



H1 2018 results

Bern, 9 August 2018

valiant

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Positive first half of 2018

	Consolidated results	Valiant without Triba
Group profit	+14.5%	+12.2%
Operating profit	+23.5%	+21.0%
Operating performance (adjusted*)	+6.2%	
Net interest income**	+5.3%	+2.6%
Net interest margin	109bp	109bp
Fee and commission income	+4.4%	+1.4%
Operating expenses	+4.0%	+1.1%
Loans	+0.8%	
- of which mortgages	+1.1%	
Total capital ratio	16.1%	

- ✓ Operating performance improved again
- ✓ Net interest margin stable compared to first quarter
- ✓ Growth limited by prudent lending policy (regarding investment property)
- ✓ Capital ratio in target range

Triba Partnerbank AG consolidated since 1/7/2017

* Adjusted for value adjustments to interest income, the Triba effect, and one-time other ordinary income

** Before value adjustments to interest income

Operational highlights of H1 2018

Strategy
2020 on
track

Client areas
redesigned

New
eBanking
with financial
assistant

KLARA
interface
for KMU

Joined
AgentSelly

Full
integration
of Triba
completed

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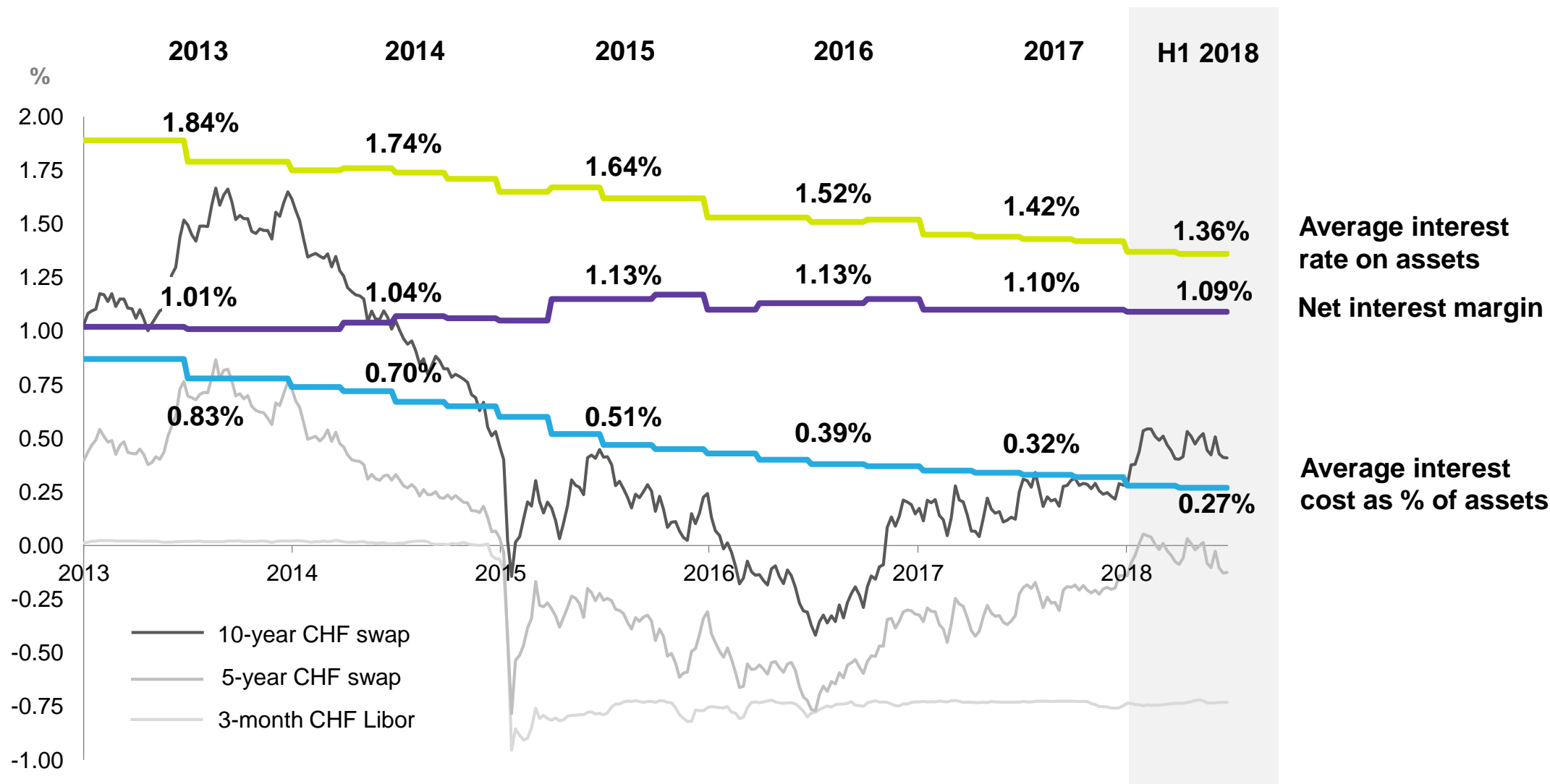
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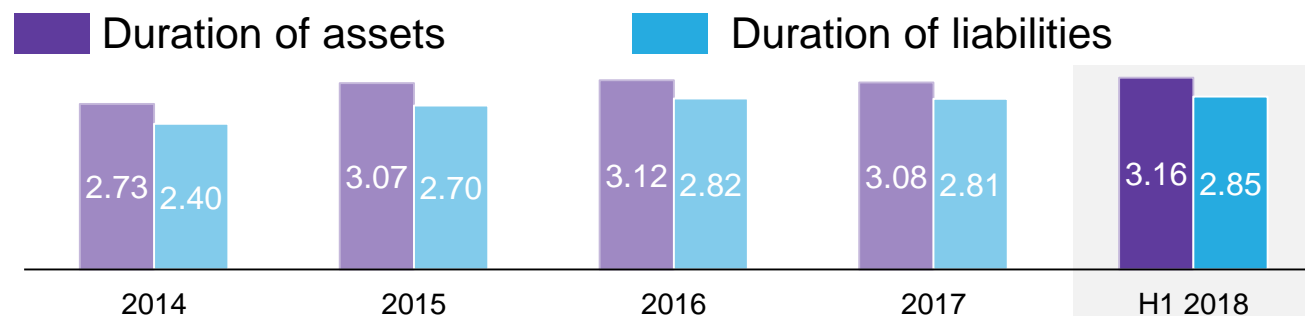
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Net interest margin of 109bp stable vs. Q1

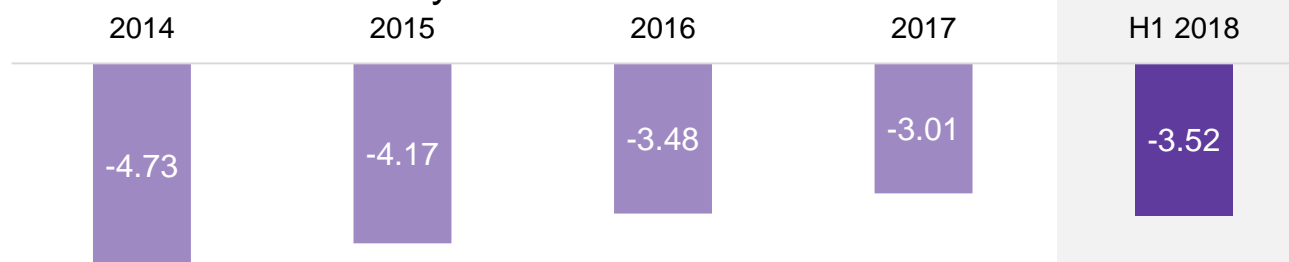


Interest-rate risk remains low



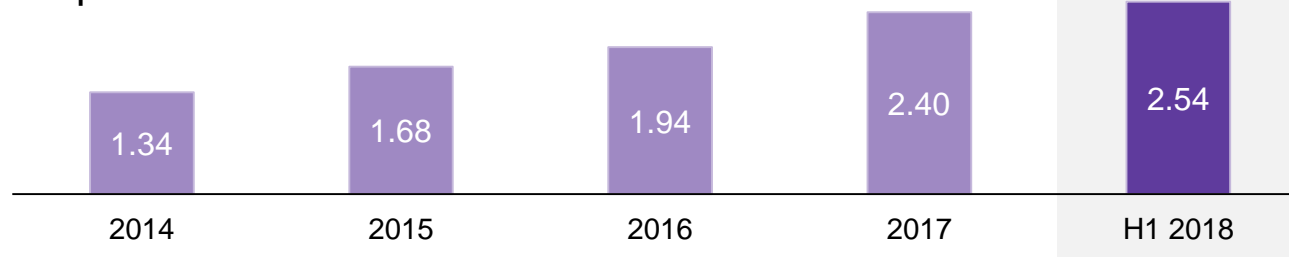
- Duration of assets and liabilities moving in parallel

Present value sensitivity*



- Marginally higher sensitivity, due to client demand for long-term contracts

Swap volume in CHF bn



- Swaps stable at a low level (<10% of total assets)
- Payer swaps added in Q2 2018

* Present value sensitivity of economic equity as % (+100bps)

Operating income up 9.6%

	30/6/2018 in CHF m	30/6/2017 in CHF m	Change
Net interest income*	150.9	143.4	5.3%
- value adjustments	-0.2	-0.9	-80.9%
Net interest income (after value adjustments)	150.7	142.5	5.8%
Net fee and commission income	30.2	29.0	4.4%
Net trading income	5.7	5.3	7.7%
Other income**	19.7	10.8	82.6%
Operating income*	206.6	188.4	9.6%

- CHF 1m reversal of value adjustments in Q2
- Steady growth in fee and commission income
- Other income: one-off CHF 9m higher dividend from Aduno AG

* Before value adjustments for credit risk, and loan losses

** Excluding Triba as of Q3 2017

Operating expenses up 4.0% (excl. Triba: +1.1%)

	30/6/2018 in CHF m	30/6/2017 in CHF m	Change
• Personnel expenses	-62.5	-59.2	5.7%
• Other op. expenses	-51.4	-50.4	2.0%
Operating expenses	-113.9	-109.6	4.0%

Cost/income ratio (before depreciation)	55.1%	58.1%
Cost/income ratio (after depreciation)	60.5%	64.5%

- Excluding Triba, operating expenses were up 1.1%

Operating profit up 23.5%

Operating performance of 6.2%*

	30/6/2018 in CHF m	30/6/2017 in CHF m	Change
• Depreciation of fixed and intangible assets, and impairments of holdings	-11.0	-11.9	-7.7%
• Changes to provisions and other value adjustments, and losses	-0.1	-0.1	-7.4%
Operating profit	81.4	65.9	23.5%

- Losses and other value adjustments remain at a very low level

* Operating performance = Operating profit adjusted for value adjustments, the Triba effect, and exceptionally high other ordinary income

Group profit up 14.5%

	30/6/2018 in CHF m	30/6/2017 in CHF m	Change
Operating profit	81.4	65.9	23.5%
• Extraordinary income	2.4	0	-
• Extraordinary expenses	0	0	-
• Changes in reserves for general banking risks	-9.0	0	-
• Taxes	-15.0	-13.7	9.5%
Group profit	59.8	52.2	14.5%

- Extraordinary income resulting from the sale of two properties
- Increase in reserve for general banking risks due to one-time other ordinary income

Prudent loan growth of 0.8%

	30/6/2018 in CHF m	31/12/2017 in CHF m	Change
Total assets	27,770	27,564	0.7%
Client loans*	23,699	23,521	0.8%
• Mortgages	22,150	21,912	1.1%
• Due from customers	1,549	1,609	-3.7%
Client deposits	18,404	18,723	-1.7%
Coverage ratio on client deposits	77.7%	79.6%	
Total funding ratio*	103.4%	103.6%	

- Due to increasing risks in the real estate market, particularly for investment properties, Valiant will continue its prudent lending policy. Valiant does not seek aggressive volume growth but prioritises margins and continued low risk levels. For 2018, we are targeting loan growth at the lower end of the 2–3% range.

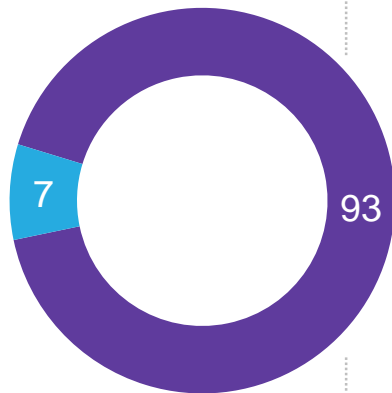
* Total funding (client deposits and bonds) as % of client loans
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Loan quality remains very high

93% of total loans are mortgages

Client loans: CHF 23.7bn

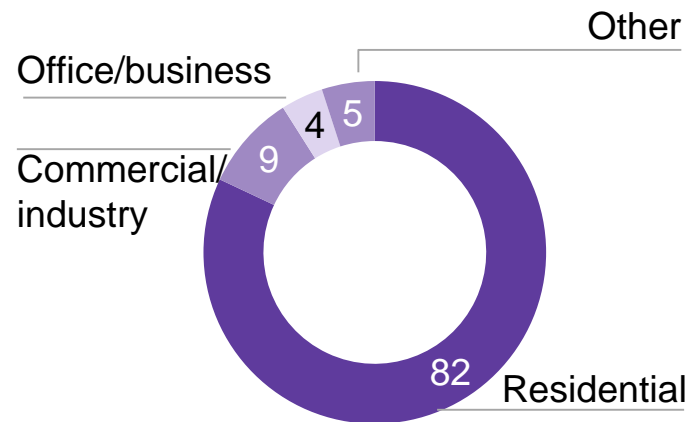
Due from clients



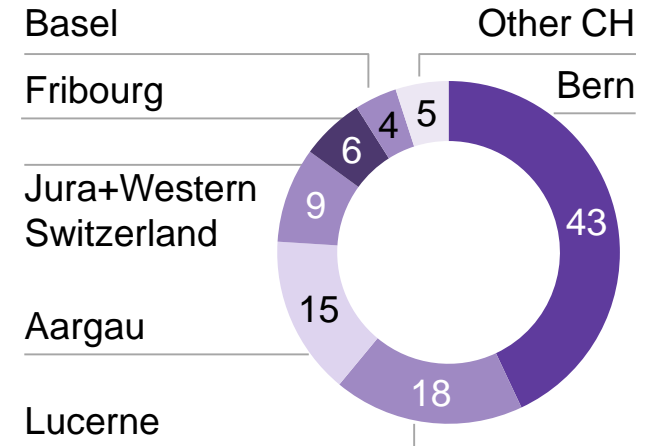
- 97% of loans are covered (31/12/2017: 97%)

Mortgages: 82% residential; 76% in Bern, Lucerne and Aargau

Mortgages: CHF 22.1bn





- Average residual term: 3.9 years (31/12/2017: 3.8 years)

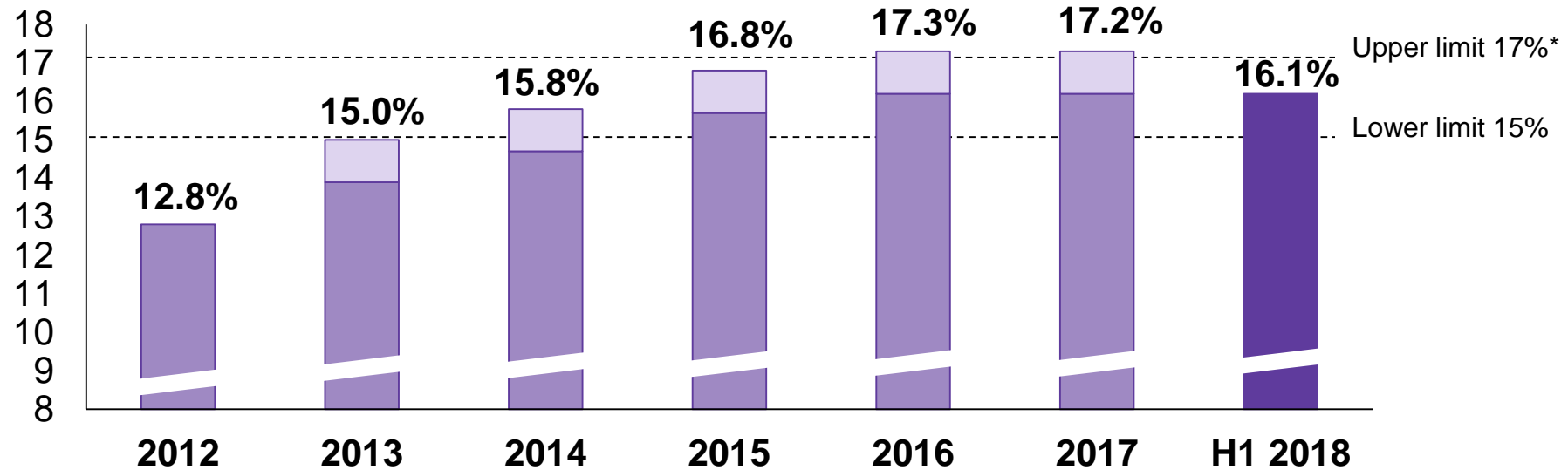


At 30/6/2018

Total capital ratio at target level

Total capital ratio as %

 Tier 2
 CET1



	2012	2013	2014	2015	2016	2017	H1 2018
Eligible capital (CHF m)	1,771	2,028	2,074	2,126	2,203	2,273	2,130
- of which Tier 2	0	150	150	150	150	150	0

- The CHF 150m Tier 2 bond was repaid in April 2018

* In August 2017 Valiant introduced an upper limit of 17% for the total capital ratio

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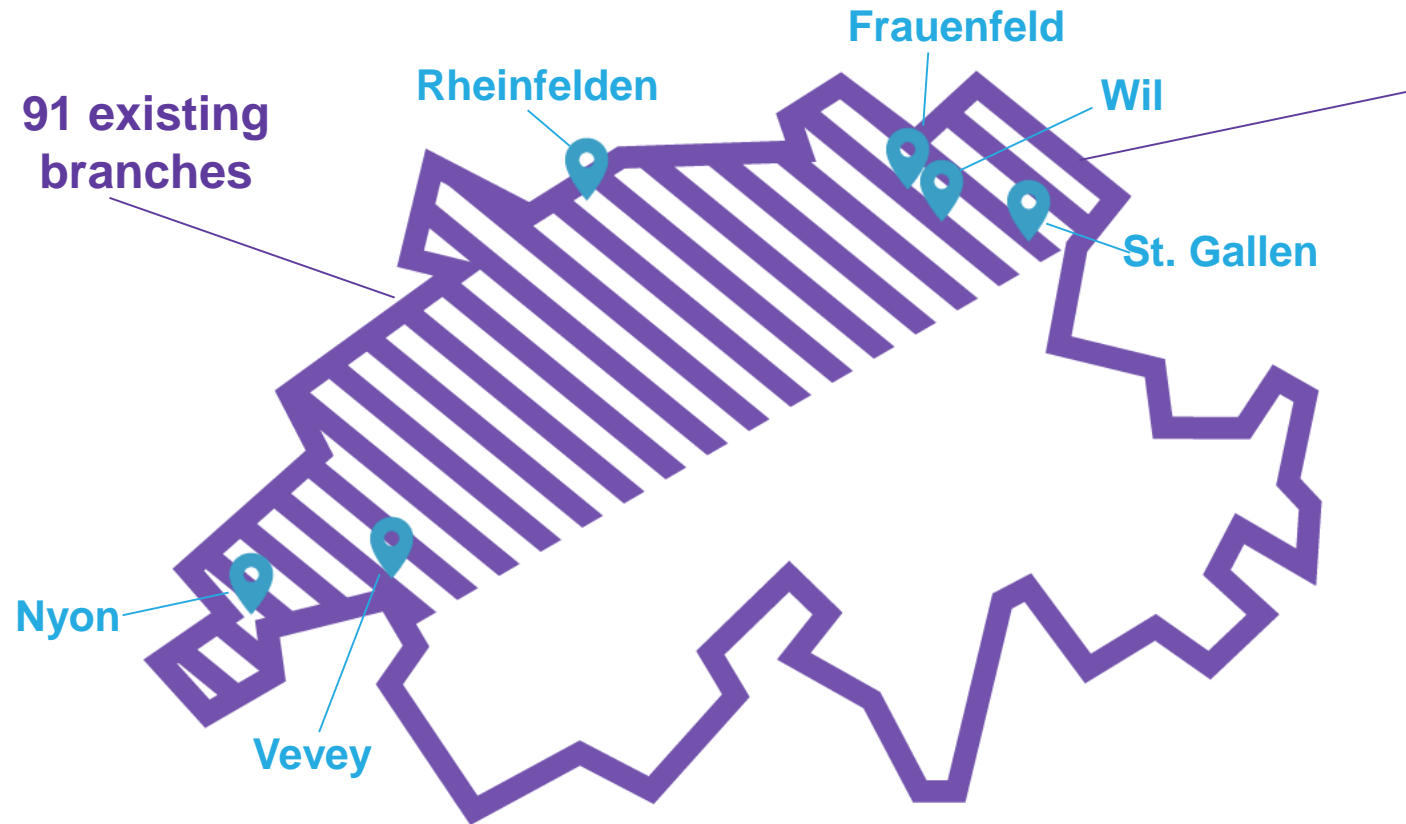
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Continued regional expansion



Expansion in 2017:

- ✓ **2 new branches** in Brugg AG and Morges VD
- ✓ **5 new branches** of Triba Bank in Lucerne Canton

Expansion by 2020:

- Openings in Vevey and Nyon by January 2019
- As of 2019, new branches in eastern and northern Switzerland

Revamping client areas and streamlining services



Revamping client areas

- Client advisory service still present and strengthened
- Counters will be re-designed in 60 branches
- 18 larger branches with traditional counters to remain after 2022
- 65 FTEs impacted; no layoffs foreseen
- Investment: approx. CHF 14m up to 2021
- Cost savings: approx. CHF 4m p.a. as of 2022



Further streamlining thanks to digitisation:

- Online scheduling of meetings
- Co-operations for KMU

Outlook

- Implementation of Strategy 2020 will continue
- Net interest margin: continue to fight for every basis point
- Profitable loan growth, and expansion on track
- Confirm turnaround in commission and fee business
- Further significant increase in operating profit
- 2018 profit expected to be in line with 2017*

→ We will continue forward on our current path

* Excluding extraordinary income from RBA assistance fund of CHF 9.7m, last payment in 2017

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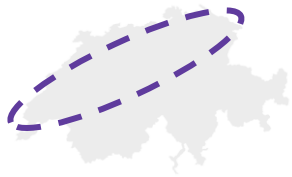
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Ambitious strategy and financial targets up to 2020

Geographic expansion and digitisation (baseline 2016)



- 10 new branches between Lake Geneva and Lake Constance



- Strengthen existing regions



- Digital expansion across Switzerland



- 80 additional client advisors

Profitable growth

- Loan growth p.a.:
2–3% in existing markets
2–3% in new regions
- Inorganic growth

Increased efficiency

- Additional growth will be achieved with existing middle- and back-office resources

Capital management

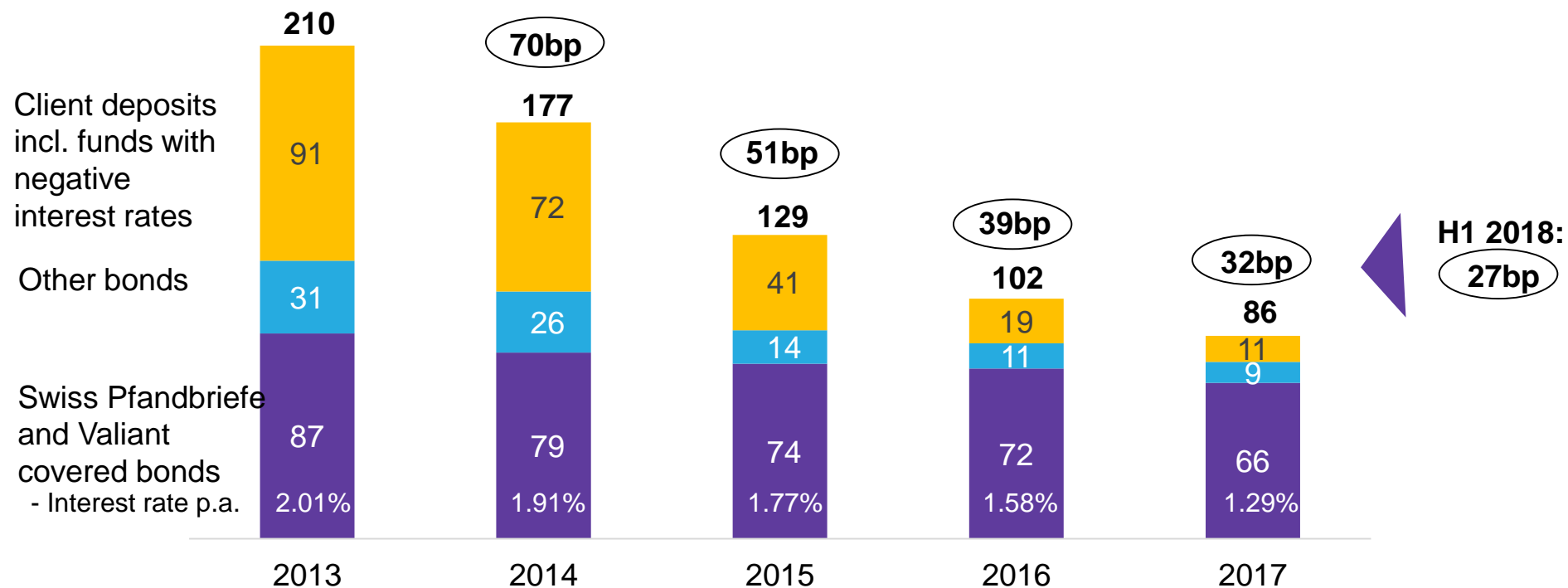
- Total capital ratio: 15–17%
- ROE: 6–8%
- Payout ratio: 40–70%
- Dividend: at least CHF 4.00

→ We will maintain our cautious risk profile

H1 2018: interest expense down once again

CHF m

Interest expense
in bp



➔ **Approx. CHF 2.5bn in funds with negative interest rates**

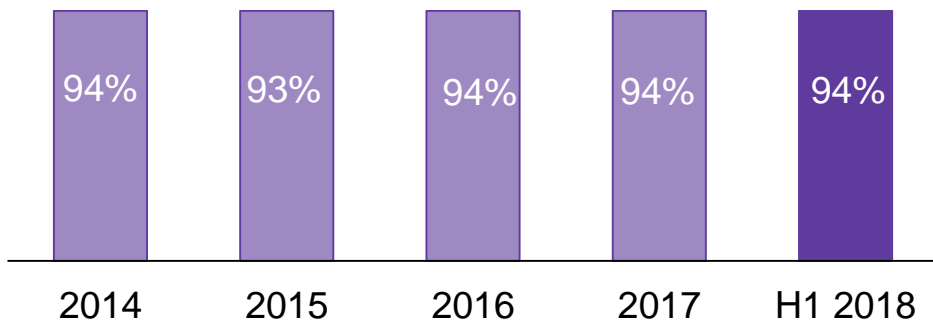
ALM details

	30/6/2018	31/12/2017	Change
Effective duration of assets*	3.16%	3.08%	+8bp
Effective duration of liabilities*	2.85%	2.81%	+4bp
Present value sensitivity			
• + 100 bp	–3.52%	3.01%	51bp
• + 200 bp	–7.20%	6.27%	93bp
Present value of economic equity	3,092m	3,096m	4m
Swap volume	2,54m	2,400m	+140m
Liquidity coverage ratio (average last quarter)	114%	117%	
Hedging costs	H1 18: 5.5m	FY 17: 12.4m	

Credit risk stable on a very low level

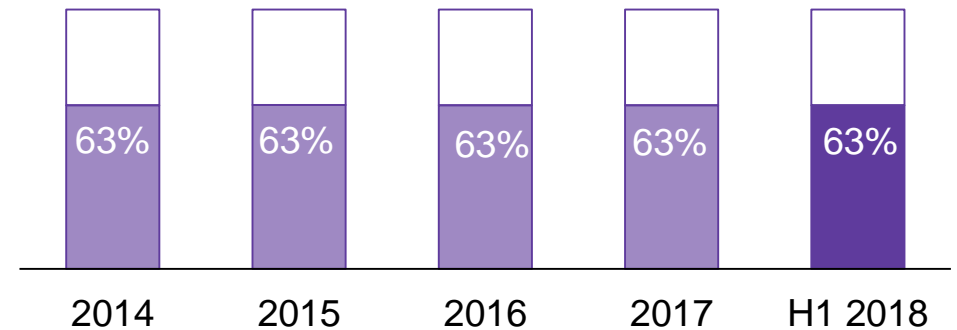
High share of 1st tier mortgages

Share of 1st tier mortgages



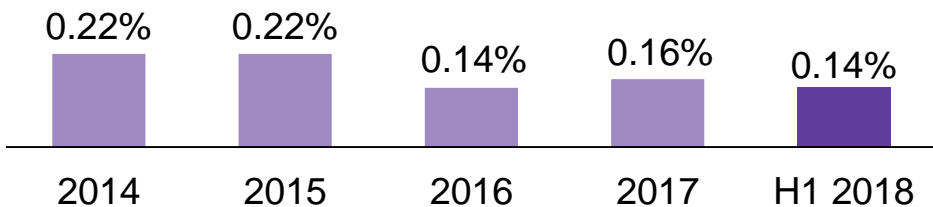
Low loan-to-value

Loan-to-value (net)



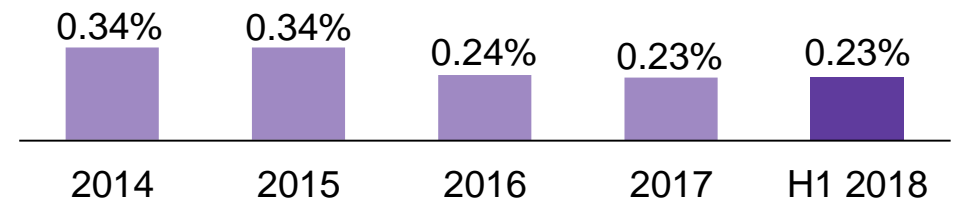
Non-performing loans < 0.2% of loans

NPL / total loans



Value adjustments and provisions on a low level

Value adjustments and provisions for credit risk / total loans



H1 2018 consolidated income statement

Consolidated profit and loss statement of Valiant Holding AG

<i>CHF m</i>	H1 2018	H1 2017	Change
Interest and discount income	188.4	188.3	0.0%
Interest expense	-37.5	-44.9	-16.6%
Net interest income (before value adjustments)	150.9	143.4	5.3%
Value adjustments for credit risk, and loan losses	-0.2	-0.9	-80.9%
Net interest income (after value adjustments)	150.7	142.5	5.8%
Net fee and commission income	30.2	29.0	4.4%
Net trading income	5.7	5.3	7.7%
Net other ordinary income	19.7	10.8	82.6%
Total operating income (before value adjustments)	206.6	188.5	9.6%
Personnel expenses	-62.5	-59.2	5.7%
General and administrative expenses	-51.4	-50.4	2.0%
Total operating expenses	-113.9	-109.6	4.0%
Depreciation, and impairments of holdings	-11.0	-11.9	-7.7%
Other provisions and losses	-0.1	-0.1	-7.4%
Operating result	81.4	65.9	23.5%
Extraordinary income	2.4	-	-
Extraordinary expenses	-	-	-
Changes in reserves for general banking risks	-9.0	-	-
Taxes	-15.0	-13.7	9.5%
Consolidated net profit (incl. minority interests)	59.8	52.2	14.5%
Minority interests	-	-	-
Net profit (excl. minority interests)	59.8	52.2	14.5%

H1 2018 consolidated balance sheet

Consolidated balance sheet of Valiant Holding AG

<i>CHF m</i>	30/06/2018	31/12/2017	Change
Assets			
Cash & due from banks	2,802	2,683	4.4%
Due from customers	1,549	1,609	-3.7%
Mortgage loans	22,150	21,912	1.1%
Financial investments & non-consolidated holdings	1,075	1,145	-6.1%
Total other assets	193	215	-6.2%
Total assets	27,770	27,564	0.7%
Liabilities and equity			
Due to banks	804	755	6.5%
Customer deposits	18,404	18,723	-1.7%
Bond issues and Swiss Pfandbriefe	6,112	5,641	8.3%
Other liabilities	210	206	2.2%
Provisions	34	36	-5.9%
Equity (including minorities)	2,206	2,203	0.2%
Total liabilities and equity	27,770	27,564	0.7%

Key figures 2013 – H1 2018

Key figures	H1 2018	2017	2016	2015	2014	2013
Total assets in CHF bn	27.8	27.6	26.1	25.4	25.3	25.5
Client loans in CHF bn	23.7	23.5	22.3	22.1	21.8	21.8
Client deposits in CHF bn	18.4	18.7	18.2	18.1	17.9	17.4
Deposit/loan coverage ratio	77.7	79.6	82.1	81.9	82.2	80.0
Shareholders' equity in CHF m	2.21	2.20	2.13	2.05	1.99	1.94
Net profit in CHF m	59.8	119.2	117.5	114.4	94.5	91.4
Risk-weighted assets in CHF bn	13.3	13.2	12.7	12.7	13.1	13.5
Total capital ratio as %	16.1	17.2	17.3	16.8	15.8	15.0
Cost/income ratio as %	55.1	58.3	58.4	55.8	59.8	58.3
FTEs	869	873	842	821	883	885

See www.valiant.ch/results

Financial calendar and contact information

Financial calendar

8 November 2018	9M 2018 results
13 February 2019	FY 2019 results
2 May 2019	Q1 2019 results
16 May 2019	2019 AGM in Lucerne



Information for investors

In German: www.valiant.ch/investoren
In English: www.valiant.ch/investors



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