



Valiant 9M 2016 results

Zürich Roadshow, 3 November 2016

valiant

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The positive trend remains on track

Key 9M 2016 results

Group profit	+ 5.6%
Operating result (adjusted)*	+ 3.3%
Net interest income	+ 1.2%
Operating net interest margin	107 bp
Operating expenses	+ 1.2%
Client deposits	+ 1.1%
Lending	+ 0.7%

- Ongoing profitable growth
- Operating net interest margin remained close to FY 2015 level of 108 bp

* Operating result as reported: +15.4% (including the reversal of value adjustments on loans, amounting to CHF 11.3m)

Balance-sheet items compared with 31.12.2015, income-statement items compared with 9M 2015

Solid operational progress

Operational progress in 2015

- ✓ Client advisory service expanded and branch opening times optimised
- ✓ Account types reduced from 12 to 7
- ✓ 2,500 training days for client advisors
- ✓ Mobile banking app launched
- ✓ IT service contract with Swisscom renewed, with substantial savings from 2017 onwards
- ✓ Payment solution (with TWINT) introduced for private clients
- ✓ Asset management advisory restructured
- ✓ Quarterly reporting and English publications introduced

Operational progress up to 30 Sept 2016

- ✓ Brand image strengthened: “We are simply a bank”
- ✓ Strategy 2020: implementation
 - ✓ Redesigned client advisory process
 - ✓ Redesigned client onboarding process
 - ✓ Initiated lead management process
 - ✓ Prepared geographical expansion
- ✓ Leap in digital services
 - ✓ First Swiss bank to launch 100% online client identification
 - ✓ Launch of financial portal for SMEs
- ✓ Fidleg*-compliant investment consulting process redesigned

Key challenge: historically low interest-rate environment

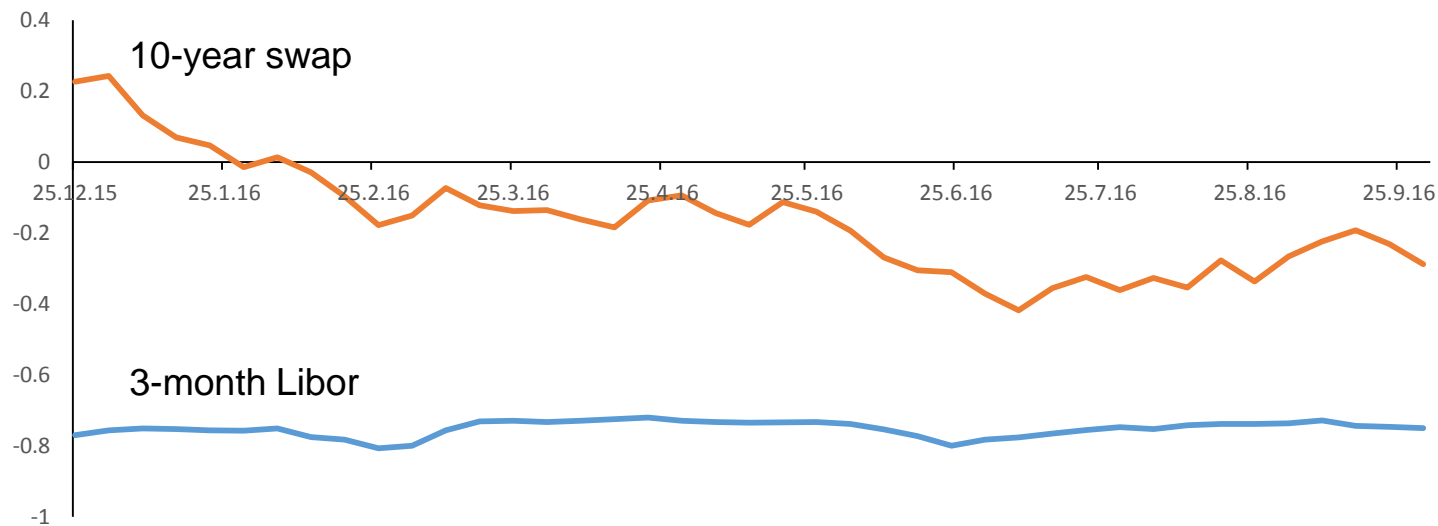
CHF interest rates still in negative territory

CHF interest rates since 2009 as a %



- Interest-rate environment remains negative

CHF interest rates during 9M 2016 as a %



- No further decrease in Q3

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Net interest income up 1.2%

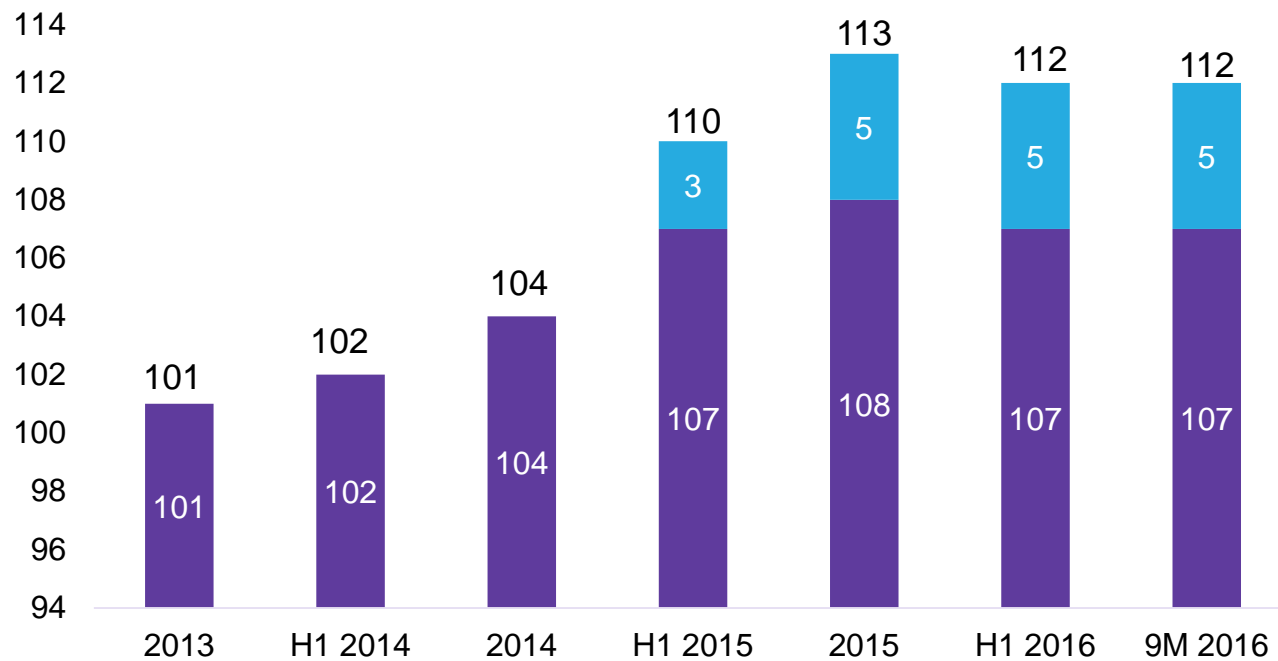
	30.09.2016	30.09.2015	Change
	in CHF millions	in CHF millions	
Net interest income*	215.8	213.1	+ 1.2%
Net commission and fee income	43.6	46.7	- 6.7%
Net trading income	8.5	8.7	- 2.4%
Other ordinary income	12.8	9.7	+ 32.3%
Operating income	280.7	278.2	+ 0.9%

- Commission, fee and trading income lower due to lower fees and trading activity, reflecting market trends
- Other ordinary income: higher contributions from RBA (CHF 3.4m)

Operating interest margin stable at 107 bp

Net interest margin (bp)

■ Additional interest income from negative interest rates
■ Operating interest margin



- Additional interest income (5 bp) from positioning on negative interest rates
- NIM remains at 2015 levels despite interest rate situation

Average interest rate on assets (bp)	164	153	152
Average interest rate on liabilities (bp)	51	41	40

Operating expenses up 1.2%

	30.09.2016	30.09.2015	Change
	in CHF millions	in CHF millions	
Gross operating income*	280.7	278.2	+ 0.9%
▪ Personnel expense	- 87.6	- 85.1	+ 2.9%
▪ Other operating expenses	- 76.8	- 77.3	- 0.7%
Operating expenses	- 164.4	- 162.4	+ 1.2%
Cost/income ratio (before depreciation)	58.6%	58.4%	
Cost/income ratio (after depreciation)	65.5%	66.2%	
FTE	843	833	

- Personnel expense up mainly due to new hirings, and variable compensation (based on operating profit)

15.4% rise in operating result

	30.09.2016	30.09.2015	Change
	in CHF millions	in CHF millions	
▪ Value adjustments on participations and depreciation	- 19.5	- 22.1	- 12.2%
▪ Changes to provisions and other value adjustments. and losses	+ 0.1	- 0.2	
Operating result	108.3	93.9	+ 15.4%

- Excluding the reversal of value adjustments on loans, amounting to CHF 11.3 million, the operating result was up 3.3%
- Reduction in depreciation continued according to plan

Group profit increased + 5.6%

	30.09.2016	30.09.2015	Change
	in CHF millions	in CHF millions	
Operating result	108.3	93.9	+ 15.4%
▪ Extraordinary income	3.1	2.3	+ 34.4%
▪ Extraordinary expenses	0	- 0.1	
▪ Changes in reserves for general banking risks	- 8.0	0.7	
▪ Taxes	- 22.0	- 19.7	+ 11.4%
Group profit	81.4	77.1	+ 5.6%

- Q3 2016: realised gains from sales of properties of CHF 2.9m (9M 2015: CHF 1.1m)
- In Q2 2016, the required release of provisions in net interest income (CHF 10.1m) was used for a prudent increase in reserves for general banking risks (CHF 8.0 m, tax effect CHF 2.1m)

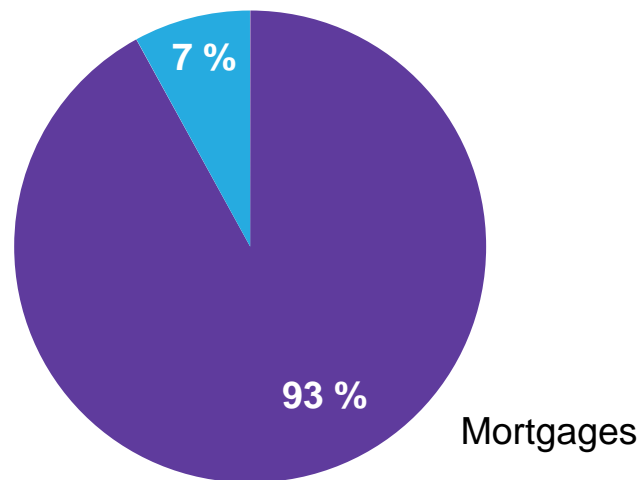
Client business: profitability before growth

	30.09.2016	31.12.2015	Change
	in CHF millions	in CHF millions	
Total assets	25,847	25,449	+ 1.6%
Client loans*	22,232	22,085	+ 0.7%
▪ Mortgage loans	20,675	20,428	+ 1.2%
▪ Due from customers	1,556	1,657	- 6.1%
Client deposits	18,287	18,084	+ 1.1%
Coverage ratio on client deposits	82.3%	81.9%	
Non-performing loans, as % of total loans	0.17% (37.2m)	0.22% (48.4m)	
Value adjustments for default risks, as % of total loans	0.26%	0.33%	

Asset quality very high

Client loans: CHF 22.2bn

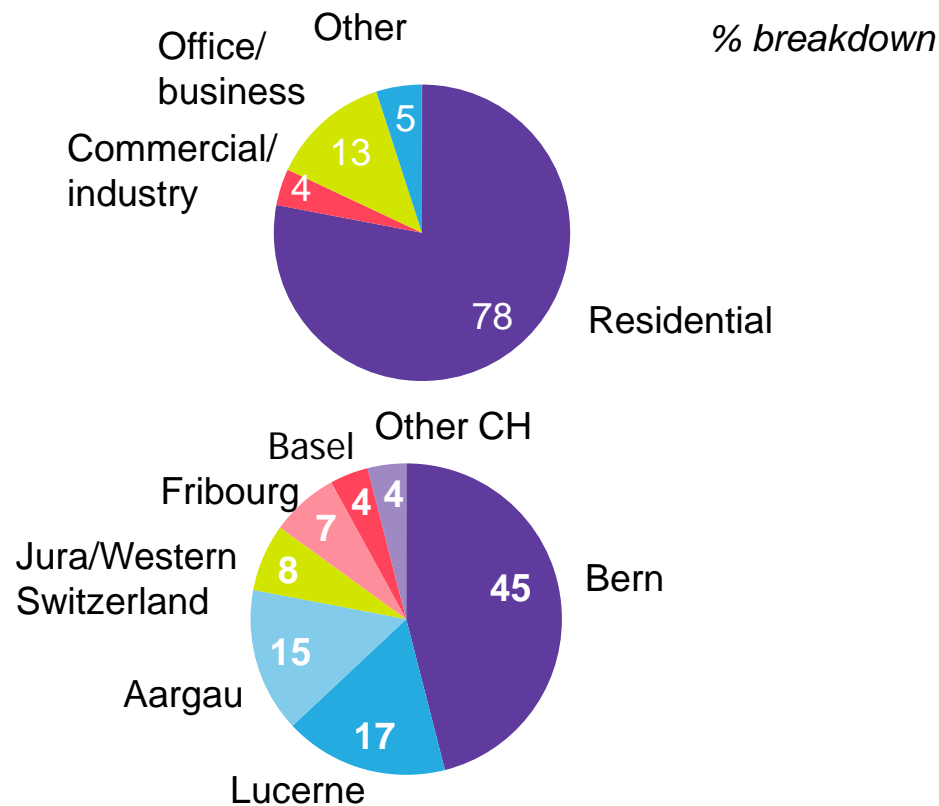
Due from customers



Loan-to-value (net)

- All items and financing: 63.3% (H1: 63.3%)

Total mortgages: CHF 20.7bn



- First tier mortgages: 93%
- Fixed-rate mortgages: 97%
- Average residual term: 3.6 years

ALM: Low risk profile and prudent management within the given risk limits

	30.09.2016	31.12.2015	Change
Asset duration*	3.12%	3.07%	+ 5 bp
Liability duration*	2.88%	2.70%	+ 18 bp
Present value sensitivity			
▪ +100 bp	- 3.61%	- 4.17%	- 66 bp
▪ +200 bp	- 7.54%	- 8.32%	- 78 bp
Present value of equity	2,761m	2,652m	+ 109m
Swap volume	1,540m	1,684m	- 144m
Liquidity coverage ratio (avg. last quarter)	113%	100%	
Hedging costs	13.1m (9M)	17.1m (FY)	

Solid capital base

	30.09.2016	31.12.2015
	in CHF millions	in CHF millions
Total eligible capital (Tier 1 + Tier 2)	2,145	2,126
Capital ratio (Tier 1)	15.6%	15.6%
Capital ratio (Tier 1 + Tier 2)	16.8%	16.8%
Capital ratio (Tier 1 + Tier 2) with countercyclical capital buffer*	15.7%	15.7%

- Valiant's capital base clearly exceeds the regulatory requirements
- SA BIS implemented in Q1 2016: -0.2% pt
- Target capital ratio (Tier 1 + Tier 2) >15%

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Outlook

- Demanding macroeconomic and monetary-policy situation
- Profitable growth on track
- We will continue to implement our strategy at a fast pace
- Objectives unchanged:
 - Profitability continues to take priority over growth
 - Keep the interest margin at the previous year's level
 - Slight increase on FY 2015 net profit expected

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Key figures 2011-2015

Key figures	9M 2016	2015	2014	2013	2012	2011
Total assets in CHF bn	25.8	25.4	25.3	25.5	25.3	25.2
Client loans in CHF bn	22.2	22.1	21.8	21.8	21.5	21.4
Client deposits in CHF bn	18.3	18.1	17.9	17.4	17.3	17.5
Equity in CHF m	2.09	2.05	1.99	1.94	1.90	1.84
Group profit in CHF m	81.4	114.4	94.5	91.4	127.0	127.6
Cost/income ratio as %	58.6	55.8	59.8	58.3	59.8	58.9
FTE	843	821	883	885	986	1073

Key per-share data since 2007

VATN share	2015	2014	2013	2012	2011	2010	2009	2008	2007
Book value / share in CHF	129.90	125.76	122.82	120.89	116.39	102.69	99.62	101.03	98.71
Earnings / share in CHF	7.24	5.98	5.79	8.09	8.08	7.76	8.87	9.02	8.97
P/E ratio	16.29	13.79	13.79	10.7	14.7	16.9	22.8	22.0	19.7
Dividend distribution as %	49.7	53.5	55.3	39.6	39.6	41.2	36.1	34.4	34.0
Dividend yield as %	3.1	3.9	4.0	3.7	2.7	2.4	1.6	1.6	1.8
Dividend in CHF	3.60	3.20	3.20	3.20	3.20	3.20	3.20	3.10	3.10
Share price at 31 December in CHF	118.00	82.55	79.85	86.90	118.90	131.00	202.00	198.70	176.80
Market capitalisation at 31 December in CHF m	1,864	1,304	1,261	1,878	1,878	2,069	3,386	3,272	3,005

Values at 30.9.2016:

- Book value per share: CHF 132.44
- Share price: CHF 89.40
- Market capitalisation in CHF m: 1,412

Financial calendar and contact information

Financial calendar

15 February 2017	FY 2016 results
3 May 2017	Q1 2017 results
18 May 2017	Annual General Meeting (Lucerne)
10 August 2017	H1 2017 results

Investor Relations

Investor relations page: [Investor www.valiant.ch/de/aktionaere-und-analysten](http://www.valiant.ch/de/aktionaere-und-analysten)

Information kit in English: www.valiant.ch/de/aktionaere-und-analysten/info-kit-in-english/

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