

**interim
financial statement
as per 31 march 2018**

Consolidated financial statements

Consolidated balance sheet

	31/03/2018 in CHF thousands	31/12/2017 in CHF thousands	Change in CHF thousands	Change as %
Assets				
Cash and cash equivalents	2,410,243	2,558,070	-147,827	-5.8
Due from banks	306,062	124,791	181,271	145.3
Due from customers	1,591,581	1,608,815	-17,234	-1.1
Mortgage loans	22,022,677	21,911,710	110,967	0.5
Trading portfolio assets	7,983	10,261	-2,278	-22.2
Positive replacement values of derivative financial instruments	11,190	17,194	-6,004	-34.9
Financial investments	948,261	941,437	6,824	0.7
Accrued income and prepaid expenses	22,426	23,329	-903	-3.9
Non-consolidated holdings	203,692	203,139	553	0.3
Tangible fixed assets	134,341	140,149	-5,808	-4.1
Intangible assets	2,349	2,615	-266	-10.2
Other assets	19,711	22,077	-2,366	-10.7
Total assets	27,680,516	27,563,587	116,929	0.4
Total subordinated claims	0	0	0	0.0
of which subject to mandatory conversion and /or conditional write-off	0	0	0	0.0
Liabilities and equity				
Due to banks	1,000,050	755,443	244,607	32.4
Customer deposits	18,319,546	18,479,867	-160,321	-0.9
Negative replacement values of derivative financial instruments	16,242	20,944	-4,702	-22.5
Medium-term notes	222,809	243,085	-20,276	-8.3
Bond issues and central mortgage institution loans	5,641,765	5,641,162	603	0.0
Accrued expenses and deferred income	121,503	124,986	-3,483	-2.8
Other liabilities	98,426	59,749	38,677	64.7
Provisions	33,381	35,769	-2,388	-6.7
Reserves for general banking risks	25,786	25,786	0	0.0
Share capital	7,896	7,896	0	0.0
Capital reserve	592,750	592,750	0	0.0
Retained earnings reserve ¹	1,574,165	1,454,964	119,201	8.2
Treasury shares	-1,768	0	-1,768	n/a
Consolidated net profit	25,953	119,201	-93,248	-78.2
Total equity capital (excluding minority interests)	2,224,782	2,200,597	24,185	1.1
Minority interests in equity capital	2,012	1,985	27	1.4
of which minority interests in consolidated net profit	27	35	-8	-22.4
Total equity capital (including minority interests)	2,226,794	2,202,582	24,212	1.1
Total liabilities and equity	27,680,516	27,563,587	116,929	0.4
Total subordinated liabilities	150,000	150,000	0	0.0
of which subject to mandatory conversion and /or debt waiver	0	0	0	0.0

¹ Before distribution of balance sheet profit.

Off-balance-sheet transactions	31/03/2018 in CHF thousands	31/12/2017 in CHF thousands	Change in CHF thousands	Change as %
Contingent liabilities	294,472	307,108	-12,636	-4.1
Irrevocable commitments	652,643	680,624	-27,981	-4.1
Commitments relating to calls on shares and other equities	50,296	50,296	0	0.0
Credit commitments	0	0	0	0.0

Consolidated income statement

	31/03/2018 in CHF thousands	31/03/2017 in CHF thousands	Change in CHF thousands	Change as %
Interest income				
Interest and discount income	88,657	87,936	721	0.8
Interest and dividend income from trading portfolios	0	0	0	0.0
Interest and dividend income from financial investments	5,922	6,650	-728	-10.9
Interest expense	-19,626	-23,042	3,416	-14.8
Net interest income before value adjustments for credit risk, and loan losses	74,953	71,544	3,409	4.8
Value adjustments for credit risk, and loan losses	-1,190	150	-1,340	-893.3
Net interest income after value adjustments for credit risk, and loan losses	73,763	71,694	2,069	2.9
Fee and commission income				
Commission income from securities trading and investment activities	10,198	9,706	492	5.1
Commission income from lending activities	1,056	957	99	10.3
Commission income from other services	7,191	6,879	312	4.5
Commission expense	-3,334	-3,149	-185	5.9
Net fee and commission income	15,111	14,393	718	5.0
Net trading income and fair-value adjustments	2,849	2,465	384	15.6
Other operating income				
Income from the disposal of financial investments	554	81	473	584.0
Income from holdings	553	787	-234	-29.7
of which holdings recognised using the equity method	553	787	-234	-29.7
of which from other non-consolidated holdings	0	0	0	0.0
Net income on real estate	547	548	-1	-0.2
Other ordinary income	34	4	30	750.0
Other ordinary expenses	-15	-13	-2	15.4
Net other operating income	1,673	1,407	266	18.9
Total operating income¹	94,586	89,809	4,777	5.3
Operating Expenses				
Personnel expenses	-30,942	-29,095	-1,847	6.3
General and administrative expenses	-26,051	-25,548	-503	2.0
Total operating expenses	-56,993	-54,643	-2,350	4.3
Depreciation and amortisation of tangible fixed and intangible assets, and impairments of holdings	-5,364	-5,491	127	-2.3
Other provisions and losses	-50	-17	-33	194.1
Operating profit	30,989	29,808	1,181	4.0
Group profit				
Extraordinary income	1,801	0	1,801	n/a
Extraordinary expenses	0	0	0	0.0
Changes in reserves for general banking risks	0	0	0	0.0
Taxes	-6,810	-6,036	-774	12.8
Consolidated net profit (including minority interests)	25,980	23,772	2,208	9.3
Minority interests in consolidated net profit	27	0	27	n/a
Consolidated net profit	25,953	23,772	2,181	9.2

¹ Before value adjustments for credit risk, and loan losses.

Statement of changes in equity

	Share capital in CHF thousands	Capital reserve in CHF thousands	Retained earnings reserve ¹ in CHF thousands	Reserves for general banking risks in CHF thousands	Treasury shares in CHF thousands	Minority interests in CHF thousands	Profit for the period in CHF thousands	Total in CHF thousands
Equity at the beginning of the reporting period	7,896	592,750	1,454,964	25,786	0	1,985	119,201	2,202,582
Acquisition of treasury shares					-1,768			-1,768
Other allocations to (withdrawals from) other reserves			119,201				-119,201	0
Consolidated net profit						27	25,953	25,980
Equity at the end of the reporting period	7,896	592,750	1,574,165	25,786	-1,768	2,012	25,953	2,226,794

¹ Before distribution of balance sheet profit.

Condensed notes

Changes to the principles of consolidation as well as any error corrections and their impact on the interim financial statements

There were no changes to the principles of consolidation or any corrections of errors.

Information on factors that influenced the economic position of the bank during the current period and in comparison with the previous period

There were no material factors that influenced the bank's financial situation during the reporting period and in comparison with the previous period.

Material events occurring after the date of the interim financial statements

After the balance-sheet date, no extraordinary events occurred that had a material impact on Valiant's assets, financial position or income situation in the reporting period.

Notes on the methods used to identify default risks and to determine impairments

Customers' creditworthiness is assessed with the help of a credit rating system by means of which the probability of the customer defaulting is estimated. In January 2018, Valiant started to use the Creditmaster credit rating system of RSN Risk Solution Network AG, instead of the RASY system used formerly. The use of Creditmaster as the new rating system has no material effects on the impairments and provisions for default risks. The loans listed as impaired as of 31 December 2017 were migrated and maintained as such. The new credit rating system partially results in changes to the impairments/provisions at customer level within the individual valuation allowances for latent default risks, which essentially have a neutral effect at portfolio level.

Extraordinary income or extraordinary expenses

	31/03/2018 in CHF thousands	31/03/2017 in CHF thousands
Extraordinary income		
Gain from the sale of properties	1,801	0
Total extraordinary income	1,801	0
Extraordinary expenses		
Total extraordinary expenses	0	0