

valiant

**2023
annual
report**

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Valiant in 2023

Higher interest rates for our clients

Since the abolition of negative interest rates, Valiant has raised the interest on its savings products a total of six times and on its retirement provision products several times. In October 2023, Valiant also re-introduced interest on payment accounts in favour of their clients.

Geographic expansion completed

With the opening of the 14th and, hence, final branch in this strategy period, Valiant completed its geographic expansion one year earlier than planned. In 2023, branches in Schaffhausen, Altstetten and Muttenz were opened.

Programme to increase profitability

Valiant is pursuing the goal of reducing costs by CHF 12–15 million annually from 2024 onwards. As of the end of 2023, savings of CHF 11 million were achieved. They are to unleash their full effect from 2024, with annual savings to reach CHF 15 million.

Higher dividend proposed

Valiant closed 2023 with the strongest operating result since being founded. Valiant wants its shareholders to profit from this success. An increase of CHF 0.50 in the dividend to CHF 5.50 will be proposed at the Annual General Meeting 2024.

Sustainability

About 800 employees have received training on sustainability to maintain the customarily high standard of client advice. The client advisors also address sustainability aspects in talks on finance or in investment advice. Valiant also now offers the Lila Environmental Mortgage to finance energy-efficient renovations and new construction.

CHF **232.3 m**

Valiant closed 2023 with the strongest operating result since being founded. The operating profit rose by 45.7 %.

CHF **144.3 m**

Consolidated profit was increased by 11.4 percent in 2023.

16.3 %

With a total capital ratio of 16.3 %, Valiant has a very solid capital base and exceeds FINMA requirements by a considerable margin.

CHF **5.50**

An increase of CHF 0.50 in the dividend per share will be proposed at the Annual General Meeting.

119 basis points

Valiant increased the interest margin again.



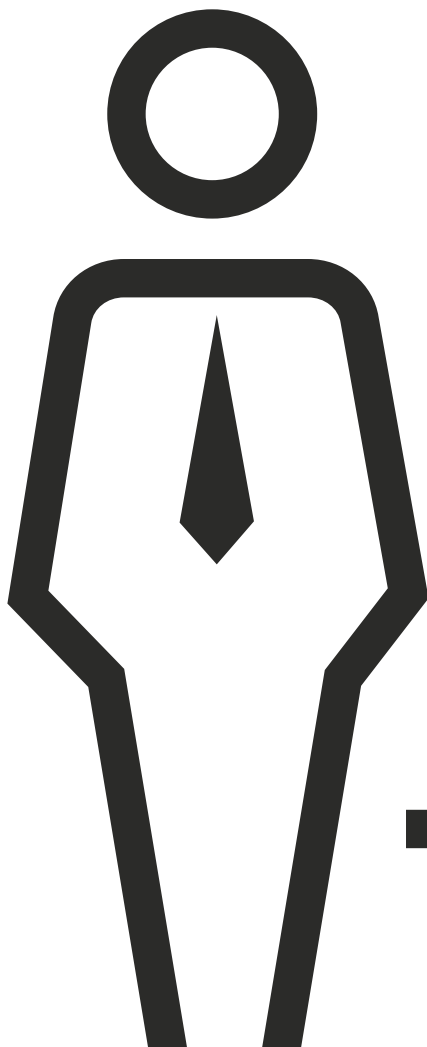
Key figures

Balance sheet		2023	2022	2021	2020	2019
Total assets	in CHF thousands	36,080,425	35,729,828	35,560,329	33,184,237	29,905,977
Due from customers and mortgage loans	in CHF thousands	29,676,943	28,679,520	27,243,654	25,867,970	24,803,037
Client deposits	in CHF thousands	22,220,477	22,551,659	22,138,749	21,028,487	19,194,858
Equity capital	in CHF thousands	2,575,513	2,467,447	2,398,755	2,361,107	2,318,261
Client assets	in CHF thousands	32,738,010	32,303,679	32,949,726	30,282,957	28,295,338
Income statement						
Net interest income before value adjustments for credit risk, and loan losses	in CHF thousands	426,995	351,099	341,644	330,411	314,697
Operating income	in CHF thousands	545,793	448,409	430,609	413,122	405,312
Operating expenses	in CHF thousands	-290,186	-267,572	-254,353	-241,604	-234,205
Operating result	in CHF thousands	232,254	159,354	143,959	147,030	142,899
Consolidated profit	in CHF thousands	144,255	129,514	123,125	121,869	121,059
Cost/income ratio ¹	as %	51.3	57.7	57.2	56.5	57.0
Profitability						
RorE (return on required equity)	as %	11.9	11.0	10.8	10.9	11.2
RoE (return on equity)	as %	5.7	5.3	5.2	5.2	5.3
Equity capital						
Risk-weighted assets	in CHF thousands	15,268,390	15,045,365	14,408,311	14,037,317	13,475,177
Eligible capital	in CHF thousands	2,484,583	2,377,563	2,307,811	2,261,455	2,217,836
Total capital ratio	as %	16.3	15.8	16.0	16.1	16.5
Leverage ratio	as %	6.5	6.3	6.1	7.0	7.0
Headcount						
Number of employees		1,136	1,110	1,130	1,061	1,045
Full-time equivalents		1,003	981	995	937	918
Share data						
Book value per share	in CHF	163.08	156.24	151.89	149.51	146.80
Net profit per share	in CHF	9.13	8.20	7.80	7.72	7.67
Dividend	in CHF	5.50 ²	5.00	5.00	5.00	5.00
Payout ratio	as %	60.2	61.0	64.1	64.8	65.2
Year-end share price	in CHF	95.40	100.00	91.30	86.50	98.40
Market capitalisation	in CHF millions	1,507	1,579	1,442	1,366	1,554
Moody's rating						
Short-term deposits		Prime-1	Prime-1	Prime-1	Prime-1	Prime-1
Long-term deposits		A1	A1	A1	A1	A1
Baseline Credit Assessment		a3	a3	a3	a3	a3

¹ Before value adjustments for credit risk, and loan losses

² Proposed

2023 annual report



Report by the Chairman and the CEO

Dear Shareholders,

Valiant had a very successful 2023 – and not just from a financial perspective. Our customers again expressed their satisfaction and trust to us in the annual customer survey. We are on the home stretch with the implementation of our strategy and have already made our mark by achieving individual goals. For example, the geographic expansion from Lake Geneva to Lake Constance, whereby we have opened all the branches we had planned.

We are proud to be able to report the strongest operating result in Valiant's history. This enabled us to increase income. At the same time, we achieved significant savings on the cost side. You shall benefit from this success through a dividend increase.

An overview of our successful 2023 financial year

With consolidated profit of CHF 144.3 million and a year-on-year increase of 11.4%, Valiant closed 2023 on a very successful note. In particular, the consistently strong interest business as well as the result from trading portfolio assets, which almost doubled, contributed to the encouraging full-year profit in 2023. Operating income was up 21.7%, rising to CHF 545.8 million. With regard to operating profit, we succeeded in crossing the CHF 200 million mark for the first time and posted an increase to CHF 232.3 million.

The development in customer deposits also remains pleasing. Valiant recorded inflows of new deposits from both private and corporate customers. In total, customers entrusted Valiant with new deposits of CHF 795.7 million. In response to the changed interest rate environment, Valiant strategically reduced short-term fixed investments by professional counterparties. Overall, this resulted in a decrease of 1.5% in customer deposits.

Loans to customers reached a volume of CHF 29.7 billion, equivalent to an increase of 3.5% over the previous year, and, thus, exceeding Valiant's growth target of 3%. This growth was underpinned by the new branches opened under the expansion strategy as well as the existing ones.

Reserves for general banking risks strengthened

As a result of the very positive operating result, Valiant increased the reserves for general banking risks by CHF 50.0 million in 2023. In accordance with the accounting rules for Swiss banks, reserves for general banking risks are classified in full as an element of equity capital. We are convinced that "strong" capitalisation is in the interests of both customers and investors. This strengthened Valiant's equity capital and raised its capital ratio to 16.3%, which is well above regulatory requirements.

Geographic expansion completed

With its geographic expansion from Lake Geneva to Lake Constance, Valiant is pursuing the goal of adding 14 new branches to its branch network in the strategy period from 2020 to 2024. With the branches opened in Schaffhausen, Altstetten and Muttenz in 2023, this goal has already been reached, meaning that the geographic expansion has been completed one year ahead of schedule. 170 full-time equivalent (FTE) positions, including 140 for customer advisory service, will be created in the course of 2024 – about 125 FTEs had already been created as of the end of 2023.

Programme to increase profitability

In order to reach the annual target savings of CHF 12–15 million by 2024, cost-cutting and optimisation measures are being implemented in all areas across the entire bank. As of the end of 2023, Valiant had reduced its costs by a total of CHF 11 million. The full effect of the savings of an annual amount of roughly CHF 15 million will be evident from the 2024 financial year. Accordingly, this strategic goal will also be achieved and successfully completed.

Investments in employees and sustainability

Valiant is enhancing its products and services on an ongoing basis. Given the high importance attached to sustainability and its growing significance, investments in this area have also been increased. Almost 800 employees have received training on sustainability to maintain the customarily high standard of customer advice. They also include sustainability aspects in talks on finance or in investment advice. At the beginning of 2024, Valiant released the new Lilac Environmental Mortgage to finance energy-efficient renovations and construction.

Increased dividend

In view of the strong operating result, the Board of Directors will be asking the shareholders to approve an increase of CHF 0.50 in the dividend to CHF 5.50 per share at the Annual General Meeting on 22 May 2024.

Outlook

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

Valiant has implemented its strategy consistently and successfully for years. On 13 June 2024, we will provide information on how we plan to continue the Valiant story and announce our future strategy from 2025.

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



A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

Markus Gygax
Chairman of the Board
of Directors



A stylized, handwritten signature in black ink, featuring a prominent horizontal stroke and a sharp upward curve at the end.

Ewald Burgener
CEO

“We are happy to write the next chapter in the Valiant story.”

Valiant continues to enjoy success. Why?

MARKUS GYGAX (MG): We have implemented our strategy consistently for years and concentrate on our core business. We focus on having a straightforward business model and transparent offering. Valiant also has a very solid capital base and the employees contribute to a unique corporate culture. We also put our clients first, because their trust is very important to us.

How do you manage to gain the trust of your clients?

EWALD BURGNER (EB): Trust evolves over years and is reinforced by positive experiences. That is how we cultivate long-term partnership-based client relationships built on mutual trust. We connect the digital channels with the conventional ones. That way our clients decide how they interact with us. It's important for us to ensure we provide comprehensive and personal advice equally through all channels. This is only possible through our well trained staff who are important contact persons in personal client support.

You said Valiant has completed its geographic expansion. Does Valiant not want to grow any more?

MG: Geographic expansion was one of the measures involved in the growth strategic initiative. The 14 planned new branches are open. So, this goal has been achieved. The expansion during the 2020 to 2024 strategy period, however, continues insofar as we will establish the planned new branches by the end of the year. We have established the basis for future growth with these measures.

You will give details of the future strategy in mid-June 2024. Why so early when the strategy only starts in 2025?

MG: We are happy to write the next chapter in the Valiant story. We need some preparation time so we can implement the new strategy as well as the preceding ones. This way we have enough time to plan and start at the beginning of 2025.

Valiant can look back on a very successful financial year. Why is it that you can present such a strong operating result?

EB: We are very proud to report the strongest operating result in the history of Valiant. All revenue streams contributed to the pleasing 2023 full-year profit. We also made our mark on the cost side. We achieved considerable sustained savings thanks to the programme to boost our return on equity. A total of CHF 11 million by the end of 2023. From 2024, we will achieve the planned savings of about CHF 15 million per year.

Is Valiant well capitalised or exposed to major risks?

EB: Valiant has very strong capitalisation and a solid liquidity basis. We have also maintained a cautious risk policy for years. The formation of reserves for general banking risks is classified in full as equity capital in accordance with the accounting rules for Swiss banks. We strengthened our equity capital still more through the disclosed allocation. As of the end of 2023, Valiant's total capital ratio was high at 16.3%. This is substantially higher than the regulatory requirements. We are convinced that strong capitalisation is in the interests of both our clients and our investors.

Are you sharing the success first and foremost with staff through the CHF 10 million allocation to the employee pension fund or not?

MG: Both our staff and our shareholders are benefiting equally from the outstanding operating performance. The allocation you refer to is a bonus paid as a one-off. The origins of Valiant date back to 1824 when Ersparniskasse Murten was founded. Our employees are receiving this bonus allocation to the pension fund as a thank you for their commitment on our 200-year anniversary. Valiant needs to be an attractive employer to count on having the best qualified and motivated employees. Our shareholders are benefiting from a significant 10% increase in the dividend.

Why don't you pay an anniversary dividend or increase the dividend by more?

MG: The successful 2023 financial year enables us to involve our stakeholder groups equally and further strengthen Valiant's capitalisation. A dividend increase seems more sustainable to us than a one-off anniversary dividend. The CHF 0.50 increase in the dividend is paid annually when the business merits it. We aim to continue paying a dividend of CHF 5.50 per share in the future.

EB: Valiant is already often referred to as a dividend pearl. The dividend yield on the Valiant share was a proud 5.8% in 2023.

Individual banks have abolished their fees. Will Valiant follow suit?

EB: It's important for us to focus on our offering and communicate it transparently. That enables clients to know what they need and compare the different offers. Our Lilac Sets, which we simplified in 2023, for example, already include all ATM withdrawals throughout Switzerland in the basic package. Depending on user behaviour, it can be worth adding extra modules. Take, for example, fees that could be incurred through purchases abroad or from online shops outside the country. The World module includes these third-party charges and there are no unpleasant surprises.

What are your expectations for the 2024 financial year?

EB: Valiant is on a very strong footing operationally and we are confident that we will achieve the goals we have set for the current strategy period. At the same time, that does not mean we can rest on our laurels. For example, we're closely monitoring cost developments. We expect consolidated profit to be higher in the current year.

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

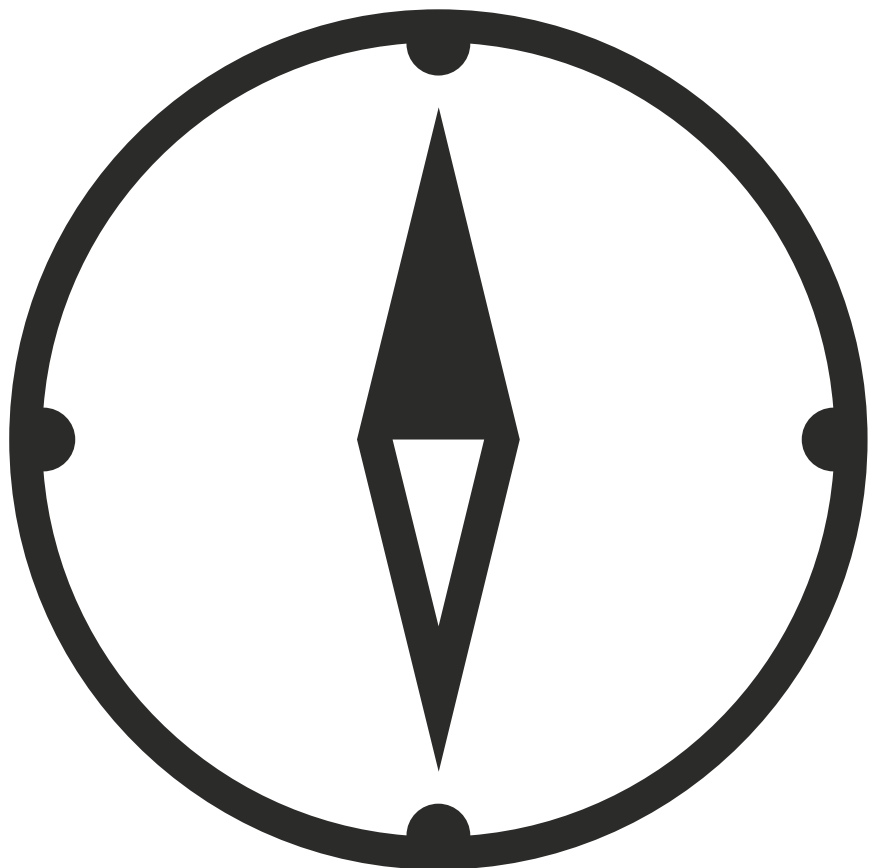
Markus Gygax was CEO of Valiant from November 2013 to May 2019. In May 2019, he was elected to the Board of Directors. He has served as Chairman of the Board of Directors since 13 May 2020. He likes to spend his free time with his family and enjoys outdoor sports.

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.

2023 management report

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Strategy and goals

Valiant is an independent Swiss financial services provider. It operates exclusively in Switzerland and offers private clients and small and medium-sized businesses a comprehensive range of easy-to-understand products and services covering all financial needs. Valiant has total assets of CHF 36.1 billion and more than 1,100 employees, including around 80 trainees.

Our vision

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

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.

Brand presence

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 strong 84% in the 2023 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 our DNA are the core tasks of a retail bank: Valiant receives funds, manages them diligently 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

Comprehensive and easy-to-understand services ...



Financing



Investing



Retirement planning



Payments



Savings

... tailored to private and SME clients ...



Private clients



Affluent clients



Self-employed individuals/small companies



Medium-sized companies

... built on our strengths and our proven corporate culture



Long-standing and close relationships with private and SME clients



Best-in-class mortgage and treasury management



Operational excellence, flexibility and efficiency



Innovative go-to-market by combining in-person and digital channels



Strong IT, investments in further process optimisation



Swiss-rooted culture built on a collaborative approach

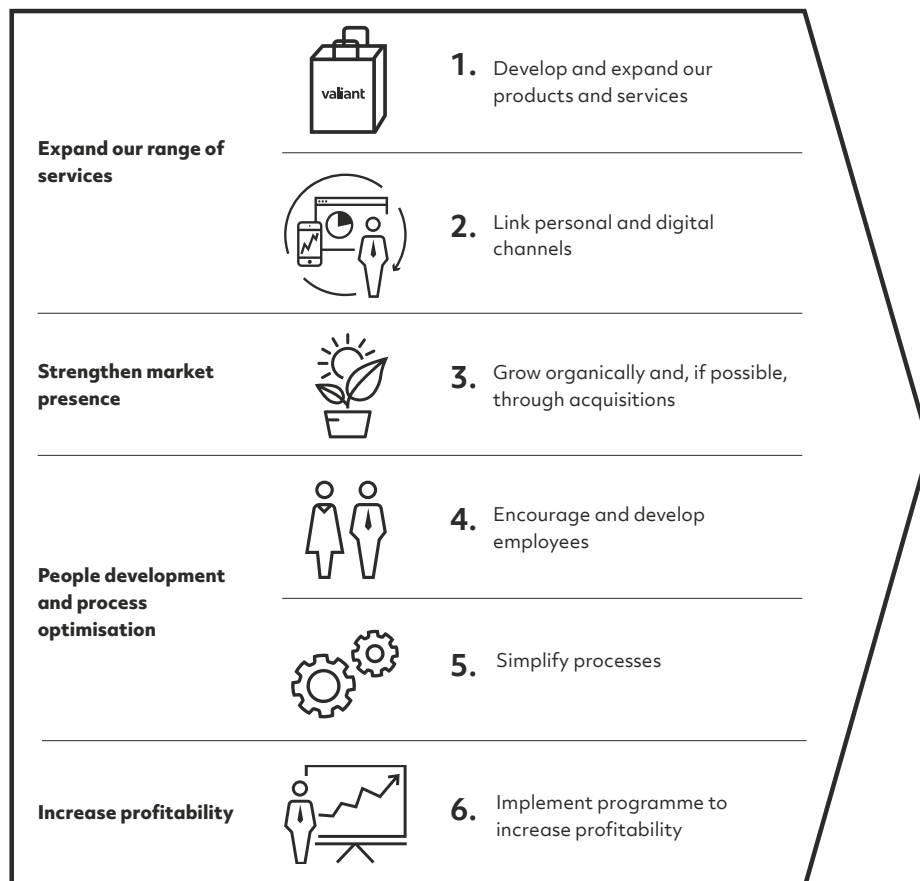
Strategy for 2020–2024

When drawing up the strategy for 2020–2024, the Board of Directors and the Executive Board were guided by the vision for Valiant. The current strategy period runs until the end of 2024. 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.

The strategy for 2020–2024 is based on simplicity and accelerated expansion, be it through opening branches, adding client advisors or extending the

range of services. It has six thrusts. The process for developing the future corporate strategy, valid from 2025, was initiated in the current year.

Six strategic initiatives



Financial goals up to 2024

Growth (p.a.)

- Growth in lending business > 3 %
- Growth in fee and commission income ≥ 3 %

Risk

- Capital ratio: 15–17 %
- Continue cautious risk policy

Return

- ROE ambition of > 6 %
- Stable dividend ≥ CHF 5.00 (payout ratio 50–70 %)

Cost savings

- Cost savings of CHF 12–15 million annually from the 2024 financial year.

CHF **50** millions
Total investments
in the period 2020–2024

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 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 2020–2023

- New strategy funds with a focus on sustainability launched
- Libor-based Flex mortgage replaced with the Lila SARON mortgage
- Partnership with Vaudoise Insurance
- Real estate platform AgentSelly AG acquired
- Debit Mastercard® rolled out
- Two new "capital gain-oriented" strategy funds launched
- Pension advice expanded to meet the needs of entrepreneurs
- Centre of expertise for company succession set up
- Lila Set offers for private clients revised
- Sparkonto Plus with preferential interest rates launched
- CO₂ footprint calculator launched
- Lila Environmental Mortgage launched
- Sustainable asset management mandate introduced

2. Link personal and digital channels

In-person or digital channels – 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 2020–2023

- Branches fitted out with new front-office areas
- Website revamped with a more client-friendly design and improved navigation
- Personalised myValiant area implemented on the website
- Numerous improvements to client relevant processes identified and implemented in order to enhance the customer journey
- Own TWINT app released
- Multibanking rolled out for business clients
- New Valiant app launched

3. Grow organically and, if possible, through acquisitions

We are widening our presence step by step from Lake Geneva to Lake Constance. 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. On the other hand, we 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.



Targets up to 2024

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

Measures implemented in 2020–2023

- 14 new branches opened
- A total of 125 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 2020–2023

- 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
- Pension for employees reinforced with a bonus allocation of CHF 10 million
- Roughly 800 employee given training on sustainability

5. Simplify processes

Valiant is focusing on efficiency and effectiveness by rigorously simplifying processes. 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 2020–2023

- “Kreditautobahn” (a tool that standardises and automates the processing of lending transactions) developed and expanded
- “Investment Expresstool” (to support advisors and simplify the investment process) rolled out
- Switch to a single 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
- New IT infrastructure (Microsoft 365) introduced

6. Implement programme to increase profitability

To continue on its successful trajectory and prepare for the future, Valiant launched a programme to increase profitability in 2022. In this context, and to take into account changes in client behaviour, modifications were also made to the branch network in our core market area. These changes and further measures to increase efficiency will lead to cost savings. All divisions are contributing to the achievement of these targets.



Targets up to 2024

- Optimisation of the branch network: Closure of 23 branches, conversion of the front-office areas at 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 2022–2023

- 23 branches closed in our core market area
- Front-office areas converted
- 50 full-time-equivalent positions eliminated
- Savings of CHF 11 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 expanding 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 profit in the long term and are seeking to achieve a return on equity of over 6%. 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. The total capital ratio should always be between 15 and 17% as a sign of Valiant's financial solidity. This is substantially higher than the regulatory requirements defined by FINMA.

Track record on our financial targets up to 2024

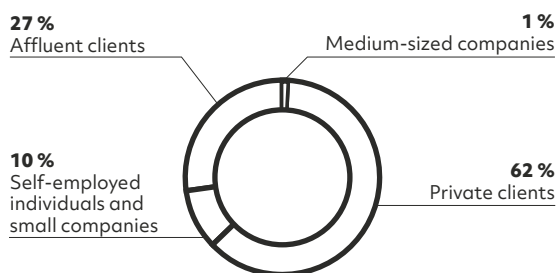
Metric	Target	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Growth in lending business	> 3% per year	3.5%	5.3%	5.3%
Growth in fee and commission income	> 3% per year	10.0%	10.9%	9.7%
Total capital ratio	15–17%	16.3%	15.8%	16.0%
Return on equity	Ambition > 6%	5.7% ¹	5.3%	5.2%
Payout ratio	50–70%	60.2%	61.0%	64.1%

¹ 7.7% adjusted for recognition of reserves for general banking risks

Our client segments

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

Number of clients by segment

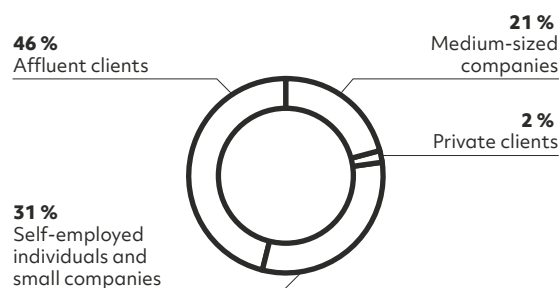


Private clients

› 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.

CHF 733.2 million interest and commission income by segment



Volume growth in the private clients segment		31/12/2023	31/12/2022	31/12/2021
Customer assets	in CHF billions	3.5	3.3	2.1
Loans	in CHF billions	0.1	0.1	0.1

Affluent private clients

› High-quality, personalised management and advisory services

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

Volume growth in the affluent private clients segment		31/12/2023	31/12/2022	31/12/2021
Customer assets	in CHF billions	16.4	14.9	16.2
Loans	in CHF billions	13.9	13.1	12.3

Self-employed individuals and small companies

› Comprehensive advice from a single source

We stand out in this segment by offering solutions for entrepreneurs' business and private financial needs via a personal client advisor.

Volume growth in the self-employed individuals and small companies segment		31/12/2023	31/12/2022	31/12/2021
Customer assets	in CHF billions	5.1	5.8	5.9
Loans	in CHF billions	10.0	10.1	10.1

Medium-sized companies

› Specialist knowledge for flexible and convenient solutions

Valiant offers medium-sized companies and institutional clients a modern advisory approach and exchange on an equal footing. This is supplemented by solutions aligned to their individual needs.

Volume growth in the medium-sized companies segment		31/12/2023	31/12/2022	31/12/2021
Customer assets	in CHF billions	7.7	8.3	8.7
Loans	in CHF billions	5.7	5.5	4.7

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. With our products and personal advisory services, we aim to identify needs and advise our clients on a comprehensive basis. 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. Valiant knows the real estate that it finances and also 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. In consultations on financing residential property, we discuss long-term value preservation, energy efficiency and foreseeable renovation requirements, among other things, and offer a suitable financing package for energy-efficient renovations.

Investing

Valiant's investment solutions are flexible and individual. We have the right investment offering for our clients' personal and financial circumstances. Valiant offers 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. In addition to implementation, Valiant assists and supports its investment clients with a systematic investment process, in order to achieve the jointly defined goals in the long term in the light of changed personal circumstances and wealth situation.

Our investment business takes account of sustainability factors with the "Exclusion", "Best in class" and "Thematic investments" sustainability approaches. In line with our ESG investment guidelines (environmental, social and corporate governance), Valiant has rolled out four sustainability-focused strategy funds with different risk profiles. Customers are asked about their ESG preferences during investment consultations and the offer is then aligned with those preferences. For more information, see page 77.

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 Valiant app.

We offer private and business clients a selection of different sets which include various products and services for an all-in fee.

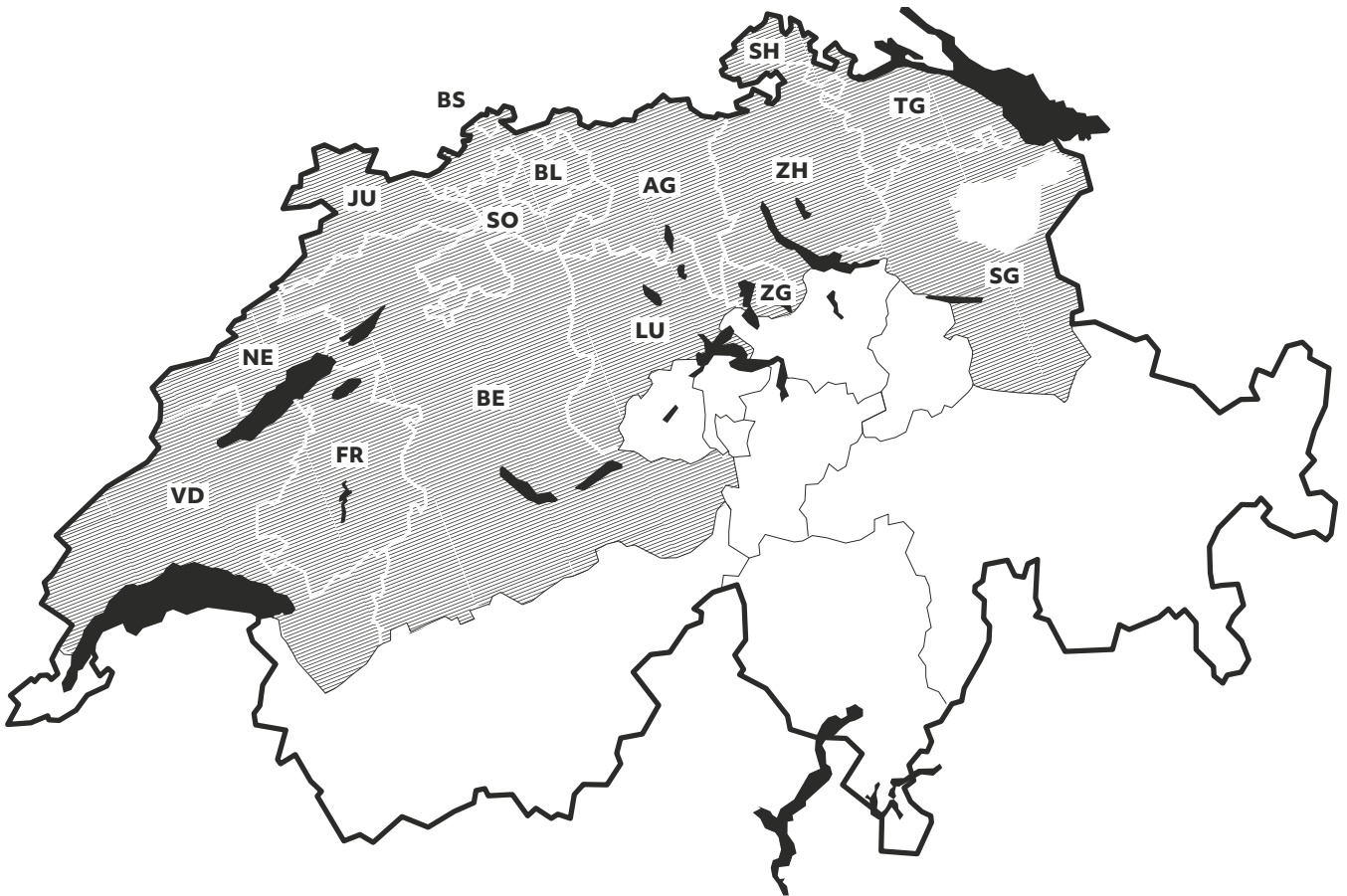
Valiant now also offers its clients an ecological footprint calculator. On the basis of the transactions executed, it displays the carbon emissions and suggests ways of lowering emissions in day-to-day life.

Savings

Valiant offers its clients simple savings products perfectly tailored to meet 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. 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 15 cantons from Lake Geneva to Lake Constance. Thanks to digitalisation, we can also offer our services throughout Switzerland.



Business performance

Valiant closed 2023 with the strongest operating result since being founded. Shareholders are to benefit from this with a CHF 0.50 increase in the dividend to CHF 5.50. The implementation of the strategy is on course.

The economic environment was dominated by the normalisation of interest rates.

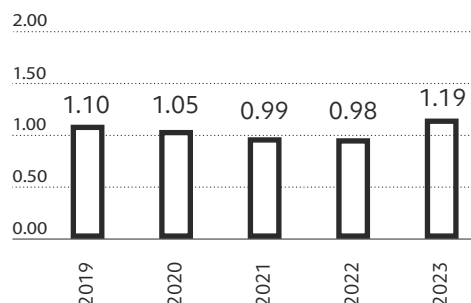
The substantial increase in interest rates compared with the previous year also left traces on Valiant's business. Since the elimination of negative interest rates, Valiant has raised the interest rate on its range of savings products six times and also re-introduced interest on its payment accounts for its customers' benefit. The increase in interest rates must particularly be seen against the backdrop of substantially higher inflation. The Swiss National Bank held its key rates steady at 1.75 % until the end of the year. The real estate market remained relatively immune to the interest rate hikes. Rising prices for owner-occupied residential property remained a pillar of the Swiss mortgage market in the current year. Driven by the advantageous changes in interest rates in the second half of the year, equity and bond markets in Switzerland performed well.

Solid interest business

Valiant's interest business remained strong in the current year. We continued to ensure that our loans are of a high quality and maintained our cautious lending policy. Valiant anticipated the interest-rate hikes at an early stage. It was able to absorb the loss of income from negative interest rates. Driven by a derivative interest rate hedging portfolio, net interest income before value adjustments rose by 21.6% to CHF 427.0 million over the course of the year. The change in value adjustments climbed by CHF 3.9 million to CHF 19.5 million. Including value adjustments, net interest income increased by 21.5% to CHF 407.5 million. The average interest rate on assets increased to 1.78%, and thus by 70 basis points. At the same time, the average interest rate on liabilities rose by 49 basis points. This was particularly due to the higher interest rates. Since the abolition of negative interest rates, Valiant has been responding without delay to further rate hikes by the Swiss National Bank. It passed on the interest-rate gains to its clients swiftly. The interest margin widened by 21 basis points to 119 basis points as a result of the interest rates on assets and liabilities. This is still a high figure by industry standards.

Increased net interest margin

in %



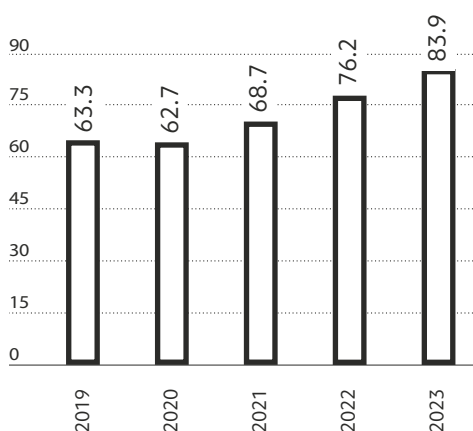
Net interest margin

As part of its expansion strategy, Valiant was able to place the growth in its lending business on an even broader footing. At 57%, the new branches opened since 2016 accounted for more than half of the growth in new loans. As a result, the proportion of loans granted in Valiant's expansion regions also widened. As of the end of 2023, the newly gained cantons contributed 8% to total new loans.

Solid fee and commission income

The result from commission business and services grew again, rising by 10.0% to CHF 83.9 million. Consequently, it improved again (see chart). Commission income from securities trading and investment activities climbed by 2.5%. It also rose as a result of newly acquired custodian account business of around CHF 0.4 billion as well as gains in asset prices. The change in non-transaction-tied flat-rate fees was also positive last year. The flat-rate fees account for almost half of the commission income from securities trading and investment activities.

Result from commission business and services in CHF millions



Operating income and expenses

The further increase in operating income compared with the previous year is the result of balanced business performance, the systematic implementation of the strategy and the improvement in underlying economic conditions. For this reason, operating income rose by 21.7% to CHF 545.8 million in the current year. Valiant is pursuing a cautious risk policy, which is being borne out by relatively low value adjustments and loan default ratios. The result from trading activities climbed by CHF 17.7 million (+78.2%) to CHF 40.3 million. The main factor behind this increase was once again the higher income from forward foreign exchange contracts. At CHF 14.1 million (+0.2%), other result from ordinary activities was stable. A one-off CHF 10.0 million contribution to the staff pension fund helped to make the bank a more attractive employer. Salaries were increased by a total of 2.6% in 2023. As a result, operating expenses rose by 8.5%. The increase in full-time equivalent positions from 981 to 1,003 was mainly the result of the continued pursuit of our expansion strategy.

Programme to increase profitability on track

In order to reach the annual target savings of CHF 12–15 million from 2024, cost-cutting and optimisation measures are being implemented in all areas across the entire bank. The elimination of 50 full-time equivalent positions provided for in the programme has been completed. As of the end of 2023, Valiant had reduced its costs by a total of CHF 11 million. The full effect of the savings of an annual amount of roughly CHF 15 million will be evident from the 2024 financial year.

Consolidated profit

Driven by the encouraging growth in operating business, the operating result climbed by 45.7% (+ CHF 72.9 million) over the previous year to CHF 232.3 million, exceeding CHF 200 million for the first time in Valiant's history. Once again, we did not have to set aside any significant provisions in the year under review. The extraordinary income of CHF 2.3 million arose from the sale of properties. Valiant set aside reserves of CHF 50 million

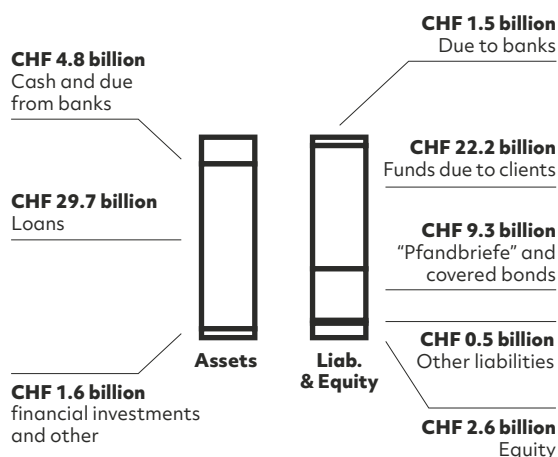
for general banking risks in the current year. These reserves count in full as regulatory CET1 capital. They are independent of the lending policy and reinforce its equity capital. The reserves for general banking risks are taxed in full. For this reason as well, tax expenses increased by 30.0%. Including the additions to the bank's equity capital, consolidated profit came to CHF 144.3 million in 2023. This is 11.4% higher than in the previous year.

The return on equity at the end of the year amounted to 5.7%. Adjusted for the reserves for general banking risks, the return on equity would have reached 7.7%. Due to the good full-year group profit, the Board of Directors will be proposing to the Annual General Meeting an increase in the dividend from CHF 5.00 to CHF 5.50 per share.

Increase in total assets

Valiant's total assets rose by 1.0% to CHF 36.1 billion. This further rise is largely due to the increase in loans to customers of around CHF 1 billion or 3.5%. Customer deposits declined over the course of the year, falling by 1.5% to CHF 22.2 billion. This is predominantly due to a reduction in treasury funds with institutional clients. Adjusted for the treasury funds, customer deposits would have risen by CHF 0.8 billion. Customer deposits continue to be our main source of funding. As the growth in loans to customers exceeded that of customer deposits, the loan-to-deposit ratio and the overall funding ratio decreased to 74.9% and 106.1%, respectively.

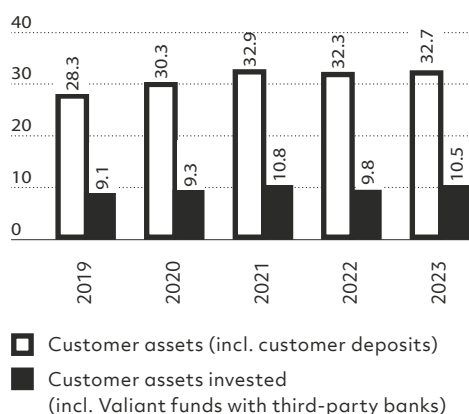
Total assets: CHF 36.1 billion



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 CHF 29.7 billion (82%) of the bank's assets. The remaining 18% was made up of liquid assets and cash equivalents and amounts due from banks (13%), investment-grade financial investments (3%) and other assets (2%). The asset encumbrance ratio, which quantifies the assets that are tied to Valiant and cannot simply be sold, stood at 28% at the end of 2023.

Customer assets and customer assets invested

in CHF billions

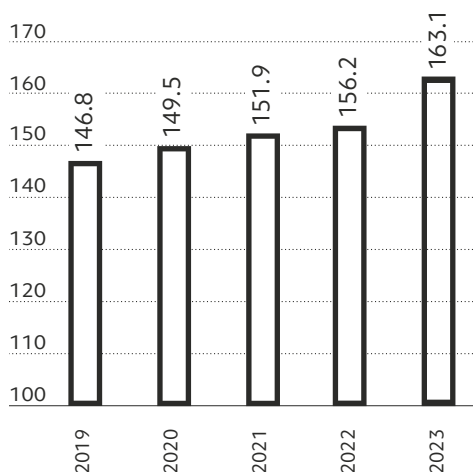


Customer assets consist of customer deposits and customer assets invested. The majority of customer assets invested were held by clients with discretionary management or advisory mandates. These generate high non-transaction-based income. The focus on commission business and services means that both customer assets and customer assets invested have risen. As a result, income also increased last year.

Strengthening of equity

Reported equity capital rose by 4.4% to CHF 2.6 billion. Consequently, Valiant was again able to increase its inherent value and boost its book value to CHF 163.1 per share.

Book and inherent value per share in CHF



Regulatory equity capital also rose by CHF 50 million at the end of the year to CHF 2.5 billion as a result of the recognition of reserves for general banking risks. The total capital ratio was 16.3%. Valiant's eligible equity capital consists entirely of the highest-quality equity capital.

Outlook

"Valiant expects consolidated 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. 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 risks (counterparty/cover)
 - 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 risk limits set.

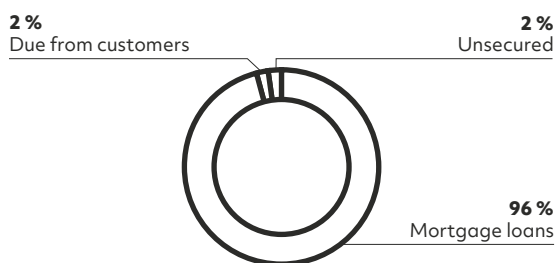
Appropriate risk mitigation measures are taken to ensure compliance with the risk tolerance level set by the Board of Directors. These include a bank-wide internal control system, collateral and quality requirements for loans, hedging as part of asset and liability management, a comprehensive system 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 185–194.

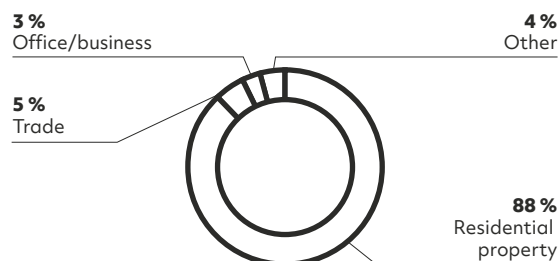
Credit risks

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.

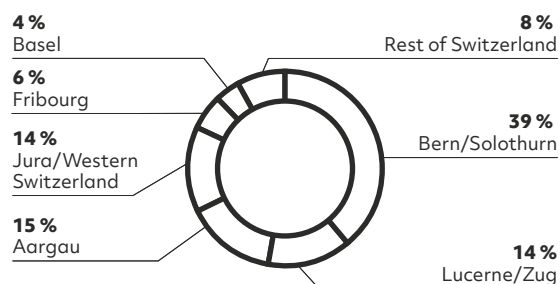
CHF 29.7 billion in loans



CHF 28.2 billion in mortgage loans by type of property



CHF 28.2 billion in mortgage loans by region



Key figures concerning financing

	2023	2022	2021
First mortgages as a share of all mortgage loans (%)	93.3	92.9	92.6
Average loan-to-value ratio of mortgage loans ¹ (%)	62.4	62.8	63.1
Value adjustments and provisions for lending (%)	0.39	0.34	0.29
Value adjustments and provisions for credit risks, in CHF thousands	114,728	98,574	78,485

¹ 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	31/12/2023	31/12/2022	31/12/2021
Effective asset duration (%)	2.63	2.82	3.15
Effective liability duration (%)	2.78	2.38	2.56
Present value sensitivity of equity capital (%) +100bp	-1.05	-0.80	-1.24
Present value of equity capital, in CHF millions	2,976	2,901	3,268
Value at risk 99 % / 4 weeks (hedged), in CHF millions	32.92	14.38	14.03
Swap volume, in CHF millions	2,430	3,827	6,337
Hedging costs (+costs/-income), in CHF millions	-77.2	-9.1	12.4

Liquidity and funding risks

At 31 December 2023, Valiant had customer deposits of CHF 22.2 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. It also holds securities recognised under financial investments that are eligible for repo transactions totalling CHF 1.1 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 221.

Other market risk

The securities recognised under financial investments totalling CHF 1.1 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 risk (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 Inventx). 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, Valiant did not experience any material operational incidents. Nor was it necessary to set aside any provisions for legal disputes.

Investors

All Valiant shares are freely tradable on the capital market. We pursue a sustainable dividend policy and have consistently maintained or increased the dividend since Valiant was founded.

Investment in Valiant

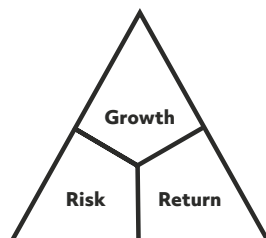
We will increase profitability by striking the right balance between risk, return and growth. Our business model, which focuses exclusively on the Swiss market, is characterised by low risks that are backed by a solid equity base.

Growth: focus on organic growth and digitalisation

- **Expansion** and digitalisation result in efficiency and productivity gains
- **Increase** in commission and fee income
- **Strong** implementation of the expansion strategy

Risk: business model with low risk

- **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: stable 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 of > 6%**

Key figures

Key figures per share	2023	2022	2021	2020	2019
Book value (CHF)	163.08	156.24	151.89	149.51	146.80
Net profit (CHF)	9.13	8.20	7.80	7.72	7.67
Price/earnings ratio	10.4	12.2	11.7	11.2	12.8
Dividend in CHF	5.50 ¹	5.00	5.00	5.00	5.00
Dividend yield (%)	5.8	5.0	5.5	5.8	5.1
Payout ratio (%)	60.2	61.0	64.1	64.8	65.2
Share price at year-end (CHF)	95.40	100.00	91.30	86.50	98.40
Full-year high (CHF)	106.20	101.80	102.60	106.60	117.00
Full-year low (CHF)	91.30	83.30	85.00	71.10	93.00
Market capitalisation at 31 December, in CHF millions	1507	1579	1,442	1,366	1,554

¹ Proposed

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
Nominal value	CHF 0.50
Number of shares outstanding	15,792,461

The latest information for investors concerning Valiant shares can be found at valiant.ch/investor-relations.

Dividend

Valiant pursues a stable dividend policy. The target payout ratio is between 50 and 70 % of consolidated profit.

At the Annual General Meeting, the Board of Directors will be proposing an increase in the dividend to CHF 5.50 per share for the 2023 financial year.

Dividend information

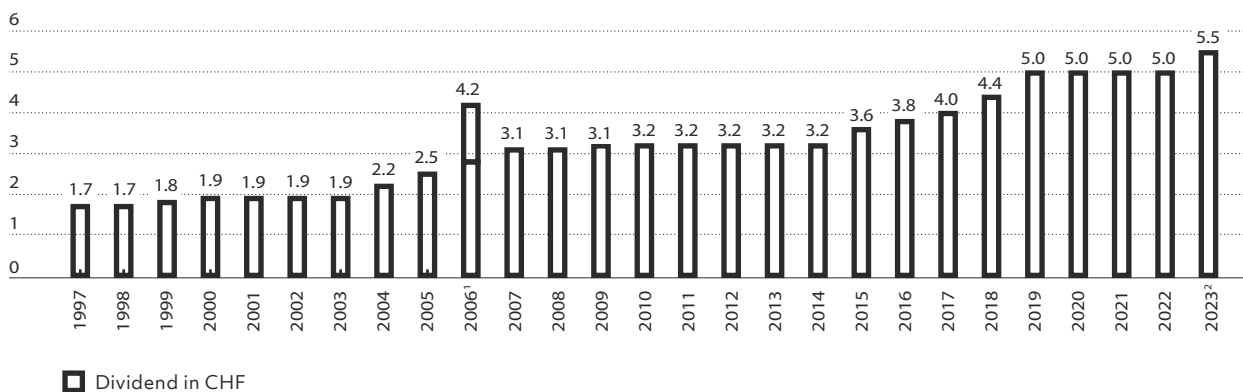
Dividend per share	CHF 5.50 ¹
Ex-dividend date	24 May 2024
Payout date	28 May 2024

¹ Proposed

Share price

After closing at CHF 100.00 on 31 December 2022, the Valiant share traded in a range of between CHF 91.30 and CHF 106.20 in the course of the year. The share price closed at CHF 95.40 on 31 December 2023. Despite Valiant's very strong operating result, the share underperformed the benchmark for the first time in six years last year. However, Valiant's relative performance was positive over three years as well as five years.

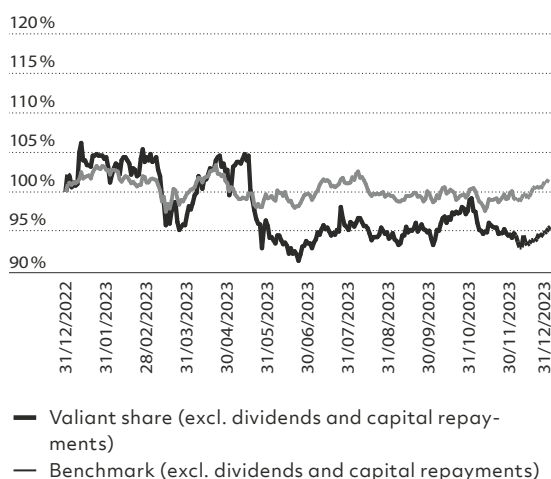
Dividend trend



¹ An extraordinary anniversary dividend of CHF 1.40 was paid out for financial year 2006.

² Subject to approval by the 2024 Annual General Meeting.

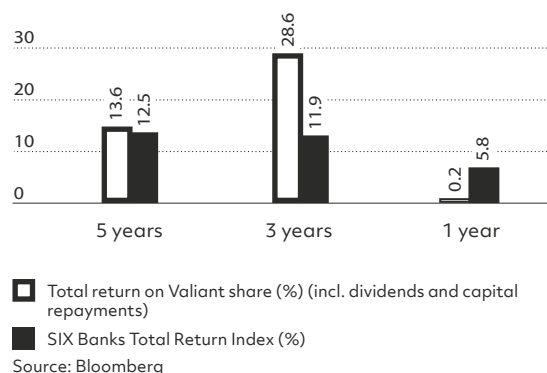
Valiant share versus benchmark



Average daily trading volumes in Valiant shares amounted to 14,174 shares in 2023, equivalent to roughly CHF 1.4 million, marking a year-on-year decline of around 29%. This decrease was due to the relatively strong previous year together with the muted performance of the share.

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



Shareholder structure

Of the roughly 31,000 shareholders, over 97% are private individuals, who together hold 47.7% of our share capital. On the other hand, institutional investors hold 28.4% of the share capital. The remaining 23.9% of the shares are not recorded in the share register.

Changes in shareholder structure (holdings)	Proportion 31/12/2023	Proportion 31/12/2022	Proportion 31/12/2021
Private shareholders	47.7%	47.7%	48.5%
Institutional shareholders	28.4%	32.1%	30.6%
Non-registered shares	23.9%	20.2%	20.9%

At the balance sheet date, Valiant's largest shareholders were UBS Fund Management (Switzerland) AG, Swisscanto Fondsleitung AG and Credit Suisse Funds AG. Further information can be found in the corporate governance report on page 113.

Coverage

As at the end of 2023, the Valiant share was covered by five brokers – three Swiss ones and two non-Swiss ones. Further information can be found on our website at valiant.ch/investor-relations.

Analyst and investor relations

Investor Relations again took part in numerous conferences in 2023. Most investor meetings were initiated by broker contacts. Investor Relations also regularly organises its own events. Most meetings in Switzerland took place in person, while meetings with foreign investors were mainly virtual.

Covered bonds

The following bonds issued by Valiant Bank AG were outstanding at 31 December 2023:

Outstanding bond issues	Interest rate	Term	Amount in CHF millions
Valiant Bank AG	0.125 %	2018/04.2024	500
Valiant Bank AG	2.200 %	2023/07.2024	20
Valiant Bank AG	2.000 %	2023/08.2024	100
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	1.850 %	2023/05.2028	180
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
Total			2,928

Last year, Valiant issued further covered bonds worth CHF 300 million. It therefore maintained its 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 have been placed. Of these, 12 tranches with a nominal value of CHF 2.9 billion were still outstanding at the end of 2023. 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-capital.

Indices

The Valiant share is included in the following indices.

Indices	Ticker
ADASINA SOCIAL JUSTICE	JUSTICE
Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index	DMLS
FTSE Developed Europe All Cap Net Tax (US RIC) Index	ACDER
FTSE Developed Europe All Cap Net Tax Index	ACDEUNAU
FTSE Developed Europe All Cap Net Tax Total Return	ACDEUN
FTSE Developed ex US All Cap Net Tax (US RIC) Index	ACDXUSR
Morningstar Global All Cap Target Market Exposure Screened Select	MSGATMEU
Morningstar Global All Cap Target Market Exposure Screened Select NR DKK	MSGATMED
MSCI EAFE IMI Value Net Total Return USD Index	M1EA0007
MSCI Europe ex EMU IMI Index	MXEUMIM
MSCI Europe ex EMU SMID Cap Index	MXEUMSM
MSCI Europe ex Germany IMI Index	MXEUDIM
MSCI Europe ex Germany SMID Cap Index	MXEUDSM
MSCI Europe ex UK IMI Index	MXEUGIM
MSCI Europe ex UK Small Cap	NG106244
MSCI Europe ex UK SMID Cap Index	MXEUGSM
MSCI Europe IMI Index LOCAL	MXERIM
MSCI Europe Small Value Net Return EUR Index	M7EU0005
MSCI STICHTING TIMEOS WORLD IMI Price Return USD Index	MXCXSTG
MSCI Switzerland IMI Index	MXCHIM
MSCI Switzerland SMID Cap Index	MXCHSM
MSCI World ex Israel Small Cap USD Index	MXWOX005
MSCI World ex USA IMI (VRS Taxes) Net Return USD Index	NU137534
Solactive Europe Total Market 675 Index (PR)	SOLEUTMP
Solactive Gerd Kommer Multifactor Equity Index NTR	SOLGERD
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	SPIT
SPI ex SLI PRICE RETURN	SXSLIX
SPI EXTRA	SPIEXX
SPI	SPI
Swiss All Share Index	SSIP
UBS 100 Index	SBC100
ZKB Swiss Small Cap Index	ZKBSSCI

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	12 September 2023
Zürcher Kantonalbank	A	1 February 2024

Moody's

Valiant Bank AG has been rated by the world's leading rating agency since 2001. On 12 September 2023, Moody's reaffirmed its rating for long-term and short-term customer 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 1 February 2024.

Further information

Further information on our results, reports and key figures is available on our website at valiant.ch/results.

Agenda for 2024

Publication of the interim financial statements at 31 March	3 May 2024
Annual General Meeting	22 May 2024
Announcement of the future strategy	13 June 2024
Publication of the interim financial statements at 30 June	25 July 2024
Publication of the interim financial statements at 30 September	7 November 2024

2023 sustainability report



Sustainability Report

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Foreword

Dear Readers,

Sustainability has now established itself in all industries and increasingly affects business processes of individual market players. As an example, to reach the Paris climate goals all economic players are required to rethink their approach and implement concrete measures. These measures should make a concrete impact, on the one hand, and be designed to be transparent and measurable, on the other. This applies to Valiant as well.

In the current year we have focused on integrating sustainability criteria into our investment and financial advising. Since the beginning of 2024 we have been discussing various aspects of sustainability when advising our clients. When it comes to the financing of residential property, for example, energy efficiency and the long-term preservation of buildings' value are key considerations.

"We want to make a concrete impact with our sustainability measures. To do this, we have provided specific training to around 800 employees in the current year."

When providing investment advice, we ask our clients to which extent they would like to consider the ESG (environmental, social and governance) criteria in their investments and offer them matching investment options. To ensure that they can give high-quality advice in this area, too, all client advisors have received specific training in the current year.

Furthermore, we have invested heavily into increasing transparency, for example, by means of this Sustainability Report in accordance with the requirements of the internationally recognised reporting standard GRI S 2021 and the new regulatory requirements of the Counter-Proposal to the Corporate Social Responsibility Initiative (CRI). Within the framework of new, non-financial reporting we have also significantly increased transparency on the topics of the environment and social responsibility, employees, respect for human rights, as well as combating corruption. We are also presenting the Sustainability Report to the Annual General Meeting for the first time.

Valiant's sustainability efforts do not stop there, though. They are multifaceted in their various manifestations and concern a wide range of relevant topics. This Sustainability 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

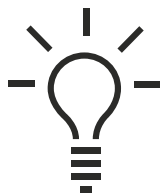
Our priorities at a glance



Integration of sustainability preferences into the investment and asset management business

Valiant's clients can decide in the process of investment advisory and asset management the extent to which they would like to consider the ESG criteria in their investments. The criteria comprise three pillars: environment, social and governance. Our advisors adapt the product and service options to the ESG preferences of each client. We have provided specific ongoing and further training to our employees, so that they can answer any questions about sustainability and provide competent advice.

→ For more about this see pages 77–81.



Energy efficiency is the focus of real estate financing

When advising our clients on the financing of residential property we discuss long-term value preservation, energy efficiency and foreseeable renovation needs of the property. We have trained our client advisors specifically on these topics. We also inform clients about the available building renovation funding initiatives and refer them to independent specialist agencies for specific consultation, if needed.

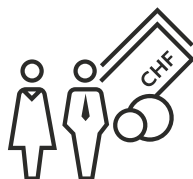
→ For more about this see page 81.



Exclusion criteria for financing

Valiant applies exclusion criteria in its lending business. Potential financing projects for corporate clients are checked for controversial environmental and social issues. We refuse business that does not meet our standards.

→ For more about this see page 75.



Equal pay for women and men

Valiant regularly measures pay equality using the federal government's equal pay tool. Valiant complies with the principle of equal pay within the tolerance threshold of 5%. Measures are taken when necessary.

→ For more about this see pages 97 and 148.

About us

Valiant

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. It invests in companies of all kinds, but in particular in the banking, financial and services sectors. It also takes part in joint ventures and acquires, sells and encumbers immovable property. Unlike its subsidiary Valiant Bank AG, Valiant Holding AG does not have status as a bank.

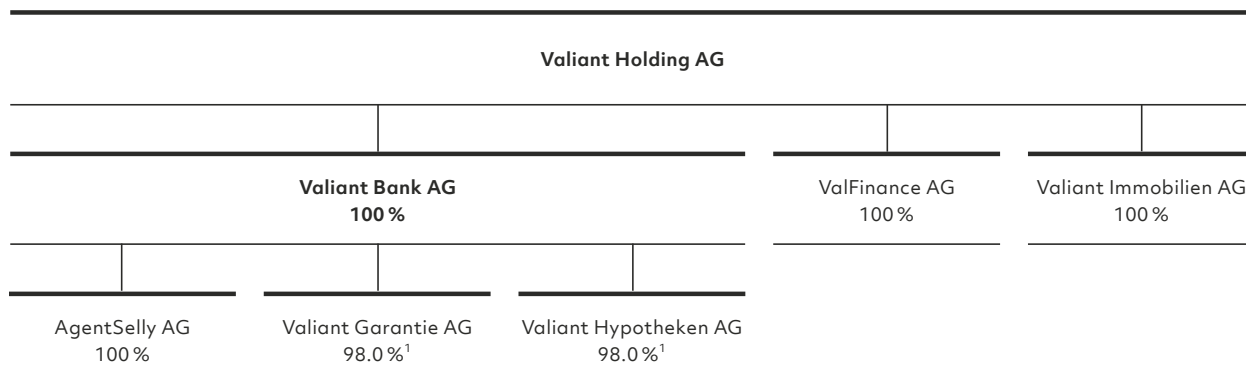
The Valiant Group (Valiant) comprises Valiant Holding AG, its subsidiaries Valiant Bank AG, ValFinance AG and Valiant Immobilien AG as well as AgentSelly AG, Valiant Garantie AG and Valiant Hypotheken AG (all three subsidiaries

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.

Valiant Bank AG is an independent Swiss financial services provider and includes banking operations. It operates exclusively in Switzerland and offers retail clients and small and medium-sized businesses a comprehensive range of easy-to-understand products and services covering all financial needs. Valiant has a strong local presence in the following 15 Swiss cantons: Aargau, Basel-Land, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Schaffhausen, Solothurn, St. Gallen, Thurgau, Vaud, Zug and Zurich. Through its innovative digital services, Valiant is also available to clients throughout Switzerland.

Further details on the Valiant Holding AG subsidiaries, and Valiant Bank AG in particular, are provided in the notes to the consolidated financial statements on page 202.

Group structure



¹ 2% held by external members of the Board of Directors

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. Our employees and all of our activities and measures are guided consistently by our vision: to make financial life as easy as possible for individuals and SMEs in Switzerland. The principles of our mission statement provide a framework and serve as a roadmap for this.

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 financing, investments, retirement planning, payments and savings, 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 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 business model

Valiant stands for simplicity in the Swiss financial market. Our strengths and our 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 clients, affluent clients, self-employed individuals and small companies, and medium-sized companies.

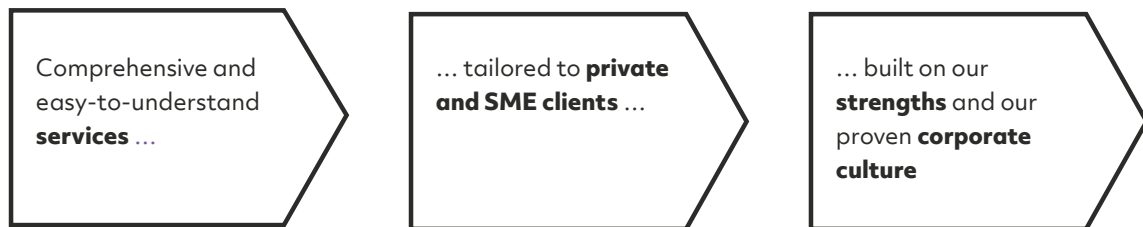
With our strategy for 2020–2024, we are continuing on the same successful track and intend to further strengthen our position within the Swiss financial sector. The strategy is based on simplicity and accelerated geographic expansion, be it

through opening branches, adding client advisors or extending the range of services. Our strategy for 2020–2024 consists of six strategic initiatives.

1. Develop and expand our product and services range
2. Link personal and digital channels
3. Grow organically and, if possible, through acquisitions
4. Encourage and develop employees
5. Simplify processes
6. Implement programme to increase profitability

For more information about our strategy, the six strategic initiatives, the corresponding goals and the implemented measures see the Management Report, from page 13.

Business model



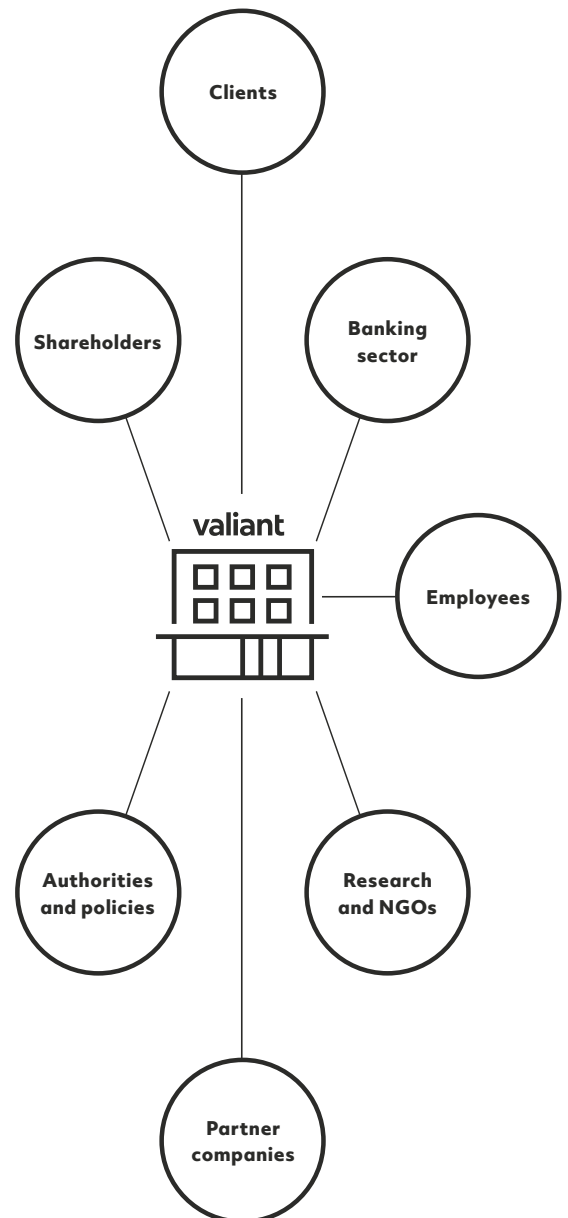
Our understanding of sustainability

Stakeholder analysis

To prioritise our key sustainability topics, we sought an exchange with selected representatives of our stakeholder groups, which is referenced in this report. We entered into dialogue with representatives of the following stakeholder groups:

- **Clients:** Many of them expect Valiant to provide financial products and services geared towards sustainability aspects, transparent communication about sustainable practices and positive impact on society and the environment. To achieve high satisfaction and a close relationship with clients, meeting these expectations is a high priority for Valiant.
- **Shareholders:** This stakeholder group is increasingly interested in sustainable investment options, transparent information about environmental, social and governance (ESG) aspects and long-term financial stability. Meeting these needs positively impacts the environment, society and economy and promotes a stable shareholder base and sustainable returns.
- **Banking sector:** As stakeholders, other banks and financial institutions expect Valiant to adhere to the customary industry ethical standards, follow transparent financial practices and contribute to stability of the financial system. The relevance of the banking industry for Valiant lies especially in the guarantee of integrity of the financial sector, prevention of systemic risks and promotion of a trustworthy and stable financial environment.

- **Authorities and politicians:** This group of stakeholders attaches importance to Valiant following sustainable financial practices, adhering to ethical standards and contributing to achieving environmental and social goals. To this end, authorities and politicians pass regulations and guidelines that Valiant is obliged to follow.



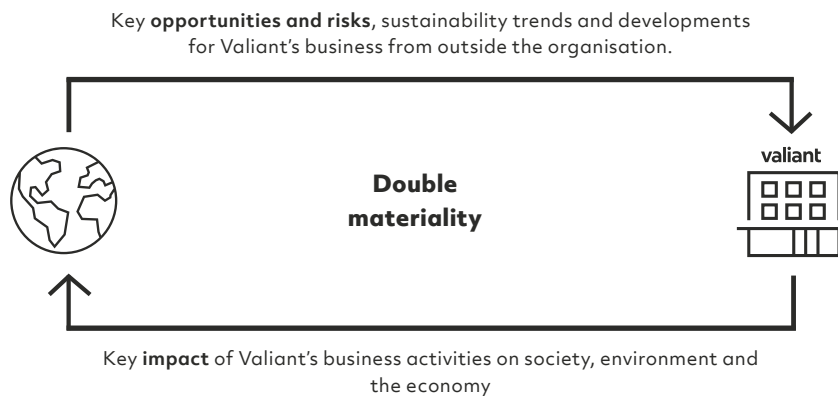
- **Employees:** Employees value a sustainable company culture, faire and flexible working conditions, involvement and meaningful work. Valiant is strongly committed to meeting the needs of its employees and ensuring a high level of job satisfaction among them.
- **Research and NGOs:** Research organisations and NGOs expect Valiant to focus clearly on sustainable investments and support of environmental protection projects and social initiatives. We are supported by findings from the research and requirements of NGOs to assess and expand our sustainability efforts and to make a contribution to sustainable development.
- **Partner companies:** In the context of sustainability Valiant's business partners rely increasingly on sustainable business practices, responsible supply chains and a joint pursuit of environmental and social goals in their cooperation. To achieve these goals and to promote sustainable business relationships Valiant attaches great importance to transparent and open cooperation on an equal footing.

In 2017 we actively reached out to our stakeholder groups for the first time as part of a structured process to determine materiality and asked them to assess the relevance of the key sustainability topics for Valiant. The findings were incorporated into the materiality analysis, 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 in the framework of the materiality analysis. This evaluation took place at a workshop with the Executive Board and was moderated by external sustainability professionals.

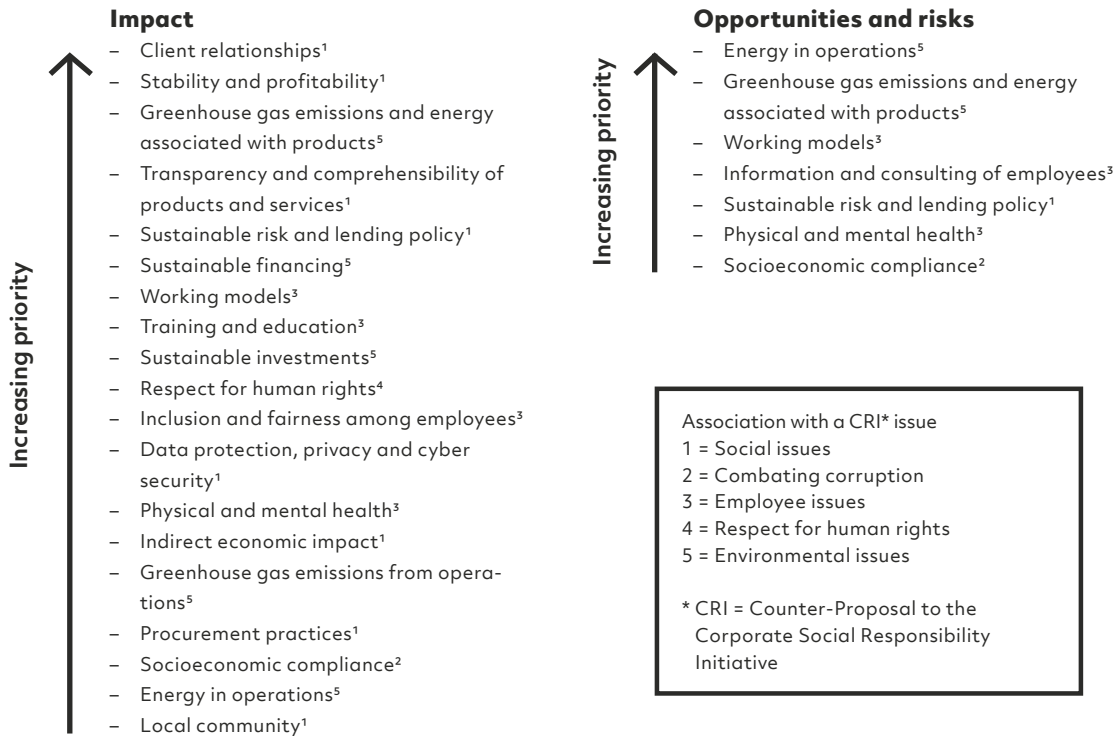
As part of the process of embedding sustainability management in Valiant's strategy in 2021, we comprehensively revised and redefined the materiality analysis – again in consultation with our stakeholder groups (2022 Corporate Responsibility Report, page 42). The materiality analysis conveys the impact 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.

Double materiality

The materiality analysis performed in 2021 forms the basis of double materiality, which is required for the 2023 financial year in accordance with regulatory requirements of the Counter-Proposal to the Corporate Social Responsibility Initiative (CRI). This requires companies to show the key impacts of their business activity on society, the environment and economy. Companies are also to demonstrate the key opportunities and risks, sustainability trends and developments on business activity outside the organisation.



In two externally led workshops Valiant updated the key impacts and prepared and evaluated the requirements of the internationally recognised reporting standard GRI S 2021 and the Counter-Proposal to CRI. Along with the impacts, the opportunities and risks were also determined and evaluated in an externally led workshop. The performed materiality analysis conveys a better and more precise understanding of the topics that are of primary interest to Valiant's stakeholders and to the economy, society and the environment as a whole. These topics affect Valiant's business activities the most. The consolidated results also show a prioritisation of impacts and opportunities and risks that serves as a guide for Valiant in managing its sustainability activities.

Prioritisation of impact, opportunities and risks

The key impacts, opportunities and risks and their management, as well as the corresponding management approaches form the basis for this Sustainability Report and for the preparation and further development of the content in relation to the objectives, key figures as well as the measures and their effectiveness. The logic behind the report is that measures that have already been implemented for some time, which have proven their worth and are therefore institutionalised, are explained under the management approaches. Also, partly implemented measures are explained either in the "Measures implemented" chapter or the "Planned measures" chapter depending on the implementation status. As a result, the chapter structure for the individual key topics may vary

slightly, depending on the degree to which the measures are developed and established, whether and which key indicators have been measured and the objectives in place.

We are continuously expanding our sustainability strategy on this basis and increasing our commitment to environmentally conscious action and social responsibility.

Material topics

In November 2020 the Swiss electorate voted on the popular initiative “For responsible businesses – protecting human rights and the environment”. Despite a narrow majority, the initiative was defeated for lack of majority of the cantons. The implementing provisions for the new corporate due diligence obligations were then submitted for consultation in the form of an indirect counter-proposal to the popular initiative. In December 2021 the Federal Council acknowledged the results of the consultation and implemented the new provisions into the Swiss Code of Obligations and the implementing ordinance as of 1 January 2022. The non-financial reporting under the Counter-Proposal to CRI is based on the following five issues and requires further information by specific topic:

Environmental issues: This area addresses the natural human environment. It covers the topics of greenhouse gas emissions, air pollution, water consumption, biological diversity, land and resource usage, human health and energy.

Social issues: This issue is concerned with explanations of social dialogue and communication with various stakeholder groups and comments on measures to protect these stakeholders.

Employee issues: This area focuses on the topics of working conditions, information and consultation right, rights of trade unions, occupational safety and health, as well as employee equality.

Combating corruption: All efforts to fight activities that fall under the Swiss Criminal Code on Corruption are considered anti-corruption activities. This includes granting of benefits and active and passive bribery of private individuals and Swiss or foreign officials.

Respect for human rights: The issue of respecting human rights comprises the guarantee of all morally justified claims to freedom and autonomy, to which all people are entitled by virtue of their existence. The issue is based on the international provisions on human rights that are binding for Switzerland:

- International Covenant on Economic, Social and Cultural Rights
- International Covenant on Civil and Political Rights
- International Convention on the Elimination of All Forms of Racial Discrimination
- Convention on the Elimination of All Forms of Discrimination Against Women
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Convention on the Rights of the Child
- Convention on the Rights of Persons with Disabilities
- International Convention for the Protection of All Persons from Enforced Disappearance
- Fundamental Conventions of the International Labour Organization (ILO)

The material topics are based both on these five issues of the Counter-Proposal to CRI and on the topics of the GRI S 2021 reporting standard. The table on pages 47–49 provides an overview of the key topics for Valiant, with descriptions, and showing which issues and GRI indicators they are associated with.

Presentation of the key sustainability topics

Material topics	Short description and primary content	GRI indicators
General disclosures according to the GRI		
Responsible business model	<ul style="list-style-type: none"> – Fields of activity – Client segments – Geographic focus 	
Corporate governance	<ul style="list-style-type: none"> – Proper conduct of business – Binding roles, clear responsibilities and effective control and supervisory functions between the Executive Board and the Board of Directors – Remuneration principles and systems 	– GRI 2–9 to 2–21: Corporate Governance
Responsible corporate governance		
Stability and profitability ¹	<ul style="list-style-type: none"> – Role as a catalyst in the economic system – Solvency – Stable capital base and strong capital structure – Healthy financial results – Good liquidity and financing position – Creditworthiness 	<ul style="list-style-type: none"> – GRI 201: Economic Performance – 201–1 Direct economic value generated and distributed
Sustainable risk and lending policy ¹	<ul style="list-style-type: none"> – Effective risk management – Stable lending business – Security of the system landscape and IT infrastructure – Consideration of social and ecological aspects in the risk management system – Business partner and supplier management 	<ul style="list-style-type: none"> – GRI 206: Anti-competitive Behaviour – GRI 206–1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
Socioeconomic compliance ²	<ul style="list-style-type: none"> – Combating corruption – Compliance with legal, regulatory and internal requirements as well as with customary market standards and rules of professional conduct – Raising awareness about harassment, discrimination and bullying 	<ul style="list-style-type: none"> – GRI 205: Anti-corruption – 205–1 Operations assessed for risks related to corruption – 205–2 Communication and training about anti-corruption policies and procedures – 205–3 Corruption incidents and actions taken
Indirect economic impact ¹	<ul style="list-style-type: none"> – Public welfare and economic prosperity in local structures – Indirect economic impact such as taxes, local purchasing – Creation of jobs and apprenticeships, etc. 	<ul style="list-style-type: none"> – GRI 202: Market Presence – GRI 202–2 Proportion of senior management hired from the local community – GRI 203: Indirect Economic Impacts 2016 – GRI 203–2 Significant indirect economic impacts
Local community ¹	<ul style="list-style-type: none"> – Sponsorship or charitable commitments – Positive social impacts beyond business activities 	<ul style="list-style-type: none"> – GRI 204: Procurement Practices – GRI 204–1 Proportion of spending on local suppliers
Transparency and comprehensibility for stakeholders		
Transparency and comprehensibility of products and services ¹	<ul style="list-style-type: none"> – Transparent information about product and service opportunities and risks – Prevention of greenwashing – Independent and neutral advice 	<ul style="list-style-type: none"> – GRI 417: Marketing and Labelling – GRI 417–1 Requirements for product and service information and labelling – GRI 417–2 Incidents of non-compliance concerning product and service information and labelling – GRI 417–3 Incidents of non-compliance concerning marketing communications
Client relationships ¹	<ul style="list-style-type: none"> – Good, trust-based client relationships over the long term – Client experience – Quality of advice 	
Data protection, privacy and cyber security ¹	<ul style="list-style-type: none"> – Protection and respect for privacy – Protection of client and banking data – Increasing awareness and training employees and clients 	<ul style="list-style-type: none"> – GRI 418: Customer Privacy 2016 – GRI 418–1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
Sustainability of products and services		
Sustainable financing ^{3,4}	<ul style="list-style-type: none"> – Consumer and investor protection – Quality of products and services – Promotion of sustainable development via products and services – Impact of the product and service range on society and the environment 	
Sustainable investments ^{3,4}	<ul style="list-style-type: none"> – Consumer and investor protection – Quality of products and services – Promotion of sustainable development via products and services – Impacts of the product and service range 	
Greenhouse gas emissions and energy with regard to products ³	<ul style="list-style-type: none"> – Promotion of sustainable development via products and services – Impact of the product and service range on society and the environment 	<ul style="list-style-type: none"> – GRI 305: Emissions – GRI 305–3 Other indirect (Scope 3) GHG emissions – GRI 305–4 GHG emissions intensity – GRI 305–5 Reduction of GHG emissions

Material topics	Short description and primary content	GRI indicators
Commitment to and development of employees		
Working models ⁵	<ul style="list-style-type: none"> – Working time models – Work-life balance – Pension fund 	<ul style="list-style-type: none"> – GRI 401: Employment – GRI 401–1 New employee hires and employee turnover – GRI 401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees – GRI 401–3 Parental leave
Physical and mental health ⁵	<ul style="list-style-type: none"> – Physical and mental health – Health management – Health protection – Training and increasing awareness among employees – Work environment – Counselling 	<ul style="list-style-type: none"> – GRI 403: Occupational Health and Safety – GRI 403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships – GRI 403–9 Work-related injuries – GRI 403–10 Work-related ill health
Training and education ⁵	<ul style="list-style-type: none"> – Training and education offering (to continuously improve the quality of the service we provide to clients) – Career development – Staff employability 	<ul style="list-style-type: none"> – GRI 404: Training and education – GRI 404–1 Average hours of training per year per employee – GRI 404–2 Programmes for skills management and lifelong learning – GRI 404–3 Percentage of employees receiving regular performance and career development reviews
Information and consulting of employees ⁵	<ul style="list-style-type: none"> – Corporate and management culture – Participation opportunities – Internal communication – Decision-making and feedback processes 	
Inclusion and fairness among employees ⁵	<ul style="list-style-type: none"> – Equal treatment irrespective of individual personal characteristics – Equal pay – No discrimination 	<ul style="list-style-type: none"> – GRI 405: Diversity and Equal Opportunity – GRI 405–1 Diversity of governance bodies and employees – GRI 405–2 Ratio of basic salary and remuneration of women to men – GRI 406: Non-discrimination 2016 – GRI 406–1 Incidents of discrimination and corrective actions taken
Corporate impact on environment and society		
Respect for human rights ⁴	<ul style="list-style-type: none"> – Compliance with international human rights treaties – Due diligence and transparency obligations in the supply chain 	<ul style="list-style-type: none"> – GRI 413: Local Communities – GRI 413–1 Operations with local community engagement, impact assessments, and development programmes – GRI 413–2 Operations with significant actual and potential negative impacts on local communities – GRI 411: Rights of Indigenous Peoples. However, it is not realistic to gather the corresponding key figures.
Procurement practices ¹	<ul style="list-style-type: none"> – Due diligence and transparency obligations in the supply chain – ESG criteria in supplier management 	<ul style="list-style-type: none"> – GRI 308: Supplier Environmental Assessment – GRI 308–1 New suppliers that were screened using environmental criteria – GRI 308–2 Negative environmental impacts in the supply chain and actions taken – GRI 414: Supplier Social Assessment 2016 – GRI 414–1 New suppliers that were screened using social criteria – GRI 414–2 Negative social impacts in the supply chain and actions taken
Greenhouse gas emissions from operations ³	<ul style="list-style-type: none"> – Use of natural resources – Environmental impact of company's environmental performance through internal energy, waste and water management and mobility 	<ul style="list-style-type: none"> – GRI 305: Emissions – GRI 305–1 Direct (Scope 1) GHG emissions – GRI 305–2 Energy indirect (Scope 2) GHG emissions – GRI 305–3 Other indirect (Scope 3) GHG emissions – GRI 305–4 GHG emissions intensity – GRI 305–5 Reduction of GHG emissions – GRI 305–6 Emissions of ozone-depleting substances – GRI 305–7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions – GRI 201: Economic Performance 2016 – GRI 201–2 Financial implications and other risks and opportunities for the organisation due to climate change

Material topics	Short description and primary content	GRI indicators
Energy in operations ³	<ul style="list-style-type: none"> – Use of natural resources – Environmental impact of company's environmental performance through internal energy, waste and water management and mobility 	<ul style="list-style-type: none"> – GRI 302: Energy – GRI 302–1 Energy consumption within the organisation – GRI 302–2 Energy consumption outside of the organisation – GRI 302–3 Energy intensity – GRI 302–4 Reduction of energy consumption

Association with a CRI issue*: ¹ Social issues ² Combating corruption ³ Environmental issues ⁴ Respect for human rights ⁵ Employee issues

* CRI = Counter-Proposal to the Corporate Social Responsibility Initiative

Management of material impact, opportunities and risks

Valiant's approach to managing key impacts, opportunities and risks is divided into four management levels and is guided by the established standards. We were guided by established standards such as the Carbon Disclosure Project (CDP) in the process of categorising these levels. As an international non-profit organisation CDP is a recognised public disclosure system used by companies and governments to assess the environmental impact and identify potential. CDP focuses on the priority topics of climate change, water safety and deforestation.

The management levels in view of the **positive** impacts as well as the **opportunities** are:

- **No action:** No measures are taken to use this opportunity or to take advantage of this option for a positive impact.
- **Increase:** Measures are planned to create favourable conditions for taking advantage of this opportunity or positive impact.
- **Share:** Taking advantage of the opportunity or positive impact is increased by the involvement of a third party.
- **Implement:** Measures are implemented to take advantage of the opportunity or the positive impact.

For assessing the management of **negative** impacts or **risks**, Valiant has used the following management levels:

- **Avoid:** The risk or negative impact is not taken into account.
- **Accept:** No measures are implemented, but the risk or negative impact is recognised and monitored.
- **Shift:** The consequences of the risk or the responsibility for the negative impact are shifted to a third party.
- **Reduce:** Measures to reduce and manage the risk or negative impact are implemented.

These management levels offer Valiant a comprehensive assessment of its handling of the key impacts, opportunities and risks.

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. Similar to the latest corporate strategy, it is valid 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 above-mentioned 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 (for more information on reporting see the Corporate Governance Report, page 130). Our corporate responsibility policy and code of conduct are available on the Valiant website.

2024 ESG Road Map

With the goal of embedding sustainability management in Valiant's strategy, in 2021, we developed an ambition in various areas 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. Based on the ambition, we have defined about 50 different measures and developed objectives. 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 2024 ESG Road Map 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 2023 financial year on page 156.

Transparent reporting

This Sustainability Report has been prepared in accordance with the internationally recognised reporting standard GRI S 2021 and regulatory requirements of the Counter-Proposal to the Corporate Social Responsibility Initiative (CRI). 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. With a view to the 2024 financial year, we will expand the content of our non-financial reporting and map and disclose the specific and additional requirements for climate reporting in accordance with the internationally recognised recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which are required as part of this non-financial reporting.

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:



SDG 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. For example, in the current year we have raised awareness for sustainability and sustainable finance amongst around 800 employees and provided specific training to them. In addition to offering a wide range of apprenticeships, we also cooperate with Swiss educational establishments.



SDG 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. In addition, maternity leave was extended by two weeks for the 2023 financial year. 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.



SDG 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. As at the start of 2023 Valiant readjusted its employment conditions. All employees now get two more holiday days per calendar year. With our business model, 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.

Responsible business model

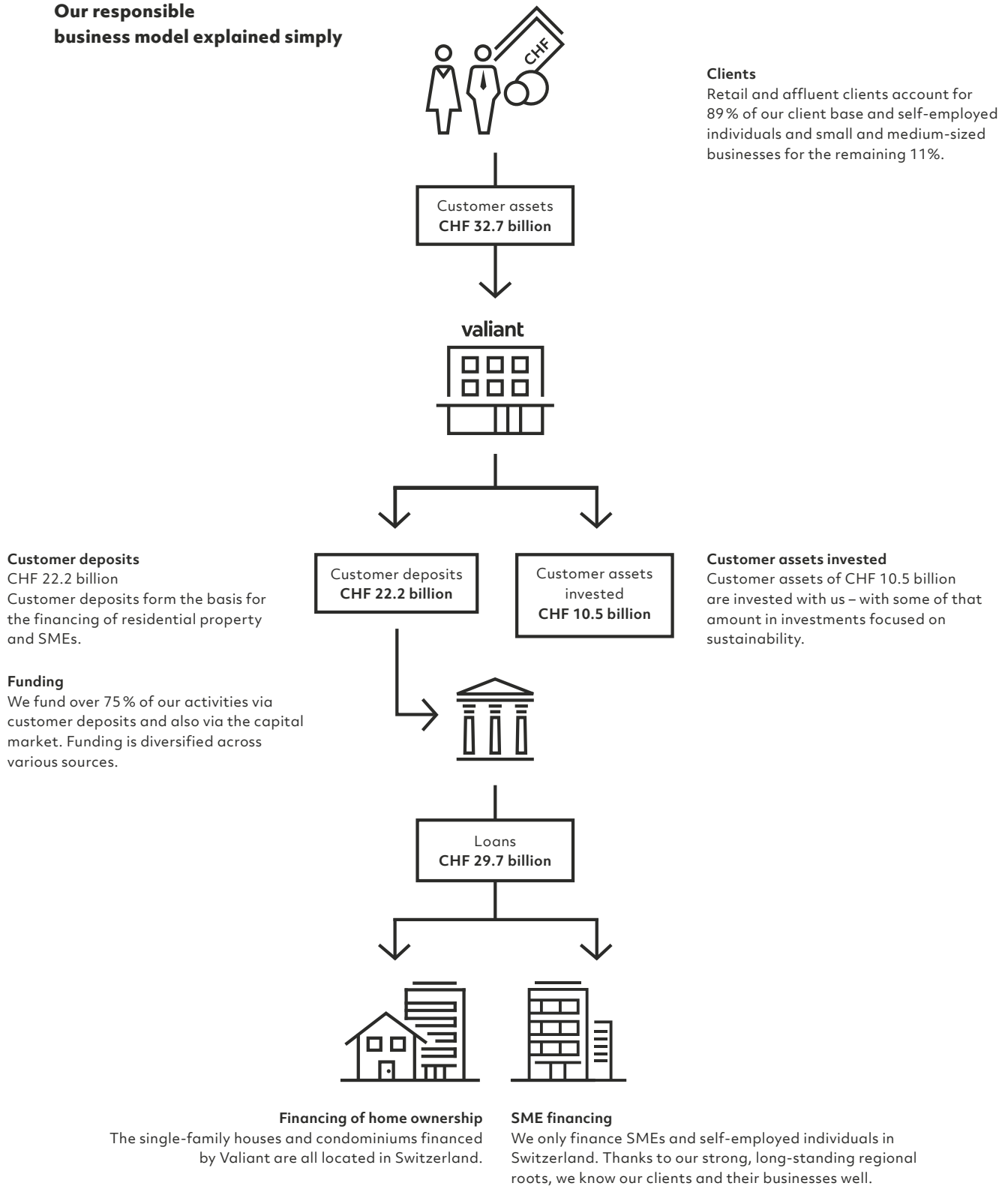
Our business model is straightforward, easy to understand and focuses exclusively on Switzerland. For more information about this, see the “Strategy and goals” chapter on page 12. We play a role as a key link in the Swiss economy and the community. Our focus on private clients and SMEs in Switzerland means we reduce risky and ethically questionable commitments. Furthermore, we incorporate sustainability criteria more heavily into our investment advice and asset management (for more information about this, see page 77).

Thanks to our straightforward and responsible 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 in this process is our core tasks: taking deposits, managing them carefully and providing loans. In this way, we complete the national money cycle.

Impact of our core business on our environment

The responsible business model 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 straightforward and responsible business model. The customer 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. Relatively large and risky exposures are out of the question for Valiant, with its four clearly defined client segments (for more information about client segments see also pages 18–19). 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, or forced or child labour (for more information about the exclusion criteria in our lending business, see page 75). Meanwhile, our lending portfolio reflects the sectoral distribution of SMEs in Switzerland. The portfolio is therefore well diversified, with no concentration risks.

**Our responsible
business model explained simply**

Valiant operates exclusively in Switzerland. The focus on Switzerland favours Valiant's straightforward and responsible business model.

Corporate governance

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. The composition of the senior management bodies is balanced and the members demonstrate a high level of individual professional skills.

Sustainability objectives embedded at the highest level

Sustainability has been anchored at the very highest hierarchy level as part of our corporate targets. The Board of Directors defines the company targets on an annual basis upon the proposal of the Nomination and Compensation Committee. This includes, as in the 2021 and 2022 reporting years, the implementation of the 2024 ESG Road Map with about 50 goals and measures (for more information about the 2024 ESG Road Map see also page 50). Progress on the targets and therefore on implementation of the 2024 ESG Road Map is monitored, assessed and reported to the Board of Directors on a quarterly basis. Whether the targets have been achieved at year-end will have an 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.

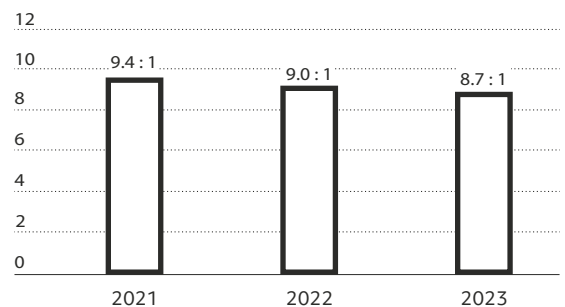
Corporate governance

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 transparently disclosed in the Corporate Governance Report, issued in accordance with the SIX Exchange Regulation's Directive on Information Relating to Corporate Governance, starting on page 109. They are based on the "Swiss Code of Best Practice for Corporate Governance" and reviewed and amended by the Executive Board and the Board of Directors, as needed.

Simple compensation policy

Valiant has a simple compensation policy and an easily understandable and transparent compensation system. The key components and principles of the compensation policy, the authority 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, starting on page 145. This responsible compensation policy is reflected, for example, in that Valiant does not make any joining or severance payments and in the ratio of top to median salary that has remained stable and moderate for years.

Ratio of top to median salary



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.

Responsible corporate governance

Having a responsible corporate governance framework is essential for any company seeking to take social and environmental aspects into account in as balanced a manner as possible alongside financial considerations. Stability and profitability, a sustainable credit and risk policy, and socio-economic compliance are the three pillars of responsible corporate governance at Valiant.

Stability and profitability

Management approaches

Valiant endeavours to secure 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. 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. The global rating agency Moody's has been assessing our creditworthiness since 2001. The rating has remained stable at a high level in recent years (further information concerning the Moody's rating can be found in the Management Report on page 34) and confirms our high borrower quality.

Impact



The activities of Valiant are based on a reasonable balance being struck among risk, return and growth. This guarantees solvency, a stable capital basis and a strong capital structure, thereby increasing shareholder confidence and the bank's viability as a going concern.

Management: realise



There is a risk of Valiant underestimating certain risks or overestimating certain opportunities, or that market forecasts may not be accurate. This could have a negative impact on Valiant's economic performance and its financial resilience, which could adversely affect the economy, shareholders, clients and employees.

Management: reduce and transfer

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector

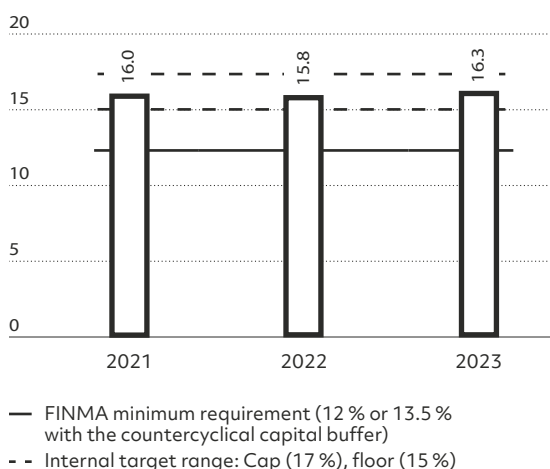
› Activity resulting in this impact:

On account of its business model and in particular its range of products and services, and also when managing its own investments, Valiant is exposed to the risk of economic downturns, geopolitical turbulence and changes in interest rates.

Goals

An important prerequisite for our stability and profitability 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 is the key factor in the achievement of our financial goals. Valiant aims to continue exceeding FINMA capital adequacy requirements. It has a total capital ratio of 16.3% at the Group level. Valiant's total capital ratio therefore lies within the target range set by us of 15 to 17%, and is thus significantly higher than FINMA requirements.

Total capital ratio as %



Key figures

Alongside the total capital ratio, the payout ratio and the dividends reflect Valiant's economic stability and profitability. Valiant pursues a stable dividend policy. The target payout ratio is between 50% and 70% of consolidated profit. We aim to increase consolidated profit in the long term and are seeking to achieve a return on equity of over 6%.

Profitability and dividend

	2023	2022	2021
Payout ratio	60.2 %	61.0 %	64.1 %
Return on equity	5.7 %	5.3 %	5.2 %
Dividend in CHF	5.50*	5.00	5.00

* Proposed

Measures implemented

› Capital planning scenario analysis

As part of our capital planning, Valiant calculates its capital base and subjects it to review at least once a year using various macroeconomic scenarios. The different macroeconomic scenarios used in capital planning are also regularly reviewed and are adjusted in line with any changes in framework conditions. Capital planning is approved each year by the Board of Directors.

Planned measures

› New capital ratio targets

We are also comfortably within the target range that we set for our capital ratio, which puts us well above the capital ratio required by regulators. We focus in particular on optimising our return on equity. We laid the foundations for achieving this by launching the programme to increase profitability in 2022. The full effect of cost-cutting will start to make itself felt in 2024. From then onwards, we aim to save CHF 12-15 million per year.

Findings

Our total capital ratio, which is significantly higher than FINMA requirements, shows that our business model and our business policy have been able to put our business on a solid footing, with a focus on stability and the long term.

Sustainable risk and lending policy

Management approaches

Valiant pursues a comprehensive risk and lending policy that consciously takes on risks that generate added value and contribute to achieving business goals. Risks that are consciously assumed are measured, limited, monitored and reported on accordingly, and net risks must always lie within the prescribed risk tolerance. With this prudent risk and lending policy, Valiant aims both to comply with regulatory requirements and also to meet with the challenges raised by the economic environment.

The risk policy has priority status vis-a-vis all of the bank's regulations and directives and constitutes the framework concept for bank-wide risk management according to FINMA requirements.

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. Employees are responsible for the income and losses associated with the risks taken on. The risk policy is reviewed at least annually and is submitted for approval to the Board of Directors.

Valiant intentionally avoids high-risk real estate financing and constantly monitors the real estate market in order to identify any risks at an early stage. The funding strategy is not based on inflated market prices, but rather a balanced risk-return ratio.

Valiant has enhanced its risk and lending policy to take account of sustainability risks, including in particular climate risks. Valiant is aware of the growing significance of sustainability in the financial sector and endeavours to minimise ESG risks as far as possible by observing regulatory developments and the requirements of the economic environment with targeted measures.

Impact



By incorporating sustainability aspects into the risk and lending policy, Valiant can identify and address environmental and social challenges. This has a positive effect on the environment and society.

Management: realise and increase



Valiant's risk and lending policy is currently focused on individual – especially environmental – sustainability aspects such as climate change. That means certain sustainability risks may go under the radar, which could have a negative impact on the environment and society, such as loss of biodiversity or the disadvantaging of individual stakeholders.

Management: reduce and accept

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

Valiant's overall business, including in particular the structuring of products and services, proprietary investments and client relationships are based on a comprehensive risk and lending policy.

Opportunities and risks

Due to increasing stakeholder interest in the sustainability focus and performance of companies, controversial environmental and social issues are excluded from project financing for corporate and business clients as well as financial investments. The consideration of sustainability aspects within Valiant's risk and lending policy may result in client growth, reputational improvements and greater competitiveness and profitability.

Management: realise



An insufficient consideration of stakeholder interests and sustainability aspects within the risk and lending policy may result in Valiant becoming less competitive and potentially losing clients.

Management: reduce

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 needed as part of our prudent lending policy. In addition, properties financed are valued according to our own guidelines. 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. This means that our real estate financing is not based on market prices that may be excessively high. 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.

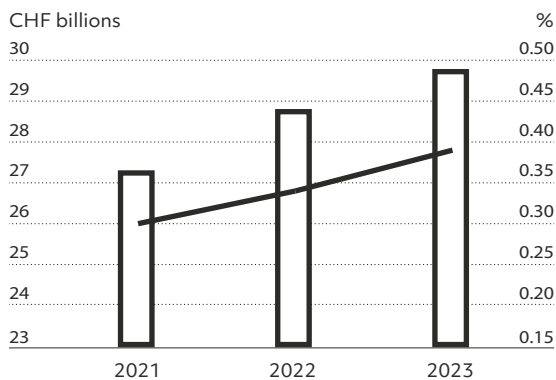
Goals

Valiant's business model is primarily based on lending. As part of the strategy for 2020–2024, Valiant aims not only to grow within its current market areas, but also to expand 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.

Key figures

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 96 % of our loans covered by a mortgage. More than 88 % of the properties financed are residential and around 70 % 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 manageably low 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. In addition, 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



- Total loans in CHF billion
- Value adjustments and provisions for lending (%)

High-quality lending portfolio



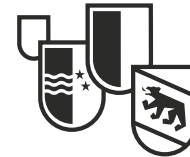
Secured by mortgages

98 % of our loans are secured and 96 % are mortgages.



Stable base

88 % of the properties financed are residential.



Proximity to financed property

95 % of mortgage-backed loans are in the 15 cantons making up our core market area.

Measures implemented

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 thus foster an understanding of risks. Valiant has taken and implemented appropriate risk mitigation measures. These ensure that Valiant operates within the risk tolerance set by the Board of Directors and under regulatory requirements. Risk mitigation measures are embodied in particular in the following:

- comprehensive directives
- collateral and quality requirements
- hedging and limits
- process optimisation
- double-checking and key checks
- independent control bodies such as Legal and Compliance and Risk Control
- business continuity management
- insurance
- training

Planned measures

The effects of climate change can entail financial risks for financial institutions. These are primarily the physical risks that climate change itself may entail, although also transition risks related to the decarbonisation of the economy. Financial institutions need to recognise and appropriately manage their key climate-related financial risks. Accordingly, Valiant will incorporate sustainability risks and in particular climate risks even more rigorously into its bank-wide risk management, which it will disclose for the first time in 2024 as part of its climate reporting according to the internationally recognised recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Findings

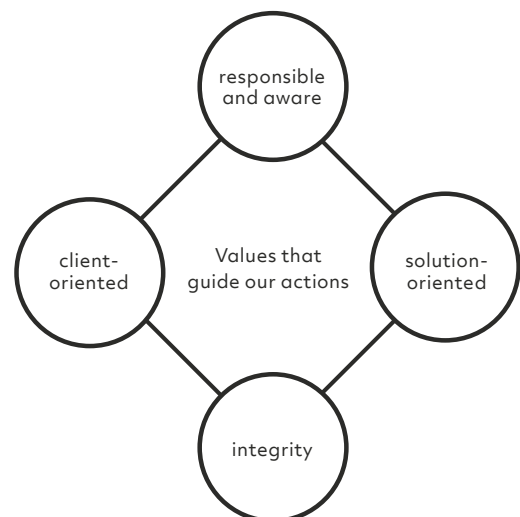
Our clear, low-risk focus has paid off. We shall therefore continue to promote our risk culture focused on responsible action and embed it within our corporate structure.

Socio-economic compliance**Management approaches**

Valiant leadership principles set out the values that we put into practice in our day-to-day work. Valiant acts transparently and honours its commitments. Its culture encourages mistakes to be addressed and reported anonymously where required. The corporate culture is expressed in a 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 four values of 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 independent, 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 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

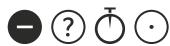
We review the code of conduct and its implementing directive annually.

Impact



The code of conduct plus corresponding internal guidance, an external, independent reporting system and corresponding employee training help to prevent corruption, thereby increasing the confidence of society in Valiant.

Management: realise



Despite the instruments established by Valiant to combat corruption, it is possible that instances of corruption may occur within the company and within the supply chain, which could undermine the confidence of society in the bank.

Management: reduce

› Stakeholders involved:

Clients, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

Bank-client relationships and in particular procurement processes can give rise to the active or passive grant of benefits as well as corruption.

Opportunities and risks



In order to combat corruption, the adoption of international regulations and stronger monitoring has forced companies to improve their compliance structures and to act more transparently. The measures taken to successfully prevent and combat corruption offences provide Valiant with the opportunity to enhance the positive reputation of the bank even further.

Management: realise



If corruption and the related risks are not fully recognised and addressed, this may result in a risk of legal and financial consequences for Valiant which, due to the negative reputational effects, could reduce profits and cause reputational harm.

Management: reduce

Targets

It goes without saying that Valiant complies with legal, regulatory and internal regulations, as well as with customary market standards and the code of conduct of the Swiss Bankers Association, and such compliance is a matter of the utmost priority at all times. Compliance with legal and regulatory requirements is ensured through “legal monitoring” involving experts from Legal and Compliance as well as other specialists from various areas of the bank. As part of this process, any new regulatory changes, for instance in relation to corruption, are identified, analysed and discussed in order to pre-empt developments in good time and to comply in a spirit of integrity with current applicable rules.

Key figures

In 2023, as was the case during the previous two reporting periods, no fines or penalties were imposed on Valiant for failing to comply with legal requirements. No reports were received via the independent, external whistleblowing reporting system from ENQUIRE concerning any breach of the code of conduct, whether actually observed or only suspected. 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.

Incoming and concluded reports via the whistleblowing reporting system

	2023	2022	2021
Incoming reports	0	3	0
Resolved reports	0	3	0

Measures implemented

Employees continually undergo awareness raising or training in relation to specific issues in order to ensure respect at all times for this high standard of compliance with legal, regulatory and internal requirements as well as with customary market

standards and rules of professional conduct. 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 three months of joining Valiant.

In addition, a number of awareness raising measures in the fields of corruption, harassment, discrimination and bullying were launched during the year under review. For example, the respective information and explanations on the intranet were enhanced so that employees can obtain even clearer guidance and information. These issues are also already being covered during the induction day for new employees, alongside various enhancements and amendments to the e-learning module on compliance.

Planned measures

The raising of employee awareness in relation to corruption, harassment, discrimination or bullying is an ongoing process. In this regard we will continue our series of training sessions on the issue of unconscious bias carried out during the year under review also in 2024. Further information concerning unconscious bias can be found on page 100.

Findings

The low number of reports concerning breaches of the code of conduct, whether actually observed or only suspected, made via the independent whistleblowing reporting system shows that, overall, we are on the right track. However, it also shows that we must continue to pursue training and awareness raising initiatives at appropriate intervals and make adjustments in line with any changing developments and needs.

Indirect economic impacts

Management approaches

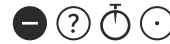
Valiant's regional approach is a key component when it comes to managing risk in procurement and the supply chain. Valiant sources goods and services predominantly from the region and creates attractive jobs and training positions within its market area in both urban and rural locations. By recruiting employees locally, Valiant strengthens its links to the region, ensuring that it not only knows its clients personally but is also acquainted with the specific circumstances of the local real estate market. Adherence to this strategic direction is illustrated through indicators such as the number of regional self-employed individuals and small companies as a proportion of business clients (further information concerning client segments can be found on pages 18–19) as well as annual tax payments. By focusing on the client segment of self-employed individuals and small companies as well as medium-sized companies, Valiant is supporting Switzerland's regional backbone, thus contributing to the smooth operation of the economy and society by providing financial services.

Impact



Valiant has a positive impact on the local economy, the labour market and the environment as the bank places considerable value on acquiring goods and services primarily from the region. With its local roots, Valiant also promotes labour and educational opportunities in the region.

Management: realise



Even though procurement is conducted primarily at the local level, the sourcing of goods and services may have negative impacts on the environment and on society, for instance by worsening environmental pollution or resource scarcity.

Management: accept

› Stakeholders involved:

Clients, shareholders, employees, partner companies

› Activity resulting in this impact:

Business relationships with local providers and suppliers of goods and services represent an important lever in reducing any negative effects of local procurement.

Targets

Our aim is to have a positive impact on the development of society, the economy and the environment by providing financing to the real economy. The share of real economic financing and financial investments is an indicator of the success of our responsible 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. At Valiant around 80% of total assets are disbursed in the form of loans to the real economy. This reflects our responsible role as a financial services provider for all our stakeholders.

Key figures

As a strong financial partner we 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.

Within the context of the national money cycle, we contribute to the common financial good in particular by creating value as follows:

- Personnel expenses in 2023 amounted to CHF 162.9 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 127.3 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 86.9 million to our shareholders in the form of dividend payments.
- Our aggregate taxes of CHF 40.0 million in 2023 were a direct contribution to the public-sector budget.

Planned measures

Despite a focus on primarily regional procurement, it has not been possible to exclude sustainability risks from the supply chain per se. In order to take greater account of this aspect, environmental and social criteria will be incorporated into Valiant's partner and supplier management in future. Sustainability criteria are applied both when selecting key partners and suppliers as well as within regular reviews of key direct suppliers (further information concerning procurement practices can be found on page 102).

Findings

Valiant sets itself apart thanks to its local roots and proximity to its clients and business partners. Valiant always ensures that it is able to guarantee this close relationship also at new locations and that it can embed this principle within its corporate culture even following any expansion of business operations.

Local company

Management approaches

Valiant engages actively with society by promoting projects in the areas of sport, culture, outreach, the environment and the economy. When doing so, Valiant focuses on activities that are in harmony with its corporate values, business model and interests. Each year Valiant approves a large number of requests for partnership and support, focusing on projects established in its clients' regions. The number of projects supported underscores Valiant's commitment to society. Valiant receives a number of requests each day for financial support or donations in kind. We examine all requests carefully and endeavour to answer requests promptly within ten working days. Requests are examined in accordance with specific guidelines. For example, projects and events with an international, religious or political focus or background as well as individual sportsmen and sportswomen are not eligible for sponsorship by us. To ensure sustainability issues are taken into account when we support cultural, social and sporting events, Valiant has added additional sustainability criteria to the scrutiny and approval process. For example, criteria covering waste, procurement and energy are now included in the assessment.

We also advocate personal commitments to society and politics on the part of our employees. However, as a politically neutral organisation, we make no donations to political activities or parties.

In addition, Valiant strengthens its links to the local society and the general public by participating regularly in university surveys and through membership of various bodies. For instance, its membership of öbu, the Swiss Association for Sustainable Business, enhances Valiant's engagement in this area and underscores its role as a responsible bank.

Impact



Valiant's social engagement in areas such as sport, culture, outreach, the environment and the economy as well as the promotion of personal engagement by its employees in favour of society has a positive impact on the development of the local population, culture and environment.

Management: realise

› Stakeholders involved:

Clients, employees, research and NGOs, partner companies

› Activity resulting in this impact:

Thanks to the links that Valiant creates and maintains with regional society, it has an impact on the development of each individual region.

Targets

We have set ourselves the target of always being present where our clients are located. Valiant is traditionally rooted in the regions and feels a connection with people who work towards their goals with the same conviction and passion as we do. We express this connection and proximity by supporting various projects and events in the areas of sport and culture.

Key figures

Each year Valiant supports around 2,000 small and 30 major projects, with an overall budget of more than half a million Swiss francs. Support for projects in the areas of sport, culture, outreach, the environment and the economy is important in ensuring a vibrant and healthy local society. Valiant will continue to take account of this aspect.

Measures implemented**› Support for regional projects**

As an example of our close connection to the region, during the year under review we supported the following two projects, along with many others:

- **Bundesplatz ice rink**

Valiant is a platinum sponsor of this extremely popular attraction, which offers the opportunity to skate in a stunning setting. Also during the year under review, the operators decided to build a synthetic ice rink rather than using artificial ice. However, the ice can be skated on using normal skates. In addition, this year the organiser decided once again not to operate a tented restaurant and to use a well-insulated wooden chalet instead. In doing so it is signalling the importance of saving energy compared to the conventional concept – and its freezing setting.

- **Morges-sous-Rire Festival**

Over the course of the last 30 years, the Morges-sous-Rire Festival has established itself as a must-see comedy event in Western Switzerland. Each time it attracts more than 15,000 visitors, offering its public of all ages the opportunity to discover up-and-coming artists and young talent, alongside established comedians. We are supporting the 35th festival as a co-sponsor.

› Christmas donation rather than Christmas presents

In addition to its support for projects, as in the past, Valiant once again did not send out any Christmas presents in 2023. Instead, it made a Christmas donation to support four socially committed institutions. In the year under review, these were:

- Handi-Capable (facilitates access to treatment for people with cerebral palsy)
- Verein heilpädagogische Schule der Region Thun (school for children and young people with special educational needs)
- Sinnovativ Stiftung (supports people who are homeless and unemployed)
- Quellenhof-Stiftung (assistance and support for people suffering from addiction and psychological illness)

All the institutions are active in Valiant's market area, i.e. between Lake Geneva and Lake Constance. A broader selection of our national and regional partnerships and sponsorships is shown on the website valiant.ch/sponsoring.

As a further commitment, during the year under review Valiant made a donation to two charities instead of a gift for shareholders at the Annual General Meeting. Schweizer Berghilfe and Pro Natura have received CHF 12,500 each.

Findings

By supporting projects we are able to make a difference also beyond the purely financial level. As a result, by incorporating sustainability criteria into the assessment and approval process, we have made a first step and built up positive experiences. Through discussions with applicants, we have been able to address critical issues together, such as for example the waste concept. We aim to pursue this practice in future.

Transparency and comprehensibility for stakeholders

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. Our focus in doing so is to analyse and take account of the requirements of our stakeholders. We are approachable and open to criticism and use feedback to continuously improve our performance and communication.

Transparency and comprehensibility of products and services

Management approaches

We offer private individuals and SMEs straightforward, understandable financial services from a single source. We create a positive client experience across all channels. We take feedback as an opportunity to constantly improve our range of services in terms of their comprehensibility and transparency. One aspect of these efforts is open communication concerning our investment guidelines and exclusion criteria within lending business, which helps to further enhance the transparency of our products.

In addition, when providing our advisory services we place major importance on the provision of transparent information concerning the opportunities and risks associated with our financial products. Protecting clients and their needs also means that, in both its asset management and investment advisory businesses, Valiant only uses 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 disclosed to our clients transparently during the consultation. A further sign of Valiant's commitment to transparency and comprehensibility as well as its clear distancing from greenwashing is its adherence to the GRI Sustainability Reporting Guidelines as well as the disclosure of its policy of corporate responsibility, its relevant directives and its key documents.

Impact



By offering straightforward and understandable financial services, Valiant creates a positive client experience across all channels, thereby enhancing clients' confidence in Valiant, as well as the banking sector.

Management: increase



A lack of comprehensibility or transparency within the financial products and services offered as well as a failure to provide objective advice may undermine clients' confidence in Valiant and the banking sector and lead to uncertainty.

Management: reduce

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

A lack of transparency and comprehensibility can become apparent during the ordinary course of Valiant's business when selling banking products to clients.

Targets

We are approachable and open to criticism and use feedback to continuously improve our performance and communication. We seek dialogue at different levels with our various partners in our day-to-day business. We use client feedback systems, established channels for interaction and employee surveys in order to constantly optimise and develop our processes, products and services, in all instances with a focus on transparency and comprehensibility.

For instance, 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. Further information concerning client satisfaction surveys can be found on pages 70–71.

Key figures

The demands and needs of our clients constitute the basis on which the transparency and comprehensibility of our products and services is ensured. We have already actively sought to engage in dialogue with our stakeholders – in 2017 and 2021 – within the ambit of a structured process. The results of this dialogue have been used not only to determine key issues but also to increase the transparency and comprehensibility of products and services, as well as into our communication overall. Further information concerning structured dialogue with our stakeholders can be found on pages 42–43.

Measures implemented

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. Valiant has implemented various measures with the aim of ensuring transparent, clear and straightforward products and services, which are mentioned under the management approach on page 68. These have now become firmly established within the company.

In addition, during the year under review, 2023, as a member institution of Asset Management Association Switzerland AMAS we implemented the voluntary self-regulation on transparency and disclosure for sustainability-related collective assets. The sustainable investment sector is constantly growing and developing. The asset management industry is playing a key role in taking sustainability considerations into account in relation to the management of collective assets and the establishment of collective investment schemes. The self-regulation sets out, for the first time, binding requirements concerning the organisation of financial institutions that create and manage sustainability-related collective assets, as well as the duty of disclosure for sustainability-related products.

Planned measures

Straightforward and comprehensible products and excellent services as Valiant's *raison d'être* continue to be a focus. The increase in transparency and disclosure is an ongoing process, which is crucially important for securing and strengthening the trust placed in Valiant. We aim to live up to this standard also in future. As a member of the Swiss Bankers Association, we engage actively with the respective bodies, for instance in order to contribute to the further development of existing self-regulatory instruments. This should for instance increase transparency regarding the sustainable characteristics of financial products and services vis-a-vis clients whilst further minimising the risk of greenwashing.

Findings

We focus on comprehensibility and transparency through ongoing dialogue with various stakeholders, transparent reporting, the publication of relevant documents as well as the offer of clear and easy-to-understand financial products. We take account of the needs and requirements of stakeholders when carrying on our business. This has been facilitated by the establishment of open external and internal communication within the business, which we are constantly promoting and developing through various measures.

Client relationships

Management approaches

A key element of Valiant's positioning in the market and one of its strengths is fostering solid relationships. Our focus is to build up long-term client relationships characterised by professional, comprehensive and personal advice that is rigorously tailored to clients' individual needs. At the same time, we offer solutions for specific requirements in collaboration with our specialists or with external partners where necessary. 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. Valiant carries out regular client satisfaction surveys with a view to constantly improving relations with its clients.

Impact



It is particularly important for Valiant to provide personal, needs-based advice in order to promote long-term, positive client relationships rooted in trust. This strategy not only helps to ensure stable client relations, but also has a positive impact on client satisfaction, employee well-being and shareholder success.

Management: increase



The failure to advise or inform clients appropriately may jeopardise client relationships and in turn have a negative impact on Valiant's economic success.

Management: reduce

› Stakeholders involved:

Clients, shareholders, employees

› Activity resulting in this impact:

The extensive consideration of clients' needs within Valiant's business activities, in particular when selling banking products, is crucial in building up long-term relationships with clients.

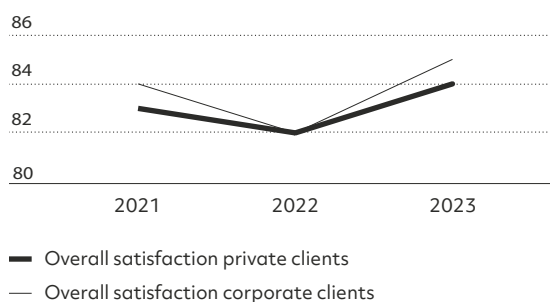
Targets

We guarantee to clients that they will receive transparent advice tailored to their own needs, which will always be aligned with their current needs and priorities. We always maintain the utmost commitment to support and enhance client relationships on an ongoing basis.

Key figures

› 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 seventh time for private clients in the year under review, 2023, and for the fifth 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. Our scores remained largely stable 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. The next assessment is scheduled for the spring of 2024.

Overall satisfaction of retail clients and corporate clients (scale 0–100)**› Changing client needs**

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 2023 almost 85% of client contact took place via digital channels.

Measures implemented**› Further development of product range and channels**

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 branch concept that combines all the services of a traditional branch 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 branch concept 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.

Thanks to e-banking and the Valiant app, clients can take care of their banking transactions wherever and whenever they want - easily, securely and free of charge (further information on protection against cyber crime can be found on pages 72–74). 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 previously 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. The app offers impressive practical functions alongside an improved user experience. The new app is being constantly developed in order to enable even more banking transactions to be concluded by smartphone in future.

› Financial partner for SMEs

SMEs and self-employed individuals are the backbone of our economy. Valiant has always been a typical SME bank, and we count many SMEs and self-employed individuals among our clients (further information concerning client segments can be found on pages 18–19). To strengthen this key area of our business, we are continually developing our advisory services for SMEs and implementing appropriate measures. We also provide our clients with assistance that goes beyond their daily financial business, for example by offering succession planning.

› Succession planning

The continuing operation of SMEs and self-employed businesses is crucially important to the economy. 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. It is vital to involve specialists in drawing up a customised individual succession plan. For this reason, 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. We see our holistic approach as an advantage for our clients. 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.

Planned measures

For us, transparent, open and needs-based communication with our clients is an integral element of sound, trustworthy and credible advice. We provide them with information concerning opportunities and risks associated with our financial products and constantly develop our range of services as well as information channels. We always keep our product range under review and take further action to make sure that we can cater to our clients' changing wishes and needs also in future.

Findings

We provide comprehensive advice to our clients. The provision of straightforward advice through various channels is highly appreciated by our clients, which shows us that we are following the right path and are taking on board technological opportunities in line with our clients' needs. We are constantly monitoring technological developments and assessing scope for rolling them out wherever they could optimise client service.

Data protection, privacy and cyber security

Management approaches

Valiant has made data protection and data security a major priority. Protecting and respecting privacy is crucially important to the business. To ensure that we can continue to protect our clients' data in future, we review and optimise our business processes on an ongoing basis.

Various 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. Valiant works within various bodies and interest groups to pre-empt new criminal activities and combat these effectively. With Swisscom as the operator of its core banking system, Valiant benefits 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.

As digitisation progresses, the range of illegal online activities in the financial industry is also constantly growing. We have taken 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.

Impact

Valiant is actively committed to pre-empting and effectively combatting criminal activity, thereby ensuring data protection, data security and protection of privacy and against cyber fraud. This further strengthens the confidence of various stakeholders in the bank.

Management: realise



Any misconduct in relation to the handling of data belonging to clients or the bank, or any security gaps, may result in confidential data ending up in authorised hands or being publicly disclosed.

Management: reduce

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

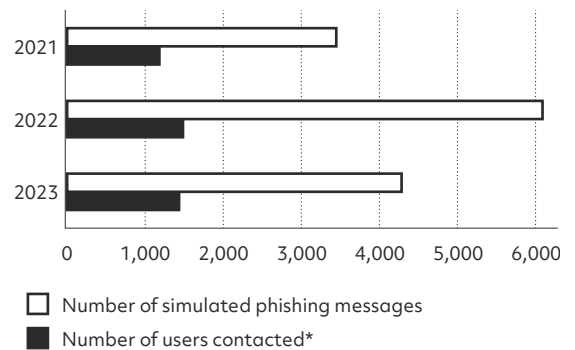
Meanwhile, the digitisation of the financial services business, along with business processes and relationships in general, continues apace, presenting new challenges for the protection of client, bank and business data.

Targets

Protecting and respecting privacy is crucially important to our business. We want to make sure our clients feel they are safe and in good hands with us, and that we protect their assets and their privacy.

Key figures

Valiant regularly carries out phishing awareness campaigns in order to establish and expand effective protection against cyber attacks and also to protect sensitive data. As part of this process, employees receive simulated phishing messages. The aim of this is to raise employees' awareness and train them in recognising fraudulent emails more quickly and more effectively, and reacting appropriately thereafter.

Phishing in relation to the awareness campaign

* Employees are contacted, in some cases on multiple occasions

Measures implemented**› Compliance with data protection law and social security**

Valiant has taken all necessary steps to comply with the requirements under the amended Swiss Data Protection Act, which came into force on 1 September 2023. As well as ensuring enhanced protection for personal data, and updating the law in line with changing technology and social conditions, the Act aims to increase transparency in relation to the procurement of personal data and to enhance people's ability to take decisions concerning their personal data.

In addition, Valiant has prepared a six-part online series concerning online security and protection against fraud. The series has been made available to clients in digital format in order to raise their awareness in relation to cyber and data protection risks and to show them how they can protect themselves more effectively against these risks. The series has been posted in the Services section of Valiant's website and can be viewed by clients, as well as the broader public, free of charge.

› Raising of employee awareness

Valiant employees are regularly informed and trained regarding 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 aim was to help employees identify potential risks in their daily work routine and provide useful guidelines on proper conduct.

› Ethical hackers

To protect our data and systems from illegal activities, Valiant works with "ethical hackers". These 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.

Planned measures

With the entry into force of the new FINMA Circular 2023/1 "Operational risks and resilience – banks" on 1 January 2024, Valiant will implement various developments in the area of business continuity management in order to further increase the bank's resilience in relation to new information and communication technologies, the management of critical data and cyber risks. This will also involve for instance the provision of further training to IT security staff. Cyber attackers exploit people's uncertainty and lack of attention. The way in which we behave in these situations is a major factor for IT security within the company. With the adoption of new IT security rules, our employees will receive the necessary "tools" for protecting themselves in an optimal manner against cyber attacks. In addition, employees are regularly informed and trained regarding data protection.

Findings

Nowadays, one cannot be careful enough when it comes to data protection, privacy and cyber security. Valiant has accordingly taken various action in this area, raised awareness amongst its stakeholders accordingly and firmly established the need to manage all data responsibly throughout the company. Company systems are regularly checked for any potential security gaps, enabling us to constantly optimise them.

Sustainability of products and services

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 financing

Management approaches

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

- 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.

Impact



Valiant's financing influences various social and environmental aspects, as well as different communities, greenhouse gas emissions, air pollution, biodiversity and the usage of energy, water, land and other resources. Negative impacts of financing can be reduced by applying exclusion criteria and through targeted action.

Management: realise and increase



Financing provided by Valiant may have a negative impact on social and environmental aspects, despite the exclusion criteria and other targeted action.

Management: reduce and accept

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs

› Activity resulting in this impact:

Valiant's financing business, for instance in the area of lending, can have a major effect on the economy, the environment and society.

Targets

In order to take on our corporate responsibility even more effectively and integrate sustainability into our core business more comprehensively, we aim to take account of various environmental aspects also within the ambit of lending, real estate valuation and risk assessment in relation to financing and to raise our clients' awareness regarding the issue of sustainability when providing credit advice and in relation to lending. We provide effective training to our client advisors for this purpose.

Key figures

Key figures in the area of "Sustainable financing" are currently focused in particular on the issues of greenhouse gas emissions and energy. They are therefore addressed in the chapter on greenhouse gas emissions and energy associated with products on page 82. Over the medium term, we are also aiming to develop further specific key figures, with the aim of further enhancing our engagement also with this issue.

Measures implemented

In order to put our core lending business on a more sustainable footing, we have implemented various measures, in particular with a view to increasing energy efficiency during the renovation and construction of owner-occupied residential property as well as transparency concerning the CO₂ emissions associated with any financing. As these measures concern specifically the environmental aspects of energy and greenhouse gas emissions, they are discussed in the chapter on greenhouse gas emissions and energy associated with products under measures implemented on page 82–83.

Planned measures

Alongside the measures implemented, Valiant has planned further measures to reduce emissions generated in relation to financing and thus aims to make an important contribution to ensuring more sustainable financing over the long term. These measures concern specifically the environmental aspects of energy and greenhouse gas emissions and are therefore explained in greater detail in the chapter on greenhouse gas emissions and energy associated with products under measures implemented on page 83.

Findings

The exclusion criteria for project financing for corporate clients play a key role in the consideration of various relevant sustainability aspects within lending business and are reflected in a number of business processes. This means that we can establish the importance of sustainability even more firmly within our corporate culture as well as referring to and elucidating on sustainability more frequently within advisory discussions with our clients.

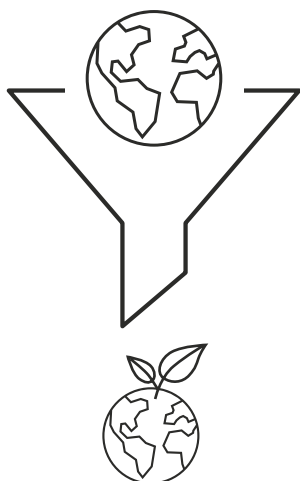
Sustainable investments

Management approaches

More and more clients insist that their investment activities must not only generate satisfactory returns but also be consistent with the sustainable development of the economy, society and the environment. Valiant supports these efforts and has kept pace with clients' increasing demand for sustainable investments. In addition to its own sustainable investment funds and asset management mandates, Valiant's recommendation lists include the offer of further investment opportunities in order to take account of the ESG preferences and individual needs of its clients.

The Executive Board issued sustainable investment guidelines in 2021, which serve as a basis for a sustainability approach for our investment business that is tailored to Valiant's needs. The current investment guidelines on sustainability apply to all new sustainability products and services in the investment business. The Valiant sustainable investment guidelines, which are publicly accessible on the website, thus lay the foundation for a long-term, responsible investment approach. Particular emphasis is placed on climate protection. Investments associated with large revenues from fossil fuels and energy sources are excluded as far as possible.

Filter process



ESG criteria systematically complement a purely financial analysis. Particular emphasis is placed on climate protection. Investments associated with large revenues from energy sources are excluded as far as possible.

Initial universe

Global investments

Filter

- Reduction of financial ESG risks (high ESG rating)
- Exclusion of controversial practices and products
- Consistent with sustainability targets
- Focus on climate protection

Sustainable investment universe

Investment instruments qualify as sustainable investments from the perspective of Valiant. They are consistent with Valiant's values, have a high ESG rating and have a convincing business model that is compatible with sustainability targets.

In addition, investments are made with reference to a strict, comprehensive list of sustainable criteria. This involves a focus in particular on organisations with a high ESG rating, that endorse Valiant's values (further information on that is provided in the investment guidelines on sustainability accessible to the public on the website) and have a business model that is conducive to achieving selected targets, such as the Paris Climate Agreement or the UN Sustainable Development Goals (SDG). The investment instruments selected assess securities not only according to financial metrics but also according to ESG factors such as environment, social and governance). Any investments that are convincing following an ESG analysis are systematically preferred. Our active selection of investments takes account of the sustainability approaches "exclusion", "best in class" and "thematic investments". We systematically exclude securities issued by organisations with controversial business practices, services and products and from particular sectors that do not fit with our values.

According to the "best in class approach", we require a high ESG minimum rating of "A" (scale: AAA, AA, A, BBB, BB, B, CCC). Any securities that do not achieve this minimum rating are rigorously excluded. Valiant uses methodologies and data from MSCI ESG Research when carrying out sustainability analyses on securities, monitoring ESG characteristics and identifying ESG criteria through dialogue with clients. The data assess investment instruments with reference to various aspects of ESG.

Impact



Valiant's investments influence various social and environmental aspects, as well as different communities, greenhouse gas emissions, air pollution, biodiversity and the usage of energy, water, land and other resources. Negative social and environmental impacts can be reduced by applying Valiant's sustainable investment methodology and through targeted action.

Management: realise and increase



Our clients' carefully selected investments may have negative impacts on other social and environmental aspects that were not considered, despite having applied Valiant's sustainable investment methodology as well as other targeted action.

Management: reduce and accept

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs.

› Activity resulting in this impact:

Valiant's business in the area of investment can have a major effect on the economy, the environment and society.

Targets

In addition to our range of sustainable investment solutions and products, our goal is to further improve 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 an ESG standpoint and make better long-term investment decisions for and with our clients. These measures are reflected in our own investment products. For example, we have the binding requirement of retaining a minimum ESG rating of "A" from MSCI, a specialist provider established on the market, 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.

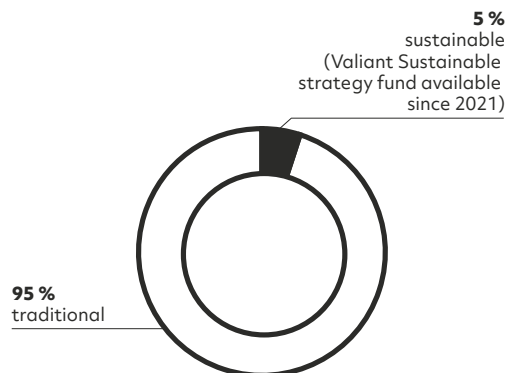
ESG minimum rating of "A" from MSCI as a binding requirement

	ESG Rating
Valiant Swiss Equities SPI Index Plus	AA
Valiant Swiss Equities S&M Caps	A
Valiant Swiss Equities Dividend	AA
Valiant Europe Equities	AA
Valiant North America Equities	A
Valiant Swiss Franc High Grade Bond	A
Valiant Swiss Franc Corporate Bond	AA
Valiant Helvetique Conservative	A
Valiant Helvetique Balanced	A
Valiant Helvetique Dynamic	A
Valiant Helvetique Capital Gain	A
Valiant Sustainable Conservative	AA
Valiant Sustainable Balanced	AA
Valiant Sustainable Dynamic	AA
Valiant Sustainable Capital Gain	AA
Valiant Classique Conservative	A
Valiant Classique Balanced	A
Valiant Classique Dynamic	A

Figures at 31 December 2023

Key figures

Proportion of fund size, traditional versus sustainable



Figures at 31 December 2023

Measures implemented

› ESG preferences in investment advice

Valiant is incorporating sustainability criteria more heavily into investment advice and asset management. ESG preferences cover the criteria of environment, social and governance, thus supplementing classic criteria such as return, liquidity and security. Valiant applies a three-level preference model in this area, selecting among the following three degrees of ESG preference: very important, important and not so important. By stating their preferences, our clients indicate how strongly they would like ESG factors and sustainability targets to be incorporated into their investments, alongside financial targets. Conventional investment solutions and ESG investment solutions can feature different risk and return profiles. The adjustment of the available investment universe on the basis of an ESG preference can have either a positive or a negative effect on return or risk.

In order to be able to provide our clients with expedient and expert advice on ESG preferences, Valiant's client advisors have received training in the two modules specifically developed: foundations of sustainability and sustainable investment.

ESG preference model within investment

ESG preference	ESG criteria are a binding filter when selecting investments within the ambit of asset management and investment advice	Purpose of investment
very important	Active selection of investments that takes account of the sustainability approaches "exclusion", "best in class" and "thematic investments". Alongside the ESG minimum rating of "A" from MSCI, Valiant applies a number of other ESG criteria in relation to the "very important" ESG preference. These include, amongst others: – climate data – controversial business practices and products – data concerning compatibility with sustainability targets	Risks and opportunities that fall or increase in relation to ESG factors. Value orientation: exclude investments in businesses that are not compliant either with international standards or with Valiant's approach to sustainability. Consistency with sustainability targets: effect of business operations on society and the environment. For example, effects of the issuers of investments on specific UN sustainability targets and the Paris climate goals. These qualify as sustainable investments from the perspective of Valiant.
important	ESG minimum rating of "BBB" from MSCI (according to MSCI ESG rating* methodology, ratings from AAA to CCC)	Risks and opportunities that fall or increase in relation to ESG factors. Investments comply with ESG criteria, although do not explicitly qualify as sustainable investments.
less important	No consideration of ESG criteria	Return and risk associated with traditional investments

* If no ESG data or only deficient ESG data are available for investment instruments from MSCI ESG Research LLC (ESG data provider), Valiant may allocate to an ESG preference on the basis of an in-depth ESG analysis.

Data source: Valiant uses MSCI ESG Research for the selection procedure, monitoring and identifying ESG criteria in client dialogue. This data assesses investment instruments with reference to various aspects of ESG.

› Investment funds with a focus on sustainability

Based on the ESG investment guidelines. Valiant launched new sustainable 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. ESG-critical business models are excluded as far as possible and are compatible with established sustainability targets, such as the Paris Climate Agreement or selected UN sustainability targets. Hence our clients invest mainly in organisations and institutions which responsibly take into account environmental and social factors and which, in some cases, even make a positive contribution to established sustainability targets through their operations, services and products. The investment funds can be subscribed through custodial advisory accounts, as fund investment solutions and in pension plans.

› Sustainable asset management mandate

In December 2023 Valiant expanded its product range in the asset management business with the Sustainable mandate line. In a similar manner to investment funds that focus on sustainability, the Sustainable investment strategy is based on Valiant's sustainability approach. Valiant offers the Sustainable asset management mandate with the following risk profiles: conservative, balanced, dynamic and capital growth.

› Individual sustainable asset management mandates

In particular institutional clients, such as pension funds, although also retail clients, are increasingly demanding more from their investments when it comes to ESG. We base our 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 ESG criteria. When compiling individual sustainable asset management mandates, we draw on the expertise of MSCI.

Planned measures

Since introducing ESG preferences into investment advice and asset management, we have been systematically addressing ESG factors and sustainability targets within investment advice for the first time. We would like to take advantage of feedback from our clients, as well as from our client advisors, in order to achieve targeted optimisations and to improve and further develop our related expertise, advice and product range. For example, following the comprehensive training offensive during the year under review 2023, we plan to hold appropriate advanced training rounds at regular intervals for the modules foundations of sustainability and sustainable investment.

Findings

Thanks to last year's developments involving the incorporation of ESG factors into sustainability targets for investments, we have developed products that we can adjust to the individual needs of our clients, whilst at the same time furthering our goal of putting our business on a sustainable footing. This transformation has had an impact not only on our product range but also on internal company processes and the advice provided to our clients.

Greenhouse gas emissions and energy with regard to products

Management approaches

Consideration of environmental aspects such as energy and greenhouse gas emissions is an integral part of a number of products, along with lending, valuing property and assessing financing risks. In addition, the criteria for low-emission financial investments are gradually being developed and are constantly being made more transparent.

Existing standards, regulatory requirements and widely recognised and diverse results of research in these areas make it easier for Valiant to set corresponding targets and to implement measures in

relation to its products and services. The starting point is different for, amongst others, the environmental issues of air pollution, biodiversity as well as land and resource usage.

Impact

Valiant provides targeted support to environmentally friendly investments by taking energy efficiency and greenhouse gas emissions into account within its financial products. This may help to reduce environmental pollution and promote a more environmentally conscious economy.

Management: realise and increase



In spite of the fact that Valiant takes account of energy and greenhouse gas aspects within its financial products, there is a risk that they may have a negative impact on the environment.

Management: reduce and accept

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs

› Activity resulting in this impact:

Valiant's business activities can have a significant effect on the economy, the environment and society through its financial products, and Valiant is increasingly incorporating ESG criteria focusing on energy efficiency and greenhouse gas emissions into advisory processes as well as into the products and services offered.

Opportunities and risks

The consideration of physical climate risks and climate-related transition risks within its financing and investments strategies gives Valiant the opportunity to increase its competitiveness and at the same time contribute to reducing climate-related risks.

Management: realise



If a climate-centred adjustment strategy for products and services with a long-term focus is not adequately planned for and implemented, the risk for Valiant is that short-term adjustments may give right to high costs and have a negative impact on the quality of Valiant's service as well as its profitability.

Management: reduce, transfer and accept

Targets

By incorporating sustainability criteria into our core business, financing and investment, we have set ourselves the target of making a contribution to achieving both global and national climate goals. From 2024 onwards, sustainability aspects will be addressed during client advisory consultations. When it comes to the financing of home ownership, for example, energy efficiency and the long-term preservation of buildings' value are key considerations. Clients are asked about their ESG preferences during investment consultations and the offer is then aligned with those preferences.

Key figures

In order to support our clients in relation to energy-efficient new builds and renovations, we grant a discount of up to 0.30% on fixed-rate mortgage interest rates with our financing solution, the Lila Environmental Mortgage.

Measures implemented**› Energy efficiency within residential property**

In Switzerland, buildings are responsible for around a quarter of CO₂ emissions and around 40% of energy consumption. Around two thirds of all buildings are still heated using fossil fuels or electricity. In order to achieve the targets set by the Federal Council, more than a million properties urgently require energy renovation. At present, each year around only 1% of the building stock undergoes energy renovation. Since, at the same time, mortgages are one of the largest asset items in a bank's balance sheet, there is major potential here to use lending as a catalyst for sustainability transformation. This applies to Valiant as well. When advising clients on the financing of detached houses and holiday homes, the issues we discuss with our retail clients include, amongst others, long-term value preservation, energy efficiency and the foreseeable renovation needs of the property to be financed. Clients are also informed about the available building renovation funding initiatives and referred to independent specialist agencies for specific consultation. In order to be able to offer high-quality advice on long-term value preservation and the energy efficiency of properties, Valiant's client advisors have received training in the two modules specifically developed: foundations of sustainability and sustainable investment.

› Financial solution for energy-efficient building and renovation

In order to be able to offer our clients effective financing alongside advice in relation to the energy efficiency of their properties, Valiant has supplemented its advice with a specific product – the Lila Environmental Mortgage. Retail clients can benefit from attractive preferential terms for the financing of existing energy-efficient properties, or renovation work aimed at reducing the CO₂ emissions associated with residential property. With this new product, Valiant aims to assist its clients in achieving energy efficient residential property and to support the decarbonisation of Switzerland's housing stock.

› Greater transparency thanks to the CO₂ footprint calculator

During the year under review, Valiant was one of the first Swiss banks to introduce the CO₂ footprint calculator. This enables our retail clients to obtain a fast and easy overview of their personal CO₂ emissions. The calculator takes account of all account transactions by Debit Mastercard® and credit card as well as all payments, including e-bills and TWINT, which it then converts into a CO₂ emissions figure. The calculator displays at a glance how big the CO₂ footprint is in the various categories and even provides our clients with suggestions in relation to their everyday activities on how they can have a positive impact on their contribution to the environment and sustainability. The calculator shows them their CO₂ consumption on a monthly or annual basis, and they can add or remove accounts, cards and individuals as they wish. The CO₂ footprint calculator is a free service provided by Valiant.

› 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.

Planned measures

Valiant aligns its CO₂ emissions from operational business with the Paris Climate Agreement and Swiss climate goals, and is thus committed to the energy transition. In order to do so, we shall measure our CO₂ footprint for the lending business and part of our investments in accordance with the applicable rules, set specific targets and science-based reduction pathways and infer appropriate measures. In the spring of 2025, we shall report on this for the first time as part of our climate reporting according to the internationally recognised recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in respect of the 2024 financial year. This report will also consider supervision of climate-related opportunities and risks by the Board of Directors as well as the assessment and management of climate-related opportunities and risks by the Executive Board.

Findings

In order to be able to advise our clients even more effectively in relation to the energy efficiency of their properties, we are reliant on good quality data in this area. We obtain these energy efficiency data for the respective properties through a third party provider, which in turn obtains them from public registers operated by the federal government and the cantons. Data quality varies from canton to canton. The federal government and cantons, as well as private sector operators are all required to improve data quality on an ongoing basis. Valiant is making its own contribution to this by constantly verifying the respective data with our clients.

Commitment to and development of employees

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 and decision-making processes, achieved thanks to our flat hierarchy. Meaningful responsibilities, flexible working conditions and qualified managers drive staff commitment. Our particular strengths as an employer are that we offer our employees numerous opportunities to help shape the company. Straightforward and respectful interactions with one another is what sets us apart. The current expansion of our business is opening up additional development opportunities within the company.

Working arrangements

Management approaches

The changing needs of both Valiant's clients and employees are reflected in the various working arrangements on offer. Whereas the norm ten years ago was a 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.

We offer employees a broad range of measures and opportunities to adapt their working arrangements as best as possible to their individual needs.

Flexible working arrangements**Flexible working hours/Annual hours contract**

Valiant's employees can organise their working hours independently. The compensation days are unlimited.

**Holiday purchase**

Employees can purchase up to 20 additional holiday days per year on favourable conditions.

**Job sharing/Top sharing**

One job is divided among two or more people.

**Unpaid leave**

The option of taking an unpaid leave is available.

**Part-time work**

All employees and managers have the option of reducing their workload to 80 per cent.

**Sabbatical**

Valiant employees (from a certain function level) can take a paid leave of up to 30 days.

**Home office**

Valiant enables employees to do their work in part from a home office.

**Maternity leave**

With 16 weeks and full salary payments, the maternity leave exceeds the legal minimum.

**Flexible work location**

Employees have the option of working from an alternative Valiant office in a decentralised manner.

**Semi-retirement**

By agreement, older employees can reduce their level of employment and/or any management function.

Impact

By offering flexible working arrangements and work conditions Valiant enables its employees to better align their professional responsibilities with their individual needs in their private life. This additionally promotes employee well-being and health.

Management: realise



Despite flexible working arrangements and conditions there is a risk that employees experience a work overload and reduced work-life balance. This can increase employee absence.

Management: reduce

› Stakeholders involved:

Employees

› Activity resulting in this impact:

To carry out Valiant's work, our employees are a central part of the value chain every step of the way. It is important for us to protect them from excessive stress and a lack of work-life balance.

Opportunities and risks

Valiant's attractiveness as an employer is increasing due to the embedded sustainable corporate values and corresponding company commitment. In addition, employee productivity goes up and there are fewer absences due to illness. This leads to greater competitiveness and cost-effectiveness.

Management: realise



If Valiant neglects sustainable corporate values, there is a risk of lower activity as an employer and consequent lower productivity and profitability. Furthermore, high turnover and more challenging recruitment conditions can result in higher costs of recruiting and training.

Management: reduce

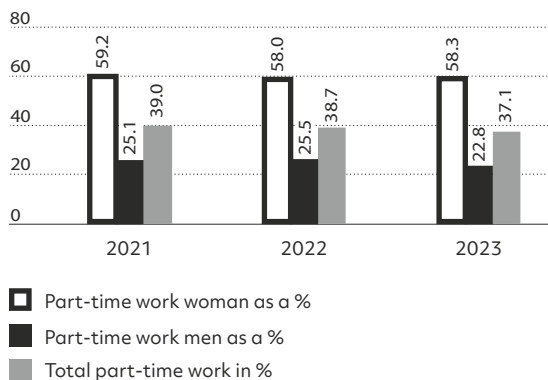
Goals

As a progressive employer, Valiant's goal is to offer our employees attractive working conditions, which make it easier to combine work and private life within different lifestyles. To this end, employees have the opportunity to personalise their working day and adapt it to their individual needs.

Key figures

The key figures provided confirm that the different flexible and modern working arrangements are greatly valued by the employees and meet their needs. Over a third of our employees already work part time, for example.

Development of part-time work



Measures implemented

› Presentation: Working time models – opportunities and limitations at Valiant

Valiant offers a presentation on the different working time models, so that employees know about them and are able to adapt them flexibly and purposefully to their personal needs. The head of human resources shows how Valiant handles the topic of working hours, how they can be organised flexibly and what limits may exist. Questions can be asked during the discussion with the participants and other needs related to flexible working time models can be voiced.

› Responsible employer

Satisfied employees are a crucial factor in Valiant's success. This is why Valiant adjusted our employment conditions, giving all employees two additional holiday days per calendar year starting 2023. Maternity leave was also increased by two weeks. We have taken these measures to thank our employees for their tireless dedication and to cultivate our unmistakeable corporate culture.

› 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. Valiant's pension fund has approximately a 101.5 per cent coverage ratio as at 31 December 2023.

Planned measures

› Reinforcement of the pension fund

With its roots stretching back to 1824 and the establishment of Ersparniskasse Murten Valiant will be celebrating its 200th anniversary in 2024. The bank has decided to mark this occasion by making a special contribution of 10 million francs to the employee pension fund in 2024, thus increasing its attractiveness to employees. Valiant is keen to ensure that its employees have access to a secure and well managed pension provision. The amount of 10 million francs was placed on the books in the second quarter of 2023.

› New workplace arrangements

Not only the working arrangement demands have changed, but the workplace arrangement demands are different too. Valiant has started the "Workplace arrangements" project to address this. As part of this project, we are looking at how the employees' work environment can be made attractive and adapted to current developments in the world of work. Thanks to an adapted work environment and investments to improve the quality of the space, modern, functional offices are being created that are tailored to the needs of employees. The introduction of desk-sharing frees up space that employees can use in an alternative, flexible and effective way.

Valiant is pursuing the following objectives with this project:

- better collaboration within teams, among teams and in the company
- flexible usage options for various work activities of the employees
- modern and needs-orientated workspace design that contributes to employee satisfaction and well-being
- more attractive workspace design through investments in quality of the space
- easier adaptations of the workspace in case of changes

The primary goal is to use the space available in a more optimal, flexible and future-orientated way. Cost-savings is not the goal.

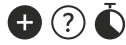
Findings

Young people born between 1995 and 2010 are known as Generation Z. Generation is placing new demands on potential employers, for example with regard to flexible working hours and workplace arrangements. Valiant can feel it too. Based on these insights and to continue to provide attractive employment conditions, especially to Generation Z, while remaining competitive in the current skilled labour shortage environment, Valiant is specifically addressing the needs of Generation Z. For example, in the current year the Board of Directors received training from an external expert on the topic of employer attractiveness for young generations.

Physical and mental health

Management approaches

A high level of stress at work can have a detrimental impact on our physical and in particular our mental health. Valiant lives by the principle “We treat our employees as we would like to be treated ourselves” and operates a health management system to prevent occupational illnesses and health hazards in the workplace. Clearly defined responsibilities support adherence to health management. Line managers and safety officers are responsible for implementing health protection. They receive support from an internal coordination office and from the HR department. To recognise and reduce stress in a timely manner, Valiant fosters a good work-life balance for the employees and a respectful work environment. Should longer health-related absences nevertheless occur, the affected employees are supported through professional case management when they return to work. Valiant also works with several external specialists to provide appropriate 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 available for issues such as bullying and sexual harassment, addiction, financial problems and family conflicts. The counselling is 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.

Impact

In the scope of health management Valiant has started numerous measures to increase knowledge and raise health consciousness among all employees. This has a positive impact on employees' satisfaction and health.

Management: share



Despite comprehensive health management, Valiant employees may experience physical and mental illness, for example, due to a lack of support and coping strategies. This lowers employee satisfaction and increases the probability of more absences.

Management: accept

› Stakeholders involved:

Employees

› Activity resulting in this impact:

To carry out Valiant's work, our employees are a central part of the value chain every step of the way. Constructive health management is key in protecting them.

Opportunities and risks

Establishing comprehensive health management by Valiant offers an opportunity to be seen as an attractive employer, to reduce workforce turnover and to counteract the prevailing shortage of skilled labour.

Management: realise



If Valiant neglects employee health protection, this has a negative impact on the bank's public perception. The resulting risk for Valiant is that our attractiveness as an employer decreases and existing and potential employees go work for our competitors.

Management: reduce



The demographic development such as the ageing workforce and the impending wave of retirements exacerbates the shortage of skilled labour in the banking sector. The resulting risk for Valiant is that the workload of employees increases and their physical and mental health is negatively affected.

Management: reduce

Goals

Valiant places importance on our employees' health and strives to positively influence their health, for example, with measures in the following three areas:

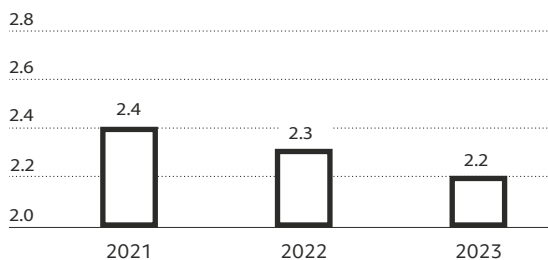
- occupational health
- workplace ergonomics
- occupational safety

Furthermore, we pursue the goal of promoting employees' health with appropriate offers and events, comprehensive dissemination of knowledge, awareness-raising and increasing their health consciousness. Every single employee is responsible for his or her own health, where Valiant plays a supporting role and takes its responsibility as an employer seriously. Healthy employees and safe working conditions are important prerequisites for high quality and optimal performance.

Key figures

Valiant measures and tracks the changes in our employees' absences. The absences are due either to illness, non-workplace accidents or workplace accidents, whereby the latter is rather rare in the financial markets industry.

Absence rate changes



■ Absence rate in %

The absence rate has remained stable and low for a long time. Nevertheless, Valiant strives to invest in the health of our employees and regularly launches relevant measures and initiatives.

Measures implemented

› Training and awareness-raising series

To protect and promote physical and mental health Valiant offers its employees a choice of training and awareness-raising series. For example, this includes a training on the topic of "Health in the workplace". Numerous changes are taking place in the world of work, which have a significant impact on people's health. This training series focuses on the topic of health in the workplace at Valiant. The aim is to address physical as well as mental health and provide concrete tips on how to recognise warning signs and take helpful measures early. Participants are made aware of mental health by means of concrete practical examples and, among other, receive tips on how to get help if needed.

A heavy workload can lead to stressful situations that have a negative impact on body and mind. Valiant also offers stress management training to counteract this effectively. Stress management is a key skill that is crucial for maintaining performance, motivation, well-being and balance in the professional and private realms in the long term. By addressing personal stress management, employees are encouraged to make behavioural changes that promote a favourable approach to stress. The course aim, among other, is to learn about the various forms of stress and personal stressors, understand sustainable measures to prevent stress and discover and develop one's own resources.

In order to address changes and the resulting challenges in a constructive manner, Valiant offers our employees a four-part training series on the topic of “Change Management”. The training includes the following four components:

- People and change – do they even go together?
- Physical and mental fitness – a personal foundation for successful change
- Resilience and reflection in dealing with change
- Networks – an important resource for change

These and other training and awareness-raising opportunities on physical and mental health are available to our employees and can be scheduled during working hours.

› Partnership with Vaudoise

Valiant works together with Vaudoise Versicherung in the area of physical and mental health prevention. Vaudoise's offering around health management includes various prevention measures in collaboration with other specialised partners, for example, for ergonomic workplace optimisation or burnout and discrimination prevention.

Planned measures

The programme of courses on protection and promotion of physical and mental health still enjoys a high priority, will be continued in the future and expanded selectively based on needs.

Findings

It is important to us that all employees are aware of our comprehensive health management and to train them and raise their awareness around this topic. With our flexible working arrangements we offer employees the possibility to personalise their working day and adapt it to their needs and health circumstances. These principles are embedded in our corporate culture, and we promote them continuously and expect leadership to set a good example.

Training and education

Management approaches

Valiant offers 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. New recruits receive comprehensive support when they get started in their new functions through a professional onboarding programme. Valiant also supports our employees at all levels in their training and development and offers them opportunities to pursue specialist or management careers. Valiant has also been certifying its client advisors with the Swiss Association for Quality (SAQ) since 2017. 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.

Impact

Valiant offers its employees a range of internal and external training options as well as continuous personal and professional development. This has a positive effect on the skills and expertise of employees and increases their motivation and engagement.

Management: implement



Despite many training and development opportunities Valiant cannot cover the needs of all employees. As a result, some employees may feel disadvantaged and their motivation and engagement decrease.

Management: reduce

› Stakeholders involved:

Employees

› Activity resulting in this impact:

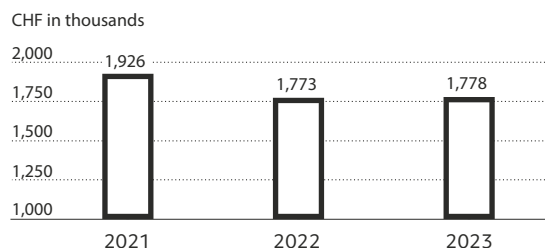
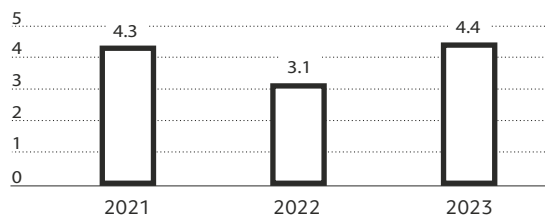
To carry out Valiant's work, our employees are a central part of the value chain every step of the way. Relevant training and development opportunities promote employee satisfaction.

Goals

Valiant strives to raise the technical skills and employability of employees through generous support of training and development, helping to combat the shortage of qualified workers in the Swiss labour market. Various ESG topics will also be integrated into management training in 2024, which will embed corporate sustainability into the company in a more relevant way.

Key figures

Numerous in-person training programmes were held in the current year. However, we continue to make efficient use of online training sessions where appropriate. Our 1136 employees attended the 524 training courses on offer a total of 5021 times. This equates to nearly four-and-a-half training events per person, on average.

Costs of training/development**Average number of training events per person****Key personnel figures Training and education**

	2023	2022	2021
Number of trainees	79	72	80
Number of interns	31	22	25
Number of apprentices	44	47	53
Number of career starters	4	3	2
Retention rate for trainees ¹ as a %	72	83	100
Trainee-to-headcount ratio as a %	7.0	6.5	7.1

¹ Interns, apprentices and career starters combined.

In 2023 we employed a total of 79 trainees. They were engaged in six different training pathways. In addition to the traditional Swiss Commercial Association apprenticeship (38), Valiant also offers an 18-month entry-level internship for secondary school leavers (22) 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 (5). There are three client dialogue specialists completing their basic training in the Client Centre. In addition to standard banking training, we offer apprenticeships for media technologists (2) in digital communications. We have a two-year Career Starter Programme for university graduates. A total of four people are taking this path to start their professional lives. In 2023, all interns and apprentices again successfully completed their training. Over 70 per cent of those who finished their training remained with Valiant. The total figure of 79 trainees illustrates our strong commitment as a training bank for future generations. Valiant offers high-potential, performance-orientated junior staff exciting and wide-ranging opportunities to further their personal development.

Measures implemented

By identifying common career paths at Valiant, we can show our employees the range of opportunities available. This development can take place by progressing in seniority within one particular function or by switching to a different function. Career paths may be horizontal (staying at the same function level), or vertical (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 specific development plans. Along with advising skills, employees are also trained in management skills. 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 2023, 24 employees successfully completed the corresponding programme and assumed their target function.

Planned measures

To further strengthen its commitment to basic education and combat the shortage of qualified workers, Valiant is offering a new vocational apprenticeship in the field of digitalisation from summer 2024: Federally Certified Digital Business Developer. In the first of four years of training, a sound, practice-orientated introduction to the profession is received in addition to the compulsory studies at the vocational school. This ensures that the apprentices are optimally prepared to continue their apprenticeship with us. Starting in the second year of training, the apprentices work in Gümligen bei Bern within the IT Infrastructure team, comprising six employees. The main tasks include optimising business processes, evaluating and analysing data and working on various projects.

Findings

Valiant's experiences have showed that continuous further development of the training and education programme pays off for the employees. Targeted development that takes into account the individual needs of employees is now an integral part of our corporate culture. We invest continuously into customised training programmes to be able to offer various development opportunities to our employees and sustainably improve the skills and satisfaction within the team.

Information and consulting of employees

Management approaches

Valiant attaches great importance to informing its employees at an early stage, involving them in important decisions and maintaining its open and dialogue-orientated corporate culture. This is reflected in the various internal guidelines and measures, such as the employee magazine.

It is also crucial within Valiant's culture that all employees have the opportunity to interact with the Executive Board directly, communicate their concerns and express their views on topics of interest to them. To this end, each year the Executive Board and the Board of Directors hold individual meetings in various regions where they discuss challenges and optimisation opportunities with employees during a joint lunch. The Executive Board shows presence and local connection in this way. This proximity to the Executive Board is further reinforced by the CEO tour, during which Valiant's CEO regularly visits various offices to gain insights directly on site and exchange ideas with employees. There are also new recruit introduction days, where individual members of the Executive Board are personally present and actively contribute. Valiant has also introduced the IdeenAkku, a business suggestion tool where employees can contribute their ideas on process improvement, and the best suggestions are awarded a prize.

Opportunities and risks



Passing on relevant information to employees and consulting them promotes their motivation and has a positive impact on the corporate culture, in which Valiant is aware of the employee needs and can take them into consideration accordingly.

Management: implement



Insufficient passing on of relevant information to employees and inadequate consultation bears the risk for Valiant that the employee motivation and Valiant's attractiveness as an employer decrease because the employees are not informed about important decisions and their needs are given too little attention.

Management: reduce

Goals

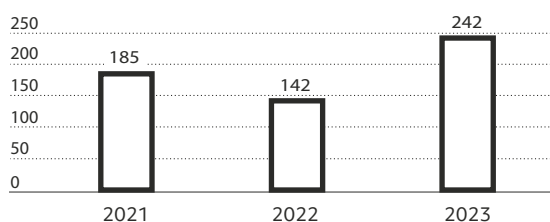
Valiant's goal is to keep employee satisfaction and engagement at a continuously high level. Both of these aspects are measured regularly. The survey results are discussed by the Executive Board and disclosed to the Board of Directors. Constructive measures are taken based on the results. This includes topics such as employee information and consultation.

Key figures

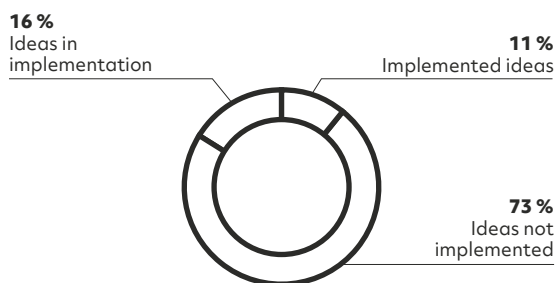
Valiant introduced the IdeenAkku ten years ago as a business suggestion tool. It is available to employees to share their ideas on possible improvements. This includes ideas on process optimisation, system improvements, new products or trends in banking. The aim is to continue to improve quality, simplify processes, save on costs and identify new market needs. One in four ideas is implemented.

With some luck, the ideas are not only implemented but awarded a prize. The CEO and another member of the Executive Board take part in the award ceremony.

IdeenAkku entries



Implementation status 2021–2023



The success of IdeenAkku and the high participation of employees is reflected in the fact that over a quarter of the submitted ideas are implemented. Submitted ideas that are already known in the respective areas due to another initiative are designated as unimplemented ideas. The somewhat lower levels in 2021 and 2022 in a multi-year comparison are largely due to the pandemic, which also explains the increase in 2023.

Measures implemented

› New Intranet

To make communication and information dissemination within Valiant even more effective and efficient, we introduced the new “Vintra” Intranet in December 2023. Vintra is the central work platform that more than 1,100 employees can use to get information about all the relevant topics concerning day-to-day work at Valiant and find access to many other applications. The new Intranet offers various new opportunities to employees, such as a clear homepage with news categories, a topic-orientated and intuitive navigation structure and the option to subscribe to news and display in a customised manner on the homepage. The new Intranet with the different new functions greatly supports information dissemination and collaboration between the different employees and divisions and is available both in German and in French. The CEO still uses the Intranet to provide timely information to employees in video messages or, as in the end of 2023, to thank the employees for their outstanding dedication.

› Consultation on the topic of sustainability

In 2023 Valiant provided education and training to about 250 managers on the topic of sustainability. The two-hour training provided the participants with basic knowledge on sustainability in banking. Along with the latest developments and trends, the training covered how sustainability can be established in the core business and how Valiant is handling sustainable finance. Training was also used to find out the participants’ expectations with regard to Valiant’s sustainability performance and gather ideas on further development. The valuable feedback was integrated, among other, in the development of the future corporate strategy.

Planned measures

Valiant is currently in the 2020 to 2024 strategy period. The process for the new corporate strategy, valid from 2025, was initiated in the current year. Employees are actively contributing and sharing their thoughts and ideas. Employees have the opportunity to actively partake in the design and development of the strategic initiatives as

part of the expert team or reflect on the results and provide feedback by participating in strategy meetings. The aim is to produce collective work with active involvement of the employees, which is widely supported internally and will lead Valiant into a continued successful future.

Findings

As a company, we believe we are responsible for promptly and effectively informing our employees across all hierarchy levels and giving them the opportunity to actively engage in various forms. In the framework of the 2024 ESG Roadmap (for more information see page 50) the Executive Board has looked at the various participation opportunities within Valiant and has made specific adjustments based on the insights.

Inclusion and fairness among employees

Management approaches

Equal treatment and opportunities are two of Valiant's core principles. 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. 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. Valiant also adheres to the principle of equal pay for equal work – and it goes without saying that this applies across genders. Valiant has conducted an equal pay analysis every year since 2017. 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 were examined using the Logib method, the federal government's standard analysis tool, as of the reference date of 30 September 2020. The independent auditing firm PwC confirmed that Valiant meets all legal requirements with regard to equal pay. Valiant is therefore legally exempt from

further equal pay analyses. Even so, we will continue to monitor the gender pay gap closely and conduct regular analyses.

Impact



Valiant follows the basic principles of equal treatment and equal opportunities and promotes awareness and understanding of this. These efforts have a positive effect on employee satisfaction, well-being and motivation, and promote diversity in the company.

Management: implement



Despite our efforts, Valiant may continue to encounter cases of unequal treatment and unequal opportunity. Such cases have a negative impact on the work environment and lead to employee dissatisfaction and discomfort.

Management: reduce

› Stakeholders involved:

Employees, authorities and policy

› Activity resulting in this impact:

To carry out Valiant's work, our employees are a central part of the value chain every step of the way. Guaranteeing equal treatment and equal opportunities increases employee satisfaction, which affects business activities.

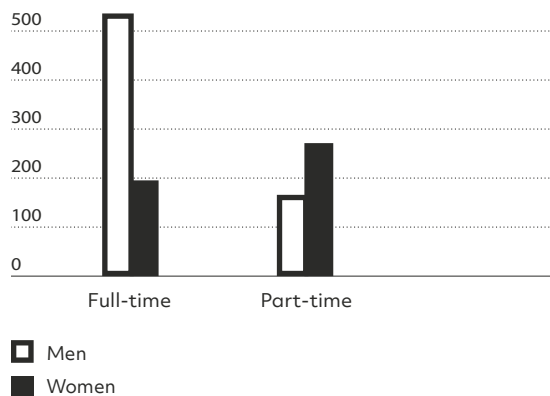
Goals

Guaranteeing equal treatment and equal opportunities is a high priority for Valiant. Therefore, we regularly monitor the implementation of these principles and raise employee awareness of specific topics. We have also made it our goal to increase the proportion of women in management positions, in consideration of the best-fit approach established at Valiant, and to better embed gender-specific equality of opportunities in the institution.

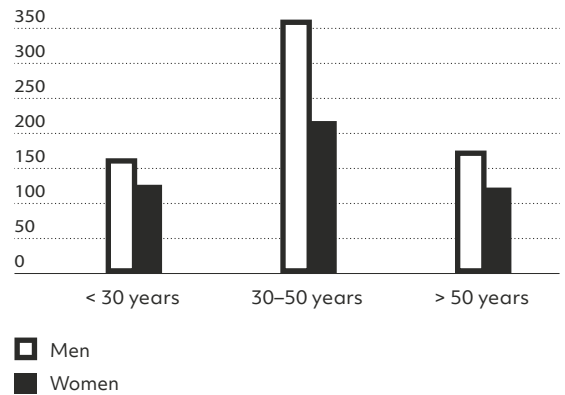
To this end, all managers at Valiant were set a diversity goal in their target agreement for 2023, and achievement of the target was measured as part of performance management.

Key figures

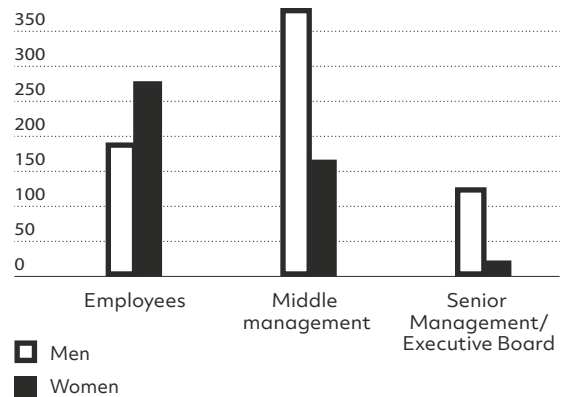
Breakdown of headcount by gender



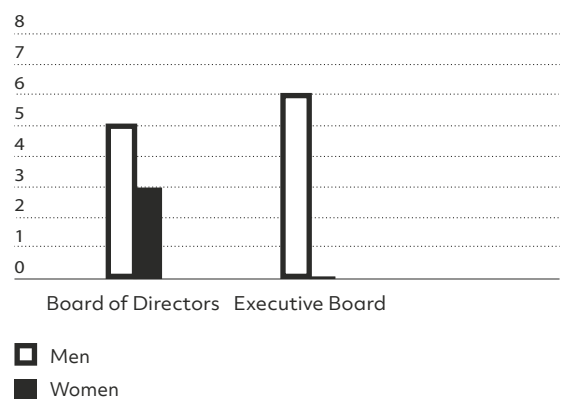
Breakdown of headcount by age



Breakdown of headcount by seniority



Composition of the Board of Directors and Executive Board



Measures implemented

The Executive Board has implemented various measures to promote the proportion of women in leadership positions and thus increase the potential for female Executive Board members (for more information see the Compensation Report, on pages 166–167). The following measures were implemented in the current year:

- 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: Female managers and specialists participated in three 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 has built an internal women's network. The first events took place within the framework of this Valiant women's network.
- Presentations on gender-specific issues: There were five presentations 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 businesswomen 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.

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 employer banks, 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.

Special events for women managers and specialists were also held at Valiant. After getting specific 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. Various presentations and panel discussions on selected gender topics were also organised, such as "Women and Men Communicate Differently", "Women Decide Differently, Men Too" or the approach to working arrangements at Valiant. The internal networking of women at Valiant continues to gain momentum. Various events took place in the current year.

Since 2022 July, Valiant has been a member of Business & Professional Women Switzerland (BPW), the biggest Swiss association for businesswomen. 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. Presentations were held at which BPW passed on to female Valiant employees who were interested in the various opportunities the network provides.

Planned measures

Valiant has already started and successfully carried out a variety of measures to promote inclusion and fairness among employees. The measures are assessed, optimised if needed, and a large percentage of measures are carried on. For example, all of the approximately 100 managers from the Private and Business Clients division will go through a training on unconscious bias. In order to cope with the daily flood of information, our brain radically reduces the volume of information – this is efficient and helpful. But this reduction leads to unconscious biases, which can cause us, for example, to “overlook” the best talent during recruitment or development – and perhaps women. This

training focuses on recognising how such unconscious biases arise and how we can overcome them in everyday working life.

Findings

Valiant has gained valuable insights through its strong commitment to equal opportunities and equal treatment. The recognition of diversity as a success factor and the targeted promotion of women in management positions has become an integral part of the corporate strategy. These insights are continuously integrated in the creation of a fair and inclusive workplace and are firmly embedded in Valiant’s corporate strategy.

Overview Key personnel figures

Key personnel figures	2023	2022	2021
Headcount	1,136	1,110	1,130
Total proportion of women in %	40.1	40.7	40.8
Proportion of women in middle and senior management in %	28.6	27.6	26.8
Full-time equivalents (FTE)	1,003	981	995
Average full-time equivalents (FTE) over the year	987	992	967
Part-time employees	421	430	441
Part-time employees Total in %	37.1	38.7	39.0
Part-time employees women in %	58.3	58.0	59.2
Part-time employees men in %	22.8	25.5	25.1
Employee turnover rate ¹ in %	12.0	11.9	10.5
New employees	162	113	172
Average duration of employment in years	9.0	9.3	9.0
Number of trainees	79	72	80
Number of interns	31	22	25
Number of apprentices	44	47	53
Number of career starters	4	3	2
Retention rate for trainees ² in %	72	83	100
Trainee-to-headcount ratio in %	7.0	6.5	7.1
Costs of training/development in CHF thousands	1,778	1,773	1,926
Average number of training events per employee	4.4	3.1	4.3
Absence rate in %	2.2	2.3	2.4
Ratio of top to median salary ³	8.7: 1	9.0: 1	9.4: 1
Insured members of pension fund	1,175 ⁴	1,143	1,121
Pension fund pension recipients	434 ⁴	428	443
Pension fund coverage ratio in %	101.5 ⁴	98.3	113.3

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

² Interns, apprentices and career starters combined.

³ 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 per cent, excluding departures during the year.

⁴ Provisional data.

Corporate impact on environment and society

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 towards the environment, society and our various stakeholders.

Respect for human rights

Management approaches

Valiant is committed to upholding human rights within the context of all of its business activities. The corporate culture is rooted in a code of conduct, which is based on the four values of responsibility, pragmatism, integrity and client focus. Valiant ensures that our employees are familiar with, understand and follow them. Valiant's actions are transparent and binding at all times, and its conduct is honest, credible and respectful. In addition, Valiant encourages people to address misconduct and, where necessary, to report it anonymously. Internal points of contact as well as an external reporting system are available for this purpose (further information can be found in the chapter on socio-economic compliance on pages 61–63). No reports were submitted through these channels in 2023.

The code of conduct and the related directives are firmly rooted in Valiant's corporate culture. They set out the conduct that is expected of employees as well as the procedural rules applicable in the event of any breach of the code. This guarantees respect for human rights and ensures that any breaches are identified and prevented as quickly as possible. Compliance with statutory, regulatory and internal requirements as well as customary market standards and the rules of the

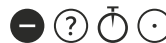
Swiss Bankers Association are a top priority for Valiant. Independent control bodies, including a compliance unit, also ensure that these requirements are adhered to.

Impact



Valiant adheres to international human rights conventions within its business operations and engages with all stakeholders in accordance with high ethical standards. This has a positive effect on employees, social justice as well as equal opportunities in society.

Management: realise



Even if Valiant acts in accordance with international human rights conventions and implements corresponding measures, it is still possible that unethical conduct or breaches of international conventions signed by Switzerland may occur.

Management: reduce

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

International human rights conventions and potential breaches have effects on Valiant's employees and business partners that carry out activities and provide products and services throughout the entire value chain.

Targets

Responsible, client-focused, pragmatic and honest actions are a core pillar of any business that operates according to ethical and moral principles. This represents both an obligation and a target for Valiant, and also implicitly covers respect for human rights.

Key figures

Since Valiant was founded in 1997, no fines or penalties have been imposed on it for any violations resulting from the failure to respect human rights

Measures implemented

According to the Counter-Proposal to the CRI, the new provisions also set out due diligence and transparency obligations in relation to child labour, alongside so-called "non-financial reporting". In line with its corporate responsibility, Valiant has reviewed the applicability of the provisions on due diligence and reporting obligations. The review established that Valiant is not exposed to any significant risk of child labour within the supply chain for its business activities, and hence is not subject to the enhanced due diligence and transparency obligations.

Procurement practices

Management approaches

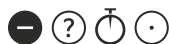
Valiant's code of conduct also sets out a framework for managing procurement practices, which is applicable to all employees. Valiant follows a regional approach within the supply chain and procurement. Supply chain responsibility is becoming an increasingly important focus – also as a result of the statutory requirements applicable in Switzerland and the EU. Even though Valiant sources more than 90 percent of its goods and services from the territory within which operates, Valiant is mindful of its responsibility and seeks to take account of this aspect.

Procurement by Valiant, for instance of advertising materials, is always conducted with a focus on sustainability. For this purpose Valiant cooperates with Pandinavia, a manufacturer of promotional items based in Kloten, which is the provider of sustainable products and services on the Swiss promotional item market. Valiant has been using Pandinavia's CO₂ checker since 2021. 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. In addition, Valiant has also completely eliminated plastic drinking bottles from the range of promotional items and replaced them with a bottle that can be reused over many years. Moreover, balloons are made exclusively from natural rubber. Both the balloon and the band and clasp are 100% biodegradable. As is apparent from the above example, wherever possible Valiant endeavours to take account of and to prefer regional suppliers in order to promote more environmentally friendly and responsible procurement practices.

Impact

Valiant is actively committed to the incorporation of sustainability aspects into its procurement processes by applying a code of conduct for suppliers and partners that is subject to regular review. This has a positive effect on environmental sustainability and promotes ethical standards throughout the supply chain.

Management: realise



Despite the adoption of the code of conduct, it is possible that negative impacts on society and the environment may occur within the supply chain.

Management: accept

› Stakeholders involved:

partner companies, employees

› Activity resulting in this impact:

Business relations with suppliers and partner companies offer decisive leverage for reducing the negative impacts of procurement practices on society and the environment.

Targets

In future, we aim to subject our partners and suppliers to even stricter sustainability practices, for example by requiring them to sign a binding code of conduct, thereby spreading our commitment to sustainability even further along the supply chain.

Key figures

With the planned incorporation of ESG criteria into the procurement and monitoring process for supplier management (see the section on planned measures), we shall be carrying out enhanced due diligence checks whenever annual procurement exceeds CHF 80 million.

Measures implemented

Valiant has also carried out a review of due diligence and transparency obligations in relation to conflict minerals in addition to child labour. The review established that Valiant is also not exposed in relation to conflict minerals, and hence is not subject to the enhanced due diligence and transparency obligations.

Planned measures

In future, Valiant's partners and suppliers should provide even firmer undertakings to adhere to Valiant's commitment to sustainability by accepting the code of conduct. ESG criteria will be incorporated into annual reporting for outsourced business processes within the supplier management portfolio, and will also be established as a factor in the assessment of tendering procedures. We are also considering whether to cooperate with an external service provider in relation to these supplier management measures. In addition, the ESG criterion will be enhanced within key supplier reporting within our next round of reporting at the start of 2024.

Findings

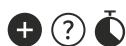
The increasing assessment of suppliers and partner companies with reference to ESG criteria will influence and change existing supplier management processes. The associated learning and necessary changes will become apparent following implementation over the coming years.

Greenhouse gas emissions from operations

Management approaches

In line with our corporate culture, Valiant treats the environment with care and respect and, wherever possible, seeks to avoid any negative effects arising from its activities. Valiant contributes to the achievement of national and global climate goals, and aims to become climate-neutral. To reduce greenhouse gas emissions, Valiant optimises the energy efficiency of its properties through structural adjustments. To this end, we use the revenue from the federal government's CO₂ 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. In addition, we no longer produce hard copies of various publications but instead publish them exclusively online. As a further measure, Valiant has been sending account statements on environmentally friendly, recycled paper since 2020.

Impact



Valiant is playing its own part in reducing climate change and achieving local and global climate protection targets through more intensive CO₂ management as well as taking further action to reduce greenhouse gas emissions.

Management: increase



Despite greater efforts in the area of CO₂ management, Valiant's business operations are still causing greenhouse gas emissions. This results in sustained harm to the environment.

Management: reduce and accept

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

Valiant's activities and branches generate greenhouse gas emissions, both at an operational level and for the provision of services throughout the entire value chain – thus including partner companies.

Targets

The Paris Climate Agreement aims to limit global warming to a maximum of 1.5 degrees Celsius by 2050. In 2017, along with 192 other countries and the EU, Switzerland signed the Paris Agreement and committed to reducing greenhouse gas emissions. Following the referendum on the Climate and Innovation Act held in June 2023, Switzerland set clearly defined reduction pathways for the real estate, transport and industrial sectors, with the aim of becoming climate-neutral by 2050. Climate-neutral, or "net zero" means that, after 2050, Switzerland will no longer be allowed to emit more greenhouse gases than can be absorbed through natural or technological capture mechanisms.

Valiant is also making its own contribution to these international and national targets. Using 2022 as the baseline year, Valiant will define a specific reduction target for its operational emissions (see Energy consumption and carbon footprint below for more information). Valiant will announce the target in the summer of 2024 within the ambit of its future corporate strategy, and will report regularly on current developments.

Key figures

Since 2011, Valiant has been publicly reporting its energy consumption in the carbon footprint report according to the recognised international standard ISO 14064-1 as well as the Greenhouse Gas Protocol. CO₂ emissions fell slightly compared to the previous year during the year under review, 2023, both in the aggregate and also in terms of Scope 1, Scope 2 and Scope 3.

Planned measures

As a supplement to the calculation of emissions disclosed by Valiant in its energy consumption and carbon footprint report and the setting of a Scope 1 and Scope 2 climate target for the period between 2030 and 2050, Valiant will draw up a corresponding transition plan. This will set out a variety of other measures and strategies for reducing CO₂ emissions from operational business.

Findings

Data quality is a key factor when calculating emissions and identifying outsourced processes, setting CO₂ targets and establishing a reduction pathway along with corresponding measures. Valiant is working on constantly improving data quality and thus steadily optimising operational CO₂ management.

Energy consumption and carbon footprint 2023

	Quantity 2023	t CO ₂ e ¹ 2023	t CO ₂ e ¹ 2022	t CO ₂ e ¹ 2021
Scope 1 – direct emissions				
Heating (natural gas, heating oil, wood)	2,934,814 kWh	684	780	834
Business trips (company cars)	100,938 l	250	259	201
Total direct emissions		934	1,039	1,035
Scope 2 – indirect emissions				
Electricity	3,236,683 kWh	231	250	262
Heating (district heating)	1,423,060 kWh	61	65	126
Total indirect emissions		292	315	388
Scope 3 – further indirect emissions				
Energy supply	Miscellaneous	485	464	392
Business trips (external means of transport such as train, aeroplane, private car)	1,131,913 km	128	96	68
Commuting journeys ²	8,651,694 km	589	626	527
Paper	20,347 kg	20	31	26
Print jobs	141,184 kg	130	137	175
Water	12,975 m ³	2	7	7
Total further indirect emissions		1,354	1,361	1,195
Total CO₂ emissions		2,580	2,715	2,618

¹ CO₂ equivalent in tonnes

² Figure includes electricity consumption by employees working from home

Energy in operations

Management approaches

Valiant will rely in particular on renewable energies and will increase energy efficiency within the company. Besides addressing the scenario of a potential electricity shortage, the entire bank takes steps to ensure the sparing use of electricity. 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 2023, the report was verified for the eighth year in a row by the independent audit firm true&fair.expert.

Impact



By reducing its energy requirements, Valiant will be able to reduce harmful gas emissions as well as the consumption of restricted fossil fuels such as coal and oil, which will have a positive impact on the environment and society.

Management: increase



Valiant's business operations require energy, which is still largely provided by natural gas or heating oil, thereby causing a negative impact on the environment and society.

Management: reduce

› Stakeholders involved:

Clients, shareholders, employees, authorities and political bodies, banking sector, research and NGOs, partner companies

› Activity resulting in this impact:

Valiant's activities and branches are reliant on energy in the form of for instance electricity, both at an operational level and for the provision of services throughout the entire value chain – thus including partner companies.

Opportunities and risks



The rapidly increasing demand for energy is forcing companies to improve their energy efficiency and to start producing their own energy. Despite high initial installation costs, measures of this type offer Valiant the opportunity to become more independent from external sources of electricity, resulting in lower electricity costs over the long term.

Management: realise



Electricity grid overloading can lead to more frequent power cuts to central infrastructure and processes. Power cuts result in client data being unavailable, thereby putting the secure operation of critical business processes at risk. This entails a risk of impairment to the quality of Valiant's services, giving rise to reputational harm and putting employees under greater pressure.

Management: reduce and accept



Energy shortages result in a risk of Valiant being confronted with higher energy and electricity prices.

Management: reduce and accept

Goals

Valiant aims to act with greater care and consideration for the environment as a company, and thus avoid as far as possible any negative impacts of its activities on the environment.

Key figures

› 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 its various sites and is heavily influenced by factors such as the severity of the winter. Valiant takes care to keep electricity, paper and water use to a minimum in all our operations.

	Quantity 2023	t CO ₂ e ¹ 2023	t CO ₂ e ¹ 2022	t CO ₂ e ¹ 2021
Heating (natural gas, heating oil, wood)	2,934,814 kWh	684	780	834
Heating (district heating)	1,423,060 kWh	61	65	126
Electricity	3,236,683 kWh	231	250	262

¹ CO₂ equivalent in tonnes

CO₂ emissions associated with the heating of our office premises and electricity consumption fell slightly compared to the previous year during the year under review, 2023. This reflects our longer-term trend within the respective categories.

› CDP climate change score

Valiant is committed to protecting the environment within the scope of the options available to it and continually takes various smaller and larger measures in this regard. The fact that Valiant is on the right track with these efforts was confirmed by the Carbon Disclosure Project (CDP) organisation in February 2023. Once again, CDP rated Valiant "B" in its latest climate change ratings. This encouraging result, along with the improvement on the previous year, show that Valiant is on a par with other renowned companies and is 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.

Measures implemented

› Valiant plays its part in reducing energy consumption

We aim to use sustainable sources wherever possible when purchasing electricity products. 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. In addition, Valiant is increasingly using movement sensors and automatic timers in its buildings.

› Energy-efficient IT infrastructure

In 2023 Valiant exchanged and upgraded its entire workplace infrastructure. This involved the replacement of more than 1,300 notebooks and more than 3600 monitors, printers and docking stations. The upgrading of IT hardware has means not only that Valiant's staff are now working with state-of-the-art devices, but also that a saving of 118 tonnes of CO₂ will be achieved over a three-year timeframe.

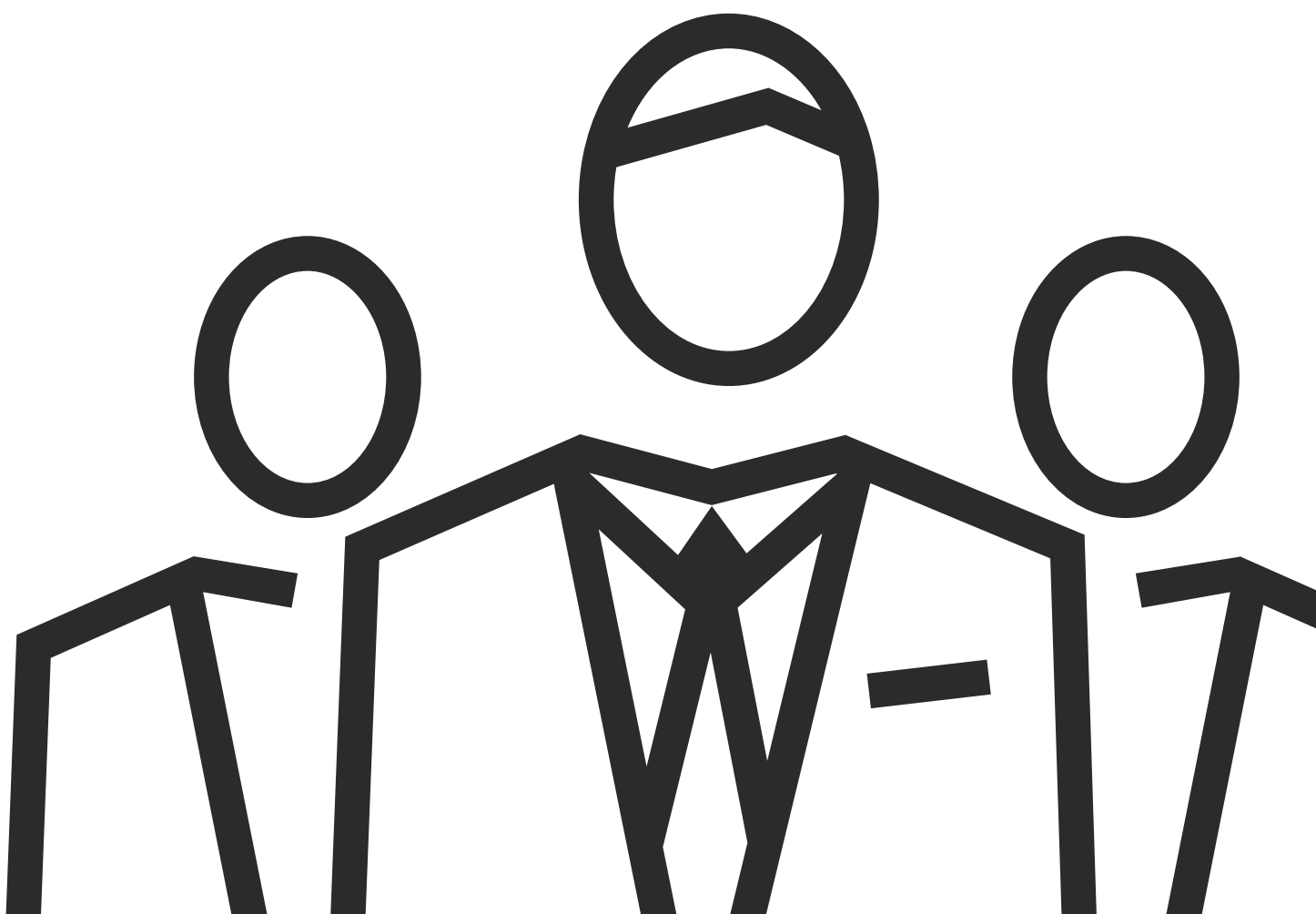
Planned measures

In view of the national climate neutrality target set by the federal government for 2050 and the interim target set for 2030, Valiant aims to shift increasingly towards renewable energies, thereby enhancing the company's energy efficiency. This has resulted, amongst other things, in the adoption of measures such as the gradual replacement of existing oil and gas heating systems, energy-efficient solutions and the switch to electricity generated from renewable sources.

Findings

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 in doing business in a way that is sustainable.

2023 corporate governance report



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1 Group and shareholder 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.

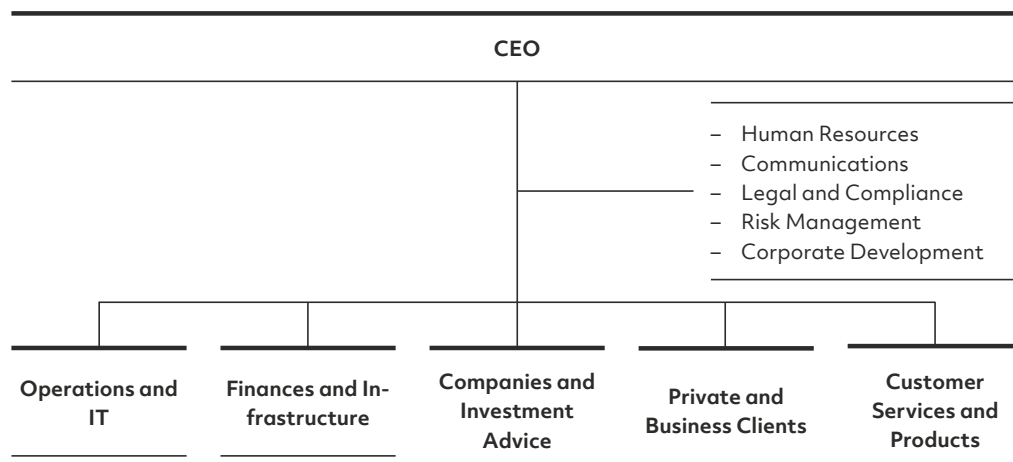
The Board of Directors and Executive Board of Valiant Holding AG and the Board of Directors and Executive Board of Valiant Bank AG comprise the same members.

The Group structure is shown in the Sustainability Report on page 39.

Further details on the Valiant Holding AG subsidiaries are provided in the notes to the consolidated financial statements on page 202.

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 small and medium-sized businesses a comprehensive range of easy-to-understand products and services covering all financial needs. Valiant Bank AG has a strong local presence in the following 15 Swiss cantons: Aargau, Basel-Land, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Schaffhausen, 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 202 (fully consolidated holdings).

1.2 Significant shareholders

At 31 December 2023, 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	5.001 %	27/04/2018
Swisscanto Fondsleitung AG	4.9855 %	14/06/2023
Credit Suisse Funds AG	3.02 %	19/05/2022

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 2023.

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

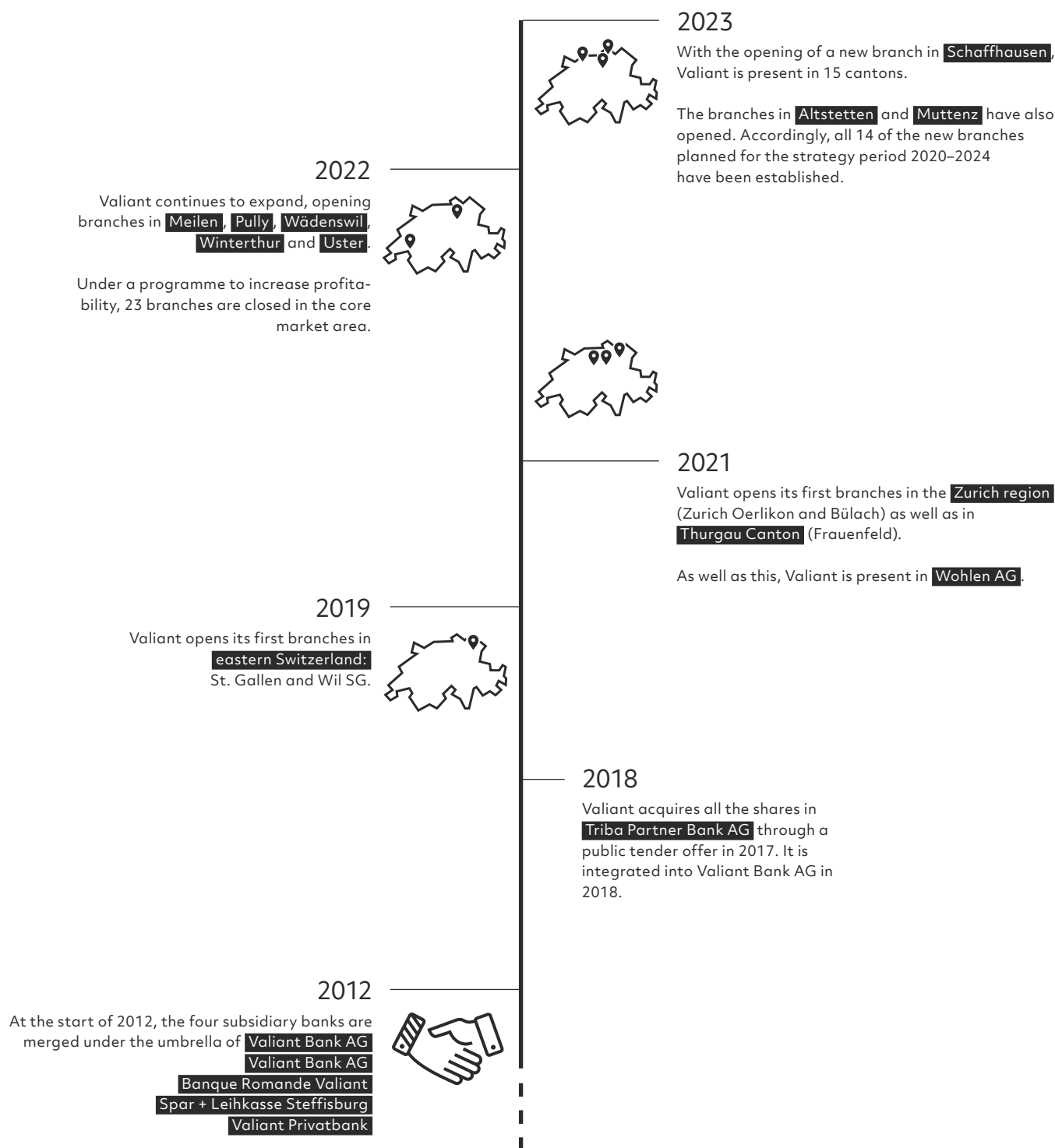
<https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#>

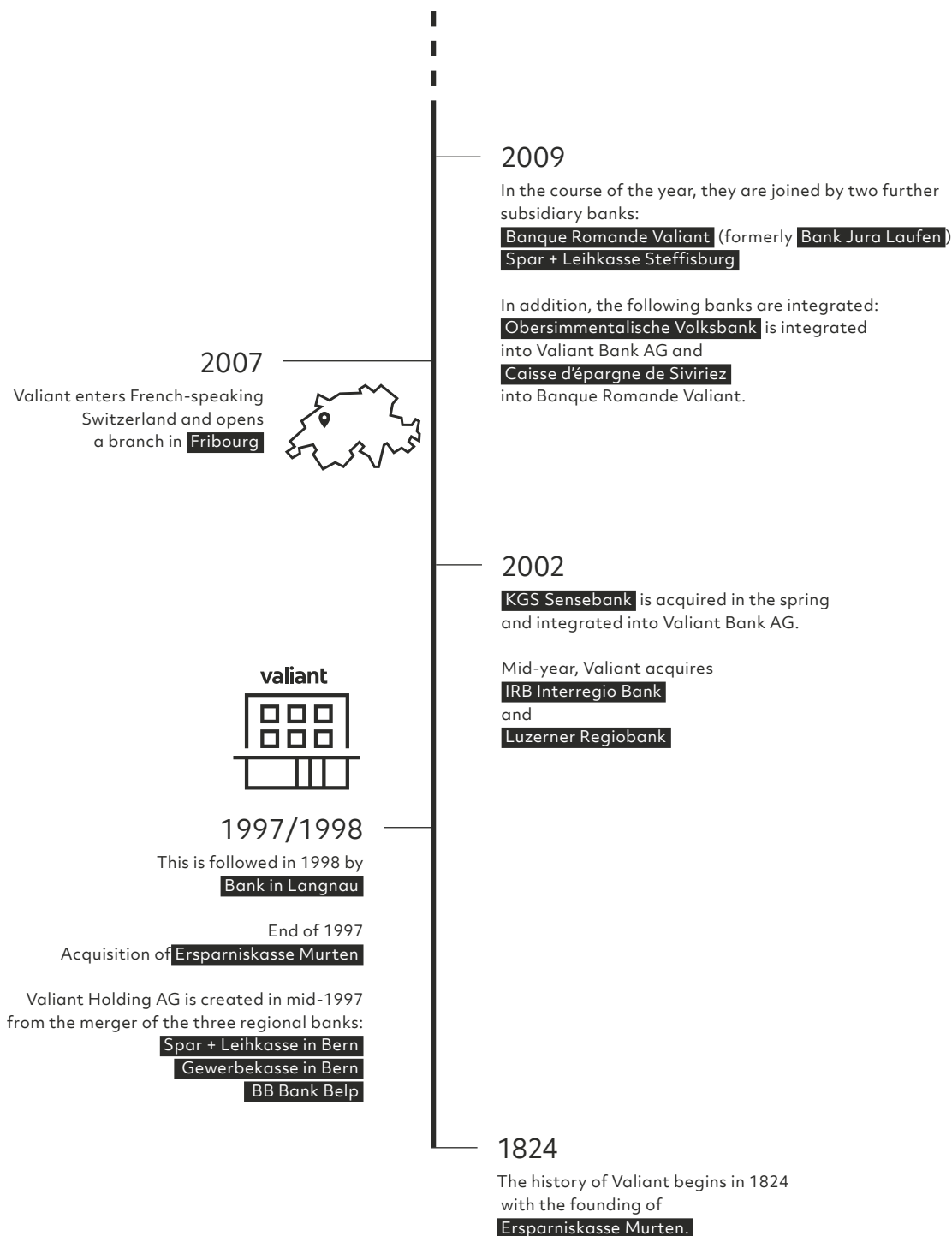
1.3 Cross-shareholdings

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 Capital band and contingent capital

There is no capital band or contingent capital.

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, 11,643,917 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 provided for in the Articles of Association 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 the 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 2023.



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, Chairman of the Board of Directors (since 2020), member of the Board of Directors (2019–2020), CEO (2013–2019)
- Banque Cantonale Vaudoise, Head of Retail Division (2008–2013)
- PostFinance, Head of Distribution (2002–2008)



PROF DR CHRISTOPH B. BÜHLER

Vice-Chairman of the Board of Directors
Swiss national, 1970

Education

- Law degree, University of Basel
- LL.M. International Business Law, University of Zurich

Career history

- böckli bühler partner, business lawyer and partner (since 2004)
- University of Zurich, honorary professor of commercial and business law

Additional experiences/skills

- Conference leader and speaker at symposia on the subject of non-financial reporting
- Advising companies in the professional capacity as a lawyer regarding the preparation of their ESG reports in line with the requirements of non-financial reporting



BARBARA ARTMANN

Swiss and German national, 1961

Education

Degree in psychology and business management, University of Mannheim

Career history

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



DR MAYA BUNDT

Swiss and German national, 1971

Education

Degree in environmental science, University of Bayreuth and ETH Zurich

Career history

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

Additional experience/skills

- Member of the Audit Committee of Bâloise Holding AG (including responsibility for non-financial reporting)

**ROGER HARLACHER**

Swiss national, 1965

Education

Business administration degree from HWV (University of Applied Sciences)

Career history

- Zweifel Pomy-Chips AG (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, 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, COO (2007–2012)
- Bank Hofmann AG (1998–2006), CFO and Chief Risk Officer (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 and professional board member (since 2017)
- Commerzbank, Division Board Member Market, Trading, Bank Book, Counterparty and Liquidity Risk (2015–2016)
- Unicredit Bank AG (2003–2014), Head of Market, Counterparty, Liquidity, Operational and Reputation Risk (2013–2014), various management positions (2003–2013)

Additional experience/skills

- Several years of experience in non-financial reporting and climate reports on the operations of listed EU companies

**RONALD TRÄCHSEL**

Swiss national, 1959

Education

Degree in economics, University of Bern

Career history

- Professional board member (since 01.07.2023)
- BKW AG, CFO and member of the Executive Board (2014–30.06.2023)
- Sika AG, CFO and member of the Executive Board (2008–2014)
- Vitra AG, CFO and CEO (1999–2007)

Additional experience/skills

- Executive Board member responsible for the sustainability reports of BKW AG
- Chair of the Strategy and Sustainability Committee of Alpiq Holding AG

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 members of the Board of Directors and the companies associated with them are conducted in accordance with established business practice.

3.2 Other activities and interests

at 31 December 2023

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

¹ Company listed on the stock exchange

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 Dr 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	–

3.3 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. Positions are defined as those with comparable functions at other companies with a commercial purpose. 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 Dates of first election

Name	Date of first election
Markus Gygax, Chairman	16/05/2019
Prof Dr 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. Ten ordinary meetings were held in 2023, all of which were attended by the CEO and CFO (see also section 3.5.4).

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 Dr 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		

The Strategy 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 entire Executive Board on strategic issues
- receiving reports on investor relations, market trends, brand awareness, client satisfaction and other topics

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 Human Resources 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 a meeting 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 rules
- 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.

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 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 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	10	7	6	9
Markus Gygax	10	7	6	
Prof Dr Christoph B. Bühler	9			9
Barbara Artmann	10	7		
Dr Maya Bundt	10		6	
Roger Harlacher	10		6	
Dr Roland Herrmann	10			9
Marion Khüny	10			9
Ronald Trächsel	10	7		

In the year under review, a strategy advisor as well as an advisor specialising in board assessment services attended a meeting of the Board of Directors.

In addition to the ten ordinary meetings of the Board of Directors, a two-day workshop was held to discuss strategic matters with the Executive Board. The Board of Directors also organised training sessions on technology (instant payments, TWINT), human resources (gender discussion, young generations), sustainability, non-financial reporting, regulation and compliance as well as IT and cyber risks.

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. The self-assessment by questionnaire was revised with the support of an external consultancy and performed at the end of 2022. The results were evaluated by the external consultancy at the beginning of 2023 and subsequently discussed by the Board of Directors and in the committees. Specific goals and measures were set for the current year.

The Strategy Committee generally 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 two to three-and-a-half hours.

The Nomination and Compensation Committee generally meets six times a year. 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 three hours.

The Audit and Risk Committee generally 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 for certain agenda items attended the following meetings in the current year:

Meeting attendance Audit and Risk Committee (agenda-related)	Number
External auditors	5
Internal Audit	5

3.6 Areas of responsibility

3.6.1 Board of Directors

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.

3.6.2 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.

3.6.3 The 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 Chief Risk Officer 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"> – Attainment of company targets – Quarterly financial statements including an analysis of deviations to the budget – ALM – Treasury and capital market reporting – Concentration risks and other large credit risks (large exposures)
Half-yearly	<ul style="list-style-type: none"> – Strategy – Legal & Compliance – Sustainability reporting – Risk Control – Reporting Credit Office – Human Resources Reporting
Annual	<ul style="list-style-type: none"> – Budgeting – Capital planning – Annual financial statements – Review of risk policy – Operational risk inventory

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 2023.



EWALD BURGNER

Swiss national, 1966

Position at Valiant

CEO since 2019, at Valiant since 2013

Education

- Degree in economics, University of Bern
- 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, University of Fribourg
- 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 AG, Deputy Head of Sales and Head of Marketing and Sales Management (2010–2015)
- Zurich Financial Services AG, 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)
- MBA General Management, MSC and MAS from the University for Continuing Education Krems (Austria)

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 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, University of St. Gallen 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, University of Zurich
- 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 AG, management consultancy, various management positions (2001–2014)

4.2 Other activities and interests

at 31 December 2023

Name	Activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law	Function
Ewald Burgener CEO	Position on behalf of Valiant Pfandbriefbank schweizerischer Hypothekarinstitute 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
Martin Vogler Head of Private and Business Clients, Deputy CEO	Position on behalf of Valiant Esisuisse (depositor protection scheme)	Member of the Management Board
Dr Michael Eisenrauch Head of Operations and IT	Positions in majority holdings of Valiant Entris Holding AG and Entris Banking AG	Member of the Board of Directors
Dr Marc Praxmarer Head of Corporate and Institutional Clients	None	–
Christoph Wille Head of Customer Services and Products	Künstlerhaus Boswil Foundation	Member of the Foundation Board
	Position on behalf of Valiant Viseca Payment Services AG	Member of the Board of Directors
Serge Laville 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
Ewald Burgener CEO	None	–
Martin Vogler Head of Private and Business Clients, Deputy CEO	Retail Banking Steering Group of the Swiss Bankers Association	Member
Dr Michael Eisenrauch Head of Operations and IT	None	–
Dr Marc Praxmarer Head of Corporate and Institutional Clients	None	–
Christoph Wille Head of Customer Services and Products	Commission for Digitalisation of the Swiss Bankers Association	Chairman
Serge Laville 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 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. Positions are defined as those with comparable functions at other companies with a commercial purpose. 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 145–167.

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 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 a 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

There are no regulations that differ from the applicable legal provisions.

6.1.5 Regulations of the Articles of Association on the issuing of instructions to the independent proxy regarding electronic participation in the Annual General Meeting

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.

The Board of Directors determines the venue(s) of the Annual General Meeting, which must be located in Switzerland. Alternatively, the Board of Directors may determine that the Annual General Meeting is to be held electronically without any physical venue.

If the Annual General Meeting is held physically, the Board of Directors may determine that the shareholders who are not present at the venue of the Annual General Meeting may exercise their rights electronically.

6.2 Quorums prescribed by the Articles of Association

The general meeting passes resolutions with a qualified majority where this is specifically required by law. In addition, 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 the majority of the represented share capital are required.

The Annual General Meeting otherwise adopts resolutions and makes elections with a 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. At the discretion of the Board of Directors, this may be done by publication in the "Swiss Official Gazette of Commerce", by ordinary mail or by any other means that is documented in text form. An Annual General Meeting may also be called by the shareholders who together represent at least 5 % of the share capital or votes.

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 0.13 % of the share capital) may, up to 50 days before the day of the meeting, propose agenda items or request the inclusion in the invitation to the Annual General Meeting of a motion on an agenda item, in writing with an explanation of the motions.

6.5 Entries in the share register

In accordance with the Articles of Association, 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. In the current year, the share register will remain closed to entries from 4.00 p.m. on Wednesday, 10 May 2023, up to and including Wednesday, 17 May 2023.

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.

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 Römer since the Annual General Meeting of 13 May 2020.

8.2 Auditing fees

The fees charged by the external auditor PricewaterhouseCoopers AG for auditing services provided (including audit-related services) totalled CHF 742 967 (including VAT) in 2023.

8.3 Additional fees

PricewaterhouseCoopers AG invoiced Valiant CHF 61 058 (including VAT) for miscellaneous non-auditing services (ESG gap analysis and VAT consulting) in 2023.

8.4 Information instruments pertaining to the external auditors

The Audit and Risk Committee of Valiant Bank AG is responsible for the cooperation with the external auditor, as governed by the annual engagement letter. In particular, the engagement letter specifies the different responsibilities for observing the relevant requirements. 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 by the external auditor

The external auditor prepares a report each year for each Group company in accordance with Art. 728b para. 2 CO, for the attention of the respective Annual General Meeting. 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 Art. 728b para. 1 CO. The Audit and Risk Committee dealt with these reports as well as the auditor's report on credit checks and mortgage register management by Valiant Bank AG in detail during its meetings when the auditor in charge was present. The reports by the Board of Directors were subsequently distributed for information purposes.

Evaluation by the external auditor

PricewaterhouseCoopers AG is subject as supervisory auditor and auditor to supervision by the Federal Audit Oversight Authority. The Audit and Risk Committee assesses the external auditor's 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 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 audit plans and the relevant procedures and discusses the audit results with the auditor in charge. Finally, it submits to the Board of Directors proposals for the election of the external auditor and its mandate beyond the ordinary audit mandate.

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. 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. Anyone wishing to receive media notices by e-mail concerning the publication of Valiant's financial results (including ad hoc disclosures) can subscribe at valiant.ch/de/newsletter.

Investor Relations – contact information

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Key dates in 2024

Publication of the annual results	31 January 2024
Publication of the Annual Report	25 March 2024
Publication of the interim financial statements at 31 March	3 May 2024
Annual General Meeting	22 May 2024
Publication of the future strategy	13 June 2024
Publication of the interim financial statements at 30 June	25 July 2024
Publication of the interim financial statements at 30 September	7 November 2024

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 (purchase and sale) of Valiant shares, Valiant bonds (with the exception of cash bonds) or financial instruments with the same underlying (e.g. derivatives).

10.2 Members of the Executive Board and employees

Members of the Executive Board and those employees covered by the general blackout period are barred as a rule from purchasing Valiant shares, Valiant bonds (with the exception of cash bonds) and financial instruments with the same underlying. Sales of Valiant shares, Valiant bonds (with the exception of cash bonds) and financial instruments with the same underlying are subject to the blackout periods in sections 10.3 and 10.4.

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 Human Resources 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 Human Resources 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. No exceptions were approved in 2023.

2023 compensation report



Compensation Report

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Foreword

Dear Shareholders,

Valiant has a simple business model and, reflecting this, a simple and transparent compensation system. At the Annual General Meeting on 17 May 2023, the proposals for the maximum compensation for the Board of Directors and the maximum fixed compensation of the Executive Board received high approval rates of over 90 %. The Compensation Report (85.7 % “yes” votes) and the maximum variable compensation of the Executive Board (83.9 %) received slightly fewer votes in favour.

The Board of Directors has analysed the voting results and assumes that the two slightly lower results are mainly attributable to the proposed increase in the maximum variable compensation of the Executive Board. It concluded that it would retain the tried-and-tested and easily comprehensible compensation system involving a fixed allocation of 9 % of the operating profit to the overall variable compensation pool for all employees including the Executive Board without any changes.

The Board of Directors also decided to make a one-off allocation of CHF 10 million to the employee pension fund to mark Valiant’s 200-year anniversary in 2024. By doing this, the Board of Directors is underlining the importance of pension provision for the employees.

By adopting additional improvements to the employment conditions, the Board of Directors and the Executive Board recognised the employees’ great 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 was increased by 2.6 % overall 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. Valiant complies with the principle of equal pay within the defined tolerance threshold of 5 % (see sustainability report, see page 97, 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.

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.

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

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	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).
	Fee per term of office in CHF
	Function
	Chair: 380,000
	Vice Chair: 140,000
	Member: 90,000
	Chair of the Nomination and Compensation Committee: 50,000
	Member of the Nomination and Compensation Committee: 35,000
	Chair of the Audit and Risk Committee: 50,000
	Member of the Audit and Risk Committee: 35,000
	Chair of the Strategy Committee: 50,000
	Member of the Strategy Committee: 35,000
Lump-sum expenses ¹	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.

¹ 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 2023. 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. If financial companies meet the relevant criteria, they can be in both peer groups.

Peer group 1 was reduced in size by one company, VZ Gruppe, in comparison with the previous year. The company reported market capitalisation of more than CHF 3 billion as of the reference date. 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 ¹)	Banque Cantonale de Genève, Berner Kantonalbank, Cembra Money Bank, Liechtensteinische Landesbank, St. Galler Kantonalbank, Swissquote, Vaudoise Assurances, Walliser Kantonalbank, Zuger Kantonalbank
Peer group 2 (financial companies without major state ownership)	Bâloise Group, Bellevue Group, Cembra Money Bank, Helvetia, Hypothekbank Lenzburg, Swissquote, Vaudoise Assurances, Vontobel, VZ Gruppe

¹ The reference date is mid-year in all cases

Disclosure

The compensation paid to members of the Board of Directors is set out in the tables under note 7.1 on pages 159–160. Shares held by members of the Board of Directors are listed under note 8.4 on page 164.

3.2 Components of compensation for the Executive Board

Executive Board		
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	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: <ul style="list-style-type: none"> – 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"> – company car or first-class annual train travel card – Business allowances (coupled with eligibility for statutory family allowances) – Occupational pension benefits above legal minimum – Service anniversary bonuses – Special employee conditions that are customary in the sector – Concession on Reka credit 	
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 38.7 % and 47.9 % of the total compensation of members of the Executive Board.
- The procedure for setting the compensation of the CEO and members of the Executive Board is set out in section 2.2 on page 150.
- 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 members of the Executive Board is set out in the tables under note 7.2 on page 161. Loans to members of the Executive Board are set out in note 8.2 on page 163. 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. Shares held by members of the Executive Board are listed under note 8.4 on page 164.

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 2023	Amount in CHF
Operating profit in 2023	232.25 million
of which 9 %	20.90 million
Total variable compensation¹	20.90 million

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 ²	0.28 million
Total variable compensation¹	14.62 million

¹ Total variable compensation for all employees, including the Executive Board

² Operating profit for 2022 was 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 was significantly lower. To increase it to 5 %, a portion of the provision accumulated for this purpose in past years was reversed.

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 2023 financial year

The targets for the financial year 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 2024, the Nomination and Compensation Committee conducted an assessment of target attainment for the 2023 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 2023. Target attainment can be seen in the table below.

Executive Board targets for the 2023 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">Consolidated net profit significantly higher than previous year (+11.4 %)Operating profit substantially increased (+21.7 %)Lending growth of 3.5 %Fee and commission income increased (+10.0 %)Target for custody account assets (after adjustment for market fluctuations) partly attained (target +3 %, result +2.3 %)
The following targets were set for 2023:		
<ul style="list-style-type: none">Consolidated net profit higher than previous yearIncrease in operating profitLending growth >3 %Growth in fee and commission income of 3 %		
Targets were also set for the performance of custody account assets.		
Non-financial targets		Targets comfortably attained
Alongside the financial targets, the Board of Directors also set non-financial targets for 2023. These were formulated in objective, measurable terms wherever possible.		<ul style="list-style-type: none">The implementation of the 2020–2024 strategy is on track.The net promoter score was increased from a high level.The implementation of the measures adopted by the Board of Directors is on course. Various measures have already been completed and integrated into operational business.Employer attractiveness: Increase in leave entitlement for all employees and payroll total raised by 2.6 % for 2023Increase in diversity: Requirement for all managers in target agreement
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	

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. The total will be below the maximum amount approved at the Annual General Meeting.

5.3 Targets for the 2024 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 2024.

Executive Board targets for the 2024 financial year

Financial targets

The Board of Directors has issued the following targets for the key financial indicators in 2024:

- Consolidated net profit higher than previous year
- Increase in operating profit
- Lending growth of 3 %
- Growth in fee and commission income of 3 %
- Growth in customer assets > 4 % (after adjustment for market fluctuations)

Non-financial targets

Alongside the financial targets, the Board of Directors also set non-financial targets for 2024. These were formulated in objective, measurable terms wherever possible.

Area	Metric
Strategy	Implementation of strategy for 2020–2024 as planned and adoption, communication and internal embedding of the strategy from 2025
Clients	Client satisfaction (net promoter score)
Sustainability	Implementation of the ESG Road Map 2024 as planned
Processes	Participation in Swiss National Bank's "Liquidity against Mortgage Collateral" programme in accordance with milestone planning

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 compensation actually paid for 2023 and for the 2022/2023 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 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		1,520
Maximum compensation for the Board of Directors for the 2023/2024 term of office	17/05/2023	1,670
Effective compensation paid to the Board of Directors for the 2023/2024 term of office		n/a ¹

¹ Effective compensation paid to the Board of Directors for the 2023/2024 term of office will be stated in the 2024 Compensation Report.

6.2 Executive Board

Approved fixed and variable 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		2,990
Maximum variable compensation for the Executive Board for 2023	17/05/2023	2,500
Effective variable compensation paid to the Executive Board for 2023		2,278
Approved maximum fixed compensation for 2024	Date of approval at the AGM	Amount in CHF thousands
Maximum fixed compensation for the Executive Board for 2024	17/05/2023	3,500
Effective fixed compensation paid to the Executive Board for 2024		n/a ¹

¹ The effective fixed compensation paid to the Executive Board for 2024 will be stated in the 2024 Compensation Report.

7 Compensation in the reporting period

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

Compensation for each financial year

	2023				
	Net fee in cash in CHF thousands	Shares ¹ in CHF thousands	Social benefits ² in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	194	132	169	–	495
Christoph B. Bühler, Vice Chairman	125	54	25	–	204
Barbara Artmann, Member	82	36	17	–	135
Maya Bundt, Member	62	40	47	–	149
Roger Harlacher, Member	82	36	17	–	135
Roland Herrmann, Member	82	36	17	–	135
Marion Khüny, Member	62	28	44	–	134
Ronald Trächsel, Member	74	36	25	–	135
Total	763	398	361	–	1,522

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

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

² 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.

³ 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.

⁴ Until the Annual General Meeting of 18 May 2022

⁵ From the Annual General Meeting of 18 May 2022

Compensation for each term of office

Compensation statement for the Board of Directors for the 2022/2023 term of office¹

	Fixed net fee in CHF thousands	Shares ² in CHF thousands	Social benefits ³ in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	196	132	165	–	493
Christoph B. Bühler, Vice Chairman	125	54	25	–	204
Barbara Artmann, Member	82	36	17	–	135
Maya Bundt, Member	63	40	46	–	149
Roger Harlacher, Member	82	36	17	–	135
Roland Herrmann, Member	82	36	17	–	135
Marion Khüny, Member	62	28	44	–	134
Ronald Trächsel, Member	82	36	17	–	135
Total	774	398	348	–	1,520

Compensation statement for the Board of Directors for the 2021/2022 term of office⁴

	Fixed net fee in CHF thousands	Shares ² in CHF thousands	Social benefits ³ in CHF thousands	Benefits in kind in CHF thousands	Total in CHF thousands
Markus Gygax, Chairman	190	132	171	–	493
Christoph B. Bühler, Vice Chairman	115	50	24	–	189
Barbara Artmann, Member	82	36	17	–	135
Jean-Baptiste Beuret, Member	83	36	13	–	132
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
Total	818	406	297	–	1,521

¹ Compensation payments for the 2022/2023 term of office (18 May 2022 to 17 May 2023) were made in November 2022 and April 2023. The social benefits shown were paid in accordance with the payout dates in the corresponding financial years.

² Shares of Valiant Holding AG with a three-year blocking period, valued at their market price, less social benefits

³ 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.

⁴ 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.

7.2 Payments to members of the Executive Board (audited)

Compensation for each financial year

2023						
	Fixed net salary in cash in CHF thousands	Variable net salary in cash in CHF thousands	Shares ¹ in CHF thousands	Benefits in kind ² in CHF thousands	Pension benefits ³ in CHF thousands	Total ⁴ in CHF thousands
Ewald Burgener, CEO	374	421	182	10	423	1,410
Martin Vogler	263	209	90	10	271	843
Michael Eisenrauch	261	205	89	10	171	736
Serge Laville	241	182	79	10	222	734
Marc A. Praxmarer	226	176	76	10	246	734
Christoph Wille	238	222	96	10	245	811
Total	1,603	1,415	612	60	1,578	5,268

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

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

² Private shares of company cars

³ 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.

⁴ In 2023, four members of the Executive Board were also paid a total of CHF 84,750.00 for positions within third-party organisations in which Valiant has no holding or a holding of less than 50 %. In 2022, three members of the Executive Board received CHF 88,000.00 in compensation for the same reason.

⁵ Joined on 1 September 2022

⁶ In role until 31 August 2022 – compensation reported until 30 September 2022

⁷ In role until 31 October 2021 – the remuneration owed under the employment contract of 1 January to 31 October 2022 and the termination agreement of 25 October 2021 is reported

⁸ In role since 1 February 2022

Disclosure of variable compensation paid to the Executive Board

2023 ¹					
	Variable net salary in cash in CHF thousands	Shares in CHF thousands	Benefits in kind in CHF thousands	Pension benefits ² in CHF thousands	Total in CHF thousands
Executive Board	1,415	612	–	251	2,278

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

¹ Variable compensation for 2023 will be paid in April 2024, but is reported in this compensation report.

² 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

2023				
	Fixed net salary in cash in CHF thousands	Benefits in kind in CHF thousands	Pension benefits ¹ in CHF thousands	Total in CHF thousands
Executive Board	1,603	60	1,327	2,990

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

¹ 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.

8 Further disclosures

8.1 Background

The revision of Swiss company law has led to changes in the presentation of the Compensation Report. Article 734a of the Swiss Code of Obligations (CO) now regulates the disclosure of compensation (see section 7). The information legally required information under Articles 734b to 734e CO is disclosed in this section:

- Loans to the Board of Directors and the Executive Board
- Compensation and loans to related parties
- Shareholdings in Valiant by members of the Board of Directors and the Executive Board
- Activities of members of the Board of Directors and the Executive Board at other companies

8.2 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 2023, there were no loans outstanding to members of the Board of Directors or parties related to them (at 31/12/2022: none).

Executive Board

2023			
Executive Board ^{1,2}	Mortgages in CHF thousands	Other borrowing in CHF thousands	Total in CHF thousands
Member with the highest total borrowing			
Ewald Burgener	1,230	–	1,230
Total Executive Board	2,863	0	2,863

2022			
Executive Board ^{1,2}	Mortgages in CHF thousands	Other borrowing in CHF thousands	Total in CHF thousands
Member with the highest total borrowing			
Ewald Burgener	1,230	–	1,230
Total Executive Board	2,864	0	2,864

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

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

8.3 Compensation and loans to related parties

Valiant does not pay compensation to persons connected with current or former members of the Board of Directors or Executive Board, nor does Valiant grant such persons loans at non-arm's length conditions.

8.4 Shares held by the members of the Board of Directors and the Executive Board (audited)

at 31 December 2023

	2023 Number of shares	2022 Number of shares
Board of Directors		
Markus Gygax, Chairman	12,842	11,439
Prof Dr Christoph B. Bühler, Vice-Chairman	4,554	3,980
Barbara Artmann, Member	2,444	2,066
Dr Maya Bundt, Member	2,545	2,122
Dr Roland Herrmann, Member	378	–
Ronald Trächsel, Member	1,146	768
Roger Harlacher, Member	877	599
Marion Khüny, Member	378	–
Total	25,164	20,974
of which total Board of Directors	25,164	20,974
of which total related parties	–	–
Executive Board		
Ewald Burgener, CEO	10,292	8,904
Martin Vogler, Head of Private and Business Clients	5,034	4,352
Dr Michael Eisenrauch, Head of Operations and IT	226	–
Serge Laville, CFO	1,590	1,008
Marc Praxmarer, Head of Corporate and Investment Advisory Clients	1,740	1,803
Christoph Wille, Head of Customer Service and Products	2,613	2,289
Total	21,495	18,356
of which total Executive Board	16,349	13,904
of which total related parties	5,146	4,452

8.5 Activities of members of the Board of Directors and the Executive Board at other companies (audited)

at 31 December 2023

Name	Company	Function
Members of the Board of Directors		
Markus Gyga Chairman	Grosse Schanze AG	Chairman of the Board of Directors
Prof Dr Christoph B. Bühler Vice-Chairman	böckli bühler partner	Partner
	BLT Baselland Transport AG	Chairman of the Board of Directors
	Ed. Geistlich Söhne AG für chemische Industrie, Geistlich Immobilien AG and Geistlich Pharma AG	Member of the Board of Directors
	AVAG Anlage und Verwaltungs AG	Member of the Board of Directors
Barbara Artmann	Künzli SwissSchuh AG	Chair of the Board of Directors
Dr Maya Bundt	APG SGA AG ¹	Member of the Board of Directors
	Bâloise Holding AG ¹	Member of the Board of Directors
	Cygnus Inc.	Member of the Advisory Board
Roger Harlacher	Zweifel Pomy-Chips AG	Member of the Board of Directors
	Gustav Gerig AG	Delegate of the Board of Directors
	Toga Food SA	Delegate of the Board of Directors
	Markenfabrik Holding AG	Chairman of the Board of Directors
	Mosterei Möhl AG	Member of the Board of Directors
	WEMF AG for advertising media research	Member of the Board of Directors
Dr Roland Herrmann	Desmoto AG	Chairman of the Board of Directors
	RIBE Moto AG	Chairman of the Board of Directors
	Investors Marketing AG	Advisory Board
Marion Khüny	Erste Group Bank AG ¹	Member of the Supervisory Board
	Multitude SE ¹	Consultant to the Supervisory Board
Ronald Trächsel	Alpiq Holding AG ¹	Member of the Board of Directors
	Wyss Samen und Pflanzen AG	Chairman of the Board of Directors
	Création Baumann Holding AG	Member of the Board of Directors
Members of the Executive Board		
Ewald Burgener CEO	Pfandbriefbank schweizerischer Hypothekarinstitute AG ²	Member of the Board of Directors
	Entris Holding AG und Entris Banking AG ³	Chairman of the Board of Directors
Martin Vogler	None	–
Dr Michael Eisenrauch	Entris Holding AG und Entris Banking AG ³	Member of the Board of Directors
Dr Marc Praxmarer	None	–
Christoph Wille	Viseca Payment Services AG ²	Member of the Board of Directors
Serge Laville	Crédit Mutuel de la Vallée SA ²	Member of the Board of Directors
	Entris Holding AG und Entris Banking AG ³	Member of the Board of Directors

¹ Company listed on the stock exchange

² Position on behalf of Valiant

³ Position in majority holding of Valiant

9 Gender representation on the Board of Directors and the Executive Board

9.1 Background

Under Article 734f CO, 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 been reporting on this since the 2022 Compensation Report.

9.2 Achievement of the gender benchmarks as at 31 December 2023

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 %

9.3 Reasons and measures for the Executive Board

There were no changes to the Executive Board in the year under review. The representation of genders therefore remains the same on this committee. The measures taken for the advancement of women are explained below.

Measures for the advancement of women

The Executive Board has initiated various measures since 2020 to increase the proportion of women in management positions and thus also the potential for the appointment of female Executive Board members. In particular, these consist of the measures listed below, which were continued in the year under review. In addition, one new measure was introduced.

- 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:
Female managers and specialists participated in three 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 has built an internal women's network. Initial events have taken place within the framework of this Valiant women's network.
- Keynote speeches on gender-specific issues:
There were five 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 businesswomen and professionals since 2022.
- Target for all managers (new measure for the 2023 financial year):
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. If a relevant vacancy cannot be filled with a woman, the responsible manager must explain the reasons for this.

Recruitment

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

10 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 2023. The audit was limited to the information pursuant to article 734a-734f CO in the tables 7.1, 7.2, 8.2, 8.4 and 8.5 marked 'audited' on pages 159 to 165 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the remuneration report (pages 159 to 165) complies 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 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 consolidated financial statements, 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. It is also responsible for designing the remuneration system and defining individual remuneration packages.

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Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO 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.

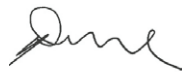
As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 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.

PricewaterhouseCoopers AG



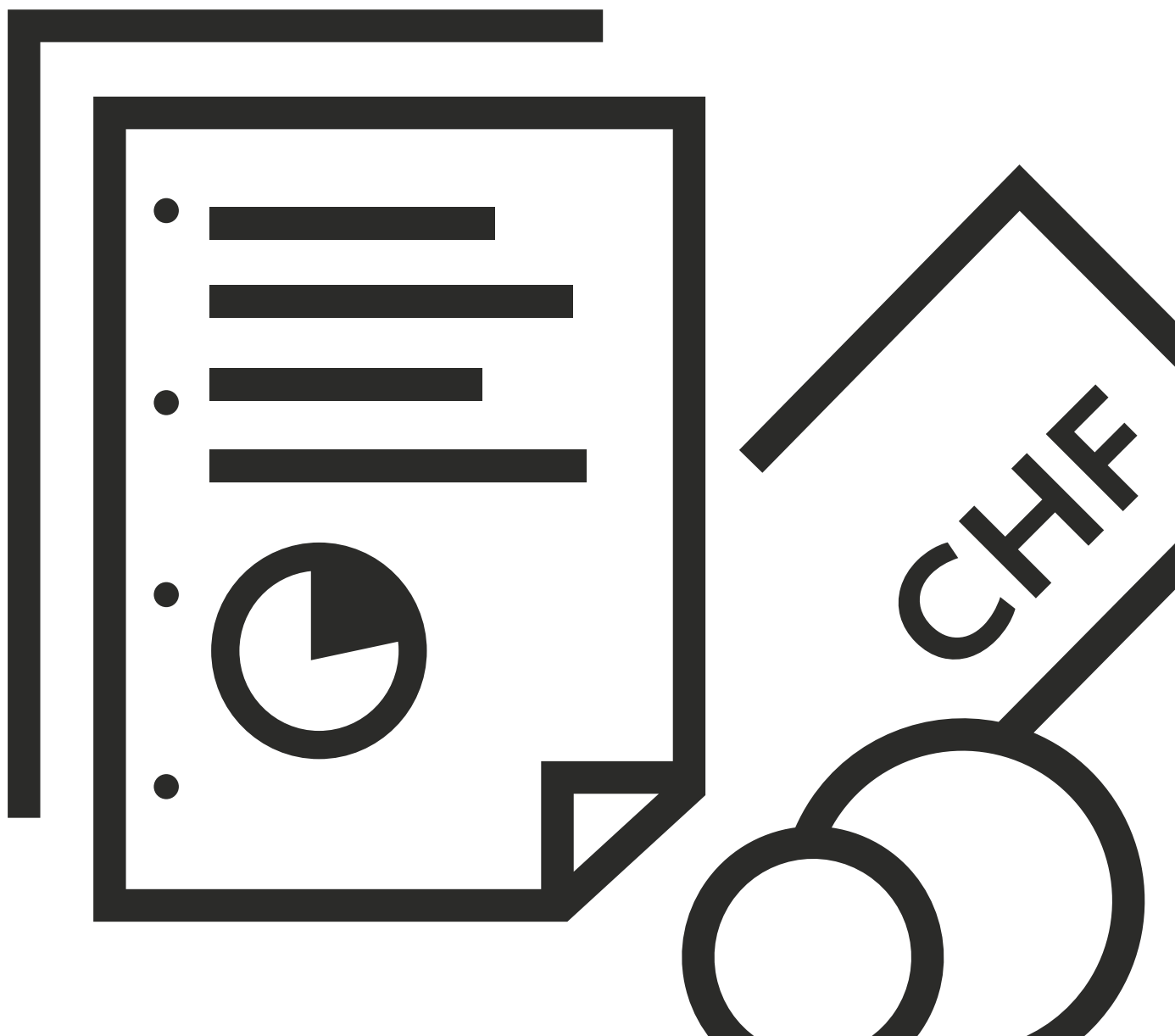
Thomas Romer
Licensed audit expert
Auditor in charge



Andreas Aebersold
Licensed audit expert

Lucerne, 21 March 2024

2023 financial report



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Consolidated financial statements

Consolidated balance sheet

Assets	Notes	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	Change in CHF thousands	Change as %
Liquid assets		4,726,647	5,053,435	-326,788	-6.5
Amounts due from banks	11	60,629	49,105	11,524	23.5
Amounts due from customers	2	1,476,507	1,542,228	-65,721	-4.3
Mortgage loans	2, 11	28,200,436	27,137,292	1,063,144	3.9
Trading portfolio assets	3	14,782	17,542	-2,760	-15.7
Positive replacement values of derivate financial instruments	4	107,936	265,268	-157,332	-59.3
Financial investments	5	1,089,305	1,287,234	-197,929	-15.4
Accrued income and prepaid expenses		40,094	26,414	13,680	51.8
Non-consolidated participations	6, 7, 37	244,967	241,366	3,601	1.5
Tangible fixed assets	8	86,529	94,961	-8,432	-8.9
Intangible assets	9	0	0	0	n/a
Other assets	10	32,593	14,983	17,610	117.5
Total assets		36,080,425	35,729,828	350,597	1.0
Total subordinated claims		0	0	0	n/a
of which subject to mandatory conversion and/or debt waiver		0	0	0	n/a
Liabilities					
Amounts due to banks		1,480,588	1,754,115	-273,527	-15.6
Amounts due in respect of customer deposits	12	22,024,257	22,473,885	-449,628	-2.0
Negative replacement values of derivative financial instruments	4	22,463	25,369	-2,906	-11.5
Cash bonds		196,220	77,774	118,446	152.3
Bond issues and central mortgage institution loans	15	9,270,300	8,347,700	922,600	11.1
Accrued expenses and deferred income		171,531	141,529	30,002	21.2
Other liabilities	10	311,666	411,185	-99,519	-24.2
Provisions	16	27,887	30,824	-2,937	-9.5
Reserves for general banking risks	16	109,786	59,786	50,000	83.6
Bank's capital	17	7,896	7,896	0	0.0
Capital reserve		592,582	592,596	-14	-0.0
Retained earnings reserve		1,720,994	1,677,655	43,339	2.6
Own shares	21	0	0	0	n/a
Consolidated profit		144,255	129,514	14,741	11.4
Total equity capital		2,575,513	2,467,447	108,066	4.4
Total liabilities		36,080,425	35,729,828	350,597	1.0
Total subordinated liabilities		0	0	0	n/a
of which subject to mandatory conversion and/or debt waiver		0	0	0	n/a
Off-balance-sheet transactions					
Contingent liabilities	2, 28	144,137	142,405	1,732	1.2
Irrevocable commitments	2	960,028	1,268,289	-308,261	-24.3
Commitments relating to calls on shares and other equities	2	61,164	61,164	0	0.0
Credit commitments	29	0	0	0	n/a

Consolidated income statement

		2023	2022	Change	Change
	Notes	in CHF thousands	in CHF thousands	in CHF thousands	as %
Interest income					
Interest and discount income	33	634,399	376,001	258,398	68.7
Interest and dividend income from trading portfolios		0	0	0	n/a
Interest and dividend income from financial investments		5,162	11,348	-6,186	-54.5
Interest expense		-212,566	-36,250	-176,316	486.4
Gross result from interest operations		426,995	351,099	75,896	21.6
Changes in value adjustments for default risks and losses from interest operations	16	-19,470	-15,606	-3,864	24.8
Net result from interest operations		407,525	335,493	72,032	21.5
Result from commission business and services					
Commission income from securities trading and investment activities		51,381	50,104	1,277	2.5
Commission income from lending activities		3,035	2,881	154	5.3
Commission income from other services		44,337	41,691	2,646	6.3
Commission expense		-14,879	-18,451	3,572	-19.4
Result from commission business and services		83,874	76,225	7,649	10.0
Result from trading activities and the fair value option	32	40,274	22,602	17,672	78.2
Other result from ordinary activities					
Result from the disposal of financial investments		54	-6	60	-1,000.0
Income from participations		12,396	10,964	1,432	13.1
of which, participations recognised using the equity method		9,581	8,299	1,282	15.4
of which, from other non-consolidated participations		2,815	2,665	150	5.6
Result from real estate		1,281	2,060	-779	-37.8
Other ordinary income		775	1,087	-312	-28.7
Other ordinary expenses		-386	-16	-370	2,312.5
Other result from ordinary activities		14,120	14,089	31	0.2
Operating income		545,793	448,409	97,384	21.7
Operating expenses					
Personnel expenses	34	-162,867	-143,296	-19,571	13.7
General and administrative expenses	35	-127,319	-124,276	-3,043	2.4
Operating expenses		-290,186	-267,572	-22,614	8.5
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-23,802	-22,358	-1,444	6.5
Changes to provisions and other value adjustments, and losses		449	875	-426	-48.7
Operating result		232,254	159,354	72,900	45.7
Consolidated profit					
Extraordinary income	36	2,304	26,166	-23,862	-91.2
Extraordinary expenses	36	-6	0	-6	n/a
Changes in reserves for general banking risks		-50,000	-25,000	-25,000	100.0
Taxes	39	-40,297	-31,006	-9,291	30.0
Consolidated profit		144,255	129,514	14,741	11.4

Consolidated cash flow statement

	2023 Cash inflow in CHF thousands	2023 Cash outflow in CHF thousands	2023 Balance +/- in CHF thousands	2022 Cash inflow in CHF thousands	2022 Cash outflow in CHF thousands	2022 Balance +/- in CHF thousands
Consolidated net profit	144,255			129,514		
Change in reserves for general banking risks	50,000			25,000		
Impairments on holdings, depreciation and amortisation of tangible fixed assets and intangible assets	23,802			22,358		
Impairments on equity investments		3,601		2,371		
Provisions and other value adjustments	433	7,955		1,223	10,176	
Value adjustments for credit risk, and loan losses	46,188	24,990		36,554	19,388	
Accrued income and prepaid expenses		13,680			3,422	
Accrued expenses and deferred income	30,002			2,906		
Previous year dividend		78,962			78,962	
Cash flow from operating activities (internal financing)	294,680	129,188	+ 165,492	219,926	111,948	+ 107,978
Change in treasury shares		14			18	
Cash flow from equity capital transactions	0	14	-14	0	18	-18
Non-consolidated holdings		250		18	15,009	
Real estate	384	2,532		9,785	4,865	
Other tangible fixed assets	104	11,301		869	10,301	
Intangible assets		1,775			1,479	
Cash flow from transactions in respect of holdings, tangible fixed assets and intangible assets	488	15,858	-15,370	10,672	31,654	-20,982
Due from customers	54,527				16,313	
Mortgages		1,063,520			1,439,729	
Utilisation of specific value adjustments in conformity with purpose		12,256			3,919	
Customer deposits		449,628		386,025		
Medium-term notes	118,446			26,885		
Cash flow from customer transactions	172,973	1,525,404	-1,352,431	412,910	1,459,961	-1,047,051
Trading portfolio assets	2,760				2,531	
Financial investments	197,929			242,314		
Bond issues and central mortgage institution loans	922,600			269,200		
Cash flow from capital market business	1,123,289	0	+1,123,289	511,514	2,531	+ 508,983
Due from banks		11,524		20,614		
Due to banks		273,527			877,938	
Cash flow from interbank business	0	285,051	-285,051	20,614	877,938	-857,324
Positive replacement values of derivative financial instruments	157,332				207,434	
Negative replacement values of derivative financial instruments		2,906			28,494	
Other assets		17,610		12,188		
Other liabilities		99,519		331,264		
Cash flow from other balance-sheet positions	157,332	120,035	+ 37,297	343,452	235,928	+ 107,524
Cash flow from banking operations	1,453,594	1,930,490	-476,896	1,288,490	2,576,358	-1,287,868
Total source of funds (+)/Total use of funds (-)	1,748,762	2,075,550	-326,788	1,519,088	2,719,978	-1,200,890

	Balance 31/12/2023 in CHF thousands	Balance 31/12/2022 in CHF thousands	Change in CHF thousands	Balance 31/12/2022 in CHF thousands	Balance 31/12/2021 in CHF thousands	Change in CHF thousands
Change in cash						
Cash	4,726,647	5,053,435	-326,788	5,053,435	6,254,325	-1,200,890
Total cash and cash equivalents	4,726,647	5,053,435	-326,788	5,053,435	6,254,325	-1,200,890

Consolidated statement of changes in equity

	Bank's capital in CHF thousands	Capital reserve in CHF thousands	Retained earnings reserve in CHF thousands	Reserves for general banking risks in CHF thousands	Own shares in CHF thousands	Consolidated profit in CHF thousands	Total in CHF thousands
Equity at start of current period	7,896	592,596	1,677,655	59,786		129,514	2,467,447
Appropriation of previous year's profit			50,552			-50,552	0
Acquisition of own shares					-2,554		-2,554
Disposal of own shares					2,554		2,554
Profit (loss) on disposal of own shares		-63					-63
Dividends and other distributions		49				-78,962	-78,913
Other allocations to (transfers from) the reserves for general banking risks				50,000			50,000
Other allocations to (transfers from) the other reserves			-7,213				-7,213
Consolidated profit						144,255	144,255
Equity at end of current period	7,896	592,582	1,720,994	109,786	0	144,255	2,575,513

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.

Group 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 Art. 34 para. 3 of the Banking Ordinance. Participations in companies that are immaterial in terms of financial reporting or risk, and participations that are material but of no strategic importance and will be sold or liquidated within 12 months are not consolidated. Non-consolidated participations, 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 consolidated 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 "Result from trading activities and the fair value option").

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

	31/12/2023	Previous year
USD	0.8416	0.9252
EUR	0.9297	0.9874
GBP	1.0730	1.1129

All Valiant group companies report in Swiss francs.

Liquid assets

Liquid assets are recognised at nominal value.

Amounts due from banks and Amounts 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.

Liabilities from 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.

Amounts due from customers 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 default risks 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 default risks 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 default risks 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 liabilities 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 default risks in the positions amounts due from customers and mortgage loans. No value adjustments for inherent default risks are made for the balance sheet positions Amounts 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 default risks 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 default risks 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, to the end of 2025. 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 default risks can be used if the income statement item "Changes in value adjustments for default risks and losses from interest operations" 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 default risks, please refer to the "Notes on the methods used to identify default risks and determine impairments".

Amounts due in respect of customer deposits

Amounts due in respect of customer deposits 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 portfolio assets involve 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 assets and recorded accordingly when the transaction is concluded.

Trading portfolio assets 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 "Result from trading activities and the fair value option". 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 portfolio assets positions against interest business. The gain or loss from primary market trading activities is recognised under "Result from trading activities and the fair value option".

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 of derivative instruments 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 "Result from trading activities and the fair value option".

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 for asset and liability management 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 trading portfolio assets.

Financial investments

Debt securities intended to be held to maturity are recognised at purchase price, 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 "Changes in value adjustments for default risks and losses from interest operations". 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 liabilities 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 "Result from the disposal of financial investments".

Non-consolidated participations

Non-consolidated participations are shown in the list on page 202.

The term "participations" 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. Participations 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 "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets"). 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 recognised on a straight-line basis over the estimated useful life of the asset. The estimated useful life of individual categories of asset is as follows:

Category	Depreciation period
Bank buildings and other real estate	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 “Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets”). The partial or full reversal of an impairment is recognised under “Extraordinary income”.

Realised gains from the sale of tangible fixed 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 depreciation.

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 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 asset 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 "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets").

Cash bonds

Cash bonds 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.

Own debt securities

Own bonds and cash bonds are offset with the corresponding items shown under liabilities. Interest income on own bonds and cash bonds is offset with interest expense.

Lease transactions

Items used by the bank under an operating lease are not recognised as assets. Leasing expenses are charged to "General and administrative 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.

Default-risk provisions are determined using the same methodology as for value adjustments for default risks.

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 as an asset 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 result for the period and the relevant capital amount are calculated in accordance with the applicable tax reporting regulations. Liabilities 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 (differences in valuations) 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 capital. 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 shares

Holdings of Valiant own shares are shown as a negative position in equity capital.

Purchases of own shares are recorded on the acquisition date at purchase price. This corresponds to the fair value of the consideration transferred to the counterparty by way of settlement.

Own shares are recognised in the balance sheet at the average purchase price. No adjustments are made to the valuation.

In case of disposal of own shares, any difference realised between the consideration received and the book value is credited or debited to the "Capital reserve". The dividend on Valiant own shares is also booked to the "Capital reserve".

Equity transaction costs

Assuming they relate to the raising (capital increase, sale of own shares) or repayment (capital decrease, purchase of own 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 individuals), 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 simulating the impact of major macroeconomic downturns on the bank's businesses, 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 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.

Approach to risk

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.

Credit risks

Due to the type of business in which it engages, Valiant primarily faces credit risk on loans to customers. 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 customers, contingent liabilities and irrevocable commitments, but also other counterparty-related transactions (e.g. interbank business, financial investments and derivatives).

Loans to customers Valiant only lends to creditworthy clients who have the capacity and intention to pay back the loan. Our clients must have the capacity to take out loans and also be creditworthy. Material 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 companies. 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 private individuals are granted only on an exceptional basis.

Valiant operates its lending business primarily in those cantons in which it has branch offices. 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 restructuring and disposal. 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 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. 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 promptly and 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 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 department 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 Audit and Risk Committee of 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) The primary goal of Valiant is to ensure access to its services at all times. That is why information security (preserving confidentiality, availability and integrity of critical data as well as the protection of key Valiant information systems) is crucial for Valiant.

The Valiant business model applies high-level sourcing in the field of IT and uses services from first-class providers, which give optimal support to Valiant's business development. The capabilities, processes and organisation of Valiant are thus developed consistently to connect optimally with the providers' sourcing and performance models and proactively manage the providers.

The principles of securing, maintaining and restoring critical functions in the event of massive and drastic internal or external events are regulated in the BCM strategy. The task of crisis management until the restoration of normal working order falls to a crisis committee composed and trained for situations of this nature. There is a business impact analysis covering all critical functions and processes to prepare specifically for any crisis situations. Corresponding business continuity plans (BCP) and disaster recovery plans (DRP) are created in coordination with the outsourcing providers and there is a defined communication strategy for internal and external communication in crisis situations. Based on systematic planning, the implementation of the BCP and DRP as well as the functioning of the crisis committee is regularly reviewed and the key measures as defined by the BCP and DRP as well as the crisis organisation are tested at least once a year. The crisis management team reports annually on their 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 compliance 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 enabling 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 are derived, inter alia, from international standards, in particular from the recommendations of the Financial Action Task Force (FATF), which have also been acknowledged globally 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 from 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 when distributing investment products. 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) The revised DPA came into force on 1 September 2023. Valiant has implemented all relevant requirements. The clients receive information about the processing by Valiant of their personal data from the privacy policy issued and published on the website. Valiant’s employees receive training on the obligations arising from the DPA 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.

Reputational risks

Reputational risks present the threat of negative publicity about the business practices or business relationships of a bank, whether relevant or not, affecting trust in the integrity of the institution. Reputational risks are usually not quantifiable and can thus not be controlled through quantitative limits. Reputational risks are mitigated as far as possible through numerous instruments designed to promote competence and integrity as well as an adequate internal control system.

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 Sustainability Report on pages 35–108.

Notes on the methods used to identify credit risk and determine impairments

Monitoring of credit commitments

Monitoring of credit commitments 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 commitments can be found in the "Risk mitigation measures" section on pages 187 and 188.

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 private individuals, 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 private 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 reversal of value adjustments for inherent credit risk can be found in the Group accounting policies on page 178.

Impaired loans/receivables

For impaired loans, i.e. claims for which it is unlikely that the borrower can meet its future liabilities, the liquidation value of the collateral is determined and the impairment is covered by individual value allowances 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 capital 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 commitment 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 liabilities 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 and liabilities 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 trading portfolio assets and the ineffective portion is recognised in "Result from trading activities and the fair value option".

Material events after the balance sheet date

No material events have occurred since the balance sheet date that might have a material impact 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

There is no further information required by law that has not been published in these consolidated financial statements.

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
Loans					
Due from customers		318,512	639,466	584,736	1,542,714
Mortgage loans		28,210,093		24,520	28,234,613
Residential property		24,781,022		16,028	24,797,050
Office and business premises		749,129		1,398	750,527
Commercial and industrial premises		1,527,942		6,759	1,534,701
Other		1,152,000		335	1,152,335
Total loans (before netting with value adjustments)					
Current year		28,528,605	639,466	609,256	29,777,327
Previous year		27,373,499	739,376	655,459	28,768,334
Total loans (after netting with value adjustments)					
Current year		28,498,197	639,268	539,478	29,676,943
Previous year		27,354,277	739,143	586,100	28,679,520
Off-balance-sheet transactions					
Contingent liabilities		17,422	16,980	109,735	144,137
Irrevocable commitments		809,938		150,090	960,028
Commitments relating to calls on shares and other equities				61,164	61,164
Total off-balance-sheet transactions					
Current year		827,360	16,980	320,989	1,165,329
Previous year		1,176,993	16,190	278,675	1,471,859

		Total debt in CHF thousands	Estimated liquidation value of collateral in CHF thousands	Net debt in CHF thousands	Individual value adjustments in CHF thousands
Impaired loans / receivables					
Current year		84,783	57,398	27,385	27,385
Previous year		93,736	56,045	37,691	37,691

The net debt under impaired loans fell by CHF 10.3 million against the previous year. The improvement in the situation is mainly due to rating changes and disposals of jeopardised positions.

Non-performing assets totalled CHF 48.3 million (previous year: CHF 45.2 million).

3. Trading portfolio assets and other financial instruments at fair value

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Assets		
Trading portfolio assets	14,782	17,542
Equity securities	14,782	17,542
Other financial instruments at fair value	0	0
Total assets	14,782	17,542

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					104,937	0	2,430,000
Interest-rate instruments		0	0	0	104,937	0	2,430,000
Forward contracts		2,999	22,463	990,564			
Foreign exchange/precious metals		2,999	22,463	990,564	0	0	0
Options (exchange-traded)							
Equity securities/indices		0	0	0	0	0	0
Total before netting agreements	Current year	2,999	22,463	990,564	104,937	0	2,430,000
	Previous year	7,143	15,770	1,248,303	258,125	9,599	3,827,000
of which determined using a valuation model	Current year	2,999	22,463		104,937	0	
	Previous year	7,143	15,770		258,125	9,599	

		Positive replacement values (cumulative) in CHF thousands	Negative replacement values (cumulative) in CHF thousands
After netting agreements			
Current year		107,936	22,463
Previous year		265,268	25,369

		Central clearing houses in CHF thousands	Banks and securities dealers in CHF thousands	Other customers in CHF thousands
By counterparty				
Positive replacement values		0	105,545	2,391
Negative replacement values		0	22,007	456

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
Banks by residual maturity				
With a residual maturity of up to 1 year		608	21,598	883,572
With a residual maturity of more than 1 year		104,937	409	2,433,512

5. Financial investments

	Book value		Fair value	
	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Debt securities	1,086,840	1,285,239	1,079,355	1,223,710
of which intended to be held to maturity	1,086,840	1,285,239	1,079,355	1,223,710
Equity securities	1,882	1,886	7,001	6,980
of which qualified holdings ¹	88	88	210	210
Precious metals	83	109	83	109
Real estate	500	0	500	0
Total financial investments	1,089,305	1,287,234	1,086,939	1,230,799
of which securities eligible for repo transactions in accordance with liquidity regulations	1,086,340	1,283,939		

¹ At least 10 % of the capital or voting rights

	AAA to AA- ¹ Aaa to Aa3 ² in CHF thousands	A+ to A- ¹ A1 to A3 ² in CHF thousands	BBB+ to BBB- ¹ Baa1 to Baa3 ² in CHF thousands	BB+ to B- ¹ Ba1 to B3 ² in CHF thousands	Below B- ¹ Below B3 ² in CHF thousands	Unrated in CHF thousands	Total in CHF thousands
Debt securities at book value	1,076,340	10,500					1,086,840

¹ S&P, Fitch, ZKB rating

² 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 31/12/2022 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 31/12/2023 in CHF thousands
Holdings valued using the equity method	177,680		177,680					3,601	181,281
without market value	177,680		177,680					3,601	181,281
Other non-consolidated holdings	66,486	-2,800	63,686		250	0	-250		63,686
without market value	66,486	-2,800	63,686		250	0	-250		63,686
Total non-consolidated holdings	244,166	-2,800	241,366	0	250	0	-250	3,601	244,967

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 AG, Risch	Internet services in connection with real estate	144	100.00	100.00		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 Kesselturm AG, Luzern	Car-park management	2,825	7.96	7.96		x
Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich	Procurement of capital-market funding	1,100,000	9.92	9.92		x
SIX Group AG, 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 ¹	Holding of equity interests and financing of subsidiaries	25,000	8.24	8.24

¹ Holding of Entris Group

AgentSelly AG is a start-up company offering a full range of real estate services. Valiant has a 100% holding in AgentSelly AG. As this holding is not material for the Valiant Group's financial reporting or risk exposures, we have decided not to consolidate it. The holding is valued at purchase price 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 purchase price less economically necessary impairments.

ValFinance AG is an inactive company and its equity capital is not material relative to the group. The holding is valued at purchase price 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 purchase price less economically necessary impairments.

Indirect holdings are listed above a materiality threshold of 5 % of the votes and a bank's capital of CHF 2 million.

8. Tangible fixed assets

	Acquisition cost in CHF thousands	Accumulated depreciation in CHF thousands	Book value 31/12/2022 in CHF thousands	Reclassifications in CHF thousands	Additions in CHF thousands	Disposals in CHF thousands	Depreciation in CHF thousands	Book value 31/12/2023 in CHF thousands
Real estate	179,440	-101,192	78,248	0	2,532	-384	-6,058	74,338
Bank buildings ¹	165,960	-93,108	72,852	-4,931	2,532	0	-5,623	64,830
Other real estate	13,480	-8,084	5,396	4,931		-384	-435	9,508
Other tangible fixed assets	37,152	-20,439	16,713	0	11,301	-104	-15,719	12,191
Total tangible fixed assets	216,592	-121,631	94,961	0	13,833	-488	-21,777	86,529

¹ Incl. installations in rented properties

² In the reporting year, the useful life of other tangible fixed assets capitalized in previous years was adjusted due to a change in an estimate. This resulted in additional depreciation of CHF 3.3 million.

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 31/12/2022 in CHF thousands	Additions in CHF thousands	Amortisation in CHF thousands	Book value 31/12/2023 in CHF thousands
Other intangible assets	0	0	0	1,775	-1,775	0
Total intangible assets	0	0	0	1,775	-1,775	0

10. Other assets and other liabilities

	Other assets		Other liabilities	
	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Offset account			281,263	391,452
Amount recognised as assets in respect of employer contribution reserves	1,852	1,852		0
Indirect taxes	2,824	6,177	17,402	2,156
Gains on financial investments sold prior to maturity	21,856	1,354	11,414	16,126
Other	6,061	5,600	1,587	1,451
Total other assets and other liabilities	32,593	14,983	311,666	411,185

11. Assets pledged or assigned to secure own liabilities and assets under reservation of ownership

	Amount due		Of which drawn down	
	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Cash and cash equivalents (Esisuisse collateral account)	75,045			
Mortgages pledged or assigned for central mortgage institution loans	8,745,863	7,302,163	6,342,300	5,584,700
Amounts due from customers pledged or assigned for the covered bonds	1,600	1,600		
Due from customers assigned under the COVID-19 refinancing facility	101,451	164,508	98,900	163,300
Mortgages pledged or assigned for the covered bonds	4,357,292	4,623,557	2,928,000	2,763,000
Due from banks	10,460	2,900		
Total pledged assets	13,291,711	12,094,728	9,369,200	8,511,000

12. Liabilities relating to own pension funds, as well as equity instruments of the bank held by own pension schemes

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Valiant Holding pension fund		
Liabilities	19,311	9,255
Total liabilities	19,311	9,255

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 31/12/2023 in CHF thousands	Waiver of use 31/12/2023 in CHF thousands	Net amount 31/12/2023 in CHF thousands	Net amount 31/12/2022 in CHF thousands	Impact on personnel expenses 31/12/2023 in CHF thousands	Impact on personnel expenses 31/12/2022 in CHF thousands
Pension scheme of Valiant Holding	1,852		1,852	1,852		-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. No interest was paid on the employer contribution reserves.

Economic benefit / liability and pension expenses	Overfunding/ underfunding 31/12/2023 in CHF thousands ¹	Economic share of Valiant 31/12/2023 in CHF thousands	Economic share of Valiant 31/12/2022 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 31/12/2023 in CHF thousands ²	Pension expense in personnel expenses 31/12/2022 in CHF thousands
avenirplus.ch Sammelstiftung	p.m.	0	0	0	996	996	1,036
Pension plans with overfunding	642	0	0	0	10,309	20,388	0
Pension plans with underfunding	0	0	0	0	0	0	8,355

¹ Unaudited

² Includes one-off special contribution of CHF 10 million to strengthen employees' retirement benefits.

The provisional coverage ratio of the pension fund of Valiant Holding was 101.5 % at the end of 2023, with a technical interest rate of 1.50 % (previous year: 1.50 %). The fluctuation reserve is CHF 14.8 million. 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, even in the event of a surplus under Swiss GAAP FER 26, there is no economic benefit for the employer for the foreseeable future; it is to be used for the benefit of the insured members.

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 liability 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	0.125	2018	None	23.04.2024	500,000
Valiant Bank AG	Valiant covered bond	2.200	2023	None	08.07.2024	20,000
Valiant Bank AG	Valiant covered bond	2.000	2023	None	26.08.2024	100,000
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	1.850	2023	None	31.05.2028	180,000
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	1.048 ¹				6,342,300
Total						9,270,300

¹ 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. Please refer to the issue prospectuses for further information.

	Due 2024 in CHF thousands	Due 2025 in CHF thousands	Due 2026 in CHF thousands	Due 2027 in CHF thousands	Due 2028 in CHF thousands	Due >2028 in CHF thousands	Total in CHF thousands
Bonds	620,000	190,000	270,000	553,000	180,000	1,115,000	2,928,000
Mortgage bond notes of the Mortgage Bond Bank of Swiss Mortgage Institutions	384,400	505,300	554,100	423,100	337,200	4,138,200	6,342,300
Total	1,004,400	695,300	824,100	976,100	517,200	5,253,200	9,270,300

16. Value adjustments, provisions and reserves for general banking risks

	31/12/2022 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 inter- est, recoveries in CHF thousands	Additions charged to income state- ment in CHF thousands	Releases credited to income statement in CHF thousands	31/12/2023 in CHF thousands
Provisions for deferred taxes	1,783					40	-3	1,820
Provisions for pension commitments	0							0
Provisions for credit risk	9,760		235	4,350				14,345
Provisions for restructuring ¹	14,440	-2,521				274	-4,024	8,169
Other provisions ²	4,841	-833				119	-574	3,553
Total provisions	30,824	-3,354	235	4,350	0	433	-4,601	27,887
Reserves for general banking risks³	59,786	0	0	0	0	50,000	0	109,786
Value adjustments for credit risk in respect of impaired loans / receivables	37,691	-12,239		-2,098	1,745	14,434	-12,149	27,384
Value adjustments for latent risks	51,123	-17	6,978	-2,252		30,009	-12,841	73,000
Value adjustments for credit and country risks	88,814	-12,256	6,978	-4,350	1,745	44,443	-24,990	100,384

¹ Provision for the implementation of the customer zone and Strategy 2020–2024 (in particular due to the optimisation of the branch network). CHF 3.6 million in provisions that were no longer required were released in favour of personnel expenses, thus reducing personnel expenses accordingly.

² Provisions for legal risks, variable compensation as well as for the implementation of strategic projects.

³ CHF 0.5 million, not taxed (previous year: CHF 0.5 million)

⁴ During the reporting year, portfolio-based value adjustments for inherent risks were carried out in the amount of TCHF 7,213. The amount was charged to the retained earnings reserves. The growth of these value adjustments will continue to the end of 2025, the sum is estimated at CHF 35.2 million.

17. Bank's capital

Disclosure at group level is not required based on financial reporting for banks (FINMA Circular 2020/1). For information on the bank's 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		Value Equity securities	
	31/12/2023	31/12/2022	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Members of the Board of Directors	4,290	4,533	358	358
Members of the Executive Board	4,184	4,180	349	330
Members of Senior Management	6,732	7,299	562	576
Total	15,206	16,012	1,269	1,264

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	
	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Group companies ¹	8,561	4,868	3,218	334
Transactions with members of governing bodies ²	2,863	2,864	2,019	2,215
Other related parties ³	4,648,701	4,987,051	1,434	4,584

¹ ValFinance AG, AgentSelly AG, Valiant Hypotheken AG Valiant Garantie AG (Previous year: ValFinance AG, AgentSelly AG)

² Members of the Board of Directors and of the Executive Board of the Valiant Holding AG

³ Entris Holding AG included Entris Banking AG (Previous year: Entris Holding AG included Entris Banking AG, Valiant Hypotheken AG, Valiant Garantie AG)

There are off-balance-sheet transactions with related parties of CHF 77.7 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 based on financial reporting for banks (FINMA Circular 2020/1). For details on significant shareholders, please refer to the statutory financial statements of Valiant Holding AG.

21. Own shares

Treasury shares	Average transaction price in CHF	No. of shares
Registered treasury shares at 1 January 2023		0
+ Purchases	101.07	25,250
– Sales	97.54	–10,044
– Issue of treasury shares for share-based compensation	99.44	–15,206
Registered treasury shares at 31 December 2023		0

Own shares were traded at fair value during the period under review. The sale of the registered own shares resulted in a loss of CHF 0.06 million, which was charged to the capital reserve. The shares that were sold were own shares that were not held for trading purposes. There are no repurchase or disposal obligations or other contingent liabilities associated with the own shares that were sold. Subsidiaries and affiliated companies do not hold any equity instruments in the bank. There are no reserved own shares.

22. Equity holdings held by the governing bodies, and Compensation Report

Disclosure at group level is not required based on financial reporting 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		4,651,602	75,045						4,726,647
Due from banks		45,832	14,797	0					60,629
Due from customers		8,632	551,947	116,208	172,000	489,677	138,043		1,476,507
Mortgage loans		6,200	4,914,304	1,135,411	2,229,297	12,643,393	7,271,831		28,200,436
Trading portfolio assets		14,782							14,782
Positive replacement values of derivative financial instruments		107,936							107,936
Financial investments		1,965		55,339	194,541	315,861	521,099	500	1,089,305
Total	Current year	4,836,949	5,556,093	1,306,958	2,595,838	13,448,931	7,930,973	500	35,676,242
	Previous year	5,381,841	4,247,103	1,671,218	2,607,727	12,740,622	8,703,593	0	35,352,104
Due to banks		121,792	98,900	1,231,302	28,594				1,480,588
Customer deposits		9,660,862	9,278,371	1,842,159	1,218,110	24,505	250		22,024,257
Negative replacement values of derivative financial instruments		22,463							22,463
Medium-term notes				1,696	29,536	147,370	17,618		196,220
Bond issues and central mortgage institution loans				222,400	782,000	3,012,700	5,253,200		9,270,300
Total	Current year	9,805,117	9,377,271	3,297,557	2,058,240	3,184,575	5,271,068	0	32,993,828
	Previous year	16,032,636	4,796,617	2,957,702	1,082,918	3,412,039	4,396,931	0	32,678,843

24. Assets and liabilities broken down by domestic and foreign positions

	31/12/2023		31/12/2022	
	Domestic in CHF thousands	Foreign in CHF thousands	Domestic in CHF thousands	Foreign in CHF thousands
Assets				
Cash and cash equivalents	4,725,757	890	5,051,033	2,402
Due from banks	33,924	26,705	26,109	22,996
Due from customers	1,472,278	4,229	1,537,270	4,958
Mortgage loans	28,200,436		27,137,292	
Trading portfolio assets	14,782		17,542	
Positive replacement values of derivative financial instruments	107,936		265,268	
Financial investments	1,007,602	81,703	1,058,236	228,998
Accrued income and prepaid expenses	40,094		26,414	
Non-consolidated holdings	244,967		241,366	
Tangible fixed assets	86,529		94,961	
Intangible assets	0		0	
Other assets	32,593		14,983	
Total assets	35,966,898	113,527	35,470,474	259,354
Liabilities and equity				
Due to banks	613,229	867,359	888,148	865,967
Customer deposits	21,896,912	127,345	22,016,198	457,687
Negative replacement values of derivative financial instruments	22,463		25,369	
Medium-term notes	196,220		77,474	300
Bond issues and central mortgage institution loans	9,270,300		8,347,700	
Accrued expenses and deferred income	171,531		141,529	
Other liabilities	311,666		411,185	
Provisions	27,887		30,824	
Reserves for general banking risks	109,786		59,786	
Share capital	7,896		7,896	
Capital reserve	592,582		592,596	
Retained earnings reserve	1,720,994		1,677,655	
Consolidated net profit	144,255		129,514	
Total liabilities and equity	35,085,721	994,704	34,405,874	1,323,954

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	4,719,835	6,211	402	199	4,726,647
Due from banks	17,743	17,429	4,647	20,810	60,629
Due from customers	1,378,619	72,291	25,497	100	1,476,507
Mortgage loans	28,200,436				28,200,436
Trading portfolio assets	14,782				14,782
Positive replacement values of derivative financial instruments	107,936				107,936
Financial investments	1,086,879	2,343	0	83	1,089,305
Accrued income and prepaid expenses	40,094				40,094
Non-consolidated holdings	244,967				244,967
Tangible fixed assets	86,529				86,529
Intangible assets	0				0
Other assets	32,525	68			32,593
Total assets shown on the balance sheet	35,930,345	98,342	30,546	21,192	36,080,425
Delivery entitlements from spot exchange, forward forex and forex options transactions	94,791	615,183	253,837	26,753	990,564
Total assets	36,025,136	713,525	284,383	47,945	37,070,989
Liabilities and equity					
Due to banks	1,007,727	301,164	171,696	1	1,480,588
Customer deposits	21,550,438	344,071	95,226	34,522	22,024,257
Negative replacement values of derivative financial instruments	22,463				22,463
Medium-term notes	196,220				196,220
Bond issues and central mortgage institution loans	9,270,300				9,270,300
Accrued expenses and deferred income	171,531				171,531
Other liabilities	311,184	270	157	55	311,666
Provisions	27,887				27,887
Reserves for general banking risks	109,786				109,786
Share capital	7,896				7,896
Capital reserve	592,582				592,582
Retained earnings reserve	1,720,994				1,720,994
Consolidated net profit	144,255				144,255
Total liabilities and equity shown on the balance sheet	35,133,263	645,505	267,079	34,578	36,080,425
Delivery commitments from spot exchange, forward forex and forex options transactions	897,294	83,240	16,270	13,224	1,010,028
Total liabilities and equity	36,030,557	728,745	283,349	47,802	37,090,453
Net position per currency	-5,421	-15,220	1,034	143	-19,464

Information on off-balance-sheet transactions

28. Contingent liabilities and contingent assets

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Credit guarantees and similar	21,884	20,585
Performance guarantees and similar	66,730	66,324
Other contingent liabilities	55,523	55,496
Total contingent liabilities	144,137	142,405

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 liabilities.

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

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Total credit commitments	0	0

30. Fiduciary transactions

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Fiduciary deposits with third-party companies	26,437	26,626
Total fiduciary transactions	26,437	26,626

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. Result from trading activities and the fair value option

	2023 in CHF thousands	2022 in CHF thousands
Breakdown of trading income by business area		
Trading income with clients	38,435	22,558
Other trading	1,839	44
Net trading income¹	40,274	22,602

	2023 in CHF thousands	2022 in CHF thousands
Breakdown of trading income by risk		
Securities	632	-1,574
Foreign exchange	38,223	22,518
Commodities/precious metals	1,419	1,658
Net trading income¹	40,274	22,602

¹ Not including fair-value adjustments.

33. Refinancing income under "Interest and discount income" and negative interest rates

	2023 in CHF thousands	2022 in CHF thousands
Negative interest		
Negative interest on lending (minus interest and discount income)	0	58
Negative interest on borrowing (minus interest expense)	21	20,807

No refinancing costs for trading portfolio assets were booked to "Interest and discount income".

34. Personnel expenses

	2023 in CHF thousands	2022 in CHF thousands
Salaries (meeting-attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	130,569	120,136
of which expenses related to share-based compensation and alternative forms of variable compensation	1,512	1,506
Social insurance benefits	31,310	18,682
Other personnel expenses	988	4,478
Total personnel expenses	162,867	143,296

35. General and administrative expenses

	2023 in CHF thousands	2022 in CHF thousands
Office space expenses	16,543	15,886
Expenses for information and communications technology	72,112	71,899
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	3,302	3,293
Fees of audit firm(s) (Art. 961a no. 2 CO)	804	722
of which for financial and regulatory audits including audit-related services	743	678
of which for other services	61	44
Other operating expenses	34,558	32,476
Total operating expenses	127,319	124,276

36. Material losses, extraordinary income and extraordinary expenses, material releases of reserves for general banking risks, and value adjustments and provisions no longer required

	2023 in CHF thousands	2022 in CHF thousands
Extraordinary income		
Gains from the sale of properties	2,290	25,168
Badwill ¹		753
Other items	14	245
Total extraordinary income	2,304	26,166
Extraordinary expenses		
Other items	6	
Total extraordinary expenses	6	0

¹ The increase of the participation rate in Credit Mutuel de la Vallée SA from 41.49 % to 49.97 % resulted in a badwill of TCHF 753.

There were no material losses during the current year. Moreover, there was no reversal for reserves for general banking risks. We refer to table 16 for any reversals of freed value adjustments and provisions.

37. Revaluation of holdings and tangible fixed assets up to purchase price at maximum

No revaluations were carried out during the current year.

38. Operating result 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

	2023 in CHF thousands	2022 in CHF thousands
Expenses for taxes on capital and income	40,260	31,753
of which expenses for current taxes	42,362	32,992
of which recognition/reversal of tax accruals	-2,102	-1,239
Recognition/reversal of provisions for deferred taxes	37	-747
Total taxes	40,297	31,006

The weighted average tax rate on the basis of operating profit was 17.4% in 2023 (previous year: 19.5%).

40. Earnings per share

	2023	2022
Group profit per share ¹ (in CHF)	9.13	8.20
Average number of shares outstanding	15,792,461	15,792,461

¹ Group profit per share is calculated by dividing group profit by the average number of shares outstanding. There is no dilution.

Auditor's report



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 2023, 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 172 to 215) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the accounting rules for banks and comply with Swiss.

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 9.2 million

We concluded audit work at all three fully consolidated Group companies. Our audit scope addressed 93.7 % of the Group's profit and 99.5 % of the Group's total assets. The 6.3 % 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

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, PO Box, 6002 Lucerne
Telephone: +41 58 792 62 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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 9.2 million
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 920'000 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
<p>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.</p> <p>As at 31 December 2023 the amounts due from customers were CHF 29.7 billion and represented 82.3% of total assets. They consisted of CHF 1.5 billion due from customers and CHF 28.2 billion mortgage loans. The amounts due from customers were presented net, i.e. less impairment charges for default risks of CHF 100.4 million.</p> <p>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.</p> <p>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 pages 177 and 178 (recognition and measurement principles for amounts due from customers and mortgage loans, and impairments for credit risk), page 195 (methods used to identify credit risk and determine impairments) and page 196 (valuation of collateral).</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The combination of our functional tests and substantive audit procedures gave us sufficient assurance to assess the valuation of amounts due from customers.</p> <p>The assumptions made were appropriate and in line with our expectations.</p>

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 consolidated financial statements, the 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
Licensed audit expert
Auditor in charge



Andreas Aebersold
Licensed audit expert

Lucerne, 21 March 2024

Disclosures of capital adequacy and liquidity

	a	c	e
	31/12/2023	30/06/2023	31/12/2022
Eligible capital (in CHF thousands)			
1 Common Equity Tier1 capital (CET1)	2,483,795	2,400,013	2,375,683
2 Tier1 capital	2,483,795	2,400,013	2,375,683
3 Total capital	2,484,583	2,402,052	2,377,563
Risk-weighted assets (RWA) (in CHF thousands)			
4 RWA	15,268,390	15,032,588	15,045,365
4a Minimum equity (in CHF thousands)	1,221,471	1,202,607	1,203,629
Risk-based capital ratios (as a % of RWA)			
5 CET1 ratio	16.27	15.97	15.79
6 Core capital ratio	16.27	15.97	15.79
7 Total capital ratio	16.27	15.98	15.80
CET1 buffer requirements (as a % of RWA)			
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
11 Overall buffer in accordance with the Basel minimum CET1 requirements (as a %)	2.50	2.50	2.50
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 %)	8.27	7.98	7.80
Target capital ratios in accordance with Annex 8 of CAO (as a % of RWA)			
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 %)	1.55	1.55	1.50
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	9.35	9.35	9.30
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	11.15	11.15	11.10
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	13.55	13.55	13.50
Basel III leverage ratio			
13 Total exposure (in CHF thousands)	38,174,275	38,037,247	37,837,324
14 Basel III leverage ratio (core capital as a % of the total exposure)	6.51	6.31	6.28

	a	b	c	d	e
	31/12/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
Liquidity coverage ratio (LCR)					
15 LCR numerator: Total high-quality liquid assets (in CHF thousands)	5,335,663	5,828,799	5,966,618	6,813,279	6,304,240
16 LCR denominator: Total net cash outflow (in CHF thousands)	3,944,614	4,360,426	4,397,288	5,200,871	5,102,878
17 Liquidity coverage ratio (LCR) (as a %)	135	134	136	131	124

	a	c	e
	31/12/2023	30/06/2023	31/12/2022
Funding ratio (NSFR)			
18 Available stable funding (in CHF)	28,664,209	28,492,780	28,147,899
19 Required stable funding (in CHF)	25,563,438	24,950,390	24,449,808
20 Funding ratio (NSFR) (as a %)	112	114	115

The Valiant Group's full disclosures pursuant to FINMA Circular 2016/1 can be found on the Valiant website at: valiant.ch/results.

Statutory financial statements of Valiant Holding AG

Balance sheet

	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands	Change in CHF thousands	Change as %
Assets				
Cash and cash equivalents	26,127	28,911	-2,784	-9.6
Current assets in securities	14,782	17,542	-2,760	-15.7
Total cash and cash equivalents, and current assets in securities	40,909	46,453	-5,544	-11.9
Other current receivables	81	38	43	113.2
Accrued income and prepaid expenses	150,079	125,002	25,077	20.1
of which vis-à-vis subsidiaries	150,079	125,000	25,079	20.1
Total current assets	191,069	171,493	19,576	11.4
Financial investments	954	954	0	0.0
Holdings	1,221,609	1,221,609	0	0.0
Total fixed assets	1,222,563	1,222,563	0	0.0
Total assets	1,413,632	1,394,056	19,576	1.4
Liabilities and shareholders' equity				
Other current liabilities	229	188	41	21.8
Deferred income and accrued expenses	1,411	907	504	55.6
of which vis-à-vis subsidiaries	0	215	-215	-100.0
Total current liabilities	1,640	1,095	545	49.8
Due to banks	200,000	250,000	-50,000	-20.0
of which vis-à-vis subsidiaries	200,000	250,000	-50,000	-20.0
Provisions	0	0	0	n/a
Total long-term liabilities	200,000	250,000	-50,000	-20.0
Total liabilities	201,640	251,095	-49,455	-19.7
Share capital	7,896	7,896	0	0.0
Statutory capital reserves	1,550	1,564	-14	-0.9
of which capital contribution reserves	70	70	0	0.0
Statutory retained earnings	711,846	711,846	0	0.0
Voluntary retained earnings	342,693	300,292	42,401	14.1
Accumulated profit	148,007	121,363	26,644	22.0
of which profit carried forward	0	0	0	n/a
of which net profit for the year	148,007	121,363	26,644	22.0
Treasury shares	0	0	0	n/a
Total shareholders' equity	1,211,992	1,142,961	69,031	6.0
Total liabilities and shareholders' equity	1,413,632	1,394,056	19,576	1.4

Income statement

	2023 in CHF thousands	2022 in CHF thousands	Change in CHF thousands	Change as %
Income from services				
Management fees	3,058	2,765	293	10.6
Income from services	3,058	2,765	293	10.6
Operating expenses				
Wages, social security contributions and other personnel expense	-2,683	-2,676	-7	0.3
Staff costs	-2,683	-2,676	-7	0.3
Other operational costs	-1,981	-1,379	-602	43.7
Other operational costs	-1,981	-1,379	-602	43.7
Provisions	0	250	-250	-100.0
Depreciation, amortisation and valuation adjustments	0	250	-250	-100.0
Operating profit before financial income and taxes	-1,606	-1,040	-566	54.4
Net financial income				
Income from holdings	150,000	125,000	25,000	20.0
Interest expense	-838	-947	109	-11.5
of which vis-à-vis subsidiaries	-838	-947	109	-11.5
Interest income	159	31	128	412.9
Other financial income	3,944	2,757	1,187	43.1
of which income from the sale of financial investments	-	0	0	n/a
Other financial costs	-3,457	-4,336	879	-20.3
Net financial income	149,808	122,505	27,303	22.3
Operating profit before extraordinary income and taxes	148,202	121,465	26,737	22.0
Extraordinary income	0	0	0	n/a
Extraordinary expenses	0	0	0	n/a
Net extraordinary income	0	0	0	n/a
Operating profit before taxes	148,202	121,465	26,737	22.0
Taxes	-195	-102	-93	91.2
Profit for the year	148,007	121,363	26,644	22.0

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 9–34.

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 (Art. 957 to 962 CO). The principles applied were those permitted by law. The current assets recognised under liquid assets in securities 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”. Participations are recognised at purchase price and tested for impairment at least once a year. There are no other matters relating to accounting treatment that need to be described separately. Own shares purchased in the 2023 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 Art. 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 Art. 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 (previous year: CHF 1.0 million) consisted exclusively of shares in Swiss companies. The participations of CHF 1,222 million (previous year: CHF 1,222 million) comprise the positions mentioned under section 5. Liquid assets 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 3.0 full-time equivalents (FTEs) (2022: 4.0 FTEs).

5. Direct and indirect participations

Company name and domicile	Business activity	Company capital in CHF thousands	Share of capital as %	Share of votes as %	Direct holding	Indirect holding
AgentSelly AG, Risch	Internet services in connection with real estate	144	100.00	100.00		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 Kesselturm AG Luzern, Lucerne	Car-park management	2,825	7.96	7.96		x
Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich	Procurement of capital-market funding	1,100,000	9.92	9.92		x
SIX Group AG, 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, Zurich ¹	Holding of equity interests and financing of subsidiaries	25,000	8.24	8.24		x

¹ Holding of Entris Group

Indirect participations are listed above a materiality threshold of 5 % of the votes and a bank's capital of CHF 2 million.

6. Own shares

Treasury shares	Average transaction price in CHF	No. of shares
Registered treasury shares at 1 January 2023		0
+ Purchases	101.07	25,250
- Sales	97.54	-10,044
- Issue of treasury shares for share-based compensation	99.44	-15,206
Registered treasury shares at 31 December 2023		0

Own shares were sold or transferred at the respective daily prices during the year under review. All own shares were sold, so there was no negative position in equity capital at 31 December 2023.

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 (previous year: 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	
	31/12/2023	31/12/2022	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Members of the Board of Directors	4,290	4,533	358	358
Members of the Executive Board	1,388	1,436	116	113
Members of Senior Management	201	202	17	16
Total	5,879	6,171	491	487

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

	2023 in CHF thousands	2022 in CHF thousands
Extraordinary income		
Other items	0	0
Total extraordinary income	0	0
Extraordinary expenses		
Other items	0	0
Total extraordinary expenses	0	0

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 in securities 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 had a holding of 4.99 % in Valiant Holding AG on 14 June 2023.

Credit Suisse Funds 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 185 onwards.

18. 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	31/12/2023 in CHF thousands	31/12/2022 in CHF thousands
Liabilities to direct owners of holdings	229	188
Receivables and liabilities in respect of companies in which the bank owns a direct or indirect holding		
Receivables from subsidiaries	176,205	153,911
Liabilities from subsidiaries	200,000	250,215

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.

19. 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

	2023 in CHF	2022 in CHF
Profit for the year	148,007,140.47	121,363,326.36
Profit carried forward	54.94	33.58
Accumulated profit	148,007,195.41	121,363,359.94
Proposed by the Board of Directors		
Total at the disposal of the Annual General Meeting	148,007,195.41	121,363,359.94
Allocation to voluntary retained earnings	-61,148,000.00	-42,401,000.00
Dividend payment	-86,858,535.50	-78,962,305.00
Profit carried forward to new account	659.91	54.94

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 2023, 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 222 to 228) 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 5.6 million

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.

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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 5.6 million
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 560'00 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
<p>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.</p> <p>As at 31 December 2023 the equity investments in Valiant Bank AG and other subsidiaries amounted to CHF 1.2 billion and thus represented 86.4% of total assets.</p> <p>If these investments had to be written down, it would have a significant impact on the equity capital of Valiant Holding AG. Testing for impairment depends on the future results of the subsidiaries concerned, especially Valiant Bank AG. There is significant scope for judgement in determining the assumptions with regard to future results.</p> <p>With regard to the accounting policies and details on the equity investments, please refer to pages 224 and 225 in the notes to the financial statements.</p>	<p>Our audit approach comprised the assessment of the impairment testing. Management carried out on the most significant investments.</p> <p>We performed the following:</p> <ul style="list-style-type: none"> • 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; • checked for plausibility the future prospects based on the multi-year plan approved by the Board of Directors and discussed them with Management; • performed sensitivity analyses on the key parameters of the impairment tests (discount rates and long-term growth rates). <p>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.</p>

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 consolidated financial statements, 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
Licensed audit expert
Auditor in charge



Andreas Aebersold
Licensed audit expert

Lucerne, 21 March 2024

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Photography Severin Jakob, Zurich

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This annual report is a translation from the original annual report in German ("Bericht zum Geschäftsjahr 2023, Valiant Holding AG"). The German version is the sole authoritative version.

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