

# ANNUAL REPORT

# 14

VALIANT

	2 Letter from the Chairman and the CEO
	4 Interview with the Chairman and the CEO
Valiant from A to Z	9 Valiant – We are simply a bank 12 Strategy and objectives 13 Culture and compliance 14 Corporate social responsibility
Corporate governance	27 Group structure and shareholders 32 Capital structure 34 Board of Directors 44 Executive Board 47 Compensation, shareholdings and loans 48 Shareholders' rights 50 Change of control and defensive measures 51 Auditor 52 Information policy
Compensation report	55 Key components of Valiant's compensation policy 56 Compensation principles 57 Calculation of variable compensation 58 Decision-making authority for determining compensation 59 Components of compensation 62 Compensation in the reporting period 64 Auditor's report
Financial report	67 Annual review 69 Consolidated financial statements 111 Statutory financial statements of Valiant Holding AG



#### Summary version of Valiant's annual report 2014

Our region and us, ready for the future.  
Order your copy of this illustrated magazine  
(available in german and french only) from  
the Valiant branch of your choice or online  
at [www.valiant-gb.ch](http://www.valiant-gb.ch). The magazine also  
highlights 18 unexpected delights from our  
region, from Aarau to Zug.

# Valiant in 2014

## Important events

**4 March** – We announced our 2013 results. Group profit set to increase by CHF 60 million to CHF 150 million by 2017.

**17 March** – We launched our new image campaign “We are simply a bank”.

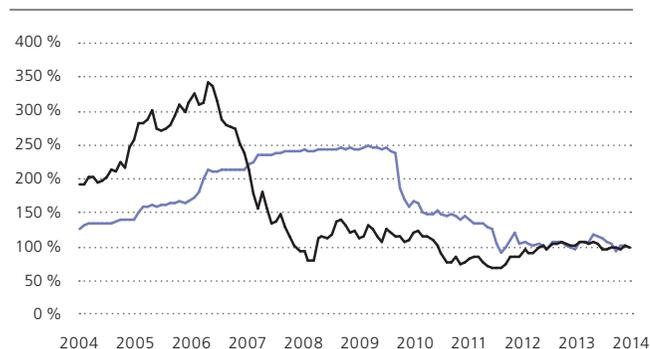
**6 May** – We issued a CHF 150 million bond for the long-term financing of our lending business.

**16 May** – 17<sup>th</sup> Annual General Meeting of Valiant Holding AG. All proposals of the Board of Directors were approved by a solid majority, including the distribution of a dividend of CHF 3.20 per share. Entrepreneur Barbara Artmann was elected to the Board of Directors.

**13 August** – We announced our 2014 half-year results. Valiant is on a firm track, with half-year profit of CHF 49.3 million. Valiant’s organisation to take on a stronger client focus.

**28 November** – Martin Vogler (starting 7 April 2015) and Christoph Wille were appointed to Executive Board.

## Stock market performance



■ Valiant share  
 ■ SWX banking sector price index  
 Sector Bank Price Return Index

Base of 100 at 31.12.2014

94.5 m

Profit  
p. 72

+ 23 %

Operating income  
p. 67

104

Interest margin  
in basis points  
p. 67

46.3 m

Additional  
equity capital  
p. 67

15.8 %

Capital ratio  
p. 106

491 m

Increase in  
client deposits  
p. 68

CHF 3.20

Dividend  
per share  
p. 117

# Key figures

<b>BALANCE SHEET</b>		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total assets	in CHF thousands	25,327,937	25,451,880	25,285,589	25,214,506	24,393,502
Due to clients	in CHF thousands	21,775,991	21,769,239	21,504,424	21,394,028	21,109,554
Funds due to clients	in CHF thousands	17,894,986	17,404,394	17,345,604	17,455,793	16,826,608
Equity capital	in CHF thousands	1,986,039	1,939,703	1,897,642	1,838,024	1,621,693
Value of client deposits	in CHF thousands	12,068,657	11,543,950	12,713,219	12,933,700	13,675,400
<b>INCOME STATEMENT</b>						
Gross operating income	in CHF thousands	360,322	376,695	380,182	413,399	413,972
Operating expenses	in CHF thousands	-215,514	-219,434	-227,395	-243,671	-238,294
Group profit	in CHF thousands	94,506	91,437	126,966	127,627	122,523
Cost/income ratio		59.8 %	58.3 %	59.8 %	58.9 %	57.6 %
ROE (return on equity) <sup>1)</sup>		6.2 %	6.0 %	8.6 %	10.1 %	10.3 %
ROE (return on equity)		5.1 %	5.1 %	7.3 %	8.0 %	8.1 %
<b>EQUITY CAPITAL KEY FIGURES</b>						
Total risk-weighted assets	in CHF thousands	13,128,575	13,484,151	13,841,963	14,211,587	13,587,000
Core capital ratio Tier 1 + Tier 2		15.8 %	15.0 %	12.8 %	12.0 %	11.1 %
Core capital ratio Tier 1 + Tier 2 (incl. anti-cyclical capital buffer)		14.8 %	14.5 %	12.8 %	12.0 %	11.1 %
RORE (return on required equity)		9.0 %	8.5 %	11.5 %	11.2 %	11.3 %
<b>HEADCOUNT</b>						
Adjusted for part-time employees (excl. trainees)		883	885	986	1,073	1,064
<b>SHARES</b>						
Book value per share	in CHF	125.76	122.82	120.16	116.39	102.69
Net profit per share	in CHF	5.98	5.79	8.04	8.08	7.76
P/E ratio		13.79	13.79	10.81	14.71	16.88
Dividend	in CHF	3.20 <sup>2)</sup>	3.20	3.20	3.20	3.20
<b>MARKET PRICES</b>						
Year-end share price	in CHF	82.55	79.85	86.90	118.90	131.00
Full-year	in CHF	102.40	92.70	122.80	139.40	206.50
Full-year	in CHF	75.05	74.95	74.35	99.00	128.50
Market capitalisation	in CHF millions	1,304	1,261	1,372	1,878	2,069

<sup>1)</sup> Before taxes and amortisation of goodwill.

<sup>2)</sup> Proposed.

# Annual report 2014

Valiant is an independent, interregional bank in the German- and French-speaking parts of Switzerland. With some 400,000 clients, 1,000 employees and 38,500 shareholders, we play a key role in the local economy. Our business is focussed on providing support to our clients in financial matters, simplifying their banking transactions and creating added value for our stakeholders. **We are simply a bank.**

# Letter from the Chairman and the CEO

Dear shareholders,

2014 marked a turning point for Valiant. We posted a rise in operating income for the first time in several years – it was up a solid 23 per cent to CHF 104.4 million. We also saw an improvement in our group profit, which grew 3.4 per cent to CHF 94.5 million. These results clearly demonstrate that we are firmly on track for future growth.

**Rise in client deposits and growth in mortgages** After a few turbulent years, last year we returned to our roots – simple and understandable banking. We introduced “Lila Sets”, a new and easy-to-understand product range for private clients, and we simplified our lending process and refocussed on our clients. Clients responded positively to these changes and once again began putting their trust in us. Client deposits rose by 2.8 per cent to CHF 17.9 billion, and although loans remained stable overall, mortgage lending grew by 1.5 per cent.

**Improved equity base** Last year we also improved on our already comfortable capital situation. Our equity ratio was 15.8 per cent at year-end, which puts us well above the regulatory requirements. Given our solid earnings position and capital structure, we will propose a dividend of CHF 3.20 – the same amount as for the 2013 financial year – at the Annual General Meeting on 21 May 2015.

**Increased efficiency** We achieved another important goal in 2014: thanks to our consistent cost management, we reduced operating expenses by a further CHF 3.9 million. We will continue to streamline our processes in the current year in order to further reduce costs.

**Ambitious medium-term goals** In 2013 we set out a series of ambitious goals that we aim to achieve by 2017, one of which was group profit of CHF 150 million. Despite the difficult market environment, which has further deteriorated in recent months, we are confident of meeting our targets. We made steady progress towards them last year and will continue to do so this year. We have always been a bank that caters to small- and medium-sized enterprises (SMEs), and more than 10 per cent of Swiss SMEs – approximately 40,000 companies – have a banking relationship with us. It is an area in which we see great growth potential. This year we will further strengthen our support for these companies by setting up new offices in Fribourg, Basel, Lausanne and Biel.

**Expanding our digital offering** More and more of our clients want to be able to access their accounts anywhere and at any time. In response we are seeking to deliver a consistent client experience across all channels. In the second quarter of 2015, we will launch a mobile banking app that will enable clients to access our online banking platform using their smartphone or tablet. We have also formed a strategic partnership with Swisscom in order to further enhance our digital offering, with new mobile services for SMEs and private clients set to be rolled out over the coming months.



Jürg Bucher and Markus Gyga

**2015: turnaround to continue** There will be no shortage of challenges in 2015. We will continue to develop our market approach and improve efficiency while at the same time focussing once again on enhancing our interest margin. Despite the difficult market environment, we expect to continue our turnaround and to increase our operating income and group profit once again.

We would like to take this opportunity to thank you, our shareholders, for the trust you have placed in Valiant. We would also like to thank our employees, whose dedication and commitment are helping to forge a successful future for Valiant.

Jürg Bucher  
Chairman of the Board of Directors

Markus Gyga  
CEO

# “We have reversed the trend, and trust has returned.”

While 2013 was a year of renewal, in 2014 Valiant was able to turn the corner. Jürg Bucher, Chairman of the Board of Directors, and Markus Gygax, CEO, reflect on the events of 2014 and on the challenges going forward.

## **You said that 2014 would be the year for rolling up your sleeves and getting things done. How did the year turn out?**

**Markus Gygax:** It was a good year – we accomplished a lot. We kept our promise and met our targets. We can now once again operate successfully in the banking market. We have a clear idea of what and who we stand for, and we can continue with our turnaround.

## **What’s your take on 2014, Mr Bucher?**

**Jürg Bucher:** We reversed the trend and are rebuilding trust – we are making steady progress. I’m extremely grateful to all our employees for their hard work. Although we’ve still got a lot to do, I’m confident for the future. We have a very solid capital ratio of 15.8 per cent and we should be able to meet the regulatory liquidity guidelines for 2019 as early as 2016.

“We are improving  
steadily.”

Jürg Bucher, Chairman of the Board of Directors

**Markus Gygax:** We know exactly what we want now. The big challenge was working out how we can set ourselves apart from the competition. We had to look carefully at what sort of presence Valiant has in the market and what makes us different. The Board of Directors gave us a framework in 2013: run Valiant as an independent bank that is focussed on Switzerland and operates on a regional basis. We had to decide which clients we wanted and what services we needed to offer so that they would come to us rather than our competitors.

## **What were the specific choices you made?**

**Markus Gygax:** We are primarily a bank for SMEs. It made

sense to keep this focus, as it is where more than 50 per cent of our income is generated. We created a segment for self-employed individuals and small companies, in addition to our traditional private client segment for retail and affluent clients. For this new segment, we clearly defined what our offering would be and what would set us apart from our peers. Each of our branches offers services to these clients from a single source. The same client advisor serves both their business and private needs. The other two segments serve medium-sized firms and very affluent clients. In terms of our organisation, we have become leaner, and more of our staff are working directly with clients.

## **Are the changes having an impact?**

**Markus Gygax:** In 2014 we saw an inflow of about CHF 500 million in new client money. This is a very positive development. Our performance in lending, however, was not as good. Although we did see an increase in mortgage lending, we did not generate any growth in lending overall. We consciously steered away from the low-margin business, but we have already almost fully offset this move.

**Jürg Bucher:** It’s worth noting just how quickly we were able to reposition the entire bank. Our motto “We are simply a bank” is a promise we made, and it entails obligations. We now work more closely with our clients and have simplified our product offering. To give you an idea, I would say that we are about a third of the way to reaching our goal. We still have a long way to go.

## **The second and third legs of the journey have probably become more difficult due to the decision by the Swiss National Bank (SNB) to abandon the franc’s peg to the euro.**

**Jürg Bucher:** The SNB’s decision had a considerable impact on us. Although we have hardly any positions in foreign currencies and are not affected by negative interest rates, the market environment will generate additional pressure on margins. But we



Jürg Bucher  
Chairman of the Board of Directors

remain confident for 2015. We want to improve both on the cost side and in terms of income, while also boosting group profit. This means we need to have a better interest margin and an even more efficient organisation in order to lower costs further.

**You said that interest income business was already the main reason for the good year in 2014. How did you accomplish this?**

**Markus Gygax:** We were able to improve our margin despite falling interest rates. We worked hard on the liabilities side of the balance sheet, and we were able to reduce costs more rapidly than our lending income declined. The comparatively shorter mortgage terms also helped us. However, the trend this year is towards negative interest rates, so we will have to change our approach. Our costs on the liabilities side are still too high, so there is room for improvement there.

**How will you do this?**

**Markus Gygax:** Even before the SNB's decision, we had planned some far-reaching measures, which we can now implement faster. We have reduced our 12 current and savings accounts to seven, and this more streamlined offering will help reduce costs and improve our operating result.

**Your SME business could foil your plans, however.**

**Markus Gygax:** It's true that there could well be a bit of a slowdown in the industrial and commercial segment. But companies

have a good level of liquidity, and many companies have done their homework and continue to improve their operations.

**You have put income before growth in your new strategy. At the same time, you emphasise that last year you failed to meet your lending targets. Isn't this a contradiction?**

**Markus Gygax:** Our primary goal is to grow our client deposits, not our lending operations. What we clearly do not want is a volume-based strategy for our lending business, as this would involve making concessions on interest rates. The margin is the decisive factor for us. And you can achieve that only with business that generates long-term income.

**Jürg Bucher:** We have to make sure that our advisors understand that income comes before volume at Valiant. This is true for all our regions and in all our branches. It's not an easy task, as this makes our relationship with clients more challenging.

**Markus Gygax:** Our main focus is client assets. At the end of the day, it's up to our clients whether they want to keep their money in their account or invest it. But what's important for us is that we generate net new money inflows, as this forms the basis for our income. After all, client deposits are a cheaper source of financing than bonds or mortgage-backed bonds. We are therefore pleased that we were able to increase our debt service coverage ratio on loans granted from 80 to 82 per cent. In simple terms, the higher the coverage ratio, the better the interest margin.

**There is talk about your partnership with Swisscom. What's behind this?**

**Jürg Bucher:** Valiant has been very cautious in its move towards digital banking. But to provide our clients with a complete package going forward, we have to offer them both personal and online services. Our aim is to provide a consistent experience across all sales channels. Swisscom is helping us in this endeavour. We will be able to benefit from Swisscom's vast know-how, while they will gain from our banking expertise. We are now working together to develop various innovative offerings. This move has strategic significance for our bank.

**Could you provide more detail of what you mean by that?**

**Jürg Bucher:** Every bank is facing the major challenge of having the Googles and Apples of this world move into the gap between the bank and the client. This will firstly affect the payment transactions area and go on later to impact other areas of banking. We have to rise up to this challenge and develop our



“The margin is the decisive factor for us.”

Markus Gygax, CEO

own solutions. Otherwise, non-banks will use technology to step in and take over our business. As a medium-sized bank, Valiant has to rely on partnerships.

**With Swisscom as a partner, you can also move beyond the geographical borders of your bank.**

**Markus Gygax:** That is a very long-term vision. But it is true that digital banking services are not limited by geographical borders. Size and speed will also be critical factors. We will roll out our mobile apps in the second quarter.

**What will be the other key issues of 2015?**

**Markus Gygax:** We'll continue to work hard towards achieving our goals. We are investing, for example, more than 2,500 training days in our 500 client advisors so that we can offer clients all the services promised in our market strategy from one single source. In addition, we will open new offices for medium-sized companies in Lausanne, Biel, Fribourg and Basel.

**And what about your partnership with Swiss Life?**

**Markus Gygax:** Swiss Life already offers its products throughout our entire network and, in return, refers mortgage clients to us. The partnership is working very well. There are Swiss Life representatives working out of our premises in some locations, which means a client can obtain advisory services from both of us in a single meeting.

**Two years ago you announced that you were targeting group profit of CHF 150 million by 2017. Are you on track to achieve this goal?**

**Jürg Bucher:** Yes. We want to generate about one third of the CHF 55 million that we still need to achieve through growth, repricing and asset and liability management. It is important in this respect that our deposits increase more than lending and that we raise our interest margin by 2017. An additional one third will be achieved by boosting efficiency on the cost side. The remaining third will come from the absence of amortisation.

**Markus Gygax:** We see plenty of additional opportunities to make our bank even leaner on the cost side. The profit target of CHF 150 million is based on profitability of seven to eight per cent. This level would put Valiant back in the same league as the good cantonal banks.

**Jürg Bucher:** This kind of growth will also make the Valiant share more attractive to investors.

**Jürg Bucher, Chairman of the Board of Directors**

Jürg Bucher has been Chairman of the Board of Directors since the start of 2013. Before that he held various positions, including head of PostFinance and group director of Swiss Post. In his free time he enjoys going to the theatre, listening to jazz and classical music, and engaging in outdoor sports.

**Markus Gygax, CEO**

Before taking office as CEO of Valiant in November 2013, Markus Gygax was head of the retail division and a member of the Executive Board at Banque Cantonale Vaudoise. He likes to spend his free time with his family and enjoys curling.

**Medard Meier** conducted the interview. Mr Meier is an experienced financial journalist and was editor-in-chief at Swiss business magazine “Bilanz” for many years. His current work includes serving as a communication advisor for Avenir Suisse.

# Valiant from A to Z

Valiant's range of products is tailored to the needs of our four client segments. In each segment we have simple and easy-to-understand products and services that can be adjusted to the changing needs of our clients. "Simple and clear" is also the way we describe the four values that shape our actions every business day: responsibility and integrity, solution-driven thinking and client-oriented approach.



# Valiant – We are simply a bank

Valiant is an independent, interregional Swiss bank that offers simple and understandable products.

The Board of Directors focussed intently on Valiant's strategic direction in 2014 against the backdrop of a rapidly changing banking sector. The bank's positioning in the market was determined in order to provide guidance to both external and internal stakeholders.

## How we position ourselves

- Valiant is an independent, interregional bank active whose services are aimed at SMEs, retail clients and affluent private clients based in the German- and French-speaking parts of Switzerland.
  - Valiant fosters an open, value-based culture both within the bank and towards the outside world.
  - Valiant earns its shareholders' trust by having a solid capital base and a simple and understandable business model and policy geared towards long-term stability.
  - Valiant increases its profitability by means of a balanced risk profile that is in line with the bank and its business model.
  - Valiant pursues a long-term dividend policy. Valiant's shareholders comprise mainly investors in its operating region and to institutional investors in Switzerland and abroad, while also being open to a number of investors with larger holdings.
  - Valiant offers its clients a full spectrum of simple and understandable banking services from a single source spanning the areas of payments, savings, retirement planning, financing and investment. Valiant has strong regional ties, communicates on equal terms with its clients and values close client relationships.
- Valiant focuses its marketing on the following client segments:
    - Retail clients**  
In this segment Valiant offers a premier service to its clients, each of whom has their very own contact person.
    - Affluent private clients**  
Valiant works to maintain banking relationships with affluent private clients by providing bespoke, personalised management and advisory services.
    - Self-employed individuals and small companies**  
In this segment Valiant offering from the competition by having one individual contact person responsible for serving both the client's private and professional banking needs.
    - Medium-sized companies**  
Valiant offers medium-sized companies and institutional clients specialist know-how as an alternative to the internationally focused big banks.
  - Staff are the cornerstone of our bank's success. Valiant attributes a great deal of importance to promoting and developing its workforce.
  - It works with partners in the areas of products, settlement and sales in order to free up resources to enable it to focus fully on its clients. Back-office banking services are behind Valiant's interface with its clients are largely outsourced.

## Our area of business

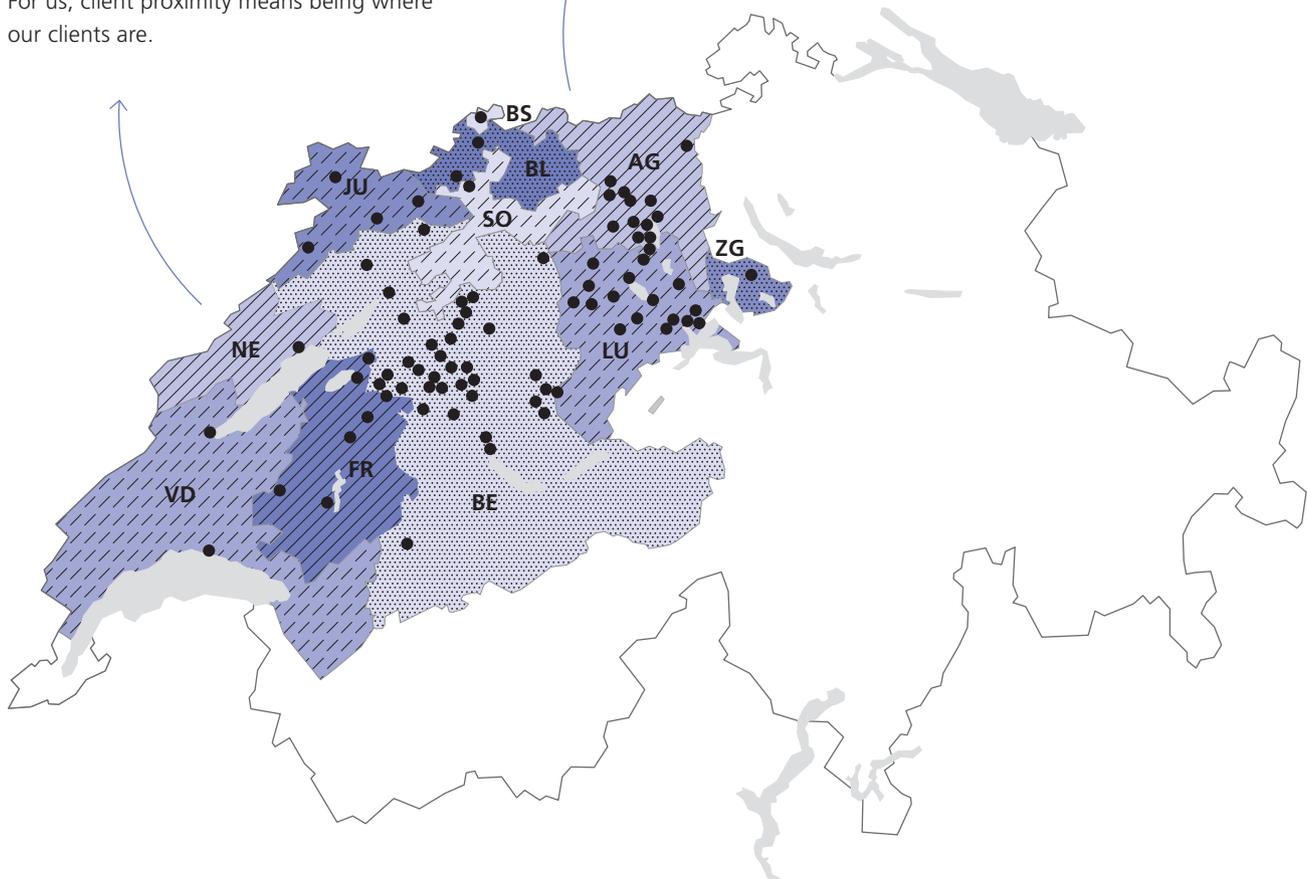
Valiant operates in the Cantons of Aargau, Basel-Landschaft, Basel-Stadt, Berne, Fribourg, Jura, Lucerne, Neuchâtel, Solothurn, Vaud and Zug with 84 branches. A local presence is important to us so that we can make decisions closer to our clients.

### 84 branches

For us, client proximity means being where our clients are.

### 11 cantons

Valiant's business area stretches from Western Switzerland, via Northern Switzerland all the way to Central Switzerland.



## Our clients

Thanks to our history and our regional roots, we have a broad client base, which we want to expand further, especially in Western Switzerland.

Helping drive the regional economy is at the heart of our business model. We accept client deposits and pass them on in the form of client loans to private persons and companies in our region, chiefly for property financing and business financing purposes. In 2014 we increased our debt service coverage ratio on loans granted from client deposits from 79.9 per cent to 82.2 per cent.

## Our products and services

Valiant covers all fundamental financial services needs. In response to the changing requirements of our clients, we carried out an extensive review of our existing account range in the year under review and adjusted it with effect from 1 January 2015.

The streamlining of our account range took us one step closer to a modern and attractive offering, with the launch of product packages for private clients under the name of "Lila Sets". This involved discontinuing and combining some accounts and launching two new ones. The twelve different accounts that we previously offered for payment and saving purposes have been reduced to seven. This makes it easier for our clients to choose the account that suits them best. Our new cash deposit accounts for corporate clients are a safe way to invest excess liquidity and offer attractive interest growth rates and flexible withdrawal conditions.

As a regional Swiss bank, we mainly serve the following five basic client needs:

### Payments

We make our clients' day-to-day lives easier by executing their payment transactions. There is growing demand for cashless payments and around-the-clock banking transactions, and in the past financial year the share of our clients with a private account who used our eBanking services increased from 57 per cent to 64 per cent. The trend towards cashless payments is also evident as more than 70 per cent of our clients with private accounts used the Maestro debit card.

### Savings

We offer our clients simple savings products that are tailored exactly to their needs. The interest rates earned on savings accounts are lower than they have been in the past due to market conditions. To reward those who make long-term savings, beginning in 2015 we have therefore converted the "Lila savings account" from an account used exclusively for new money into an interest growth account for long-term savers. The interest earned rises for each year in which no withdrawals are made from the account, up to a maximum rate.

### Retirement planning

The increase in life expectancy represents a real challenge when it comes to financing people's retirement years. Valiant advises its clients in the area of private and occupational retirement planning and offers them tailored solutions.

In collaboration with our partner "SKMU Sammelstiftung BVG der KMU", we offer a professional and cost-effective adequate pension fund to more than 400 small- and medium-sized enterprises in our region, with in excess of 1,800 insured members. This collective foundation is a joint collaboration geared towards the needs of small- and medium-sized enterprises that do not operate their own pension funds.

### Financing

As a prominent bank in our business area, we provide financing for residential properties and businesses in the region. We carry out a regular check in the interests of both parties in terms of the viability of these loans and offer conditions that are appropriate to the risk profile in question.

More than 93 per cent of our outstanding loans are secured by property, the majority of which are from first mortgages. This is another example of our responsible risk policy.

### Investing

The Valiant advisory model involves a four-step approach to meeting the individual needs of our investment clients. We draw up a customised investment proposal based on the personal investor profile that we define jointly with the client. We then continue to provide assistance and support in the implementation of the investment strategy selected. We do so with the aim of reaching the long-term goals that we have jointly set with the client, taking due consideration of changes in their personal and financial circumstances.

# Strategy and goals

Valiant has a straightforward, easy-to-understand business model and a business policy based on stability and sustainability.

Our strategy is focused on further cultivating and expanding our relationship as the main bank for the client segments targeted by our marketing. We seek to offer our clients a comprehensive range of basic services covering all their needs.

## Full range of services and close ties

With our Market Strategy 2014+, we are seeking to enhance our client orientation in all aspects and to work closely with our clients as trusted partners. We begin by determining our clients' needs; only then do we suggest straightforward, easy-to-understand solutions. Our client advisors undergo ongoing training, and every client has a personal advisor to attend to their banking needs. Our staff's efforts to cultivate close ties with clients and provide customised services is a key component to meeting our growth targets. Efficient organisation of marketing and sales are a priority.

Our strength is in our local presence and our proximity to our clients, made possible by our 84 branches. Responding to the need for modern banking services in today's digital world, we created the new position of Head of Sales Channels at Executive Board level and filled this position in early 2015. The intention is to provide all of our clients with a better and more consistent client experience across all our sales channels and to be a reliable partner for them in the digital world. To live up to our vision of client proximity, we depend on feedback with regard to their satisfaction, and for this purpose we have an institutionalised system of complaint management. We take complaints very seriously and treat them as an opportunity to continuously improve our performance. We introduce binding measures to remedy problems revealed by instances of specific complaints.

## Target progress report

Valiant has set clear medium-term targets up until 2017. In 2014, improvements were seen in key figures, and Valiant is well on the way to meeting its targets. The interest margin increased by 4 basis points to 1.04 per cent, despite the challenging environment. Although client loans remained unchanged overall, mortgages were up by a firm 1.5 per cent, and substantial low-margin loans to companies were reduced. On the liabilities side, client deposits grew by 2.8 per cent. Despite a 1.8 per cent decline in total expenditure, the cost/income ratio was 59.8 per cent higher due to special income in 2013. Our goal is to achieve a cost/income ratio of less than 55 per cent by 2017. The total capital ratio was 15.8 per cent, exceeding the 2017 target of 15 per cent for the first time. Group profit climbed 3.4 per cent to CHF 94.5 million. Return on equity after taxes remained at 5.1 per cent, due to the higher equity base. By 2017, we want to generate a group profit of CHF 150 million and have a sustainable return on equity of between 7 and 9 per cent.

## Medium-term goals until 2017

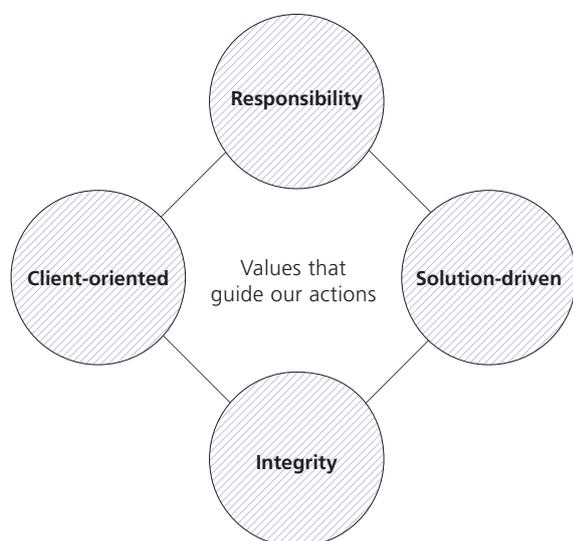
Indicator	2017 target	2014 level
Return on equity	7–9%	5.1%
Interest margin	> 1.1%	1.04%
Client loans	2%	0%
Client deposits	> 3%	2.8%
Cost/income ratio	< 55%	59.8%
Capital ratio	> 15%	15.8%
Value adjustment	< 0.10%	< 0.005%
Payout ratio	30–50% Min. CHF 3.20/share	53.5%
Group profit	CHF 150 m	CHF 94.5 m

# Culture and compliance

Valiant cultivates an open, values-based culture both within the bank and in its dealings with the outside world.

Value-conscious behaviour and a strong corporate culture are of central importance to Valiant, as the banking business is based on mutual trust. Our corporate culture is expressed in a binding code of conduct, which was revised during the year under review and approved by the Board of Directors in September 2014.

Valiant's corporate culture 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 our corporate culture. At the same time, staff are to avoid situations in which their personal interests may conflict with those of Valiant or even only appear to. If Valiant's employees find themselves in a situation where there is or could potentially be a conflict of interest, they must immediately inform their line manager.

## Compliance with legal provisions

At the very least, our conduct must ensure compliance with legal, regulatory and internal bank requirements as well as generally accepted market standards and the rules of professional conduct prescribed by the Swiss Bankers Association. In 2014, no fines or penalties were imposed on Valiant for failure to observe legal requirements.

We are observing the increase in the regulatory requirements to which financial service providers are subject with a critical eye. Valiant believes that Swiss financial legislation needs to be revised and modernised if Switzerland is to remain competitive as a financial centre. We welcome constructive forms of regulation, such as more rigorous amortisation requirements in the mortgage business, which is a reasonable means of lessening the risk of a real estate price bubble.

However, regulation alone cannot prevent maladaptive developments of the kind witnessed in the recent past. More responsibility within the banking industry itself is needed in future. Exercising moderation and prudence is also necessary, as more intensive regulation creates costs for financial service providers, which leads to higher prices for financial services.

In the autumn of 2014, Valiant participated in the consultation process for the Federal Financial Services Act (FFSA) and the Financial Institutions Act (FinIA). Valiant generally agrees with the objectives of the planned legislation, but proposes that it be streamlined, since, in our view, some of the regulations go too far.

## US tax programme

In December 2013, Valiant provided information about participation in the US tax programme in category 2. The decision was taken as a precautionary measure and to ensure the exercise of due diligence. A bank of Valiant's size cannot guarantee that all clients with a relationship to the United States have always fulfilled their tax obligations to the US. By the end of 2014, the US authorities had not yet concluded the programme with any bank. Further information is provided on page 81.

# Corporate social responsibility

Valiant makes a positive contribution to business and society through its adoption of a responsible and entrepreneurial mindset.

For Valiant, corporate responsibility goes beyond key financial figures. It finds its expression in the care we take to foster long-term relationships with our most important stakeholders and interest groups: our clients, our staff, the environment, society and our shareholders. In the period prior to our publication of this annual report, we sought dialogue with selected representatives of these groups in an attempt to gain a better understanding of their points of view. This survey resulted in the emergence of seven subjects that were based on the concerns raised by the stakeholder groups.

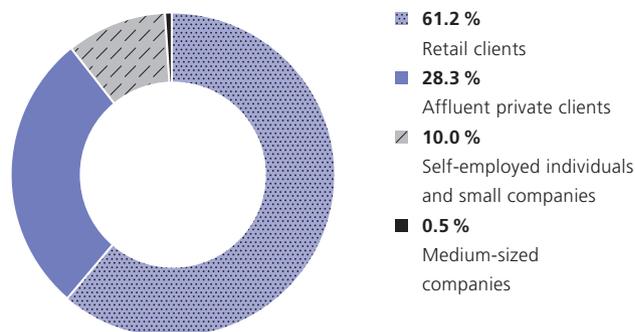
With comprehensive solutions in the areas of payments, savings, retirement planning, financing and investment, we make a contribution to the development of the regional economy. In connection with this overarching role, the dialogue between the various parties gave rise to four further key issues: clients' needs and consumer protection, responsibility to society, our role as employer and responsibility to the environment. If we are to respond to these requirements outside our bank, we can only do so on the basis of two elements that have a strong internal focus: corporate culture and compliance, as well as corporate stability.

In keeping with the weighting attributed to these seven issues by external and internal stakeholders, we have further developed our reporting and adjusted our areas of focus. We are increasing transparency with respect to these issues and are lending more of a context to our business activities. These activities are aligned with international standards such as the Global Reporting Initiative (GRI G4).

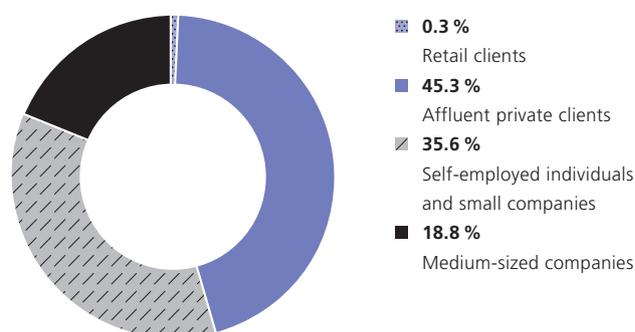
## Our clients

Valiant offers its clients a wide spectrum of banking services that is easy to understand and from a single source. We play an active role as a key link in the regional economy and as a pillar of the community.

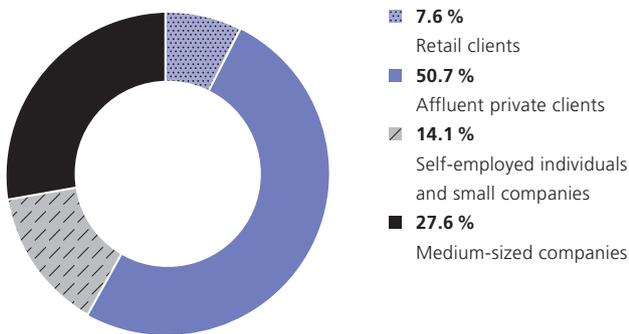
### 400,000 clients



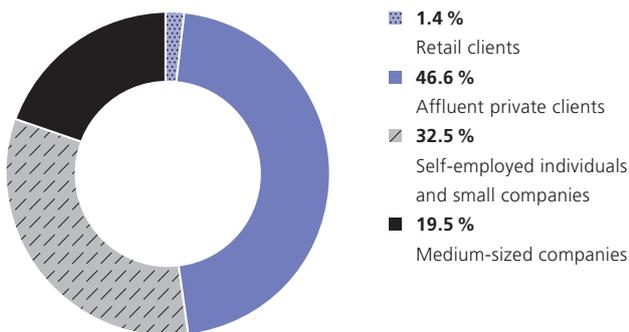
### CHF 21.8 bn loans



**CHF 27.0 bn in assets under management**



**CHF 475.5 m gross income**



**Transparent information**

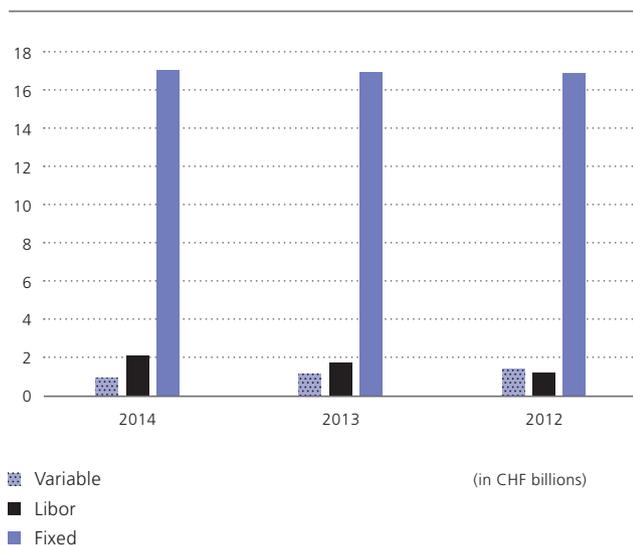
For us, providing our clients with transparent information on the opportunities and risks inherent in financial products is a component of sound, trustworthy and credible advice. We are constantly developing our offering in response to changing client needs, taking care to ensure that our products remain simple and understandable. At the same time we draw on solutions for specific requirements in collaboration with our specialists or with external partners where necessary. In the area of institutional clients in particular, we have grown in step with their need for sustainable investments and offer a range of appropriate investment opportunities. Our fund recommendation list includes investments in the areas of water, sustainable energy and sustainable bonds.

**We finance residential property – while remaining aware of the risks involved**

One important pillar of our business is financing real estate, which is why we observe this market very closely. It is of vital interest for us and for our clients that this market evolves healthily and without any exaggerations. Consequently, we welcome any targeted measures designed to prevent a property bubble. In our view, the housing market developed moderately and to a largely justifiable extent in our area of business in 2014, despite persistently lower mortgage rates.

Our cautious lending policy is evident in the moderate growth of our mortgage loans, the vast majority of which have been concluded on a fixed-rate basis. In the current market environment, our clients are increasingly taking out longer-term fixed-rate mortgage loans so as to benefit from low interest rates.

### Volume growth of our mortgage model 2012–2014



#### We support SMEs in the start-up of their businesses

Valiant has always tended to be a typical SME bank. We have over 40,000 SME clients and self-employed individuals, which corresponds to more than 10 per cent of all small- and medium-sized enterprises in the whole of Switzerland. SMEs are Valiant's roots, and we want to return to these roots. To this end, we will now be offering advisory services for medium-sized companies in our branches in Fribourg, Lausanne, Basel and Biel.

#### Protection of privacy

The protection and respect of our clients' privacy are of crucial importance to our business. We want our clients to feel they are safe and in good hands with us, and that we protect their assets and their privacy. To ensure that we can continue to protect our clients' data in future, Valiant reviews its business processes on an ongoing basis. In the year under review, Valiant received no complaints in connection with privacy violations or the loss of client data.

With regard to technical aspects, we also strive to ensure that our client data is protected at all times. Unlike normal registration procedures, Valiant's eBanking requires at least two safety features and we protect payment transactions by means of filters in our banking system. In view of the constant change in information and communication technology, Valiant will continue to attach an extremely high level of importance to security in future and review new procedures.

### Staff

Our staff form the basis for the success of our bank. Valiant attributes a great deal of importance to promoting and developing its workforce of approximately 1,000. They are the face of Valiant and the medium via which we express our culture to our clients and business partners. Our staff stand for Valiant's strong regional ties. For our key positions, we recruit staff who are well networked at the local level and by doing so ensure that we are communicating on the same terms with our clients and are aware of their individual needs.

#### Valiant as an employer

We can only be successful as a company if we have a workforce that is equipped with the right skills to carry out our current and future obligations. For this reason our staff need an environment in which they can apply their knowledge and abilities, not to mention their wide range of skills. Our corporate culture, our values and the necessary room to manoeuvre provide us with the basis to achieve this.

Our corporate culture forms the common foundation for our corporate story, for the way in which we interact with each other and for the way in which we work, conduct business and make decisions. In management, our culture is manifested through the delegation of responsibility, flat hierarchies and on-site decision-making authority. In this way Valiant encourages all of its staff to show initiative and take responsibility.

#### Staff policy

Market-appropriate working conditions, fair remuneration and the targeted development of each and every individual are a matter of course for us. We stipulate the requirements and tasks for our staff in all of our job descriptions. These, in combination with goals at the corporate and business area level as well as at the individual level, form the basis for our annual employee evaluation and goal-setting process.

At Valiant, we work on the basis of annual working hours. By applying the principle of mutual give and take, our staff have more flexibility when it comes to striking a work-life balance. What is more, around one-third of our staff work on a part-time basis. This, coupled with often very short commuting times, gives rise to attractive working opportunities outside the main densely populated areas as well.

Valiant attributes high importance to the health of its workforce, which is why we support staff faced with difficult situations both at home and on the job. By providing a range of free and anonymous social counselling services, we assist staff who are undergoing challenging times. This service enables us to provide our staff with optimal assistance and advice.

One key element of our remuneration package is our progressive pension fund. In the year under review, the pension fund of Valiant Holding AG had 978 insured members and 391 pension recipients. The most important key figures show that our pension fund is in good health structurally and financially.

### Training and development

Valiant places a strong emphasis on continuously developing and actively supporting its staff. The new market strategy has introduced new roles alongside a number of adjustments to the requirements we make of our staff. This is the reason why we invested noticeably more in training and development in 2014, over and above our existing training programme, with a total of some CHF 1.9 million. The extensive internal training programme, which covers the areas of sales, leadership and specialist knowledge, also focused on certificate courses that equip our client advisors with the resources they need to assume challenging tasks. Our staff underwent an average of 1.9 internal training days in the year under review.

In addition to purely classroom-based lessons, we offer our staff self-study modules in which they can improve their know-how whenever and wherever it is convenient for them. A further key element in the training of our staff is the external training and education courses we offer, including language certificate courses, which are important in our bilingual market area. Valiant supports and encourages its staff by providing customised advice, financial support and time credits.

### Promotion of junior staff at all levels

The promotion of the next generation of our staff is of key importance to us. In the year under review, we employed 72 apprentices. Thanks to the commitment shown by our apprentices and the high quality of the training they received, all of them passed their final apprenticeship examination, and the vast majority – 85 per cent – are pursuing their careers in our company. One other recruiting channel is our placement programme for intermediate-school leavers, which offers those with a Swiss Matura an attractive alternative to studying. Fifteen trainees took advantage of entering the workplace at Valiant in this way in 2014.

### Succession planning for management

The development and retention of management staff are also important for our long-term success. We make every effort to fill our internal management positions with internal staff. As part of the employee evaluation and goal-setting process, we identify especially suitable and motivated staff and take them into account in the recruitment for management positions.

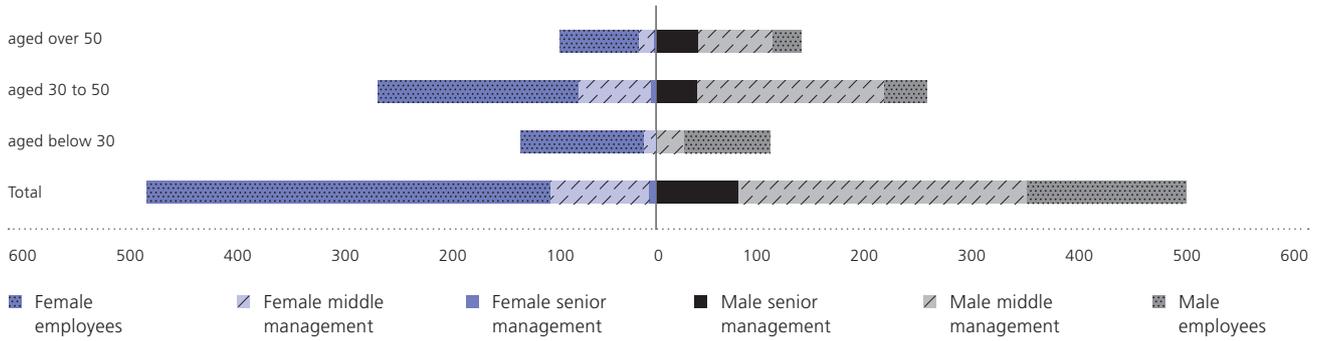
### Headcount

As at the end of 2014, Valiant Holding AG and Valiant Bank AG employed a workforce of 987 permanent staff, which translates into 883 full-time equivalents (FTEs). After a decline in our headcount over the past few years due in part to the disposal of some areas of our business and the optimisation of resources, our headcount remained practically unchanged in 2014 compared with the previous year.

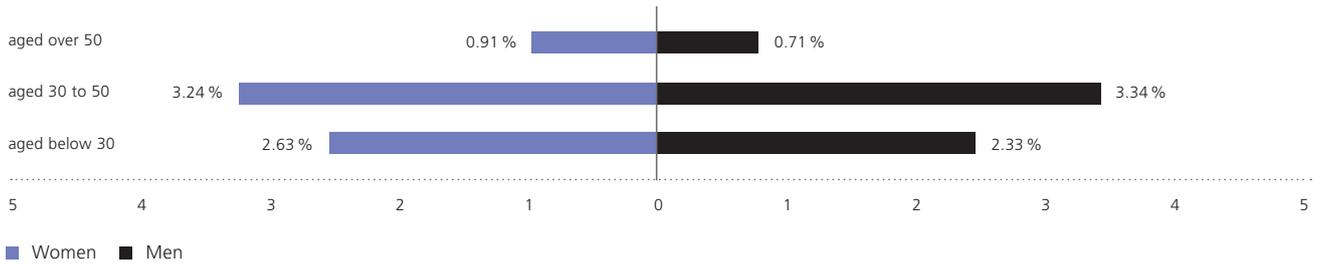
### Key staff figures

	2014	2013	2012
Number of employees	987	996	1110
of which full-time	686	672	775
of which part-time	301	324	335
Full-time equivalents (FTE)	883	885	986
Employee turnover rate	13.2 %	10.1 %	9.4 %
Number of apprentices	72	78	82

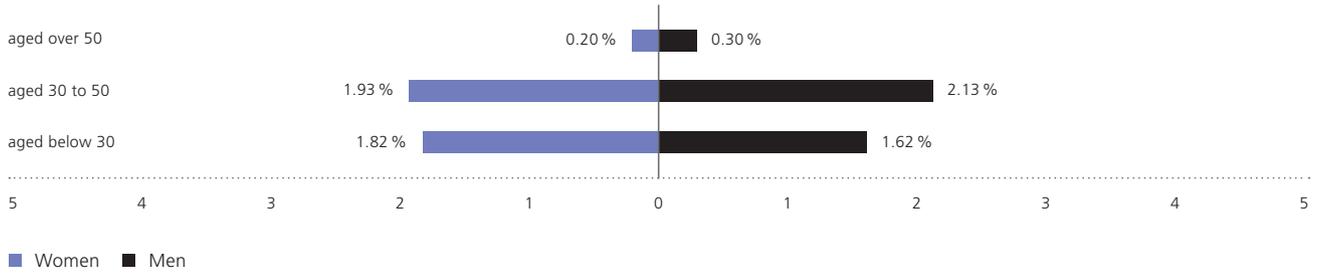
Number of employees by age, gender and position



Employee turnover rate by age and gender



New employees by age and gender



Average years of service by position and gender



## Society and the environment

We conduct our business activities responsibly and with a view to sustainable development, taking into account the needs of the individual, society and the environment. Whenever possible, we meet our needs with products and services from local suppliers. This translates into short transport routes that minimise our impact on the environment, while strengthening the local economy and our relations with the region. The efficiency of resources and environmental sustainability play a key role in our selection of the products and infrastructure we need.

### Responsibility towards society

We regard ourselves as being a part of the community in our market area and we maintain good neighbourly relations. We strive as a bank to contribute our share to the common financial good. Within the context of the regional economy, we create value through our contribution of the following elements:

- Our total salaries in 2014 corresponded to CHF 97.6 million. Our staff are almost exclusively resident in Valiant's market area, and their consumer spending makes a contribution to supporting the regional economy.
- Approximately CHF 50.5 million was returned to our shareholders in the form of dividend payments.
- Our aggregate taxes of CHF 23.6 million in 2014 were a direct contribution to the public sector budget.
- Each year we sponsor a number of different organisations and events in the areas of sport, culture, community life, the environment and business. We first and foremost take sponsoring requests from our catchment area into consideration. As a politically neutral organisation, we make no donations for political activities or to parties.

Young people are particularly important to Valiant. In the past year we sponsored various events and organisations in connection with our future generations, one example being the Pfadi Folk Festival 2014 in Orpund. Valiant also sponsors upcoming Swiss sporting talent and supports a large number of both small and large sports associations in their work with aspiring young athletes.

### Responsibility towards the environment

As a pure services company our operations have relatively little direct influence on the environment. Our business model and corporate culture attribute an integral role to regional aspects in the selection of our staff, partners and suppliers. This involves only a limited amount of business trips and transportation. We are nevertheless aware of our responsibility and make our contribution towards the careful use of natural resources.

Most of our staff live in our business area and have relatively short commutes. As most of our branches are located centrally and thus easily accessible, most of our staff come to work via public transport. We support them in doing so by providing them with discounted Reka-Checks.

### Energy consumption and emissions

Valiant published its energy consumption figures for the first time in 2011, with the first analyses being limited to our five biggest locations. This process has been gradually expanded, and this year we are for the first time publishing our total energy consumption. The data for our small locations are partially based on projections, but are sufficiently reliable. The calculation of CO<sub>2</sub> emissions has been made in line with the Greenhouse Gas Protocol, an internationally accepted standard. Given the expansion of our reporting to include additional locations in 2014, comparisons can only be made with prior years to a limited extent.

### Energy consumption and carbon footprint

Energy consumption	kWh	Carbon footprint	CO <sub>2</sub> in kg
Heating oil	3,028,000	Direct emissions	
Natural gas	1,869,000	Scope	1,280,000
District heating	922,000	Indirect emissions	
Electricity	3,368,000	Scope 2	600,000
		Business trips	
		Scope 3	149,000
<b>Total</b>	<b>9,187,000</b>		<b>2,029,000</b>

Heating energy is the main component of our energy consumption and comprises heating oil, natural gas, district heating and, occasionally, electricity for heat pumps. We also benefit from the fact that our major locations are heated by district heating and natural gas from resource-efficient energy sources. Fluctuations in energy consumption are mainly attributable to the severity of the winter season. The milder winter in the period under review resulted in a reduction in our total energy consumption.

For the first time this year we have recorded and published business trips as part of our carbon footprint, which falls under Scope 3 of the Greenhouse Gas Protocol. As expected, the resulting CO<sub>2</sub> emissions are substantially lower than under Scope 1 and 2.

### Environmental considerations in lending business

With the exception of emissions from our own operations, we also take environmental considerations into account when granting loans, valuing property and assessing financing risks. Valiant pursues a lending policy under which loans are not granted for projects that disregard ecological principles.

## Shareholders

Our close ties to the region in which we do business are reflected in our broad shareholder base. Valiant is largely owned by shareholders from its business area and is open to a diversified shareholder base of institutional investors. The free float is 100 per cent.

### The Valiant share

Securities number	1.478.650
ISIN	CH001.478.650.0
Par value	CHF 0.50
Number of shares outstanding	15,792,461

Ticker symbols	Bloomberg	Reuters	Telekurs
SIX Swiss Exchange	VATN SW	VATNn.S	VATN,4

The Valiant share has been listed on the SIX Swiss Exchange since the foundation of Valiant Holding AG in 1997. With effect from 31 December 2014, the Valiant share (VATN) was delisted on the Berne Exchange due to low trading volumes.

### Share performance

In 2014 the Valiant share traded in a range between CHF 75.05 and CHF 102.40. The share price was CHF 82.55 at the end of the year, which corresponds to a rise of 3.4 per cent versus the end-2013 level of CHF 79.85.

### Stock market performance



■ Valiant share  
■ SWX banking sector price index  
Sector Bank Price Return Index

Base of 100 at 31.12.2014

**Key share figures**

	2014	2013	2012	2011	2010
Book value in CHF	125.76	122.82	120.16	116.39	102.69
Net profit in CHF	5.98	5.79	8.04	8.08	7.76
Price/earnings ratio	13.79	13.79	10.8	14.7	16.9
Dividend (CHF)	3.20 <sup>1)</sup>	3.20	3.20 <sup>2)</sup>	3.20 <sup>3)</sup>	3.20
Dividend yield (%)	3.9	4.0	3.7	2.7	2.4
Payout ratio (%)	53.5	55.3	39.8	39.6	41.2
Share price at year-end (CHF)	82.55	79.85	86.90	118.90	131.00
Full-year high (CHF)	102.40	92.70	122.80	139.40	206.50
Full-year low (CHF)	75.05	74.95	74.35	99.00	128.50
Market capitalisation as at 31 December (CHF m)	1,304	1,261	1,372	1,878	2,069

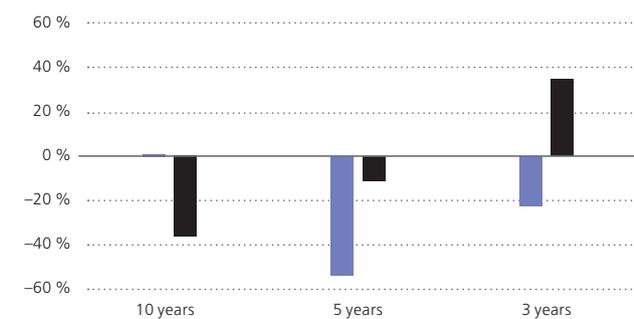
<sup>1)</sup> Proposed.

<sup>2)</sup> Of which CHF 1.85 as a dividend and CHF 1.35 as a distribution from paid-in reserves.

<sup>3)</sup> Distribution from paid-in reserves.

**Benchmark comparison**

The following graphic shows the total return (capital gains, dividends and capital distributions) on an investment in Valiant shares. The SWX Banks Index calculated by SIX Swiss Exchange has been used as the benchmark.



- Total return on Valiant share  
(incl. dividends and capital repayments)
- Total return on SWX Banks  
(incl. dividends and capital repayments)

Source: Bloomberg/G2

**Dividend policy**

Valiant pursues a stable dividend policy that targets a medium-term payout ratio of 30 to 50 per cent of profit and a dividend of at least CHF 3.20 per registered share. Our shareholders have consistently received a distribution since the foundation of Valiant Holding AG in 1997. In 2007, they received an additional dividend on the occasion of Valiant's 10-year anniversary.

The Board of Directors will propose to the annual general meeting the payment of an unchanged dividend of CHF 3.20 per registered share for financial year 2014.

**Dividend information**

Gross amount per share	CHF 3.20
Net amount per share <sup>1)</sup>	CHF 2.08
Ex-dividend date	26.05.2015
Record date	27.05.2015
Payout date	28.05.2015

<sup>1)</sup> Gross amount, less 35% withholding tax

## Shareholders

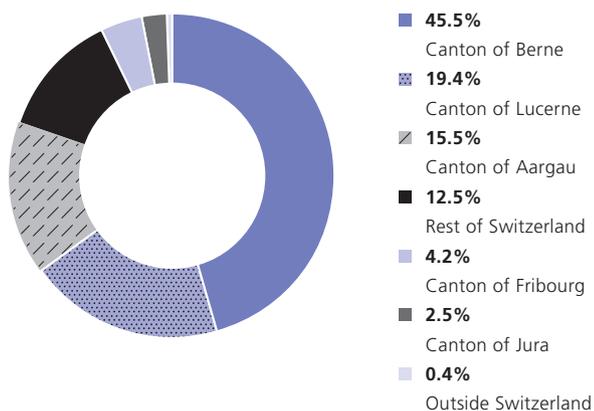
Valiant shares are widely held. Of 38,577 shareholders, over 97 per cent are private individuals, who hold a total share of 54.9 per cent of our share capital. This contrasts with the 33.0 per cent of share capital held by 958 institutional investors. The remaining 12.1 per cent of shares are not recorded in the share register.

Valiant's main shareholders are Highclere International Investors LLP (London), UBS Fund Management and Zurich Cantonal Bank, all of which are above the reporting threshold, with each holding more than three per cent of the capital or voting rights. Highclere International Investors exceeded the reporting threshold of five per cent in November 2014, while Norges Bank (Oslo) reduced its shareholding in Valiant to below three per cent in June 2014.

## Share distribution

Size of holding	Number of shareholders	No. of shares	%
1 – 100	13,222	590,236	4.3
101 – 1,000	24,304	6,476,792	46.7
1,001 – 10,000	980	2,069,027	14.9
10,001 – 100,000	62	1,804,596	13.0
> 100,000	9	2,937,229	21.1
<b>Total</b>	<b>38,577</b>	<b>13,877,880</b>	<b>100.0</b>

## 38,577 shareholders by domicile



## Credit ratings

### Rating from Moody's

Valiant Bank AG has been rated by the world's leading rating agencies for the past twelve years. In the year under review, these ratings were last confirmed on 31 July 2014.

Moody's rating	Long-term	Short-term	Financial strength
Valiant Bank AG	A3	Prime-2	C-

### Credit Suisse rating

Valiant Bank AG has held a rating from the Credit Suisse Institutional Credit Research Team since 2012. In the year under review, the rating was last confirmed on 27 August 2014.

Credit Suisse rating	Long-term	Short-term	Financial strength
Valiant Bank AG	High A	n/a	n/a

### Zurich Cantonal Bank (ZKB) rating

Valiant Bank AG has held a rating from Zurich Cantonal Bank since 2012. In the year under review, the rating was last confirmed on 6 March 2014.

Zurich Cantonal Bank rating	Long-term	Short-term	Financial strength
Valiant Bank AG	A	n/a	n/a

## Valiant bonds

### Listed bonds outstanding

The following bonds of Valiant Bank AG are listed on the SIX Swiss Exchange:

Coupon	Issue size	Maturity	Securities number
1.875 %	CHF 300 m	2010–27.04.2015	11.184.114
1 %	CHF 185 m	2012–20.11.2018	19.938.204
4 % (subordinate bond)	CHF 150 m	2013–24.04.2023	21.000.989
1 %	CHF 150 m	2014–22.11.2019	24.387.173

The following bond of Valiant Bank AG is listed on the BX Berne Exchange:

Coupon	Issue size	Maturity	Securities number
Year 1: 1.45 %	CHF 100 m	2010–06.06.2016	11.256.829
Year 2: 1.65 %			
Year 3: 1.85 %			
Year 4: 2.05 %			
Year 5: 2.25 %			
Year 6: 2.45 %			

## Other key figures

**Market and clients**

	2014	2013
Number of clients	400,000	400,000
Number of branches	84	84
Client deposits in % of loans to clients	82.2 %	79.9 %

**Headcount**

Number of employees	987	996
Full-time equivalents (FTE)	883	885
Employee turnover rate	13.2 %	10.1 %
Part-time employees	30.5 %	32.5 %
Apprentices	72	78
Training (days per employee)	1.9	1.7

**Risk indicators**

Active duration in %	2.73	2.43
Passive duration in %	2.40	2.15
Present value sensitivity + 100 bp in %	-4.7	-4.0
Present value sensitivity + 200 bp in %	-9.1	-7.8
Present value of equity capital in CHF millions	2,365	2,290
Swap volume (hedging transactions) in CHF millions	1,344	1,524

# Corporate governance

Keep it simple – that is the guiding principle behind both our product line and our new organisational structure. And this is reflected in our Market Strategy 2014+ and our revised client segmentation. With our new, simplified structure, we are well prepared for whatever the future may bring.

Group structure and shareholders	27	1.1 Group structure
	29	1.2 Significant shareholders
	29	1.3 Cross-shareholdings
	30	1.4 Company history
Capital structure	32	2.1 Capital
	32	2.2 Authorised and conditional capital
	32	2.3 Changes in capital
	32	2.4 Shares and participation certificates
	32	2.5 Dividend-right certificates
	32	2.6 Limitations on transferability and nominee registrations
	33	2.7 Convertible bonds and options
Board of Directors	34	3.1 Members of the Board of Directors
	36	3.2 Other activities and vested interests
	38	3.3 Rules in the articles of association on the number of permitted activities
	38	3.4 Election and terms of office
	38	3.5 Internal organisational structure
	42	3.6 Areas of responsibility
	43	3.7 Information and control instruments relating to the Executive Board
Executive Board	44	4.1 Members of the Executive Board
	46	4.2 Other activities and vested interests
	46	4.3 Rules in the articles of association on the number of permitted activities
	46	4.4 Management contracts
Compensation, shareholdings and loans	47	5 Compensation, shareholdings and loans
Shareholders' participation rights	48	6.1 Voting rights restrictions and representation
	49	6.2 Quorums required by the articles of association
	49	6.3 Convocation of the general meeting of shareholders
	49	6.4 Inclusion of items on the agenda
	49	6.5 Entries in the share register
Changes of control and defence measures	50	7.1 Duty to make an offer
	50	7.2 Change of control clauses
Auditor	51	8.1 Duration of the mandate and term of office of the lead auditor
	51	8.2 Auditing fees
	51	8.3 Additional fees
	51	8.4 Information instruments pertaining to the external audit
Information policy	52	9 Information policy

# 1 Group structure and shareholders

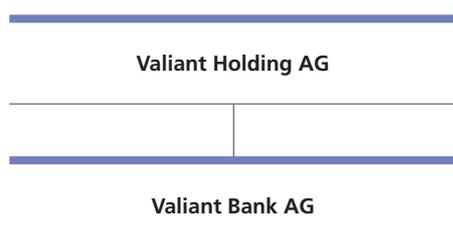
## 1.1 Group structure

### 1.1.1 Operational group structure

Valiant Holding was created in mid-1997 through the merger of three regional banks: Spar + Leihkasse in Berne, Gewerbekasse in Berne and BB Bank Belp. Today, 30 regional banks and several branches acquired from third-party banks are operating under the umbrella of Valiant Holding AG. Valiant Holding AG is a company limited by shares governed by Swiss law, with its registered office in Lucerne. The holding company itself does not have bank status, in contrast to its subsidiary, Valiant Bank AG.

The Valiant group ("Valiant") comprises Valiant Holding AG and Valiant Bank AG along with other subsidiaries that are not operational. A complete listing of the subsidiaries is provided on page 88 of the financial report. The Executive Board of Valiant Bank AG is responsible for overall management of the group.

The Board of Directors of Valiant Holding AG and Valiant Bank AG are comprised of the same members.



### 1.1.2 Valiant Bank AG

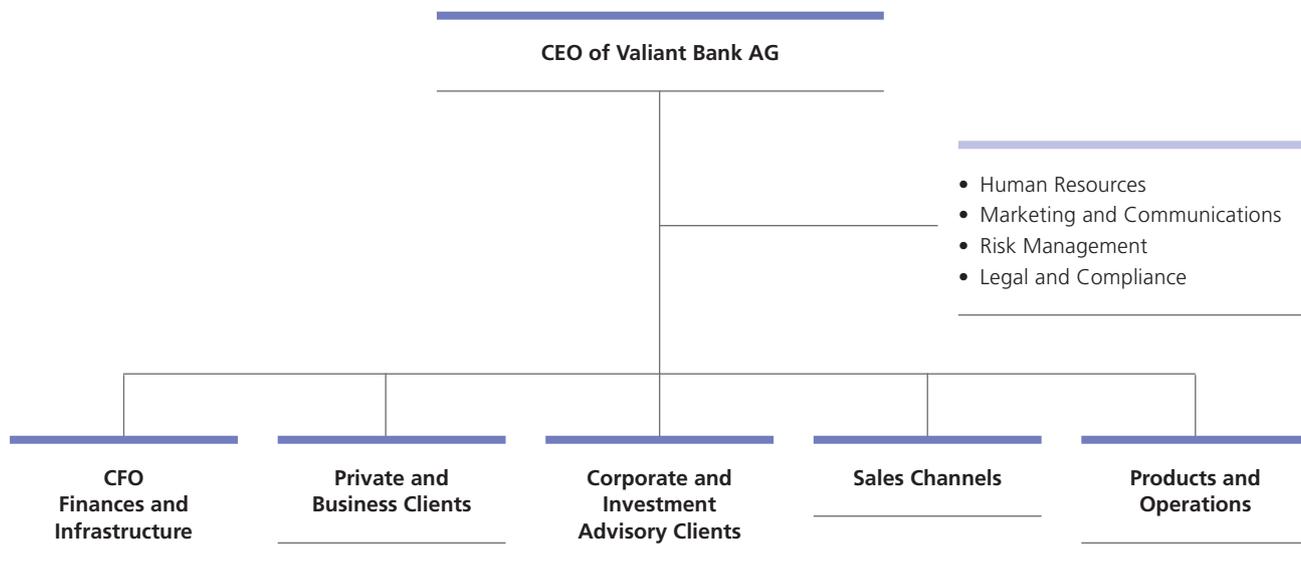
Valiant Bank AG is an independent, interregional bank active exclusively within Switzerland for SMEs, retail clients and affluent private clients based in the German- and French-speaking parts of the country.

It is active in the cantons of Aargau, Basel-Land, Basel-Stadt, Berne, Fribourg, Jura, Lucerne, Neuchatel, Solothurn, Vaud and Zug.

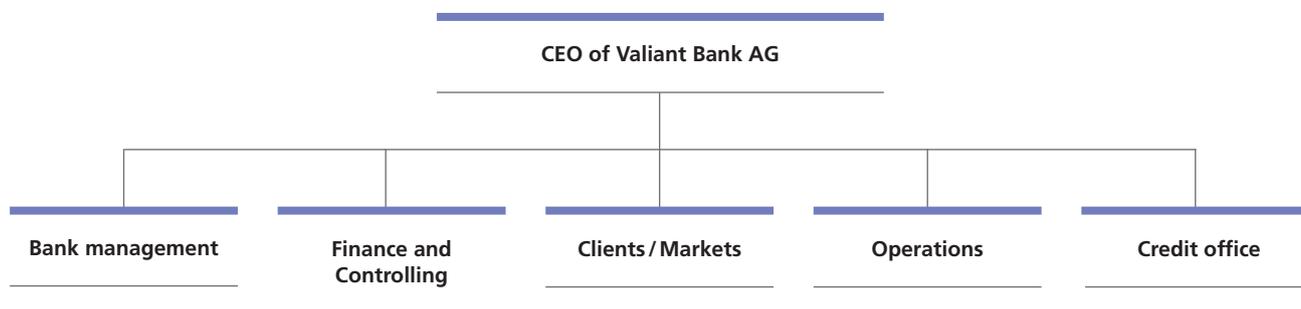
#### Changes in group structure

Under the title "Market Strategy 2014+", the Executive Board launched a project aimed at developing a comprehensive marketing strategy on the basis of Valiant's positioning. The main aims were to define a new segmentation and corresponding value proposition for each segment. The significant changes brought about by the new segmentation and represented in the new organisational structure of Valiant were announced in August 2014 and put into operation on 1 January 2015. The Clients/Markets area was divided between Private and Business Clients and Corporate and Investment Advisory Clients, and a new Sales Channels area was created. In addition, the Credit Office was integrated into Products and Operations as of 1 January 2015.

## Valiant organisational structure as of 1.1.2015



## Valiant organisational structure until 31.12.2014



### 1.1.3 Consolidated companies of Valiant Holding AG

No exchange-listed companies are consolidated under Valiant Holding AG.

The unlisted companies consolidated under Valiant Holding AG are indicated in the notes to the consolidated financial statements on page 88 in section 4 (fully consolidated holdings).

## 1.2 Significant shareholders

Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) stipulates that persons who for their own account buy or sell shares or rights for the purchase or sale of shares in a company which is incorporated in Switzerland and has listed its equity securities in Switzerland and who, as a consequence of such purchase or sale, attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33 ⅓, 50 or 66⅔ per cent of the voting rights, regardless of whether such rights are exercisable, is required to notify the company and the stock exchanges on which the securities are listed accordingly.

At 31 December 2014 the following holdings in Valiant Holding AG of 3 per cent or more had been disclosed under Article 20 SESTA:

Shareholder	Share of capital or voting rights	Date of registration
Highclere International Investors LLP	5.01 %	13.11.2014
UBS Fund Management	3.04 %	12.07.2013
Zurich Cantonal Bank	3.01 %	30.06.2011

Valiant is not aware of any other shareholders who held a direct or indirect voting share or an equity investment of 3 per cent or more at 31 December 2014.

In the year under review, the following disclosure notices of stakes held in Valiant Holding AG were published:

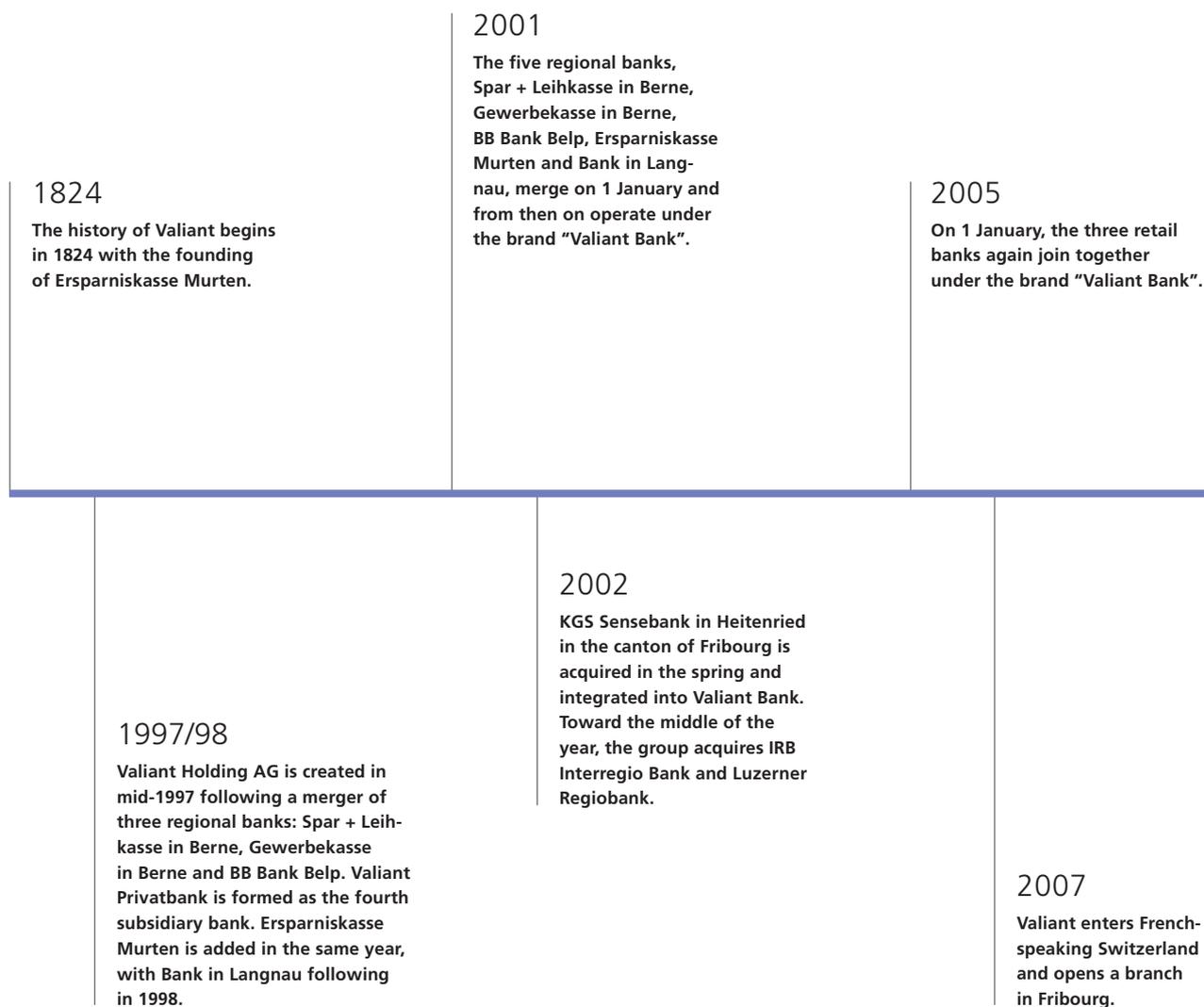
Shareholder	Share of capital or voting rights	Date of registration
Highclere International Investors LLP	5.01 %	13.11.2014
Norges Bank	2.96 %	18.06.2014

## 1.3 Cross-shareholdings

Valiant is not aware of any cross-shareholdings of capital or voting rights that would amount to 5 per cent on both sides.

## 1.4 Company history

Valiant was created in 1997 through the merger of three regional banks. Their roots reach back to the early 19<sup>th</sup> century.



## 2009

In the course of the year, two further subsidiary banks join the Valiant group: Banque Romande Valiant (formerly Bank Jura Laufen) and Spar + Leihkasse Steffisburg. Ober-simmmentalische Volksbank is also integrated into Valiant Bank, and Caisse d'épargne de Siviriez is integrated into Banque Romande Valiant.

## 2015

On 1 January, implementation of the new organisational structure based on Market Strategy 2014+ begins.

## 2013

2013 is a year of personnel renewal and financial realignment at Valiant.

## 2011/12

At the end of 2011, the four subsidiary banks, Valiant Bank, Banque Romande Valiant, Spar + Leihkasse Steffisburg and Valiant Privatbank, are merged under the umbrella of Valiant Bank. Operational implementation of the new group structure takes place on 1 January 2012.

## 2014

With the launch of Market Strategy 2014+, Valiant aims to get back to its roots and strengthen its proximity to clients.

## 2 Capital structure

### 2.1 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 nominal value of CHF 0.50 per share. Detailed information on equity can be found in the Notes to the consolidated financial statements, page 94, and in the Notes to the statutory financial statements (parent company's financial statements), page 115.

### 2.2 Authorised and conditional capital

No authorised capital or conditional capital exists.

### 2.3 Changes in capital

Between 2011 and 2014 there were no changes in the share capital. Detailed information on equity capital covering the last three years is given in the Notes to the consolidated financial statements, in table 16 on page 94.

### 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 with voting rights in the share register. On 31 December 2014, 12,507,508 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 entitled to 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 transferability for each share category; indication of statutory clauses and rules for granting exceptions**

The Board of Directors may refuse to register shareholders in the share register for the following reasons:

a) If, through acquisition, a natural person or legal entity or a partnership would hold more than 5 per cent of the entire share capital. Legal entities and partnerships, other combinations of persons or jointly-owned entities, 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 or legal entities or 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 share registration limitation pursuant to the above provisions also applies to shares acquired or subscribed by the exercise of subscription, option or conversion rights attached 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 Law on Banks and Savings Banks or the Federal Law on the Acquisition of Real Estate by Persons Abroad.

### **2.6.2 Reasons for granting exceptions 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, along with an indication of percentage classes, if any, and registration conditions**

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, for up to a registration limit of 1 per cent 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 uphold his or her contractual obligations, the company may remove the entry from the share register and replace it with an entry without voting rights.

### **2.6.4 Procedure and conditions for cancelling privileges and limitations on transferability**

Lifting or amending statutory privileges and limitations on the transferability of registered shares requires a resolution of the annual general meeting carried by two-thirds of the represented votes and an absolute majority of the represented share capital.

## **2.7 Convertible bonds and options**

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

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

# 3 Board of Directors

## 3.1 Members of the Board of Directors

The following information is based on the composition of the Board of Directors as at 31 December 2014.

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From left to right:

Franz Zeder; Dr Christoph B. Bühler; Franziska von Weissenfluh; Jean-Baptiste Beuret; Jürg Bucher, Chairman of the Board of Directors; Andreas Huber; Barbara Artmann; Dr Ivo Furrer, Vice Chairman of the Board of Directors

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## Jürg Bucher

Swiss national, 1947

### Function at Valiant

Chairman of the Board

### Education

Economics

### Career history

- Swiss Post, Berne, Group Director (2009–2012)
- Swiss Post, Berne, member of Executive Management (2003–2009)
- PostFinance, Berne, Head (2003–2011)

## Dr Ivo Furrer

Swiss national, 1957

### Function at Valiant

Vice Chairman of the Board

### Education

Law

### Career history

- Swiss Life AG (since 2008), CEO Switzerland
- Zurich Financial Services (2002–2008)
- Credit Suisse (1999–2002)
- Winterthur Versicherungen (1983–1999)

## Barbara Artmann

German national, 1961

### Education

Psychology and Business Management

### Career history

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

## Jean-Baptiste Beuret

Swiss national, 1956

### Education

Law

### Career history

- RBA-Holding AG, Muri bei Bern (since 2012), Chairman of the Board of Directors
- Treuhandgesellschaft Juravenir SA, Delémont (since 2012), partner
- Banque Romande Valiant SA (formerly Bank Jura Laufen AG), Delémont (2009–2011), Chairman of the Board of Directors
- Bank Jura Laufen AG, Delémont (2008–2009), Chairman of the Board of Directors
- Bank Jura Laufen AG, Delémont (1998–2008), director

## Dr Christoph B. Bühler

Swiss national, 1970

### Education

Law

### Career history

- böckli bühler partner (since 2004), Managing Partner
- University of Zurich (since 2009), private lecturer in commercial and business law

## Andreas Huber

Swiss national, 1958

### Education

Business Economics (HWV)

Banker

Professional training and experience with various banks

### Career history

- Schweizerische Mobiliar Versicherungsgesellschaft, Generalagentur Reinach AG (since 1988), business manager/general agent

## Franziska von Weissenfluh

Swiss national, 1960

### Education

Economics

### Career history

- Berner Zeitung BZ, Berne (1988–2008), various management functions, CEO (1996–2008)
- Espace Media AG, Berne (1997–2008), member of the management board
- Der Bund Verlag AG, Berne (2004–2008), CEO

## Franz Zeder

Swiss national, 1954

### Education

Business Economics (FH),

certified audit expert

Businessman

### Career history

- Revimag Treuhand AG (formerly Tagmar AG), Dagmersellen (since 2008), partner and joint owner
- Tagmar AG, Treuhand-, Planungs- und Ingenieurbüro, Dagmersellen (1979–2008), partner and joint owner

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

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

### Details of each non-executive member of the Board of Directors

- No member of the Board of Directors performed an executive function within the group during the three financial years preceding the reporting period.

- No personal business relationship exists with any member of the Board of Directors that might impair their independence. All relations with boards of directors and the companies associated with them are conducted within the course of ordinary business. Loans to members of the Board of Directors may not exceed a total of CHF 2 million for each member, including persons related to them, and must be granted on the basis of the criteria used by the group to assess the creditworthiness and debt-servicing capacity of third parties in general.

## 3.2 Other activities and vested interests

Name	Activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law	Permanent management and consultancy functions for important Swiss and foreign interest groups; official functions and political posts
<b>Jürg Bucher</b> Chairman	<ul style="list-style-type: none"> <li>– SUSI Partners AG, Chairman of the Board of Directors</li> <li>– Bern Arena Stadion AG, member of the Board of Directors</li> <li>– innoBE AG, member of the Board of Directors</li> <li>– Menuhin Festival Gstaad AG, member of the Board of Directors</li> <li>– SCB Group AG, member of the Board of Directors</li> <li>– Stiftung Sasso San Gottardo, member of the Foundation Board</li> </ul>	None
<b>Dr Ivo Furrer</b> Vice Chairman	<ul style="list-style-type: none"> <li>– Swiss Life AG, CEO Switzerland</li> <li>– Financial Market Authority Liechtenstein, member of the Supervisory Board</li> <li>– Sanitas Beteiligungen AG, member of the Board of Directors</li> <li>– Stiftung für Kinder in der Schweiz – Maggi Romeo &amp; Cornelia, member of the Foundation Board</li> <li>– Stiftung GREATER ZÜRICH AREA Standortmarketing, member of the Foundation Board</li> </ul>	<ul style="list-style-type: none"> <li>– Swiss Insurance Association, member of the Managing Board</li> <li>– Zurich Chamber of Commerce, member of the Board</li> <li>– Handelskammer Deutschland-Schweiz, member of the Board</li> </ul>
<b>Barbara Artmann</b>	<ul style="list-style-type: none"> <li>– ba.art Holding AG, Chair of the Board of Directors</li> <li>– Künzli SwissSchuh AG, Chair of the Board of Directors</li> </ul>	None
<b>Jean-Baptiste Beuret</b>	<ul style="list-style-type: none"> <li>– Fiduciaire Juravenir SA, Member of the Board of Directors</li> <li>– Juraimmobilier SA und Futurimmo SA, Chairman of the Board of Directors</li> <li>– Kury Stähelin architectes (Delémont) SA, Chairman of the Board of Directors and Kury Stähelin Architekten (Basel) AG, member of the Board of Directors</li> <li>– Collège Saint-Charles société coopérative, Chairman of the Board of Directors</li> <li>– Globaz SA, member of the Board of Directors</li> <li>– Sofiparc SA, member of the Board of Directors</li> <li>– Melnal SA, Saignelégier, Chairman and liquidator</li> <li>– FARB, Fondation Anne et Robert Bloch en faveur de la culture, member of the Foundation Board</li> <li>– FFI Fondation pour la formation industrielle, member of the Foundation Board</li> </ul>	<ul style="list-style-type: none"> <li>– Fédération interjurassienne de coopération et de développement, member of the Board</li> <li>– Commune de Courtételle, member of the Council</li> </ul>
	<b>Positions in majority holdings of Valiant</b> <ul style="list-style-type: none"> <li>– RBA-Holding AG, Chairman of the Board of Directors</li> </ul>	

<b>PD Dr Christoph Bühler</b>	<ul style="list-style-type: none"> <li>– böckli bühler partner, Managing Partner</li> <li>– Hidrostal Holding AG, Hidrostal AG and Hidronova Holding AG, member of the Board of Directors</li> <li>– BLT Baselland Transport AG, member of the Board of Directors</li> <li>– Waldenburgerbahn AG, member of the Board of Directors</li> <li>– BVG- und Stiftungsaufsicht beider Basel, member of the Board of Directors</li> <li>– AXA Stiftung Zusatzvorsorge, member of the Foundation Board</li> </ul>	– swissVR, member of the Board
<b>Andreas Huber</b>	– Schweizerische Mobiliar Versicherungsgesellschaft, general agent	– Gemeindeverband aargau Süd impuls, member of the Business Committee
<b>Franziska von Weissenfluh</b>	<ul style="list-style-type: none"> <li>– BERNEXPO Holding AG, member of the Board of Directors</li> <li>– Mediapuls AG für Medienforschung, Chairman of the Board of Directors, and Mediapuls Stiftung für Medienforschung, Chairman of the Foundation Board</li> <li>– Wetterhorn von Weissenfluh AG, Chairman of the Board of Directors</li> <li>– Youtility AG, member of the Board of Directors</li> <li>– NET-Matrix AG, member of the Board of Directors</li> <li>– Laureus Foundation Switzerland, member of the Foundation Board</li> </ul>	None
<b>Franz Zeder</b>	<ul style="list-style-type: none"> <li>– Revimag Treuhand AG and Revimag Immobilien AG, chairman of the Board of Directors</li> <li>– Viandus Management AG, member of the Board of Directors and mandates on the Boards of Directors of its subsidiaries and the Boards of its occupational pension foundations</li> <li>– Willisauer Bote Medien und Print AG and its subsidiaries, member of the Board of Directors</li> <li>– Kreativ Holzbau AG, member of the Board of Directors</li> <li>– Geiser Immobilien AG, CEO</li> <li>– Fujifilm Sericol Switzerland GmbH, CEO</li> <li>– Bürli Spiel- und Sportgeräte AG, member of the Board of Directors</li> <li>– SAC-O-MAT (Schweiz) AG, member of the Board of Directors</li> <li>– Graf-Raeber-Stiftung, quaestor</li> <li>– Stiftung zur Förderung der Lebensqualität Schwerstbehinderter, member of the Foundation Board</li> </ul> <p><b>Position on behalf of Valiant</b></p> <ul style="list-style-type: none"> <li>– Pension fund of Valiant Holding AG, member of the Foundation Board</li> </ul>	<ul style="list-style-type: none"> <li>– Debt collection officer, municipality of Dagmersellen</li> <li>– Debt collection officer, municipality of Wauwil</li> </ul>

### 3.3 Rules in the articles of association on the number of permitted 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, 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 deemed to be those positions that are in the highest management body of a legal entity that is required to be registered in the commercial register or in an equivalent register in a foreign country. Positions in various legal entities that are under single control or under the same economic beneficiary are considered to be one mandate.

### 3.4 Election and terms of office

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

The Chairman and members of the Board of Directors are elected by the annual general meeting for a term of office of one year. Members whose term of office is coming to an end may be re-elected. On reaching the age of 70, members of the Board of Directors shall resign with effect from the next ordinary annual general meeting.

The articles of association contain no rules deviating from the provisions of the law concerning the appointment of the Chairman, 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
Jürg Bucher, Chairman	24.05.2012
Dr Ivo Furrer, Vice Chairman	24.05.2013
Barbara Artmann	16.05.2014
Jean-Baptiste Beuret	15.05.2009
Dr Christoph Bühler	24.05.2013
Andreas Huber	06.12.2002
Franziska von Weissenfluh	20.05.2011
Franz Zeder	06.12.2002

### 3.5 Internal organisational structure

The Board of Directors elects a Vice Chairman and also appoints one or more secretaries. The Board of Directors meets as often as business requires it, but at least six times a year. Eleven ordinary meetings were held in 2014, all of which were attended by the CEO and CFO (see also section 3.5.3).

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

Jürg Bucher is the Chairman of the Board of Directors, and Dr Ivo Furrer its Vice Chairman. The Board of Directors takes decisions and adopts resolutions. It is assisted by four committees, which share its responsibilities and provide advice in advance of Board meetings: the Strategy Committee, the Nomination and Compensation Committee, the Audit Committee and the Risk Committee.

### 3.5.2 Members list, tasks and area of responsibility for each committee of the Board of Directors

Name	Board of Directors	Strategy Committee	Nomination and Compensation Committee	Audit Committee	Risk Committee
Jürg Bucher	• Chairman	• Chairman	•		
Dr Ivo Furrer	• Vice Chairman	•	•		
Barbara Artmann	•	•			
Jean-Baptiste Beuret	•			• Chairman	
Dr Christoph Bühler	•			•	•
Andreas Huber	•			•	
Franziska von Weissenfluh	•		• Chairman		•
Franz Zeder	•				• Chairman

#### Strategy Committee

The Strategy Committee was established in January 2013 as an ad hoc committee with the task of drafting for the Board of Directors the strategic direction and positioning of Valiant in the future. In June 2014, the Strategy Committee was converted into a permanent committee. The Strategy Committee is entrusted specifically with gathering information that can serve as the basis for making decisions on various strategic issues and with supporting the implementation of strategic projects (such as Market Strategy 2014+).

The Committee is composed of members of the Board of Directors appointed by the Board of Directors. The CEO and CFO also attend its meetings. It has no decision-making powers. In 2014, as part of the Market Strategy 2014+ project, an external advisor attended two meetings of the Committee.

#### Nomination and Compensation Committee

The Nomination and Compensation Committee is composed of at least three members of the Board of Directors who are elected annually by the annual general meeting. The Chairman of the Board of Directors is not eligible to serve as Chairman of the Committee. The CEO and, when required, the CFO and the Head of Human Resources also attend its meetings in an advisory capacity. During the year under review, the Nomination and Compensation Committee entrusted mandates in the areas of board consulting and executive search to external advisors. Their reports were discussed at meetings. An advisor attended one 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:

- Medium and long-term planning of successors to the Chairman of the Board of Directors and its members;
- Medium and long-term planning of successors to the CEO and members of the Executive Board;
- Proposing candidates for election as members of committees of the Board of Directors;
- Making motions for the election and removal of members of the Executive Board;
- Making motions for the election of holders of significant functions;
- Formulating and regularly reviewing the structure and elements of the performance-related compensation system;
- Drafting rules for compensation and for the payment to expenses to members of the Board of Directors;
- Drafting rules for the compensation of members of the Executive Board and of employees;
- 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;
- Drafting the annual compensation report for the annual general meeting;
- Making motions for the general annual salary adjustments and the size of the overall pool for variable compensation.

### Audit Committee

The Audit Committee is composed of no fewer than three and no more than five members of the Board of Directors, each elected by the Board of Directors for one year. They may be re-elected. The Chairman of the Board of Directors may not be a member of the Audit Committee. The members of the Audit Committee must possess sound knowledge and experience of finance and accounting, be familiar with the accounting procedures of a retail bank and add to their knowledge of these fields.

Tasks and powers:

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

The Audit Committee

- analyses critically the financial statements, that is to say the individual and consolidated accounts, the annual and published interim financial statements, and ensures they are prepared in accordance with applied 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;
- reports to the Board of Directors on the work done and gives a recommendation as to whether the financial statements are ready for presentation to the annual general meeting;
- examines the appropriateness of liquidity and funding;
- examines the capital planning, capital adequacy and the allocation of capital to the various business activities;
- examines, together with the Executive Board and the Risk Committee, the main market, credit and operational risks.

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

The Audit Committee

- monitors and evaluates the appropriateness and effectiveness of internal controls in the area of financial reporting;
- ensures that the internal controls in the area of financial reporting are adapted appropriately in line with any major changes in a group company's risk profile;

- determines, in consultation with the Executive Board and the auditors, the audit programme for Internal Audit;
- orders special controls and the measures to be taken as a result of them.

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

The Audit Committee

- assesses the audit strategy once a year or in the event of major changes to the risk profile or in risk analysis;
- critically analyses the regulatory audit report, the full report in accordance with Article 728b (1) of the Code of Obligations (CO) and the summary report in accordance with Article 728b (2) CO and discusses these with the lead auditor;
- ensures that deficiencies have been remedied or the auditors' recommendations put into effect;
- evaluates the performance and remuneration of the auditors and ascertains the auditors' independence;
- evaluates the cooperation between the auditors and Internal Audit;
- submits to the Board of Directors draft motions for the annual general meeting in relation to the selection of the external auditors and what functions they are to be mandated to perform over and above the ordinary audit mandate.

### Risk Committee

The Risk Committee is composed of no fewer than three and no more than five members of the Board of Directors, each elected by the Board of Directors for one year. They may be re-elected. The Chairman of the Board of Directors may not be a member of the Risk Committee.

Tasks and powers:

#### a) Monitoring and evaluating the risk policy and the management of risks

The Risk Committee

- defines the risk policy that the Board of Directors is to follow;
- evaluates annually the risk policy's appropriateness and proposes a motion concerning this for the Board of Directors;
- evaluates the risk profile and the analysis of risks 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 CRO and the Head of Legal and Compliance;
- reviews the appropriateness of the methods used to measure risk including risk appetite and risk limits;

- reviews the integrity and appropriateness of the risk management function;
- examines the appropriateness of the monitoring of reputational risks;

#### b) Evaluation of the internal controls and internal auditing over and above the area of financial reporting

The Risk Committee

- evaluates the functioning capacity of the internal controls over and above the area of financial reporting, namely in the Compliance function and in Risk Control;
- must be informed of the findings from audits conducted by Internal Audit and be in regular contact with its Head, even though Internal Audit reports to the Audit Committee.

#### c) Acknowledgement of regulatory reports

The Risk Committee

- acknowledges regulatory reports to the supervisory body, FINMA.

### 3.5.3 Working methods of the Board of Directors and its committees

The following ordinary meetings were held during the year under review.

Name	Number of ordinary meetings
Board of Directors	11
Strategy Committee	8
Nomination and Compensation Committee	7
Audit Committee	9
Risk Committee	5

In addition to the eleven ordinary meetings of the Board of Directors, a day-long workshop was held at which issues of strategy were discussed with the Executive Board. In 2014, as part of the Market Strategy 2014+ project, an external advisor attended three meetings of the Board of Directors.

The items for the agenda of meetings of the Board of Directors are selected by the Chairman. Each member of the Board of Directors can request that an item be added to the agenda. Before each meeting of the Board, members of the Board of Directors receive documents enabling them to prepare for the discussion of the agenda items. Minutes are kept of the meetings. Meetings usually last two to four hours.

Members of the Board of Directors attended the ordinary meetings as follows:

Name	Board of Directors	Strategy Committee	Nomination and Compensation Committee	Audit Committee	Risk Committee
Jürg Bucher	11	8	7		
Dr Ivo Furrer	11	6	7		
Barbara Artmann <sup>1)2)</sup>	6	4			
Jean-Baptiste Beuret	11	1		9	
Dr Christoph Bühler	11			9	5
Andreas Huber	11			9	
Franziska von Weissenfluh	11		7		5
Franz Zeder	11				5

<sup>1)</sup> Barbara Artmann has attended all meetings of the Board of Directors since her election.

<sup>2)</sup> Barbara Artmann has attended four out of five meetings of the Strategy Committee since her election.

### Strategy Committee

As a rule, the Strategy Committee meets every other month. Additional meetings may be requested by any member, for a stated purpose. The meeting shall be called by the Chairman. Meeting minutes are kept and sent to all members of the Board of Directors. Meetings usually last two or three hours.

### Nomination and Compensation Committee

As a rule, the Nomination and Compensation Committee meets every month or every other month. Additional meetings are called by the Chairman wherever necessary. Meeting minutes are kept and sent to all members of the Board of Directors. Meetings usually last two or three hours.

### Audit Committee

As a rule, the Audit Committee meets every month or every other month. The meeting calendar takes into account the dates of internal and external audits, of the publication of financial results and the management cycle. Meetings are called by the Chairman. The CFO's deputy and the CRO attend Audit Committee meetings in an advisory capacity. In 2014, Audit Committee meetings were attended by representatives of the external auditors four and by representatives of the internal auditors five times. Meeting minutes are kept and sent to all members of the Board of Directors. Meetings usually last two or three hours.

### Risk Committee

As a rule, the Risk Committee meets between four and six times a year. Meetings are called by the Chairman. The CEO, CFO, CRO and Head of Legal and Compliance attend meetings of the Risk Committee in an advisory capacity. Meeting minutes are kept and sent to all members of the Board of Directors. Meetings usually last two or three hours.

## 3.6 Areas of responsibility

The Board of Directors is responsible for the company's strategic direction and overall management. In accordance with Swiss banking legislation, the Board of Directors has entrusted the executive management of the company to the Executive Board. Membership of both boards at the same time is not possible.

The main tasks and powers of operational management are as follows:

### 3.6.1 The CEO

- The CEO manages, on behalf of the Board of Directors, the business activities of the company, its subsidiaries and, in so far as possible, companies in which it holds shares.
- The CEO is responsible to the Board of Directors for:
  - market strategy,
  - the planning and evaluation of strategic objectives and shareholdings,
  - the preparation and carrying out of acquisitions, and
  - external relations.
- The CEO prepares the rolling medium-term plans.
- The CEO leads and coordinates the Executive Board's activities and monitors the proper conduct of business.
- The CEO addresses matters of interest to the company or its units and to the group as a whole, bringing about timely and appropriate decisions and overseeing their implementation.
- The ensures that the Executive Board provides the Chairman of the Board of Directors with appropriate and timely information.
- The CEO attends meetings of the Board of Directors, the Strategy Committee, the Nomination and Compensation Committee and the Risk Committee in an advisory capacity.
- The acts as CEO of Valiant Holding AG and performs the functions associated with that office.

### 3.6.2 The CFO

- The CFO is responsible for properly managing the group's finances
- The CFO is responsible for asset and liability management throughout the group.
- The CFO coordinates relations with the internal and external auditors.
- The CFO attends meetings of the Board of Directors, the Strategy Committee and the Audit and Risk Committees 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 important issues and on the state of, and developments in, the areas of responsibility delegated to them. The CRO and the Head of Legal and Compliance participate in discussion of matters affecting their areas of responsibility.
- The Chairman of the Board of Directors is provided with minutes of Executive Board meetings, which enables the Chairman to keep up to date with all developments.
- The Board of Directors is to be 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 to be addressed to the Chairman, or, in his absence, to the Vice Chairman.

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

Valiant's management information system is structured as follows:

- Members of the Board of Directors are provided with financial statements (balance sheet and income statement) for the group and its individual companies 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 comparisons to the previous year's figures and to the budget.
- For the purpose of asset and liability management (ALM), monthly analyses are carried out of 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 Management Committee (ALCO), which is made up of members of the Executive Board and specialists.
- The ALCO is chaired by the CFO. The ALCO meets to discuss the analyses and any actions to be taken as a consequence of them as and when needed, but at least six times a year. Meetings 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 as at 31 December 2014/1 January 2015.

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From left to right:

Stefan Gempeler, Head of Products and Operations; Ewald Burgener, CFO; Markus Gygax, CEO; Martin Gafner, Head of Corporate and Investment Advisory Clients, Deputy CEO; Christoph Wille, Head of Sales Channels

---

## Markus Gygax

Swiss national, 1962

### Function at Valiant

CEO

At Valiant since 2013

### Education

Business administration and management degree (HWV), federally certified marketing manager, Executive MBA from the University 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

- Banque Cantonale Vaudoise, Head of Retail Division (2008–2013)
- PostFinance, Head of Distribution (2002–2008)
- Helsana Versicherungen AG, Head of Marketing (1997–2002)

## Martin Gafner

Swiss national, 1961

### Function at Valiant

Head of Corporate and Investment Advisory Clients, Deputy CEO  
At Valiant since 2009

### Education

Business administration, federally certified banking specialist

### Earlier positions for Valiant

#### Holding AG or a group company

Valiant Privatbank AG, CEO (2009–2011)

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

- Investas AG, Berne, CEO/ delegate to the Board of Directors (1997–2009)

## Ewald Burgener

Swiss national, 1966

### Function at Valiant

CFO

At Valiant since 2013

### Education

Political science degree, federally certified auditor

### Earlier positions for Valiant

#### Holding AG or a group company

None

#### Earlier positions outside Valiant

##### Holding AG or a group company

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

## Stefan Gempeler

Swiss national, 1973

### Function at Valiant

Head of Products and Operations  
At Valiant since 2007

### Education

Business administration and management degree (HWV), federally certified financial analyst and asset manager/CIIA, Financial Risk Manager (FRM) of the Global Association of Risk Professionals (GARP)

### Earlier positions for Valiant

#### Holding AG or a group company

- Valiant Privatbank AG, Head of Investment and member of the Executive Board (2011)
- Valiant Privatbank AG, Head of Business Development (2008–2010)

#### Earlier positions outside Valiant

##### Holding AG or a group company

- Migros Bank, Head of Portfolio Management Institutional Clients and Investment Funds (2001–2007)

## Christoph Wille

(since 1 January 2015)

Swiss national, 1971

### Function at Valiant

Head of Sales Channels

At Valiant since 2015

### Education

Law degree, 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 (Schweiz) AG, various management functions (2001–2014)

## Bernhard Röthlisberger

(until 31 December 2014)

Swiss national, 1955

### Function at Valiant

Head of Credit Office  
At Valiant since 1998

### Education

Business administration, federally certified banking specialist

### Earlier positions for Valiant

#### Holding AG or a group company

- Valiant Bank AG, member of the expanded Executive Board (2010–2011)
- Valiant Bank AG, Head of the Regions of Emmental/Oberaargau, Lucerne and Zug (2001–2011)
- Bank in Langnau, Chairman of the Executive Board (1997–2001)

#### Earlier positions outside Valiant

##### Holding AG or a group company

None

## 4.2 Other activities and vested interests

Name	Activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law	Permanent management and consultancy functions for important Swiss and foreign interest groups; official functions and political posts
<b>Markus Gygax</b> CEO	<b>Position on behalf of Valiant</b> – Pension fund of Valiant Holding AG, member of the Foundation Board	None
<b>Martin Gafner</b> Deputy CEO, Head of Corporate and Investment Advisory Clients, Deputy CEO	<b>Positions on behalf of Valiant</b> – Stiftung Siloah, Chairman of the Foundation Board as well as mandates on the boards of directors of sub- sidiaries and the Foundation Board of the Patient Care Foundation – Heli Bernina AG, member of the Board of Directors – Lanz-Anliker AG, Chairman of the Board of Directors – PMG Fonds Management AG, member of the Board of Directors – Venturevest AG, member of the Board of Directors – Lichtsteiner Stiftung, member of the Foundation Board  <b>Positions in majority holdings of Valiant</b> – RBA-Holding AG and subsidiary Entris Banking AG, member of the Board of Directors	None
<b>Ewald Burgener</b> CFO, Head of Finances and Infrastructure	<b>Positions on behalf of Valiant</b> – Aduno Holding AG, member of the Board of Directors – Pfandbriefbank schweizerischer Hypothekarinstitute AG, member of the Board of Directors – Pension Fund of Valiant Holding AG, Chairman of the Foundation Board  <b>Positions in majority holdings of Valiant</b> – RBA-Holding AG and subsidiaries, member of the Board of Directors	– Swiss Bankers Association, Commission for Financial Market Regulation and Accounting, member
<b>Stefan Gempeler</b> Head of Products and Operations	<b>Positions on behalf of Valiant</b> – SICAV VF (Lux), member of the Board of Directors	– Swiss Bankers Association, Commission for the Protection of Swiss Assets, member – Swiss Bankers Association, Commission for Institutional Asset Management, member
<b>Christoph Wille</b> Head of Sales Channels (from 1 January 2015)	None	None
<b>Bernhard Röthlisberger</b> Head of Credit Office (until 31 December 2014)	None	– Commercial Court of Berne, commercial judge

## 4.3 Rules in the articles of association on the number of permitted 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 the company are not subject to these restrictions. Positions concerned are those in the highest management body of a legal entity that is required to be registered in the commercial register or in an equivalent register in a foreign country. Positions in various 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 does not have any management contracts with companies or individuals.

# 5 Compensation, shareholdings and loans

Compensation, shareholdings and loans are shown in the separate chapter Compensation report on pages 53–64.

# 6 Shareholders' participation rights

## 6.1 Voting rights restrictions and representation

### 6.1.1 Rules on restrictions to 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 per cent of the total share capital or voting rights. Groupings formed to circumvent this restriction are treated as one person (see also section 2.6.1). The exercise of rights from one share implies acknowledgement of the company's articles of association. A shareholder without voting rights can exercise neither voting rights nor the rights associated with voting rights. Each shareholder with voting rights may have their shares represented by their legal representative, a shareholder with voting rights or the independent proxy. This is subject to the statutory right of representation. Each registered share entitles the holder to one vote at the annual general meeting of Valiant Holding AG. However, a shareholder may, for their own shares and represented shares combined, cast votes representing no more than 8 per cent 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 company may decide, together with nominees, to enter the nominees in the share register in their own name with voting rights, even though they are acting for the account of a third party (fiduciary), and for up to a registration limit of one per cent of the overall share capital. In this regard, the manner in which information about the fiduciaries is to be provided to the company must be contractually stipulated (see also section 2.6.3).

### 6.1.2 Reasons for granting exceptions in the year under review

No exemptions were granted in the year under review.

### 6.1.3 Procedure and conditions for abolishing voting rights restrictions laid down in the articles of associations

The restriction on voting rights may only be lifted by a resolution of the annual general meeting carried by two-thirds of the represented votes and an absolute majority of the represented share capital.

### 6.1.4 Rules in the articles of association on participation in the annual general meeting of shareholders, if they differ from the statutory legal provisions

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

### 6.1.5 Rules in the articles of association on the issue of instructions to the independent proxy

Powers of attorney and instructions may be issued to the independent proxy for the coming annual general meeting only. The Board of Directors decides in what electronic form shareholders may issue powers of attorney and instructions.

## 6.2 Quorums required by the articles of association

For resolutions on

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

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

## 6.3 Convocation of the general meeting of shareholders

The annual general meeting is convened by the Board of Directors at least 20 days before the day of the meeting. Invitations are sent by regular post to the shareholders' addresses recorded in the share register. An annual general meeting may also be called by shareholders who together represent at least 10 per cent of the share capital.

## 6.4 Inclusion of items on the agenda

The Board of Directors proposes the agenda items. When convening the annual general meeting, the agenda items as well as the motions of the Board of Directors and of the shareholders must be announced, if these motions have called for an annual general meeting or proposed an agenda item. Resolutions cannot be adopted on motions that are not submitted until during the annual general meeting and that do not refer to any of the announced agenda items, subject to statutory exceptions. Shareholders with voting rights who together represent shares with a nominal value of CHF 10,000 (which corresponds to 20,000 shares or a market value as at 31 December 2014 of CHF 1.65 million) may, up to 50 days before the day of the meeting, propose agenda items in writing, with an explanation of the motions.

## 6.5 Entries in the share register

The share register remains closed to entries for a maximum of 20 days prior to the annual general meeting. No regulations are planned for the granting of exemptions.

# 7 Changes of control and defence measures

## 7.1 Duty to make an offer

There are no statutory regulations on opting out or opting up; however, the regulations regarding the obligation to submit an offer to acquire all equity securities pursuant to Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Trading apply.

## 7.2 Classes on changes of control

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

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

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

According to 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 has been PricewaterhouseCoopers AG, Lucerne since 24 May 2013. The lead auditor responsible for Valiant may exercise their function for a maximum of seven consecutive years and resume their mandate only after a break of three years. Hugo Schürmann has exercised this function since 24 May 2013.

## 8.2 Auditing fees

As the external auditor, PricewaterhouseCoopers AG charged Valiant a total of CHF 865,890 for auditing work in the year under review. Entris Audit AG, Muri bei Bern, charged Valiant Holding AG and Valiant Bank AG CHF 875,000 for services in connection with its function as internal auditor for the financial year 2014.

## 8.3 Additional fees

PricewaterhouseCoopers AG charged Valiant CHF 78,705 for other audit-related services in 2014. Entris Audit AG provided Valiant with additional services for the amount of CHF 611,700 outside its mandate as internal auditor in 2014.

## 8.4 Information instruments pertaining to the external audit

The Audit Committee of Valiant Bank AG has drawn up auditing guidelines governing cooperation with the external auditor and ensuring compliance with all relevant provisions set out by the Swiss Code of Obligations, the Banking Act, SIX Swiss Exchange, the Swiss Institute of Certified Accountants and Tax Consultants, and the International Federation of Accountants (IFAC) concerning the independence of the external auditor. The external auditor is independent of the Valiant group, its Board of Directors and Executive Board, and its shareholders. The external auditor is ensured direct access to the Audit Committee at all times. The external and internal auditors set out their findings in reports. The external auditor prepares on a yearly basis an auditor's report for each group company, in keeping with regulatory requirements. The internal auditor provided 24 reports on the audits that it conducted at Valiant Holding AG and its group companies in 2014. The Audit Committee dealt with the reports submitted in its meetings. The external auditor was present at four and the internal auditor at five of these meetings. The Risk Committee is informed of the results of the audits and is in regular contact with the lead auditor. In a standard process each year, the Audit Committee assesses the external and internal auditors' performance, fees and independence. This assessment includes an appraisal of the independence of the external auditor. In addition, the Audit Committee assesses the scope and quality of the reports and management letters submitted to the Executive Board and Audit Committee, as well as the cooperation with Valiant's internal auditor, the Executive Board and the Audit Committee. In doing this, the Audit Committee relies on feedback from members of the Executive Board (in particular the CFO) and from the CRO. The Chairman of the Audit Committee informs the external auditor of the results of the assessment. In addition, the Audit Committee analyses on an annual basis the scope of the external and internal audits, the audit plans and the relevant procedures, and discusses the audit results with the auditors in each case. Finally, it submits to the full Board of Directors proposals for the election of the external auditor and its mandate beyond the ordinary audit mandate. PricewaterhouseCoopers AG as supervisory auditor is subject to supervision by FINMA and the Audit Oversight Authority, which review its performance and independence.

## 9 Information policy

Valiant Holding AG pursues a transparent and open information policy. It is our goal to present and communicate our business and financial figures in an understandable manner to all interested parties. Valiant keeps its shareholders informed of its activities via various publications, the most important of which is the annual report, which provides shareholders with comprehensive information on the financial year ending 31 December.

Our annual report is published at the end of March and may be ordered using the reply slip provided with the invitation to the annual general meeting or from the address below. A short version of the annual report, which includes the annual financial statements, (Magazine for the financial year 2014) is sent out to shareholders along with the invitation to the annual general meeting.

Valiant informs its shareholders of the course of business during the first half of the year and its financial statements as at 30 June in its letter to shareholders. Starting in 2015, Valiant will also publish its consolidated balance sheet and consolidated income statement for the first and the third quarters.

Media and analysts' conferences are held at least once per year. All current information for shareholders and analysts, including the current share price, press releases, the financial calendar and annual reports, can be found at [www.valiant.ch/de/aktionaereundanalysten](http://www.valiant.ch/de/aktionaereundanalysten). Valiant Holding AG publishes price-sensitive information in accordance with the rules laid down by SIX Swiss Exchange (ad hoc publicity). Interested parties who would like to receive ad hoc notifications via e-mail can subscribe to them at [www.valiant.ch/newsletter](http://www.valiant.ch/newsletter).

### Contact Investor Relations

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### Key dates

End of the financial year	31 December
Publication of annual results	Mid-/end-February
Publication of the annual report	End of March
Publication of first-quarter results	Beginning-/mid-May
Annual general meeting	May
Half-year results	30 June
Publication of half-year results	Beginning-/mid-August
Publication of third-quarter results	Beginning-/mid-November

# Compensation report 2014

We attach great importance to providing fair, market-appropriate compensation and position ourselves mid-range with regard to our peers. We take care to ensure that the individual components of compensation, and the corresponding criteria, for employees at all levels do not provide any incentives for taking on inappropriate risks.



# 1 Key components of Valiant's compensation policy

Valiant has produced a compensation report since 2010. This year for the first time, however, we have provided the report in a separate chapter. The compensation report is submitted to the Annual General Meeting for a consultative vote.

Within the framework of the ordinance against excessive compensation in listed companies (VegüV), the Annual General Meeting of 16 May 2014 approved various amendments to the articles of association relating to compensation. The new provisions will be applied for the first time at the 2015 Annual General Meeting.

However, the principles that became mandatory in 2015 were already largely applied in 2014.

## 1.1 Simple and transparent compensation system

We advocate a moderate compensation policy and implement a simple, transparent compensation system. Variable compensation is dependent on business results and is paid out to the members of the Executive Board exclusively in cash and blocked shares.

## 1.2 Board of Directors: 20 per cent in Valiant shares and no variable compensation

Compensation for the Board of Directors consists of a fixed fee and, until the end of the 2014/2015 term of office, attendance fees for meetings. Attendance fees will be discontinued from the 2015/2016 term of office. In addition to the fixed fee, the members of the Board of Directors receive a lump-sum expenses allowance that forms part of the total compensation.

Twenty per cent of the fee is paid out in the form of Valiant shares that are blocked for a period of three years. The Board of Directors does not receive any variable compensation.

## 1.3 Restriction on variable compensation for the Executive Board

Variable compensation for members of the Executive Board consists of a cash component together with Valiant shares that are blocked for a minimum period of three years. Overall, variable compensation may not exceed 50 per cent of the total compensation of a member of the Executive Board.

## 1.4 Curtailment of compensation

Should the group record a loss, the Board of Directors' fee is reduced by 50 per cent. The fee is similarly curtailed if dividends are reduced as a result of business results.

In the event that the group records a loss, the Executive Board does not receive any variable compensation. Members of the Executive Board are not entitled to variable compensation during any period in which they have been released from their duties when leaving the company.

## 1.5 Termination of Long-Term Incentive Plan (LTI)

Since the amended articles of association make no provision for a Long-Term Incentive Plan (LTI), the LTI in place was terminated and the provisions accrued from the 2012 and 2013 financial years paid out to the members of the Executive Board effective end of 2014.

## 2 Compensation principles

### 2.1 Market oriented

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.

### 2.2 Focussed on performance and results

We are committed to performance- and results-based compensation. This is part of our HR policy, which fosters a performance-oriented culture and recognises and rewards extraordinary personal achievement and contributions to Valiant's business success.

### 2.3 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 provide incentives for taking on inappropriate risks. Employees are subject to reductions in variable compensation in the event of any failure to comply with regulations, codes of conduct or internal directives, and in particular in the event of any negligent handling of risk.

# 3 Calculation of variable compensation

For 2014, the basis for determining the overall pool for variable compensation was the average business result (result before extraordinary items and taxes) reported for 2013 and 2014. The share of the average operating result allocated to the pool was defined by the Board of Directors at the beginning of the financial year on the basis of an evaluation scale. For 2014, the amount paid out in variable compensation was CHF 9.3 million, with CHF 1.3 million of this amount paid to the Executive Board (not including LTI payout).

From 2015, the basis for determining the overall pool for variable compensation will be the operating result stated in the consolidated financial statements. Nine per cent of this will be allocated to the overall pool for variable compensation. If, in any one year, the consolidated financial statements show a loss, no overall pool will be created for that year and there will thus be no variable compensation for any members of staff, including the Executive Board.

# 4 Decision-making authority for determining compensation

The principles of Valiant's compensation policy and the decision-making authorities are defined in the articles of association of Valiant Holding AG and in the separate compensation regulations for the Board of Directors and for the Executive Board.

## 4.1 Setting of compensation for the Board of Directors

With regard to compensation for the 2014/2015 term of office, decisions are taken by the Board of Directors upon the proposal from the Nomination and Compensation Committee.

Following the amendments to the articles of association approved at the Annual General Meeting of 16 May 2014, from 2015 the annual general meeting will hold an annual, binding vote on maximum compensation for the Board of Directors for the respective forthcoming term of office.

## 4.2 Setting of compensation for the Executive Board

The decision regarding the fixed compensation for 2015 and the variable compensation for 2014 was taken by the Board of Directors upon the proposal from the Nomination and Compensation Committee.

From 2015, the annual general meeting will hold an annual, binding vote on the maximum fixed compensation for the Executive Board for the coming financial year and the maximum variable compensation for the Executive Board for the current financial year.

## 4.3 Rules in the articles of association

The articles of association of Valiant Holding AG stipulate, in particular, the following rules in respect of loans.

### **Vote of the annual general meeting on payments**

(see Article 27 of the articles of association of Valiant Holding AG)  
See sections 4.1 and 4.2 of the compensation report.

### **Principles governing results-dependent payments**

(see Article 29 of the articles of association of Valiant Holding AG)  
In addition to fixed compensation, the members of the Executive Board may receive variable compensation based on the company's results and on the achievement of performance targets. The targets for the Executive Board are defined at the beginning of the year. The Board of Directors stipulates the weightings for the respective targets and target values and assesses the extent to which targets have been achieved once the financial year has ended.

Variable compensation for members of the Executive Board consists of a cash component together with shares blocked for a minimum of three years.

### **Additional amount for members of the Executive Board**

(see Article 28 of the articles of association of Valiant Holding AG)  
Persons who either join the Executive Board or are promoted within the Executive Board subsequent to compensation having been approved may receive payment of an additional amount if the compensation already approved is not sufficient to cover the compensation necessary for these persons. The additional amount may not exceed 25 per cent of the most recently approved maximum Executive Board compensation for the CEO and 20 per cent for the other functions on the Executive Board.

### **Loans**

(see Article 32 of the articles of association of Valiant Holding AG)  
Loans to members of the Board of Directors and 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.

# 5 Components of compensation

## 5.1 Components of compensation for the Board of Directors

### Board of Directors

Fee for 2014/2015 term of office	Fixed fee based on function (chairman, vice chairman, member) and amount of time involved plus a standardised meeting attendance fee. The fees are paid out as follows: 80 per cent in the form of cash and 20 per cent in the form of shares (blocked for three years).
	Rates p.a.
	Chairman: CHF 380,000 <sup>1)</sup>
	Vice Chairman: CHF 160,000 <sup>1)</sup>
	Member: CHF 80,000 <sup>1)</sup>
	Attendance fee: CHF 650 <sup>2)</sup>
	Additional fees p.a.
	Chairman Strategy Committee/Chairman Audit Committee: CHF 50,000
	Member Strategy Committee/Member Audit Committee: CHF 30,000
	Chairman Nomination and Compensation Committee/Chairman Risk Committee: CHF 35,000
	Member Nomination and Compensation Committee/Member Risk Committee: CHF 20,000
Additional benefits	Chairman: Company car
Joining/severance payments	Valiant does not make any joining or severance payments.
Curtailment of fee	Should the group record a loss, the Board of Directors' fee is reduced by 50 per cent. The Board of Directors' fee is similarly curtailed if dividends are reduced as a result of business results. The scope of the curtailment applicable 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	The rates of compensation set out above are fees per calendar year and shall be calculated on a pro rata basis for members of the Board of Directors who leave or join the Board during a calendar year. Fees shall be paid in two installments.  From the 2015 Annual General Meeting, fees will be redefined for the period from annual general meeting to annual general meeting. Fees for members who join or leave during the period defined shall be calculated on a pro rata basis.

<sup>1)</sup> The rates of fees shown include CHF 10,000 of a lump-sum expenses allowance for the Chairman and CHF 5,000 for the Vice Chairman and members of the Board of Directors.

<sup>2)</sup> Attendance fees will be discontinued from the 2015/2016 term of office.

#### Additional information:

- The Board of Directors may define additional payments for membership of ad hoc committees or for additional duties and projects. These payments shall be defined depending on the time involved and within the framework of existing rates.
- The honorary chairman shall not receive any compensation (such as cash or payments in kind) or any benefits (such as the use of office space or IT resources).
- Should they resign during a term of office, the members of the Board of Directors shall no longer be owed any compensation as from their resignation date. No compensation is issued for the remainder of the term of office.
- No compensation is owed to the members of the Board of Directors once their term of office has ended.
- Any blocks on shares issued shall remain in place even after the member has left.

The compensation paid to the members of the Board of Directors is set out in table 6.1 on page 62. Loans to the members of the Board of Directors are set out in table 6.3 on page 63. Loans to members of the Board of Directors and persons related to them are granted at the same conditions as for third parties. The shares held by members of the Board of Directors are set out in the notes to the annual financial statements of Valiant Holding AG in table 15 on page 116.

## 5.2 Components of compensation for the Executive Board

### Executive Board

Basic compensation (fixed compensation)	Basic compensation corresponds to the fixed gross annual salary stipulated in the individual contract of employment. Basic compensation is defined according to the function involved, the responsibilities involved, personal performance development and the market situation.
Lump-sum expenses allowance	CEO: CHF 24,000 Member of the Executive Board: CHF 15,600
Variable compensation 2014	Results- and performance-related variable compensation paid out retroactively composed as follows: <ul style="list-style-type: none"> <li>• Cash component (70%); payable immediately</li> <li>• Share component (30%); blocked for 3 years</li> </ul> <p>Upon the proposal of the Nomination and Compensation Committee, the Board of Directors defines the overall amount of variable compensation for the Executive Board and the individual compensation for the CEO, taking account of the following measurement criteria:</p> <ul style="list-style-type: none"> <li>• Achievement of a predefined business result</li> <li>• Achievement of the company targets stipulated by the Board of Directors</li> </ul> <p>The company targets are defined by the Board of Directors at the beginning of the year. The Board of Directors stipulates the weightings for the respective targets and the target values and assesses the extent to which targets have been achieved once the financial year has ended.</p> <p>The CEO defines the individual variable compensation for the members of the Executive Board within the framework of the overall amount of variable compensation of the Executive board approved by the Board of Directors and taking account of individual target attainment.</p>
Restriction on variable compensation	The variable compensation of the members of the Executive Board may not exceed 50 per cent of total compensation. In the year under review, variable compensation amounted to between 29.7 per cent and 42.2 per cent of the total compensation for the members of the Executive Board.
Additional benefits	<ul style="list-style-type: none"> <li>• Company car or first-class annual travelcard</li> <li>• Business allowances</li> <li>• Occupational pension benefits above legal minimum</li> <li>• Loyalty bonuses</li> <li>• Contributions to further professional training</li> <li>• Preferential conditions and employee benefits</li> <li>• REKA credit</li> </ul>
Notice period	Members of the Executive Board are subject to a twelve-month period of notice.
Joining/severance payments	Valiant does not make any joining or severance payments.
Compensation in the event of dividend reduction group loss	Variable compensation also depends on the dividend trend. Should the group report a loss, no variable compensation is due.
Terms and conditions of payment	Basic compensation (fixed fee) is paid out to the members of the Executive Board in equal monthly installments. Variable compensation to the members of the Executive Board is paid in April of the following year.

Additional information:

- The same procedure is used to set the compensation for all members of the Executive Board.
- Since the articles of association amended at the 2014 Annual General Meeting make no provision for a Long-Term Incentive Plan (LTI), the LTI in place was terminated and the provisions accrued from 2012 and 2013 were paid to the members of the Executive Board effective end of 2014.
- Any blocks on shares issued shall remain in place even after the member has left.
- Compensation for positions on the executive boards of third-party organisations where Valiant has a stake of more than 50 per cent shall be paid to Valiant in full.
- Compensation for mandates of members of the Executive Board with third-party organisations in which Valiant has a stake of less than 50 per cent shall be paid to the member concerned up to an annual overall amount of CHF 30,000 (fees and allowances for meeting attendance for all positions). Amounts in excess of this threshold shall be paid to Valiant.
- In the year under review, no payments were made for positions on the executive boards of third-party organisations in which Valiant holds a stake of less than 50 per cent.

The compensation paid to the members of the Executive Board is set out in table 6.2 on page 63. Loans to the members of the Executive Board are set out in table 6.3 on page 63. Members of the Executive Board are granted loans with preferential terms, as is customary in the sector. Loans are granted according to the same criteria as for third parties. The shares held by members of the Executive Board are set out in the notes to the annual financial statements of Valiant Holding AG in table 15 on page 116.

# 6 Compensation in the reporting period

## 6.1 Payments to members of the Board of Directors

NAME, POSITION	Fixed fee		Shares <sup>1)</sup>		Social benefits <sup>2)</sup>		Benefits in kind <sup>3)</sup>		Total	
	2014 in CHF thousands	2013 in CHF thousands	2014 in CHF thousands	2013 in CHF thousands	2014 in CHF thousands	2013 in CHF thousands	2014 in CHF thousands	2013 in CHF thousands	2014 in CHF thousands	2013 in CHF thousands
Jürg Bucher, Chairman	353	353	90	89	50	51	8	8	502	501
Dr Hans-Jörg Bertschi, Vice Chairman <sup>5)</sup>	97	176		43	14	29			111	248
Dr Ivo Furrer, Vice Chairman	147	74	35	18	24	13			206	105
Barbara Artmann, Member <sup>6)</sup>	57		14		10				81	–
Jean-Baptiste Beuret, Member <sup>7)</sup>	106	163	26		18				150	163
Dr Christoph Bühler, Member	123	62	30	15	21	11			174	88
Andreas Huber, Member	91	78	22	18	15	13			128	109
Paul Nyffeler, Member <sup>4)</sup>		67				6			–	73
Franziska von Weissenfluh, Member	110	91	26	21	18	15			154	127
Franz Zeder, Member	92	110	23	25	16	18			131	153
<b>Total</b>	<b>1,176</b>	<b>1,174</b>	<b>266</b>	<b>229</b>	<b>187</b>	<b>156</b>	<b>8</b>	<b>8</b>	<b>1,638</b>	<b>1,567</b>

<sup>1)</sup> Shares subject to a three-year block on disposal.

<sup>2)</sup> Social security benefits include employee and employer contributions for old age and survivors' insurance (AHV), disability insurance (IV), unemployment insurance (ALV), EO and family allowances (FAK).

<sup>3)</sup> Private share of cars.

<sup>4)</sup> Until the Annual General Meeting of 24 May 2013.

<sup>5)</sup> Until the Annual General Meeting of 16 May 2014.

<sup>6)</sup> From the Annual General Meeting of 16 May 2014.

<sup>7)</sup> For his services as Chairman, Jean-Baptiste Beuret received total compensation of CHF 207,760 from RBA-Holding AG in 2014.

## 6.2 Payments to members of the Executive Board

2014

NAME	Fixed	Variable	Shares <sup>2)</sup>	Benefits	Social and	Total
	net salary in CHF thousands	net salary <sup>1)</sup> in CHF thousands	in CHF thousands	in kind <sup>3)</sup> in CHF thousands	pension benefits <sup>4)</sup> in CHF thousands	
Executive Board	1,280	1,174	369	29	1,127	3,979
The highest amount received by a member						
Martin Gafner, Deputy CEO	260	358	85	8	352	1,064
Markus Gygax, CEO	365	307	127		229	1,028

2013

NAME	Fixed	Variable	Shares <sup>2)</sup>	Benefits	Social and	Total
	net salary in CHF thousands	net salary in CHF thousands	in CHF thousands	in kind <sup>3)</sup> in CHF thousands	pension benefits <sup>4)</sup> in CHF thousands	
Executive Board	1,627	1,470	93	38	1,515	4,743
The highest amount received by a member						
Michael Hobmeier, CEO <sup>5)6)</sup>	472	700		8	430	1,610
Markus Gygax, CEO from 18 November 2013	37	33	5		41	116

<sup>1)</sup> Incl. tranches of the 2012 and 2013 Long-Term Incentive Plan.

<sup>2)</sup> The company's shares are measured at their market rates.

<sup>3)</sup> Private shares of cars.

<sup>4)</sup> Includes employee and employer contributions for old age and survivors' insurance (AHV), disability insurance (IV), income replacement scheme (EO), unemployment insurance (ALV), family allowances (FAK), occupational accident insurance (BUV), non-occupational accident insurance (NBUV), pension fund and supplementary pension fund.

<sup>5)</sup> In this function until 30 april 2013.

<sup>6)</sup> Salaries due under the existing employment contract valid up to 30 April 2014 (salary, lump-sum expenses, variable salary components for the years 2011 to 2014).

In the year under review, no payments were made to former members of the Executive Board. For information on payments made in the previous financial year, please refer to page 103 of the annual report 2013 of Valiant Holding AG.

## 6.3 Loans to members of the Board of Directors and the Executive Board

BOARD OF DIRECTORS <sup>1)3)</sup>	Mortgages		Other borrowing		Total	
	2014	2013	2014	2013	2014	2013
	in CHF thousands					
Jean-Baptiste Beuret, Member	654	660			654	660
Andreas Huber, Member	450	–			450	–
Franz Zeder, Member	790	550			790	550
<b>Total Board of Directors</b>	<b>1,894</b>	<b>1,210</b>	<b>0</b>	<b>0</b>	<b>1,894</b>	<b>1,210</b>
EXECUTIVE BOARD <sup>2)3)</sup>						
Member with the highest total borrowing						
Bernhard Röthlisberger	840	815			840	815
<b>Total Executive Board</b>	<b>2,540</b>	<b>1,915</b>	<b>0</b>	<b>0</b>	<b>2,540</b>	<b>1,915</b>

<sup>1)</sup> Loans to members of the Board of Directors are granted on the same terms as for third parties.

<sup>2)</sup> Loans to member of the Executive Board are granted loans on preferential terms, as is customary in the sector.

<sup>3)</sup> All loans to related parties were granted on customary market terms.

# 7 Auditor's report



Report of the statutory auditor  
to the General Meeting of  
Valiant Holding AG  
Lucerne

We have audited the remuneration report of Valiant Holding AG (pages 55 to 63) for the year ended 31 December 2014.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

#### *Opinion*

In our opinion, the remuneration report of Valiant Holding AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Hugo Schürmann  
Audit expert  
Auditor in charge

Andreas Aebersold  
Audit expert

Lucerne, 18 March 2015

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# Financial report 2014

We made substantial operational improvements and took a cautious stance to risk in 2014, which helped us to return to growth. Valiant has a solid capital base that already exceeds the future regulatory requirements. We will continue our risk policy, which has so far proven prudent, enhance our profitability and systematically maintain strict cost control.



# Annual review

2014 was a good year for Valiant. The operational improvements we made are clearly reflected in the figures, and through our own efforts we succeeded in bringing about a turnaround in 2014.

Group results improved 3.4 per cent to CHF 94.5 million. Operating profit – the profit before extraordinary items and taxes – was up by 23.0 per cent to CHF 104.4 million. Net profit declined by 7.9 per cent to CHF 144.8 million as a result of a non-recurring gain of CHF 22.5 million in 2013 relating to the sale by RBA Holding of individual business activities to Swisscom. Excluding this one-off item, group profit was 7.5 per cent higher year on year. Return on equity after taxes and write-downs on goodwill was 5.1 per cent (2013: 5.1 per cent).

Valiant has a solid capital base that already exceeds the regulatory requirements that will be in place at the end of 2016. In the year under review, equity capital rose CHF 46.3 million or 2.4 per cent to CHF 1.986 billion. The total capital ratio (Tier 1 and Tier 2) was 15.8 per cent (2014: 15.0 per cent). The CET 1 ratio also increased from 13.9 per cent to 14.7 per cent. These results are a good basis from which Valiant can grow its business going forward.

In view of these solid results, the Board of Directors will propose a dividend of CHF 3.20 per share – the same as in 2013 – to the Annual General Meeting on 21 May 2015.

## Interest income

Despite ongoing low interest rates and cautious lending, net interest income climbed 3.4 per cent, from CHF 257.4 million to CHF 266.2 million. The interest margin also rose by 4 basis points to 104 basis points at year-end. These improvements, which were achieved in a difficult market environment, owe to the successful measures introduced to better manage margins. In addition, in terms of asset and liability management, interest rate risks were effectively hedged and managed.

## Commission and fee income

Net commission and fee income declined by 2.5 per cent to CHF 64.0 million (2013: CHF 65.6 million). Net commission and fee income decreased due to the high level of liquid assets held and clients' reduced trading activity.

## Trading income

Net trading income was down 9.0 per cent, to CHF 12.3 million, mainly due to lower earnings from the forex business.

## Income from other business

Other ordinary income fell by 55.4 per cent from CHF 40.2 million to CHF 17.9 million. This substantial decline was due to the non-recurring income generated in 2013 from the sale by RBA Holding of individual business activities to Swisscom. Non-recurring income from the sale of financial investments climbed CHF 1.2 million to CHF 4.0 million, or 44.4 per cent year on year.

## Gross profit

We consistently applied our cost-cutting measures, which enabled us to streamline our processes and generate recurring annual savings. Operating expenses continued to decline in 2014, down by a total of CHF 3.9 million (–1.8 per cent) to CHF 215.5 million. Personnel expenses dropped by 3.0 per cent (–CHF 3.7 million) and other operating expenses fell by 0.2 per cent.

**Depreciation of tangible assets**

Depreciation of tangible assets fell by CHF 18.0 million, or 33.3 per cent, to CHF 36.1 million year on year. One-off write-downs recorded in 2013 were the reason for this significant drop.

**Efficiency gains**

We continued to streamline processes and manage costs in order to achieve further gains in efficiency. The cost/income ratio (including depreciation) decreased from 72.6 per cent to 69.8 per cent. Due to an exceptional item in 2013, the cost/income ratio after depreciation increased from 58.3 per cent to 59.8 per cent.

**Value adjustments, provisions and losses**

Value adjustments, provisions, and losses decreased by CHF 13.9 million to CHF 4.3 million. Special, one-off provisions set aside in 2013 as a result of (e.g. for the US tax programme) no longer applied in the year under review. Value adjustments remained low due to the continuing high quality of the loan book.

**Extraordinary income**

Extraordinary income amounted to CHF 11.7 million and reflects the repayment of part of the RBA assistance fund (CHF 9.7 million) and sales of non-operating real estate and an investment.

**Taxes**

Tax expense rose by CHF 9.5 million to CHF 20.6 million (+ 116.1 per cent) due to higher earnings and the lower proportion of income from investments (smaller investment deduction) as compared to the previous year.

**Total assets**

Total assets rose CHF 123.9 million, or 0.5 per cent, to CHF 25.3 billion in 2014.

**Due from clients**

Client loans remained unchanged overall at CHF 21.8 billion. Loans to clients decreased sharply by CHF 297.6 million (– 14.6 per cent) to CHF 1.7 billion as a result of measures to boost the profitability of our business with corporate clients. Mortgage growth was purposely kept low given the pressure on margins and trend in the real estate market. Mortgage loans rose CHF 304.3 million (+ 1.5 per cent) to CHF 20.0 billion.

Fixed-rate mortgages made up 95 per cent of total mortgages at end-2014, compared with 94 per cent at end-2013.

**Funds due to clients**

Valiant posted an increase in client deposits of CHF 491 million, or 2.8 per cent, to CHF 17.9 billion. The coverage ratio of client loans by client deposits improved from 79.9 per cent to 82.2 per cent at end-2014.

**Outlook for 2015**

We anticipate a difficult market environment in 2015. In particular, the persisting negative interest environment will continue to pose challenges for us in 2015. We will therefore remain cautious in our risk policy, enhance our profitability and systematically maintain strict cost control.

# Consolidated financial statements

70	Consolidated financial statements
74	Notes to the consolidated financial statements
76	Notes on risk management
82	Principles of consolidation
87	Information on the balance sheet, off-balance sheet and income statement
101	Auditor's report on the consolidated financial statements
103	Disclosure in compliance with capital adequacy requirements

# Consolidated financial statements

## Consolidated balance sheet

<b>ASSETS</b>	Notes	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands	Change in CHF thousands	Change in %
Cash		1,544,293	1,056,693	487,600	46.14
Money market receivables		0	226	-226	-100.00
Due from banks		314,994	830,191	-515,197	-62.06
Due from clients	1	1,741,575	2,039,155	-297,580	-14.59
Mortgages	1, 9	20,034,416	19,730,084	304,332	1.54
Securities and precious metals trading portfolios	2	0	314	-314	-100.00
Financial investments	3, 9	1,242,813	1,302,231	-59,418	-4.56
Non-consolidated holdings	5, 6, 7	196,065	192,958	3,107	1.61
Tangible assets	7	149,090	165,293	-16,203	-9.80
Intangible assets	7	20,950	33,587	-12,637	-37.62
Accrued income and prepaid expenses		32,588	54,523	-21,935	-40.23
Other assets	8	51,153	46,625	4,528	9.71
<b>Total assets</b>		<b>25,327,937</b>	<b>25,451,880</b>	<b>-123,943</b>	<b>-0.49</b>
Total subordinated claims		0	0	0	0.00
Total due from non-consolidated holdings		1,321,400	485,380	836,020	172.24
<b>LIABILITIES</b>					
Money market liabilities		449	270	179	66.30
Due to banks		262,864	293,952	-31,088	-10.58
Due to clients in savings and investment deposits		12,811,883	12,881,432	-69,549	-0.54
Due to clients, other		4,468,206	3,841,698	626,508	16.31
Medium-term notes		614,897	681,264	-66,367	-9.74
Debentures and mortgage bond loans	12	4,881,046	5,525,548	-644,502	-11.66
Accrued expenses and deferred income		84,482	96,527	-12,045	-12.48
Other liabilities	8	112,600	83,622	28,978	34.65
Value adjustments and provisions	13	105,471	107,864	-2,393	-2.22
Reserve for general banking risks	13, 30	4,830	4,830	0	0.00
Share capital	14	7,896	7,896	0	0.00
Capital reserve		603,027	605,130	-2,103	-0.35
Profit reserve		1,295,965	1,255,064	40,901	3.26
Own shares		-20,185	-24,654	4,469	-18.13
Group profit		94,506	91,437	3,069	3.36
<b>Total liabilities</b>		<b>25,327,937</b>	<b>25,451,880</b>	<b>-123,943</b>	<b>-0.49</b>
Total subordinated debt		150,000	150,000	0	0.00
Total liabilities due to non-consolidated holdings		74,440	84,827	-10,387	-12.24

<b>OFF-BALANCE SHEET TRANSACTIONS</b>	<b>Notes</b>	<b>31.12.2014 in CHF thousands</b>	<b>31.12.2013 in CHF thousands</b>	<b>Change in CHF thousands</b>	<b>Change in %</b>
Contingent liabilities	1, 21	325,222	327,605	-2,383	-0.73
Irrevocable commitments	1	1,156,252	936,486	219,766	23.47
Commitments relating to calls on shares and other equities	1	44,564	44,564	0	0.00
Credit commitments	1, 22	0	0	0	0.00
Derivative financial instruments	8, 23, 24				
Contract volume		1,580,721	1,763,013	-182,292	-10.34
Positive replacement values		3,447	5,017	-1,570	-31.29
Negative replacement values		44,400	44,137	263	0.60
Fiduciary transactions	25	3,027	3,473	-446	-12.84

## Consolidated income statement

	Notes	2014 in CHF thousands	2013 in CHF thousands	Change in CHF thousands	Change in %
<b>NET INTEREST INCOME</b>					
Interest and discount income		411,587	439,939	-28,352	-6.44
Interest and dividends from trading portfolios		19	18	1	5.56
Interest and dividends from financial investments		31,526	26,994	4,532	16.79
Interest expense		-176,967	-209,554	32,587	-15.55
<b>Net interest income</b>		<b>266,165</b>	<b>257,397</b>	<b>8,768</b>	<b>3.41</b>
<b>NET COMMISSION AND FEE INCOME</b>					
Commission income from lending activities		3,417	3,345	72	2.15
Commission income from securities trading and investment activities		44,450	47,086	-2,636	-5.60
Commission income from other services		28,715	28,096	619	2.20
Commission expenses		-12,600	-12,887	287	-2.23
<b>Net commission and fee income</b>		<b>63,982</b>	<b>65,640</b>	<b>-1,658</b>	<b>-2.53</b>
<b>NET TRADING INCOME</b>	26	12,261	13,474	-1,213	-9.00
<b>OTHER ORDINARY INCOME</b>					
Income from sale of financial investments		3,956	2,740	1,216	44.38
Income from holdings		12,338	34,766	-22,428	-64.51
of which equity-accounted holdings		3,306	25,996	-22,690	-87.28
of which from other non-consolidated holdings		9,032	8,770	262	2.99
Income from real estate		1,712	2,717	-1,005	-36.99
Other ordinary income		147	387	-240	-62.02
Other ordinary expenses		-239	-426	187	-43.90
<b>Other ordinary income</b>		<b>17,914</b>	<b>40,184</b>	<b>-22,270</b>	<b>-55.42</b>
<b>OPERATING EXPENSES</b>					
Personnel expense	27	-118,710	-122,389	3,679	-3.01
Other operating expenses	28	-96,804	-97,045	241	-0.25
<b>Operating expenses</b>		<b>-215,514</b>	<b>-219,434</b>	<b>3,920</b>	<b>-1.79</b>
<b>Gross profit</b>		<b>144,808</b>	<b>157,261</b>	<b>-12,453</b>	<b>-7.92</b>
<b>GROUP PROFIT</b>					
Gross profit		144,808	157,261	-12,453	-7.92
Depreciation of tangible assets	7	-36,102	-54,143	18,041	-33.32
Value adjustments, provisions and losses	13	-4,291	-18,194	13,903	-76.42
<b>Profit before extraordinary items and taxes</b>		<b>104,415</b>	<b>84,924</b>	<b>19,491</b>	<b>22.95</b>
Extraordinary income	30	11,674	16,052	-4,378	-27.27
Extraordinary expenses	30	-991	-11	-980	n/a
Taxes	29	-20,592	-9,528	-11,064	116.12
<b>Group profit</b>		<b>94,506</b>	<b>91,437</b>	<b>3,069</b>	<b>3.36</b>

# Consolidated cash flow statement

	2014			2013		
	Source of funds in CHF thousands	Use of funds in CHF thousands	Net cash inflow/ outflow in CHF thousands	Source of funds in CHF thousands	Use of funds in CHF thousands	Net cash inflow/ outflow in CHF thousands
Group profit	94,506			91,437		
Depreciation of tangible assets	36,102			54,143		
Value adjustments and provisions	33,110	30,047		49,022	31,242	
Accrued income and prepaid expenses	21,935				18,819	
Accrued expenses and deferred income		12,045			75	
Previous year dividend		50,536			50,536	
Changes in the consolidated group					561	
<b>Cash flow from operating activities (internal financing)</b>	<b>185,653</b>	<b>92,628</b>	<b>+ 93,025</b>	<b>194,602</b>	<b>101,233</b>	<b>+ 93,369</b>
Own shares	4,469			562		
Dividends/share price gains own shares		2,103		829		
Change in reserve for general banking risks					231	
<b>Cash flow from equity capital transactions</b>	<b>4,469</b>	<b>2,103</b>	<b>+ 2,366</b>	<b>1,391</b>	<b>231</b>	<b>+ 1,160</b>
Non-consolidated holdings	199	3,306		3,168	26,456	
Changes in the consolidated group				2,725		
Tangible assets	8,056	10,093		10,415	21,602	
Intangible assets		5,225		4,867	5,091	
<b>Cash flow from investment activities</b>	<b>8,255</b>	<b>18,624</b>	<b>- 10,369</b>	<b>21,175</b>	<b>53,149</b>	<b>- 31,974</b>
Money market receivables	226			532		
Due from clients	297,580				3,758	
Mortgages		304,332			261,057	
Money market liabilities	179				507	
Due to clients in savings and investment deposits		69,549		354,010		
Due to clients, other	626,508				198,272	
Medium-term notes		66,367			96,948	
Utilisation of specific value adjustments in conformity with purpose		5,456			33,486	
<b>Cash flow from client transactions</b>	<b>924,493</b>	<b>445,704</b>	<b>+ 478,789</b>	<b>354,542</b>	<b>594,028</b>	<b>- 239,486</b>
Securities and precious metals trading portfolios	314			381		
Financial investments	59,418			157,928		
Debentures and mortgage bond loans		644,502		77,723		
<b>Cash flow from capital market business</b>	<b>59,732</b>	<b>644,502</b>	<b>- 584,770</b>	<b>236,032</b>	<b>0</b>	<b>+ 236,032</b>
Due from banks	515,197				96,216	
Due to banks		31,088		10,656		
<b>Cash flow from interbank business</b>	<b>515,197</b>	<b>31,088</b>	<b>+ 484,109</b>	<b>10,656</b>	<b>96,216</b>	<b>- 85,560</b>
Other assets		4,528		7,561		
Other liabilities	28,978				6,090	
<b>Cash flow from other balance sheet positions</b>	<b>28,978</b>	<b>4,528</b>	<b>+ 24,450</b>	<b>7,561</b>	<b>6,090</b>	<b>+ 1,471</b>
<b>Cash flow from banking operations</b>	<b>1,528,400</b>	<b>1,125,822</b>	<b>+ 402,578</b>	<b>608,791</b>	<b>696,334</b>	<b>- 87,543</b>
<b>Total inflow of funds (+) / Total outflow of funds (-)</b>	<b>1,726,777</b>	<b>1,239,177</b>	<b>+ 487,600</b>	<b>825,959</b>	<b>850,947</b>	<b>- 24,988</b>
<b>CHANGE IN CASH</b>	<b>Balance</b>	<b>Balance</b>	<b>Change</b>	<b>Balance</b>	<b>Balance</b>	<b>Change</b>
	31.12.2013	31.12.2014		31.12.2012	31.12.2013	
Cash	1,056,693	1,544,293	+ 487,600	1,081,681	1,056,693	- 24,988
<b>Total cash and cash equivalents</b>	<b>1,056,693</b>	<b>1,544,293</b>	<b>+ 487,600</b>	<b>1,081,681</b>	<b>1,056,693</b>	<b>- 24,988</b>

# Notes to the consolidated financial statements

## Information on business operations and headcount

### General

Valiant Holding AG is a holding company in the financial sector with its registered office in Lucerne. Its main holding is the 100 per cent stake it holds in its subsidiary Valiant Bank AG, which operates on an interregional scale and has a market presence under the single brand name Valiant in the cantons of Aargau, Basel-Landschaft, Basel-Stadt, Berne, Freiburg, Jura, Lucerne, Neuchâtel, Solothurn, Vaud and Zug. Valiant Bank AG primarily seeks to meet the needs of clients in the above areas, where it does business through 84 branches. It offers them payment, savings, pensions, finance and investment solutions and is committed to a business policy founded upon continuity.

Apart from the business areas described below, it engages in no other business activities that materially impact Valiant Holding AG's risk position and profitability.

### On-balance-sheet business

Its income is mainly derived from on-balance-sheet business, while its lending business is dominated by mortgage loans. Approximately two thirds of total liabilities are made up of client deposits.

### Commission and fee income

Commission and fee business includes asset management, securities, investment and issuances, as well as services relating to payment transactions, financial and tax planning, letters of credit, and security deposits and guarantees.

### Trading business

Valiant Holding AG does not engage in proprietary trading. Valiant Bank AG deals in foreign currencies and notes, advises on investments and manages assets, and trades in securities and derivative financial instruments primarily in order to meet its clients' needs.

### Other areas of business

The financial investments of Valiant Holding AG and Valiant Bank AG mainly consist of fixed-interest securities that are largely held for liquidity purposes. They also, however, include other securities, such as equities, share certificates and the like, acquired as long-term investments. Apart from properties used for banking operations and held for investment purposes, the bank has only a very small number of properties, held in connection with non-performing loans.

### Membership of the RBA banking group

Valiant Bank AG is a member of the RBA shareholders' pool and receives certain services and products in return for payment. In order to provide these services, RBA Holding AG and its subsidiaries have made substantial investments in infrastructure. Valiant Bank AG has undertaken to pay compensation equivalent to 0.08 per cent of its total assets should it leave the RBA shareholders' pool. Valiant Bank AG also, in 2011 and 2012, received payments from RBA Futura AG in connection with IT migration, which amounted to CHF 7.5 million on each occasion. Valiant Bank AG has undertaken to repay these sums in the event of its leaving the RBA shareholders' pool before 31 December 2017.

Valiant Bank AG should continue to receive payments from RBA Futura AG (an assistance fund forming part of the RBA security and solidarity network) until 2017. In 2014, such payments amounted to CHF 9.7 million. These do not have to be repaid on leaving the RBA shareholders' pool, but no payments will be made after the date of leaving.

In 2013, RBA Holding sold its business service outsourcing business to Swisscom. At its 2014–2017 general meetings, RBA Holding intends to propose dividends equalling the proceeds of the sale. In the financial year 2014, Valiant Bank AG received CHF 6 million in dividends.

#### **Outsourcing of business areas**

Valiant Bank AG has outsourced payment transactions, securities administration and the operation of its IT platform to Swisscom Banking Provider AG. The IT platform for Valiant's asset management services is provided by Lombard, Odier & Cie (Geneva). These services were outsourced on a contractual basis in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA. The employees of Swisscom Banking Provider AG and Lombard, Odier & Cie are obliged to maintain bank-client confidentiality.

The internal audit was outsourced to Entris Audit AG (Muri bei Bern). This does not constitute outsourcing within the meaning of the FINMA Circular 2008/07 "Outsourcing – Banks".

#### **Headcount**

The headcount of Valiant Holding AG and its subsidiaries totalled 883 in terms of full-time equivalents, with an additional 72 posts for apprentices at the end of the year under review.

# Notes on risk management

## Risk assessment

The Board of Directors has the overall responsibility for risk management, risk control and the compliance function of Valiant. The Board sets risk policy, including risk appetite and risk tolerance (limits on risk-bearing capacity and limits on material risks) and reviews it annually. The risk-bearing capacity level is assessed on an income statement (normal level) and on an equity level (stress level). The risk assessment is done at least twice a year as part of the discussions on the report of the risk control function. This report contains an assessment of overall risk as well as individual risks by the CRO, as well as a statement by the Executive Board and the Board of Directors' risk committee on their assessment of risks.

At least every quarter the Board of Directors is informed by the risk committee on the development of the risk situation, the risk-bearing capacity, any changes in the framework conditions and the measures taken. In addition, in the joint meetings with the audit committee, discussions are held with the external auditor and internal audit to receive their assessment of the Valiant risk profile.

The Board of Directors assesses on an annual basis the appropriateness and effectiveness of the internal control system, based on the report "Risk analysis and assessment of the internal control system (ICS) by the Executive Board", the report of risk control and the reports from the external and internal auditors. The assessment of the ICS is discussed in detail by the risk committee and the audit committee.

## Risk policy

The Board of Directors is responsible for setting the risk policy. The risk policy is to be reviewed at least annually to check that it is still appropriate, and if necessary adjusted. In addition to the quantitative guidelines for calculating the Bank's risk-bearing capacity (normal and stress levels) as well as limits on individual risks, the Board of Directors has also set the following qualitative guidelines for the business and risk policy:

- Valiant deliberately takes on risks that generate a risk-adjusted added value for the Bank and contribute to achieving the business goals.
- Valiant strives to achieve a balanced risk-return ratio in all its businesses.
- Risks that are deliberately assumed must be measured, limited, monitored and reported. The net risks must lie within the defined risk tolerance.
- The principle of risk diversification is important. Whenever diversification cannot be realised, the risks that are associated with transactions are to be minimised.
- The Bank cultivates a risk culture that is based on responsible action. Employees are responsible for the gains or losses arising from risks entered into. Every employee, including and especially managers at all levels, is to learn about the risks in their business areas and to cultivate and understanding of risks.

## Risk management and measures to mitigate risk

Risk management is one of the main tasks of every bank. The purpose of risk management is to provide a comprehensive and systematic control of risks within the defined risk tolerance as set by the Board of Directors. It includes identifying, measuring, assessing, controlling and reporting on individual as well as aggregate risk positions.

To reduce the risks inherent in the bank's activities, the individual types of risks are assessed in terms of their probability of occurrence and impact. With gross risk as the starting point, the net exposures are determined considering risk reduction measures. Risks are mitigated with the use of collateral and quality requirements, hedging, limits and other instruments (such as organisational structures with adequate segregation of functions, four-eyes principle, ICS, emergency plans, insurance).

## Default risks

Due to the type of business that Valiant is in, the bank primarily faces default risk in lending. Default risk includes the risk of a loss due to the borrower being unable to repay a loan or any obligation. Fully or in part, or because real assets or securities drop in value or become worthless. This type of risk can regard clients (such as lending, contingent liabilities, irrevocable commitments) as well as counterparties (such as banks, financial investments, holdings, derivatives).

### Client loans

#### Principles and business activity

Valiant grants loans to clients who are in a position to pay them back. Clients must be creditworthy. The key aspects of creditworthiness are the client's integrity, the purpose of the loan, transparency, plausibility and the leverage of the loan.

The bank's main activity is real estate financing for private clients, self-employed persons, as well as small and medium-sized companies. In addition, the bank offers loans for working capital as another basic service for companies. Unsecured loans are granted only to solvent companies and to entities under public law. Loans with different collateral are given a lower priority. Consumer loans or lines of credit to private clients are granted only on an exceptional basis.

Valiant's credit business operates primarily in those cantons in which it has branches, although some limited lending is also possible in other cantons. These loans can be granted directly by the branches or through partner organisations.

#### Risk mitigating measures

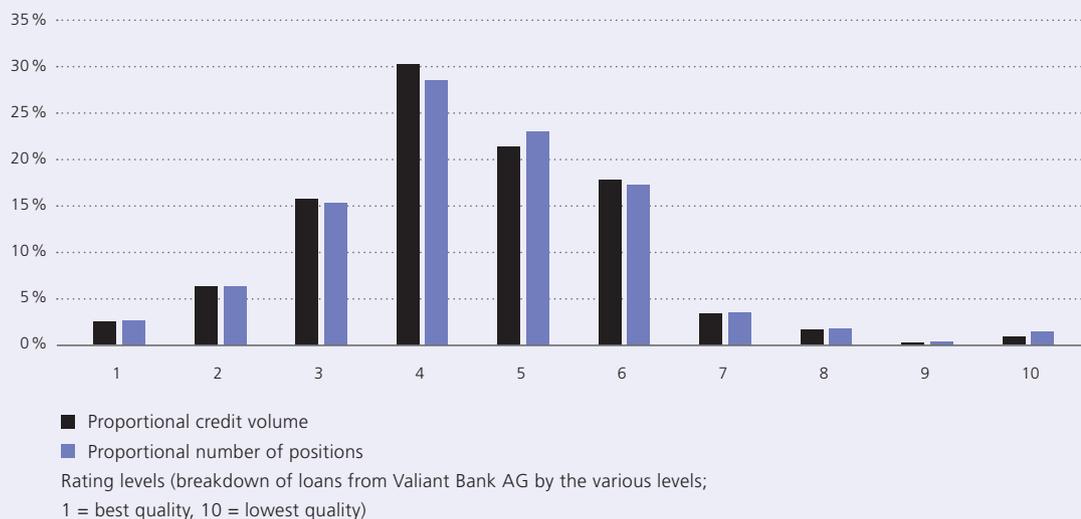
In its core business Valiant has the appropriate organisational structures and processes as well as comprehensive directives to monitor credit risks at the individual business and portfolio levels. The responsibility for managing risks relating to client loans lies with the Credit Office. Working independently from the front offices it is responsible for credit analysis, loan monitoring, Credit Office support (including credit processing) and for special financing.

Credit risks are kept within limits through risk diversification, quality requirements and collateral margins. For loan approvals there is a risk-oriented decision-making authority, in which creditworthiness is assessed on the basis of uniform criteria. Depending on the type and amount of the loan, the loan is approved by various levels of decision-making authority. The Board of Directors has delegated the highest loan approval authority to the Valiant Credit Committee. This committee consists of representatives from the Executive Board and other specialists. Approval for lower-risk loans is delegated to various decision-making authorities in the regions.

The various client segments are assessed using the client rating system RASY developed by Entris Audit AG. This system makes it possible to rate borrowers on the basis of various risk categories and to determine risk adjusted conditions. The rating system has 10 rating levels and is based on a statistical model, which uses different asset criteria for private clients and corporate clients. For private clients the key factor is income, while for corporate clients factors such as earnings power, debt/equity ratio and liquidity are the main criteria. In addition to these quantitative factors, the assessment also includes the qualitative features of the borrower.

Proximity to the client and knowledge of the client are key features of the continuous monitoring of the bank's credit exposure during the entire term of the loan. Depending on the type and amount of the loan as well as the collateral, a risk-oriented follow-up procedure is used in which the borrower's creditworthiness is regularly reassessed and the value of collateral is periodically reviewed. The monitoring of credit risks in portfolios is done through the use of early warning systems and stress tests. The analyses of the portfolio involves assessing its diversification on the basis of a number of structural features (including type of loan, rating of the counterparty, industry, collateral, geographical features, value adjustments, exception-to-policy loans).

### Ratings statistics for commercial and private clients as at 31 December 2014



The collateral to secure the loan is valued on the basis of standard criteria used in the banking industry. The market value used as the basis for determining the lending value is calculated, depending on the type of property, on the basis of methods such as the earning-capacity value, real value or market value model, or a combination of these. For an owner-occupied home, the assessment is primarily done on the basis of a hedonic model. For rental properties such as multi-family buildings, or for commercial or industrial property, the earning-capacity value is used as the key parameter. If the credit facility is not to be continued, the valuation of the property is based on the liquidation value.

The special financing department is an internal skills centre that is specialised in restructurings and disposals. It also works on finding solutions for unusual and complex tasks as well as for special financing. Exposed credit positions are revalued every quarter. On the basis of this revaluation, required value adjustments are recognised. The Audit Committee, the Risk Committee and the Board of Directors are informed quarterly about any changes in value adjustments.

#### Other counterparty risks

Counterparty risks are assumed primarily as regards the holding of liquidity (cash and cash reserves as well as high-quality liquid assets in accordance with liquidity guidelines). The quality requirements for setting individual limits are based primarily on the ratings of recognised rating agencies. The limits are reviewed periodically and, if necessary, they are adjusted to changing conditions. The Asset Liability Committee (ALCO) recommends the limits to be set, which are then approved by the Executive Board. Compliance with the limits is monitored on an ongoing basis and reported.

#### Country risks

A country risk occurs if country-specific, political or economic conditions affect the value of foreign exposures. Country risks play a minor role due to the type of business activities that Valiant engages in. 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.

## Management of market risks

### Interest rate risks

Interest income is the most important source of earnings for Valiant and is affected by changes in market interest rates. Balance sheet transactions and some off-balance-sheet transactions are subject to interest rate risks, which is due to the various fixed interest rates for assets, liabilities and derivative financial instruments. The Board of Directors has set risk limits for Asset Liability Management (ALM) due to sensitivity and earnings considerations.

ALCO is responsible for measuring and monitoring interest rate risk. ALCO is headed by the CFO and includes members of the Executive Board and specialists. The head of Treasury/ALM is responsible for the ongoing analysis of key data and for managing the risks.

ALM monthly reports information on the results of most important analyses – such as the sensitivity of equity to a change in market interest rates, the analysis of the income effect, the duration of assets and liabilities, the trend in variable and fixed balance sheet positions (interest rate gaps), interest income and the interest margin, value-at-risk analyses – and the utilisation of limits. The interest rate gap analysis shows all positions at their fixed interest rate. Positions that are callable or that are due at sight are recognised using a replication model. The replication rates are reviewed at least annually to check that they are still appropriate, and if necessary adjusted.

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 the use of regular simulations and stress tests the impact of future or unusual market situations on the sensitivity of equity (modified duration) and on interest income (income effect) are calculated, and measures for optimising interest income are put in place.

### Other market risks

Other market risks play a minor role due to the type of business activities that Valiant engages in. Valiant deals 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 holdings are managed in the banking book. The adherence to limits is monitored by Risk Control, which reports on a regular basis to the Executive Board and the Board of Directors.

## Liquidity and refinancing risks

The goal of liquidity risk management is to ensure that Valiant can meet all its payment obligations, even in stress situations where refinancing opportunities are very limited. The Board of Directors determines risk tolerance by defining specific limits that apply to liquidity, refinancing and stress scenarios. In addition, an effective contingency-warning plan is in place for addressing acute liquidity shortages, as well as early-warning indicators to identify potential stress situations. The contingency plan stipulates the roles of those responsible, the decision-making process, measures to be introduced and the flow of information.

Regulatory requirements, management of short- and medium-term cash flows and adherence to internal limits are monitored and steered continuously by Treasury. Responsibility for Treasury is with the Head of Treasury/ALM, who regularly reports to the CFO and ALCO. Short-term funds are placed with first-class counterparties. A bond portfolio eligible for repo transactions is held in financial investments as a medium-term liquidity reserve. To fulfil the LCR ratio, mainly Level 1 and Level 2 assets are acquired. A minor part is invested short-term in the inter-bank market.

Refinancing of lending relies primarily on broadly diversified client deposits. Treasury also raises funds through Pfandbriefbank and the issuance of bonds.

## Management of operational risks

Operational risk is defined as the risk of directly or indirectly incurring losses due to the inappropriateness or failure of internal procedures, people or systems or due to external events. The definition includes legal risks, but not strategic risks or reputational risks. Operational risks are a consequential risk of engaging in business with clients. Operational risks are limited by regulations and directives on organisational structures and processes as well as measures specifically designed to mitigate risks (in particular, tailored controls). Responsibility for the management of operational risks and implementation of suitable processes and systems lies with the respective line manager.

An inventory of all major operational risks is compiled, which is then used to limit and monitor them. It is reviewed and updated at least once a year by the affected business units and Risk Control. This includes an assessment of every operational risk in terms of the likelihood of its occurrence and its potential impact. The inventory covers the inherent risks (gross risk prior to risk mitigation measures), the risk mitigation measures in place and the resulting residual risks. The risk inventory for operational risks is discussed by the Risk Committee. The major operational risks are also addressed in the report to the Board of Directors.

Having an appropriate internal control system in place is one of the most important risk mitigation measures. Tailored controls are integrated into the processes used to provide services and are applied on a continuous basis and documented accordingly. An appropriate segregation of functions is adequately considered in the set-up of the organisational structure and in the relevant processes. The person responsible for ICS in each business unit evaluates the design effectiveness of the internal controls at least once per year.

Actions for securing, maintaining and restoring critical business processes in the event of major internal or external events are governed by the BCM strategy and BCM manual. The BCM strategy issued by the Board of Directors defines the internal crisis response set-up and crisis management staff responsible for assessing critical threats for Valiant and their impacts. The crisis management staff develop appropriate response plans, test them at regular intervals and report annually on their main activities to the Risk Committee.

The revised FINMA Circular "Operational risks at banks" (FINMA-RS 2008/21) specifies parts of the Capital Adequacy Ordinance and stipulates qualitative requirements for the management of operational risks, which include, in particular, the formulation of a framework concept in which the Board of Directors determines risk appetite and risk tolerance with respect to operational risks. In Annex 3 (treatment of electronic client data) to this circular, principles governing the proper management of risks associated with the confidentiality of client data have now been laid down. During the year under review, Valiant took the steps needed to implement the revised circular on schedule. In December 2014, the Board of Directors issued a set of regulations, which duly incorporate the requirements set out in the FINMA circular.

## Compliance and management of legal risks

### Compliance

The Compliance function ensures that business activities are consistent with legal regulations and internal bank requirements. For this reason, Compliance has an unlimited right to information, access and inspection pursuant to FINMA Circular 2008/24 "Supervision and internal control – banks". Compliance operates independently of earnings-oriented business activities and reports directly to the CEO. Compliance is responsible for monitoring requirements and trends with respect to legislates, supervisory authorities and industry organisations. It is incumbent upon Compliance to ensure that directives are updated in line with regulatory developments and are communicated to staff, and they are compliant with. Compliance also supports and advises the Executive Board and line managers in unusual or complex cases relating to compliance and continuously checks for potential violations of the relevant regulations.

A key responsibility of Compliance is to continually assess compliance risks as conditions change and to formulate a risk-oriented action plan based on the outcome of the assessment. Compliance reports on compliance risks and the findings arrived at through the compliance function on a quarterly basis to the Risk Committee and on a half-yearly basis to the Board of Directors. In applying anti-money-laundering regulations, IT tools are used to identify and monitor high-risk business relationships and transactions.

### Regulatory environment

The regulations and standards to which the banking business is subject are set out in federal laws 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 rules, regulations and standards also affect the financial industry in Switzerland, either directly or indirectly, and thus also have to be duly observed.

### Cross-border financial services business

During the year under review, Valiant adapted its cross-border policy and the handling of tax-neutral money associated with it, making it more specific and bringing it closer into line with its business model. It was prompted to do this by the FINMA position paper on legal and reputational risks in cross-border financial services, as well by current ongoing debates about tax. In so doing, Valiant made it a requirement for clients domiciles abroad to have a sufficiently close connection with Switzerland. Servicing such clients is being centralised in a single department, and the staff concerned are given training specific to their tasks. Valiant has never sought to actively acquire clients living abroad, nor does it intend to start to do so.

For the purpose of tax compliance, foreign clients are required to submit a self-declaration, and a business relationship with them will not be entered into if there is any suspicion of tax evasion. However, as Valiant's approach to cross-border business also takes account of the various interest taxation models within the EU, the double taxation agreements with its member states, the FATCA and QI agreement, and the agreements on withholding tax with the UK and Austria, the way in which clients are processed depends on the country in which they are domiciled.

### The US tax programme and FATCA

When dealing with US legacy issues (the "US tax programme"), Valiant has always complied with the requirements of the Department of Justice (DoJ). Valiant has opted to participate in the US tax programme in Category 2. This decision was taken as a precautionary measure and to ensure the exercise of due diligence, since a bank of Valiant's size cannot guarantee that all clients with a connection to the United States fulfilled their tax obligations to the US in the past. By June 2014, Valiant was in a position to end the programme with the US, having implemented its requirements. All the documentation required, as well as the report of the Independent Examiner, has now been produced respectively sent to the DoJ by the specified deadline.

Valiant provided, in due time, information to employees of whose data was delivered to the US authorities and assured them of its exercise of a duty of care in this regard. This means that it will assume any court costs and the costs of legal counsel and provide them with expert support in the event charges are brought against them. Valiant will continue to be bound by this duty of care even if the employee concerned changes job or retires. Only in the event of fault on their own part – through conscious disregard of the bank's rules and requirements – will the employee not be able to rely on the bank's duty of care.

The provisions that were set aside in 2013 will cover the expenses stemming from the US tax issue, and the 2014 results will therefore not be impacted by the US tax programme.

The FATCA (Foreign Account Tax Compliance Act) agreement entered into force on 1 July 2014. Its provisions were transposed into Swiss law by the Federal Law on the Implementation of the FATCA Agreement between Switzerland and the United States (FATCA Law), under which Swiss financial intermediaries are obliged to check the US status of clients when entering into new business relationships. In view of events to date and the repeated deferral of the date of the entry into force, Valiant took the decision to apply the FATCA requirements from as early as 1 January 2014. Training in this has been provided, the required documentation has been made available and staff have been made fully aware of what the requirements are.

Valiant's technical systems support most of the FATCA requirements, one consequence of which is that data required under the agreement for the reports to the US tax authorities is derived directly from the system.

### Other regulatory efforts

National and international requirements have triggered a new dynamic regulation, with a consequently higher level, and greater density, of such regulation. This has brought about a perceptible tendency towards greater transparency in OTC rules (Financial Market Infrastructure Act FMIA), in taxation (revision of the Swiss Anti-Money Laundering Act) and in the automatic exchange of information (AEI) by authorities.

With a view to improving the protection offered to investment clients, FINMA, has proposed a number of measures in its position paper on distribution rules. These are mainly aimed at improving the information and explanations given to clients in the distribution of investment products, the systematic enquiries into the client's appetite for risk and capacity for it, the documentation of interviews with clients and the initial and follow-up training provided for client advisors. Valiant is already responding to this proposal, in advance of the Financial Services Act (FSA) that is to govern these measures, by making its employees aware of "Investment Suitability and Appropriateness". Processes have for some time been adapted in line with the requirements of the European Union's Markets in Financial Instruments Directive (MiFiD II). At the same time, the progress of the drafting of the Financial Services Act is being constantly and actively monitored.

# Principles of consolidation

## General principles

The consolidated financial statements give a true and fair view of the group's financial position and income situation. They comply with the accounting standards set out in the Swiss Federal Law and Ordinance on Banks and Savings Banks, the accounting guidelines for banks and securities dealers set out by the Swiss Financial Market Supervisory Authority (FINMA) and the accounting standards in the listing provisions of SIX Swiss Exchange.

The consolidated financial statements are based on audited financial statements of group companies, which are drawn up using uniform valuation principles.

The detailed positions recorded in a balance sheet item are generally valued individually (individual valuation).

Current assets are valued at the lower of cost or market. Cost price is calculated based on weighted averages.

## Scope of consolidation

The consolidated financial statements comprise of all material directly and indirectly held group companies active primarily in banking and finance, in which Valiant Holding AG has a majority of votes or capital (see table 4 "consolidated holdings").

## Consolidation method

The assets and liabilities, off-balance-sheet transactions, and the income and expenses of consolidated companies are recognised using the full consolidation method. Capital consolidation is carried out using the purchase method. Goodwill or negative goodwill is amortised over a maximum of five years via the income statement. Goodwill is subject to an annual impairment test and, if necessary, immediately written off. Intercompany transactions and unrealised interim profits are eliminated. Minority interest in equity and group profit is recognised in accordance with the entity theory. Companies in which Valiant has a holding of at least 20 per cent are recognised using the equity method. Holdings in companies with a share of less than 20 per cent and immaterial majority holdings are recognised at the lower of cost or market.

Despite the equity holding of 56.93 %, RBA-Holding AG is recognised using the equity method because,

- under the RBA contract, key decisions require a two-thirds majority,
- RBA-Holding AG is a joint collaboration between all RBA banks.

## Consolidation period

The consolidation period corresponds to the calendar year in question. Where consolidated holdings have different financial years from the calendar year, an interim statement is drawn up on the balance sheet date.

## Recognition and entry in the balance sheet

All business transactions are recorded on the closing date and recognised from this date in accordance with the consolidation and valuation principles.

## Currency conversion

The functional currency of all consolidated companies is the Swiss Franc. Foreign currency items in assets and liabilities are valued at spot rates on the balance sheet date. Transactions in foreign currencies are recorded at the respective rates of the day.

The following exchange rates were used for the valuation of assets and liabilities.

	31.12.2014	Previous year
USD	0.9895	0.8884
EUR	1.2027	1.2251
GBP	1.5394	1.4641

**Outsourcing of business areas**

Valiant Bank AG obtains a significant amount of its IT services from Swisscom Banking Provider AG. The outsourcing of IT is governed by the service level agreements (see also page 75).

**Cash, money market receivables, due from banks and clients, mortgages, deposits**

Items are recognised at their nominal value or purchase price less individual value adjustments on impaired loans. Discounts on money market papers are accrued over the term of such papers.

**Loans (due from clients and mortgages)**

Impaired loans, that is, claims for which it is unlikely that the borrower can meet its future commitments, are valued individually, and the impairment is covered by individual value adjustments. Off-balance-sheet transactions such as firm commitments, guarantees and derivatives are valued in the same way. Loans are classified as impaired at the latest when the contractually agreed payments of capital and/or interest have been outstanding for more than 90 days. Interest that has been outstanding for more than 90 days is deemed overdue. Overdue interest and interest for which payment is at risk are no longer recognised as income.

The individual valuation adjustment 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. If the realisation process is expected to last longer than a year, the estimated proceeds are discounted at the balance sheet date.

If a loan is classified as wholly or partly uncollectible or if the claim is waived, it is booked out against the appropriate value adjustment. Recovered loans that were booked out previously are credited directly to the value adjustments for loan default risks.

In addition to the individual value adjustments, Valiant makes general provisions to cover latent risks on the balance sheet date. The calculation is made based on fixed historical values for each credit rating category.

Valiant classifies all loans in ten rating categories. Loans in categories 1 to 6, the debt is serviced if the collateral value of the securities is adequate and the credit repayment is not at risk. No general provisions are created for such loans. Loans classified in category 10 have high default risk and specific value adjustments are made. General provisions are created on loans in categories 7, 8 and 9, where there is a risk of a loss.

Impaired loans are only reclassified as performing loans if the amortisations and interest are paid as contractually agreed and other credit rating criteria are met.

**Securities lending and borrowing transactions**

Securities lending and borrowing transactions are recognised at the value of the cash deposit received or paid, including accrued interest.

Securities that have been borrowed or acquired as collateral are only disclosed in the balance sheet if the bank obtains control over the contractual rights of these securities. Loaned securities or securities deposited as collateral are only removed from the balance sheet if the bank loses the contractual rights linked to these securities. The market values of the borrowed and loaned securities are monitored daily so that additional collateral can be provided or requested, if necessary.

Fees received or paid from the securities borrowing and lending business are treated as interest income or interest expense in accordance with the accrual method.

**Repurchase and reverse repurchase agreements**

Any repurchase transactions or reverse repurchase transactions are treated as secured financing transactions and are recognised at the value of the cash deposit received or paid, including accrued interest.

Securities received and delivered are only recorded on the balance sheet or removed from the balance sheet if the control of the contractual rights linked to the said securities is assigned. The market values of the securities received or delivered are monitored daily so that additional collateral can be provided or requested, if necessary.

The interest income from reverse repurchase transactions and the interest expense from repurchase agreements are accrued over the term of the corresponding transaction.

**Securities and precious metal trading portfolios**

Trading portfolios in securities and precious metals are in principle recognised 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 is available, valuation and recognition are carried out according to the principle of the lower of cost or market.

Capital gains and losses as well as interest and dividend income from trading portfolios are recognised as net trading income. No capital refinancing costs are charged against trading income.

Unlisted shares and second-liners are recognised in the balance sheet at bid price.

### Financial investments

Fixed-interest debt securities and convertible bonds outside the trading portfolio are valued using the principle of the lower of cost or market, provided there is no intention to hold them until maturity. Value adjustments are booked on a net basis under "Other ordinary expenses" or "Other ordinary income". A write-up is made to the purchase costs, if the market value that fell below the purchase costs subsequently rises again.

Debt securities acquired to be held until maturity are valued in accordance with the accrual method. The premium or discount is capitalised and accrued over the term to maturity. Solvency-related value losses or subsequent value gains are booked in the same way as holdings valued in accordance with the principle of the lower of cost or market.

Structured products are valued at the principle of the lower of cost or market.

Shares of bond funds are recognised as debt securities and valued in the same way as equities and precious metals in accordance with the principle of the lower of cost or market.

Properties to be sold are booked to financial investments and valued in accordance with the principle of the lower of cost or net realisable value, that is, the lower of purchase price or liquidation value.

### Fixed assets

#### Non-consolidated holdings

In addition to infrastructure-related holdings, especially holdings in joint projects undertaken by Swiss banks, the item "Non-consolidated holdings" also contains shares owned by the company that are to be held as a long-term investment. These are valued either at purchase costs minus economically necessary depreciation or in accordance with the equity method.

#### Tangible and intangible assets

Bank buildings, including leasehold improvements and investment properties that are intended as long-term investments, are recognised in the balance sheet in accordance with the principle of prudence at purchase price or at the lower economic value less economically necessary depreciation. An impairment test is carried out each year to ascertain whether the value is maintained. In case of a reduced useful life, the residual book value is written off over the remaining useful life or extraordinary depreciation is recognised in the item "Depreciation of tangible assets".

The following useful lives are used for individual tangible asset categories.

Land	max. 50 years
Real estate	
Buildings	max. 50 years
Interior construction and technical installations	max. 15 years
Leasehold improvements	rental contract term, max. 15 years
Goodwill/negative goodwill	max. 5 years
Software and new systems	max. 5 years
Other tangible assets	
Furniture	max. 4 years
Fittings and equipment	max. 10 years
IT hardware	max. 4 years

Realised gains from the sale of tangible assets are booked in "Extraordinary income", and realised losses are booked in "Extraordinary expenses".

Other tangible assets are recognised in the balance sheet at purchase price plus value-enhancing investments and depreciated over the estimated useful life.

### Pension liabilities

The employees of our bank are members of the Pension Fund of Valiant Holding. There are also risk insurance and a supplementary fund for members of management. The respective articles of association and regulations apply.

In the case of defined-benefit pension plans, the costs for the period are determined in actuarial assessments by external specialists using the projected unit credit method (proportional distribution of pension liabilities across the entire insurance term). These assessments are carried out at least every three years. Pension assets are valued at market value. Over- or underfunding of defined-benefit pension plans is treated in accordance with Swiss GAAP FER 16 (see table 11 "Information on occupational pension funds"). Any reserves of employers' contributions are capitalised as an asset.

## Taxes

### Current taxes

Current taxes are, in general, taxes on capital and on earnings. One-time or transaction-related taxes are not deemed to be current taxes.

Current taxes on the results for the period are determined in accordance with the local provisions on taxes on earnings and recognised as expenses in the accounting period in which the respective profit is earned.

Direct taxes owed on current profit are recognised as accrued expenses.

### Deferred taxes

Deferred income taxes arising from temporary differences between the stated values of assets and liabilities in the consolidated balance sheet and their corresponding tax values are recognised as provisions for deferred taxes.

Deferred taxes are calculated separately for each taxable entity in each business period. Deferred tax assets arising from temporary differences or tax-deductible losses carried forward are capitalised if there is likely to be enough taxable profit to offset these differences or losses carried forward. Deferred tax assets and liabilities are only netted if they apply to the same taxable entity, the same tax jurisdiction and if there is an enforceable right to net them.

The calculation is made based on estimated future tax rates estimated for actual taxation. If these are not known, the calculation is made using the tax rates valid on the balance sheet date.

The provisions for deferred taxes are recognised in the income statement.

### Contingent liabilities, irrevocable commitments, and liabilities for calls on shares and other equities

Off-balance-sheet transactions are treated at nominal value. Provisions are made for recognisable risks.

### Valuation adjustments and provisions

Individual value adjustments and provisions are made according to the principle of prudence for all identifiable risks of loss. General provisions for loan default risks and provisions for other risks are recognised in this balance sheet item.

### Reserve for general banking risks

The reserve for general banking risks is disclosed in a separate account and is part of equity. It may contain specific-purpose components. The reserve for general banking risks is not taxed. Corresponding deferred tax liabilities were created.

## Own debt and equity securities

Holdings of own bonds, medium-term notes and money market papers are offset against the corresponding liabilities item.

Holdings of own shares are deducted from equity at purchase costs in the separate item "Own shares". Dividend payments and proceeds from resales are recognised directly in the capital reserve.

## Derivative financial instruments

### Trading transactions

All derivatives are recognised at fair value. They are presented in the balance sheet as positive or negative replacement values under "Other assets" or "Other liabilities". The fair value is based on market prices, price quotes from brokers or discounted cash flow or option pricing models.

Positive and negative replacement values with respect to the same counterparty are netted within the scope of legally enforceable netting agreements.

Realised and unrealised gains and losses of trading derivatives are treated under net trading income.

### Hedging transactions

Valiant also uses derivatives as part of its asset and liability management in order to manage interest rate and default risks. Hedging transactions are treated in the same way as hedged underlying transactions.

Income from the hedging instrument is recognised in the same income account as the income from the hedged item.

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

The hedging relationships, objectives and strategies are documented at inception of the hedge. Hedge effectiveness is reviewed regularly. Hedging relationships which are fully or partially ineffective are treated within the scope of the ineffective part as tradings transactions.

**Amendment of the principles of consolidation**

The rating classes for impaired loans were amended for the financial statements at 31 December 2014. Loans in rating category 9 are no longer considered impaired loans. Instead, general value adjustments are made with respect to latent default risks in the same way as for the other categories. No restatement was made, as the impact on the consolidated financial statements is insignificant.

The breakdown and useful life of individual tangible asset categories were altered at 1 January 2014.

At 31 December 2014, the assumptions for the calculation of the valuation of pension liabilities in accordance with Swiss GAAP FER 16 were reviewed and adjusted in line with market conditions.

No further material changes were made to the accounting and valuation principles.

**Events after the balance sheet date**

Since the balance-sheet date, no extraordinary events have occurred that might have a material impact on Valiant's assets, financial position or income situation in 2014.

# Information on the balance sheet, off-balance sheet and income statement

## 1. Overview by type of collateral

<b>LOANS</b>		Secured by mortgage in CHF thousands	Other collateral in CHF thousands	Unsecured in CHF thousands	Total in CHF thousands
Due from clients		310,466	520,199	910,910	1,741,575
Mortgage loans					
Residential property		15,435,812		4,112	15,439,924
Office and business premises		2,671,592		1,321	2,672,913
Trade and industry		839,352		8,447	847,799
Other		1,070,431		3,349	1,073,780
<b>Total mortgage loans</b>		<b>20,017,187</b>	<b>0</b>	<b>17,229</b>	<b>20,034,416</b>
<b>Total loans</b>	<b>Current year</b>	<b>20,327,653</b>	<b>520,199</b>	<b>928,139</b>	<b>21,775,991</b>
	Previous year	20,057,299	471,302	1,240,638	21,769,239
<b>OFF-BALANCE SHEET</b>					
Contingent liabilities		50,416	6,930	267,876	325,222
Irrevocable commitments		1,046,116		110,136	1,156,252
Commitments relating to calls on shares and other equities				44,564	44,564
Confirmed credits					
<b>Total off-balance sheet</b>	<b>Current year</b>	<b>1,096,532</b>	<b>6,930</b>	<b>422,576</b>	<b>1,526,038</b>
	Previous year	824,146	20	484,489	1,308,655
<b>IMPAIRED LOANS</b>					
		Gross receivables in CHF thousands	Estimated proceeds from realisation of collateral in CHF thousands	Net receivables in CHF thousands	Individual value adjustments in CHF thousands
<b>Current year</b>		<b>137,572</b>	<b>93,000</b>	<b>44,572</b>	<b>44,572</b>
<b>Previous year</b>		<b>176,243</b>	<b>131,026</b>	<b>45,217</b>	<b>43,371</b>

For the first time, only positions with a rating of 10 were taken into account at 31 December 2014 (see principles of consolidation). 2013 (including those with a rating of 9) has not been restated.

## 2. Securities and precious metals trading portfolios

SECURITIES AND PRECIOUS METALS TRADING PORTFOLIOS	31.12.2014	31.12.2013
	in CHF thousands	in CHF thousands
Debt securities	0	314
Listed	0	314
Unlisted	0	0
Equity securities	0	0
<b>Total trading portfolios of securities and precious metals</b>	<b>0</b>	<b>314</b>
of which securities eligible for repo transactions in accordance with liquidity regulations	0	0

## 3. Financial investments

	Book value		Fair value	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	in CHF thousands	in CHF thousands	in CHF thousands	in CHF thousands
Debt securities	1,231,258	1,272,880	1,321,120	1,303,813
of which intended to be held until maturity	1,219,524	1,255,033	1,309,337	1,285,643
of which recognised at lower of cost or market	11,734	17,847	11,783	18,170
Equity securities	10,466	27,376	16,366	36,593
Precious metals	73	189	73	189
Real estate	1,016	1,786	1,016	1,786
<b>Total financial investments</b>	<b>1,242,813</b>	<b>1,302,231</b>	<b>1,338,575</b>	<b>1,342,381</b>
of which securities eligible for repo transactions in accordance with liquidity regulations	1,153,007	1,223,756		

## 4. Consolidated holdings

### Fully consolidated holdings

COMPANY NAME, REGISTERED OFFICE	ACTIVITY	Capital	31.12.2014	31.12.2013
		in CHF thousands	% of equity	% of equity
Valiant Bank AG, Berne	Bank	153,800	100.00	100.00
Verwa AG Bern, Berne	Asset management	100	100.00	100.00
Valiant Informatik AG, Berne	Information technology services	100	100.00	100.00
Valiant Immobilien AG, Berne	Real estate	2,000	100.00	100.00

## 5. Non-consolidated holdings

	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands
Holdings accounted for using the equity method	170,529	167,223
Other non-consolidated holdings	25,536	25,735
<b>Total holdings</b>	<b>196,065</b>	<b>192,958</b>
without market value	196,065	192,958
with market value	0	0

### Holdings accounted for using the equity method

COMPANY NAME, REGISTERED OFFICE	ACTIVITY	Capital in CHF thousands	31.12.2014 % of equity	31.12.2013 % of equity
Crédit Mutuel de la Vallée SA, Le Chenit	Bank	1,200	41.49	41.49
Triba Partner Bank AG, Triengen	Bank	11,000	27.17	27.17
RBA-Holding AG, Muri b. Bern	Financial services	25,000	56.93	56.93

## 6. Holdings carried at cost

COMPANY NAME, REGISTERED OFFICE	ACTIVITY	Capital in CHF thousands	31.12.2013 % of equity	31.12.2012 % of equity
Begeka AG, Berne	Promotion of cultural activities	1,000	100.00	100.00
Gerag Gewerberevisions AG, Berne	Commercial accounting and auditing	100	40.00	40.00
ValFinance AG, Berne	Financial services	100	100.00	100.00
Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich	Procurement of capital market funding	800,000	9.76	9.76
Bernexpo Holding AG, Berne	Event management	3,900	18.69	18.69

In terms of size and activity, none of the companies exercises a material influence on the group and therefore, in accordance with the principles of consolidation. They are not carried using the equity method nor are they fully consolidated.

## 7. Statement of changes in fixed assets

	Cost in CHF thousands	Accumulated depreciation in CHF thousands	Book value at 31.12.2013 in CHF thousands	Investments in CHF thousands	Change in consolidated group in CHF thousands	Disposals in CHF thousands	Depreciation in CHF thousands	Value adjustments on equity-accounted holdings in CHF thousands	Book value at 31.12.2014 in CHF thousands
Holdings accounted for using the equity method	167,223		167,223					3,306	170,529
Other non-consolidated holdings	25,830	-95	25,735			-199			25,536
<b>Total non-consolidated holdings</b>	<b>193,053</b>	<b>-95</b>	<b>192,958</b>	<b>0</b>	<b>0</b>	<b>-199</b>	<b>0</b>	<b>3,306</b>	<b>196,065</b>
Bank buildings <sup>1)</sup>	207,493	-75,338	132,155	3,696		-960	-8,850		126,041
Other real estate	36,390	-10,102	26,288			-7,096	-940		18,252
Real estate	243,883	-85,440	158,443	3,696		-8,056	-9,790		144,293
Other tangible assets	16,976	-10,126	6,850	6,397			-8,450		4,797
<b>Total tangible assets</b>	<b>260,859</b>	<b>-95,566</b>	<b>165,293</b>	<b>10,093</b>	<b>0</b>	<b>-8,056</b>	<b>-18,240</b>		<b>149,090</b>
Goodwill	14,484	-13,121	1,363				-1,172		191
Other intangible assets	74,109	-41,885	32,224	5,225			-16,690		20,759
<b>Total intangible assets</b>	<b>88,593</b>	<b>-55,006</b>	<b>33,587</b>	<b>5,225</b>	<b>0</b>	<b>0</b>	<b>-17,862</b>		<b>20,950</b>
Fire insurance value of real estate									315,366
Fire insurance value of other tangible assets									143,358

<sup>1)</sup> Incl. installations in rented properties.

There are no liabilities from future leasing instalments under operational leasing.

## 8. Other assets and liabilities

	31.12.2014		31.12.2013	
	Other assets in CHF thousands	Other liabilities in CHF thousands	Other assets in CHF thousands	Other liabilities in CHF thousands
Replacement value of derivative financial instruments				
Asset and liability management	1,477	42,662	3,175	42,624
Customer contracts	1,970	1,738	1,842	1,513
<b>Total derivative financial instruments</b>	<b>3,447</b>	<b>44,400</b>	<b>5,017</b>	<b>44,137</b>
Offset account	33,852		26,522	
Indirect taxes	5,857	8,894	6,455	12,385
Other assets and liabilities	7,997	59,306	8,631	27,100
<b>Total other assets and liabilities</b>	<b>51,153</b>	<b>112,600</b>	<b>46,625</b>	<b>83,622</b>

## 9. Assets pledged or assigned as collateral for own liabilities and assets subject to reservation of title

	31.12.2014		31.12.2013	
	Amount due in CHF thousands	Of which drawn down in CHF thousands	Amount due in CHF thousands	Of which drawn down in CHF thousands
Mortgages pledged or assigned for central mortgages institution loans	5,215,483	4,292,568	5,220,961	4,657,824
Due from banks	70,000	0	85,000	
Financial investments	56,169	0	35,205	
<b>Total pledged assets</b>	<b>5,341,652</b>	<b>4,292,568</b>	<b>5,341,166</b>	<b>4,657,824</b>

## 10. Commitments relating to own occupational pension funds

	in CHF millions	
Valiant group social insurance institutions	<b>As at the balance sheet date</b>	<b>16.96</b>
	<b>on 31.12.2013</b>	<b>17.06</b>

## 11. Information on occupational pension funds

VALIANT HOLDING AG PENSION FUND	2014	2013
Average remaining working life of current employees (in years)	14.10	14.01
Technical interest rate	3.00 %	4.00 %
Long-term rate of return	3.00 %	5.00 %
Salary development	0.50 %	2.00 %
Pension adjustments	0.00 %	1.50 %
Employee turnover rates, maximum age 25, sliding scale decreasing	15.00 %	15.00 %
Number of insured employees (active)	979	1,049

DIFFERENCES	2014 in CHF thousands	2013 in CHF thousands
Separate pension assets held in foundation	409,412	392,647
of which employer contribution reserves	890	860
Pension plan commitments (calculated dynamically)	-380,458	-384,625
Underfunding / overfunding	28,954	8,022
Employee contributions to pension assets	-14,477	-4,011
<b>Overfunding<sup>1)</sup></b>	<b>14,477</b>	<b>4,011</b>

### BREAKDOWN OF EMPLOYER CONTRIBUTION RESERVES BY COMPANY

	Valiant Holding AG in CHF thousands	Valiant Bank AG in CHF thousands	Other in CHF thousands	Total in CHF thousands
Employer contribution reserves as at 31.12.2014	11	848	31	890
Employer contribution reserves as at 31.12.2013	18	801	41	860
Change credited to the income statement	-7	47	-10	30

<sup>1)</sup> An asset has been created which is limited to the economic benefit of the employer contribution reserve. The remaining overfunding does not constitute an economic benefit.

Senior management members are also enrolled in a supplementary pension plan that is not a separate legal entity. It is affiliated with IGP-Personalvorsorge-Stiftung, a joint occupational pension fund. According to the current pension fund regulations, neither a future benefit nor a future commitment is foreseeable.

## 12. Bonds outstanding

	Duration	Interest rate in %	31.12.2014 Amount in CHF thousands	31.12.2013 Amount in CHF thousands
Valiant Bank AG	2007–2014	2.875	0	247,780
	2008–2020 <sup>1)</sup>	0.421	50,000	50,000
	2009–2014	2.500	0	189,500
	2010–2015	1.875	299,750	299,753
	2010–2016	2.250	89,236	90,970
	2012–2018	1.000	179,684	184,745
	2013–2023	4.000	150,000 <sup>2)</sup>	150,000 <sup>2)</sup>
	2014–2019	1.000	137,776	0
Mortgage bond notes of the Mortgage Bond Bank of Swiss Mortgage Institutions, Zurich		1.912 <sup>3)</sup>	3,974,600	4,312,800
<b>Total</b>			<b>4,881,046</b>	<b>5,525,548</b>

Due	2015	2016	2017	2018	2019	>2019	Total
Bonds	299,750	89,236	0	179,684	137,776	200,000	906,446
Mortgage bond notes of the Mortgage Bond Bank of Swiss Mortgage Institutions, Zurich	379,200	411,800	541,900	513,300	379,000	1,749,400	3,974,600
<b>Total</b>	<b>678,950</b>	<b>501,036</b>	<b>541,900</b>	<b>692,984</b>	<b>516,776</b>	<b>1,949,400</b>	<b>4,881,046</b>

<sup>1)</sup> Private placement.

<sup>2)</sup> Issue of a Tier 2 bond totalling CHF 150 million with a coupon of 4 per cent, term from 24 April 2013 to 24 April 2023, callable earliest 24 April 2018. In the previous year, 100 per cent of the bond already qualified as supplementary capital within the meaning of Article 30 of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO). Please refer to the issue prospectus for further information.

<sup>3)</sup> Average value.

### 13. Value adjustments, provisions and reserve for general banking risks

	Balance as at end of previous year in CHF thousands	Change in consolidated group in CHF thousands	Used as allocated in CHF thousands	Recoveries, overdue interest, currency differences in CHF thousands	Additions charged to income statement in CHF thousands	Reversals credited to income statement in CHF thousands	Balance as at end of reporting year in CHF thousands
Provisions for deferred taxes	2,054		-597		1,020		2,477
<b>VALUE ADJUSTMENTS AND PROVISIONS FOR DEFAULTS AND OTHER RISKS</b>							
Value adjustments and provisions for default risks (credit and country risks)	77,000		-5,456	2,379	23,260	-22,639	74,544
Value adjustments and provisions for other business risks	209		-1			-208	0
Other provisions	28,601		-6,374		6,451	-228	28,450
of which for restructuring	2,213		-1,130		5,451	-217	6,317
<b>Subtotal</b>	<b>105,810</b>	<b>0</b>	<b>-11,831</b>	<b>2,379</b>	<b>29,711</b>	<b>-23,075</b>	<b>102,994</b>
<b>Total value adjustments and provisions</b>	<b>107,864</b>	<b>0</b>	<b>-12,428</b>	<b>2,379</b>	<b>30,731</b>	<b>-23,075</b>	<b>105,471</b>
Less value adjustments off- set directly against assets	0						0
<b>Total value adjustments and provisions shown on the balance sheet</b>	<b>107,864</b>						<b>105,471</b>
<b>Reserve for general banking risks</b>	<b>4,830</b>						<b>4,830</b>

### 14. Share capital

	12.31.2014			12.31.2013		
	Total par value in CHF thousands	Number of shares	Capital eligible for dividends in CHF thousands	Total par value in CHF thousands	Number of shares	Capital eligible for dividends in CHF thousands
<b>Total share capital</b>	<b>7,896</b>	<b>15,792,461</b>	<b>7,896</b>	<b>7,896</b>	<b>15,792,461</b>	<b>7,896</b>

### 15. Significant shareholders and shareholder groups with voting rights

At 31 December 2014, Highclere International Investors LLP in London held more than 5 per cent of the share capital. No shareholder holds a direct or indirect voting share of more than 5 per cent. The group held 100,056 (2013: 122,213) treasury shares, or 0.63 per cent (2013: 0.77%) of share capital at the end of the year under review.

## 16. Statement of equity

	2014 in CHF thousands	2013 in CHF thousands	2012 in CHF thousands
<b>SHARE CAPITAL</b>			
Share capital as at 1 January	7,896	7,896	7,896
<b>Share capital as at 31 December</b>	<b>7,896</b>	<b>7,896</b>	<b>7,896</b>
<b>CAPITAL RESERVE</b>			
Balance as at 1 January	605,130	625,621	676,767
Distribution from capital contribution reserve	0	-21,320	-50,536
Dividend on own shares	361	440	602
Gains/losses on own shares	-2,464	389	-1,212
<b>Capital reserve as at 31 December</b>	<b>603,027</b>	<b>605,130</b>	<b>625,621</b>
<b>PROFIT RESERVE</b>			
Balance as at 1 January	1,255,064	1,157,314	1,029,687
Group profit from previous year	91,437	126,966	127,627
Dividend from previous year	-50,536	-29,216	
<b>Profit reserve as at 31 December</b>	<b>1,295,965</b>	<b>1,255,064</b>	<b>1,157,314</b>
<b>RESERVE FOR GENERAL BANKING RISKS</b>			
Balance as at 1 January	4,830	5,061	21,613
Reversal	0	-231	-16,552
<b>Reserve for general banking risks as at 31 December</b>	<b>4,830</b>	<b>4,830</b>	<b>5,061</b>
<b>OWN SHARES</b>			
Balance as at 1 January	-24,654	-25,216	-25,566
Purchases		-2,239	-12,578
Sales	4,469	2,801	12,928
<b>Own shares</b>	<b>-20,185</b>	<b>-24,654</b>	<b>-25,216</b>
<b>Group profit</b>	<b>94,506</b>	<b>91,437</b>	<b>126,966</b>
<b>Total equity as at 31 December</b>	<b>1,986,039</b>	<b>1,939,703</b>	<b>1,897,642</b>
<b>OWN SHARES (QUANTITY)</b>			
Balance as at 1 January	122,213	125,000	127,944
Purchases	0	25,175	118,928
Sales	-22,157	-27,962	-121,872
<b>Own shares</b>	<b>100,056</b>	<b>122,213</b>	<b>125,000</b>

## 17. Maturity structure of current assets and liabilities

	Sight deposits in CHF thousands	Callable in CHF thousands	Due within 3 months in CHF thousands	Due within 12 months in CHF thousands	Due within 12 months to 5 years in CHF thousands	Due after 5 years in CHF thousands	Backed by real estate in CHF thousands	Total in CHF thousands	
<b>CURRENT ASSETS</b>									
Cash	1,544,293							1,544,293	
Money market receivables								0	
Due from banks	132,587	25,677	59,361	97,369				314,994	
Due from clients	1,734	503,720	214,158	225,204	593,763	202,996		1,741,575	
Mortgages	3,748	1,027,533	3,016,904	2,786,729	10,365,569	2,833,933		20,034,416	
Securities and precious metals trading portfolios								0	
Financial investments	10,539		19,945	86,515	92,181	1,032,617	1,016	1,242,813	
<b>Total current assets</b>	<b>Current year</b>	<b>1,692,901</b>	<b>1,556,930</b>	<b>3,310,368</b>	<b>3,195,817</b>	<b>11,051,513</b>	<b>4,069,546</b>	<b>1,016</b>	<b>24,878,091</b>
	Previous year	1,211,689	1,884,262	3,470,338	3,129,295	11,938,290	3,323,234	1,786	24,958,894
<b>LIABILITIES</b>									
Money market liabilities		449						449	
Due to banks	18,959	2,405	101,000	88,000	52,500			262,864	
Due to clients in saving and investment deposits		12,811,883						12,811,883	
Due to clients, other	3,667,972	136,426	270,932	318,476	74,400			4,468,206	
Medium-term notes			80,259	91,319	385,826	57,493		614,897	
Debentures and mortgage bond loans			98,200	580,750	2,252,696	1,949,400		4,881,046	
<b>Total debt capital</b>	<b>Current year</b>	<b>3,687,380</b>	<b>12,950,714</b>	<b>550,391</b>	<b>1,078,545</b>	<b>2,765,422</b>	<b>2,006,893</b>		<b>23,039,345</b>
	Previous year	3,260,415	13,022,711	517,686	1,171,620	3,007,176	2,244,556		23,224,164

## 18. Loans to members of governing bodies

	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands
Loans to members of governing bodies	5,719	27,911

Transactions (such as securities transactions, payment transactions, the granting of loans and interest on deposits) with closely connected persons are effected on the terms applied to third parties. Employees are granted preferential terms, as is customary in the sector. The compensation of members of the Board of Directors and Executive Board is shown in detail in the compensation report of Valiant Holding AG.

## 19. Assets and liabilities broken down by domestic and foreign positions and country group

	31.12.2014			31.12.2013		
<b>ASSETS</b>	Domestic in CHF thousands	Foreign in CHF thousands	Total in CHF thousands	Domestic in CHF thousands	Foreign in CHF thousands	Total in CHF thousands
Cash	1,544,293		1,544,293	1,056,693		1,056,693
Money market receivables	0		0	226		226
Due from banks	297,147	17,847	314,994	819,107	11,084	830,191
Due from clients	1,732,248	9,327	1,741,575	2,024,944	14,211	2,039,155
Mortgages	20,034,416		20,034,416	19,730,084		19,730,084
Securities and precious metal trading portfolios	0		0	314		314
Financial investments	817,170	425,643	1,242,813	1,181,344	120,887	1,302,231
Non-consolidated holdings	196,065		196,065	192,958		192,958
Tangible assets	149,090		149,090	165,293		165,293
Intangible assets	20,950		20,950	33,587		33,587
Accrued income and prepaid expenses	32,588		32,588	54,523		54,523
Other assets	51,152	1	51,153	46,625		46,625
<b>Total assets</b>	<b>24,875,119</b>	<b>452,818</b>	<b>25,327,937</b>	<b>25,305,698</b>	<b>146,182</b>	<b>25,451,880</b>
<b>LIABILITIES</b>						
Money market liabilities	449		449	270		270
Due to banks	241,960	20,904	262,864	280,673	13,279	293,952
Due to clients in savings and investment deposits	12,756,982	54,901	12,811,883	12,807,685	73,747	12,881,432
Due to clients, other	4,375,109	93,097	4,468,206	3,746,072	95,626	3,841,698
Medium-term notes	614,897		614,897	681,264		681,264
Debentures and mortgage bond loans	4,881,046		4,881,046	5,525,548		5,525,548
Accrued expenses and deferred income	84,482		84,482	96,527		96,527
Other liabilities	112,565	35	112,600	83,622		83,622
Valuation adjustments and provisions	105,471		105,471	107,864		107,864
Reserve for general banking risks	4,830		4,830	4,830		4,830
Share capital	7,896		7,896	7,896		7,896
Capital reserve	603,027		603,027	605,130		605,130
Profit reserve	1,295,965		1,295,965	1,255,064		1,255,064
Own shares	-20,185		-20,185	-24,654		-24,654
Group profit	94,506		94,506	91,437		91,437
<b>Total liabilities</b>	<b>25,159,000</b>	<b>168,937</b>	<b>25,327,937</b>	<b>25,269,228</b>	<b>182,652</b>	<b>25,451,880</b>

Total assets, broken down by country or group of countries.

Foreign assets mainly relate to counterparties in Europe and North America.

## 20. Balance-sheet by currency

31.12.2014

<b>ASSETS</b>	CHF in CHF thousands	EUR in CHF thousands	USD in CHF thousands	Other in CHF thousands	Total in CHF thousands
Cash	1,535,200	7,607	918	568	1,544,293
Money market receivables					0
Due from banks	175,796	74,622	35,379	29,197	314,994
Due from clients	1,703,797	26,196	10,945	637	1,741,575
Mortgages	20,034,416				20,034,416
Securities and precious metal trading portfolios					0
Financial investments	1,099,854	107,947	35,012		1,242,813
Non-consolidated holdings	196,065				196,065
Tangible assets	149,090				149,090
Intangible assets	20,950				20,950
Accrued income and prepaid expenses	32,588				32,588
Other assets	51,087	40	24	2	51,153
<b>Total assets</b>	<b>24,998,843</b>	<b>216,412</b>	<b>82,278</b>	<b>30,404</b>	<b>25,327,937</b>
Delivery claims from forex spot, forex futures and forex options transactions	118,208	82,346	33,336	2,831	236,721
<b>Total assets</b>	<b>25,117,051</b>	<b>298,758</b>	<b>115,614</b>	<b>33,235</b>	<b>25,564,658</b>
<b>LIABILITIES</b>					
Money market liabilities	449				449
Due to banks	257,434	4,596	203	631	262,864
Due to clients in savings and investment deposits	12,758,673	53,210			12,811,883
Due to clients, other	4,208,707	149,570	81,559	28,370	4,468,206
Cash bonds	614,897				614,897
Debentures and mortgage bond loans	4,881,046				4,881,046
Accrued expenses and deferred income	84,481			1	84,482
Other liabilities	112,545	14	24	17	112,600
Value adjustments and provisions	105,471				105,471
Reserve for general banking risks	4,830				4,830
Share capital	7,896				7,896
Capital reserve	603,027				603,027
Profit reserve	1,295,965				1,295,965
Own shares	-20,185				-20,185
Group profit	94,506				94,506
<b>Total liabilities</b>	<b>25,009,742</b>	<b>207,390</b>	<b>81,786</b>	<b>29,019</b>	<b>25,327,937</b>
Delivery commitments from forex spot, forex futures and forex options transactions	118,513	82,654	32,718	2,836	236,721
<b>Total liabilities</b>	<b>25,128,255</b>	<b>290,044</b>	<b>114,504</b>	<b>31,855</b>	<b>25,564,658</b>
<b>Net position</b>	<b>-11,204</b>	<b>8,714</b>	<b>1,110</b>	<b>1,380</b>	<b>0</b>

## 21. Contingent liabilities

	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands
Credit guarantees	293,459	295,435
Performance guarantees	22,610	26,039
Irrevocable commitments	0	0
Other contingent liabilities	9,153	6,131
<b>Total contingent liabilities</b>	<b>325,222</b>	<b>327,605</b>

The group belongs to the value added-tax group of the RBA banking group and bears joint liability the group's value added tax obligations towards the tax authority. A written cooperation agreement between Triba Partner Bank AG and Valiant Holding AG exists since November 2009. In addition, a letter of comfort was signed in 2011.

## 22. Credit commitments

	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands
Commitments from deferred payments	0	0
<b>Total credit commitments</b>	<b>0</b>	<b>0</b>

## 23. Open derivative financial instruments

	Trading instruments 2014			Hedging instruments 2014			
	Positive replacement value <sup>1)</sup> in CHF thousands	Negative replacement value <sup>1)</sup> in CHF thousands	Contract volume in CHF thousands	Positive replacement value <sup>1)</sup> in CHF thousands	Negative replacement value <sup>1)</sup> in CHF thousands	Contract volume in CHF thousands	
Swaps				1,477	42,662	1,344,000	
Options (OTC)							
<b>Interest rate instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,477</b>	<b>42,662</b>	<b>1,344,000</b>	
Forward contracts	1,970	1,738	236,721				
Options (OTC)							
<b>Foreign exchange</b>	<b>1,970</b>	<b>1,738</b>	<b>236,721</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Options (exchange traded)							
Options (OTC)							
Equity securities/indices							
<b>Total derivatives</b>	<b>Current year</b>	<b>1,970</b>	<b>1,738</b>	<b>236,721</b>	<b>1,477</b>	<b>42,662</b>	<b>1,344,000</b>
	<b>Previous year</b>	<b>1,842</b>	<b>1,513</b>	<b>239,013</b>	<b>3,175</b>	<b>42,624</b>	<b>1,524,000</b>

<sup>1)</sup> Replacement values.

## 24. Analysis of derivatives by counterparty

	31.12.2014			31.12.2013		
	Positive replacement value <sup>1)</sup> in CHF thousands	Negative replacement value <sup>1)</sup> in CHF thousands	Contract volume in CHF thousands	Positive replacement value <sup>1)</sup> in CHF thousands	Negative replacement value <sup>1)</sup> in CHF thousands	Contract volume in CHF thousands
Banks and derivatives exchanges	2,635	43,300	1,458,802	3,587	43,881	1,642,798
with a residual maturity of up to 1 year	1,141	545	597,225	340	8,326	425,730
with a residual maturity of more than 1 year	1,494	42,755	861,577	3,247	35,555	1,217,068
Clients, secured	812	1,100	121,919	1,430	256	120,215
Clients, unsecured						
<b>Total derivatives</b>	<b>3,447</b>	<b>44,400</b>	<b>1,580,721</b>	<b>5,017</b>	<b>44,137</b>	<b>1,763,013</b>

<sup>1)</sup> Replacement values.

The swap transactions have a residual maturity of up to a maximum of six years.

## 25. Fiduciary transactions

	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands
<b>FIDUCIARY DEPOSITS WITH THIRD-PARTY BANKS</b>		
In Swiss francs	0	0
In foreign currency	3,027	3,473
<b>Total fiduciary transactions</b>	<b>3,027</b>	<b>3,473</b>

## 26. Net trading income

	2014 in CHF thousands	2013 in CHF thousands
Currency and foreign exchange	12,224	13,378
Securities	37	96
<b>Total net trading income</b>	<b>12,261</b>	<b>13,474</b>

## 27. Personnel expense

	2014 in CHF thousands	2013 in CHF thousands
Salaries (incl. bank authorities)	97,552	102,073
Employee benefits	7,020	7,594
Contributions to personnel and welfare funds, management pension fund	8,108	9,350
Other personnel expense	6,030	3,372
<b>Total personnel expense</b>	<b>118,710</b>	<b>122,389</b>

## 28. Other operating expenses

	2014 in CHF thousands	2013 in CHF thousands
Occupancy expense	11,912	9,602
Expense for IT, machinery, furniture, vehicles and other equipment	38,905	41,679
Expense for products and services	14,679	16,769
Other operating expenses	31,308	28,995
<b>Total operating expenses</b>	<b>96,804</b>	<b>97,045</b>

## 29. Tax expense

	2014 in CHF thousands	2013 in CHF thousands
Reversal of tax accruals	-3,463	-4,183
Recognition / reversal of provisions for deferred taxes	423	296
Current tax expense	23,632	13,415
<b>Total tax expense</b>	<b>20,592</b>	<b>9,528</b>

## 30. Information on extraordinary income and expenses

<b>INCOME</b>	2014 in CHF thousands	2013 in CHF thousands
Distribution by RBA Futura AG assistance fund	9,662	0
Gain from the sale of properties	1,486	7,683
Reversal of reserve for general banking risks	0	231
Reversal of negative goodwill	11	512
Gain from the sale of holdings	288	7,260
Other items	227	366
<b>Total extraordinary income</b>	<b>11,674</b>	<b>16,052</b>
<b>EXPENSES</b>		
Loss from the sale of properties	956	8
Other items	35	3
<b>Total extraordinary expenses</b>	<b>991</b>	<b>11</b>

# Auditor's Report on the financial statements



Report of the statutory auditor  
to the General Meeting of  
Valiant Holding AG  
Lucerne

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Valiant Holding AG, which comprise the balance sheet, income statement, cash flow statement and notes (pages 70 to 100), for the year ended 31 December 2014.

### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with accounting rules for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

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PricewaterhouseCoopers AG, Werfstrasse 3, PO Box, 6002 Lucerne  
Telephone: +41 58 792 62 00, Telefax: +41 58 792 62 10, [www.pwc.ch](http://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.

**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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

Handwritten signature of Hugo Schürmann in black ink on a light grey background.

Hugo Schürmann  
Audit expert  
Auditor in charge

Handwritten signature of Andreas Aebersold in black ink on a light grey background.

Andreas Aebersold  
Audit expert

Lucerne, 18 March 2015

# Disclosure in compliance with capital adequacy requirements

The new capital adequacy requirements implementing Basel III, together with transitional provisions, entered into force in Switzerland with effect from 1 January 2013. The Swiss standardised approach (SA-CH) for the calculation of the minimum capital requirement for credit risks will be replaced with the international standardised approach (SA-BIZ). Banks using SA-CH are being given a transitional period until 31 December 2018 for the implementation of SA-BIZ. The changeover will be made within the group with effect from 2016. The qualitative information required is given in the "Notes on risk management" (starting on page 76). The quantitative information is set out below.

## Approaches adopted

The group applies the following approaches for the calculation of required capital:

### Credit risks

- Swiss standardised approach (SA-CH).
- Value adjustments: Lump' sum deduction of the value adjustments.
- Lombard loans: Lump' sum approach.
- External ratings: No account is taken of rating agency ratings.

### Market risks

Standardised market' risk approach.

### Operational risks

Basic indicator approach.

### Group companies in the insurance sector

None.

### Scope of consolidation

The scope of consolidation (see "Principles of consolidation", page 82) for the purpose of calculating the capital adequacy requirements is not identical to the one used for the preparation of the consolidated financial statements. The service company RBA-Holding AG (total assets CHF 4,255 bn, equity capital CHF 0.247 bn) is included in the capital adequacy statement by means of proportionate consolidation (at equity in the consolidated financial statements). Valiant Holding AG owns other holdings that are not consolidated. The treatment of these positions for the purpose of capital adequacy is shown in the overview below:

Capital adequacy calculation		
NAME OF COMPANY, HEAD OFFICE	Deduction	Weighting
Begeka AG, Berne		X
Gerag Gewerberevisions AG, Berne		X
Crédit Mutuel de la Vallée SA, Le Chenit		X
Triba Partner Bank AG, Triengen		X
ValFinance AG, Berne		X

## 1. Composition of eligible capital for the group

<b>ASSETS</b>	Reference	According to financial reporting	According to regulatory con- solidated group
		31.12.2014 in CHF thousands	31.12.2014 in CHF thousands
Cash		1,544,293	3,081,975
Money market receivables		0	0
Due from banks		314,994	548,136
Due from clients		1,741,575	1,845,410
Mortgages		20,034,416	20,034,416
Securities and precious metal trading portfolios		0	761
Financial investments		1,242,813	1,613,967
Non-consolidated holdings		196,065	67,060
Tangible fixed assets		149,090	169,893
Intangible assets		20,950	20,954
of which goodwill	A	191	191
of which other intangible assets		20,759	20,763
Accrued income and prepaid expenses		32,588	37,256
Other assets		51,153	189,988
<b>Total assets</b>		<b>25,327,937</b>	<b>27,609,816</b>
<b>LIABILITIES</b>			
Money market liabilities		449	449
Due to banks		262,864	2,443,368
Due to clients in savings and investment deposits		12,811,883	12,811,883
Due to clients, other		4,468,206	4,485,847
Medium-term notes		614,897	614,897
Debentures and mortgage bond loans		4,881,046	4,881,046
Accrued expenses and deferred income		84,482	96,122
Other liabilities		112,600	166,515
Value adjustments and provisions		105,471	123,650
<b>Total debt capital</b>		<b>23,341,898</b>	<b>25,623,777</b>
of which subordinated liabilities, eligible supplementary capital (Tier 2)	B	150,000	150,000
Share capital	D	7,896	7,896
of which eligible as CET 1		7,896	7,896
Reserve for general banking risks	C	4,830	4,830
Capital reserve	C	603,027	603,027
Profit reserve	C	1,295,965	1,295,965
Group profit	C	94,506	94,506
Less own shares	E	-20,185	-20,185
<b>Total equity capital</b>		<b>1,986,039</b>	<b>1,986,039</b>
<b>Total liabilities</b>		<b>25,327,937</b>	<b>27,609,816</b>

## 2. Eligible capital and required equity

	Reference	31.12.2014 in CHF thousands
<b>CORE TIER 1 CAPITAL (CET 1)</b>		
Issued, paid-in share capital, completely eligible	D	7,896
Reserve for general banking risks	C	4,830
Capital reserve	C	603,027
Profit reserve	C	1,295,965
Net profit	C	94,506
<b>Total Core Tier 1 capital, before adjustments</b>		<b>2,006,224</b>
<b>ADJUSTMENTS TO CORE TIER 1 CAPITAL</b>		
Distribution of dividends		-57,041
Deferred tax offset with RBA Holding		-4,715
Own shares balance sheet	E	-20,185
Goodwill	A	-191
<b>Total adjustments to Core Tier 1 capital</b>		<b>-82,132</b>
<b>Total core capital (net CET 1)</b>		<b>1,924,092</b>
<b>Core capital (net Tier 1)</b>		<b>1,924,092</b>
<b>SUPPLEMENTARY CAPITAL (TIER 2)</b>		
Subordinate bond	B	150,000
<b>Total supplementary capital (net Tier 2)</b>		<b>150,000</b>
<b>Regulatory capital (net Tier 1 &amp; net Tier 2)</b>		<b>2,074,092</b>

**REQUIRED GROUP EQUITY**31.12.2014  
in CHF thousands

Credit risk incl. CVA (incl. standardised approach)	932,268
of which share price risk related to equity securities on the banking book	18,032
of which CVA	7,549
Non-counterparty-related risks	48,031
Market risk	5,408
of which related to interest rate instruments (general and specific market risk)	4,207
of which related to equity securities	
of which related to foreign exchange and precious metals	1,042
of which related to commodities	159
Operational risks	63,898
Required equity under threshold values	5,164
Reduction due to deductible value adjustments and provisions	-4,483
<b>Minimum equity required</b>	<b>1,050,286</b>
<b>Total risk-weighted positions (12.5 x minimum equity)</b>	<b>13,128,575</b>

**CAPITAL RATIO**

31.12.2014    from 01.01.2019

<b>CET 1 ratio (Core Tier 1 capital as % of risk-weighted positions)</b>	<b>14.66 %</b>	
<b>Tier 1 ratio (Core Tier 1 capital as % of risk-weighted positions)</b>	<b>14.66 %</b>	
<b>Ratio in relation to regulatory capital (in % of risk-weighted positions)</b>	<b>15.80 %</b>	
<b>Ratio in relation to regulatory capital (incl. anti-cyclical capital buffer)</b>	<b>14.81 %</b>	
<b>CET 1 requirements in accordance with CAO transitional provisions (as % of risk-weighted positions)</b>	<b>4.99 %</b>	<b>7.99 %</b>
of which equity buffer in accordance with CAO transitional provisions (as % of risk-weighted positions)	0.00 %	2.50 %
of which anti-cyclical capital buffer (as a % of risk-weighted positions)	0.99 %	0.99 %
<b>Available CET 1 to cover the minimum and buffer requirements, net of AT1 and T2 requirements to be met by CET 1 (as a % of risk-weighted positions)</b>	<b>11.80 %</b>	<b>12.07 %</b>
<b>CET 1 equity target pursuant to FINMA Circ. 11/2 plus the counter-cyclical capital buffer (as a % of risk-weighted positions)</b>	<b>8.79 %</b>	<b>8.79 %</b>
<b>Available CET 1 (as % of risk-weighted positions)</b>	<b>11.60 %</b>	<b>11.37 %</b>
<b>T1 equity target pursuant to FINMA Circ. 11/2 plus the countercyclical capital buffer (as % of risk-weighted positions)</b>	<b>10.59 %</b>	<b>10.59 %</b>
<b>Available T1 (as % of risk-weighted positions)</b>	<b>13.40 %</b>	<b>13.17 %</b>
<b>Target for regulatory capital pursuant to FINMA Circ. 11/2 plus the counter-cyclical capital buffer (as % of risk-weighted positions)</b>	<b>12.99 %</b>	<b>12.99 %</b>
<b>Available regulatory capital (as % of risk-weighted positions)</b>	<b>15.80 %</b>	<b>15.57 %</b>

**AMOUNTS UNDER THE THRESHOLDS FOR DEDUCTIONS (BEFORE RISK WEIGHTING)**

Threshold    Amount

Non-eligible holdings in the financial sector	192,409	23,044
Other eligible holdings in the financial sector (CET 1)	192,409	46,953

## 3. Credit exposure by counterparty at 31.12.2014

<b>CREDIT EXPOSURES</b>	<b>Central governments and central banks in CHF thousands</b>	<b>Banks and securities dealers in CHF thousands</b>	<b>Other institutions in CHF thousands</b>	<b>Companies in CHF thousands</b>	<b>Retail in CHF thousands</b>	<b>Other positions in CHF thousands</b>	<b>Total in CHF thousands</b>
<b>BALANCE SHEET POSITIONS</b>							
Due from banks		548,136					548,136
Due from clients	2,871		484,987	303,511	1,054,041		1,845,410
of which entities under public law			484,987				484,987
of which other	2,871			303,511	1,054,041		1,360,423
Mortgages			34,789	362,302	19,637,325		20,034,416
Financial investments	74,687	369,766	513,639	629,545		15,536	1,603,173
Other assets	5,496	458,678	1,051	3,798		43,034	512,057
<b>Total current year</b>	<b>83,054</b>	<b>1,376,580</b>	<b>1,034,466</b>	<b>1,299,156</b>	<b>20,691,366</b>	<b>58,570</b>	<b>24,543,192</b>
Total previous year	217,820	1,426,717	1,145,513	1,516,210	20,415,813	64,751	24,786,824
<b>OFF-BALANCE-SHEET TRANSACTIONS</b>							
Contingent liabilities		55,913	5,400	112,899	201,571	50	375,833
Irrevocable commitments			110,136		1,046,116	5	1,156,257
Commitments relating to calls on shares and other equities						44,564	44,564
Credit commitments							0
Derivatives		67,802		1,467	1,619	84	70,972
<b>Total current year</b>	<b>0</b>	<b>123,715</b>	<b>115,536</b>	<b>114,366</b>	<b>1,249,306</b>	<b>44,703</b>	<b>1,647,626</b>
Total previous year	0	130,274	117,240	124,684	1,022,643	44,754	1,439,595

The counterparties correspond to those in the Capital Adequacy Ordinance. Cash, non-counterparty-related assets and exposures relating to holdings are not shown under credit commitments.

## 4. Regulatory credit risk reduction at 31.12.2014

<b>CREDIT EXPOSURES</b>	Secured by recognised financial collateral in CHF thousands	Secured by mortgages in CHF thousands	Secured by guarantees and credit derivatives in CHF thousands	Other credit commitments in CHF thousands	Total in CHF thousands
Central governments and central banks				83,054	83,054
Banks and securities dealers				1,376,580	1,376,580
Other institutions	239	34,789		999,438	1,034,466
Companies		416,294		882,862	1,299,156
Retail	185	20,203,090		488,091	20,691,366
Other positions				58,570	58,570
<b>Total current year</b>	<b>424</b>	<b>20,654,173</b>	<b>0</b>	<b>3,888,595</b>	<b>24,543,192</b>
<b>Total previous year</b>	<b>1,229</b>	<b>20,348,019</b>	<b>0</b>	<b>4,437,576</b>	<b>24,786,824</b>
<b>OFF-BALANCE SHEET TRANSACTIONS</b>					
Contingent liabilities	28,465			347,368	375,833
Irrevocable commitments		1,046,116		110,141	1,156,257
Commitments relating to calls on shares and other equities				44,564	44,564
Credit commitments					0
Derivatives <sup>1)</sup>				70,972	70,972
<b>Total current year</b>	<b>28,465</b>	<b>1,046,116</b>	<b>0</b>	<b>573,045</b>	<b>1,647,626</b>
<b>Total previous year</b>	<b>28,465</b>	<b>824,146</b>	<b>0</b>	<b>586,984</b>	<b>1,439,595</b>

<sup>1)</sup> Credit risk is determined using the market value method.

## 5. Credit exposure by risk weighting class at 31.12.2014

## Regulatory risk weighting

CREDIT COMMITMENTS BY SUBSTITUTION <sup>1)</sup>	Regulatory risk weighting								
	0% in CHF thousands	25% in CHF thousands	35% in CHF thousands	50% in CHF thousands	75% in CHF thousands	100% in CHF thousands	150% in CHF thousands	250% in CHF thousands	Total in CHF thousands
Central governments and central banks	46,012					37,042			83,054
Banks and securities dealers	468,958	468,718		333,807	203,503	25,309			1,500,295
of which derivatives		3,489		30,259	34,054				67,802
Other institutions	285	461,615	26,591	530,620	846	74,977			1,094,934
Companies	929	592,629	53,289	753	164,568	594,343	7,012		1,413,523
of which derivatives						1,467			1,467
Retail	38,353	446	16,230,277	847,757	2,919,452	1,118,310	1,489		21,156,084
of which derivatives						1,619			1,619
Other positions		3				58,704			58,707
of which derivatives						84			84
<b>Total current year</b>	<b>554,537</b>	<b>1,523,411</b>	<b>16,310,157</b>	<b>1,712,937</b>	<b>3,288,369</b>	<b>1,908,685</b>	<b>8,501</b>	<b>0</b>	<b>25,306,597</b>
Total previous year	468,963	1,719,966	15,917,077	2,228,943	3,222,402	1,942,295	7,885	0	25,507,531

<sup>1)</sup> Counterparties correspond to those in the Capital Adequacy Ordinance. Non-counterparty-related assets and commitments relating to holdings are not shown under credit commitments.

## 6. Credit exposure by domicile

Risk-weighted loans to clients outside Switzerland make up less than 15 per cent of all risk-weighted loans. For this reason, a geographical breakdown is unnecessary.

## 7. Impaired loans to clients

Risk-weighted impaired loans to clients outside Switzerland make up less than 15 per cent of all risk-weighted impaired loans. For this reason, a geographical breakdown is unnecessary.

## 8. Credit derivatives in the banking book

The group has incurred no potential liabilities in connection with credit derivatives, whether as provider or recipient of collateral.

## 9. Interest rate risk in the banking book (figures from ALM)

### **Change in market value of equity capital given 1 % rise in interest rate:**

Present value sensitivity: effectively –4.7 % (2013: –4.0 %).

### **Change in market value of equity capital given 2 % rise in interest rate (stress test):**

Present value sensitivity (stress test): –9.1 % (2013: –7.8 %).

# Statutory financial statements of Valiant Holding AG

112	Annual financial statements
114	Notes to the annual financial statements
117	Proposed appropriation of net profit
118	Auditor's report on the holding
120	Offices

# Annual financial statements

## Balance sheet

<b>ASSETS</b>	31.12.2014 in CHF thousands	31.12.2013 in CHF thousands	Change in CHF thousands	Change in %
<b>Current assets</b>				
Due from subsidiary bank	80,893	57,328	23,565	41.11
Due from customers	0	0	0	0.00
Accrued income and prepaid expenses	53,004	50,000	3,004	6.01
of which, vis-à-vis subsidiaries	53,004	50,000	3,004	6.01
Other assets	899	452	447	98.89
<b>Total current assets</b>	<b>134,796</b>	<b>107,780</b>	<b>27,016</b>	<b>25.07</b>
<b>Fixed assets</b>				
Financial investments	17,911	38,770	-20,859	-53.80
Holdings	1,163,917	1,163,917	0	0.00
Tangible assets	0	214	-214	-100.00
<b>Total fixed assets</b>	<b>1,181,828</b>	<b>1,202,901</b>	<b>-21,073</b>	<b>-1.75</b>
<b>Total assets</b>	<b>1,316,624</b>	<b>1,310,681</b>	<b>5,943</b>	<b>0.45</b>
<b>LIABILITIES</b>				
<b>Debt capital</b>				
Liabilities due to subsidiary banks	0	0	0	0.00
Accrued expenses and deferred income	1,256	1,641	-385	-23.46
Other liabilities	465	465	0	0.00
Value adjustments and provisions	1,478	478	1,000	209.21
<b>Total debt capital</b>	<b>3,199</b>	<b>2,584</b>	<b>615</b>	<b>23.80</b>
<b>Equity capital</b>				
Share capital	7,896	7,896	0	0.00
Legal reserves	711,846	711,846	0	0.00
Capital contribution reserves	70	70	0	0.00
Other reserves	517,559	508,585	8,974	1.76
Reserves for own shares	20,185	24,654	-4,469	-18.13
Profit carried forward	6	5	1	20.00
Net profit for the year	55,863	55,041	822	1.49
<b>Total equity capital</b>	<b>1,313,425</b>	<b>1,308,097</b>	<b>5,328</b>	<b>0.41</b>
<b>Total liabilities</b>	<b>1,316,624</b>	<b>1,310,681</b>	<b>5,943</b>	<b>0.45</b>

## Income statement

	2014 in CHF thousands	2013 in CHF thousands	Change in CHF thousands	Change in %
<b>NET INTEREST INCOME</b>				
Interest and discount income	26	25	1	4.00
Interest and dividends from financial investments	896	2,753	-1,857	-67.45
Interest expense	0	0	0	0.00
<b>Net interest income</b>	<b>922</b>	<b>2,778</b>	<b>-1,856</b>	<b>-66.81</b>
<b>NET COMMISSION AND FEE INCOME</b>				
Commission expenses	-51	-65	14	-21.54
<b>Subtotal net commission and fee income</b>	<b>-51</b>	<b>-65</b>	<b>14</b>	<b>-21.54</b>
<b>OTHER ORDINARY INCOME</b>				
Income from sale of financial investments	3,874	2,901	973	33.54
Income from holdings	53,448	50,000	3,448	6.90
Other ordinary income	4,690	5,937	-1,247	-21.00
Other ordinary expenses	-38	-959	921	-96.04
<b>Subtotal other ordinary income</b>	<b>61,974</b>	<b>57,879</b>	<b>4,095</b>	<b>7.08</b>
<b>OPERATING EXPENSES</b>				
Personnel expenses	-2,551	-3,295	744	-22.58
Other operating expenses	-2,766	-3,145	379	-12.05
<b>Operating expenses</b>	<b>-5,317</b>	<b>-6,440</b>	<b>1,123</b>	<b>-17.44</b>
<b>Gross profit</b>	<b>57,528</b>	<b>54,152</b>	<b>3,376</b>	<b>6.23</b>
<b>NET PROFIT FOR THE YEAR</b>				
Gross profit	57,528	54,152	3,376	6.23
Depreciation of tangible assets	-389	-292	-97	33.22
Value adjustments, provisions and losses	-1,000	0	-1,000	0.00
<b>Profit before extraordinary items and taxes</b>	<b>56,139</b>	<b>53,860</b>	<b>2,279</b>	<b>4.23</b>
Extraordinary income	0	365	-365	-100.00
Extraordinary expenses	0	-4	4	-100.00
Taxes	-276	820	-1,096	-133.66
<b>Net profit for the year</b>	<b>55,863</b>	<b>55,041</b>	<b>822</b>	<b>1.49</b>

# Notes to the annual financial statements

## 1. Contingent liabilities

Contingent liabilities totalling CHF 200 million (2013: CHF 200 million) exist in the form of guarantees for liabilities of the subsidiaries.

## 2. Assets with retention of title to secure own liabilities

None of the holding's assets bear a retention of title.

## 3. Leasing liabilities not recognised in the balance sheet

There are no leasing liabilities.

## 4. Revaluation of fixed assets above the purchase price

No revaluations were carried out.

## 5. Fire insurance value of fixed assets

Information on the fire insurance value of fixed assets is set out in table 7 of the notes to the consolidated financial statements.

## 6. Liabilities due to occupational pension funds

No liabilities are due to occupational pension funds.

## 7. Bonds issued

There are no outstanding own bonds.

## 8. Significant holdings

Information on significant holdings is set out in the notes to the consolidated annual financial statements.

## 9. Own shares held by the company and group companies

See table 16 on page 94 of the notes to the consolidated financial statements.

## 10. Statement of changes in equity

	Share capital in CHF thousands	General legal reserves in CHF thousands	Capital contribution reserves in CHF thousands	Reserves for own stock in CHF thousands	Other reserves in CHF thousands	Accumulated profit in CHF thousands	Total equity in CHF thousands
Equity on 31 December 2012	7,896	711,846	21,390	25,216	476,174	61,071	1,303,593
Utilisation of net income					31,850	-31,850	
Dividend			-21,320			-29,216	
Dividend on own shares					440		
Change				-562	121		
Net profit for the year 2013						55,041	
Equity as at 31 December 2013	7,896	711,846	70	24,654	508,585	55,046	1,308,097
Utilisation of net income					4,504	-4,504	
Dividend						-50,536	
Dividend on own shares					363		
Change				-4,469	4,107		
Net profit for the year 2014						55,863	
<b>Equity as at 31 December 2014</b>	<b>7,896</b>	<b>711,846</b>	<b>70</b>	<b>20,185</b>	<b>517,559</b>	<b>55,869</b>	<b>1,313,425</b>

## 11. Conditional or authorised capital

There was no authorised conditional or capital at 31 December 2014.

## 12. Major shareholders and their holdings

See section 15 from page 93 of the notes to the consolidated financial statements.

## 13. Dividend income

The balance sheet date for Valiant Holding AG and all of its subsidiaries is 31 December. Valiant Holding AG recognises as accruals those 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.

## 14. Information on the performance of a risk assessment

Information on the risk assessment is set out in the notes to the consolidated financial statements in "Notes on risk management".

## 15. Shares held by members of the Board of Directors and Executive Board (incl. related parties)

	Number of shares 2014	Number of shares 2013
<b>BOARD OF DIRECTORS</b>		
Jürg Bucher, Chairman	3,228	2,089
Dr Ivo Furrer, Vice-Chairman	1,227	799
Dr Hans-Jörg Bertschi, Vice-Chairman		7,209
Barbara Artmann, Member	172	
Jean-Baptiste Beuret, Member	783	468
Dr Christoph Bühler, Member	1,044	683
Andreas Huber, Member	6,596	6,329
Franziska von Weissenfluh, Member	1,568	1,256
Franz Zeder, Member	6,593	6,314
<b>Total Board of Directors</b>	<b>16,871</b>	<b>20,810</b>
<b>Total related parties</b>	<b>4,340</b>	<b>4,337</b>
<b>EXECUTIVE BOARD</b>		
Markus Gygax, CEO of Valiant Holding AG/Valiant Bank AG	621	
Martin Gafner, Head of Clients/Markets	15,504	15,966
Ewald Burgener, CFO	756	50
Stefan Gempeler, Head of Operations	582	412
Bernhard Röthlisberger, Head of Credit Office	548	406
<b>Total Executive Board</b>	<b>17,453</b>	<b>16,629</b>
<b>Total related parties</b>	<b>558</b>	<b>205</b>

# Proposed appropriation of net profit

in CHF thousands

Dividend of CHF 3.20 per registered share	50,536
Allocation to other reserves	5,325
Carryforward to new accounts	8
<b>Available earnings</b>	<b>55,869</b>

## Valiant Holding AG

Jürg Bucher  
Chairman of the Board of Directors

Ivo Furrer  
Vice Chairman

Lucerne, 18 March 2015

# Auditors' report Valiant Holding



Report of the statutory auditor  
to the General Meeting of  
Valiant Holding AG  
Lucerne

## **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the financial statements of Valiant Holding AG, which comprise the balance sheet, income statement and notes (pages 112 to 116), for the year ended 31 December 2014.

### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

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PricewaterhouseCoopers AG, Werftstrasse 3, PO Box, 6002 Lucerne  
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**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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

Handwritten signature of Hugo Schürmann in black ink on a light-colored background.

Hugo Schürmann  
Audit expert  
Auditor in charge

Handwritten signature of Andreas Aebersold in black ink on a light-colored background.

Andreas Aebersold  
Audit expert

Lucerne, 18 March 2015

# Offices

## HEAD OFFICE

Berne Bundesplatz

## BRANCHES

### Aargau

Aarau  
Baden  
Beinwil am See  
Boniswil  
Entfelden  
Gontenschwil  
Gränichen  
Reinach  
Schöftland  
Seengen  
Seon  
Suhr  
Unterkulm

### Basel-Landschaft

Laufen  
Reinach

### Basel-Stadt

Basel

## Berne

Bätterkinden  
Belp  
Berne Bahnhofplatz  
Berne Bethlehem  
Berne Breitenrain  
Biel  
Burgdorf  
Eggwil  
Fraubrunnen  
Gümligen  
Ittigen  
Jegenstorf  
Kehrsatz  
Köniz  
Langenthal  
Langnau i. E.  
Laupen  
Lyss  
Moutier  
Mühleberg  
Münchenbuchsee  
Neuenegg  
Ostermundigen  
Signau (agency)  
Steffisburg  
Tavannes  
Thun  
Toffen  
Trubschachen (agency)  
Urtenen-Schönbühl  
Utzenstorf  
Wohlen  
Zollbrück  
Zollikofen  
Zweisimmen

## Fribourg

Bulle  
Düdingen  
Flamatt  
Fribourg  
Kerzers  
Murten  
Siviriez

## Jura

Bassecourt  
Delémont  
Porrentruy  
Saignelégier

## Lucerne

Buchrain  
Dagmersellen  
Emmenbrücke  
Grosswangen  
Hochdorf  
Lucerne Littau  
Lucerne  
Meggen  
Rickenbach  
Ruswil  
Schötz  
Sempach  
Sursee  
Willisau  
Wolhusen  
Zell

## Neuchâtel

Neuchâtel

## Solothurn

Breitenbach

## Vaud

Lausanne  
Yverdon-les-Bains

## Zug

Zug



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