



H1 2019 results

Presentation for analysts and media representatives

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valiant

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1. H1 2019 highlights

- ✓ Group profit up 2.9% to CHF 61.5m
- ✓ Strong net interest income before value adjustments
- ✓ Net interest margin steady
- ✓ Profitable lending growth
- ✓ Rigorous strategy implementation



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2. H1 2019 review

Strategy
2020 on
track

Ongoing
enhancement
of front office
areas

Targeted
expansion

Further
digitalisation

Long-
standing
quality
leader

Successful
covered
bond
programme

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3. Financial results – summary

Consolidated YTD figures

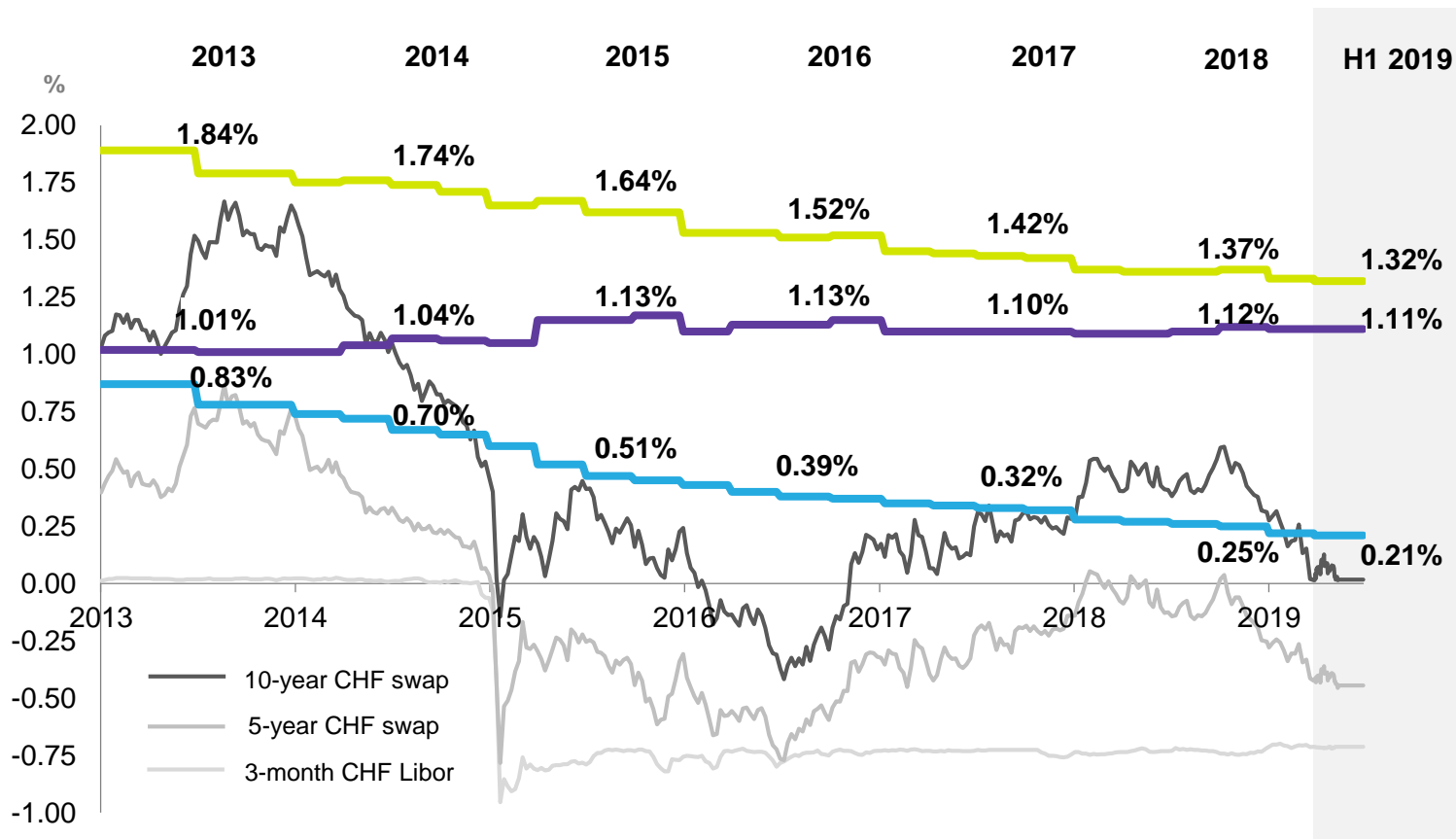
Group profit	+2.9%
Operating profit	-9.3%
Net interest income (before value adjustments)	+2.9%
Net interest margin	111bp
Net fee and commission income	-1.6%
Operating expenses	+2.3%
Loans	+1.8%
- of which mortgages	+2.0%
Total capital ratio	16.2

✓ Adjusted for the one-off dividend from Aduno, operating performance further improved

✓ Net interest margin steady at 111bp

✓ Valiant is growing faster than the market, even without us changing our lending policy

Net interest margin steady

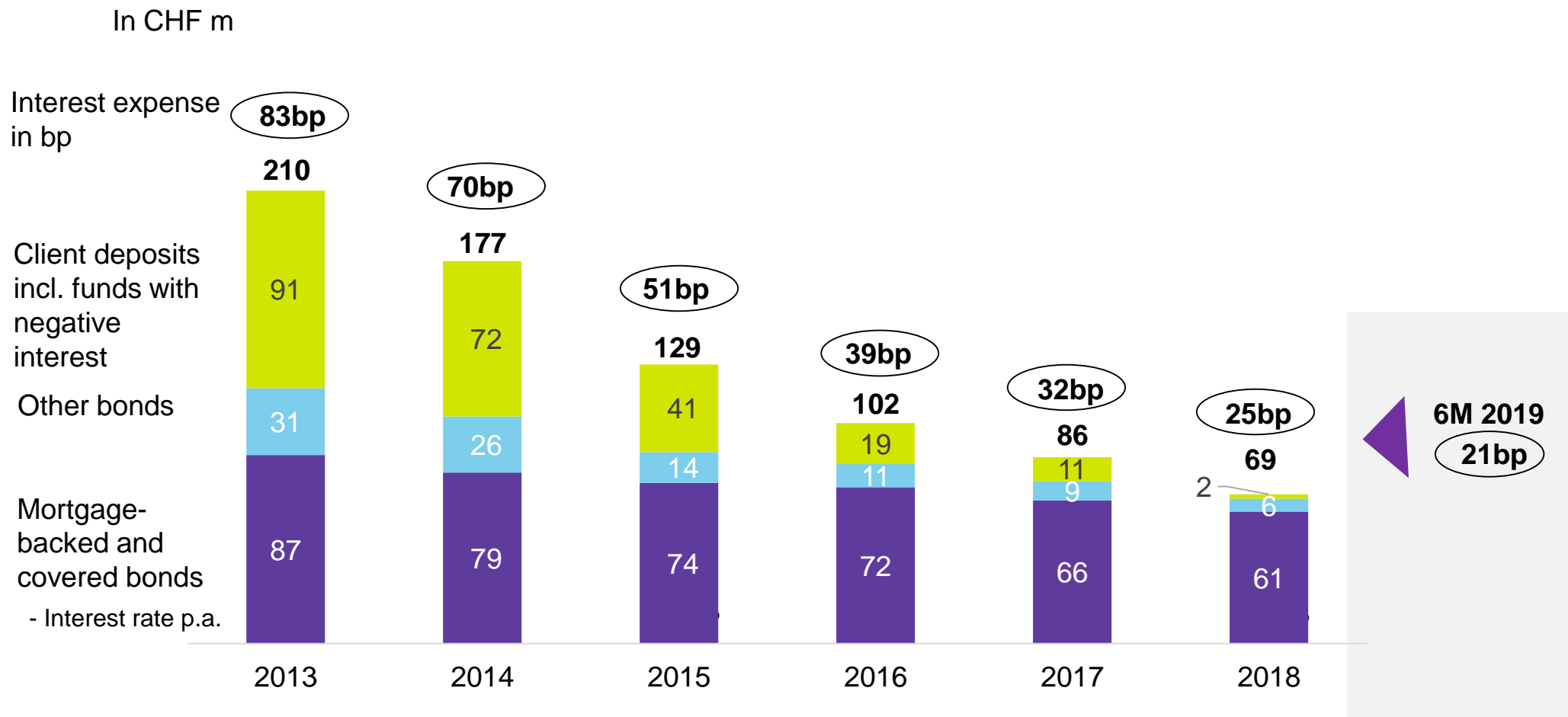


Average interest rate on assets

Net interest margin

Average interest rate on liabilities

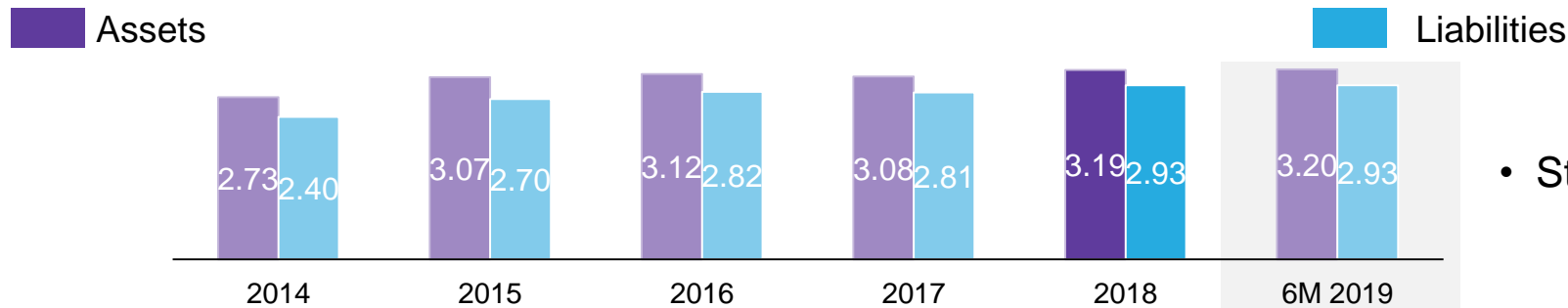
Interest expense significantly lower than in FY 2018



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

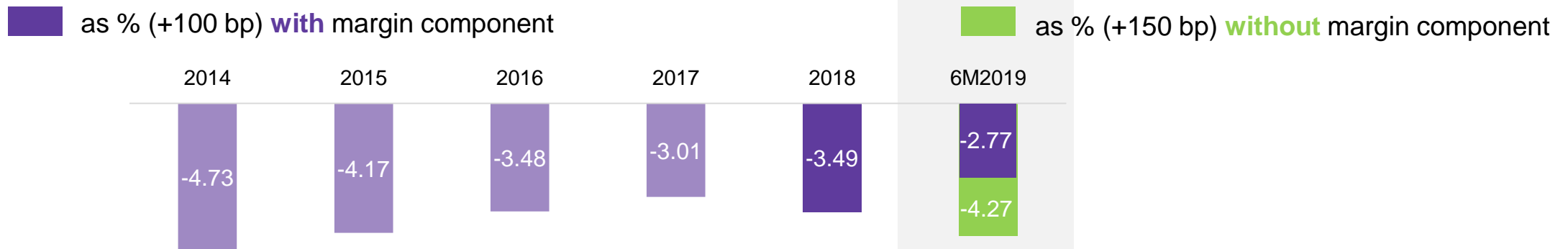
Interest rate risks remain low

Duration

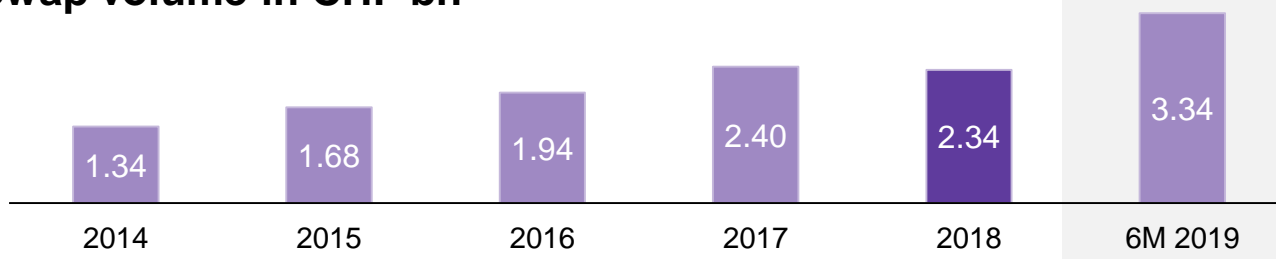


- Stable trend in the duration gap

Present value sensitivity of equity*



Swap volume in CHF bn



- Swap volume increased slightly to hedge against yield curve flattening

Operating income up 3.9%*

	H1 2019 in CHF m	H1 2018 in CHF m	Change
Net interest income before value adjustments	155.2	150.9	2.9%
- value adjustments	-3.3	-0.2	nm
Net interest income	151.9	150.7	0.8%
Net fee and commission income	29.8	30.3	-1.6%
Net trading income	5.7	5.7	-1.0%
Other income	14.7	19.7	-25.4%
Operating income**	205.4	206.6	-0.6%

* adjusted for Aduno special dividend (H1 18)

** before value adjustments for credit risk, and loan losses

- Strong adjusted operating income

Operating expenses up 2.3%

	H1 2019 in CHF m	H1 2018 in CHF m	Change
• Personnel expenses	-65.2	-62.5	4.3%
• Other operating expenses	-51.3	-51.4	-0.2%
Operating expenses	-116.5	-113.9	2.3%
Cost/income ratio (before depreciation)	56.7%	55.1%	
Cost/income ratio (after depreciation)	62.2%	60.5%	

Operating profit down 9.3%

	H1 2019 in CHF m	H1 2018 in CHF m	Change
• Depreciation and amortisation of tangible fixed and intangible assets, and impairments on holdings	-11.2	-11.0	1.7%
• Other provisions and losses	-0.6	-0.1	nm
Operating profit	73.8	81.4	-9.3%

- Adjusted for the Aduno special dividend (H1 18), operating profit was up 1.9%.

Group profit up 2.9%

	H1 2019 in CHF m	H1 2018 in CHF m	Change
Operating profit	73.8	81.4	-9.3%
• Extraordinary income	4.7	2.4	nm
• Extraordinary expenses	0	0	nm
• Changes in reserves for general banking risks	-0.0	-9.0	nm
• Taxes	-17.0	-15.0	12.9%
Group profit	61.5	59.8	2.9%

Loans up 1.8%

	30/6/2019 in CHF m	31/12/2018 in CHF m	Change
Total assets	28,308	27,383	3.4%
Client loans	24,444	24,021	1.8%
• Mortgages	22,929	22,483	2.0%
• Due from customers	1,515	1,538	-1.6%
Client deposits	18,418	18,291	0.7%
Coverage ratio on client deposits	75.4%	76.1%	
Total funding ratio*	101.4%	101.3%	
* Client deposits and bonds as % of client loans			
Liquidity coverage ratio (average of last Quarter)	115%	108%	

- We have maintained our prudent lending policy and solid liquidity cushion and still remain on track to achieve our growth target.

Loan quality is very high

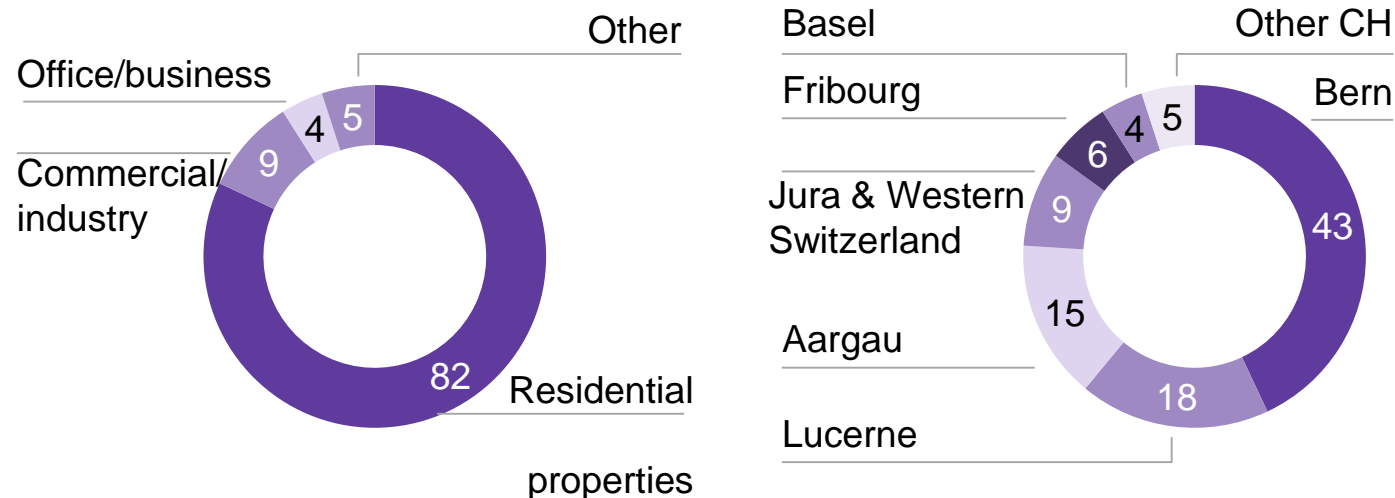
94% of lending is in the form of mortgages

Loans: CHF 24.4bn



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

Mortgages: CHF 22.9bn



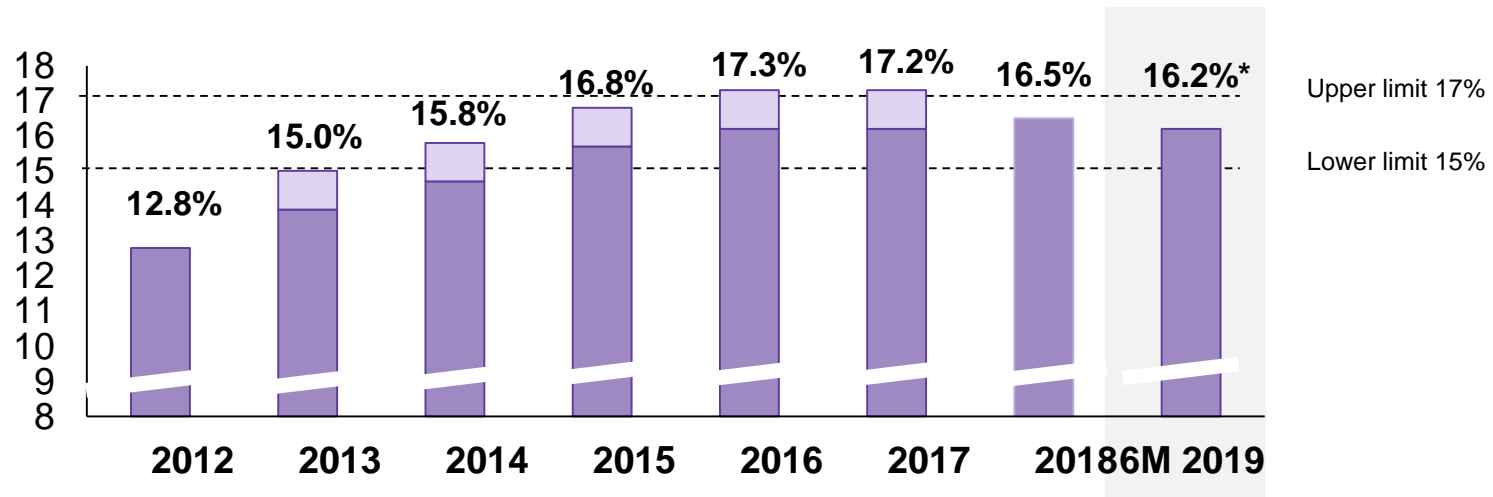
- 97% of loans backed by collateral (31/03/2019: 97%)

- Proportion of first mortgages: 94% (31/03/2019: 94%)
- Average residual maturity: 3.9 years (31/03/2019: 3.9 years)
- Loan-to-value (net): 63% (31/03/2019: 63%)

- Volumes increased, while the high loan quality was maintained

Capital adequacy in target range

Total capital ratio as %



Eligible capital (CHF m)

- of which Tier 2

Eligible capital (CHF m)	1 771	2 028	2 074	2 126	2 203	2 273	2 182	2 176
- of which Tier 2	0	150	150	150	150	150	0	0

* not including H1 2019 profit contribution

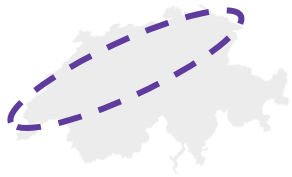
- Valiant's CET1 capital is still in the upper half of the target range.

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Strategy implementation for 2016–2020: profitable growth, expansion, digitalisation



- New branches between Lake Geneva and Lake Constance



- Strengthen existing regions



- Digital expansion across Switzerland



- New concept for front-office areas

New services

- Mortgage comparison in eastern Switzerland
- Multi-banking for SMEs

Strategy

- The new strategy for 2020–2024 is being developed with employee input

Growth

- Group profit up slightly year on year
- Loans up 3%
- Increase in fee and commission business

5. Summary and conclusions

- Healthy H1 2019 figures – especially for the interest business, the net interest margin and lending growth
- We are moving forward with our expansion. Front-office areas in existing branches are being refurbished on an ongoing basis
- New strategy until 2024 is being developed – with employee input
- 2019 profit expected to be up slightly on the previous year



→ We're on the right track!

Thank you