

Bern, 8 August 2019

Valiant reports strong half-year results

Valiant's consolidated net profit rose 2.9% to CHF 61.5 million year on year in the first six months of 2019. Valiant once again reported extremely solid net interest income before value adjustments, which increased by 2.9%. The interest margin remained steady at 1.11%. The outlook for FY 2019 is unchanged: consolidated net profit is expected to come in slightly above the prior-year level.

In May 2019 Ewald Burgener succeeded Markus Gygax as CEO of Valiant. Mr Burgener, who was formerly Valiant's CFO is pleased with the half-year results: "Interest rates continued to fall sharply in the first half of 2019, and all banks with business models that focus on mortgages and SME loans have been affected by this strong headwind. Given these circumstances, our H1 2019 results are very satisfactory. We are particularly pleased with net interest income and the net interest margin." Consolidated net profit rose by 2.9%, or CHF 1.7 million, to CHF 61.5 million.

Rise in profit driven by net interest income

Net interest income before value adjustments increased year on year by 2.9% to CHF 155.2 million. CEO Ewald Burgener noted: "I am proud that we have managed to keep our interest margin at 1.11%, despite record-low interest rates. This stability in our interest rate business has long been one of our major strengths. We continue to fight for every basis point of our interest margin." Valiant is achieving this primarily by focussing on interest expense, which it reduced to CHF 28.5 million (-24%). Fee and commission income is not yet satisfactory and decreased by 1.6% to CHF 29.8 million.

Continued focus on cost control

The H1 2019 results show that Valiant has costs firmly under control. Total operating expenses rose to CHF 116.5 million (+2.3%). This was mainly due to a 4.3% rise in personnel expenses, to CHF 65.2 million, in connection with additional full-time equivalents created as part of Valiant's expansion strategy. At the same time, general and administrative expenses fell to CHF 51.3 million (-0.2%). The cost-income ratio went from 55.1% to 56.7%.

Operating profit came in at CHF 73.8 million (-9.3%). The main reason for this decline was lower income from holdings, which had been exceptionally high in the previous year due to a one-off dividend payment from Aduno.

Profitable lending growth

While Valiant remained committed to the principle of “more volume, but not at any price”, it was nevertheless able to drive its core business forward without taking excessive risk. Total lending increased by CHF 422.3 million to CHF 24.4 billion (+1.8%). Mortgage lending grew by 2% to CHF 22.9 billion (+CHF 446.4 million). Client deposits were up slightly at CHF 18.4 billion (+0.7%).

Focus on strategy

Valiant focussed squarely on its strategy in 2019. It continued to systematically pursue its current strategy while working intensively on its development for the period up to 2024. The Board of Directors, Executive Board and employees are all involved in this process. “We can thus be confident in the fact that our approach to the challenges of the future has been developed internally and has widespread support,” explained CEO Ewald Burgener. The updated strategy will be presented in September 2019.

New branch planned in Rapperswil

In addition to the new branches in Rheinfelden, Wil, St. Gallen and Frauenfeld, which have already been announced, Valiant has now earmarked Rapperswil (SG) as a location for further expansion. The process of evaluating suitable premises and recruiting five client advisors for this new branch on Upper Lake Zurich has already begun.

2019 outlook reaffirmed

The solid half-year results reaffirm Valiant’s expectations that full-year consolidated net profit will be slightly higher in 2019 than in 2018. It is also targeting lending growth of 3%.

Key balance sheet figures	30/06/2019 in CHF millions	31/12/2018 in CHF millions	Change as %
Total assets	28,308	27,383	3.4
Client loans	24,444	24,021	1.8
- of which mortgages	22,929	22,483	2.0
Client deposits	18,418	18,291	0.7
Headcount (FTEs)	899	890	+9 FTEs

Key income statement figures	30/06/2019 in CHF thousands	30/06/2018 in CHF thousands	Change as %
Net interest income before value adjustments for credit risk and loan losses	155,218	150,916	2.9
Fee and commission income	29,777	30,249	-1.6
Net trading income	5,686	5,742	-1.0
Other operating income	14,695	19,690	-25.4
Operating income*	205,376	206,597	-0.6
Operating expenses	116,495	113,916	2.3
Operating profit	73,778	81,377	-9.3
Consolidated net profit	61,484	59,761	2.9

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

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

Today's conference call will include a Q&A session, where you will have the chance to address your questions to Ewald Burgener and Serge Laville. The conference language will be German. Questions can also be asked in English or French. The on-line presentation is also available using this [link](#).

Date: Thursday, 8 August 2019
Time: 10:00 a.m. until approximately 11:00 a.m.
Phone number: +41 58 262 07 11 (Entry code: 239252)

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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 91 branch offices in the following 12 Swiss cantons: Aargau, Basel-Land, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Solothurn, Vaud, Zug and Zurich. Through its innovative digital services, Valiant is also available to clients throughout Switzerland. Valiant has total assets of CHF 28.3 billion and more than 1,000 employees, including 80 trainees.

Valiant calendar

10 September 2019	Presentation of Valiant's 2020-2024 Business Strategy
7 November 2019	Interim financial statements at 30 September 2019
13 February 2020	FY 2019 results: media and analysts' conference
13 May 2020	AGM of Valiant Holding in Bern