

Bern, 13 February 2020

Valiant reports solid net profit of CHF 121.1 million

Valiant continued on a firm track in 2019, once again recording growth in its bottom line. Consolidated net profit rose to CHF 121.1 million, up 0.6% year on year. Total lending increased by CHF 782 million to CHF 24.8 billion (+3.3%), and the net interest margin was once again solid, at 1.10%. These strong annual results will be reflected in the dividend for the year: a CHF 0.60 increase, to CHF 5 per share, will be recommended at the forthcoming Annual General Meeting, when Ronald Frank Trächsel will also be recommended as a new member of the Board of Directors.

Valiant CEO Ewald Burgener summed up 2019 as follows: “Net profit was slightly higher than in 2018, and we were able to significantly speed up growth in business volumes. We achieved all the main goals that we had set ourselves for 2019. We are very pleased with what we achieved last year and, of course, with our solid annual results.”

Excellent net interest income

Net interest income continued to be the driver of Valiant’s success in 2019. Net interest income before value adjustments – Valiant’s main revenue stream – rose by 2.4% to CHF 314.7 million (+CHF 7.4 million). This rise was mainly due to lower interest expense, which was down 21% to CHF 54.6 million. “A net interest margin of 1.10% is very good given the solid growth and the persistently tough market conditions. We fought for every basis point, which was difficult with very low interest rates. But our efforts once again paid off,” said CEO Ewald Burgener. Fee and commission income rose by 1.7% to CHF 63.3 million. Net trading income came in at CHF 11.8 million (+5.0%).

Investing in the future

In 2019, Valiant invested significantly in its strategy and in the bank’s future. This drove costs up 3.6% to CHF 234.2 million. There was a rise in both personnel expenses (+3.4%) and general and administrative expenses (+4.0%). The headcount grew by 28 full-time equivalents, with most of the new positions created in client advisory. As a result of the increase in expenses, the cost/income ratio went up slightly, from 55.9% in 2018 to 57.0%. Operating profit stood at CHF 142.9 million (–5.9%). This decline was primarily the result of a one-off dividend payment from Aduno, which led to exceptionally high income from holdings in 2018.

Clear uptick in volume growth

Valiant's goal under its expansion strategy is to grow while making better use of its existing infrastructure. This strategy already began to pay off in 2019. Valiant managed to grow its business volumes at a much faster pace than in the prior year without changing its cautious risk policy. Total lending increased by CHF 781.6 million to CHF 24.8 billion (+3.3%). Mortgage lending grew by a solid 3.8%, or CHF 849 million, to CHF 23.3 billion. Client deposits expanded 4.9% to CHF 19.2 billion (+CHF 904 million).

Eleven new branch locations

Last September, Valiant announced its strategy for the period up to 2024, which includes expanding in the canton of Zurich. Implementation of the new strategy is already under way. Eleven locations have been chosen for new branches: Altstetten, Bülach, Horgen, Meilen, Oerlikon, Uster and Winterthur in Zurich canton, as well as Muttenz (BL), Liestal (BL), Schaffhausen (SH) and Pully (VD) in other market areas. The search for suitable premises and staff has already begun. The plan is to open one or two new branches in the Zurich region this year, in addition to the planned openings in Frauenfeld and Rapperswil, provided that appropriate premises can be found.

Majority holding in AgentSelly

As part of its new strategy, Valiant aims to further develop its products and services along the entire value chain. One way it will achieve this is through its holding in online estate agent AgentSelly, which it will increase from 38% to 50%. This will also allow Valiant to strengthen its core business of residential mortgage lending.

Dividend increase of 60 cents, or 14%

Equity capital amounted to CHF 2.3 billion and the total capital ratio stood at 16.5% at year-end. This stability, combined with the bank's solid financial performance, means that the Board of Directors is able to recommend another dividend increase – this time of CHF 0.60, to CHF 5 per share – at the upcoming Annual General Meeting. "That represents a rise of 14%. It will be the fifth increase in as many years, and with a yield of around 5%, this makes Valiant an increasingly attractive option within the Swiss Performance Index," says Chairman of the Board Jürg Bucher.

New member for the Board of Directors

As already announced, after a year on the Board of Directors, former CEO Markus Gygax will be recommended as Jürg Bucher's replacement as chairman at the Annual General Meeting. Ronald Frank Trächsel, who is currently financial director and member of the executive board at BKW Energie SA, is an excellent candidate for the open seat on Valiant's Board. He also has experience working as CFO at a number of international

companies. The Board of Directors will continue to have eight members – four women and four men. Jürg Bucher said, “I’m pleased to be handing over the reins to a very competent successor. Markus Gygax knows the bank inside and out. Thanks to the excellent, constructive work carried out by the Board of Directors and the Executive Board, Valiant’s future looks bright.”

Positive outlook for 2020

Valiant expects its 2020 consolidated net profit to be similar to the 2019 figure, with 3–4% growth in lending.

Key balance sheet figures

	31/12/2019 in CHF millions	31/12/2018 in CHF millions	Change as %
Total assets	29,906	27,382	9.2
Client loans	24,803	24,021	3.3
- of which mortgages	23,332	22,483	3.8
Client deposits	19,195	18,291	4.9
Headcount (FTEs)	918	890	+28 FTEs

Key income statement figures

	31/12/2019 in CHF thousands	31/12/2018 in CHF thousands	Change as %
Net interest income before value adjustments for credit risk and loan losses	314,697	307,305	2.4
Fee and commission income	63,258	62,230	1.7
Net trading income	11,793	11,235	5.0
Other operating income	21,300	23,304	-8.6
Operating income*	411,048	404,074	1.7
Operating expenses	234,205	226,019	3.6
Operating profit	142,899	151,882	-5.9
Consolidated net profit	121,059	120,328	0.6

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

Documents and information on the 2019 full-year results are available at: valiant.ch/results

Two media and analysts’ conferences will be held on 13 February, at 9:00 a.m. at the Hotel Schweizerhof in Bern and at 11:45 a.m. at the Hotel Schweizerhof in Zurich.

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About Valiant

Valiant is an independent Swiss financial services provider. Valiant operates exclusively in Switzerland and offers private clients and small and medium-sized businesses a comprehensive range of easy-to-understand products and services covering all financial needs. Valiant has a strong local presence, with 94 branch offices in the following 13 Swiss cantons: Aargau, Basel-Land, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Solothurn, St Gallen, Vaud, Zug and Zurich. Through its innovative digital services, Valiant is also available to clients throughout Switzerland. Valiant has total assets of CHF 29.9 billion and more than 1,000 employees, including 80 trainees.

Valiant calendar

7 May 2020

13 May 2020

6 August 2020

5 November 2020

Q1 2020 results

AGM of Valiant Holding in Bern

H1 2020 results

9M 2020 results