the University of St. Gallen (HSG). In collaboration with Employers in Banking, HSG conducts an annual diversity benchmarking analysis for the financial industry. The goal is to carry out an in-depth diversity and inclusion assessment that evaluates both progress made and areas requiring action for participating banks and the sector as a whole. Comparing the 2022 results

with those from 2021 again allowed Valiant to draw up recommendations for action. In order to better embed gender-specific equality of opportunities in the institution, all managers at Valiant were set a diversity goal in their target agreement for 2023, and achievement of the target was measured as part of performance management. Special lunchtime events for women managers and specialists were held once again at Valiant. After some targeted input from a female member of the Valiant Board of Directors, participants took part in a moderated discussion of relevant issues and challenges facing women employees. In addition, various keynote speeches and panel discussions were held on selected gender issues, such as "The art of networking", "Gender bias – how unconscious biases influence our behaviour" and how to make use of the working time models at Valiant. The talk on the experiences gathered from setting up a women's network resulted in ideas like what a specific internal network for female employees might look like.

## Valiant now a corporate member of BPW

Since 2022 July, Valiant has been a member of Business & Professional Women Switzerland (BPW), the biggest Swiss association for business-women. BPW supports working women in professional, cultural and social issues. Valiant and all employees benefit from the corporate membership. Amongst other things, our female employees have access to 40 or so clubs and can take part in events. Keynote speeches were held at which BPW passed on to female Valiant employees who were interested in the various opportunities the network provides.

## Equal pay for women and men

We adhere to the principle of equal pay for equal work – and it goes without saying that this also applies across genders. Valiant has conducted an equal pay analysis every year since 2017, the last one being as of 30 September 2022. Pay equality has improved steadily, thanks to specific salary rounds for women and improved awareness among managers. Under the Gender Equality Act (GEA), companies with more than 100 employees are obliged to conduct an internal equal pay analysis and have it audited by an independent body. Salaries at Valiant Bank AG were examined using the Logib method, the federal government's

standard analysis tool, as of the reference date of 30 September 2020. 1,050 employees employed by Valiant on this date were included in the analysis. The result of the equal pay analysis was within the statistical tolerance threshold of  $\pm 5\%$ . The independent auditing firm PwC checked whether Valiant Bank AG's equal pay analysis was performed correctly in formal terms and that the analysis met the applicable legal requirements in all areas. Valiant has met all the legal requirements and is therefore by law exempt from carrying out further equal pay analyses. Even so, we will continue to monitor the gender pay gap closely, conducting regular analyses and implementing measures where necessary. Line managers are given awareness training and set guidelines for salary rounds; these are intended to result in a balanced allocation of salary adjustments for men and women. It goes without saying that we also pay special attention to the gender pay gap in the recruitment process.

## Regional economy and society



**Our ambition:** We source the vast majority of our goods and services regionally. In addition, we offer attractive jobs and training positions for employees in our business area, thereby promoting Valiant's strong local roots.

### Our commitment

With our simple and fundamentally sustainable business model (see the "Sustainable business model" section on pages 46-47 for more information), Valiant's primary role is to provide financial services that ultimately help to ensure a well-functioning society. We take our responsibilities towards the communities in which we operate seriously, and we maintain good relations based on partnership. As a strong financial partner, we strive to contribute to the common financial good. Valiant helps to create value in its market area, for instance by paying tax, dividends and salaries, and by using local products and services. Over 90% of our purchased goods and services come

from our market area. We therefore support numerous regional SMEs and self-employed individuals – the backbone of the Swiss economy.

### Our contribution to the common financial good

Within the context of the national money cycle, we create value as follows:

- Personnel expenses in 2022 amounted to CHF 143.3 million. Our staff reside almost exclusively in Valiant's market area, and they therefore help to support the local economy.
- General and administrative expenses were CHF 124.3 million in the year under review. Wherever possible, we meet our needs through Swiss-made products and services. This enables us to support the local economy and strengthen our ties with the region.
- We returned approximately CHF 79.0 million to our shareholders in the form of dividend payments.
- Our aggregate taxes of CHF 31.0 million in 2022 were a direct contribution to the public-sector budget.
- Valiant did not claim any state aid or support measures in connection with the coronavirus pandemic.
- As a politically neutral organisation, we make no donations to political activities or parties.

### Financing the real economy

By financing the real economy in Switzerland, we have a direct impact on the development of society, the economy and the environment. The share of real economic financing and financial investments is an indicator of the success of our responsible and sustainable business model. Loans or financial investments are regarded as part of the real economy and thus value-based if they flow into economic sectors that produce real goods and services or are used to finance real estate and therefore contribute directly or indirectly to the sustainable development of the local community, economy and environment. Loans to the real economy account for some 80% of our total assets, reflecting our responsibility as a financial services provider for all our stakeholders.

## Social responsibility



**Our ambition:** We are committed to society through the support we provide in the areas of sport, culture, outreach, the environment and the economy. In the process, we focus on activities that are in harmony with Valiant's values, business model and interests. We also advocate personal commitments to society and politics on the part of our employees.

### Support for cultural, social and sporting events

In the year under review, we approved around 2,000 small and 30 larger financing and partnership requests totalling more than CHF 0.5 million, in the areas of sport, culture, outreach, the environment and the economy. We focus our support on the areas where our clients live:

- For example, Valiant supported the gurten-CLASSIC. At the end of October 2022, the 40th edition saw sports enthusiasts in running and cycling shoes on the Hausberg in Bern. Valiant was once more the main sponsor on the "Güsche", as the people of Bern affectionately call the Hausberg.
- In early September 2022, a trade exhibition was finally held again in the centre of Wädenswil after an eight-year break: GEWA22. This took the form of a public festival with some 100 exhibitors, a broad range of culinary offerings and attractions for young and old alike. Valiant has had a branch office in Wädenswil since spring 2022. The trade exhibition gave staff the opportunity to chat with local people. Valiant attends around 15 trade exhibitions and regional shows each year.
- One example of our cultural support is the Swiss Brass Band Congress. Grosswangen in Lucerne was the place to be for brass band music in September 2022. There were competitions in three performance categories, plus 35 or so brass bands signed up to play in three entertainment tents from morning till late to ensure the weekend went with a swing.

To ensure sustainability issues are taken into account when we support cultural, social and sporting events, we have now added additional sustainability criteria to the scrutiny and approval process. For example, criteria covering waste, procurement and energy are now included in the assessment.

# Environmental impact and climate protection



**Our ambition:** Valiant contributes to the achievement of national and global climate goals. We want to become climate-neutral in the long term. To this end, we will develop binding objectives for climate neutrality in our operations (scope 1 and 2) by 2024, with a corresponding road map to reducing our carbon emissions. In the process, we will rely in particular on renewable energies and will increase energy efficiency within the company. Valiant also has well-established waste management systems in place at its sites.

## Reduction of greenhouse gas emissions

In line with our corporate culture, we treat the environment with care and respect and seek to avoid any negative effects arising from our activities. To reduce greenhouse gas emissions, we optimise the energy efficiency of our properties through structural adjustments. To this end, we use the revenue from the federal government's CO<sub>2</sub> levy to make our own properties more

energy-efficient and environmentally friendly. Along with encouraging all staff who commute to use public transport, Valiant's environmental efforts also include separating waste and recycling it. This is the seventh time that this report has been printed on a climate-neutral basis, for example. In addition, we no longer produce hard copies of various publications but instead publish them exclusively online. As a further measure, we have been sending account statements on environmentally friendly, recycled paper since 2020. In this way, Valiant is contributing to the achievement of both national and global climate goals.

## Environmental impact of operations

Valiant has been disclosing its energy consumption publicly since 2011. Since 2016, it has been producing a comprehensive carbon footprint report with advisory firm Swiss Climate in accordance with internationally acknowledged standards, namely ISO 14064-1 and the Greenhouse Gas Protocol. In 2022, the report was verified for the seventh year in a row by the independent audit firm true&fair.expert.

## Careful use of resources

Valiant operates a large number of small branches. These require more heating energy per square metre than larger branches or administrative buildings. The bulk of our energy consumption therefore comes from heating our various sites

Energy consumption and carbon footprint 2022	Quantity 2022	t CO <sub>2</sub> e <sup>1</sup> 2022	t CO <sub>2</sub> e <sup>1</sup> 2021	t CO <sub>2</sub> e <sup>1</sup> 2020
Scope 1 – direct emissions				
Heating (natural gas, heating oil, wood)	3 304 285 kWh	780	834	944
Business trips (company cars)	104 665 l	259	201	217
<b>Total direct emissions</b>		<b>1 039</b>	<b>1 035</b>	<b>1 161</b>
Scope 2 – indirect emissions				
Electricity	3 469 839 kWh	250	262	507
Heating (district heating)	1 370 860 kWh	65	126	107
<b>Total indirect emissions</b>		<b>315</b>	<b>388</b>	<b>614</b>
Scope 3 – further indirect emissions				
Energy supply	Miscellaneous	464	392	449
Business trips (external means of transport such as train, aeroplane, private car)	891 441 km	96	68	58
Commuting journeys <sup>2</sup>	6 120 355 km	626	527	514
Paper	30 801 kg	31	26	48
Print jobs	149 128 kg	137	175	122
Water	16 455 m <sup>3</sup>	7	7	8
<b>Total further indirect emissions</b>		<b>1 361</b>	<b>1 195</b>	<b>1 199</b>
<b>Total CO<sub>2</sub> emissions</b>		<b>2 715</b>	<b>2 618</b>	<b>2 974</b>

<sup>1</sup> CO<sub>2</sub> equivalent in tonnes

<sup>2</sup> Figure includes electricity consumption by employees working from home

and is heavily influenced by factors such as the severity of the winter. We take care to keep electricity, paper and water use to a minimum in all our operations.

### **Environmental considerations in our lending business**

In addition to emissions from our own operations, we also take environmental considerations into account when granting loans, valuing property and assessing financing risks. The principle of engaging in prudent, careful and sustainable environmental practices is also laid down in our code of conduct.

### **CDP climate change score**

We are committed to protecting the environment within the scope of the options available to us and continually take various smaller and larger measures in this regard. The fact that we are on the right track with these efforts was confirmed by the Carbon Disclosure Project (CDP) organisation in December 2022 when it rated us "B" once again in its latest climate change ratings. This encouraging result shows that we are on a par with other renowned companies and are on the right track when it comes to protecting the environment. The positive rating also provides a strong incentive to continue to take an active approach to environmental issues.

### **Federal government's climate compatibility test**

In 2020, the Federal Office for the Environment (FOEN) and the State Secretariat for International Financial Matters (SIF) launched a comprehensive climate compatibility test for reviewing the climate compatibility of financial portfolios. The aim of climate compatibility testing is to analyse the extent to which voluntary measures have led to progress in terms of the climate compatibility of financial flows or whether further options need to be considered. Valiant took part in the voluntary test conducted under the title PACTA (Paris Agreement Capital Transition Assessment), in both 2020 and 2022. The test primarily assessed the climate compatibility of global equities and corporate bonds and Swiss real estate and mortgage portfolios. In addition, qualitative climate-related measures were incorporated into the evaluation. Participating financial institutions

can use the assessment to determine how climate-friendly their investments and financial products are. We are pleased to report that Valiant has a low exposure, thanks to its responsible investment policy in carbon-intensive businesses like coal, gas and oil. The data obtained from the climate compatibility test will enable us to steer our future development in terms of sustainability and corporate responsibility and measure the efficiency of our progress, for example in the investment business.

### **Valiant plays its part in reducing energy consumption**

In view of the threat of electricity shortages, Valiant has made preparations for possible blackouts and rationing. Top priority goes to protecting employees and ensuring normal operations continue. However, here too Valiant sets great store by doing business in a way that is sustainable, and buys sustainably sourced electricity as far as possible. To reduce energy consumption and counter a potential shortage of electricity, staff are being made aware of the situation, temperatures in our buildings are being reduced, lighting systems switched off as far as possible and advertising screens in display windows used less frequently.

### **Environmentally friendly promotional items**

We continue our efforts to use environmentally friendly promotional items wherever possible. Since 2021, Valiant has used the carbon checker from Pandinavia AG. This manufacturer of promotional items is based in Kloten and is the provider of sustainable products and services on the Swiss promotional item market. The carbon checker has been developed in-house by Pandinavia. It analyses the ecological footprint involved in manufacturing individual products. To give examples of specific measures, our popular sports bags and our rucksacks are manufactured from recycled PET, which is also known as rPET. We have also completely eliminated plastic drinking bottles from our range of promotional items and replaced them with a bottle that can be reused over many years. Our balloons are made exclusively from natural rubber. Both the balloon and the band and clasp are 100% biodegradable. As well as environmental criteria, we strive – as in the above example – to support regional suppliers whenever possible.

# 2022 Corporate governance report



**Group structure**

- 74** 1.1 Group structure
- 75** 1.2 Significant shareholders
- 75** 1.3 Cross-shareholdings
- 76** 1.4 Company history

**Capital structure**

- 78** 2.1 Share capital
- 78** 2.2 Conditional and authorised capital
- 78** 2.3 Changes in capital
- 78** 2.4 Shares and participation certificates
- 78** 2.5 Dividend-right certificates
- 78** 2.6 Limitations on transferability and nominee registrations
- 79** 2.7 Convertible bonds and options

**Board of Directors**

- 80** 3.1 Members of the Board of Directors
- 82** 3.2 Other activities and interests
- 83** 3.3 Regulations of the Articles of Association regarding the number of allowable activities
- 83** 3.4 Election and term of office
- 84** 3.5 Internal organisational structure
- 91** 3.6 Areas of responsibility
- 92** 3.7 Information and control instruments relating to the Executive Board

**Executive Board**

- 94** 4.1 Members of the Executive Board
- 96** 4.2 Other activities and interests
- 96** 4.3 Regulations of the Articles of Association regarding the number of allowable activities
- 96** 4.4 Management contracts

**Compensation, shareholdings and loans**

- 97** 5 Compensation, shareholdings and loans

**Shareholders' participation rights**

- 98 6.1 Restrictions on voting rights and proxies
- 99 6.2 Quorums prescribed by the Articles of Association
- 99 6.3 Convening of the Annual General Meeting
- 100 6.4 Agenda
- 100 6.5 Entries in the share register

**Change of control and defensive measures**

- 101 7.1 Obligation to make an offer
- 101 7.2 Change of control clauses

**Auditors**

- 102 8.1 Term of mandate and term of office of the lead auditor
- 102 8.2 Auditing fees
- 102 8.3 Additional fees
- 103 8.4 Information instruments pertaining to the external auditor

**Information policy**

- 104 9 Information policy

**Trading blackout periods**

- 105 10.1 Members of the Board of Directors
- 105 10.2 Members of the Executive Board and employees
- 105 10.3 General blackout period
- 106 10.4 Project-related blackout periods
- 105 10.5 Exceptions

# 1 Group structure

## 1.1 Group structure

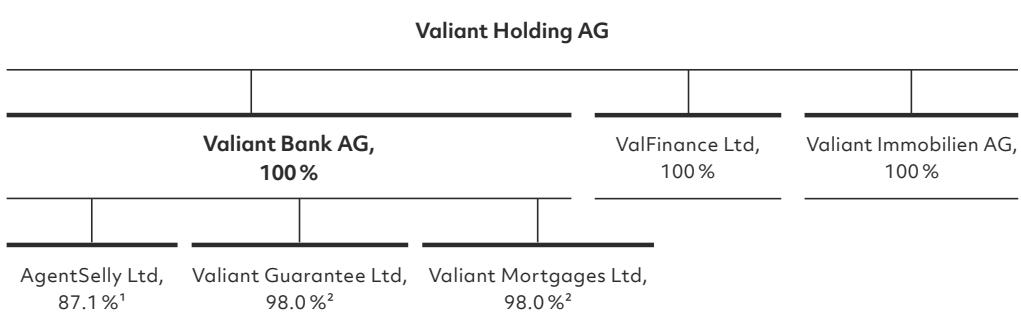
### 1.1.1 Valiant Holding AG

Valiant Holding AG was created in mid-1997 through the merger of three regional banks: Spar + Leihkasse in Bern, Gewerbekasse in Bern and BB Bank Belp. However, Valiant's roots reach back as far as 1824. Today, 31 regional banks and several branches acquired from third-party banks operate under the umbrella of Valiant Holding AG. Valiant Holding AG is a limited company governed by Swiss law with its registered office in Lucerne. Valiant Holding AG itself does not have bank status, in contrast to its subsidiary, Valiant Bank AG.

The Valiant Group (Valiant) comprises Valiant Holding AG, its subsidiaries Valiant Bank AG, ValFinance AG and Valiant Immobilien AG as well as AgentSelly AG, Valiant Garantie AG and Valiant Hypotheken AG (all three subsidiaries of Valiant Bank AG). ValFinance AG, Valiant Immobilien AG, Valiant Garantie AG and Valiant Hypotheken AG do not have any employees of their own.

The Board of Directors and Executive Board of Valiant Holding AG and the Board of Directors and Executive Board of Valiant Bank AG comprise the same members.

### Group structure



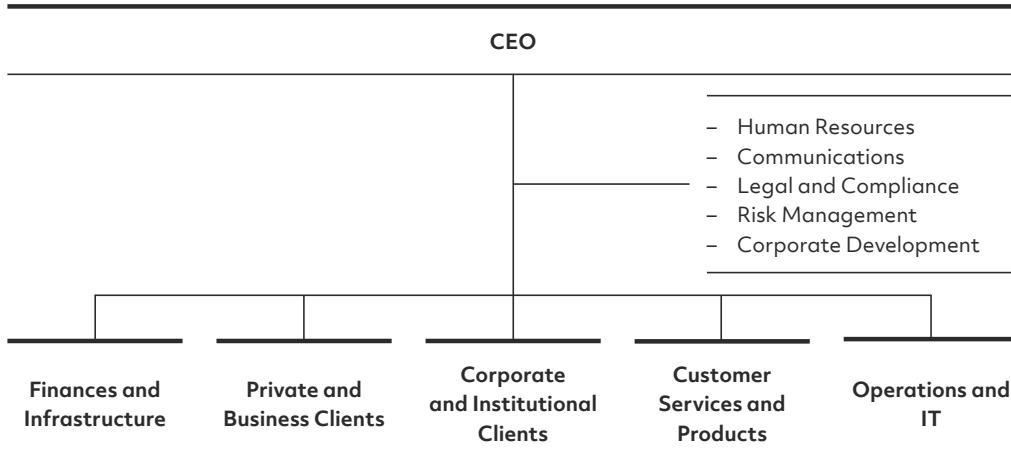
<sup>1</sup> 12.9 % held by an external member of the Board of Directors

<sup>2</sup> 2 % held by external members of the Board of Directors

Further details on the Valiant Holding AG subsidiaries are provided in the notes to the consolidated financial statements on page 165.

### 1.1.2 Valiant Bank AG

Valiant Bank AG is an independent Swiss financial services provider operating exclusively in Switzerland. It offers private clients and SMEs a comprehensive, easy-to-understand range of products and services to meet all their financial needs. It has local branch offices in the following 14 Swiss cantons: Aargau, Basel-Landschaft, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Solothurn, St. Gallen, Thurgau, Vaud, Zug and Zurich.

**Operative organisational structure****1.1.3 Consolidated companies of Valiant Holding AG**

Shares in Valiant Holding AG are listed on the SIX Swiss Exchange. You can find further details, such as market capitalisation, Swiss security number and ISIN, in the management report on pages 30 and 31.

No other listed companies are consolidated under Valiant Holding AG.

The companies consolidated under Valiant Holding AG are indicated in the notes to the consolidated financial statements on page 165 (fully consolidated holdings).

## 1.2 Significant shareholders

At 31 December 2022, the following holdings in Valiant Holding AG of 3 % or more had been disclosed under Article 120 of the Swiss Financial Market Infrastructure Act:

Shareholder	Share of capital or voting rights	Date of registration
UBS Fund Management (Switzerland) AG	5.00 %	27/04/2018
Swisscanto Fondsleitung AG	3.02 %	24/11/2018
Credit Suisse Funds AG	3.02 %	19/5/2022

Valiant is not aware of any other shareholders who held a direct or indirect voting share or an equity investment of 3 % or more at 31 December 2022.

The disclosure notices published on the SIX Exchange Regulation website in the year under review are available at:

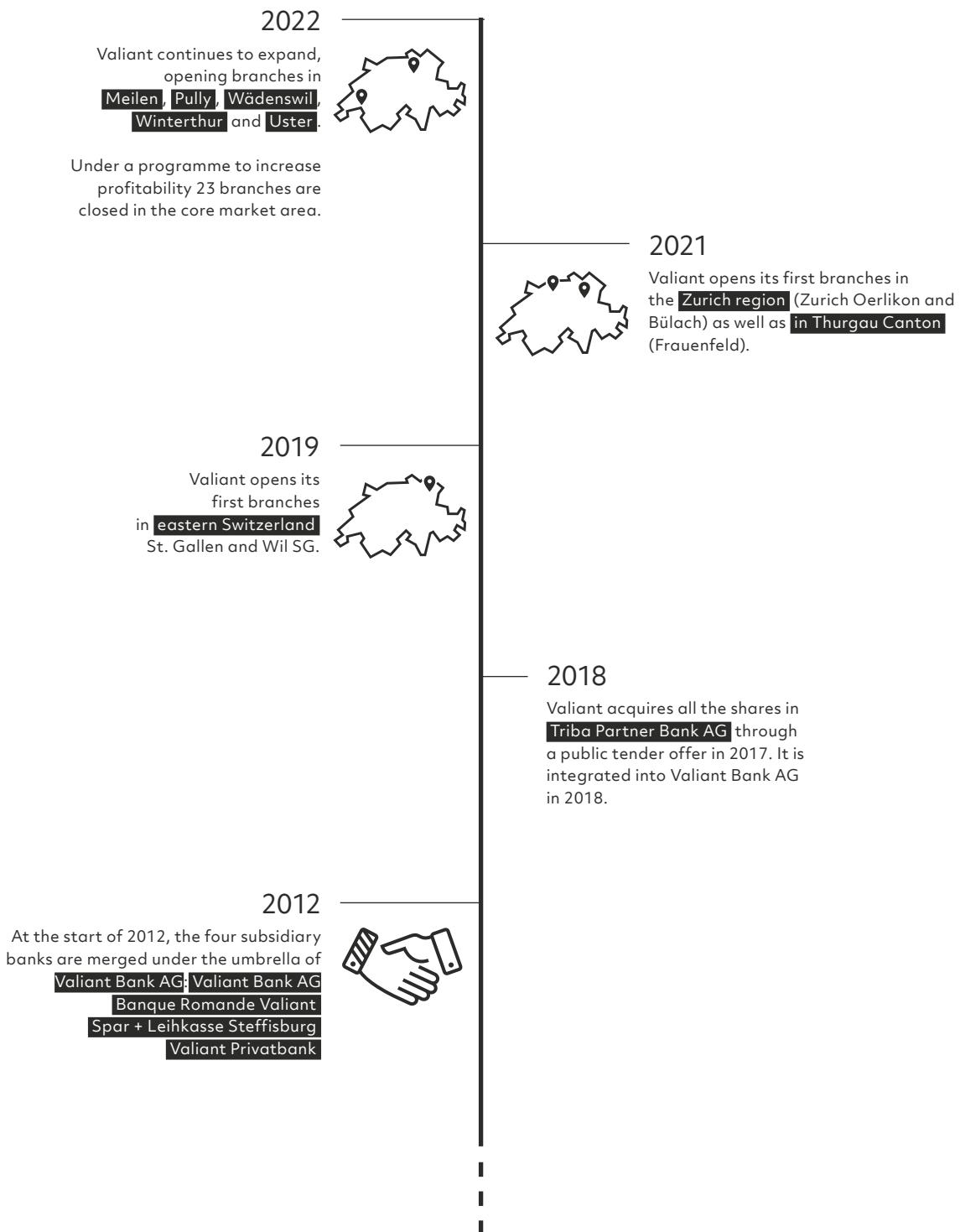
<https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#>

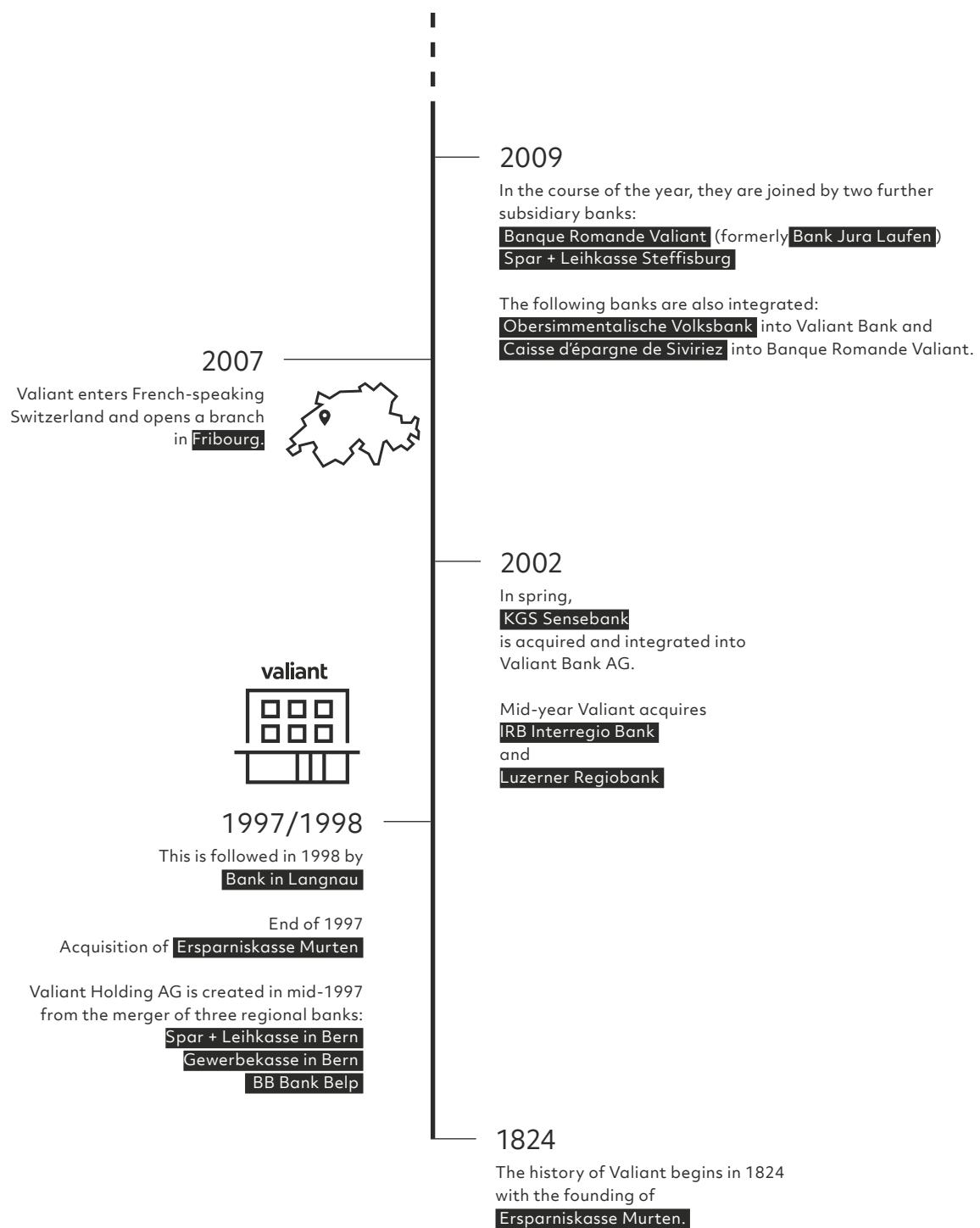
## 1.3 Cross-shareholdings

Valiant is not aware of any cross-shareholdings of capital or voting rights that would amount to 5 % on either side.

## 1.4 Company history

Valiant was created in 1997 through the merger of three regional banks whose roots go back to the early 19th century.





# 2 Capital structure

## 2.1 Share capital

The ordinary share capital of Valiant Holding AG is CHF 7,896,230.50 and is divided into 15,792,461 fully paid-up registered shares with a par value of CHF 0.50 per share.

## 2.2 Conditional and authorised capital

No conditional capital or authorised capital exists.

## 2.3 Changes in capital

In the current year and in the previous two financial years, there were no changes in the share capital. The last change in the share capital was in 2010.

## 2.4 Shares and participation certificates

Each of the 15,792,461 registered shares with a par value of CHF 0.50 per share entitles the holder to one vote at the Annual General Meeting of Valiant Holding AG. Voting rights can only be exercised if the shareholder is registered as a voting shareholder in the share register. At the end of the year, 11,728,515 shares were registered in the share register of the company as shares with voting rights. All registered shares of Valiant Holding AG are fully paid up and entitle the holder to receive dividends. There are no preferential or voting shares. There are no participation certificates.

## 2.5 Dividend-right certificates

There are no dividend-right certificates.

## 2.6 Limitations on transferability and nominee registrations

### **2.6.1 Limitations on the transferability for each share category; indication of any group clauses and rules for granting exceptions**

Under the Articles of Association, the Board of Directors may refuse to register shareholders in the share register for the following reasons:

a) If, as a result of the acquisition, an individual or a legal entity or a partnership or another association would have voting rights for more than 5 % of the entire share capital. Legal entities, partnerships, other combinations of persons or joint ownership relationships, where the persons are associated with one another on the basis of capital holdings or voting rights, a single management or in another way, as well as all individuals, legal entities, partnerships or communities which combine for the purpose of circumventing the threshold applying to entry in the share register, are deemed to be one person.

The entry restriction described in the provisions above also applies to shares that were purchased or acquired as a result of the exercise of subscription rights, warrants or conversion rights to shares or other securities issued by the company.

b) If the purchaser does not expressly declare that they hold the shares in their own name and for their own account.

c) If, according to the information available to the company, further recognition of foreign purchasers as shareholders with voting rights could potentially obstruct legally required documentation. Registration in the share register may furthermore be denied if there is a danger of foreign control or significant foreign influence pursuant to the Swiss Federal Act on Banks and Savings Banks or the Federal Act on the Acquisition of Real Estate by Persons Abroad.

#### **2.6.2 Reasons for granting exemptions in the year under review**

No exceptions to transfer restrictions were granted (see also sections 2.6.3 and 6.1.2).

#### **2.6.3 Admissibility of nominee registrations, with reference to possible percentage clauses, and registration requirements**

The company may decide, together with nominees, to enter the nominees in their own name with voting rights, even though they are acting for the account of a third party (fiduciary), for up to a registration limit of 1 % of the overall share capital. In doing so, the manner in which information about the fiduciaries is to be provided to the company must be contractually stipulated. If the nominee does not comply with their contractual obligations, the company can delete the entry with voting rights in the share register and replace it with an entry without voting rights.

#### **2.6.4 Procedure and conditions for lifting privileges and limitations on transferability set out in the Articles of Association**

Lifting or amending privileges and limitations on the transferability of registered shares in the Articles of Association requires a resolution of the Annual General Meeting carried by two thirds of the represented votes and an absolute majority of the represented share capital.

### **2.7 Convertible bonds and options**

There are no outstanding convertible bonds for Valiant Holding AG or group companies.

Neither Valiant Holding AG nor its group companies have issued any options.

# 3 Board of Directors

## 3.1 Members of the Board of Directors

The following information is based on the composition of the Board of Directors at 31 December 2022.



### **MARKUS GYGAX**

Chairman of the Board of Directors  
Swiss national, 1962

#### **Education**

- Business administration degree from HWV (University of Applied Sciences)
- Executive MBA from the Universities of St. Gallen, Vlerick (Belgium) and Nyenrode (Netherlands)

#### **Career history**

- Valiant Holding AG, CEO (2013–2019)
- Banque Cantonale Vaudoise (2008–2013), Head of Retail Division
- PostFinance (2002–2008), Head of Distribution



### **PROF DR CHRISTOPH**

**B. BÜHLER**  
Vice Chairman of the Board of Directors  
Swiss national, 1970

#### **Education**

- Law degree (Prof. Dr. iur.), University of Basel
- LL.M. International Business Law, University of Zurich

#### **Career history**

- böckli bühler partner (since 2004), business lawyer and partner (specialising in stock and capital market law and corporate governance)
- University of Zurich, honorary professor of commercial and business law



### **BARBARA ARTMANN**

Swiss and German national, 1961

#### **Education**

Degree in psychology and business management (University of Mannheim)

#### **Career history**

- Owner and CEO of Künzli SwissSchuh AG (since 2004)
- UBS AG (1999–2003), Head of the Strategic Projects department in Asset Management
- Zurich Insurance (1996–1998), Project Manager Financial Products Switzerland



### **DR MAYA BUNDT**

Swiss and German national, 1971

#### **Education**

Degree in environmental science (University of Bayreuth, Dr ETH)

#### **Career history**

- Professional board member (since 2022)
- Swiss Re (since 2003), Cyber Practice Leader, Head of Cyber & Digital Solutions (since 2016), various management positions (2003–2015)
- Boston Consulting Group (2000–2003), Management Consultant

**ROGER HARLACHER**

Swiss national, 1965

**Education**

Business administration degree from HWV (University of Applied Sciences)

**Career history**

- Zweifel Pomy-Chips (since 1995), member of the Board of Directors (since 2020), CEO (2015–2020), Head of Marketing & Sales (2002–2015), Head of Marketing (1995–2002)
- Hosta Schokolade, International Group Product Manager (1992–1995)
- Coca Cola Schweiz AG, Head of Operational Marketing (1991–1992)
- UBS, Product Manager Euro Desk (1989–1991)

**DR ROLAND HERRMANN**

Swiss national, 1964

**Education**

Astro physics (Dr. phil. nat.), University of Bern

**Career history**

- Entrepreneur and professional board member (since 2020)
- Neue Aargauer Bank AG (2012–2020), CEO (2016–2020), CFO and Deputy CEO (2012–2016)
- Clariden Leu AG (2007–2012), COO
- Bank Hofmann AG (1998–2006), CFO and CRO (2003–2006), Head of Risk Management (1998–2003)

**MARION KHÜNY**

Austrian national, 1969

**Education**

Social sciences and economics (Leopold Franzens University Innsbruck)

**Career history**

- Independent consultant (since 2017)
- ErsteGroup Bank AG (since 2017), member of the Supervisory Board
- KA Finanz AG (since 2017), member of the Supervisory Board
- Commerzbank AG (2015–2016), Division Board Member Market, Trading, Bank Book, Counterparty and Liquidity Risk
- Unicredit Bank AG (2003–2014), Head of Market, Counterparty, Liquidity, Operational and Reputation Risk (2013–2014), Deputy CRO (2011–2013), various management positions (2003–2011)

**RONALD TRÄCHSEL**

Swiss national, 1959

**Education**

Economics degree (lic. rer. pol.), University of Bern

**Career history**

- BKW (since 2014), CFO and member of the Executive Board
- Sika (2008–2014), CFO and member of the Executive Board
- Vitra (1999–2007), CFO and CEO

**Retiring members of the Board of Directors**

Nicole Pauli and Jean-Baptiste Beuret did not stand for re-election at the Annual General Meeting on 18 May 2022 and stood down from the Board of Directors with effect from that date.

**Members of the Board of Directors' operational management functions**

All members of the Board of Directors are non-executive members.

**Independence of the members of the Board of Directors**

Within the meaning of the Swiss Code of Best Practice for Corporate Governance, Markus Gygax was considered a non-independent member of the Board of Directors until the 2022 Annual General Meeting due to his previous position as CEO of Valiant. Since then, he has been classed as an independent member. All the other members of the Board of Directors are independent and have not exercised an executive function within the group.

No business relationship exists with any member of the Board of Directors that might impair their independence. All relations with boards of directors and the companies associated with them are conducted within the course of ordinary business.

## 3.2 Other activities and interests

at 31 December 2022

Name	Activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law	Function
<b>Markus Gygax</b> Chairman	Grosse Schanze AG	Chairman of the Board of Directors
<b>Prof Dr Christoph B. Bühler</b> Vice Chairman	böckli bühler partner BLT Baselland Transport AG Ed. Geistlich Söhne AG für chemische Industrie, Geistlich Immobilia AG and Geistlich Pharma AG AVAG Anlage und Verwaltungs AG AXA Foundation for Supplementary Benefits Geistlich-Stucki-Stiftung für medizinische Forschung R. Geigy Foundation	Partner Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Foundation Board Chairman of the Foundation Board Vice Chairman of the Board of Trustees
<b>Barbara Artmann</b>	Künzli SwissSchuh AG	Chair of the Board of Directors
<b>Dr Maya Bundt</b>	APG SGA AG <sup>1</sup> Baloise Holding AG <sup>1</sup> Cygns Inc.	Member of the Board of Directors Member of the Board of Directors Member of the Advisory Board
<b>Roger Harlacher</b>	Zweifel Pomy-Chips AG Gustav Gerig AG Toga Food SA Markenfabrik Holding AG Mosterei Möhl AG WEMF AG for advertising media research Vives Foundation and Vives GmbH SDW Stiftung Solidarität mit der Welt	Member of the Board of Directors Delegate of the Board of Directors Delegate of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman of the Foundation Board and Partner Member of the Foundation Board
<b>Dr Roland Herrmann</b>	Desmoto AG Investors Marketing AG	Chairman of the Board of Directors Advisory Board
<b>Marion Khüny</b>	Erste Group Bank AG <sup>1</sup> Oaknorth (UK) Ltd	Member of the Supervisory Board Consultant

<sup>1</sup> Company listed on the stock exchange

Ronald Trächsel	BKW AG <sup>1</sup>	CFO, Deputy CEO and member of the Executive Board
	Kraftwerke Oberhasli AG	Member of the Board of Directors
	ContourGlobal PLC <sup>1</sup>	Member of the Board of Directors (until 31 December 2022)
	Wyss Pflanzen und Samen AG	Chairman of the Board of Directors
	Création Baumann Holding AG	Member of the Board of Directors

Name	Permanent management and consultancy functions for important Swiss and foreign interest groups; official functions and political posts	Function
Markus Gygax Chairman	Swiss Bankers Association	Member of the Board of Directors
	Association of Swiss Regional Banks	Chairman of the Board of Directors
	Coordination of domestic banks	Member of the Management Board
Prof Christoph B. Bühler Vice Chairman	None	-
Barbara Artmann	None	-
Dr Maya Bundt	Swiss Risk Association	Member of the Board of Directors
	CyberPeace Institute	Member of the Foundation Board
Roger Harlacher	ASA Association of Swiss Advertisers	Chairman
	Mediapulse Foundation for Media Research	Member of the Foundation Board
	Digital ad Trust Switzerland	Member of the Board
	KS Kommunikation Switzerland	Member of the Management Board
Dr Roland Herrmann	None	-
Marion Khüny	None	-
Ronald Trächsel	None	-

<sup>1</sup> Company listed on the stock exchange

### 3.3 Regulations of the Articles of Association regarding the number of allowable activities

The Articles of Association of Valiant Holding AG state that no member of the Board of Directors may hold more than ten additional positions of office, and not more than four of these in a listed company. Positions in companies that are controlled by the company are not subject to these restrictions. The positions concerned are those in the highest management body of a legal entity that is required to be recorded in the commercial register or in an equivalent register in a foreign country. Positions in multiple legal entities that are under single control or part of the same group are deemed to be one position.

### 3.4 Election and term of office

#### 3.4.1 Basic principles of the election process and limitations on terms of office

The Chair and other members of the Board of Directors are elected at the Annual General Meeting for a term of office of one year. They may be re-elected. The Organisational Regulations require members of the Board of Directors to resign with effect from the next ordinary Annual General Meeting on reaching the age of 70.

The Articles of Association contain no rules deviating from the statutory provisions concerning the appointment of the Chair, the members of the Nomination and Compensation Committee and the independent shareholder proxy.

### 3.4.2 Date of first election

Name	Date of first election
Markus Gygax, Chairman	16/05/2019
Prof Christoph B. Bühler, Vice Chairman	24/05/2013
Barbara Artmann	16/05/2014
Dr Maya Bundt	18/05/2017
Roger Harlacher	19/05/2021
Dr Roland Herrmann	18/05/2022
Marion Khüny	18/05/2022
Ronald Trächsel	13/05/2020

### 3.4.3 Honorary Chairman

In 2009, Prof Roland von Büren was appointed Honorary Chairman. The Honorary Chairman does not receive any documents of the Board of Directors or attend its meetings and receives no financial compensation or other benefits.

## 3.5 Internal organisational structure

The Board of Directors elects a Vice Chair and also appoints one or more secretaries. The Board of Directors meets as often as business requires, but at least six times a year. Nine ordinary meetings were held in 2022, all of which were attended by the CEO and CFO (see also section 3.5.3).

### 3.5.1 Allocation of responsibilities within the Board of Directors

Markus Gygax is the Chairman of the Board of Directors, and Prof Christoph B. Bühler is its Vice Chairman. The Board of Directors takes decisions and adopts resolutions. It is assisted by three committees, which share its responsibilities and provide advice in advance: the Strategy Committee, the Nomination and Compensation Committee and the Audit and Risk Committee.

### 3.5.2 Duties of the Chair

The Chair presides over the Board of Directors in the interests of the company and represents the Board of Directors internally and externally. They are responsible for preparing and chairing the meetings of the Board of Directors and ensure orderly processes for preparing and holding these meetings, for holding consultations and for passing resolutions. In addition, they directly oversee the Executive Board on behalf of the Board of Directors. Their workload is around 50%. The Chair does not hold any duties or powers in operating business. Solely the Executive Board is responsible for the company's operational management.

### 3.5.3 Composition of all committees of the Board of Directors, their tasks and powers

Name	Board of Directors	Strategy Committee	Nomination and Compensation Committee	Audit and Risk Committee
Markus Gygax	• Chairman	• Chair	• Member	
Prof Christoph B. Bühler	• Vice Chairman			• Chair
Barbara Artmann	• Member	• Member		
Dr Maya Bundt	• Member		• Chair	
Roger Harlacher	• Member		• Member	
Dr Roland Herrmann	• Member			• Member
Marion Khüny	• Member			• Member
Ronald Trächsel	• Member	• Member		

**Strategy Committee** The committee is composed of members of the Board of Directors appointed by the Board of Directors. It comprises at least three members. The members and chair of the committee are elected by the Board of Directors for a term of office ending upon completion of the next Annual General Meeting. They may be re-elected. The CEO, CFO and other persons as required may attend meetings of the committee in an advisory capacity. The sole function of the Strategy Committee is to advise in advance. It has no decision-making powers. An external advisor attended a meeting of the committee during the year.

The Strategy Committee discusses the following matters in particular and proposes motions concerning them to the Board of Directors:

- developing proposals to refine and improve Valiant's strategy and positioning;
- evaluating, assessing, preparing and regularly reviewing strategic partnerships and major holdings;
- evaluating, assessing and preparing growth opportunities and acquisitions;
- discussing and assessing the investor relations strategy;
- discussing and assessing the corporate responsibility and sustainability strategies;
- reviewing the medium-term objectives on an annual basis;
- supporting the implementation of strategic partnerships, major holdings and projects;
- supporting the processing and integration of acquisitions;
- advising and supporting the CEO and Executive Board on strategic issues;
- receiving reports on investor relations, market trends, brand awareness, client satisfaction and other topics.

**Nomination and Compensation Committee** The Nomination and Compensation Committee is composed of members of the Board of Directors elected by the Annual General Meeting for a term of office ending upon completion of the next Annual General Meeting. Should any vacancies arise, the Board of Directors nominates one or more of its members to replace the missing member or members until completion of the next Annual General Meeting. The Nomination and Compensation Committee comprises at least three members of the Board of Directors. It constitutes itself; the Chair of the Board of Directors may not chair the committee. The CEO, the Head of HR and if necessary the CFO or any other persons as required by the committee may attend its meetings in an advisory capacity. These individuals do not attend any discussions about their own compensation. No external advisors were involved in determining the compensation of the Board of Directors and the Executive Board, either before or during the meetings. In the year under review, two external advisors specialising in board assessment services attended two meetings of the committee.

The Nomination and Compensation Committee discusses the following matters in particular and proposes motions concerning them to the Board of Directors:

- formulating and drafting motions for approval and periodically assessing the job specifications of the Chair and members of the Board of Directors, the members of the committees and the CEO;
- drafting motions for approval and periodically assessing the job specifications of the other members of the Executive Board and other function holders, particularly the Chief Risk Officer;
- drafting, implementing and reviewing human resources planning, in particular:
  - conducting planning of successors to the Chair and other members of the Board of Directors;
  - drafting motions for the election and removal of members of the committees of the Board of Directors;
  - conducting planning of successors to the CEO and other members of the Executive Board;
  - drafting motions for the election and removal of the CEO and other members of the Executive Board;
  - drafting motions for the election and removal of key function holders;
- formulating and reviewing compensation policy and guidelines, in particular:
  - drafting rules governing the compensation and payment of expenses to members of the Board of Directors;
  - drafting rules governing the compensation of members of the Executive Board and other employees and determining the size of the overall pool for variable compensation;
  - regularly reviewing the regulations;
- preparing the Board of Directors' motions for the Annual General Meeting regarding the compensation of the members of the Board of Directors and of the Executive Board;
- preparing the annual compensation report;
- drafting motions for annual salary adjustments and the size of the overall pool for variable compensation;
- drafting motions for the individual compensation of the members of the Executive Board (including variable compensation) within the framework of the total compensation approved at the Annual General Meeting;
- drafting motions for performance objectives for the members of the Executive Board (company targets) and assessing their attainment;
- checking on an annual basis compliance with Article 31 of the Articles of Association of Valiant Holding AG on the maximum number of external positions that may be held by members of the Board of Directors and the Executive Board, and assessing the method used to count positions held in associated legal entities;
- assessing conflicts of interest and drafting proposals to limit or eliminate these;
- drafting principles for appointing employer representatives to the Foundation Board of the pension fund and the corresponding motions for the Board of Directors;
- the Board of Directors may assign the committee other tasks concerning compensation, human resources or related areas.

**Audit and Risk Committee** The Audit and Risk Committee is composed of no fewer than three members of the Board of Directors. The members, including the Chair, are each elected by the Board of Directors for a term of one year, based on a motion of the Nomination and Compensation Committee. They may be re-elected. The Chair of the Board of Directors may not be a member of the Audit and Risk Committee. The CFO, Deputy CFO, the Chief Risk Officer (CRO) and the Head of Legal & Compliance may attend meetings of the Audit and Risk Committee in an advisory capacity and inform the Audit and Risk Committee about all relevant matters within the Audit and Risk Committee's remit. The Audit and Risk Committee may at any time invite other individuals, in particular representatives of the external and internal auditors, to attend its meetings. In the year under review, an advisor specialising in special risk insurance attended one meeting of the committee.

The members of the Audit and Risk Committee must possess sound knowledge and experience of risk management, compliance, finance and accounting, be familiar with the accounting procedures of a retail bank and add to their knowledge of these fields. They must be familiar with the activities of the internal and external auditors and the basic principles of an internal control system.

The members of the Audit and Risk Committee must satisfy the applicable rules on independence.

Tasks and powers:

**a) Monitoring and evaluating the integrity of the financial statements**

The Audit and Risk Committee

- assesses and approves the general guidelines for financial reporting for the Board of Directors;
- monitors and assesses the financial reporting and the integrity of the financial statements and ensures they are prepared in accordance with the applicable accounting principles, evaluating in particular the valuation of the main positions on and off the balance sheet;
- discusses the financial statements and the quality of the accounting processes by which they were produced with the CFO, the lead auditor and the Head of Internal Audit;
- issues a recommendation as to whether the financial statements are ready for presentation to the Annual General Meeting. This decision is taken by the Board of Directors;
- assesses the monitoring of credit, interest rate, funding and liquidity risks, operational risks, legal and compliance risks, pension fund risks, other market risks, equity and strategy risks and reputational risks.

**b) Monitoring and evaluating internal controls and the internal audit**

The Audit and Risk Committee

- monitors and assesses whether internal controls, especially the Compliance function and Risk Control, are appropriate and effective;
- ensures that the internal controls are adapted accordingly when there are major changes in the bank's risk profile;
- evaluates and approves the general guidelines for internal auditing for the Board of Directors;
- determines the audit programme for the internal audit;
- reviews the audit plan, audit frequency and audit results of the internal audit once a year;
- orders special controls and the measures to be taken as a result of them;
- must be informed of the results of the internal audit and be in regular contact with the Head of Internal Audit;
- evaluates the performance and remuneration of the internal auditors and ensures their effectiveness and independence;
- submits a motion to the Board of Directors regarding the appointment of the internal auditors.

**c) Monitoring and evaluating the effectiveness of the auditors and their cooperation with Internal Audit**

The Audit and Risk Committee

- assesses the audit plan, audit frequency and audit results once a year and in the event of major changes to the risk profile or risk analysis; critically analyses the regulatory audit report, the full report in accordance with Article 728b para. 1 of the Swiss Code of Obligations (CO) and the summary report in accordance with Article 728b para. 2 CO and discusses these with the lead auditor(s); ensures that shortcomings have been remedied or the auditors' recommendations put into effect;
- evaluates the performance and remuneration of the auditors and ensures their effectiveness and independence;
- evaluates the cooperation between the auditors and Internal Audit;
- submits to the Board of Directors draft motions for the Annual General Meeting on the selection of the external auditors.

**d) Monitoring and evaluating the risk policy and risk management**

The Audit and Risk Committee

- reviews the risk policy and operational risk regulations, which form the framework for bank-wide risk management, for the Board of Directors;
- evaluates the suitability of the risk policy and the operational risk regulations, which form the framework for bank-wide risk management, at least once a year and submits a motion concerning this to the Board of Directors;
- evaluates the risk profile and risk analysis once a year and in the event of major changes;
- discusses the risks discovered and the reports from Risk Control and the Compliance function with the Chief Risk Officer (CRO) and the Head of Legal and Compliance;
- reviews the suitability of the methods used to measure risk, including risk appetite and risk limits;
- assesses whether the bank has a suitable risk management system with effective processes that are appropriate to its risk situation.

**3.5.4 Work of the Board of Directors and its committees**

The following table shows the meetings held in the year under review and the attendance by the individual members of the Board of Directors:

	Board of Directors	Strategy Committee	Nomination and Compensation Committee	Audit and Risk Committee
Number of ordinary meetings	9	7	6	9
Markus Gygax	9	7	6	
Prof Christoph B. Bühler	9			9
Barbara Artmann	9	7		
Jean-Baptiste Beuret <sup>1</sup>	4			4
Dr Maya Bundt	9		6	
Roger Harlacher	9		6	
Dr Roland Herrmann <sup>2</sup>	5			5
Marion Khüny <sup>2</sup>	5			5
Nicole Pauli <sup>1</sup>	4			4
Ronald Trächsel	9	6		

<sup>1</sup> Up until their departure on 18 May 2022, Jean-Baptiste Beuret and Nicole Pauli attended all meetings of the Board of Directors and the Audit and Risk Committee.

<sup>2</sup> Since their election on 18 May 2022, Roland Herrmann and Marion Khüny have attended all meetings of the Board of Directors and the Audit and Risk Committee.

In addition to the nine ordinary meetings of the Board of Directors, a two-day workshop was held to discuss strategic matters with the Executive Board. In addition, the Board of Directors arranged further training on regulatory matters and compliance, IT and cyber risks and strategic data management.

The agenda items for meetings of the Board of Directors are selected by the Chair. Each member of the Board of Directors can request that an item be added to the agenda. Before each meeting of the Board of Directors, its members receive documents enabling them to prepare for the discussion of the agenda items. Minutes are kept of the meetings. The usual duration of meetings in the year under review was two-and-a-half to four hours. The Board of Directors and the individual committees perform a self-assessment at least once a year. In the year under review, it revised the self-assessment with the support of an external consultant and performed it at the end of 2022.

**Strategy Committee** As a general rule, the Strategy Committee meets every other month. Extraordinary meetings may be requested by any member, stating the purpose. Meetings are called by the Chair. Meeting minutes are kept and sent to all members of the Board of Directors. The usual duration of meetings in the year under review was one to three hours.

**Nomination and Compensation Committee** As a general rule, the Nomination and Compensation Committee meets every one to two months. Extraordinary meetings may be requested by any member, stating the purpose. Meetings are called by the Chair. Meeting minutes are kept and sent to all members of the Board of Directors. The usual duration of meetings in the year under review was two to four hours.

**Audit and Risk Committee** As a general rule, the Audit and Risk Committee meets at least six times a year. Dates of meetings are set taking into account the cycle of external and internal audits, the cycle of publication of financial results and the management cycle. Extraordinary meetings may be requested by any member, stating the purpose. Meetings are called by the Chair. The usual duration of meetings in the year under review was two to four hours. Minutes of the Audit and Risk Committee meetings are kept and sent to all members of the Board of Directors.

Representatives of Internal Audit and of the external auditors attended the following meetings in 2022:

Meeting attendance Audit and Risk Committee	Number
External auditors	5
Internal Audit	5

## 3.6 Areas of responsibility

The Board of Directors is responsible for the company's strategic direction and overall management. In accordance with Swiss banking legislation, the Board of Directors has entrusted the bank's executive management to the Executive Board. Simultaneous membership of both boards is not permitted.

### 3.6.1 Executive Board

The Executive Board is responsible for managing Valiant Holding AG and the Valiant Group and for executing decisions taken by the Board of Directors. It is responsible for operational management and deals with external communications on behalf of the Board of Directors, including investor relations.

Other tasks and powers of the Executive Board are:

- preparing issues to be discussed by the Board of Directors and drafting the corresponding motions;
- drawing up company policy and strategy for submission to the Board of Directors;
- drawing up medium-term and annual objectives in keeping with the strategy of the Board of Directors;
- drawing up planning documents, including a budget;
- drawing up interim (quarterly) balance sheets and income statements;
- issuing directives and any other instructions;
- setting HR strategy as part of the HR policy;
- approving the annual report for submission to the Board of Directors;
- ensuring compliance with regulatory requirements;
- carrying out own-account transactions to the extent required in compliance with statutory provisions, the regulations in place and the instructions of the Board of Directors;
- bearing responsibility for risk management, and in particular:
  - developing and ensuring suitable processes to identify, measure, monitor and control the risks taken by Valiant;
  - conducting risk analysis and control across the group;
  - drawing up the risk policy;
- reviewing and revising the suitability of the risk policy on an annual basis (framework concept);
- drawing up measures when risk-bearing capacity limits are exceeded;
- ensuring the effectiveness of internal control systems operationally.

### 3.6.2 CEO

The CEO has the following tasks in particular:

- leading and coordinating the Executive Board's activities and monitoring the proper conduct of business;
- bringing about timely and appropriate decisions and overseeing their implementation;
- ensuring that the Chair of the Board of Directors receives timely and appropriate information;
- in the absence of any stipulations by the Board of Directors to the contrary, they attend the meetings of the Board of Directors in an advisory capacity.

### 3.7 Information and control instruments relating to the Executive Board

The Board of Directors is kept informed of the Executive Board's activities by various means:

- The CEO and CFO attend meetings of the Board of Directors and report on the state of, and developments in, the areas of responsibility delegated to them.
- The CRO and the Head of Legal & Compliance participate in discussions of matters affecting their areas of responsibility.
- The Chair of the Board of Directors has electronic access to the minutes and documents of Executive Board meetings, enabling them to keep up to date with all developments.
- The Board of Directors is informed immediately of any extraordinary events.
- Members of the Board of Directors can request any information they require to perform their tasks, even outside the context of a meeting. Each member of the Board of Directors can ask members of the Executive Board for information about the course of business, even outside the context of a meeting. Requests for information on individual business relationships or transactions are addressed to the Chair, or, in their absence, the Vice Chair.

PricewaterhouseCoopers AG, as external auditors, and BDO AG as internal auditors, cooperate closely in monitoring compliance with laws and regulations and with internal guidelines and directives. They are independent of the Executive Board and report the findings of their audits to the Board of Directors and to the Audit and Risk Committee.

Valiant's management information system includes in particular the submission of the following reports to the Board of Directors:

Frequency	Report
Quarterly	<ul style="list-style-type: none"> <li>- Attainment of company targets</li> <li>- Quarterly financial statements including an analysis of deviations to the budget</li> <li>- ALM</li> <li>- Treasury and capital market reporting</li> <li>- Concentration risks and other large credit risks (large exposures)</li> </ul>
Half-yearly	<ul style="list-style-type: none"> <li>- Strategy</li> <li>- Legal &amp; Compliance</li> <li>- Risk Control</li> <li>- Reporting Credit Office</li> <li>- HR</li> </ul>
Annual	<ul style="list-style-type: none"> <li>- Budgeting</li> <li>- Capital planning</li> <li>- Annual financial statements</li> <li>- Review of risk policy</li> <li>- Operational risk inventory</li> </ul>

The system works as follows:

- Members of the Board of Directors are provided with financial statements (balance sheet and income statement) for the group, Valiant Holding AG and Valiant Bank AG every quarter, every six months and annually. These include comparisons of the figures with those for the previous year and with the budget, together with comments on them. They also receive a year-end projection with changes from the previous year's figures and deviations from the budget.
- For the purpose of asset and liability management (ALM), monthly analyses are carried out for interest rate risk and income in order to recognise, quantify and manage the risk of a change in interest rates across the whole balance sheet. These analyses serve as a basis for the decisions of the Asset and Liability Committee (ALCO), which is made up of members of the Executive Board and specialists.
- The ALCO is chaired by the CFO. The ALCO meets as and when needed, but at least six times a year, to discuss the analyses and any actions to be taken as a consequence of them. At meetings, members of the Board of Directors are regularly informed of the results of ALM analyses and the lessons learned from them. Members of the Board of Directors are also provided with documentation concerning the quarterly analyses.

# 4 Executive Board

## 4.1 Members of the Executive Board

The following information is based on the composition of the Executive Board at 31 December 2022.



**EWALD BURGNER**

Swiss national, 1966

**Position at Valiant**

CEO since 17 May 2019, at Valiant since 2013

**Education**

- Economics degree (lic. rer. pol.)
- Federally certified auditor

**Earlier positions for Valiant Holding AG or a group company**

CFO (2013–2019) and Deputy CEO (2015–2019)

**Earlier positions outside Valiant Holding AG or a group company**

- Entris Holding AG and Entris Banking AG, CFO and member of the Executive Board (2009–2013)
- Subsidiaries of Entris Holding AG, various management positions (2002–2009)
- Ernst & Young, Bern, Financial Services Auditor (1996–2002)



**MARTIN VOGLER**

Swiss national, 1970

**Position at Valiant**

Head of Private and Business Clients, Deputy CEO, at Valiant since 2015

**Education**

- Law degree (lic. iur.)
- Executive MBA from the Universities of St. Gallen, Vlerick (Belgium) and Nyenrode (Netherlands)

**Earlier positions for Valiant Holding AG or a group company**

None

**Earlier positions outside Valiant Holding AG or a group company**

- Baloise Insurance Ltd, Deputy Head of Sales and Head of Marketing and Sales Management (2010–2015)
- Zurich Financial Services Ltd, various management positions (1996–2010)



**DR MICHAEL EISENRAUCH**

Austrian national, 1976

**Position at Valiant**

Head of Operations and IT, at Valiant since 2022

**Education**

Economics degree (European University Vienna/Belgrade)

**Earlier positions for Valiant Holding AG or a group company**

None

**Earlier positions outside Valiant Holding AG or a group company**

- Basler Kantonalbank (2009–2022), COO, member of the Group Executive Board and Head of Service Center (2016–2022), various executive and project management functions (2009–2016)
- Cirquent NTT Group Company (2007–2009), senior consultant for banks
- Sparkasse Oberösterreich (1991–2007), most recently Head of the Innovation Centre for eBusiness (2000–2007)

**SERGE LAVILLE**

Swiss national, 1973

**Position at Valiant**CFO since 1 February 2022,  
at Valiant since 2011**Education**

- Business administration degree from FH (University of Applied Sciences)
- Federally certified auditor

**Earlier positions for Valiant Holding AG or a group company**

Head of Accounting/Controlling (2011–2022) and Deputy CFO (2012–2022)

**Earlier positions outside Valiant Holding AG or a group company**

- PricewaterhouseCoopers, Financial Services Auditor (2002–2011)

**DR MARC PRAXMARER**

Swiss national, 1963

**Position at Valiant**

Head of Corporate and Institutional Clients, at Valiant since 2016

**Education**

- Economics degree (Dr. oec. HSG)
- Advanced Management Program at Harvard Business School, Boston (USA)

**Earlier positions for Valiant Holding AG or a group company**

None

**Earlier positions outside Valiant Holding AG or a group company**

- Zuger Kantonalbank AG, Head of Corporate Clients and Real Estate Financing (2013–2015)
- Credit Suisse AG, Head of Aargau/Olten Region, Private Banking (2012–2013)
- Neue Aargauer Bank AG, Member of the Executive Board (2005–2011), various management positions (1995–2005)

**CHRISTOPH WILLE**

Swiss national, 1971

**Position at Valiant**

Head of Customer Services and Products, at Valiant since 2015

**Education**

- Law degree (lic. iur.)
- MBA Henley Management College (UK)

**Earlier positions for Valiant Holding AG or a group company**

None

**Earlier positions outside Valiant Holding AG or a group company**

- Cognizant GmbH, Zurich, Head of Program Management Consulting (2014)
- IBM Switzerland Ltd, management consultancy, various management positions (2001–2014)

**Retiring members of the Executive Board**

Stefan Gempeler, Head of Operations &amp; IT and member of the Executive Board until 31 August 2022, left Valiant at the end of September 2022.

## 4.2 Other activities and interests

at 31 December 2022

Name	Activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law	Function
<b>Ewald Burgener</b> CEO	Position on behalf of Valiant Pfandbriefbank schweizerischer Hypothekarinstutute AG Valiant Holding pension fund	Member of the Board of Directors Member of the Foundation Board
	Positions in majority holdings of Valiant Entris Holding AG and Entris Banking AG	Chairman of the Board of Directors
<b>Martin Vogler</b> Head of Private and Business Clients, Deputy CEO	Position on behalf of Valiant Esisuisse (depositor protection scheme)	Member of the Management Board
<b>Dr Michael Eisenrauch</b> Head of Operations and IT	Position on behalf of Valiant Entris Holding AG and Entris Banking AG	Member of the Board of Directors
<b>Dr Marc Praxmarer</b> Head of Corporate and Institutional Clients	None	–
<b>Christoph Wille</b> Head of Customer Services and Products	Künstlerhaus Boswil Foundation	Member of the Foundation Board
	Position on behalf of Valiant Viseca Payment Services AG Swiss Fintech Innovations (SFTI)	Member of the Board of Directors Member of the Management Board
<b>Serge Laville</b> CFO	Position on behalf of Valiant Crédit Mutuel de la Vallée SA Valiant Holding pension fund	Member of the Board of Directors Member of the Foundation Board
	Positions in majority holdings of Valiant Entris Holding AG and Entris Banking AG	Member of the Board of Directors

Name	Permanent management and consultancy functions for important Swiss and foreign interest groups; official functions and political posts	Function
<b>Ewald Burgener</b> CEO	None	–
<b>Martin Vogler</b> Head of Private and Business Clients, Deputy CEO	Retail Banking Steering Group of the Swiss Bankers Association	Member
<b>Dr Michael Eisenrauch</b> Head of Operations and IT	None	–
<b>Dr Marc Praxmarer</b> Head of Corporate and Institutional Clients	None	–
<b>Christoph Wille</b> Head of Customer Services and Products	Commission for Digitalisation of the Swiss Bankers Association	Member
<b>Serge Laville</b> CFO	Commission for Financial Market Regulation and Accounting of the Swiss Bankers Association	Member

No member of the Executive Board sits on the board of another listed company.

## 4.3 Regulations of the Articles of Association regarding the number of allowable activities

The Articles of Association of Valiant Holding AG state that no member of the Executive Board may hold more than six positions of office, and not more than one of these in a listed company. Positions in companies that are controlled by Valiant are not subject to these restrictions. The positions concerned are those in the highest management body of a legal entity that is required to be recorded in the commercial register or in an equivalent register in a foreign country. Positions in multiple legal entities that are under single control or part of the same group are deemed to be one position.

## 4.4 Management contracts

Valiant Holding AG has not transferred any management functions to third parties. Within the Valiant group, there are management contracts with consolidated and non-consolidated subsidiaries.

# 5 Compensation, shareholdings and loans

Compensation, shareholdings and loans are shown in the compensation report on pages 107–129.

# 6 Shareholders' participation rights

## 6.1 Restrictions on voting rights and proxies

### **6.1.1 Regulations of the Articles of Association regarding restrictions on voting rights**

Shareholders with voting rights are exclusively those who are validly entered in the share register as shareholders with voting rights and are recognised by the company as such. A person who buys shares is in principle entered in the register, provided this person does not alone represent more than 5 % of the total share capital or votes. Groupings formed to circumvent this restriction are treated as one person (see also section 2.6.1). The exercise of rights arising out of a share implies acknowledgement of the company's Articles of Association. A shareholder without voting rights can exercise neither voting rights nor the rights associated with voting rights. Each shareholder with voting rights may have their shares represented by their legal representative, a shareholder with voting rights or the independent proxy. This is subject to a statutory right of representation. Each registered share entitles the holder to one vote at the Annual General Meeting of Valiant Holding AG. However, a shareholder may, for their own shares and represented shares combined, cast votes representing no more than 8 % of the total share capital. Groupings formed to circumvent this restriction are treated as one person. The independent proxy is exempt from these restrictions. The bank may decide, together with nominees, to enter the nominees in the share register in their own name with voting rights and for up to a registration limit of 1 % of the overall share capital (see also section 2.6.3).

### **6.1.2 Reasons for granting exemptions in the year under review**

No exemptions were granted in the year under review.

### **6.1.3 Procedure and conditions for the lifting of restrictions on voting rights**

#### **set out in the Articles of Association**

The restriction on voting rights may only be lifted by a resolution of the Annual General Meeting carried by two thirds of the represented votes and an absolute majority of the represented share capital.

### **6.1.4 Regulations of the Articles of Association regarding participation in the Annual General Meeting where these differ from applicable legal provisions**

Each shareholder with voting rights may have their shares represented by their legal representative, a shareholder with voting rights or the independent proxy.

### **6.1.5 Regulations of the Articles of Association on the issuing of instructions to the independent proxy**

Powers of attorney and instructions may be issued to the independent proxy for the next Annual General Meeting only. The Board of Directors decides in what electronic form the shareholders may issue powers of attorney and instructions to the independent proxy.

## **6.2 Quorums prescribed by the Articles of Association**

For resolutions on:

- the conversion of registered shares into bearer shares;
- the amendment of the provisions of the Articles of Association concerning the recognition of registered shareholders;
- the amendment of the provisions of the Articles of Association concerning restrictions on voting rights;
- the liquidation of the company and the amendment of the provision concerning qualified majorities;

the approval of at least two thirds of the represented votes and an absolute majority of the represented share capital are required. The above is subject to mandatory statutory provisions, in particular Article 704 of the Swiss Code of Obligations. The Annual General Meeting otherwise adopts resolutions and makes elections with an absolute majority of the represented votes.

## **6.3 Convening of the Annual General Meeting**

The Annual General Meeting is convened by the Board of Directors at least 20 days before the date of the meeting. Invitations are sent by regular post to the shareholders' addresses recorded in the share register. An Annual General Meeting may also be called by the shareholders who together represent at least 10% of the share capital.

The Annual General Meeting of 18 May 2022 was held without the personal presence of the shareholders in accordance with Article 27 of Ordinance 3 of the Swiss Federal Council on Measures to Combat the Coronavirus. However, the shareholders were able to exercise their voting rights by issuing instructions to the independent proxy, Tschümperlin Lötscher Schwarz AG.

## 6.4 Agenda

The Board of Directors proposes the agenda items. The notice convening the Annual General Meeting must announce the agenda items and motions of the Board of Directors, as well as those of the shareholders, if the latter have called for an Annual General Meeting or proposed an agenda item. Resolutions cannot be adopted on motions that are not submitted until the Annual General Meeting and that do not refer to any of the announced agenda items, subject to statutory exceptions. Shareholders with voting rights who together represent shares with a nominal value of CHF 10,000 (which corresponds to 20,000 shares or a market value at 31 December 2022 of CHF 2 million) may, up to 50 days before the day of the meeting, propose agenda items in writing, with an explanation of the motions.

## 6.5 Entries in the share register

The share register remains closed to entries for a maximum of 20 days prior to the Annual General Meeting. There are no rules for granting exceptions.

# 7 Change of control and defensive measures

## 7.1 Obligation to make an offer

There are no regulations in the Articles of Association on opting out or opting up; however, the regulations regarding the obligation to submit an offer to acquire all equity securities pursuant to Article 135 of the Swiss Financial Market Infrastructure Act apply.

## 7.2 Change of control clauses

There are no contractual agreements for the protection of members of the Board of Directors or of the Executive Board in the event that a majority shareholder takes over control of Valiant Holding AG.

# 8 Auditors

The audit is an integral part of corporate governance. While remaining independent of each other, the external auditors and Valiant's internal auditors work closely together. The Audit and Risk Committee, and in the last instance the Board of Directors, monitor the adequacy of the bank's audit activities. BDO AG has performed the internal audit since 1 January 2019.

## 8.1 Term of mandate and term of office of the lead auditor

In accordance with the Articles of Association, the Annual General Meeting elects the external auditor for a term of office of one year. Valiant Holding AG's external auditor is PricewaterhouseCoopers AG, Lucerne (in place since 24 May 2013). The lead auditor responsible for Valiant may exercise their function for a maximum of seven consecutive years. They may resume their mandate only after a break of three years. The function has been exercised by Thomas Romer since the 2020 Annual General Meeting.

## 8.2 Auditing fees

The fees charged by the external auditor PricewaterhouseCoopers AG for auditing services provided (including audit-related services) totalled CHF 678,035 (including VAT) in 2022. BDO AG, Bern, charged Valiant Holding AG and Valiant Bank AG CHF 810,899 (including VAT) for services in connection with its function as internal auditor for 2022.

## 8.3 Additional fees

PricewaterhouseCoopers AG invoiced Valiant CHF 43,841 (including VAT) for miscellaneous non-auditing services (gap analysis on sustainable finance) in 2022.

## 8.4 Information instruments pertaining to the external auditor

The Audit and Risk Committee of Valiant Bank AG is responsible for cooperating with the external auditor, as governed by the annual engagement letter. The engagement letter requires compliance with all relevant provisions set out by the Swiss Code of Obligations (CO), the Banking Act, SIX Swiss Exchange, EXPERTsuisse and the International Federation of Accountants (IFAC) concerning the independence of the external auditor. The external auditor is independent of Valiant, its Board of Directors and Executive Board and its shareholders. The external auditor is ensured direct access to the Audit and Risk Committee at all times.

### **Reports of the internal and external auditors**

The internal and external auditors set out their findings in reports. The external auditor prepares a report each year for each group company in accordance with Article 728b para. 2 CO, for the attention of the respective annual general meetings. For Valiant Holding AG and Valiant Bank AG, it prepares a report on the regulatory basic audit in accordance with FINMA Circular 13/3 and a comprehensive report for the Board of Directors in accordance with Article 728b para. 1 CO. The internal auditor provided 17 reports on the audits that it conducted at Valiant Holding AG and its group companies in 2022. The Audit and Risk Committee dealt with the reports submitted at its meetings. The Audit and Risk Committee is informed of the results of the audits and is in regular contact with the lead auditor.

### **Assessment of the internal and external auditors**

The Audit and Risk Committee assesses the external and internal auditors' performance, fees and independence each year. This assessment includes an appraisal of the independence of the external auditor. The Audit and Risk Committee also assesses the scope and quality of the reports and the management letters submitted to the Executive Board and the Audit and Risk Committee, as well as the cooperation with Valiant's internal auditor, the Executive Board and the Audit and Risk Committee. In addition, the committee analyses on an annual basis the scope of the external and internal audits, along with the audit plans and the relevant procedures, and discusses the audit results with the auditors in each case. Finally, it submits to the Board of Directors proposals for the election of the external auditor and its mandate beyond the ordinary audit mandate. PricewaterhouseCoopers AG as supervisory auditor is subject to supervision by FINMA and as an auditor is supervised by the Federal Audit Oversight Authority. These two bodies review its performance and independence.

# 9 Information policy

Valiant communicates openly and transparently. We keep shareholders, potential investors, financial analysts, private investors and the public fully and regularly informed. All financial publications are available to the public contemporaneously. The Annual Report is published online at [valiant.ch/results](http://valiant.ch/results). Shareholders receive an abridged version of the annual report along with their invitation to the Annual General Meeting. We also provide updates on our business performance each quarter by releasing interim financial statements. Media and analysts' conferences are held at least once per year. We regularly meet institutional investors, hold roadshows and take part in investor conferences in Switzerland and abroad. All of the latest information for shareholders and analysts can be found online at [valiant.ch/investors](http://valiant.ch/investors). Anyone who would like to be informed by e-mail about the publication of Valiant's financial results can subscribe at [valiant.ch/de/newsletter](http://valiant.ch/de/newsletter).

## **Investor Relations – contact information**

Valiant Holding AG  
Investor Relations  
P.O. Box  
CH-3001 Bern

[valiant.ch/investors](http://valiant.ch/investors)  
[ir@valiant.ch](mailto:ir@valiant.ch)

## **Key dates in 2023**

Publication of the annual results	1 February 2023
Publication of the annual report	24 March 2023
Publication of the interim financial statements at 31 March	4 May 2023
Annual General Meeting	17 May 2023
Publication of the interim financial statements at 30 June	27 July 2023
Publication of the interim financial statements at 30 September	2 November 2023

# 10 Trading blackout periods

## 10.1 Members of the Board of Directors

The blackout periods in sections 10.3 and 10.4 apply to the Board of Directors with regard to transactions (the purchase and sale) of Valiant shares and subordinated Valiant bonds.

## 10.2 Members of the Executive Board and employees

Members of the Executive Board are barred as a rule from purchasing Valiant shares and subordinated Valiant bonds, as are those employees covered by the general blackout period. The blackout periods in sections 10.3 and 10.4 apply with regard to the sale of Valiant shares and subordinated Valiant bonds.

The general blackout period applies to the following persons:

- All members of the Executive Board
- All members of senior management with function level 18–20
- All employees of the Investor Relations department
- All employees of the Accounting/Controlling department
- All employees of the ALM/Treasury department
- All employees of the Risk Management department
- All employees of the Legal and Compliance department
- All employees of the General Secretariat
- All employees of the Communications department
- All employees of the HR Management department
- All employees of the Investment department
- All employees of the Trading department
- All employees of the Corporate Development department
- All assistants of Executive Board members.

## 10.3 General blackout period

The blackout period lasts throughout the year with the exception of the four following windows:

- The publication date of the financial statements to the end of the month of March
- The publication date of the first quarter financial statements to the end of the month of June
- The publication date of the half-year financial statements to the end of the month of September
- The publication date of the third quarter financial statements to the end of the month of December.

## 10.4 Project-related blackout periods

Ad hoc blackout periods are defined for projects involving information/measures relevant to the share price. These apply independently of section 10.3 for all members of the Board of Directors, Executive Board members and employees involved in such projects.

The responsible project manager determines and communicates the project-related blackout period to the relevant persons and notifies HR Management accordingly. The project-related blackout periods are included in the system report for Risk Control.

## 10.5 Exceptions

The Executive Board may approve exceptions to the blackout periods outlined above, at the request of the employee in question and where there is adequate justification for doing so.

# 2022 compensation report



## **Compensation report**

### **109 Foreword**

## **Key components and principles of our compensation policy**

- 110 1.1 Simple and transparent compensation system**
- 110 1.2 Market orientation**
- 110 1.3 Performance and results-oriented**
- 110 1.4 Equal pay**
- 111 1.5 Risk awareness**
- 111 1.6 Board of Directors: 30% share component**
- 111 1.7 Restriction on variable compensation for the Executive Board**
- 111 1.8 Curtailment of compensation**

## **Decision-making authority for determining compensation**

- 112 2.1 Setting of compensation for the Board of Directors**
- 112 2.2 Setting of compensation for the Executive Board**
- 113 2.3 Regulations as per the Articles of Association**

## **Components of compensation**

- 114 3.1 Components of compensation for the Board of Directors**
- 116 3.2 Components of compensation for the Executive Board**

## **Calculation of variable compensation**

- 117 4 Calculation of variable compensation**

## **Executive Board targets and attainment**

- 118 5.1 Target attainment for the 2022 financial year**
- 119 5.2 Impact of target attainment on variable compensation for the Executive Board**
- 119 5.3 Targets for the 2023 financial year**

## **Compensation approved at the Annual General Meeting**

- 120 6.1 Board of Directors**
- 120 6.2 Executive Board**

## **Compensation in the reporting period**

- 121 7.1 Payments to members of the Board of Directors (audited)**
- 123 7.2 Payments to members of the Executive Board (audited)**
- 125 7.3 Loans to members of the Board of Directors and the Executive Board (audited)**

## **Gender representation on the Board of Directors and Executive Board**

- 126 8.1 Background**
- 126 8.2 Achievement of the gender benchmarks**
- 126 8.3 Reasons and measures**

## **Auditor's report**

- 128 9 Auditor's report**

# Foreword

Dear Shareholders,

Valiant has a simple business model and, reflecting this, a simple and transparent compensation system. As in previous years, the share of votes in favour of the compensation-related motions at the Annual General Meeting on 18 May 2022 was large and confirmed our approach. As a result, we retained our compensation system in the 2022 financial year.

Since 1 January 2021, large, listed companies have been subject to statutory provisions which stipulate that men and women must have a representation of at least 30% on the Board of Directors and 20% on the Executive Board. If these requirements are not met, this must be reported and justified in the compensation report – from 2026 for the Board of Directors and from 2031 for the Executive Board. Valiant has decided that it will already begin commenting on this matter in this compensation report.

**“Valiant has taken various measures aimed at increasing the proportion of women in senior management and thus also the potential for the appointment of female Executive Board members.”**

Valiant meets the gender benchmark at the level of the Board of Directors, but not at the level of the Executive Board. The Board of Directors and the Executive Board are aware of this and have taken appropriate measures to increase the proportion of women in management positions, as detailed on page 127.

By adopting various improvements to our employment conditions, the Board of Directors and the Executive Board have recognised our employees' tireless commitment and strengthened Valiant's position as an attractive employer on the labour market. With effect from 1 January 2023, maternity leave has been extended by two weeks and the annual leave entitlement by two days. The payroll total will be increased by 2.6% for the 2023 salary round.



**Dr Maya Bundt**

Chair of the Nomination and Compensation Committee

# 1 Key components and principles of our compensation policy

## 1.1 Simple and transparent compensation system

Valiant has a simple and transparent compensation system that reflects the simple business model and the values of our bank. We have consciously avoided adopting more complex elements such as long-term incentive plans or option plans. The Board of Directors firmly believes that the compensation policy is consistent with our strategy and that it supports our long-term objectives.

## 1.2 Market orientation

We attach great importance to providing fair, market-appropriate compensation and position ourselves mid-range with regard to our peers. We take into account developments in the labour market and regularly take part in pay comparison surveys.

## 1.3 Performance and results-oriented

We are committed to performance and results-based compensation. This is an integral part of our HR policy, which fosters this type of culture and rewards Valiant's business success.

The basis for determining business success is the operating profit reported in the consolidated financial statements. Of this, 9% is allocated to the total variable compensation pool for all employees, including the Executive Board.

## 1.4 Equal pay

We adhere to the principle of equal pay for equal work. Equal pay for women and men is monitored annually and measures are implemented where necessary (see corporate responsibility report, pages 66 and 67, for more information).

## 1.5 Risk awareness

We take care to ensure that the individual components of compensation and the corresponding measurement and decision-making criteria for employees at all levels do not incentivise inappropriate risk-taking. Employees may be subject to reductions in variable compensation in the event of any failure to comply with laws, codes of conduct or internal directives, or in the event of any negligent handling of risk.

## 1.6 Board Of Directors: 30 % share component

Compensation for the Board of Directors consists of a fixed fee. 30 % of the fee is paid out in the form of Valiant shares that are blocked for a period of three years. The members of the Board of Directors do not receive any variable compensation. The expenses of the members of the Board of Directors are compensated either on a lump-sum basis or individually on request.

## 1.7 Restriction on variable compensation for the Executive Board

Variable compensation for members of the Executive Board is dependent on business success and is composed of a cash component, together with Valiant shares that are blocked for three years. Overall, variable compensation may not exceed 50 % of the total compensation of a member of the Executive Board.

## 1.8 Curtailment of compensation

If the group records a loss, the Board of Directors' fee is reduced by 50 %. The fee is also curtailed if dividends are reduced on the basis of business results. If the group records an operating loss, the Executive Board does not receive any variable compensation.

# 2 Decision-making authority for determining compensation

The principles of our compensation policy and decision-making authority are defined in the Articles of Association of Valiant Holding AG and in the separate compensation regulations for the Board of Directors, Executive Board and other employees. Separate regulations set out the rules for calculating the overall pool for variable compensation. There was no change in decision-making authority compared with the previous year.

## 2.1 Setting of compensation for the Board of Directors

Shareholders approve the maximum compensation for the Board of Directors for the forthcoming term of office at the Annual General Meeting.

The maximum compensation proposal is prepared by the Nomination and Compensation Committee. The Board of Directors assesses the proposal and approves the definitive motion for presentation to the Annual General Meeting.

## 2.2 Setting of compensation for the Executive Board

Each year, shareholders approve the maximum fixed compensation for the Executive Board for the coming financial year and the maximum variable compensation for the current financial year at the Annual General Meeting. The maximum compensation proposals are prepared by the Nomination and Compensation Committee. The Board of Directors assesses the proposal and approves the definitive motion for presentation to the Annual General Meeting.

Competency matrix – compensation decisions	CEO	Nomination and Compensation Committee	Board of Directors	Annual General Meeting
Maximum compensation of the Board of Directors	–	Prep	Prop	App
Maximum fixed compensation of the Executive Board	–	Prep	Prop	App
Maximum variable compensation of the Executive Board	–	Prep	Prop	App
Actual fixed and variable compensation of the CEO	–	Prop	App	–
Actual fixed and variable compensation of the members of the Executive Board	Prop	Rec	App	–

Prop Proposal  
Rec Recommendation  
App Approval  
Prep Preparation

Within the framework of the maximum amounts approved at the Annual General Meeting and upon the proposal of the Nomination and Compensation Committee, the Board of Directors defines the total amount of compensation for the Executive Board and the fixed and variable compensation for the CEO, taking into account the attainment of company targets and the CEO's individual targets.

The CEO submits a proposal to the Nomination and Compensation Committee on the fixed and variable compensation of the individual members of the Executive Board, taking into account their individual target attainment. Following committee negotiations on the basis of this recommendation, the Board of Directors decides on the fixed and variable compensation of the members of the Executive Board.

## 2.3 Regulations as per the Articles of Association

The Articles of Association of Valiant Holding AG stipulate, in particular, the following rules in respect of compensation and loans.

### **Vote at the Annual General Meeting on compensation**

(see Article 27 of the Articles of Association of Valiant Holding AG)

See sections 2.1 and 2.2 of the compensation report.

### **Principles governing results-dependent compensation**

(see Article 29 of the Articles of Association of Valiant Holding AG)

In addition to fixed compensation, the members of the Executive Board receive variable compensation based on the bank's results and on the attainment of performance targets. These targets are defined by the Board of Directors at the beginning of the year. The Board of Directors stipulates the weightings for the various targets and the target values, and assesses the extent to which targets have been met once the financial year has ended. Variable compensation for members of the Executive Board comprises a cash component, together with shares that are blocked for three years.

### **Loans**

(see Article 32 of the Articles of Association of Valiant Holding AG)

Loans to members of the Executive Board may not exceed a total of CHF 2 million for each member, including parties related to them, and must satisfy the criteria used by Valiant in respect of the creditworthiness and debt-servicing capacity of third parties.

To further strengthen its independence, the Board of Directors decided that no further loans should be granted to members of the Board of Directors.

# 3 Components of compensation

## 3.1 Components of compensation for the Board of Directors

Board of Directors		
	Fee per term of office in CHF	
	2020/2021	2021/2022
Fee		
	Fixed fee based on function (Chair, Vice Chair, member) and amount of time involved. The fees are paid out as follows: 70% in the form of cash and 30% in the form of shares (blocked for three years).	
Function		
Chair:	390,000	380,000
Vice Chair:	170,000	140,000
Member:	90,000	90,000
Chair of the Nomination and Compensation Committee:	55,000	50,000
Member:	25,000	35,000
Chair of the Strategy Committee:	50,000	50,000
Member:	30,000	35,000
Chair of the Audit and Risk Committee:	55,000	50,000
Member:	35,000	35,000
Lump-sum expenses <sup>1</sup>		
	Chair:	10,000
	Member:	5,000
Additional benefits	Chair: company car or first-class annual train travel card	
Joining/severance payments	Valiant does not make any joining or severance payments.	
Curtailment of fees	If the group records a loss, the Board of Directors fee is reduced by 50%. The Board of Directors fee is also curtailed if dividends are reduced as a result of business performance. The scope of such curtailment is defined on a case-by-case basis. The Nomination and Compensation Committee submits a recommendation to the Board of Directors at the appropriate time.	
Terms and conditions of payment	Fees are redefined and paid out for the period from Annual General Meeting to Annual General Meeting (term of office). The first half of the fee is paid in cash in November each year. The second half is paid in April (in shares blocked for three years and in cash). Members of the Board of Directors have the option of having their compensation paid to a legal entity.	
Insurance in the pension fund	Members of the Board of Directors for whom Valiant is liable to make AHV payments and who are not already required to be insured for a primary occupation or whose primary occupation is not self-employment may join the Valiant Holding pension fund. Joining the pension fund may not increase a member's total compensation.	

<sup>1</sup> Upon request to the Board of Directors, members may forego the lump-sum expense amount and claim their expenses individually.

### Additional information:

- The Board of Directors may define additional payments for membership of ad-hoc committees or for additional duties and projects. These payments are determined depending on the time involved and within the framework of existing rates and the maximum fixed compensation approved at the Annual General Meeting.
- All relations with the members of the Board of Directors and the companies associated with them are conducted in accordance with established business practice. No preferential employee benefits are granted.
- If they leave during a term of office, members of the Board of Directors are no longer owed any compensation from their date of departure. No compensation is issued for the remainder of the term of office.
- Any blocks on shares issued remain in place even after the member has left.
- The Honorary Chair and other former members of the Board of Directors do not receive any compensation or other benefits.

**Benchmarking**

The Board of Directors compares the compensation amount with two peer groups on an annual basis. Both peer groups consist of financial companies listed in Switzerland. The composition of the peer groups is checked and adjusted as appropriate on an annual basis. The aim of these comparisons is to check whether the benchmark for the Board of Directors is on a par with these two peer groups and therefore within appropriate limits. This was the case once again in 2022. The first peer group contains financial companies with a similar market capitalisation (CHF 1-3 billion). The second peer group contains listed financial companies with no significant state ownership.

Peer group 1 increased by two companies, Cembra Money Bank and VZ Gruppe. Peer group 2 remained unchanged in comparison with the previous year.

---

**Benchmarks for compensation of the Board of Directors**

---

Peer group 1 (similar market capitalisation <sup>1</sup> )	Banque Cantonale de Genève, Berner Kantonalbank, Cembra Money Bank, Liechtensteinische Landesbank, St. Galler Kantonalbank, Swissquote, Vaudoise Assurances, VZ Gruppe, Walliser Kantonalbank, Zuger Kantonalbank
Peer group 2 (financial companies without major state ownership)	Bâloise Group, Bellevue Group, Cembra Money Bank, Helvetia, Hypothekarbank Lenzburg, Swissquote, Vaudoise Assurances, Vontobel, VZ Gruppe

<sup>1</sup> The reference date is mid-year in all cases

**Disclosure**

The compensation paid to members of the Board of Directors is set out in table 7.1 on pages 121-122. The shares held by members of the Board of Directors are set out in the notes to the annual financial statements of Valiant Holding AG in table 18 on page 192. The number and value of shares allocated are set out in the notes to the consolidated financial statements of Valiant Holding AG in table 18 on page 170.

## 3.2 Components of compensation for the Executive Board

<b>Executive Board</b>							
Basic compensation (fixed compensation)	Basic compensation corresponds to the total fixed annual salary stipulated in the individual contract of employment. This compensation is defined on the basis of the individual's function, responsibilities and personal performance development and the market situation.						
Lump-sum expenses allowance	<table> <tr> <td>CEO:</td><td>CHF 24,000</td></tr> <tr> <td>Deputy CEO:</td><td>CHF 18,000</td></tr> <tr> <td>Member of the Executive Board:</td><td>CHF 15,600</td></tr> </table>	CEO:	CHF 24,000	Deputy CEO:	CHF 18,000	Member of the Executive Board:	CHF 15,600
CEO:	CHF 24,000						
Deputy CEO:	CHF 18,000						
Member of the Executive Board:	CHF 15,600						
Variable compensation	Results and performance-related variable compensation paid out retroactively is broken down as follows: - Cash component (70%); payable immediately - Share component (30%); blocked for three years						
Restriction on variable compensation	The variable compensation of the members of the Executive Board may not exceed 50 % of the total compensation.						
Additional benefits	<ul style="list-style-type: none"> <li>- Company car or first-class annual train travel card</li> <li>- Business allowances (coupled with eligibility for statutory family allowances)</li> <li>- Occupational pension benefits above legal minimum</li> <li>- Service anniversary bonuses</li> <li>- Special employee conditions that are customary in the sector</li> <li>- Concession on Reka credit</li> </ul>						
Notice period	Members of the Executive Board are subject to a 12-month period of notice.						
Joining/severance payments	Valiant does not make any joining or severance payments.						
Terms and conditions of payment	Basic compensation (fixed compensation) is paid out to the members of the Executive Board in equal monthly instalments. Variable compensation of the members of the Executive Board is paid in April of the following year.						

### Additional information:

- In the year under review, variable compensation was between 31.3 % and 41.3 % of the total compensation of the members of the Executive Board active as of 31 December 2022.
- The procedure for setting the compensation of the CEO and members of the Executive Board is set out in section 2.2 on pages 112–113.
- Any blocks on shares issued remain in place even after the member has left.
- Compensation for positions on the executive boards of third-party organisations in which Valiant has a holding of more than 50 % is paid to Valiant in full.
- Compensation for positions held by members of the Executive Board within third-party organisations in which Valiant has a holding of less than 50 % is paid to the member concerned up to an annual combined amount of CHF 30,000 (fees and allowances for meeting attendance for all positions). Amounts in excess of this threshold are paid to Valiant.

### Benchmarking

The compensation of members of the Executive Board is compared with similar functions at other financial institutions on a case-by-case basis, particularly when new members are being appointed. There is no general benchmarking process. Valiant reports the individual compensation of each member of the Executive Board.

### Disclosure

The compensation paid to the members of the Executive Board is set out in table 7.2 on pages 123–124. Loans to members of the Executive Board are set out in table 7.3 on page 125. Members of the Executive Board are granted loans at special conditions that are customary in the sector. Loans are granted according to the same criteria as for third parties. The shares held by members of the Executive Board are set out in the notes to the annual financial statements of Valiant Holding AG, in table 18 on page 192. The number and value of shares allocated are set out in the notes to the consolidated financial statements of Valiant Holding AG in table 18 on page 170.

# 4 Calculation of variable compensation

Valiant's compensation system for the Executive Board follows the same principles as that for its other employees. All Valiant's employees receive variable compensation, depending on operating profit and their individual performance assessment. The only exceptions are those employed in a training capacity and all employees under a fixed-term contract and/or paid by the hour.

The basis for determining the overall pool for variable compensation for all employees, including the Executive Board, is the operating profit reported in the consolidated financial statements. Operating profit has been defined as the basis for measurement because, unlike consolidated net profit, it is not affected by extraordinary income and expenses or by any change in reserves for general banking risks. 9 % of operating profit is allocated to the overall pool for variable compensation.

If, in any one year, the consolidated financial statements show an operating loss, no overall pool will be created for that year and there will be no variable compensation for any members of staff, including the Executive Board.

Variable compensation for 2022	Amount in CHF
Operating profit in 2022	159.35 million
of which 9 %	14.34 million
Reversal of purpose-tied provisions <sup>1</sup>	0.28 million
<b>Total variable compensation<sup>2</sup></b>	<b>14.62 million</b>

Variable compensation for 2021	Amount in CHF
Operating profit in 2021	143.96 million
of which 9 %	12.96 million
Reversal of purpose-tied provisions <sup>3</sup>	0.55 million
<b>Total variable compensation<sup>2</sup></b>	<b>13.51 million</b>

<sup>1</sup> The operating profit for 2022 is 10.7 % higher than in the previous year. Due to changes in headcount and other influencing factors, the average increase in variable compensation per employee is significantly lower. To increase it to 5 %, a portion of the provision accumulated for this purpose in past years was reversed.

<sup>2</sup> Total variable compensation for all employees, including the Executive Board.

<sup>3</sup> The operating profit for 2021 was below that of the previous year due to the recognition of provisions for the programme to increase profitability. To keep the variable compensation at the same level as in the previous year on average, an additional CHF 0.55 million was taken from the provisions that had been accumulated in past years for this purpose.

# 5 Executive Board targets and attainment

In the interests of transparency, Valiant reports the targets for the Executive Board and their attainment. For competition reasons, this disclosure does not include certain figures (percentage rates and amounts).

## 5.1 Target attainment for the 2022 financial year

The targets for 2022 were set by the Board of Directors. The CEO informs the Board of Directors about the progress made towards achieving the targets on a quarterly basis. In January 2023, the Nomination and Compensation Committee conducted an assessment of target attainment for the 2022 financial year with the CEO. This assessment was submitted to the Board of Directors for discussion and decision-making.

The Board of Directors deemed that the Executive Board had comfortably attained its targets overall for 2022. Target attainment can be seen in the table below.

### **Executive Board targets for the 2022 financial year (assessment of target achievement by the Board of Directors)**

Financial targets	Targets comfortably attained
At the start of the year, the Board of Directors set targets for the key financial indicators, which were assessed after the end of the year.	<ul style="list-style-type: none"> <li>- Consolidated net profit higher than previous year (+5.2%)</li> <li>- Increase in operating profit of 4.1%</li> <li>- Lending growth of 5.3%</li> <li>- Fee and commission income increased (+2.6%)</li> <li>- Target for client assets and custody account assets attained (after adjustment for market fluctuations)</li> </ul>
The following targets were set for 2022:	
<ul style="list-style-type: none"> <li>- Consolidated net profit slightly higher than previous year</li> <li>- Increase in operating profit</li> <li>- Lending growth &gt; 3%</li> <li>- Growth in fee and commission income of 3%</li> </ul>	
Targets were also set for the performance of client assets and custody account assets.	
Non-financial targets	Targets comfortably attained
Alongside the financial targets, the Board of Directors also set non-financial targets for 2022. These were formulated in objective, measurable terms wherever possible.	
Area	Metric
Strategy	Implementation of strategy for 2020-2024 as planned
Clients	Client satisfaction (net promoter score)
Sustainability	Implementation of the ESG Road Map 2024 as planned
Overall assessment by the Board of Directors	
The targets were achieved comfortably overall	

## 5.2 Impact of target attainment on variable compensation for the Executive Board

The individual variable compensation for each member of the Executive Board is based on their individual performance assessment and total compensation. This means that it varies for each member. The maximum amount approved at the Annual General Meeting will be used up due to the changes in the Executive Board in the year under review.

## 5.3 Targets for the 2023 financial year

Each autumn, the Executive Board submits a proposal to the Nomination and Compensation Committee for the targets for the coming year. The committee discusses the targets with the CEO, makes any necessary adjustments and passes them on to the Board of Directors for approval. The Board of Directors assesses the committee's proposal and then sets the targets. The Board of Directors has set the following targets for the Executive Board in 2023.

### **Executive Board targets for the 2023 financial year**

---

#### **Financial targets**

The Board of Directors has issued the following targets for the key financial indicators in 2023:

- Consolidated net profit higher than previous year
- Increase in operating profit
- Lending growth > 3%
- Growth in fee and commission income of 3%

Targets were also set for the performance of custody account assets.

---

#### **Non-financial targets**

Alongside the financial targets, the Board of Directors also set non-financial targets for 2023. These were formulated in objective, measurable terms wherever possible.

Area	Metric
Strategy	Implementation of strategy for 2020-2024 as planned
Clients	Client satisfaction (net promoter score)
Sustainability	Implementation of the ESG Road Map 2024 as planned
Employees	Implementation of measures to increase employer attractiveness and diversity

# 6 Compensation approved at the Annual General Meeting

Shareholders approve the maximum compensation for the Board of Directors and for the Executive Board at the Annual General Meeting (see section 2). The maximum amounts currently approved and the amounts actually paid for 2022 and for the 2021/2022 term of office are set out in the tables below.

## 6.1 Board Of Directors

Compensation of the Board of Directors	Date of approval at the AGM	Amount in CHF thousands
Maximum compensation for the Board of Directors for the 2021/2022 term of office	19/05/2021	1,670
Effective compensation paid to the Board of Directors for the 2021/2022 term of office		1,521
Maximum compensation for the Board of Directors for the 2022/2023 term of office	18/05/2022	1,670
Effective compensation paid to the Board of Directors for the 2022/2023 term of office		n/a <sup>1</sup>

<sup>1</sup> Effective compensation paid to the Board of Directors for the 2022/2023 term of office will be stated in the 2023 compensation report.

## 6.2 Executive Board

Approved fixed and variable compensation for 2022	Date of approval at the AGM	Amount in CHF thousands
Maximum fixed compensation for the Executive Board for 2022	19/05/2021	3,050
Maximum possible increase in the amount in accordance with Article 28 of the Articles of Association		4,270
Effective fixed compensation paid to the Executive Board for 2022		3,393
Maximum variable compensation for the Executive Board for 2022	18/05/2022	1,750
Effective variable compensation paid to the Executive Board for 2022		1,742

Approved maximum fixed compensation for 2023	Date of approval at the AGM	Amount in CHF thousands
Maximum fixed compensation for the Executive Board for 2023	18/05/2022	3,050
Effective fixed compensation paid to the Executive Board for 2023		n/a <sup>1</sup>

<sup>1</sup> The effective fixed compensation paid to the Executive Board for 2023 will be stated in the 2023 compensation report.

### Notes on the effective fixed compensation paid to the Executive Board for 2022

Under Article 28 of the Articles of Association, Valiant is authorised to pay every person who joins the Executive Board after the date on which the Annual General Meeting approved the compensation an additional amount if the maximum compensation already approved is not sufficient. The additional amount per member of the Executive Board may not exceed 20% of the last maximum compensation amount approved.

Due to the two changes on the Executive Board, partial use will be made of this provision for Serge Laville (member of the Executive Board from 1 February 2022) and Michael Eisenrauch (member of the Executive Board from 1 September 2022). The compensation of the individual members of the Executive Board is reported in section 7.2.

# 7 Compensation in the reporting period

## 7.1 Payments to members of the Board of Directors (audited)

### Compensation for each financial year

	2022 (11 months) <sup>1,2</sup>				
	Net fee in cash in CHF thousands	Shares <sup>3</sup> in CHF thousands	Social benefits <sup>4</sup> in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	165	132	151	–	448
Prof Christoph B. Bühler, Vice Chairman	108	50	23	–	181
Barbara Artmann, Member	72	36	16	–	124
Jean-Baptiste Beuret, Member <sup>5</sup>	14	36	5	–	55
Dr Maya Bundt, Member	67	40	31	–	138
Roger Harlacher, Member	72	36	16	–	124
Dr Roland Herrmann, Member <sup>6</sup>	58	–	9	–	67
Marion Khüny, Member <sup>6</sup>	44	–	23	–	67
Nicole Pauli, Member <sup>5</sup>	15	40	7	–	62
Ronald Trächsel, Member	72	36	16	–	124
<b>Total</b>	<b>687</b>	<b>406</b>	<b>297</b>	–	<b>1,390</b>

	2021				
	Net fee in cash in CHF thousands	Shares <sup>3</sup> in CHF thousands	Social benefits <sup>4</sup> in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	193	132	174	–	499
Prof Christoph B. Bühler, Vice Chairman	118	58	25	–	201
Barbara Artmann, Member	81	34	17	–	132
Jean-Baptiste Beuret, Member	83	36	15	–	134
Dr Maya Bundt, Member	89	33	18	–	140
Roger Harlacher, Member <sup>7</sup>	68	–	11	–	79
Nicole Pauli, Member	92	41	19	–	152
Ronald Trächsel, Member	81	34	17	–	132
Franziska von Weissenfluh, Member <sup>8</sup>	16	41	8	–	65
<b>Total</b>	<b>821</b>	<b>409</b>	<b>304</b>	–	<b>1,534</b>

<sup>1</sup> On 28 June 2022, the payment intervals were changed in the compensation regulations for the Board of Directors with effect from the 2022/2023 term of office: 6/12 in November 2022 and 6/12 in April 2023 (2021/2022 term of office: 7/12 in November 2021, 5/12 in April 2022). As a result, only 11/12 were paid in the 2022 reporting year. The compensation awarded but not yet paid out amounts to CHF 127,000.

<sup>2</sup> New compensation arrangements from the 2021/2022 term of office

<sup>3</sup> Shares of Valiant Holding AG with a three-year blocking period, valued at their market price, less social benefits

<sup>4</sup> Social benefits include employer and employee contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK), withholding tax and the pension fund, provided that the member of the Board of Directors opts for the occupational pension benefits of the Valiant Holding AG pension fund.

<sup>5</sup> Until the Annual General Meeting of 18 May 2022

<sup>6</sup> From the Annual General Meeting of 18 May 2022

<sup>7</sup> From the Annual General Meeting of 19 May 2021

<sup>8</sup> Until the Annual General Meeting of 19 May 2021

**Compensation for each term of office****Compensation statement for the Board of Directors for the 2021/2022 term of office<sup>12</sup>**

	Fixed net fee in CHF thousands	Shares <sup>3</sup> in CHF thousands	Social benefits <sup>4</sup> in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	190	132	171	–	493
Prof Christoph B. Bühler, Vice Chairman	115	50	24	–	189
Barbara Artmann, Member	82	36	17	–	135
Jean-Baptiste Beuret, Member	83	36	13	–	132
Dr Maya Bundt, Member	92	40	19	–	151
Roger Harlacher, Member	82	36	17	–	135
Nicole Pauli, Member	92	40	19	–	151
Ronald Trächsel, Member	82	36	17	–	135
<b>Total</b>	<b>818</b>	<b>406</b>	<b>297</b>	<b>–</b>	<b>1,521</b>

**Compensation statement for the Board of Directors for the 2020/2021 term of office<sup>5</sup>**

	Fixed net fee in CHF thousands	Shares <sup>3</sup> in CHF thousands	Social benefits <sup>4</sup> in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	238	132	126	–	496
Prof Christoph B. Bühler, Vice Chairman	135	58	28	–	221
Barbara Artmann, Member	79	34	16	–	129
Jean-Baptiste Beuret, Member	82	36	17	–	135
Dr Maya Bundt, Member	75	33	16	–	124
Nicole Pauli, Member	95	41	20	–	156
Ronald Trächsel, Member	79	34	16	–	129
Franziska von Weissenfluh, Member	95	41	20	–	156
<b>Total</b>	<b>878</b>	<b>409</b>	<b>259</b>	<b>–</b>	<b>1,546</b>

<sup>1</sup> Compensation payments for the 2021/2022 term of office (19 May 2021 to 18 May 2022) were made in November 2021 and April 2022. The social benefits shown were paid in accordance with the payout dates in the corresponding financial years.

<sup>2</sup> New compensation arrangements from the 2021/2022 term of office

<sup>3</sup> Shares of Valiant Holding AG with a three-year blocking period, valued at their market price, less social benefits

<sup>4</sup> Social benefits include employer and employee contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK) and the pension fund, provided that the member of the Board of Directors opts for the occupational pension benefits of the Valiant Holding AG pension fund.

<sup>5</sup> Compensation payments for the 2020/2021 term of office (13 May 2020 to 19 May 2021) were made in November 2020 and April 2021. The social benefits shown were paid in accordance with the payout dates in the corresponding financial years.

## 7.2 Payments to members of the Executive Board (audited)

### Compensation for each financial year

	2022					
	Fixed net salary in cash in CHF thousands	Variable net salary in cash in CHF thousands	Shares <sup>1</sup> in CHF thousands	Benefits in kind <sup>2</sup> in CHF thousands	Pension benefits <sup>3</sup> in CHF thousands	Total <sup>4</sup> in CHF thousands
Ewald Burgener, CEO	343	305	132	10	396	1,186
Martin Vogler	263	150	65	10	259	747
Dr Michael Eisenrauch <sup>5</sup>	89	50	21	1	47	208
Stefan Gempeler <sup>6</sup>	179	159	–	6	170	514
Dr Hanspeter Kaspar <sup>7</sup>	257	84	–	8	189	538
Serge Laville <sup>8</sup>	228	117	51	9	174	579
Dr Marc A. Praxmarer	228	128	55	10	238	659
Christoph Wille	238	159	69	10	228	704
<b>Total</b>	<b>1,825</b>	<b>1,152</b>	<b>393</b>	<b>64</b>	<b>1,701</b>	<b>5,135</b>

	2021					
	Fixed net salary in cash in CHF thousands	Variable net salary in cash in CHF thousands	Shares <sup>1</sup> in CHF thousands	Benefits in kind <sup>2</sup> in CHF thousands	Pension benefits <sup>3</sup> in CHF thousands	Total <sup>4</sup> in CHF thousands
Ewald Burgener, CEO	371	297	128	9	398	1,203
Martin Vogler	265	145	63	9	256	738
Stefan Gempeler	227	148	64	7	215	661
Hanspeter Kaspar <sup>9</sup>	252	101	–	9	220	582
Dr Marc A. Praxmarer	228	122	53	9	238	650
Christoph Wille	230	152	66	9	220	677
<b>Total</b>	<b>1,573</b>	<b>965</b>	<b>374</b>	<b>52</b>	<b>1,547</b>	<b>4,511</b>

<sup>1</sup> Shares of Valiant Holding AG with a three-year blocking period, valued at their market price, less social benefits

<sup>2</sup> Private shares of company cars

<sup>3</sup> Includes employee and employer contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK), occupational accident insurance (BAV), non-occupational accident insurance (NBAV), daily sickness allowance (KTG), surplus salaries (BAV/NBAV), administration costs (AHV), pension fund and supplementary fund.

<sup>4</sup> In 2021, two members of the Executive Board were also paid a total of CHF 59,500.00 for positions within third-party organisations in which Valiant has no holding or a holding of less than 50%. In 2020, two members of the Executive Board received CHF 59,422.50 in compensation for the same reason.

<sup>5</sup> Joined on 1 September 2022

<sup>6</sup> In role until 31 August 2022 – compensation reported until 30 September 2022

<sup>7</sup> In role until 31 October 2021 – compensation reported until 31 October 2022 (contract end date)

<sup>8</sup> In role since 1 February 2022

<sup>9</sup> In role until 31 October 2021. The remuneration owed up until 31 December 2021 under the employment contract and the termination agreement of 25 October 2021 is reported.

**Disclosure of variable compensation paid to the Executive Board**

	2022 <sup>1</sup>				
	Variable net salary in cash in CHF thousands	Shares in CHF thousands	Benefits in kind in CHF thousands	Pension benefits <sup>2</sup> in CHF thousands	Total in CHF thousands
Executive Board	1,152	393	–	197	1,742

	2021				
	Variable net salary in cash in CHF thousands	Shares in CHF thousands	Benefits in kind in CHF thousands	Pension benefits <sup>2</sup> in CHF thousands	Total in CHF thousands
Executive Board	965	374	–	182	1,521

<sup>1</sup> Variable compensation for 2022 will be paid in April 2023, but is reported in this compensation report.<sup>2</sup> Includes employee and employer contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK), daily sickness allowance (KTG), surplus salaries (BUV/NBUV) and administration costs (AHV).**Disclosure of fixed compensation paid to the Executive Board**

	2022				
	Fixed net salary in cash in CHF thousands	Benefits in kind in CHF thousands	Pension benefits <sup>1</sup> in CHF thousands	Total in CHF thousands	
Executive Board	1,825	64	1,504	3,393	

	2021				
	Fixed net salary in cash in CHF thousands	Benefits in kind in CHF thousands	Pension benefits <sup>1</sup> in CHF thousands	Total in CHF thousands	
Executive Board	1,573	52	1,365	2,990	

<sup>1</sup> Includes employee and employer contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK), occupational accident insurance (BUV), non-occupational accident insurance (NBUV), daily sickness allowance (KTG), surplus salaries (BUV/NBUV), administration costs (AHV), pension fund and supplementary fund.

## 7.3 Loans to members of the Board of Directors and the Executive Board (audited)

### Board of Directors

To strengthen its independence, no loans are granted to members of the Board of Directors.

At 31 December 2022, there were no loans outstanding to members of the Board of Directors or parties related to them (at 31/12/2021: none).

### Executive Board

2022			
	Mortgages in CHF thousands	Other borrowing in CHF thousands	Total in CHF thousands
Executive Board <sup>1,2</sup>			
Member with the highest total borrowing			
Ewald Burgener	1,230	–	1,230
<b>Total Executive Board</b>	<b>2,864</b>	<b>0</b>	<b>2,864</b>

2021			
	Mortgages in CHF thousands	Other borrowing in CHF thousands	Total in CHF thousands
Executive Board <sup>1,2</sup>			
Member with the highest total borrowing			
Ewald Burgener	1,230	–	1,230
<b>Total Executive Board</b>	<b>2,730</b>	<b>0</b>	<b>2,730</b>

<sup>1</sup> Members of the Executive Board are granted loans at special employee conditions that are customary in the sector.

<sup>2</sup> No loans were granted to related parties that are not at customary market conditions.

# 8 Gender representation on the Board of Directors and Executive Board

## 8.1 Background

Under Article 734f of the Swiss Code of Obligations, if each gender does not have a representation of at least 30% on the Board of Directors and 20% on the Executive Board, the following information must be provided in the compensation report:

1. the reasons why the genders are not represented as intended, and
2. the measures that are being taken to promote the under-represented gender.

The obligation to report on this will apply to the Board of Directors from 2026 and to the Executive Board from 2031. Valiant has decided that it will already begin reporting on gender representation now.

## 8.2 Achievement of the gender benchmarks

Committee	Total no. of people	No. of men	No. of women	Share of less well represented gender
Board of Directors	8	5	3	37.5%
Executive Board	6	6	0	0%

## 8.3 Reasons and measures

Two new members of the Executive Board were appointed in the year under review. In both cases, men were elected. One appointment was an internal candidate put forward as part of the ordinary succession planning process. For the other appointment, both male and female applicants were evaluated and short-listed in the course of the recruitment process. Women were also involved in the recruitment process: the search mandate of the consulting firm contracted was run by a woman, and the chief assessor for the externally conducted assessments was a woman. In both appointments, the Board of Directors viewed the male applicants as the most suitable candidates for the role.

**Measures for the advancement of women**

The Board of Directors has adopted various measures to increase the proportion of women in management positions and thus also the potential for the appointment of female Executive Board members. The following measures were implemented in the year under review:

- Mentoring programme for female employees:  
nominated female employees are supported and mentored by an Executive Board member for around a year.
- Exchange of experiences with female Board of Directors members for female managers and specialists:  
selected female managers and specialists were invited to two events with female members of Valiant's Board of Directors which focused on the exchange of experiences and issues related to the advancement of women.
- Internal women's network:  
Valiant supported the establishment of an internal network exclusively for women with an initial event entitled "Experiences gathered from setting up a women's network".
- Keynote speeches on gender-specific issues:  
there were four keynote speeches in the year under review, which were open to all employees.
- Membership of the Business & Professional Women Switzerland network:  
Valiant has been a member of the country's largest association for female business women and professionals since 1 July 2022.
- Objective for all managers:  
for 2023, all managers have been given the target of taking specific steps to increase the proportion of women in client advisory, specialist and line management positions.

**Recruitment**

The short list for the recruitment of Executive Board members must contain at least one woman.

# 9 Auditor's report



## Report of the statutory auditor

to the General Meeting of Valiant Holding AG, Lucerne

### Report on the audit of the remuneration report

#### Opinion

We have audited the remuneration report of Valiant Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables 7.1, 7.2 and 7.3 marked 'audited' on pages 121 to 125 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 121 to 125) complies with Swiss law and article 14 to 16 of the Ordinance.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the tables marked 'audited' in the remuneration report, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's responsibilities for the audit of the remuneration report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Thomas Romer  
Licensed audit expert  
Auditor in charge



Andreas Aebersold  
Licensed audit expert

Luzern, 21 March 2023

This page was left blank intentionally.

# 2022 financial report



### **Consolidated financial statements**

- 133** Consolidated balance sheet
- 134** Consolidated income statement
- 135** Consolidated cash flow statement
- 136** Consolidated statement of changes in equity

### **Notes to the consolidated financial statements**

- 137** Company name, legal form and registered office
- 137** Accounting policies
- 147** Notes on risk management
- 157** Notes on the methods used to identify credit risk and determine impairments
- 158** Notes on the valuation of collateral
- 159** Business policy on the use of derivative financial instruments and hedge accounting
- 160** Material events after the balance sheet date
- 160** Auditors
- 160** Further information required by law
- 161** Information on the balance sheet
- 175** Information on off-balance-sheet transactions
- 176** Information on the income statement

### **Auditor's report**

- 179** Auditor's report on the consolidated financial statements

### **Disclosures of capital adequacy and liquidity**

- 185** Disclosures of capital adequacy and liquidity

### **Statutory financial statements of Valiant Holding AG**

- 186** Balance sheet
- 187** Income statement
- 188** Notes to the annual financial statements
- 194** Motion on appropriation of accumulated profit

### **Auditor's report**

- 196** Auditor's report on Valiant Holding AG

# Consolidated financial statements

## Consolidated balance sheet

Assets	Notes	31/12/2022 in CHF thousands		
		31/12/2021 in CHF thousands	Change in CHF thousands	Change as %
Cash and cash equivalents		5,053,435	6,254,325	-1,200,890
Due from banks	11	49,105	69,719	-20,614
Due from customers	2	1,542,228	1,535,401	6,827
Mortgage loans	2, 11	27,137,292	25,708,253	1,429,039
Trading portfolio assets	3	17,542	15,011	2,531
Positive replacement values of derivative financial instruments	4	265,268	57,834	207,434
Financial investments	5, 11	1,287,234	1,529,548	-242,314
Accrued income and prepaid expenses		26,414	22,992	3,422
Non-consolidated holdings	6, 7, 37	241,366	228,961	12,405
Tangible fixed assets	8	94,961	111,114	-16,153
Intangible assets	9	0	0	0
Other assets	10	14,983	27,171	-12,188
<b>Total assets</b>		<b>35,729,828</b>	<b>35,560,329</b>	<b>169,499</b>
Total subordinated claims		0	0	0
of which subject to mandatory conversion and/or conditional write-off		0	0	0
<b>Liabilities and equity</b>				
Due to banks		1,754,115	2,632,053	-877,938
Customer deposits	12	22,473,885	22,087,860	386,025
Negative replacement values of derivative financial instruments	4	25,369	53,863	-28,494
Medium-term notes		77,774	50,889	26,885
Bond issues and central mortgage institution loans	15	8,347,700	8,078,500	269,200
Accrued expenses and deferred income		141,529	138,623	2,906
Other liabilities	10	411,185	79,921	331,264
Provisions	16	30,824	39,865	-9,041
Reserves for general banking risks	16	59,786	34,786	25,000
Share capital	17	7,896	7,896	0
Capital reserve		592,596	592,613	-17
Retained earnings reserve		1,677,655	1,640,335	37,320
Treasury shares	21	0	0	0
Consolidated net profit		129,514	123,125	6,389
<b>Total equity capital</b>		<b>2,467,447</b>	<b>2,398,755</b>	<b>68,692</b>
<b>Total liabilities and equity</b>		<b>35,729,828</b>	<b>35,560,329</b>	<b>169,499</b>
Total subordinated liabilities		0	0	0
of which subject to mandatory conversion and/or debt waiver		0	0	0

Off-balance-sheet transactions	Notes	31/12/2022 in CHF thousands		
		31/12/2021 in CHF thousands	Change in CHF thousands	Change as %
Contingent liabilities	2, 28	142,405	140,056	2,349
Irrevocable commitments	2	1,268,289	1,306,210	-37,921
Commitments relating to calls on shares and other equities	2	61,164	55,611	5,553
Credit commitments	2, 29	0	0	0

# Consolidated income statement

	Notes	2022 in CHF thousands	2021 in CHF thousands	Change in CHF thousands	Change as %
<b>Interest income</b>					
Interest and discount income	33	376,001	332,156	43,845	13.2
Interest and dividend income from trading portfolios		0	0	0	n/a
Interest and dividend income from financial investments		11,348	13,287	-1,939	-14.6
Interest expense		-36,250	-3,799	-32,451	854.2
<b>Net interest income before value adjustments for credit risk, and loan losses</b>		<b>351,099</b>	<b>341,644</b>	<b>9,456</b>	<b>2.8</b>
Value adjustments for credit risk, and loan losses	16	-15,606	-14,207	-1,400	9.9
<b>Net interest income after value adjustments for credit risk, and loan losses</b>		<b>335,493</b>	<b>327,437</b>	<b>8,056</b>	<b>2.5</b>
<b>Fee and commission income</b>					
Commission income from securities trading and investment activities		50,104	51,573	-1,469	-2.8
Commission income from lending activities		2,881	2,830	51	1.8
Commission income from other services		41,691	33,302	8,389	25.2
Commission expense		-18,451	-18,962	511	-2.7
<b>Net fee and commission income</b>		<b>76,225</b>	<b>68,743</b>	<b>7,482</b>	<b>10.9</b>
<b>Net trading income and fair-value adjustments</b>	32	<b>22,602</b>	<b>16,103</b>	<b>6,499</b>	<b>40.4</b>
<b>Other operating income</b>					
Income from the disposal of financial investments		-6	345	-351	-101.7
Income from holdings		10,964	14,673	-3,709	-25.3
of which holdings recognised using the equity method		8,299	12,115	-3,816	-31.5
of which other non-consolidated holdings		2,665	2,558	107	4.2
Net income on real estate		2,060	2,262	-202	-8.9
Other ordinary income		1,087	1,138	-51	-4.5
Other ordinary expenses		-16	-92	76	-82.6
<b>Net other operating income</b>		<b>14,089</b>	<b>18,326</b>	<b>-4,237</b>	<b>-23.1</b>
<b>Operating income</b>		<b>448,409</b>	<b>430,609</b>	<b>17,800</b>	<b>4.1</b>
<b>Operating expenses</b>					
Personnel expenses	34	-143,296	-142,564	-732	0.5
General and administrative expenses	35	-124,276	-111,789	-12,487	11.2
<b>Total operating expenses</b>		<b>-267,572</b>	<b>-254,353</b>	<b>-13,219</b>	<b>5.2</b>
Depreciation and amortisation of tangible fixed and intangible assets, and impairments on holdings	37	-22,358	-22,834	476	-2.1
Other provisions and losses	36	875	-9,463	10,338	-109.2
<b>Operating profit</b>		<b>159,354</b>	<b>143,959</b>	<b>15,395</b>	<b>10.7</b>
<b>Net profit</b>					
Extraordinary income	36	26,166	2,945	23,221	788.5
Extraordinary expenses	36	0	-130	130	-100.0
Changes in reserves for general banking risks	36	-25,000	0	-25,000	n/a
Taxes	39	-31,006	-23,649	-7,357	31.1
<b>Consolidated net profit</b>		<b>129,514</b>	<b>123,125</b>	<b>6,389</b>	<b>5.2</b>

# Consolidated cash flow statement

	2022 Cash inflow in CHF thousands	2022 Cash outflow in CHF thousands	2022 Balance +/− in CHF thousands	2021 Cash inflow in CHF thousands	2021 Cash outflow in CHF thousands	2021 Balance +/− in CHF thousands
Consolidated net profit	129,514			123,125		
Change in reserves for general banking risks	25,000					
Impairments on holdings, depreciation and amortisation of tangible fixed assets and intangible assets	22,358			22,834		
Impairments on equity investments	2,371				277	
Provisions and other value adjustments	1,223	10,176		16,585	9,215	
Value adjustments for credit risk, and loan losses	36,554	19,388		35,244	20,065	
Accrued income and prepaid expenses		3,422			2,105	
Accrued expenses and deferred income	2,906					1,351
Previous year dividend		78,962				78,962
<b>Cash flow from operating activities (internal financing)</b>	<b>219,926</b>	<b>111,948</b>	<b>+107,978</b>	<b>197,788</b>	<b>111,975</b>	<b>+85,813</b>
Change in treasury shares		18				10
<b>Cash flow from equity capital transactions</b>	<b>0</b>	<b>18</b>	<b>-18</b>	<b>0</b>	<b>10</b>	<b>-10</b>
Non-consolidated holdings	18	15,009				237
Real estate	9,785	4,865		2,320	5,055	
Other tangible fixed assets	869	10,301				10,690
Intangible assets		1,479				1,534
<b>Cash flow from transactions in respect of holdings, tangible fixed assets and intangible assets</b>	<b>10,672</b>	<b>31,654</b>	<b>-20,982</b>	<b>2,320</b>	<b>17,516</b>	<b>-15,196</b>
Due from customers		16,313		109,412		
Mortgages		1,439,729				1,504,016
Utilisation of specific value adjustments in conformity with purpose		3,919				2,576
Customer deposits	386,025			1,136,924		
Medium-term notes	26,885				26,662	
<b>Cash flow from customer transactions</b>	<b>412,910</b>	<b>1,459,961</b>	<b>-1,047,051</b>	<b>1,246,336</b>	<b>1,533,254</b>	<b>-286,918</b>
Trading portfolio assets		2,531				9,723
Financial investments	242,314				81,293	
Bond issues and central mortgage institution loans	269,200				914,800	
<b>Cash flow from capital market business</b>	<b>511,514</b>	<b>2,531</b>	<b>+508,983</b>	<b>996,093</b>	<b>9,723</b>	<b>+986,370</b>
Due from banks	20,614				37,594	
Due to banks		877,938			241,121	
<b>Cash flow from interbank business</b>	<b>20,614</b>	<b>877,938</b>	<b>-857,324</b>	<b>278,715</b>	<b>0</b>	<b>+278,715</b>
Positive replacement values of derivative financial instruments		207,434				49,708
Negative replacement values of derivative financial instruments		28,494				
Other assets	12,188				15,779	
Other liabilities	331,264				4,672	
<b>Cash flow from other balance-sheet positions</b>	<b>343,452</b>	<b>235,928</b>	<b>+107,524</b>	<b>70,726</b>	<b>49,708</b>	<b>+21,018</b>
<b>Cash flow from banking operations</b>	<b>1,288,490</b>	<b>2,576,358</b>	<b>-1,287,868</b>	<b>2,591,870</b>	<b>1,592,685</b>	<b>+999,185</b>
<b>Total source of funds (+)/Total use of funds (−)</b>	<b>1,519,088</b>	<b>2,719,978</b>	<b>-1,200,890</b>	<b>2,791,978</b>	<b>1,722,186</b>	<b>+1,069,792</b>

Change in cash	Balance 31/12/2022 in CHF thousands	Balance 31/12/2021 in CHF thousands	Change in CHF thousands	Balance 31/12/2021 in CHF thousands	Balance 31/12/2020 in CHF thousands	Change in CHF thousands
	Cash					
<b>Total cash and cash equivalents</b>	<b>5,053,435</b>	<b>6,254,325</b>	<b>-1,200,890</b>	<b>6,254,325</b>	<b>5,184,533</b>	<b>+1,069,792</b>

## Consolidated statement of changes in equity

	Share capital in CHF thousands	Capital reserve in CHF thousands	Retained earnings reserve in CHF thousands	Reserves for general banking risks in CHF thousands	Treasury shares in CHF thousands	Profit for the period in CHF thousands	Total in CHF thousands
Equity at the beginning of the reporting period	7,896	592,613	1,640,335	34,786		123,125	2,398,755
Appropriation of previous year's net profit			44,162			-44,162	0
Acquisition of treasury shares				-2,637			-2,637
Sale of treasury shares				2,637			2,637
Gain (loss) from the sale of treasury shares		-70					-70
Dividends and other distributions		53				-78,963	-78,910
Other allocations to (withdrawals from) the reserves for general banking risks			25,000				25,000
Other allocations to (withdrawals from) the reserves for general banking risks			-6,842				-6,842
Consolidated net profit					0	129,514	129,514
<b>Equity at the end of the reporting period</b>	<b>7,896</b>	<b>592,596</b>	<b>1,677,655</b>	<b>59,786</b>	<b>0</b>	<b>129,514</b>	<b>2,467,447</b>

# Notes to the consolidated financial statements

## Company name, legal form and registered office

Valiant Holding AG is a holding company in the financial sector with its registered office in Lucerne. Its main holding is its 100 % stake in its subsidiary Valiant Bank AG, which operates across Switzerland.

## Accounting policies

### Basis

The accounting, recognition, measurement and consolidation principles are based on the Swiss Code of Obligations and the Swiss accounting rules for banks, as presented in the Swiss Banking Act and its ordinance and the implementing provisions of FINMA, as well as on the Articles of Association of Valiant Holding AG and the guidelines of the group (both hereinafter: "Valiant").

As Valiant shares are listed on SIX Swiss Exchange AG, the SIX Exchange accounting regulations also have to be observed.

### Consolidation principles

Valiant prepares consolidated financial statements. These present Valiant's financial situation in such a way that its assets and liabilities, financial position and earnings are shown on the basis of the "true and fair view" principle.

The scope of consolidation is shown in table 7. The consolidated financial statements include all companies that Valiant controls pursuant to Article 34 para. 3 of the Banking Ordinance. Holdings in companies that are immaterial in terms of financial reporting or risk, and holdings that are material but of no strategic importance and will be sold or liquidated within 12 months are not consolidated. Holdings that are not consolidated, and the reasons for this, are also shown in table 7.

Material holdings in companies over which a significant influence is exercised without having outright control are valued using the equity method. A significant influence is recognised when 20 % or more of the voting capital is held.

The financial statements of group companies used for consolidation comply with the uniform principles of the group. Internal assets, liabilities and off-balance-sheet transactions within the group, as well as the income and expenses from internal transactions, are eliminated along with any gains on these transactions.

All consolidated companies are included using the full consolidation method. Capital is consolidated using the purchase method. Minority interests in equity and group profit are reported separately in equity or the income statement on the basis of the entity concept.

### General principles

All assets, liabilities and off-balance-sheet transactions are valued individually.

The book-keeping and accounting is done in the national currency of Switzerland, the Swiss franc.

### Recognition and entry in the balance sheet

Valiant records all business transactions on the transaction date for the purposes of the consolidated financial statements and recognises them from this date for the calculation of net profit. Cash transactions that have been executed but not yet settled are recorded using the execution-date principle.

### Currency translation

Foreign currency positions are valued at the spot rate applicable on the balance sheet date. Transactions in foreign currencies are translated at the respective daily rates. Effects from foreign currency adjustments are recognised in the income statement (under "Net trading income and fair-value adjustments").

Foreign currency positions were valued at the following exchange rates on the balance sheet date:

	31/12/2022	Previous year
USD	0.9252	0.9114
EUR	0.9874	1.0336
GBP	1.1129	1.2300

All Valiant group companies report in Swiss francs.

### Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value.

### Due from banks and Due to banks

These items are recognised at nominal value minus necessary value adjustments for default risks.

Precious metals held in metal accounts are recognised at fair value, provided the precious metal concerned is traded on a price-efficient and liquid market.

### Securities financing transactions

The cash amounts exchanged are recognised in the balance sheet at nominal value. The transfer of securities has no effect on the balance sheet if the transferring party maintains economic control of the rights associated with the securities. The resale of securities received is recorded in the balance sheet and recognised as a non-monetary liability at fair value.

**Due from clients and mortgage loans**

These items are recognised at nominal value minus necessary value adjustments for default risks.

**Value adjustments for default risks**

Value adjustments for credit risk are made according to the principle of prudence for all identifiable risks of loss. An impairment is recognised if the expected recoverable amount (including collateral) is lower than the book value of the loan/receivable. Value adjustments for credit risk are deducted directly from the relevant asset items. In the event of changes in the utilisation of credit limits with a corresponding value adjustment or provision depending on the utilisation, movements between value adjustments and provisions for credit risk are recognised directly in equity.

Individual valuation allowances are recognised for impaired receivables. Loans/receivables for which the borrower is unlikely to be able to fulfil its future obligations are deemed to be impaired. Impaired loans/receivables and any collateral are recognised at liquidation value, and the value is adjusted taking the borrower's creditworthiness into account. The valuation is recognised on an individual basis and covered by individual valuation allowances.

In the case of non-impaired receivables, value adjustments are made for inherent credit risk in the positions due from clients and mortgage loans. No value adjustments for inherent credit risk are made for the balance sheet positions due from banks and financial investments (debt securities held to maturity), as these are subject to high credit rating requirements and the quantity of such holdings is relatively low.

The assessment of value adjustments for inherent default risks is based on a 13-level client rating system. Clients in rating level 13 are equivalent to impaired loans. In the case of exposures with increased risks (client rating 9 to 12), individual value allowances for inherent default risks are set up for the unsecured portions. All exposures are also allocated to different sub-portfolios in accordance with the type of collateral, with the value adjustments for inherent credit risk being determined using a loss rate approach. Both the estimation of the value adjustment ratios on the unsecured portions of the exposures subject to increased risk and the determination of the loss rates on the sub-portfolios are based on expert opinions.

The portfolio of individual valuation allowances for inherent credit risk for exposures with increased risks is fully provisioned. The valuation allowances calculated on the basis of loss rates for all exposures are accumulated dynamically over five years. New valuation allowances are determined on a quarterly basis and recognised on a straight-line basis over the remaining term of the five-year accumulation period. These are recognised over the five-year accumulation period and recorded in equity and charged against the retained earnings reserves.

Value adjustments for inherent credit risk can be used if the income statement item "Value adjustments for credit risk, and loan losses" exceeds 5 % of the total interest income. Any resulting shortfall must be eliminated within no more than five years by establishing new provisions.

If a loan is classified as wholly or partly irrecoverable or the claim is waived, it is reversed by booking it against the corresponding value adjustment.

For additional information on value adjustments for credit risk, please refer to the section "Notes on the methods used to identify credit risk and determine impairments".

**Due to clients**

Due to clients are recognised at nominal value.

Precious metal account deposits are recognised at fair value, provided the precious metal concerned is traded on a price-efficient and liquid market.

**Trading portfolio assets and trading portfolio liabilities**

Trading involves entering into actively managed positions in order to profit from movements in market prices. An asset or liability is recognised as part of the trading portfolio and recorded accordingly when the transaction is concluded.

Trading positions are always carried at fair value. Either the price on a price-efficient and liquid market or a price determined on the basis of a valuation model may be taken as the fair value.

If, in exceptional cases, no fair value can be determined, valuation and recognition are carried out according to the principle of the lower of cost or market.

Any gain or loss resulting from a sale or valuation is recognised under "Net trading income and fair-value adjustments". Valiant recognises interest and dividend income from trading portfolios in securities under "Interest and dividend income from trading portfolios". Valiant does not offset the funding of positions entered into for trading purposes against interest business. The gain or loss from primary market trading activities is recognised under "Net trading income and fair-value adjustments".

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

**Trading portfolio assets** All of the group's derivative financial instruments are carried at fair value.

Valiant and Valiant Bank AG offset positive and negative replacement values with respect to the same counterparty under legally enforceable netting agreements.

For derivatives transactions entered into for trading purposes, the realised and unrealised gains and losses of trading derivatives are posted under "Net trading income and fair-value adjustments".

**Hedging transactions** All of the group's derivative financial instruments are carried at fair value.

Any change in the value of hedging instruments is recorded in an equalisation account, provided that no change in value of the underlying transaction has been booked. If a value adjustment is booked on the underlying transaction of a hedging transaction, the change in value of the hedging transaction is recorded in the same income statement line item. In the case of macro hedges for interest business, the balance is recognised either under "Interest and discount income" or under "Interest expense", depending on the instrument used.

Income from derivatives used to manage interest rate risks is recognised in the income statement using the accrual method. The interest component is accrued over the term to maturity. Interest accrued on the hedging position is shown in the "Equalisation account" under "Other assets" or "Other liabilities".

In the event of the early sale of an interest rate hedging instrument recognised using the accrual method, the profits and losses corresponding to the interest component are not recognised immediately, but instead are accrued over the remaining term to maturity.

If the hedge is no longer or only partially effective, Valiant treats the part that is no longer effective as a trading transaction.

**Financial investments**

Debt securities intended to be held to maturity are recognised at acquisition cost, and the premium/discount (interest component) is accrued over the term (accrual method). Default risk-related changes in book value are recognised immediately by means of a charge to the item "Value adjustments for default risks, and loan losses". If debt securities are sold or redeemed prior to maturity, the gains and losses corresponding to the interest component are not recognised immediately, but instead are accrued over the remaining term to maturity.

Debt securities not intended to be held until maturity (available for sale) are carried at the lower of cost or market value.

Equity securities, units in collective investment schemes, own physical precious metal holdings, and real estate properties that have been acquired as a result of lending operations and are intended for resale, are carried at the lower of cost or market value. In the case of real estate properties acquired as a result of lending operations and intended for resale, the lower of cost or market value is deemed to be the lower of the acquisition value or liquidation value.

Structured products are carried at the lower of cost or market value. Both the underlying instrument and the derivative are recognised under "Financial investments".

Own physical precious metal holdings to secure commitments arising from precious metal accounts are stated at fair value and recognised in the balance sheet, provided that the precious metal is traded on a price-efficient and liquid market.

If the fair value of financial investments stated at the lower of cost or market increases again after declining below historical cost, the value may be written up to a maximum of the historical cost. The net amount of value adjustments is recorded under "Other ordinary expenses" or "Other ordinary income".

If financial investments that are carried at the lower of cost or market value are sold, the entire realised gain is recorded under "Income from the sale of financial investments".

### **Non-consolidated holdings**

Holdings that are not consolidated are shown in the list on page 165.

The term "holdings" covers equity securities owned by group companies in infrastructure-related undertakings as well as equity securities held as a long-term investment irrespective of the percentage of voting shares. Holdings are valued individually. The legal maximum limit is the acquisition value less economically necessary impairments.

Material holdings in companies over which a significant influence is exercised without having outright control are valued using the equity method. A significant influence is recognised when 20% or more of the voting capital is held.

Impairment testing is carried out annually on the balance sheet date. Any additional impairments are recognised in the income statement (under "Depreciation and amortisation of tangible fixed and intangible assets, and impairments on holdings"). The partial or full reversal of an impairment is recognised under "Extraordinary income".

### **Tangible fixed assets**

Investments in new tangible fixed assets are recognised as assets if they have a market value or value-in-use and can be used for more than one accounting period.

Investments in existing tangible fixed assets are recognised as assets if, as a result, the market value or value-in-use is permanently enhanced or the useful life is significantly extended.

Tangible fixed assets are recognised at historical cost or production cost. In subsequent valuations, tangible fixed assets are recognised at historical cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Category	Depreciation period
Bank buildings and other properties (including land)	max. 50 years
Interior construction and technical installations in own properties	max. 15 years
Leasehold improvements	Rental contract term, max. 15 years
Fittings and equipment	max. 10 years
Furniture	max. 4 years
IT and hardware	max. 4 years
Software and new systems	max. 5 years

Impairment testing of tangible fixed assets is carried out annually on the balance sheet date. Any additional impairments are recognised in the income statement (under "Depreciation and amortisation of tangible fixed and intangible assets, and impairments on holdings"). The partial or full reversal of an impairment is recognised under "Extraordinary income".

Realised gains from the sale of tangible assets are booked under "Extraordinary income", and realised losses are booked under "Extraordinary expenses".

### Intangible assets

Acquired intangible assets are recognised in the balance sheet if they yield measurable benefits for the group over several years. Intangible assets developed internally are not recognised in the balance sheet. Intangible assets are valued individually. Intangible assets that can be recognised as assets are valued at no more than historical cost. In subsequent valuations, intangible assets are recognised at historical cost less accumulated amortisation.

When business units and companies are acquired, the assets and liabilities taken over are carried at their current value. If, in this valuation process, the acquisition costs are higher than the net assets, the difference is considered goodwill and is recognised as an asset under "Intangible assets". Liabilities are recognised under "Other liabilities" for expected outflows in connection with the takeover of control. They are released in keeping with their designated purpose according to the outflow. Any remaining negative goodwill corresponding to an acquisition for less than the value of the net assets (a genuine "bargain buy") is recognised immediately under "Extraordinary income".

When recognising intangible assets, the future useful life is prudently estimated. Amortisation of intangible assets is recognised on a straight-line basis over the estimated useful life of the asset.

The estimated useful life of individual categories of intangible assets is as follows:

Category	Depreciation period
Goodwill	max. 5 years
Other	max. 5 years

Impairment testing of intangible assets is carried out annually on the balance sheet date. Any additional impairments are recognised in the income statement (under "Depreciation and amortisation of tangible fixed and intangible assets, and impairments on holdings").

**Medium-term notes**

Medium-term notes are recognised at nominal value.

**Bond issues and central mortgage institution loans**

Bond issues and central mortgage institution loans are recognised at nominal value. Prepayment commissions in connection with central mortgage institution loans are viewed as an interest component and accrued over the life of the central mortgage institution loan.

**Lease transactions**

Items used by the bank under an operating lease are not recognised as assets. Leasing expenses are charged to "Operating expenses".

**Provisions**

A provision represents a probable obligation based on a past event, the amount and/or timing of which is uncertain but can be reliably estimated.

The amount of the provision is determined on the basis of an analysis of the past event concerned and of events occurring after the balance sheet date, if such analysis helps to further clarify the situation. The amount is estimated in accordance with the economic risk posed, which is established as objectively as possible. Where the expected timing of the obligation has a material impact, the provision is discounted. The amount of the provision must correspond to the expected future cash outflows. It must take account of the likelihood and reliability of these outgoing cash flows. Released provisions are recognised in income.

Credit risk provisions are determined using the same methodology as for value adjustments for credit risk.

**Pension liabilities**

Pension schemes can give rise to either economic benefits or economic liabilities for the group. The economic impact is determined based on the financial position of the pension schemes to which group companies belong.

Where a pension scheme is underfunded, an economic liability arises if the conditions for recognising a provision are met.

Where a pension scheme is overfunded, an economic benefit exists if the group company intends and is permitted to use the surplus to lower employer contributions or for another economic benefit to the employer unrelated to the provision of benefits under the scheme. A future economic benefit (including employer contribution reserves) is recognised in this case.

Employer contributions owed to pension schemes are recognised in the income statement (under "Personnel expenses").

**Taxes**

**Current taxes** The current income and capital taxes payable on the profit for the period and the relevant capital amount are calculated in accordance with the applicable tax reporting regulations. Commitments with regard to current income and capital taxes are disclosed under "Accrued expenses and deferred income".

**Deferred taxes** Carrying values that deviate from the values relevant for tax law purposes (valuation differences) are determined systematically. Deferred tax income or expense is recognised on such amounts and recorded under "Provisions". The annual recognition of deferred income taxes is based on a balance sheet perspective and considers all future income tax effects. Deferred income tax expense or the change versus the previous year is reported under "Taxes".

Deferred income tax assets on temporary differences and on tax losses carried forward may be recognised under "Other assets". Any tax credits not recognised are disclosed in the notes under contingent assets.

#### **Reserves for general banking risks**

The reserves for general banking risks are disclosed in a separate account and are part of equity. They may contain specific-purpose components. The reserves for general banking risks are taxable as a general rule. Provisions for deferred taxes are set up in respect of deferred tax assets for non-taxable, specific-purpose reserves for general banking risks.

#### **Transactions with shareholders**

Transactions with shareholders in their capacity as shareholders are recognised at fair value.

#### **Own debt securities and treasury shares**

Own bonds and medium-term notes are offset with the corresponding items shown under liabilities. Interest income on own bonds and medium-term notes is offset with interest expense.

Holdings of Valiant treasury shares are shown as a negative position in equity capital.

Purchases of treasury shares are recorded on the acquisition date at cost. This corresponds to the fair value of the consideration transferred to the counterparty by way of settlement.

Treasury shares are recognised in the balance sheet at the average purchase price. No adjustments are made to the valuation.

When treasury shares are sold, any difference realised between the consideration received and the book value is credited or debited to the "Capital reserve". The dividend on Valiant treasury shares is also booked to the "Capital reserve".

#### **Equity transaction costs**

Assuming they relate to the raising (capital increase, sale of treasury shares) or repayment (capital reduction, purchase of treasury shares) of capital, equity transaction costs are recognised as a reduction in the "Capital reserve", net of any related income taxes.

#### **Off-balance-sheet transactions**

Off-balance-sheet transactions are recognised at nominal value. Provisions are recognised on the balance sheet for identifiable risks of loss.

**Fiduciary transactions** Fiduciary transactions include investments, loans (including mortgage loans to private clients), participations and transactions relating to securities lending and borrowing that the bank carries out or grants in its own name, however on the client's behalf and at their sole risk on the basis of a written mandate. The client bears the currency, transfer, price and del credere risk and is entitled to the full profit of the transaction. The bank only receives a commission. Credit limits which Valiant Bank AG has granted and can terminate at any time are recorded as irrevocable commitments. The irrevocable commitment is cancelled the moment the deed of transfer is issued to the investor.

#### **Changes to accounting policies**

There were no material changes in the Group accounting principles and no corrections with an impact on the consolidated financial statements.

# Notes on risk management

## Risk policy/risk governance

### **Board of Directors**

The Board of Directors bears overall responsibility for risk management. It sets the risk policy, which determines the risk strategy, including the identification, measurement and monitoring of risk and the responsibilities of the Executive Board, Risk Control, Compliance and Internal Audit. It also approves strategic limits on the maximum risk tolerance and limits on individual risks within the different risk categories. The risk tolerance limit requires that the capital adequacy requirements imposed by law be complied with even after the occurrence of the stress scenarios specified by the Board of Directors. The stress scenarios involve subjecting the bank's businesses to major macroeconomic downturns, in particular default risks, interest rate risks and funding and liquidity risks. The Board of Directors is informed of all relevant risks and their development at least twice a year.

In addition to quantitative risk appetite and risk tolerance requirements, the Board of Directors has laid down the following qualitative risk policy guidelines:

- Valiant deliberately takes on risks that generate risk-adjusted added value for the bank and contribute to achieving its business goals.
- The bank strives to achieve a balanced risk-return trade-off in all its business transactions.
- Risks that are deliberately assumed must be measured, limited, monitored and reported. Net risks must lie within the defined risk tolerance.
- Diversification of risks is a central principle. Whenever diversification cannot be achieved, the risks that are inseparable from transactions are to be minimised.
- Valiant cultivates a risk culture based on responsible action. All employees, especially managers at all levels, are required to be aware of and recognise the risks in their business areas and foster an understanding of risks.
- Valiant takes appropriate risk mitigation measures (e.g. a comprehensive directives policy, collateral and quality requirements, hedging, limits, process optimisation, double-checking, key checks, independent control bodies like Legal and Compliance, Risk Control, business continuity management, insurance, training) to ensure that the bank complies with the risk tolerance level specified by the Board of Directors and by regulatory requirements.
- Valiant's code of conduct sets out the values to be put into practice in the bank's day-to-day work.

Risk Control reports regularly to the Board of Directors on compliance with risk policy requirements. Its reports contain not only a review of compliance with all quantitative limits but also – looking ahead on the basis of the macroeconomic environment at the time the report is made – a qualitative assessment of overall and individual risks.

The risk policy is reviewed periodically by the Board of Directors to check it is still appropriate, and adjusted if necessary. It also forms the framework for all aspects of directives related to risk.

#### **Audit and Risk Committee**

The Audit and Risk Committee prepares the information that serves as the basis for the Board of Directors' risk policy decisions. It evaluates the risk situation and compliance with risk policy requirements at least every three months, and informs the Board of Directors about the risk situation, about any changes in the framework conditions and the measures taken. The Audit and Risk Committee also assesses the reports from the external and internal auditors and the internal control system (ICS).

#### **Executive Board**

The Executive Board is responsible for implementing the risk policy. This mainly entails creating an appropriate organisational structure and comprehensive directives, developing suitable processes for identifying, measuring, assessing, managing and monitoring the risks assumed, and establishing, maintaining and reviewing the adequacy of internal controls.

#### **Risk Control**

Headed by the Chief Risk Officer (CRO), Risk Control performs a risk function that is independent of core business processes. It analyses the implementation of, and compliance with, risk policy requirements, assesses all risks (both overall risk tolerance and individual risks) and is responsible for quarterly reporting to the Executive Board and the Audit and Risk Committee as well as for half-year reporting to the Board of Directors. Risk Control is also responsible for the design and ongoing development of the ICS and for adjusting it in response to significant changes in processes and/or the launch of new products. This involves assessing the effectiveness of methods for identifying and mitigating risks on an ongoing basis. The CRO reports directly to the CEO and has unlimited rights to information, access and inspection. The CRO can refer issues to the Audit and Risk Committee or the Board of Directors at any time and on an ad hoc basis.

#### **Compliance**

The Compliance department is independent of business processes and is managed by the Head of Legal and Compliance, who reports directly to the CEO. Compliance is responsible for defining organisational precautionary measures to systematically ensure compliance with legal regulations and internal and external standards. Compliance has an unrestricted right of information, access and inspection when performing its function. Furthermore, Compliance supports and advises the bank's managers in unusual or complex cases and examines any breaches of the relevant regulations. The Head of Legal and Compliance reports regularly on current legal issues, compliance risks and the findings of its activities to the Audit and Risk Committee and the Board of Directors. They can also refer issues to the Audit and Risk Committee or the Board of Directors for consideration at any time and on an ad hoc basis.

### Internal Audit

Internal Audit reports directly to the Board of Directors, which approves the annual risk budget each year and takes note of the activity report. The Audit and Risk Committee is responsible for managing Internal Audit. Internal Audit regularly reviews and assesses the internal control system. This includes assessing risks as well as the appropriateness and effectiveness of controls (design and operational effectiveness). The audit reports submitted by Internal Audit are discussed by the Audit and Risk Committee.

## Risk management

Risk management is one of the main ongoing tasks of the bank; its purpose is to fully and systematically manage risks within the defined risk tolerance set by the Board of Directors. It includes identifying, measuring, assessing, controlling and reporting on individual as well as aggregate risks.

As a financial institution, Valiant is exposed to a variety of risks specific to banks. These include default, market, liquidity and refinancing risks, as well as operational and legal risks.

### Credit risks

Due to the type of business in which it engages, Valiant primarily faces credit risk on loans to clients. This entails the risk of a loss caused by the borrower being partly or wholly unable to meet their obligations, and/or by collateral such as real assets or securities losing value. This type of risk can involve not only loans to clients, contingent liabilities and irrevocable commitments, but also other counterparty-related transactions (e.g. interbank business, financial investments and derivatives).

**Client loans** Valiant only lends to creditworthy clients who have the capacity to pay back the loan. Our clients must have the capacity to take out loans and also be creditworthy. Issues such as the client's integrity, understanding the purpose of the loan and the plausibility and proportionality of each transaction are thus key to the lending decision.

Valiant's main lending activity is real estate financing for private clients, self-employed individuals, and small and medium-sized businesses. In addition, it offers loans for working capital and other basic services for businesses. Unsecured loans are granted only to solvent companies and public-sector entities. Consumer loans or lines of credit to clients are granted only on an exceptional basis.

Valiant's lending business operates primarily in those cantons in which it has branches, although loans are also available in other cantons to a limited extent. Such loans can be arranged through or granted by the branches directly or by partner organisations.

As part of capital planning, default risks are simulated for multiple scenarios determined by the Board of Directors and must remain within the risk tolerance limits set by the Board.

**Risk mitigation measures** In addition to a comprehensive directives policy, Valiant has adequate organisational structures and processes in its core business to monitor default risks at both the individual transaction and portfolio level. The responsibility for managing risks relating to individual client loans lies with the Credit Office, which works independently of the front offices and is responsible for credit analysis, loan monitoring, credit processing and the restructuring of loans. The Credit Restructuring department is a skills centre specialising in restructurings and disposals. It also manages overdue, at-risk and non-performing loans. Default risks in portfolios are also monitored by the Credit Risk Management department, which reports directly to the CRO.

Credit risks are kept within limits through risk diversification, quality requirements and maximum loan-to-value ratios (collateral margins). The repayment requirements for loans

secured by mortgages vary depending on the nature of the property, on the amount borrowed and on how the borrowed funds are used. For loan approvals there are risk-oriented levels of decision-making authority for assessing creditworthiness on the basis of uniform criteria. The Board of Directors has delegated the highest loan approval authority to the Credit Committee. This committee consists of representatives from the Executive Board and the front line, together with specialists from the Credit Office. Approval for lower-risk loans is delegated to various levels of decision-making authority in the regions.

As part of the normal processes, exception-to-policy loans are carefully tracked, monitored and reported. Exception to policy (ETP) is the classification applied to loans secured by mortgages in which at least one of the criteria (amount lent, the borrower's ability to service the debt, minimum repayment) does not comply with internal bank requirements. The monitoring of lending exposure is supported by the proximity to and knowledge of clients. Depending on the type and amount of the loan and the collateral backing provided, a risk-oriented review process is applied. This assesses the borrower's creditworthiness and the recoverable value of any collateral provided. Client- and collateral-related events of relevance to creditworthiness are also actively monitored. Credit exposures are re-evaluated where necessary.

Credit risks in portfolios are also monitored through the use of early warning systems and by means of valuation reviews and stress tests. Portfolio analysis involves assessing diversification on the basis of a number of structural features (including type of loan, rating of the counterparty, sector, collateral, geographical features, value adjustments and exception-to-policy loans).

**Counterparty risks** Counterparty risks are taken on primarily in relation to cash holdings (cash and cash reserves as well as high-quality liquid assets in accordance with liquidity guidelines). The quality requirements used to determine individual limits are largely based on ratings by recognised rating agencies. Limits are reviewed periodically and adapted in line with changes in conditions where necessary. The Asset Liability Committee (ALCO) approves the limits to be set. Compliance with the limits is monitored on an ongoing basis and reported.

OTC derivatives are only concluded with selected counterparties. The parties sign a standardised framework agreement (including credit support annex) containing a close-out netting agreement in the event of the insolvency/bankruptcy of the counterparty. Credit support annexes generally set out an obligation on both sides to exchange collateral in order to cover variation margins.

Collateral in the form of bank guarantees must meet internal quality requirements. Changes in the ratings of counterparties and in collateral are actively monitored, and appropriate measures are taken in the event of a ratings downgrade or any significant losses in value of collateral. Wrong-way risks (relationship between a counterparty's creditworthiness and the value of the instruments deposited by and associated with it) play a minor role given the bank's business model. At present, a potential downgrade of Valiant's ratings would not result in the need to provide significant additional margins/collateral to banks. This is not the case for secured capital market funding (covered bonds, Swiss Pfandbriefe), whose collateral requirements can fluctuate in line with their ratings. Concentration risks associated with collateral received are monitored.

**Country risks** Country risk arises if country-specific, political or economic conditions affect the value of an international commitment. Country risks are not very important given the type of business activities in which Valiant engages. This type of risk comes almost exclusively from counterparty risks (banks, financial investments) and is taken into consideration in measuring, limiting and monitoring counterparty risks.

## Market risks

**Interest rate risks** The interest business is Valiant's most important source of income. The income from the interest business is impacted to a significant degree by changes in market interest rates. The bank's balance sheet and off-balance-sheet transactions are exposed to interest rate risks. These are due to the varying fixed interest rates of assets, liabilities and derivative financial instruments. The Board of Directors has therefore set risk limits for asset/liability management (ALM) for reasons of sensitivity and earnings considerations.

The Asset Liability Committee (ALCO), which is chaired by the CFO, is responsible for measuring and monitoring interest rate risk. All relevant data is measured at least once a month to ensure compliance with interest rate risk limits.

ALM reports contain the results of the most important analyses – such as the sensitivity of equity and the income effect of changes in interest rates, the duration of assets and liabilities, the trend in variable and fixed-rate balance-sheet positions (interest rate gaps), net interest income and the interest margin, value-at-risk analyses – and the utilisation of risk limits. Interest rate risk is managed on the basis of the interest rate gap analysis, which shows all positions at their fixed interest rate. Positions that can be cancelled or are due on demand are monitored using a replication model. The replication rates are reviewed at least annually to check they are still appropriate, and approved by the Board of Directors.

ALCO manages interest rate risks on the basis of these analyses. In addition to traditional balance sheet transactions, derivatives are also used for hedging purposes. Through regular simulations and stress tests, the impact of future or unusual market situations on the sensitivity of equity (asset effect) and on interest income (income effect) is calculated, and measures for optimising interest income are put in place.

Interest rate risks in foreign currencies are of little significance for Valiant. Early repayment of fixed-rate loans is subject to Valiant's consent.

**Other market risks** Other market risks play a minor role given the type of business activities that Valiant engages in. Valiant trades in foreign currencies and notes, precious metals and securities primarily in order to meet its clients' needs. Open foreign currency items and securities booked to the trading portfolio are allocated to the trading book. All other positions in shares, bonds and equity stakes are managed in the banking book. Adherence to limits, which are low in comparison with Valiant's risk tolerance, is monitored by Risk Control, which regularly reports to the Executive Board and the Board of Directors.

## Liquidity and funding risks

The primary goal of liquidity risk management is to ensure that Valiant can meet all its payment obligations, even in stressed situations where funding opportunities are very limited. The Board of Directors determines risk tolerance by defining specific limits that apply to liquidity, funding and stress scenarios.

Valiant's funding mainly comes from its broadly diversified customer deposits. The heterogeneous structure of its clients allows it to reduce any excessive concentrations on individual client groups. Another source of funding for mid- to long-term funds is the capital market, where the emphasis is predominantly on secured funding such as Mortgage Bond Bank loans and covered bonds. Valiant obtains a limited amount of funding from third-party banks on the short- to medium-term money market. The costs of funding and liquidity management are passed onto the business areas by means of fund transfer pricing.

The Executive Board delegates the implementation of liquidity risk management to ALCO. The principles of the implementation of liquidity risk management (responsibilities and procedures in the management of liquidity) are regulated in the directives policy. ALM/Treasury, a unit that operates independently of the bank's front line, is responsible for implementing liquidity and funding management. The unit ensures compliance with the regulatory requirements governing liquidity and the monitoring of compliance with limits. ALM/Treasury reports regularly to the Executive Board and ALCO. As the second line of defence, Risk Control monitors the internal control system and assesses liquidity and funding risks on a quarterly basis.

Valiant takes extensive risk mitigation measures to limit liquidity risks. The Executive Board issues additional warning limits to support compliance with global limits. Any breaches of warning limits trigger precisely defined action plans that ensure communication with the relevant internal committees while ensuring the immediate rectification of the breach. Valiant maintains a certain minimum amount of liquid assets in the form of a liquidity reserve. These assets meet the requirements for high-quality liquid assets. Furthermore, Valiant holds unencumbered collateral with the Mortgage Bond Bank and for the issue of covered bonds as part of the covered bond programme. ALM/Treasury produces long-term liquidity and funding plans and tactical liquidity plans based on balance sheet structure planning.

Valiant carries out bank-specific and systemic stress tests at least once a month to identify and quantify stress factors and analyse the effects on its payment inflows and outflows and liquidity position. The results of the stress tests and compliance with stress limits are reported monthly to the Executive Board and quarterly to the Board of Directors. The stress scenarios are reviewed at least annually to check they are still appropriate and are submitted for approval to the Board of Directors.

Valiant has a comprehensive contingency plan in place to address any acute liquidity shortages. The liquidity contingency plan is part of the bank's overall contingency planning. General and specific early warning indicators are defined to identify any latent liquidity shortages as well as heightened funding risks.

**Operational risks**

Operational risk is defined as the “risk of directly or indirectly incurring losses due to the inappropriateness or failure of internal procedures, persons or systems or based on any external events”. This definition covers legal and compliance risks, but not strategic or reputational risks. Operational risks are a consequential risk of engaging in business with clients.

**Risk appetite and risk tolerance** The Board of Directors has issued regulations specifying risk appetite and risk tolerance in connection with operational risks, including the treatment of electronic client data. There is, as a general rule, no appetite for taking on high-impact operational risks and/or those with a high probability of occurrence, unless appropriate measures are in place to mitigate or transfer them. The measures put in place must be sufficient to ensure that the potential impact and probable occurrence of the residual risks are reduced to such an extent that they would be within the risk tolerance specified by the Board of Directors. The prospective assessment of operational risks is based on the inventory of operational risks, which is used to assess both inherent (total risk before risk mitigation measures) and residual risks, taking into account measures (in particular tailored controls) to mitigate them. The Board of Directors has also issued quantitative parameters (reportable events) and qualitative metrics for the downstream assessment of risk tolerance.

**Instruments for the identification, evaluation and steering of operational risks** The main ways in which Valiant identifies inherent risks are as follows:

- appointing individuals with internal control system (ICS) responsibilities in each business unit, who use their specialist expertise to prepare the inventory of operational risks together with Risk Control;
- collecting and analysing loss data with which to estimate potential losses;
- reports of the internal and external auditors;
- internal reports (compliance reports, client complaints, financial reports, etc.);
- analysing information from external sources such as FINMA, the Swiss National Bank, the Swiss Bankers Association, the Swiss Banking Ombudsman, IT outsourcing providers, the Reporting and Analysis Centre for Information Assurance (MELANO), the press and specialist journals;
- risk and performance indicators (e.g. outsourcing KPIs and confirmation by the control officers that key checks have been carried out) for the monitoring of operational risks and indicators of the effectiveness of the internal control system.

**Internal control system (ICS)** Measures to mitigate inherent operational risks require, in particular, an appropriate ICS. Tailored controls are integrated into the processes used to provide services and are applied on a continuous basis and documented appropriately. An appropriate segregation of functions is incorporated into the organisational structure and the relevant processes. The people responsible for the ICS evaluate the design effectiveness of the internal controls in their area at least once per year. Responsibility for the management of operational risks and implementation of suitable processes and systems lies with the respective line manager. The Board of Directors assesses the appropriateness and effectiveness of the ICS on a regular basis. The assessment of the ICS is preceded by a detailed discussion of it by the Audit and Risk Committee.

Valiant's ICS includes three lines of defence.

- In the first line, the ICS ensures that, for all relevant bank processes, the risks are systematically identified, measured, managed and monitored. Tailored controls are integrated into the processes used to provide services and are applied on a continuous basis and documented appropriately. An appropriate segregation of functions is incorporated into the organisational structure and the relevant processes.
- The second line of defence is Risk Control and Compliance, which perform their monitoring and oversight function independently of the revenue-generating departments.
- As the third line, the bank is audited by Internal Audit.

**Business Continuity Management (BCM)** Actions for securing, maintaining and restoring critical business processes in the event of internal or external events with a major and critical impact are governed by the BCM strategy and BCM manual. The BCM strategy issued by the Board of Directors defines the internal crisis response set-up including the crisis management team. In addition, it evaluates critical threats to Valiant and assesses their impact. The crisis management team formulates appropriate response plans and tests them at regular intervals. They report annually on their main activities to the Audit and Risk Committee.

**Reporting** Risk Control reports periodically to the Audit and Risk Committee and the Board of Directors on compliance with operational risk regulations. Its reports mainly cover compliance with risk tolerance requirements, the assessment of operational risks (in particular new risks or changes to risk assessments) and an evaluation of operational losses. They also cover the key checks carried out by control officers and the work of Risk Control.

#### **Management of legal risks**

The regulations and standards governing banking business are set out in federal acts and ordinances, circulars issued by FINMA, and the rules of professional conduct and guidelines prescribed by the Swiss Bankers Association for the purpose of self-regulation. International regulations also affect the financial industry in Switzerland, either directly or indirectly, and must therefore be duly observed and complied with. In addition to compliance with regulatory requirements, effective compliance management allows compliance risks to be managed and monitored, thereby establishing the conditions for sustainable business activities.

**Mechanisms for combating money laundering** Swiss financial intermediaries are subject to strict regulations and regulatory obligations to combat money laundering. These obligations derive, *inter alia*, from international standards, in particular from the recommendations of the Financial Action Task Force (FATF), which have also been acknowledged globally by the UN Security Council as the applicable standard for combating money laundering. Compliance with the recommendations is regularly assessed in member states and the results of the review are summarised in the form of a report. Switzerland was audited for the fourth time in 2016. Although the FATF certified that Switzerland had an effective anti-money-laundering regime in principle and Switzerland achieved an above-average score compared to the countries it had previously examined, it did identify shortcomings, particularly with regard to non-financial intermediary activities. Since then, Switzerland has been in an "enhanced follow-up process" and is currently rectifying the legislative shortcomings identified by the FATF. The findings of the country report resulted in amendments to the Anti-Money-Laundering Act (AMLA) in 2016 and 2020, the FINMA Anti-Money-Laundering Ordinance (AMLO-FINMA) and the Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB), as well as the regulations of self-regulatory organisations. The coming into force of the new AMLA at the start of 2023 stipulates in particular verification of the

economic beneficiary and the regular review of client information as new legal requirements. Valiant consistently implements all applicable rules in the area of money laundering prevention.

**Financial Services Act (FinSA)/Financial Institutions Act (FinIA)** The processes to implement FinSA are established at Valiant. For example, it is ensured that the heightened information provision and disclosure requirements are met. There are also systematic enquiries into the client's risk appetite and risk capacity and appropriate record-keeping of client discussions. The heightened requirements in terms of training and education for client advisors are observed.

**Data Protection Act (DPA)** Parliament adopted the new DPA on 25 September 2020 in line with the requirements of the European Data Protection Regulation (EU GDPR). It differs from the GDPR in a number of areas and has stricter rules in some cases. The revised DPA will come into force on 1 September 2023. Valiant will have concluded all the relevant implementation work by then. The central points have already been implemented. To ensure that clients are informed about how their personal data are processed by Valiant, the new data protection statement was sent to them with the 2021 end-of-year mailing and posted on Valiant's website. Valiant's employees were given training on the obligations arising from the DPA in 2022 in accordance with their function.

**Cross-border financial services business** As a Swiss-oriented retail bank, Valiant takes a restrictive approach to clients domiciled abroad. Transactions with foreign clients are only carried out if they have a sufficiently close connection to Switzerland. Business relationships can only be initiated within Switzerland. Valiant does not actively seek to acquire clients domiciled outside Switzerland.

In light of the underlying risks, Valiant has tightened its internal regulations, with the result that its clients domiciled abroad are not offered securities transactions. Clients domiciled outside Switzerland are serviced centrally in a single department whose staff are given training specific to these tasks.

**Tax compliance** Valiant fulfils the requirements of tax regulations, which are based on Swiss law but also have extraterritorial effect. This obliges Valiant to report data relating to clients with a foreign tax liability to the foreign tax authorities. These tax regulations are:

- Qualified Intermediary (QI), requirements for correctly withholding tax on US investment income that have been in force since 2001.
- Foreign Account Tax Compliance Act (FATCA), which has been in force since 2014 and requires that the US status of all bank clients is identified and verified.
- Automatic Exchange of Information (AEOI), a requirement since 2017 to identify and report all bank clients with tax residency in an AEOI partner country.

### **Strategic risks**

Strategic risks are risks arising from a false strategy, poor strategy implementation or inadequate adaptability to changes in the corporate environment (e.g. legal framework, adverse macroeconomic developments).

The Board of Directors sets and regularly reviews the strategy. Compliance with strategic guidelines and their effects are reviewed by the Executive Board at regular intervals and reported to the Strategy Committee of the Board of Directors and the Board of Directors

### **Environmental/sustainability risks (ESG risks)**

Valiant is aware of the growing significance of sustainability in the financial sector (sustainable finance) and endeavours to mitigate ESG risks as far as possible by observing regulatory developments and the requirements of the economic environment with targeted measures. Further information on sustainability can be found in the "corporate responsibility report" on pages 35–70.

# Notes on the methods used to identify credit risk and determine impairments

## **Monitoring of lending exposure**

Monitoring of lending exposure depends on the type of security with suitable instruments and measures and appropriate frequencies to the inherent risks.

Information is requested from clients once a year, or more often if needed, for unsecured commercial loans. This information provides an insight into the company's financial situation and thus helps in determining the current rating. In addition, an early warning system is used to detect latent risks. Further information on monitoring credit exposures can be found in the "Risk mitigation measures" section on pages 149 and 150.

## **Determination of impairments**

Client credit ratings are calculated by means of a client-specific rating model that is used to estimate clients' probability of default. Valiant uses the Creditmaster client rating system developed by RSN Risk Solution Network AG. For retail and affluent clients, the key factor is income, while for corporate clients factors such as profitability, the debt/equity ratio and liquidity are the main criteria. The assessment is mainly based on quantitative factors, although qualitative factors are also taken into consideration for retail and affluent clients and large corporate clients.

As well as assessing the client's creditworthiness by means of the client rating, the collateral used to secure the loan is also reviewed and revalued periodically. In the case of newly identified or already known impaired positions and positions with increased risks, individual valuation allowances are created on the uncovered portion of the credit exposure. Further information on the creation and release of value adjustments for inherent credit risk can be found in the Group accounting policies on page 139.

## **Impaired loans/receivables**

For impaired loans, i.e. claims for which it is unlikely that the borrower can meet its future commitments, the liquidation value of the collateral is determined and the impairment is covered by individual value adjustments where necessary. The impairment is based on the difference between the book value and the realisable value, taking into account counterparty risk and the net proceeds from the realisation of any collateral held. The estimated proceeds from any sale are discounted to the balance sheet date.

Loans are classified as impaired at the latest when the contractually agreed payments of principal and/or interest have been overdue for more than 90 days. Hence we also analyse and monitor outstanding interest and principal payments. Value adjustments are recognised directly on overdue and impaired interest payments.

Impaired loans are only reclassified as performing loans if the principal and interest are paid as contractually agreed and other credit rating criteria are met. Value adjustments and provisions that are no longer needed are reversed through the income statement.

If a loan is classified as wholly or partly irrecoverable or the claim is waived, it is reversed by booking it against the corresponding value adjustment.

## Notes on the valuation of collateral

The collateral to secure a loan is valued on the basis of the standard criteria used in the banking industry.

### **Mortgage-based loans**

How mortgages that secure loans are valued depends on the use of the property and the type of property. A hedonic valuation model is used for assessing owner-occupied properties; it compares real estate transaction data based on the detailed characteristics of each property. For investment properties, such as multi-family dwellings and office, commercial or industrial properties, the property values are determined using a capitalisation model. This involves calculating the property's earning-capacity value on the basis of its regular income streams. If the credit facility is not to be continued, the property is valued at its liquidation value. Valiant uses the lowest of the bank's internal valuation or, in rare cases, the external assessment and the purchase price or investment costs as the basis for granting loans.

### **Loans not secured by a mortgage**

Valiant provides loans that are not secured by a mortgage in all the usual forms (line of credit, loan, forward loan). Assets such as current accounts, marketable and liquid securities, insurance policy entitlements, assets in fiduciary accounts and other eligible assets are pledged against these loans. To cover the market risk associated with the collateral, haircuts are applied to market values when calculating collateral value.

# Business policy on the use of derivative financial instruments and hedge accounting

Derivative financial instruments are used in both the trading and the banking book.

The derivative financial instruments allocated to the trading book are derivatives traded with third parties to meet client needs and currency swaps used by Treasury for non-speculative balance sheet management purposes.

The derivative financial instruments in the banking book are used solely to manage interest rate risks and are subject to hedge accounting. Interest-rate-sensitive loans and commitments in the banking book (underlying transaction) are hedged using interest rate derivatives (hedging transaction). Some interest-rate-sensitive positions in the banking book (in particular mortgage loans and amounts due from and to clients) are grouped into various maturity bands by currency and hedged using macro hedges. When a financial instrument is recognised as a hedging transaction, the bank records the relationship between this instrument and the underlying transaction. The bank also records the risk management goals and strategy for the hedge and the methods for assessing the effectiveness of the hedge relationship. The economic relationship between the underlying and the hedge is continually monitored in a forward-looking manner by means of an effectiveness test, for instance by observing the opposing changes in their values and their correlation.

## Measuring the effectiveness of a hedge

A hedge works most effectively if it meets the following criteria in all material aspects:

- The hedge is assessed as being highly effective both at initiation and throughout its term.
- There is a close economic relationship between the underlying and the hedge.
- Changes in the value of the underlying and the hedge offset each other with respect to the hedged risk.
- The effectiveness of the hedge lies in a range of between 80 % and 125 %.

## Ineffectiveness

If a hedging transaction no longer meets the effectiveness criteria, it is treated as a trading transaction and the ineffective portion is recognised in "Net trading income and fair-value adjustments".

## Material events after the balance sheet date

No material events have occurred since the balance sheet date that might have a material influence on the assets, financial position or income situation of Valiant during the year under review.

## Auditors

The auditors did not resign early from their function during the financial year.

## Further information required by law

### **Equal pay for women and men (Art. 13h GEA)**

We adhere to the principle of equal pay for equal work – and it goes without saying that this also applies across genders. Under the Gender Equality Act (GEA), companies with more than 100 employees are obliged to conduct an internal equal pay analysis and have it audited by an independent body. Salaries at Valiant Bank AG were examined using the Logib method, the federal government's standard analysis tool, as of the reference date of 30 September 2020. 1,050 employees employed by Valiant on this date were included in the analysis. The result of the equal pay analysis was within the statistical tolerance threshold of  $\pm 5\%$ . The independent auditing firm PwC checked whether Valiant Bank AG's equal pay analysis was performed correctly in formal terms and that the analysis met the applicable legal requirements in all areas. We will continue to monitor the gender pay gap closely, conducting annual analyses and implementing measures where necessary.

## Information on the balance sheet

### 1. Securities financing transactions

There were no securities financing transactions at the balance sheet date.

### 2. Collateral for loans and off-balance-sheet transactions, as well as impaired loans

	Type of collateral			
	Secured by mortgage in CHF thousands	Other collateral in CHF thousands	Unsecured in CHF thousands	Total in CHF thousands
<b>Loans</b>				
Due from customers	237,518	739,376	620,347	1,597,241
Mortgage loans	27,135,981		35,112	27,171,093
Residential property	23,649,481		14,035	23,663,516
Office and business premises	761,667		1,049	762,716
Commercial and industrial premises	1,577,492		17,955	1,595,447
Other	1,147,341		2,073	1,149,414
<b>Total loans (before netting with value adjustments)</b>	<b>27,373,499</b>	<b>739,376</b>	<b>655,459</b>	<b>28,768,334</b>
	Current year			
	Previous year	25,920,680	801,547	590,064
<b>Total loans (after netting with value adjustments)</b>	<b>27,354,277</b>	<b>739,143</b>	<b>586,100</b>	<b>28,679,520</b>
	Current year			
	Previous year	25,906,562	801,351	535,741
<b>Off-balance-sheet transactions</b>				
Contingent liabilities	18,990	16,190	107,225	142,405
Irrevocable commitments	1,158,003		110,286	1,268,289
Commitments relating to calls on shares and other equities			61,164	61,164
<b>Total off-balance-sheet transactions</b>	<b>1,176,993</b>	<b>16,190</b>	<b>278,675</b>	<b>1,471,858</b>
	Current year			
	Previous year	1,215,780	13,883	272,213
				1,501,877

<b>Impaired loans / receivables</b>	Total debt in CHF thousands	Estimated liquidation value of collateral in CHF thousands	Individual value adjustments in CHF thousands	
			Net debt in CHF thousands	
<b>Current year</b>	<b>93,736</b>	<b>56,045</b>	<b>37,691</b>	<b>37,691</b>
Previous year	65,471	36,785	28,686	28,686

The net amount owing under impaired loans rose by CHF 9.0 million over the previous year. The deterioration in this situation is primarily due to rating changes and lower estimated proceeds from any sale.

Non-performing assets totalled CHF 45.2 million (previous year: CHF 42.0 million).

### 3. Trading positions and other financial instruments at fair value

	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
<b>Assets</b>		
Trading portfolio assets	17,542	15,011
Equity securities	17,542	15,011
Other financial instruments at fair value	0	0
<b>Total assets</b>	<b>17,542</b>	<b>15,011</b>
of which determined using a valuation model		
of which securities eligible for repo transactions in accordance with liquidity requirements		

## 4. Derivative financial instruments

	Trading instruments			Hedging instruments		
	Positive replacement values in CHF thousands	Negative replacement values in CHF thousands	Contract volume in CHF thousands	Positive replacement values in CHF thousands	Negative replacement values in CHF thousands	Contract volume in CHF thousands
Swaps				258,125	9,599	3,827,000
<b>Interest-rate instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258,125</b>	<b>9,599</b>	<b>3,827,000</b>
Forward contracts	7,143	15,770	1,248,303			
<b>Foreign exchange/precious metals</b>	<b>7,143</b>	<b>15,770</b>	<b>1,248,303</b>	<b>0</b>	<b>0</b>	<b>0</b>
Options (exchange-traded)						
<b>Equity securities/ indices</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total before netting agreements</b>	<b>Current year</b>	<b>7,143</b>	<b>15,770</b>	<b>1,248,303</b>	<b>258,125</b>	<b>9,599</b>
	Previous year	2,726	39,370	1,618,518	55,108	14,493
of which determined using a valuation model	Current year	7,143	15,770	258,125	9,599	
	Previous year	2,519	39,163	55,108	14,493	

	Positive replacement values (cumulative) in CHF thousands	Negative replacement values (cumulative) in CHF thousands
<b>After netting agreements</b>		
<b>Current year</b>	<b>265,268</b>	<b>25,369</b>
Previous year	57,834	53,863

	Central clearing houses in CHF thousands	Banks and securities dealers in CHF thousands	Other customers in CHF thousands
<b>By counterparty</b>			
Positive replacement values	0	263,810	1,458
Negative replacement values	0	24,586	783

At the reporting date, no balance sheet netting had been carried out.

	Positive replacement values in CHF thousands	Negative replacement values in CHF thousands	Contract volume in CHF thousands
<b>Banks by residual maturity</b>			
With a residual maturity of up to 1 year	5,586	14,481	1,155,200
With a residual maturity of more than 1 year	258,224	10,105	3,835,088

## 5. Financial investments

	Book value		Fair value	
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Debt securities	1,285,239	1,527,633	1,223,710	1,564,836
of which intended to be held to maturity	1,285,239	1,527,633	1,223,710	1,564,836
Equity securities	1,886	1,856	6,980	7,106
of which qualified holdings <sup>1</sup>	88	88	210	210
Precious metals	109	59	109	58
Real estate	0	0	0	0
<b>Total financial investments</b>	<b>1,287,234</b>	<b>1,529,548</b>	<b>1,230,799</b>	<b>1,572,000</b>
of which securities eligible for repo transactions in accordance with liquidity regulations	1,283,939	1,526,333		

<sup>1</sup> At least 10 % of the capital or voting rights

	AAA to AA <sup>-1</sup> Aaa to Aa <sup>2</sup> in CHF thousands	A+ to A <sup>-1</sup> A1 to A3 <sup>2</sup> in CHF thousands	BBB+ to BBB <sup>-1</sup> Baa1 to Baa3 <sup>2</sup> in CHF thousands	BB+ to B <sup>-1</sup> Ba1 to B3 <sup>2</sup> in CHF thousands	Below B <sup>-1</sup> Below B3 <sup>2</sup> in CHF thousands	Unrated in CHF thousands	Total in CHF thousands
Debt securities at book value	1,273,939	11,300					1,285,239

<sup>1</sup> S&P, Fitch, ZKB rating

<sup>2</sup> Moody's rating

The rating of a security is based on the credit rating assigned by one of the three agencies S&P, Moody's and Fitch. If a security has a rating from more than one of these agencies, the second-highest rating is used.

If an issuer has not been rated by one of these three agencies, the rating published by Zürcher Kantonalbank is used.

## 6. Non-consolidated holdings

	Acquisition cost in CHF thousands	Accumulated impairments and changes in book value in CHF thousands	Book value 31/12/2021 in CHF thousands	Reclassifications in CHF thousands	Additions in CHF thousands	Disposals in CHF thousands	Impairments in CHF thousands	Changes in book value in the case of holdings valued using the equity method / impairment reversals in CHF thousands	Book value 31/12/2022 in CHF thousands
<b>Holdings valued using the equity method</b>	<b>178,226</b>	<b>178,226</b>			<b>1,843</b>	<b>-18</b>		<b>-2,371</b>	<b>177,680</b>
without market value	178,226	178,226			1,843	-18		-2,371	177,680
<b>Other non-consolidated holdings</b>	<b>53,320</b>	<b>-2,585</b>	<b>50,735</b>		<b>13,166</b>	<b>0</b>	<b>-215</b>		<b>63,686</b>
without market value	53,320	-2,585	50,735		13,166	0	-215		63,686
<b>Total non-consolidated holdings</b>	<b>231,546</b>	<b>-2,585</b>	<b>228,961</b>	<b>0</b>	<b>15,009</b>	<b>-18</b>	<b>-215</b>	<b>-2,371</b>	<b>241,366</b>

## 7. Companies in which the group holds a permanent significant direct or indirect holding

### Fully consolidated holdings

Company name and domicile	Business activity	Company capital in CHF thousands	Share of capital as %	Share of votes as %
Valiant Bank AG, Bern	Bank	153,800	100.00	100.00
Valiant Immobilien AG, Bern	Real estate	2,000	100.00	100.00

### Non-consolidated holdings

Company name and domicile	Business activity	Company capital in CHF thousands	Share of capital as %	Share of votes as %	Accounted for using the equity method	Carried at cost
AgentSelly Ltd., Risch	Internet services in connection with real estate	144	87.10	87.10		x
Bernexpo Holding AG, Bern	Event management	3,900	18.69	18.69		x
Crédit Mutuel de la Vallée SA, Le Chenit	Bank	1,200	49.97	49.97	x	
Entris Holding AG, Muri b. Bern	Financial services	25,000	58.84	58.84	x	
Gerag Gewerberevisions AG, Bern	Commercial accounting and auditing	100	40.00	40.00		x
Parkhaus Kesselturn AG, Luzern	Car-park management	2,825	7.96	7.96		x
Pfandbriefbank schweizerischer Hypothekarinstutute AG, Zurich	Procurement of capital-market funding	1,100,000	9.92	9.92		x
SIX Group Ltd., Zurich	Safekeeping of securities	19,522	0.33	0.33		x
ValFinance AG, Bern	Financial services	100	100.00	100.00		x
Valiant Garantie AG, Bern	Granting of guarantees	100	98.00	98.00		x
Valiant Hypotheken AG, Bern	Granting of guarantees	100	98.00	98.00		x

### Indirect holdings

Company name and domicile	Business activity	Company capital in CHF thousands	Share of capital as %	Share of votes as %
Viseca Payment Services AG, Zurich <sup>1</sup>	Providing services in the area of cashless payment transactions	25,000	8.24	8.24

<sup>1</sup> Holding of Entris Group

AgentSelly AG is a start-up company offering a full range of real estate services. With 87.10%, Valiant has a majority within the company's highest governing body. As this stake is not material for the Valiant Group's financial reporting or risk exposures, we have decided not to consolidate it. The investment is valued at historical cost less economically necessary impairments.

Although Valiant's holding amounts to 58.84 %, Entris Holding AG is accounted for using the equity method because:

- Under the Entris shareholder agreement, key decisions require a two-thirds majority. These primarily relate to decisions concerning senior management and strategic tasks of the shareholder pool.
- Valiant representatives do not have a majority on the Board of Directors of Entris Holding AG and/or Entris group companies.
- The Entris group is a joint venture among all Entris banks.

As it is not material, Gerag Gewerberevisions AG is recognised at historical cost less economically necessary impairments.

ValFinance AG is an inactive company and its capital is not material relative to the group. The investment is valued at historical cost less economically necessary impairments.

Valiant Hypotheken AG and Valiant Garantie AG were founded with the specific and sole purpose of issuing covered bonds (see note 15). They function as guarantors of the covered bonds issued by Valiant Bank AG. Valiant Hypotheken AG and Valiant Garantie AG do not have a material impact on total assets or the income statement and are therefore recognised at historical cost less economically necessary impairments.

Indirect holdings are listed above a materiality threshold of 5 % of the votes and a capital share of CHF 2 million.

## 8. Tangible fixed assets

	Acquisition cost in CHF thousands	Accumulated depreciation in CHF thousands	Book value 31/12/2021 in CHF thousands	Additions in CHF thousands	Disposals in CHF thousands	Depreciation in CHF thousands	Book value 31/12/2022 in CHF thousands
Real estate	190,414	-98,589	91,825	4,865	-9,785	-8,657	78,248
Bank buildings <sup>1</sup>	169,162	-88,742	80,420	4,863	-4,091	-8,340	72,852
Other real estate	21,252	-9,847	11,405	2	-5,694	-317	5,396
Other tangible fixed assets	38,696	-19,407	19,289	10,301	-869	-12,008	16,713
<b>Total tangible fixed assets</b>	<b>229,110</b>	<b>-117,996</b>	<b>111,114</b>	<b>15,166</b>	<b>-10,654</b>	<b>-20,665</b>	<b>94,961</b>

<sup>1</sup> Incl. installations in rented properties

There are no liabilities from future leasing instalments under operating leases. The bank has rental agreements for offices and branches with residual terms of more than a year but does not consider these to be operating leases.

## 9. Intangible assets

	Cost in CHF thousands	Accumulated amortisation in CHF thousands	Book value 31/12/2021 in CHF thousands	Additions in CHF thousands	Amortisation in CHF thousands	Book value 31/12/2022 in CHF thousands
Other intangible assets	0	0	0	1,479	-1,479	0
<b>Total intangible assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,479</b>	<b>-1,479</b>	<b>0</b>

## 10. Other assets and other liabilities

	Other assets	Other liabilities
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Offset account		
Amount recognised as assets in respect of employer contribution reserves	1,852	1,566
Indirect taxes	6,177	6,786
Gains on financial investments sold prior to maturity	1,354	1,559
Other	5,600	17,260
<b>Total other assets and other liabilities</b>	<b>14,983</b>	<b>27,171</b>
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands

Other assets in the previous year comprise outstanding transactions with Entris Banking AG in an amount of roughly CHF 10 million.

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

	Amount due	Of which drawn down
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Mortgages pledged or assigned for central mortgage institution loans	7,302,163	6,702,362
Amounts due from customers pledged or assigned for the covered bonds	1,600	1,500
Due from customers assigned under the COVID-19 refinancing facility	164,508	236,257
Mortgages pledged or assigned for the covered bonds	4,623,557	3,956,073
Due from banks	2,900	27,900
<b>Total pledged assets</b>	<b>12,094,728</b>	<b>10,924,092</b>
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands

## 12. Liabilities relating to own pension funds, as well as equity instruments of the bank held by own pension schemes

Valiant Holding pension fund	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Liabilities	9,255	15,883
<b>Total liabilities</b>	<b>9,255</b>	<b>15,883</b>

The pension fund of Valiant Holding holds no shares in Valiant Holding AG.

## 13. Economic situation of the bank's own pension schemes

Employer contribution reserves (ECR)	Nominal value 31/12/2022 in CHF thousands	Waiver of use 31/12/2022 in CHF thousands	Net amount 31/12/2022 in CHF thousands	Net amount 31/12/2021 in CHF thousands	Impact on personnel expenses 31/12/2022 in CHF thousands	Impact on personnel expenses 31/12/2021 in CHF thousands
Pension scheme of Valiant Holding	1,852		1,852	1,566	-286	

The employer contribution reserves correspond to the nominal value, according to the calculation made by the pension fund. They are recognised in "Other assets". The nominal amount of the employer contribution reserves is not discounted. Interest is paid on the employer contribution reserves. The interest payments are recognised in "Personnel expenses".

Economic benefit / liability and pension expenses	Overfunding/ underfunding 31/12/2022 in CHF thousands <sup>1</sup>	Economic share of Valiant 31/12/2022 in CHF thousands	Economic share of Valiant 31/12/2021 in CHF thousands	Change in economic benefit versus previous year in CHF thousands	Contributions paid for the current period in CHF thousands	Pension expense in personnel expenses 31/12/2022 in CHF thousands	Pension expense in personnel expenses 31/12/2021 in CHF thousands
avenirplus.ch Sammelstiftung	p.m.	0	0	0	1,036	1,036	1,029
Pension plans with overfunding	0	0	0	0	0	0	9,677
Pension plans with underfunding	-14,137	0	0	0	10,309	8,355	0

<sup>1</sup> Unaudited

The provisional coverage ratio of the pension fund of Valiant Holding was 98.3% at the end of 2022, with a technical interest rate of 1.50% (previous year: 1.50%). The fluctuation reserve was CHF 0. Since the target figure for the fluctuation reserve will not be achieved, there is no economic benefit for the bank. The Board of Directors assumes that, in spite of the shortfall under Swiss GAAP FER 26, there is no economic liability for the employer for the foreseeable future as it does not wish to contribute to the financing, nor is it obliged to.

Members of the Executive Board and senior management are in addition insured under a supplementary pension fund that does not have legal personality. It is affiliated through the joint occupational pension fund IGP-Personalvorsorge-Stiftung. According to the current pension fund regulations, neither a future benefit nor a future commitment is foreseeable.

Accounting for the pension fund of Valiant Holding and IGP-Personalvorsorge-Stiftung is done according to Swiss GAAP FER 26. The employer does not have any additional liabilities.

## 14. Issued structured products

There are no holdings in structured products issued by the bank.

## 15. Outstanding bonds and mandatory convertible bonds

Issuer		Interest rate	Year of issue	Early termination option	Maturity	Amount in CHF thousands
Valiant Bank AG	Valiant covered bond	0.450	2022	None	29/06/2023	20,000
Valiant Bank AG	Valiant covered bond	0.750	2022	None	25/08/2023	115,000
Valiant Bank AG	Valiant covered bond	0.125	2018	None	23/04/2024	500,000
Valiant Bank AG	Valiant covered bond	0.000	2019	None	31/10/2025	190,000
Valiant Bank AG	Valiant covered bond	0.000	2021	None	20/01/2026	270,000
Valiant Bank AG	Valiant covered bond	0.200	2019	None	29/01/2027	303,000
Valiant Bank AG	Valiant covered bond	0.375	2017	None	06/12/2027	250,000
Valiant Bank AG	Valiant covered bond	0.000	2019	None	31/07/2029	400,000
Valiant Bank AG	Valiant covered bond	0.100	2021	None	29/11/2030	215,000
Valiant Bank AG	Valiant covered bond	0.100	2021	None	07/05/2031	190,000
Valiant Bank AG	Valiant covered bond	0.125	2019	None	04/12/2034	310,000
Mortgage Bond Bank of Swiss Mortgage Institutions	Central mortgage institution loans	0.821 <sup>1</sup>				5,584,700
<b>Total</b>						<b>8,347,700</b>

<sup>1</sup> Average interest rate

The covered bonds issued are backed by mortgage loans. The mortgage loans are ceded to the guarantors of the covered bonds Valiant Hypotheken AG or Valiant Garantie AG. Based on the Articles of Association and the voting regulations set out in the shareholder agreement, Valiant exercises no control over Valiant Hypotheken AG or Valiant Garantie AG despite its majority holding. Please refer to the issue prospectuses for further information.

	Due 2023 in CHF thousands	Due 2024 in CHF thousands	Due 2025 in CHF thousands	Due 2026 in CHF thousands	Due 2027 in CHF thousands	Due >2027 in CHF thousands	Total in CHF thousands
Bonds	135,000	500,000	190,000	270,000	553,000	1,115,000	2,763,000
Mortgage bond notes of the Mortgage Bond Bank of Swiss Mortgage Institutions	504,400	384,400	505,300	500,500	423,100	3,267,000	5,584,700
<b>Total</b>	<b>639,400</b>	<b>884,400</b>	<b>695,300</b>	<b>770,500</b>	<b>976,100</b>	<b>4,382,000</b>	<b>8,347,700</b>

## 16. Value adjustments, provisions and reserves for general banking risks

	31/12/2021 in CHF thousands	Used as allocated in CHF thousands	Recognition of value adjustments for inherent default risks in CHF thousands	Reclassifica- tions in CHF thousands	Past due interest, recoveries in CHF thousands	Additions charged to income statement in CHF thousands	Releases credited to income statement in CHF thousands	31/12/2022 in CHF thousands
Provisions for deferred taxes	2,530					63	-810	1,783
Provisions for pension commitments	1,566						-1,566	0
Provisions for credit risk	9,848			-88				9,760
Provisions for restructuring <sup>1</sup>	19,640	-4,782				660	-1,078	14,440
Other provisions <sup>2</sup>	6,281	-690				500	-1,250	4,841
<b>Total provisions</b>	<b>39,865</b>	<b>-5,472</b>	<b>0</b>	<b>-88</b>	<b>0</b>	<b>1,223</b>	<b>-4,704</b>	<b>30,824</b>
<b>Reserves for general banking risks<sup>3</sup></b>	<b>34,786</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>59,786</b>
Value adjustments for credit risk in respect of impaired loans / receivables	28,686	-3,915		6,188	1,560	9,830	-4,658	37,691
Value adjustments for latent risks <sup>4</sup>	39,951	-4	6,842	-6,100		25,164	-14,730	51,123
<b>Value adjustments for credit and country risks</b>	<b>68,637</b>	<b>-3,919</b>	<b>6,842</b>	<b>88</b>	<b>1,560</b>	<b>34,994</b>	<b>-19,388</b>	<b>88,814</b>

<sup>1</sup> Projects to implement the client areas and Strategy 2020–2024 (in particular due to optimization of the branch structure).

<sup>2</sup> Provisions for legal risks, variable compensation as well as for the implementation of strategic projects.

<sup>3</sup> CHF 0.5 million, not taxed (previous year: CHF 0.5 million).

<sup>4</sup> During the reporting year, portfolio-based value adjustments for inherent risks were carried out in the amount of TCHF 6,842.

The transfer was made from the retained earnings reserves.

## 17. Share capital

Disclosure at group level is not required under the accounting rules for banks (FINMA Circular 2020/1). For information on share capital, please refer to the annual financial statements of Valiant Holding AG.

## 18. Shares or share options allocated during the year to management and administrative bodies and employees

	Number Equity securities	31/12/2022 in CHF thousands	Value Equity securities	31/12/2021 in CHF thousands
Members of the Board of Directors		4,533	358	363
Members of the Executive Board		4,180	330	369
Members of Senior Management		7,299	576	543
<b>Total</b>	<b>16,012</b>	<b>15,550</b>	<b>1,264</b>	<b>1,275</b>

The Board of Directors was paid 30% of its compensation in the form of Valiant shares that are blocked for a period of three years. Members of the Executive Board and senior management receive variable compensation, of which 20-30% is paid out in the form of Valiant shares blocked for three years (see the compensation report for further details). Measurement is according to the market value method, with blocked shares being discounted. There are no share ownership plans for employees. There are no option plans.

## 19. Related parties

	Amounts due from		Amounts due to	
	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Group companies <sup>1</sup>	4,868	4,780	334	1,794
Transactions with members of governing bodies <sup>2</sup>	2,864	2,730	2,215	3,616
Other related parties <sup>3</sup>	4,987,051	6,174,123	4,584	4,749

<sup>1</sup> ValFinance Ltd, AgentSelly Ltd

<sup>2</sup> Members of the Board of Directors and of the Executive Board

<sup>3</sup> Entris Holding AG AG, Entris Banking AG, Valiant Hypotheken AG and Valiant Garantie AG

There are off-balance-sheet transactions with other related parties of CHF 78.2 million. Transactions (such as securities transactions, payment transactions, the granting of loans and interest on deposits) with related parties are conducted on the same terms as those applied to third parties. Employees are granted loans at special conditions that are customary in the sector. The compensation of members of the Board of Directors and Executive Board is set out in detail in the Valiant Holding AG compensation report.

## 20. Significant shareholders

Disclosure at group level is not required under the accounting rules for banks (FINMA Circular 2020/1). For details on significant shareholders, please refer to the statutory financial statements of Valiant Holding AG.

## 21. Treasury shares

Treasury shares	Average transaction price in CHF	No. of shares
Registered treasury shares at 1 January 2022		0
+ Purchases	95.05	27,745
- Sales	90.87	-11,733
- Issue of treasury shares for share-based compensation	94.03	-16,012
Registered treasury shares at 31 December 2022		0

Treasury shares were traded at fair value during the period under review. The sale of the registered treasury shares resulted in a loss of CHF 0.07 million, which was charged to the capital reserve. The shares that were sold were treasury shares that were not held for trading purposes. There are no repurchase or disposal obligations or other contingent liabilities associated with the treasury shares that were sold. Subsidiaries and affiliated companies do

not hold any equity instruments in the bank. There are no reserved treasury shares.

## 22. Equity holdings held by the governing bodies, and compensation report

Disclosure at group level is not required under the accounting rules for banks (FINMA Circular 2020/1). The information to be published in accordance with the legal requirements is presented in the compensation report. In addition, please see table 18 of the notes to the annual financial statements of Valiant Holding AG.

## 23. Maturity structure of financial instruments

	Sight deposits in CHF thousands	Callable in CHF thousands	Due within 3 months in CHF thousands	Due within 3 to 12 months in CHF thousands	Due within 12 months to 5 years in CHF thousands	Due in more than 5 years in CHF thousands	No maturity in CHF thousands	Total in CHF thousands	
Cash and cash equivalents	5,053,435							5,053,435	
Due from banks	34,690	13,202	1,213					49,105	
Due from customers	6,262	467,420	157,256	190,349	394,209	326,732		1,542,228	
Mortgage loans	2,649	3,766,481	1,459,359	2,252,506	11,611,424	8,044,873		27,137,292	
Trading portfolio assets	17,542							17,542	
Positive replacement values of derivative financial instruments	265,268							265,268	
Financial investments	1,995		53,390	164,872	734,989	331,988		1,287,234	
<b>Total</b>	<b>Current year</b>	<b>5,381,841</b>	<b>4,247,103</b>	<b>1,671,218</b>	<b>2,607,727</b>	<b>12,740,622</b>	<b>8,703,593</b>	<b>0</b>	<b>35,352,104</b>
	Previous year	6,397,117	2,256,086	1,931,694	3,077,933	12,722,854	8,784,407	0	35,170,091
Due to banks	260,897	163,300	1,267,233	62,685				1,754,115	
Customer deposits	15,746,370	4,633,317	1,689,513	372,705	31,980			22,473,885	
Negative replacement values of derivative financial instruments	25,369							25,369	
Medium-term notes			956	8,128	53,759	14,931		77,774	
Bond issues and central mortgage institution loans			0	639,400	3,326,300	4,382,000		8,347,700	
<b>Total</b>	<b>Current year</b>	<b>16,032,636</b>	<b>4,796,617</b>	<b>2,957,702</b>	<b>1,082,918</b>	<b>3,412,039</b>	<b>4,396,931</b>	<b>0</b>	<b>32,678,843</b>
	Previous year	15,525,770	4,982,474	3,782,043	1,179,462	2,889,200	4,544,216	0	32,903,165

## 24. Assets and liabilities broken down by domestic and foreign positions

	31/12/2022		31/12/2021	
	Domestic in CHF thousands	Foreign in CHF thousands	Domestic in CHF thousands	Foreign in CHF thousands
<b>Assets</b>				
Cash and cash equivalents	5,051,033	2,402	6,253,639	686
Due from banks	26,109	22,996	55,854	13,865
Due from customers	1,537,270	4,958	1,528,164	7,237
Mortgage loans	27,137,292		25,708,253	
Trading portfolio assets	17,542		15,011	
Positive replacement values of derivative financial instruments	265,268		57,834	
Financial investments	1,058,236	228,998	1,267,260	262,288
Accrued income and prepaid expenses	26,414		22,992	
Non-consolidated holdings	241,366		228,961	
Tangible fixed assets	94,961		111,114	
Intangible assets	0		0	
Other assets	14,983		27,171	
<b>Total assets</b>	<b>35,470,474</b>	<b>259,354</b>	<b>35,276,253</b>	<b>284,076</b>
<b>Liabilities and equity</b>				
Due to banks	888,148	865,967	1,003,629	1,628,424
Customer deposits	22,016,198	457,687	21,198,418	889,442
Negative replacement values of derivative financial instruments	25,369		53,863	
Medium-term notes	77,474	300	50,889	
Bond issues and central mortgage institution loans	8,347,700		8,078,500	
Accrued expenses and deferred income	141,529		138,623	
Other liabilities	411,185		79,921	
Provisions	30,824		39,865	
Reserves for general banking risks	59,786		34,786	
Share capital	7,896		7,896	
Capital reserve	592,596		592,613	
Retained earnings reserve	1,677,655		1,640,335	
Consolidated net profit	129,514		123,125	
<b>Total liabilities and equity</b>	<b>34,405,874</b>	<b>1,323,954</b>	<b>33,042,463</b>	<b>2,517,866</b>

## 25. Assets by country and country groups

Foreign assets mainly relate to counterparties in Europe and North America. Assets are not broken down by country or country groups, as fewer than 5% of assets are domiciled abroad.

## 26. Assets by credit rating of country groups

Assets are not broken down by credit rating of country groups, as fewer than 5% of assets are domiciled abroad.

## 27. Assets and liabilities by the most significant currencies for the bank

Assets	CHF in CHF thousands	EUR in CHF thousands	USD in CHF thousands	Other in CHF thousands	Total in CHF thousands
Cash and cash equivalents	5,044,869	7,861	492	213	5,053,435
Due from banks	8,947	13,607	3,806	22,745	49,105
Due from customers	1,425,268	91,087	25,872	1	1,542,228
Mortgage loans	27,137,292				27,137,292
Trading portfolio assets	17,542				17,542
Positive replacement values of derivative financial instruments	265,268				265,268
Financial investments	1,252,985	20,263	13,878	108	1,287,234
Accrued income and prepaid expenses	26,414				26,414
Non-consolidated holdings	241,366				241,366
Tangible fixed assets	94,961				94,961
Intangible assets	0				0
Other assets	14,798	178		7	14,983
<b>Total assets shown on the balance sheet</b>	<b>35,529,710</b>	<b>132,996</b>	<b>44,048</b>	<b>23,074</b>	<b>35,729,828</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	83,743	908,041	221,261	35,258	1,248,303
<b>Total assets</b>	<b>35,613,453</b>	<b>1,041,037</b>	<b>265,309</b>	<b>58,332</b>	<b>36,978,131</b>
<b>Liabilities and equity</b>					
Due to banks	1,074,916	521,799	140,631	16,769	1,754,115
Customer deposits	21,877,154	456,204	102,466	38,061	22,473,885
Negative replacement values of derivative financial instruments	25,369				25,369
Medium-term notes	77,774				77,774
Bond issues and central mortgage institution loans	8,347,700				8,347,700
Accrued expenses and deferred income	141,529				141,529
Other liabilities	410,945	156	77	7	411,185
Provisions	30,824				30,824
Reserves for general banking risks	59,786				59,786
Share capital	7,896				7,896
Capital reserve	592,596				592,596
Retained earnings reserve	1,677,655				1,677,655
Consolidated net profit	129,514				129,514
<b>Total liabilities and equity shown on the balance sheet</b>	<b>34,453,658</b>	<b>978,159</b>	<b>243,174</b>	<b>54,837</b>	<b>35,729,828</b>
Delivery commitments from spot exchange, forward forex and forex options transactions	1,166,537	66,583	20,452	3,357	1,256,929
<b>Total liabilities and equity</b>	<b>35,620,195</b>	<b>1,044,742</b>	<b>263,626</b>	<b>58,194</b>	<b>36,986,757</b>
<b>Net position per currency</b>	<b>-6,742</b>	<b>-3,705</b>	<b>1,683</b>	<b>138</b>	<b>-8,626</b>

## Information on off-balance-sheet transactions

### 28. Contingent liabilities and contingent assets

	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Credit guarantees and similar	20,585	23,962
Performance guarantees and similar	66,324	59,681
Other contingent liabilities	55,496	56,413
<b>Total contingent liabilities</b>	<b>142,405</b>	<b>140,056</b>

There are no contingent assets.

The Valiant Group belongs to the value added tax group of the Entris banking group and bears joint liability for the group's value added tax obligations towards the tax authority. At present, there are no indications of the Entris group not being able to meet its commitments.

As an issuer of Debit Mastercard and credit cards, Valiant is part of the Mastercard and Visa scheme networks. In the event of an issuer failure in the scheme network, all issuers are jointly and severally liable to the extent of their proportionate transaction volume of the total volume of the network. Even in the event of the failure of a large issuer, Valiant assumes an insignificant loss.

### 29. Credit commitments

	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
<b>Total credit commitments</b>	<b>0</b>	<b>0</b>

### 30. Fiduciary transactions

	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Fiduciary deposits with third-party companies	26,626	10,435
<b>Total fiduciary transactions</b>	<b>26,626</b>	<b>10,435</b>

### 31. Assets under management

The threshold for a breakdown of managed assets was not exceeded, so this information is not shown.

## Information on the income statement

### 32. Net trading income and fair-value adjustments

Breakdown of trading income by business area	2022 in CHF thousands	2021 in CHF thousands
Trading income with clients	22,558	15,479
Other trading	44	624
<b>Net trading income<sup>1</sup></b>	<b>22,602</b>	<b>16,103</b>

Breakdown of trading income by risk	2022 in CHF thousands	2021 in CHF thousands
Securities	-1,574	72
Foreign exchange	22,518	15,102
Commodities/precious metals	1,658	929
<b>Net trading income<sup>1</sup></b>	<b>22,602</b>	<b>16,103</b>

<sup>1</sup> Not including fair-value adjustments.

### 33. Refinancing income under “Interest and discount income” and negative interest rates

Negative interest	2022 in CHF thousands	2021 in CHF thousands
Negative interest on lending (minus interest and discount income)	58	333
Negative interest on borrowing (minus interest expense)	20,807	36,652

No refinancing costs for trading activities were booked to “Interest and discount income”.

## 34. Personnel expenses

	2022 in CHF thousands	2021 in CHF thousands
Salaries (meeting-attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	120,136	115,091
of which expenses related to share-based compensation and alternative forms of variable compensation	1,506	1,518
Social insurance benefits	18,682	19,751
Other personnel expenses	4,478	7,722
<b>Total personnel expenses</b>	<b>143,296</b>	<b>142,564</b>

## 35. General and administrative expenses

	2022 in CHF thousands	2021 in CHF thousands
Office space expenses	15,886	15,662
Expenses for information and communications technology <sup>1</sup>	71,899	61,586
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	3,293	3,086
Fees of audit firm(s) (Art. 961a no. 2 CO)	722	830
of which for financial and regulatory audits including audit-related services	678	821
of which for other services	44	9
Other operating expenses	32,476	30,625
<b>Total operating expenses</b>	<b>124,276</b>	<b>111,789</b>

<sup>1</sup> A new model in the card business (issuer model Debit MasterCard and credit cards) entailed a change in accounting practice. This led to higher general and administrative expenses with a simultaneous increase in commission income from other services of CHF 7.5 million each.

## 36. Material losses, extraordinary income and expenses, material releases of reserves for general banking risks, and value adjustments and provisions no longer required

	2022 in CHF thousands	2021 in CHF thousands
<b>Extraordinary income</b>		
Gains from the sale of properties	25,168	2,880
Badwill <sup>1</sup>	753	15
Prior-period input tax	245	50
Other items	26,166	2,945
<b>Total extraordinary income</b>	<b>26,166</b>	<b>2,945</b>
<b>Extraordinary expenses</b>		
Prior-period VAT	0	35
Prior-period stamp duty	0	95
Other items	0	130
<b>Total extraordinary expenses</b>	<b>0</b>	<b>130</b>

<sup>1</sup> The increase in the holding in Credit Mutuel de la Vallée SA from 41.49% to 49.97% resulted in badwill of TCHF 753.

There were no material losses during the year under review.

### 37. Revaluation of holdings and tangible fixed assets up to historical cost at maximum

No revaluations were carried out during the year under review.

### 38. Operating profit broken down according to domestic and foreign origin in accordance with the permanent establishment principle

There are no permanent establishments abroad.

### 39. Current and deferred taxes and tax rate

	2022 in CHF thousands	2021 in CHF thousands
Expenses for taxes on capital and income	31,753	24,026
of which expenses for current taxes	32,992	26,403
of which recognition/reversal of tax accruals	-1,239	-2,377
Recognition/reversal of provisions for deferred taxes	-747	-377
<b>Total taxes</b>	<b>31,006</b>	<b>23,649</b>

The weighted average tax rate on the basis of operating profit was 19.5 % in 2022 (previous year: 16.4 %).

### 40. Earnings per share

	2022	2021
Group profit per share <sup>1</sup> (in CHF)	8.20	7.80
Average number of shares outstanding	15,792,461	15,792,461

<sup>1</sup> Group profit per share is calculated by dividing group profit by the average number of shares outstanding. There is no dilution.

# Auditor's report on the consolidated financial statements



## Report of the statutory auditor

to the General Meeting of Valiant Holding AG, Lucerne

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Valiant Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 133 to 178) give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law as well as with the consolidation and valuation principles described in the notes.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview

Overall Group materiality: CHF 8'025'000



We concluded audit work at all three fully consolidated Group companies. Our audit scope addressed 93.9 % of the Group's profit and 99.5 % of the Group's total assets. The 6.1 % of the Group's profit and 0.5 % of the Group's total assets not covered by our audits concern Entris Holding AG, which is accounted for according to the equity method. This entity was audited by KPMG AG.

As key audit matter the following area of focus has been identified:

Valuation of amounts due from customers

**Materiality**

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 8'025'000
Benchmark applied	Group profit before taxes
Rationale for the materiality benchmark applied	We chose Group profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 802'500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

**Audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We defined the Group audit approach taking into account the audit work performed at the three consolidated Group companies. As Group auditors we performed the audit of the consolidation process, the presentation and disclosure of the consolidated financial statements as well as the audit of all three Group companies. We assured that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Group audit.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of amounts due from customers

Key audit matter	How our audit addressed the key audit matter
We consider the valuation of amounts due from customers as a key audit matter because of the significance of this asset category in relation to total assets and due to the significant scope for judgement involved in assessing the extent and amount of impairment charges for default risk.	Our audit approach primarily contained functional tests on internal controls relating to the amounts due from customers at the consolidated bank. We assessed the key controls and, on a sample basis, tested compliance with them. This gave us a basis to assess compliance with the Board of Directors' requirements. In addition, as part of our substantive audit procedures, where significant scope for judgement exists (e.g. in estimating the future results of corporate customers or in assessing property values), we challenged the decisions of Management with our own critical opinion.
As at 31 December 2022 the amounts due from customers were CHF 28.7 billion and represented 80.3% of total assets. They consisted of CHF 1.6 billion due from customers and CHF 27.1 billion mortgage loans. The amounts due from customers were presented net, i.e. less impairment charges for default risks of CHF 88.8 million.	Our functional tests included, specifically, checking the ratings, the repayment ratio calculation and the collateral valuation; checking loan disbursement controls and key loan file controls; checking impairment testing and the calculation of liquidation values; and examining the use of loan monitoring lists and of the related reports. Our substantive tests of detail included, specifically, sample-based credit reviews.
Management assesses on an individual basis and on the basis of various key factors whether a write-down is necessary following a negative development. These factors include, amongst others, the local economic conditions, the financial net worth, liquidity and profitability of the borrowers, the impairment of the business model and the value of the collateral provided. In particular, the impairment testing of securities that have no observable market price (e.g. real estate) involves significant scope for judgement by Management.	We assessed the approach used to determine and provide allowances for inherent credit risks. In doing so, we assessed the assumptions on which the calculations are based and checked whether they were consistently applied.
With regard to the group accounting policies, the approaches used to identify default risks and to determine potential impairment, and the valuation of collateral, please refer to page 139 (recognition and measurement principles for amounts due from customers and mortgage loans, and impairments for credit risk), page 157 (methods used to identify credit risk and determine impairments) and page 158 (valuation of collateral).	At our final audit we updated the results obtained from tests of controls and checked that the results of impairment tests of amounts due from customers were appropriately accounted for in the consolidated financial statements.
	The combination of our functional tests and substantive audit procedures gave us sufficient assurance to assess the valuation of amounts due from customers.
	The assumptions made were in line with our expectations.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the audited tables in the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' responsibilities for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Romer  
Audit expert  
Auditor in charge



Andreas Aebersold  
Audit expert

Luzern, 21 March 2023

This page was left blank intentionally.

# Disclosures of capital adequacy and liquidity

	a	c	e
<b>Eligible capital (in CHF thousands)</b>			
1 Common Equity Tier1 capital (CET1)	31/12/2022 2,375,683	30/06/2022 2,311,534	31/12/2021 2,303,219
2 Tier1 capital	2,375,683	2,311,534	2,303,219
<b>3 Total capital</b>	<b>2,377,563</b>	<b>2,313,750</b>	<b>2,307,811</b>
<b>Risk-weighted assets (RWA) (in CHF thousands)</b>			
4 RWA	15,045,365	14,660,876	14,408,311
4a Minimum equity (in CHF thousands)	1,203,629	1,172,870	1,152,665
<b>Risk-based capital ratios (as a % of RWA)</b>			
5 CET1 ratio	15.79	15.77	15.99
6 Core capital ratio	15.79	15.77	15.99
<b>7 Total capital ratio</b>	<b>15.80</b>	<b>15.78</b>	<b>16.02</b>
<b>CET1 buffer requirements (as a % of RWA)</b>			
8 Capital buffer in accordance with the Basel minimum requirements (2.5% from 2019) (as a %)	2.50	2.50	2.50
9 Countercyclical buffer (Art. 44a CAO) in accordance with the Basel minimum requirements (as a %)	0.00	0.00	0.00
<b>11 Overall buffer in accordance with the Basel minimum CET1 requirements (as a %)</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>
12 CET1 available after meeting the Basel minimum requirements (after deduction of CET1 to cover the minimum requirements and, where necessary, to cover the TLAC requirements)(as a %)	7.80	7.78	8.02
<b>Target capital ratios in accordance with Annex 8 of CAO (as a % of RWA)</b>			
12a Capital buffer in accordance with Annex 8 of CAO (as a %)	4.00	4.00	4.00
12b Countercyclical buffer (Art. 44 and 44a CAO) (as a %)	1.50	0.00	0.00
<b>12c CET1 minimum requirement (as a %) in accordance with Annex 8 of CAO plus the countercyclical capital buffer in accordance with Art. 44 and 44a CAO</b>	<b>9.30</b>	<b>7.80</b>	<b>7.80</b>
12d T1 minimum requirement (as a %) in accordance with Annex 8 of CAO plus the countercyclical capital buffer in accordance with Art. 44 and 44a CAO	11.10	9.60	9.60
<b>12e Total capital minimum requirement (as a %) in accordance with Annex 8 of CAO plus the countercyclical capital buffer in accordance with Art. 44 and 44a CAO</b>	<b>13.50</b>	<b>12.00</b>	<b>12.00</b>
<b>Basel III leverage ratio</b>			
13 Total exposure (in CHF thousands)	37,837,324	38,663,383	37,861,935
<b>14 Basel III leverage ratio (core capital as a % of the total exposure)</b>	<b>6.28</b>	<b>5.98</b>	<b>6.08</b>

	a	b	c	d	e
<b>Liquidity coverage ratio (LCR)</b>					
15 LCR numerator: Total high-quality liquid assets (in CHF thousands)	31/12/2022 6,304,240	30/09/2022 6,664,431	30/06/2022 7,654,379	31/03/2022 7,713,206	31/12/2021 7,722,898
16 LCR denominator: Total net cash outflow (in CHF thousands)	5,102,878	5,249,529	5,327,935	5,090,309	5,093,739
<b>17 Liquidity coverage ratio (LCR) (as a %)</b>	<b>124</b>	<b>127</b>	<b>144</b>	<b>152</b>	<b>152</b>

	a	c	e
<b>Funding ratio (NSFR)</b>			
18 Available stable funding (in CHF)	31/12/2022 28,147,899	30/06/2022 27,790,877	31/12/2021 27,575,196
19 Required stable funding (in CHF)	24,449,808	23,764,763	23,091,259
<b>20 Funding ratio (NSFR) (as a %)</b>	<b>115</b>	<b>117</b>	<b>119</b>

The Valiant Group's full disclosures pursuant to FINMA Circular 2016/1 can be found on the Valiant website at: [valiant.ch/](http://valiant.ch/) results.

# Statutory financial statements of Valiant Holding AG

## Balance sheet

	31/12/2022 in CHF thousands			Change as %
		31/12/2021 in CHF thousands	Change in CHF thousands	
<b>Assets</b>				
Cash and cash equivalents	28,911	23,817	5,094	21.4
Current assets with a stock exchange price	17,542	15,011	2,531	16.9
<b>Total cash and cash equivalents, and current assets with a stock exchange price</b>	<b>46,453</b>	<b>38,828</b>	<b>7,625</b>	<b>19.6</b>
Other current receivables	38	82	-44	-53.7
Accrued income and prepaid expenses	125,002	5,284	119,718	2,265.7
of which vis-à-vis subsidiaries	125,000	5,283	119,717	2,266.1
<b>Total current assets</b>	<b>171,493</b>	<b>44,194</b>	<b>127,299</b>	<b>288.0</b>
Financial investments	954	949	5	0.5
Holdings	1,221,609	1,221,609	0	0.0
<b>Total fixed assets</b>	<b>1,222,563</b>	<b>1,222,558</b>	<b>5</b>	<b>0.0</b>
<b>Total assets</b>	<b>1,394,056</b>	<b>1,266,752</b>	<b>127,304</b>	<b>10.0</b>
<b>Liabilities and shareholders' equity</b>				
Other current liabilities	188	177	11	6.2
Deferred income and accrued expenses	907	736	171	23.2
of which vis-à-vis subsidiaries	215	0	215	n/a
<b>Total current liabilities</b>	<b>1,095</b>	<b>913</b>	<b>182</b>	<b>19.9</b>
Due to banks	250,000	165,000	85,000	51.5
of which vis-à-vis subsidiaries	250,000	165,000	85,000	51.5
Provisions	0	261	-261	-100.0
<b>Total long-term liabilities</b>	<b>250,000</b>	<b>165,261</b>	<b>84,739</b>	<b>51.3</b>
<b>Total liabilities</b>	<b>251,095</b>	<b>166,174</b>	<b>84,921</b>	<b>51.1</b>
Share capital	7,896	7,896	0	0.0
Statutory capital reserves	1,564	1,581	-17	-1.1
of which capital contribution reserves	70	70	0	0.0
Statutory retained earnings	711,846	711,846	0	0.0
Voluntary retained earnings	300,292	376,293	-76,001	-20.2
Accumulated profit	121,363	2,962	118,401	3,997.3
of which profit carried forward	0	0	0	n/a
of which net profit for the year	121,363	2,962	118,401	3,997.3
Treasury shares	0	0	0	n/a
<b>Total shareholders' equity</b>	<b>1,142,961</b>	<b>1,100,578</b>	<b>42,383</b>	<b>3.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,394,056</b>	<b>1,266,752</b>	<b>127,304</b>	<b>10.0</b>

# Income statement

	2022 in CHF thousands	2021 in CHF thousands	Change in CHF thousands	Change as %
<b>Income from services</b>				
Management fees	2,765	2,913	-148	-5.1
<b>Income from services</b>	<b>2,765</b>	<b>2,913</b>	<b>-148</b>	<b>-5.1</b>
<b>Operating expenses</b>				
Wages, social security contributions and other personnel expense	-2,676	-2,766	90	-3.3
<b>Staff costs</b>	<b>-2,676</b>	<b>-2,766</b>	<b>90</b>	<b>-3.3</b>
Other operational costs	-1,379	-1,295	-84	6.5
<b>Other operational costs</b>	<b>-1,379</b>	<b>-1,295</b>	<b>-84</b>	<b>6.5</b>
Provisions	250	0	250	n/a
<b>Depreciation, amortisation and valuation adjustments</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>n/a</b>
<b>Operating profit before financial income and taxes</b>	<b>-1,040</b>	<b>-1,148</b>	<b>108</b>	<b>-9.4</b>
<b>Net financial income</b>				
Income from holdings	125,000	5,000	120,000	2,400.0
Interest expense	-947	-735	-212	28.8
of which vis-à-vis subsidiaries	-947	-735	-212	28.8
Interest income	31	178	-147	-82.6
Other financial income	2,757	1,751	1,006	57.5
of which income from the sale of financial investments	-	204	-204	-100.0
Other financial costs	-4,336	-1,839	-2,497	135.8
<b>Net financial income</b>	<b>122,505</b>	<b>4,355</b>	<b>118,150</b>	<b>2,713.0</b>
<b>Operating profit before extraordinary income and taxes</b>	<b>121,465</b>	<b>3,207</b>	<b>118,258</b>	<b>3,687.5</b>
Extraordinary income	0	0	0	n/a
Extraordinary expenses	0	-130	130	-100.0
<b>Net extraordinary income</b>	<b>0</b>	<b>-130</b>	<b>130</b>	<b>-100.0</b>
<b>Operating profit before taxes</b>	<b>121,465</b>	<b>3,077</b>	<b>118,388</b>	<b>3,847.5</b>
Taxes	-102	-115	13	-11.3
<b>Profit for the year</b>	<b>121,363</b>	<b>2,962</b>	<b>118,401</b>	<b>3,997.3</b>

# Notes to the annual financial statements

Valiant Holding AG is a holding company in the financial sector with its registered office in Lucerne. Its main holding is its 100% stake in its subsidiary Valiant Bank AG, which operates across Switzerland. For the detailed management report, please refer to pages 9 to 34.

## 1. Information on the principles applied to the financial statements

These financial statements have been prepared in accordance with the provisions of Swiss law, in particular the articles of the Code of Obligations concerning commercial book-keeping and accounting (Articles 957 to 962 CO). The principles applied were those permitted by law. The current assets recognised under cash and cash equivalents with market prices are measured at market value. Financial investments are valued at the lower of cost or market. They are written up to the purchase costs if the market value falls below the purchase costs and subsequently rises again. Value adjustments are booked on a net basis under "Other financial income" or "Other financial costs". Shareholdings are recognised at historical cost and tested for impairment at least once a year. There are no other matters relating to accounting treatment that need to be described separately. Treasury shares purchased in the 2022 financial year were used for share-based compensation. The remaining position was sold. The resulting income was recorded in equity under the capital reserve. Pursuant to Article 961d para. 1 CO, no additional information is provided in the notes and no cash flow statement or management report is provided. In addition, pursuant to Article 962 para. 3 CO, no financial statements are drawn up using recognised standards.

## 2. Information and notes on positions in the balance sheet and income statement

Financial investments totalling CHF 1.0 million (2021: CHF 0.9 million) consisted exclusively of shares in Swiss companies. The holdings of CHF 1,222 million (2021: CHF 1,222 million) comprise the positions mentioned under note 5. Cash and cash equivalents are invested with Valiant Bank AG, a subsidiary in which Valiant Holding AG has a 100% stake.

## 3. Net release of hidden reserves

No hidden reserves were released.

## 4. Employee count

Valiant Holding AG employees numbered 4.0 full-time equivalents (FTEs) (2021: 4.6 FTEs).

## 5. Direct and indirect holdings

Company name and domicile	Business activity	Company capital in CHF thousands	Share of capital as %	Share of votes as %	Direct holding	Indirect holding
AgentSelly Ltd., Risch	Internet services in connection with real estate	144	87.10	87.10		x
Bernexpo Holding AG, Bern	Event management	3,900	18.69	18.69		x
Crédit Mutuel de la Vallée SA, Le Chenit	Bank	1,200	49.97	49.97		x
Entris Holding AG, Muri b. Bern	Financial services	25,000	58.84	58.84		x
Gerag Gewerberevisions AG, Bern	Commercial accounting and auditing	100	40.00	40.00		x
Parkhaus Kesselturn AG Luzern, Lucerne	Car-park management	2,825	7.96	7.96		x
Pfandbriefbank schweizerischer Hypothekarinststitute AG, Zurich	Procurement of capital-market funding	1,100,000	9.92	9.92		x
SIX Group Ltd., Zurich	Safekeeping of securities	19,522	0.33	0.33		x
ValFinance AG, Bern	Financial services	100	100.00	100.00	x	
Valiant Bank AG, Bern	Bank	153,800	100.00	100.00	x	
Valiant Hypotheken AG, Bern	Granting of guarantees	100	98.00	98.00		x
Valiant Garantie AG, Bern	Granting of guarantees	100	98.00	98.00		x
Valiant Immobilien AG, Bern	Real estate management	2,000	100.00	100.00	x	
Viseca Payment Services AG, Zürich <sup>1</sup>	Providing services in the area of cashless payment transactions	25,000	8.24	8.24		x

<sup>1</sup> Holding of Entris Group

Indirect holdings are listed above a materiality threshold of 5 % of the votes and a capital share of CHF 2 million.

## 6. Treasury shares

Treasury shares	Average transaction price in CHF	No. of shares
Registered treasury shares at 1 January 2022		0
+ Purchases	95.05	27,745
- Sales	90.87	-11,733
- Issue of treasury shares for share-based compensation	94.03	-16,012
Registered treasury shares at 31 December 2022		0

Treasury shares were sold or transferred at the respective daily prices during the year under review. All treasury shares were sold, so there was no negative position in equity capital at 31 December 2022.

## 7. Remaining liabilities under finance leases and other lease commitments

There were no lease commitments that do not expire or cannot be terminated within 12 months of the balance sheet date.

## 8. Liabilities due to pension funds

No liabilities were due to pension funds.

## 9. Total collateral provided for third-party liabilities

No collateral was provided for third-party liabilities.

## 10. Total assets pledged or assigned to secure own commitments and assets under reservation of ownership

No assets were used to secure own commitments or were under reservation ownership.

## 11. Contingent liabilities

Contingent liabilities totalling CHF 0.1 million (2021: CHF 0.1 million) existed in the form of guarantees for the subsidiaries' liabilities.

## 12. Shares or share options allocated during the year to management and administrative bodies and employees

	Number Equity securities		Value Equity securities	
	31/12/2022	31/12/2021	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Members of the Board of Directors	4,533	4,428	358	363
Members of the Executive Board	1,436	1,383	113	113
Members of Senior Management	202	195	16	16
<b>Total</b>	<b>6,171</b>	<b>6,006</b>	<b>487</b>	<b>492</b>

The Board of Directors was paid 30% of its compensation in the form of Valiant shares that are blocked for a period of three years. Members of the Executive Board and senior management receive variable compensation, of which 20–30% is paid out in the form of Valiant shares blocked for three years (see the compensation report for further details). Measurement is according to the market value method, with blocked shares being discounted. There are no share ownership plans for employees. There are no option plans.

### 13. Extraordinary and one-off positions, or positions relating to other periods, in the income statement

	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Extraordinary income	0	130
Prior-period VAT	0	35
of which value adjustment for Triba Partner Bank AG	0	95

### 14. Material events after the balance sheet date

No material events have occurred since the balance sheet date that might have a material influence on the assets, financial position or income situation of Valiant Holding AG in the year under review.

### 15. Measurement of assets at market values

Current assets with market prices are measured at market value.

### 16. Significant shareholders and shareholder groups with voting rights

UBS Fund Management (Switzerland) AG increased its stake in Valiant Holding AG to 5.00% with effect from 27 April 2018.

Swisscanto Fondsleitung AG increased its stake in Valiant Holding AG to 3.02% with effect from 24 November 2018.

Credit Suisse Fonds AG increased its stake in Valiant Holding AG to 3.02% with effect from 19 May 2022.

## 17. Information on the performance of a risk assessment

The risk assessment of Valiant Holding AG is performed in conjunction with the risk assessment of Valiant Bank AG at group level. Information on the risk assessment is set out in the notes to the consolidated financial statements, in the "Notes on risk management" from page 147 onwards.

## 18. Shares held by members of the Board of Directors and Executive Board (including related parties)

	2022 Number of shares	2021 Number of shares
<b>Board of Directors</b>		
Markus Gygax, Chairman	11,439	9,955
Dr Christoph B. Bühler, Vice Chairman	3,980	3,421
Barbara Artmann, Member	2,066	1,667
Jean-Baptiste Beuret, Member until 18/05/2022	–	3,187
Dr Maya Bundt, Member	2,122	1,675
Dr Roland Herrmann, Member from 18/05/2022	0	–
Nicole Pauli, Member until 18/05/2022	–	2,085
Ronald Trächsel, Member	768	369
Roger Harlacher, Member	599	200
Marion Khüny, Member from 18/05/2022	0	–
<b>Total</b>	<b>20,974</b>	<b>22,559</b>
of which total Board of Directors	20,974	22,296
of which total related parties	0	263
<b>Executive Board</b>		
Ewald Burgenre, CEO	8,904	7,468
Martin Vogler, Head of Private and Business Clients	4,352	3,650
Dr Michael Eisenrauch, Head of Operations and IT from 01/09/2022	0	–
Stefan Gempeler, Head of Products and Operations until 31/08/2022	–	2,165
Serge Laville, CFO from 01/02/2022	1,008	–
Marc Praxmarer, Head of Corporate and Investment Advisory Clients	1,803	2,180
Christoph Wille, Head of Customer Service and Channels	2,289	2,212
<b>Total</b>	<b>18,356</b>	<b>17,675</b>
of which total Executive Board	13,904	13,941
of which total related parties	4,452	3,734

## 19. Receivables and liabilities in respect of related parties

Receivables and liabilities in respect of direct or indirect owners of holdings, from related parties and from companies	31/12/2022 in CHF thousands	31/12/2021 in CHF thousands
Liabilities to direct owners of holdings	188	177
<b>Receivables and liabilities in respect of companies in which the bank owns a direct or indirect holding</b>		
Receivables from subsidiaries	153,911	29,100
Liabilities from subsidiaries	250,215	165,000

The Board of Directors decides on variable compensation after each balance sheet date. This means no bonus accruals are disclosed under liabilities to members of governing bodies.

## 20. Distribution of dividends – subsidiaries

The balance sheet date for Valiant Holding AG and all of its subsidiaries is 31 December. Valiant Holding AG recognises as accruals dividend payments made by the subsidiaries that have already held their annual general meetings and consequently have already passed a resolution with regard to their dividend distributions.

## Motion on appropriation of accumulated profit

	2022 in CHF	2021 in CHF
<b>Available for distribution at the Annual General Meeting</b>		
Profit/loss carried forward	34	19
Profit/loss for the year	121,363,326	2,961,720
<b>Accumulated profit</b>	<b>121,363,360</b>	<b>2,961,739</b>
Withdrawal from voluntary retained earnings	–	76,000,600
<b>Total available for distribution at the Annual General Meeting</b>	<b>121,363,360</b>	<b>78,962,339</b>
<b>Proposed by the Board of Directors</b>		
Allocation to voluntary retained earnings	42,401,000	0
Dividend payment	78,962,305	78,962,305
<b>Amount carried forward to new accounts</b>	<b>55</b>	<b>34</b>

This page was left blank intentionally.

# Auditor's report Valiant Holding AG



## Report of the statutory auditor

to the General Meeting of Valiant Holding AG, Lucerne

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Valiant Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 186 to 193) comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview

Overall materiality: CHF 5'576'200

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of equity investments



#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 5'576'200
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it represents a standard for the materiality considerations of holding companies.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 557'600 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Valuation of equity investments

Key audit matter	How our audit addressed the key audit matter
We consider the valuation of equity investments as a key audit matter because of the significance of this asset category in relation to total assets and due to the significant scope for judgement involved in the impairment testing of equity investments.	Our audit approach comprised the assessment of the impairment testing, Management carried out on the most significant investments.
As at 31 December 2022 the equity investments in Valiant Bank AG and other subsidiaries amounted to CHF 1.2 billion and thus represented 87.6% of total assets.	We performed the following: <ul style="list-style-type: none"> <li>compared the actual results of each subsidiary with its budget in order to identify any assumptions that in retrospect appeared too optimistic regarding the profits;</li> <li>checked for plausibility the future prospects based on the multi-year plan approved by the Board of Directors and discussed them with Management;</li> <li>performed sensitivity analyses on the key parameters of the impairment tests (discount rates and long-term growth rates).</li> </ul>
With regard to the accounting policies and details on the equity investments, please refer to pages 188 and 189 in the notes to the financial statements.	Overall, based on the results of our own analyses, we consider the principles and the assumptions applied by Management and the Board of Directors in its impairment testing of equity investments to be appropriate.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the audited tables of the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' responsibilities for the financial statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG



Thomas Romer  
Audit expert  
Auditor in charge



Andreas Aebersold  
Audit expert

Lucerne, 21 March 2023

## Addresses of Valiant Holding AG

### **Registered office**

Valiant Holding AG  
c/o Valiant Bank AG  
Pilatusstrasse 39  
6003 Lucerne

### **Additional address**

Valiant Holding AG  
Bundesplatz 4  
3001 Bern

**Published by**

Valiant Holding AG

**Contact**

Valiant Holding AG

Bundesplatz 4

P.O. Box · 3001 Bern

Tel. 031 320 91 11

[info@valiant.ch](mailto:info@valiant.ch)

**Editorial team**

Valiant Holding AG

Corporate Communications and Finance

**Overall concept, design, production**

Linkgroup AG, Zurich

**Photography** Severin Jakob, Zurich

This annual report is a translation from the original annual report in German ("Bericht zum Geschäftsjahr 2022, Valiant Holding AG").

The German version is the sole authoritative version.

valiant.ch

**we're simply a bank.**