



Q1 2018 results

Roadshow Zürich, 3 May 2018

valiant

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Pleasing Q1 2018 results

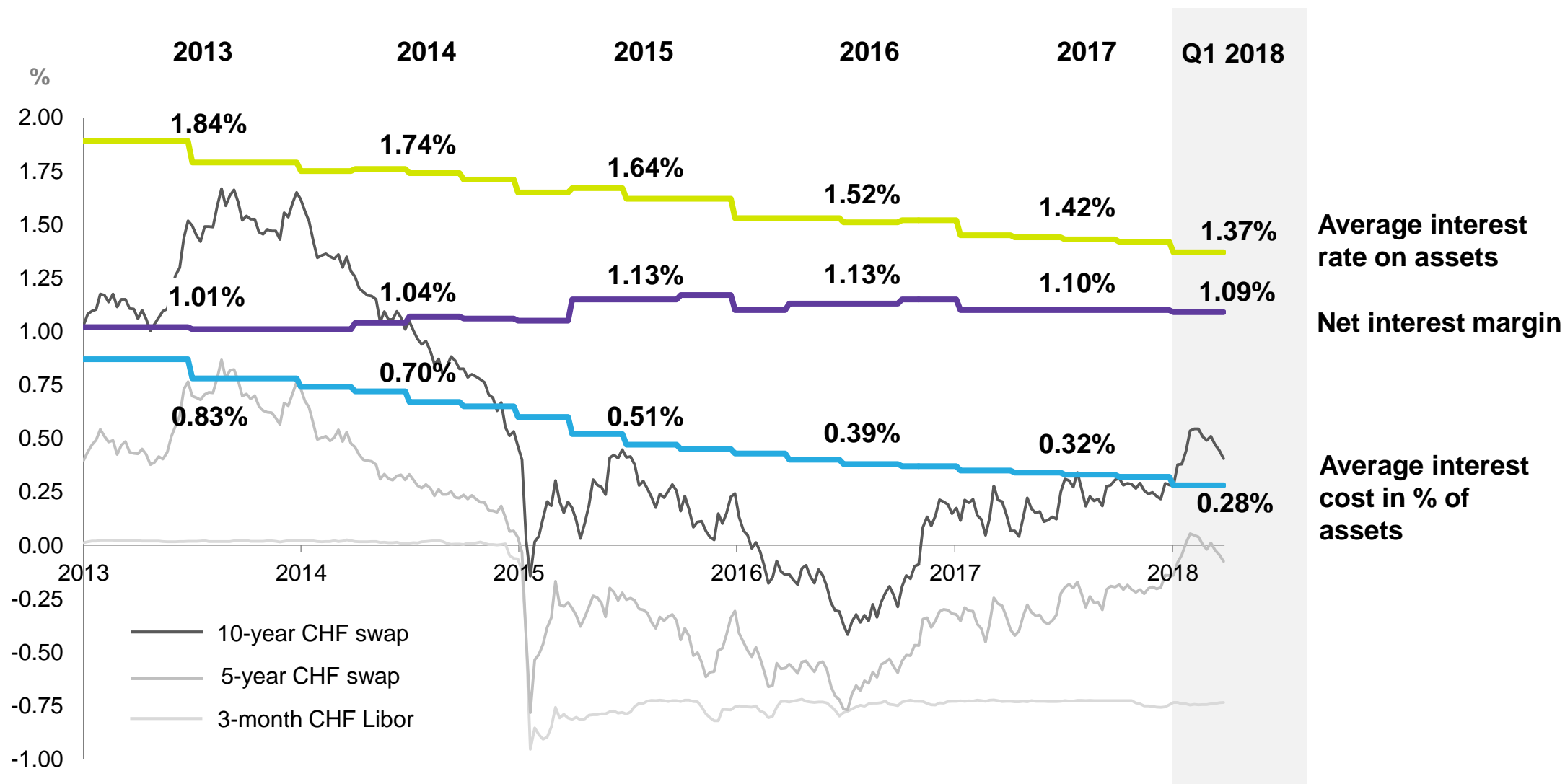
	Consolidated results	Valiant without Triba
Group profit	+9.3%	
Operating profit	+4.0%	
Net interest income*	+4.8%	+2.1%
Net interest margin	109bp	109bp
Fee and commission income	+5.0%	1.9%
Operating expenses	+4.3%	+1.4%
Client deposits	-1.0%	-0.6%
Loans	+0.4%	+0.5%
- of which mortgages	+0.5%	+0.6%
Total capital ratio	16.1%	

- ✓ Operating performance improved again
- ✓ Interest margin basically stable
- ✓ Capital ratio in target range, after Tier 2 call

Triba Partnerbank AG consolidated since 1.7.2017

* Before value adjustments in interest income

Net interest margin almost stable at 109 bp

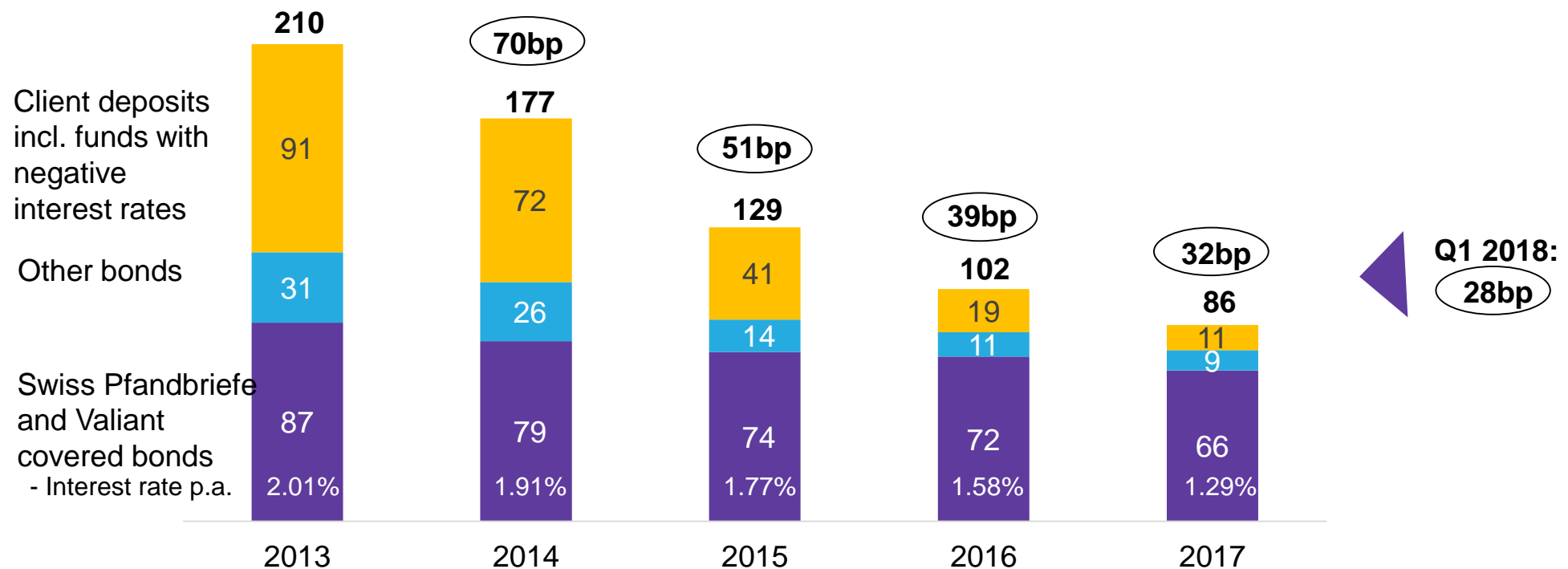


➔ Repayment of Tier2 bond in April 2018 reduces interest cost by CHF 6 m p.a.

Interest costs lowered again

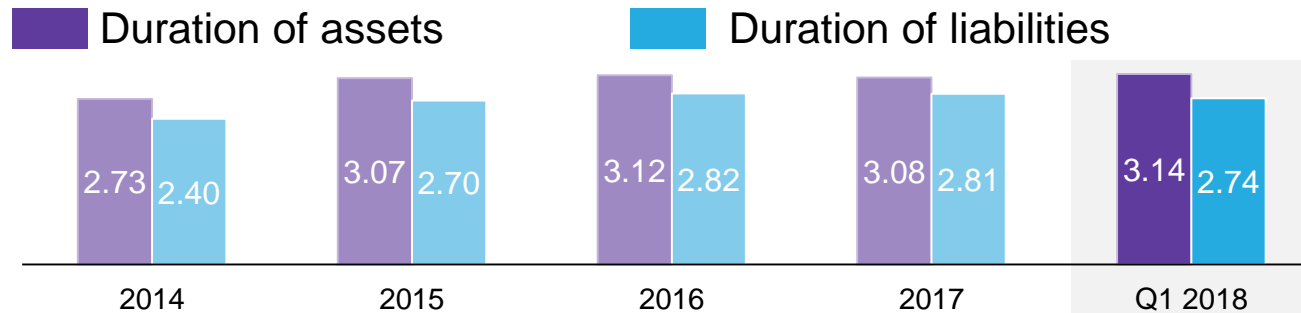
CHF m

Interest expense
in bp



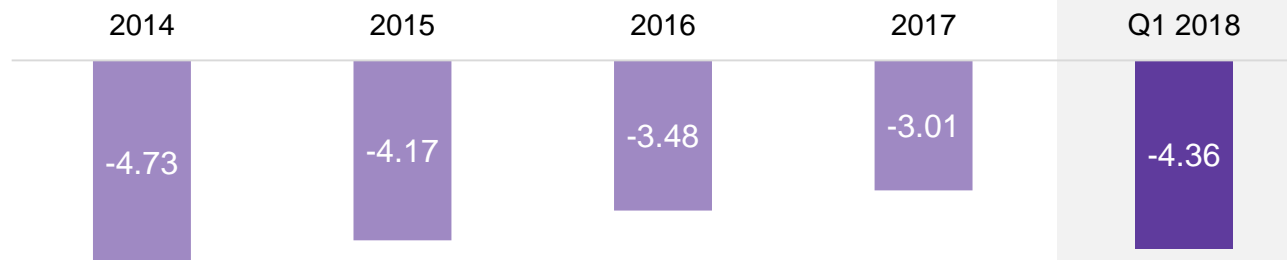
→ Funds with negative interest rates account for about 10% of total assets

Interest rate risk remains on a low level



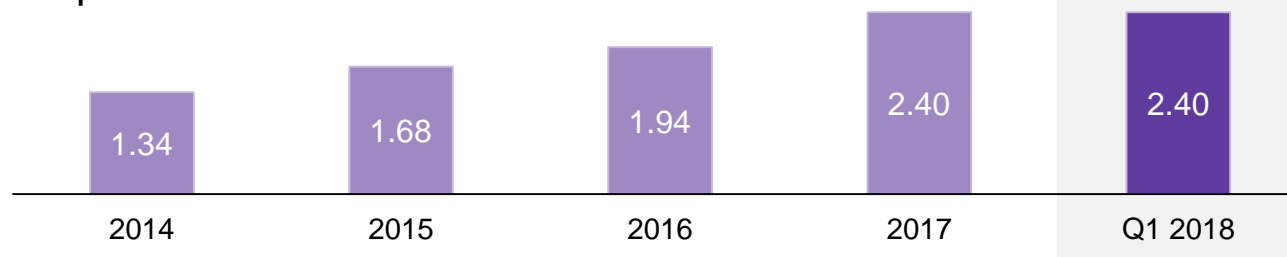
- Duration of assets and liabilities stable

Barwert sensitivität*



- Effect of covered bond issue (payment April 2018) ~ +100bp

Swap-Volumen in CHF Mrd.



- Swaps stable on a low level (<10% of total assets)
- Payer swaps added Q1 2017

* Barwert sensitivität des ökonomischen Eigenkapitals in % (+100bps)

Operating income +5.3%

	Consolidated results			Valiant without Triba		
	31/3/2018 in CHF m	31/3/2017 in CHF m	Change	31/3/2018 in CHF m	31/3/2017 in CHF m	Change
Net interest income*	75.0	71.5	4.8%	73.0	71.5	2.1%
Net fee and commission income	15.1	14.4	5.0%	14.7	14.4	1.9%
Net trading income	2.8	2.5	15.6%	2.8	2.5	12.0%
Other income**	1.7	1.4	18.9%	1.6	1.4	17.2%
Operating income*	94.6	89.8	5.3%	92.1	89.8	2.6%

* Before value adjustments for credit risk, and loan losses

** without Triba as of Q3 2017

Operating expenses +4.3% (without Triba: +1.4%)

	Consolidated results			Valiant without Triba		
	31/3/2018 in CHF m	31/3/2017 in CHF m	Change	31/3/2018 in CHF m	31/3/2017 in CHF m	Change
• Personnel expenses	-30.9	-29.1	6.3%	-30.2	-29.1	3.9%
• Other op. expenses	-26.1	-25.5	2.0%	-25.2	-25.5	-1.3%
Operating expenses	-57.0	-54.6	4.3%	-55.4	-54.6	1.4%
Cost/income ratio (before depreciation)	60.3%	60.8%				
Cost/income ratio (after depreciation)	65.9%	67.0%				

→ **Cost/income ratio improved**

Operating performance +5.3%

	Consolidated results		Change
	31/3/2018 in CHF m	31/3/2017 in CHF m	
• Depreciation of fixed and intangible assets, and impairments of holdings	-5.4	-5.5	-2.3%
• Changes to provisions and other value adjustments, and losses	-0.1	-0.0	194.1
Operating profit	31.0	29.8	4.0%

- Operating profit adjusted for value adjustments to net interest income and for Triba: +5.3%
- Losses and other value adjustment remain on a very low level

Group profit up 9.3%

	31/3/2018 in CHF m	31/3/2017 in CHF m	Change
Operating profit	31.0	29.8	4.0%
• Extraordinary income	1.8	0	-
• Extraordinary expenses	0	0	-
• Changes in reserves for general banking risks	0	0	-
• Taxes	-6.8	-6.0	12.8%
Group profit	26.0	23.8	9.3%

- Extraordinary income due to sale of real estate

Loan growth of +0.4%

	Consolidated results			Valiant without Triba
	31/3/2018 in CHF m	31/12/2017 in CHF m	Change	Change
Total assets	27 681	27 564	0.4%	n.a.
Client loans*	23 614	23 521	0.4%	0.5%
• Mortgages	22 023	21 912	0.5%	0.6%
• Due from customers	1 592	1 609	-1.1%	-0.9%
Client deposits	18 542	18 723	-1.0%	-0.6%
Coverage ratio on client deposits	78.5%	79.6%		
Total funding ratio*	102.4%	103.6%		

- For 2018 we target loan growth of 2-3%, thereof 1% from the expansion. Due to the increasing risks in the real estate market, particularly for investment property, Valiant will continue its prudent lending policy. Valiant does not seek aggressive volume growth but prioritises margins and continued low risk levels.

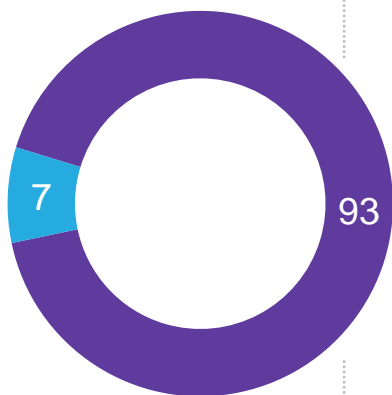
* Total funding (Client deposits and bonds) in % of client loans
11 Q1 2018 results

Quality of loans remains very high

93% of total loans in mortgages

Client loans: CHF 23.6bn

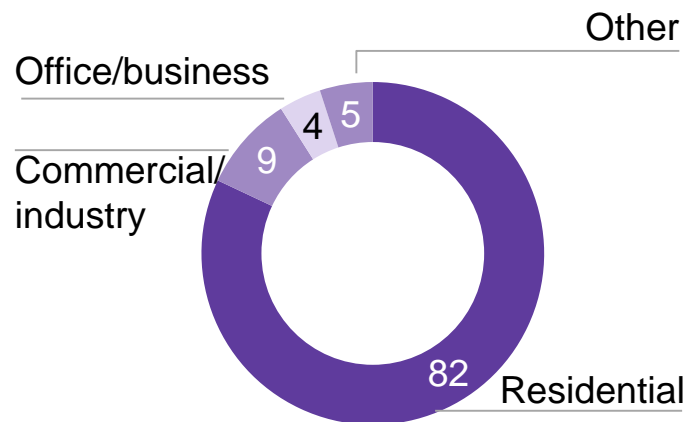
Due from clients



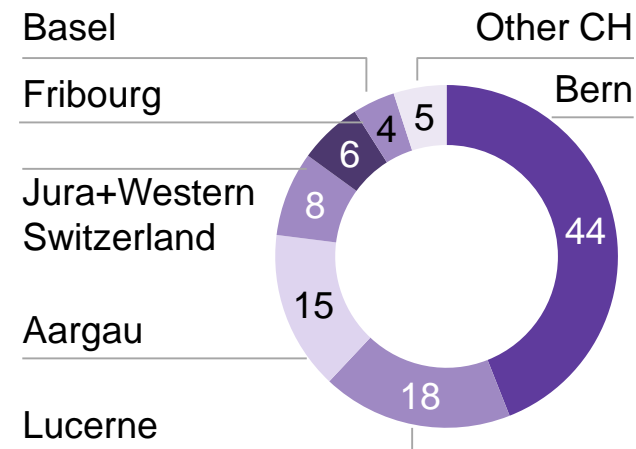
- 97% of loans are covered (31/12/2016: 97%)

Mortgages: 82% residential, with 77% in Bern, Lucerne and Aargau

Mortgages: CHF 22.0bn



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

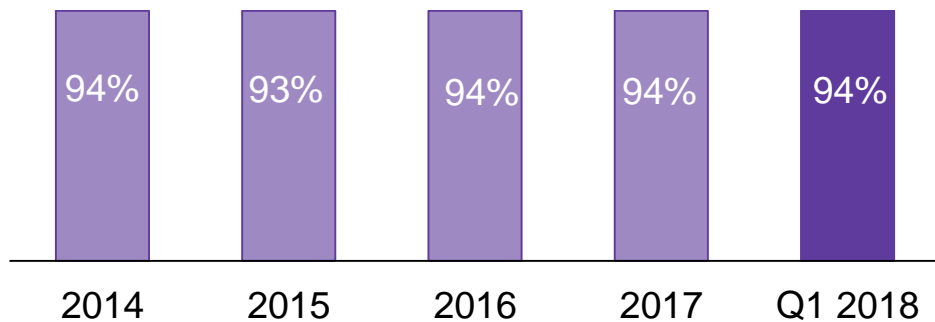


At 31/3/2018

Credit risk stable on a very low level

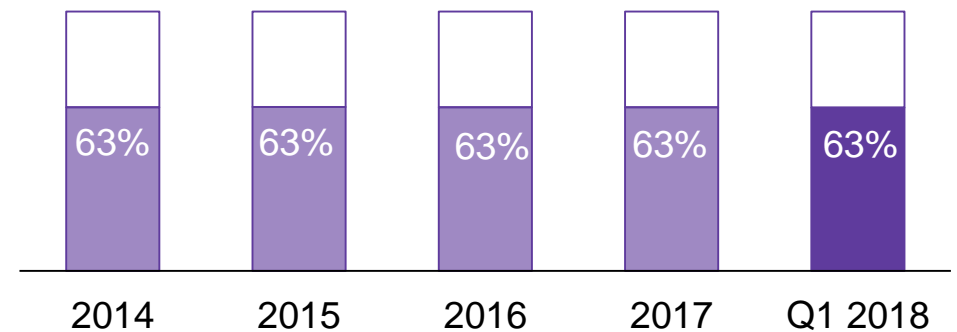
Very high share of 1st tier mortgages

Share of 1st tier mortgages



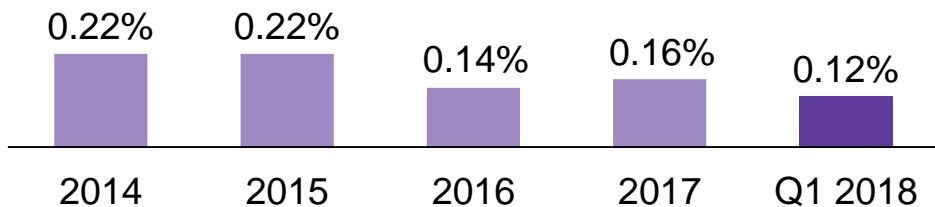
Very low loan-to-value

Loan-to-value (net)



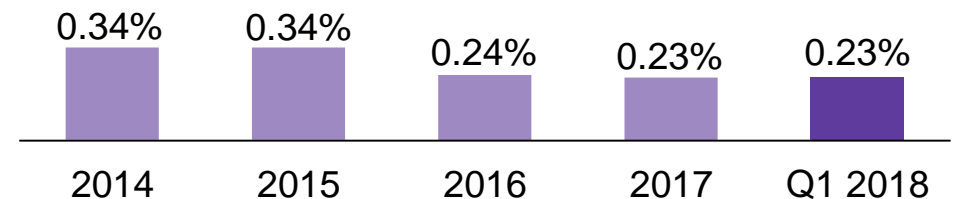
Non-performing loans < 0.2% of loans

NPL / total loans



Value adjustments and provisions on a low level

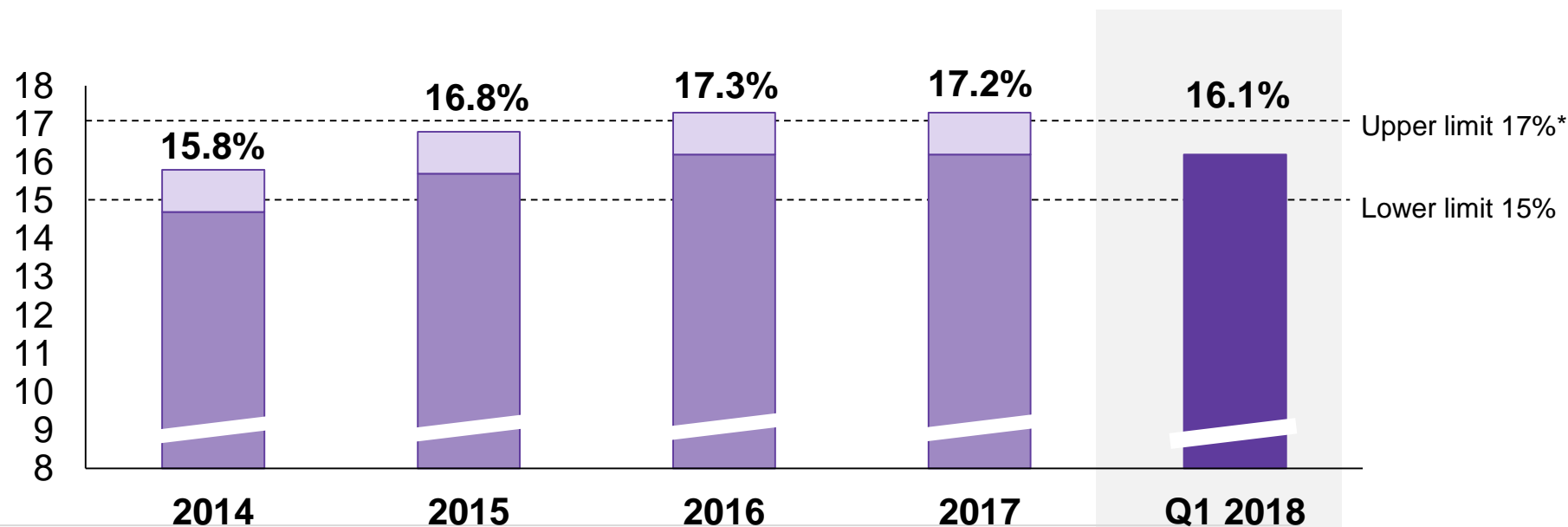
Value adjustments and provisions for credit risk / total loans



Total capital ratio on target level

Total capital ratio in %

 Tier2 capital



Eligible capital
(CHF m)

2 074

2 126

2 203

2 273

2 123

- thereof Tier2

150

150

150

150

0

- Tier2 bond called in as per 31/3/2018

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

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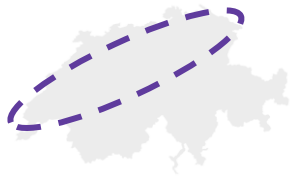
Highlights Q1 2018

Strategy implementation and outlook

Appendix

Ambitious strategy and financial targets up to 2020

Geographic expansion and digitisation (base-line 2016)



- 10 new branches between Lac Léman and Lake of 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
- Anorganic 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

Funding: Second successful covered bond issue in March 2018 of CHF 500m

Key elements of Covered Bonds-Programme

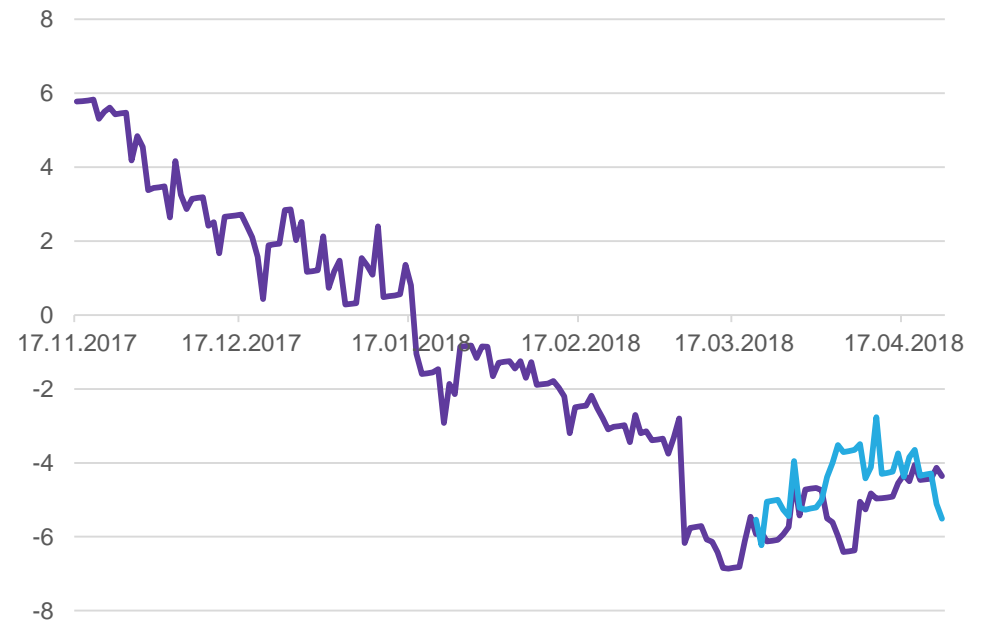
- Diversification of funding, in addition to Swiss Pfandbriefe,
- Reducing interest-rate risk and funding risk
- Moody's Rating Aaa, listed in SIX Swiss Bond Index
- Long-term and continuous programme, with annual issues of around CHF 500m planned
- Two successful issues of total CHF 750m in November 2017 and March 2018

Lowered spreads since initial issue

Spread in bps vs. mid swap, November 2017 – April 2018

— Nov 2017 issue (CHF 250m, 10 years, YTM 0.33%)

— March 2018 issue (CHF 500m, 6 years, YTM 0.04%)



Outlook for 2018

- Profitable growth of 2-3%, thereof 1% from expansion
- Interest margin: fight for every basis point - as in 2017
- Confirm turnaround in commission and fee business
- Further increase in operating profit
- 2018 profit expected to be in line with 2017*

* without extraordinary income from RBA assistance fund of CHF 9.7m, last payment in 2017

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Q1 2018: ALM details

	31/3/2018	31/12/2017	Change
Effective duration of assets*	3.14%	3.08%	+ 6 bp
Effective duration of liabilities*	2.74%	2.81%	- 7 bp
Present value sensitivity			
• + 100 bp	-4.36%	-3.01%	- 135 bp
• + 200 bp	-8.83%	-6.27%	- 256 bp
Present value of economic equity	3 133 m	3 096 m	+ 37 m
Swap volume	2 400 m	2 400 m	0
Liquidity coverage ratio (average last quarter)	112%	117%	
Hedging costs	Q1 18: 2.6 m	FY 17: 12.4 m	

Inklusive Triba

Consolidated P&L Q1 2018

Consolidated profit and loss statement Valiant Holding AG

CHF m	Q1 2018	Q1 2017	Change
Interest and discount income	94.6	94.6	0.0%
Interest expense	-19.6	-23.0	-14.8%
Net interest income (before value adjustments)	75.0	71.5	4.8%
Value adjustments for credit risk, and loan losses	-1.2	0.2	-893.3%
Net interest income (after value adjustments)	73.8	71.7	2.9%
Net fee and commission income	15.1	14.4	5.0%
Net trading income	2.8	2.5	15.6%
Net other ordinary income	1.7	1.4	18.9%
Total operating income (before value adjustments)	94.6	89.8	5.3%
Personnel expenses	-30.9	-29.1	6.3%
General and administrative expenses	-26.1	-25.5	2.0%
Total operating expenses	-57.0	-54.6	4.3%
Depreciation, and impairments of holdings	-5.4	-5.5	-2.3%
Other provisions and losses	-0.1	-0.0	194.1%
Operating result	31.0	29.8	4.0%
Extraordinary income	1.8	-	-
Extraordinary expenses	-	-	-
Changes in reserves for general banking risks	-	-	-
Taxes	-6.8	-6.0	12.8%
Consolidated net profit (incl. minority interests)	26.0	23.8	9.3%
Minority interests	0.0	-	-
Net profit (excl. minority interests)	26.0	23.8	9.3%

Consolidated balance sheet Q1 2018

Consolidated balance sheet Valiant Holding AG

<i>CHF m</i>	31/03/2018	31/12/2017	Change
Assets			
Cash & due from banks	2'716	2'683	1.2%
Due from customers	1'592	1'609	-1.1%
Mortgage loans	22'023	21'912	0.5%
Financial investments & non-consolidated holdings	1'152	1'145	0.6%
Total other assets	190	205	-7.5%
Total assets	27'681	27'564	0.4%
Liabilities and equity			
Due to banks	1'000	755	32.4%
Customer deposits	18'542	18'723	-1.0%
Bond issues and Swiss Pfandbriefe	5'642	5'641	0.0%
Other liabilities	236	206	14.8%
Provisions	33	36	-6.7%
Equity (including minorities)	2'227	2'203	1.1%
Total liabilities and equity	27'681	27'564	0.4%

Key figures 2013 – Q1 2018

Key figures	Q1 2018	2017	2016	2015	2014	2013
Total assets in CHF bn	27.7	27.6	26.1	25.4	25.3	25.5
Client loans in CHF bn	23.6	23.5	22.3	22.1	21.8	21.8
Client deposits in CHF bn	18.5	18.7	18.2	18.1	17.9	17.4
Deposit/loan coverage ratio	78.5	79.6	82.1	81.9	82.2	80.0
Shareholders' equity in CHF m	2.22	2.20	2.13	2.05	1.99	1.94
Net profit in CHF m	26.0	119.2	117.5	114.4	94.5	91.4
Risk-weighted assets in CHF bn	13.2	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 %	60.3	58.3	58.4	55.8	59.8	58.3
FTEs	865	873	842	821	883	885

See www.valiant.ch/results

Financial calendar and contact information

Financial calendar

23 May 2018	Annual General Meeting in Bern
9 August 2018	H1 2018 results
8 November 2018	9M 2018 results



Information for investors

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



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