



About Valiant: Presentation for investors

December 2018

valiant

Our key messages

100% focus on retail banking

- Simple business model with a clear focus on mortgages
- Very high loan quality, with 97% of loans covered
- 21 years with stable or increasing dividends

Sustainable and stable earnings

- Growth while keeping margins stable
- Interest rate risk: already low exposure further reduced
- Costs under control despite expansion

Strategy implementation on track

- Market expansion: new innovative branches opened
- Full integration of Triba Bank AG on track
- Funding diversified through Triple-A covered bonds

Overview

Part 1: About Valiant

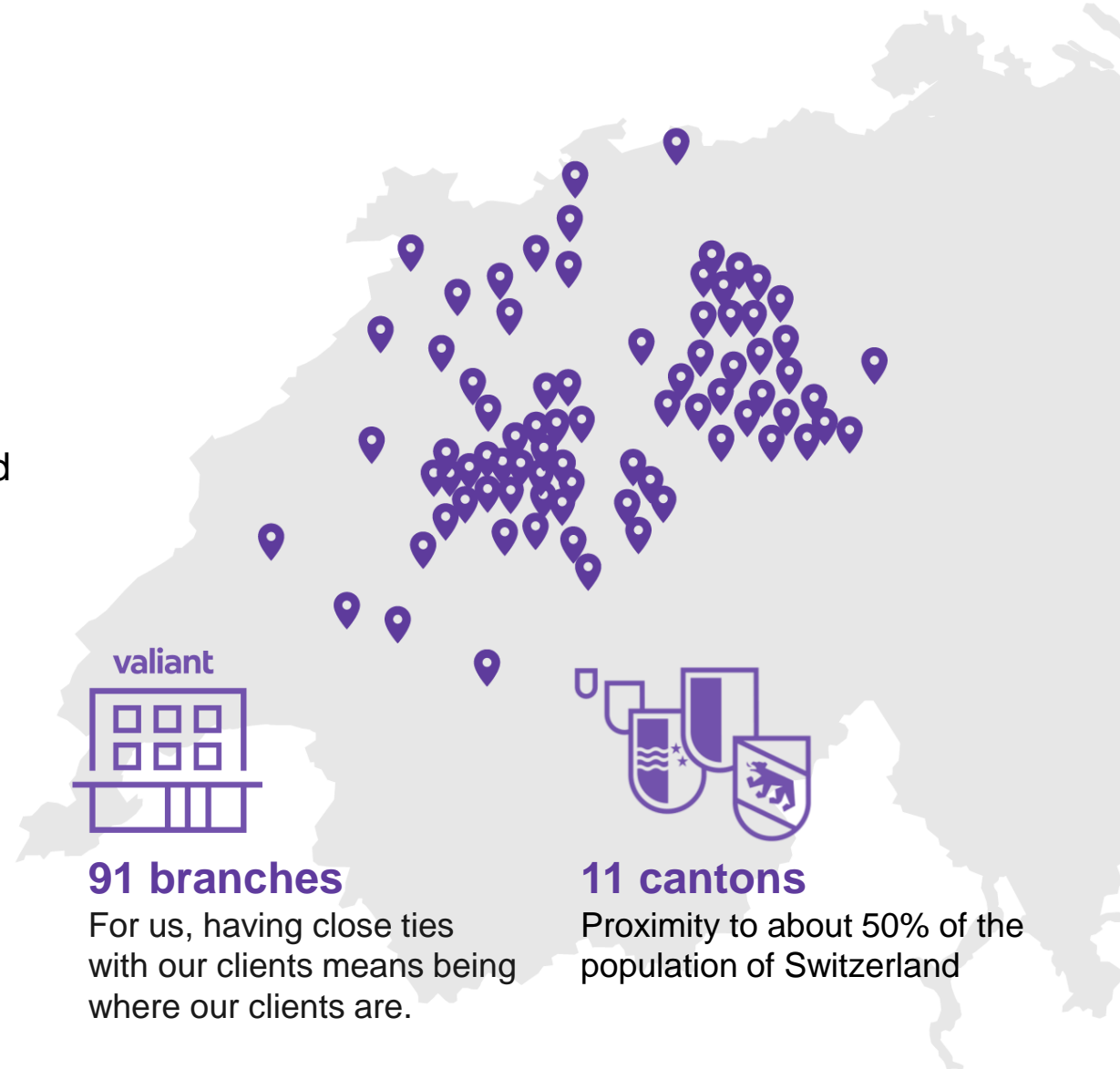
Part 2: Key financials

Part 3: Strategy and targets

Appendix

Valiant: 100% focused on retail and SME banking

- Independent retail and SME bank operating exclusively in Switzerland
- Close to clients through 91 branches, with strong local roots in 11 cantons (~50% of Swiss population). Digital presence across Switzerland
- Acquisition of Triba Partnerbank AG in 2017
- ~1,000 employees, thereof 58% client advisors
- Total capital ratio: 16.0%
- Moody's A1/P-1, stable outlook
- 100% free float. Market cap ~ CHF 1.7bn



→ “We’re simply a bank”

Simple business model. Clear focus on mortgages.

“Take in the money, look after the money, lend money.”



Payment



Savings



Pensions



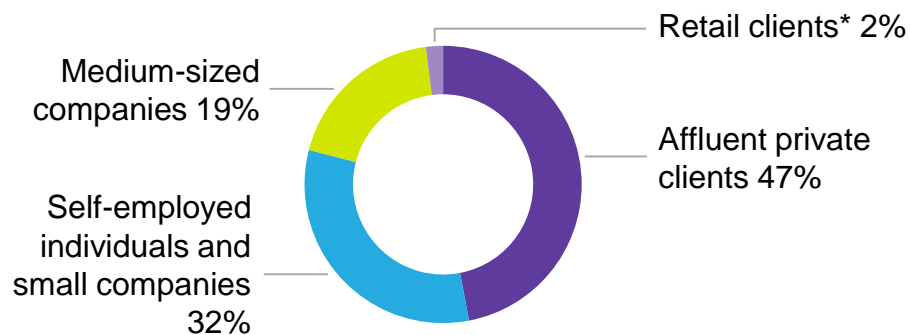
Funding



Investment

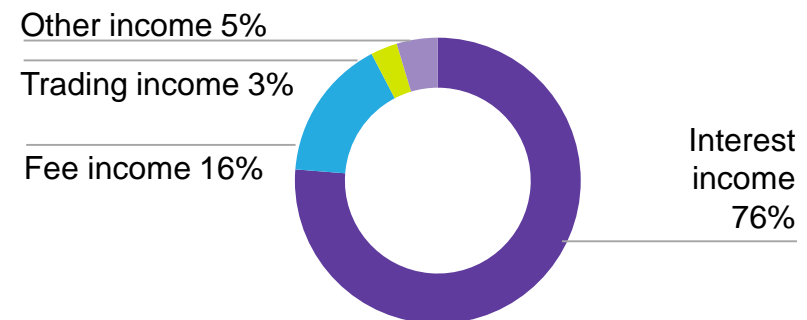
51% of revenues from SME and self-employed

Total income: CHF 438m



76% of revenues from interest income

Total operating income: CHF 388m

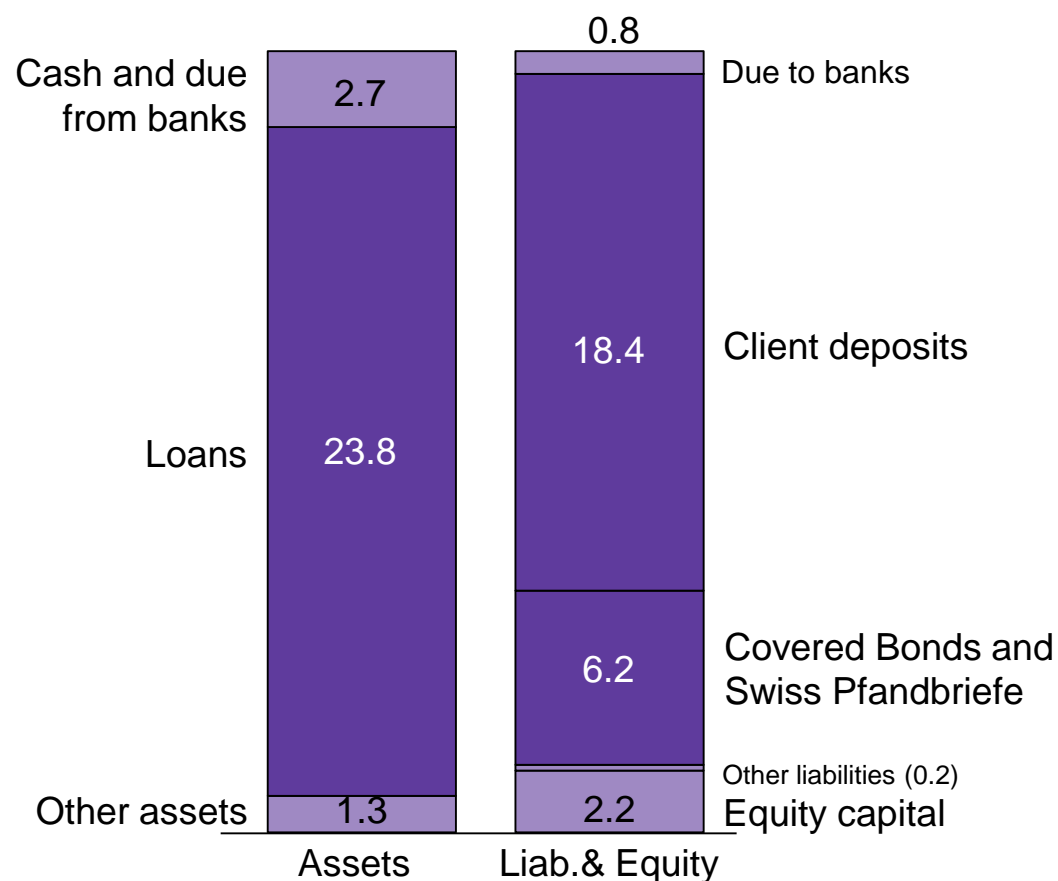


At 31/12/2017

* Private clients without financing or assets with Valiant

Easy-to-understand balance sheet

Total assets: CHF27.8bn as per 30/9/2018



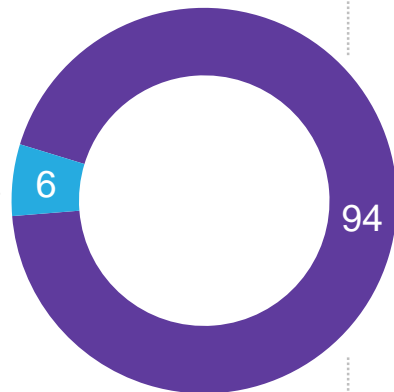
- ~85% of assets in loans
- Valuation differences and provisions account for <0.2% of total assets
- No goodwill despite a long history of take-overs
- Asset encumbrance ratio: 23.6%
- Leverage ratio: 7.2%

Quality of loans remains very high

93% of total loans in mortgages

Client loans: CHF 23.8bn

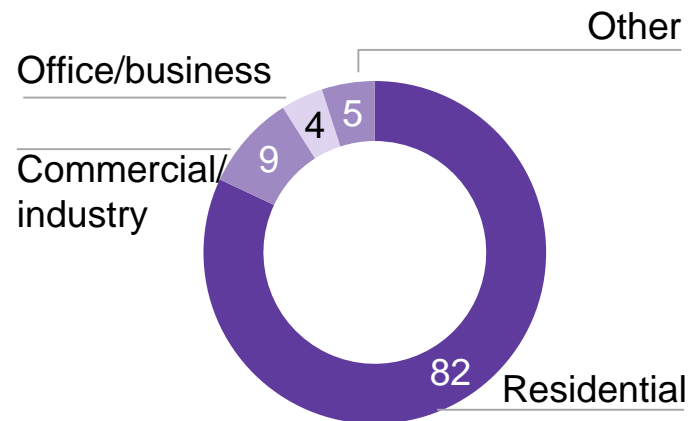
Due from clients



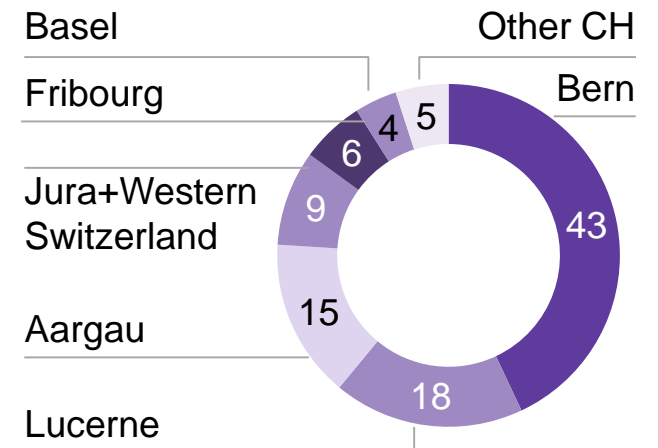
- 97% of loans are covered (31/12/2017: 97%)

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

Mortgages: CHF 22.3bn



- Average residual term of fixed mortgages: 3.8 years (from 3.9 years for H1-18)



9M 2018 results

→ Achieving growth while maintaining high quality

Low risk profile

Low-risk retail banking business

- Long-term relationships and very high customer loyalty
- Very transparent, stable earnings
- Easy to understand balance sheet
- Asset quality very high
- No goodwill despite a long history of takeovers

Low credit risk

- Restrictive lending policy
- Diversified client portfolio
- No exposure to potential real estate hot spots

Low market risk

- Prudent management of interest rate risk
- No proprietary trading

Low operational risk

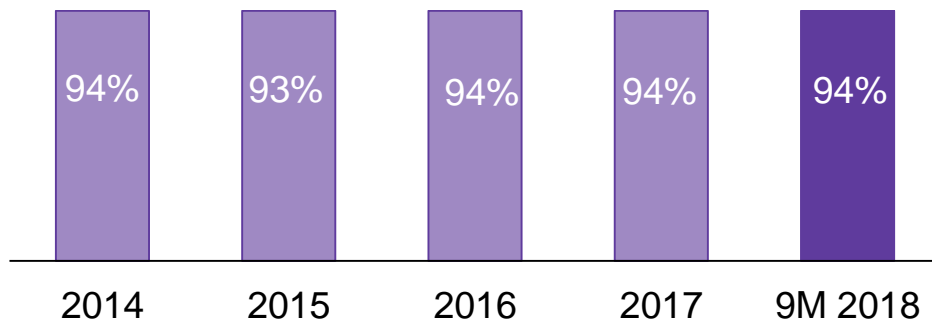
- Retail banking as main income source

→ **Moody's deposit ratings A1/P-1, outlook stable**

Credit risk stable on a very low level

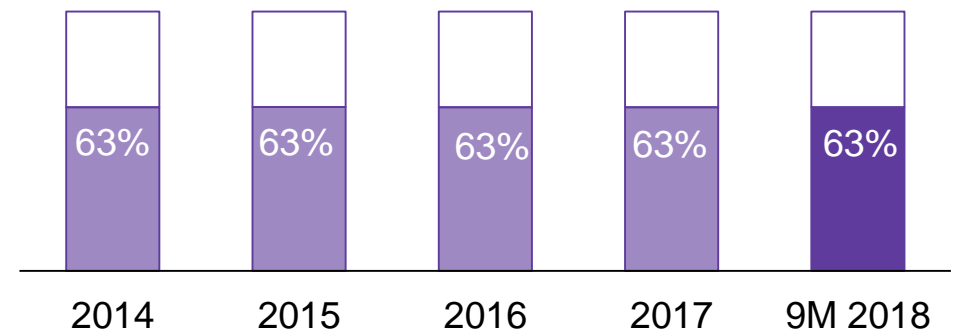
High share of 1st tier mortgages

Share of 1st tier mortgages



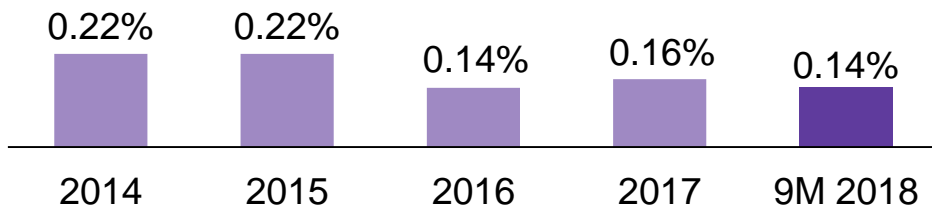
Low loan-to-value

Loan-to-value (net)



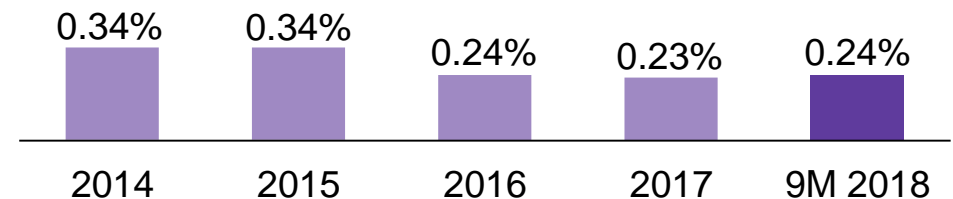
Non-performing loans < 0.2% of loans

NPL / total loans



Value adjustments and provisions on a low level

Value adjustments and provisions for credit risk / total loans



21 years with stable or increasing dividends

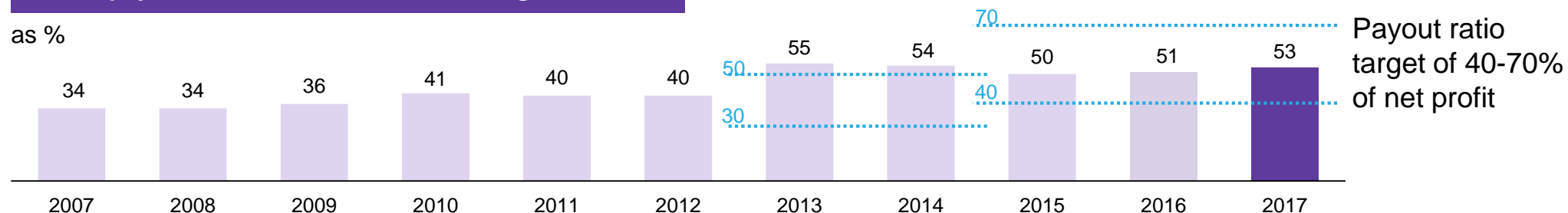
Stable, increasing distributions to shareholders since Valiant was founded in 1997

CHF, rebased



Stable payout ratios since 2007, increasing since 2013

as %



* For the financial year 2006, an extraordinary jubilee dividend of CHF 1.40 was distributed

Overview

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Part 2: Key financials

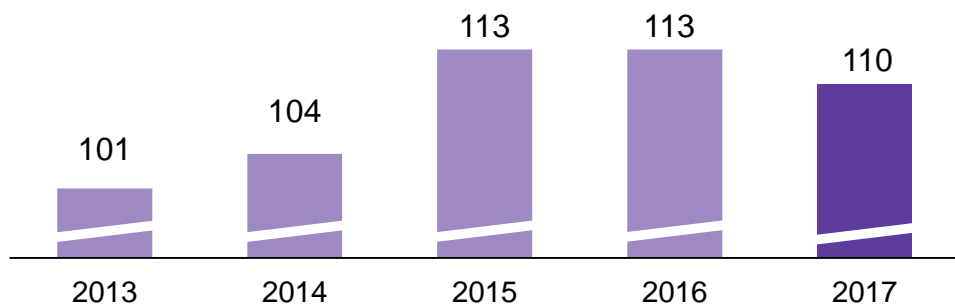
Part 3: Strategy and targets

Appendix

Improved and sustainable earnings power

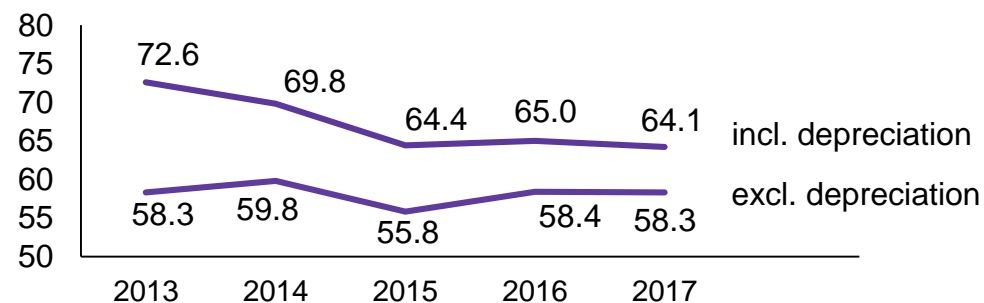
Stable margins despite declining interest rates

Total net interest margin, bps



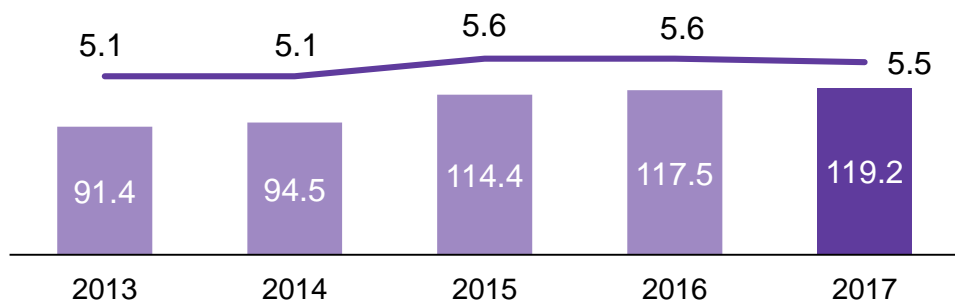
Costs under control, including strategy implementation

Cost/Income-Ratio as %



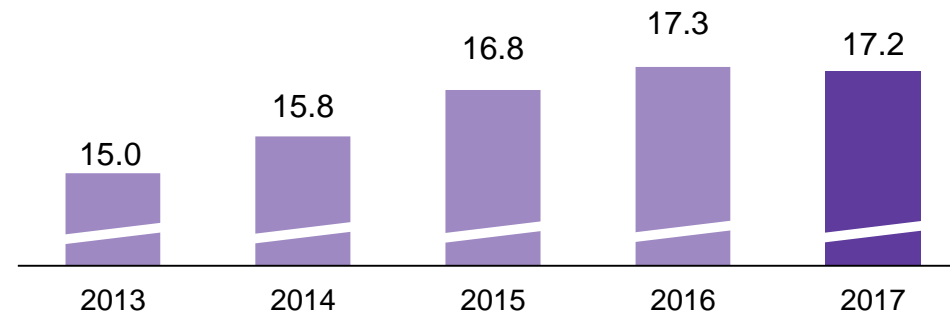
Profitability stable

Net profit in CHF m, ROE as %



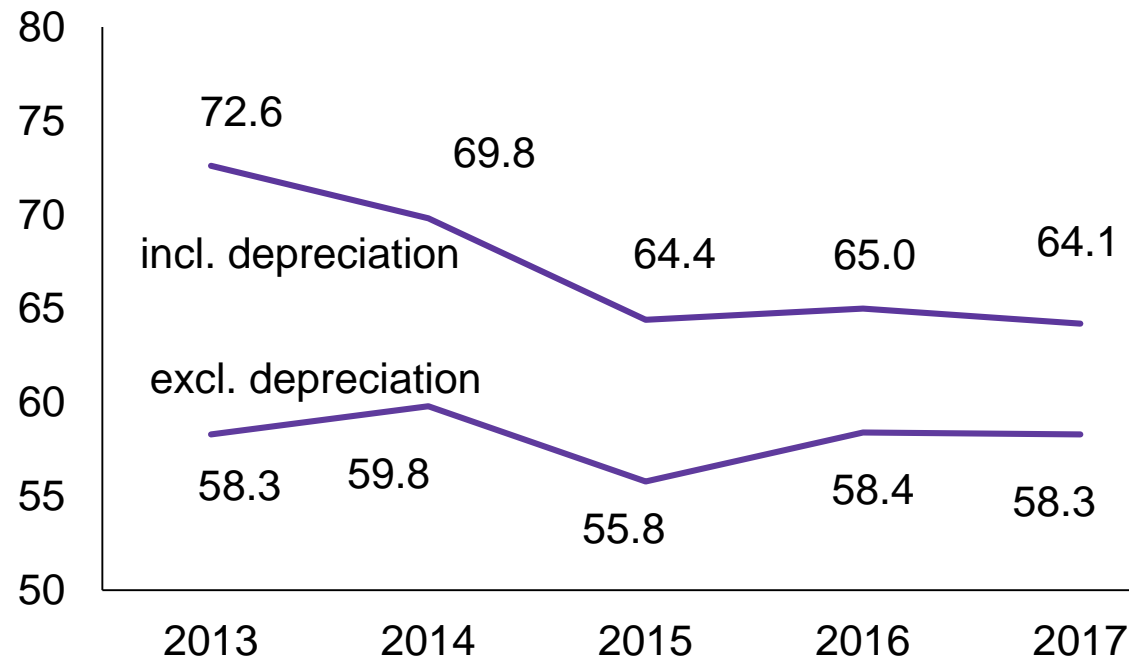
Strengthened capital base, incl. acquisition of Triba in Q3 2017

Total capital ratio as %



Costs under control despite investments in strategy

Cost/Income-Ratio as %



- Strict cost control in the past. Improving cost income ratios despite strategy implementation
- Cost savings of CHF 10m p.a. from IT service renewal (Basis FY 2016)
- Cost savings of CHF 4m p.a. from reductions of counters
- Synergies CHF 1m p.a. from Triba effective from H2 2018

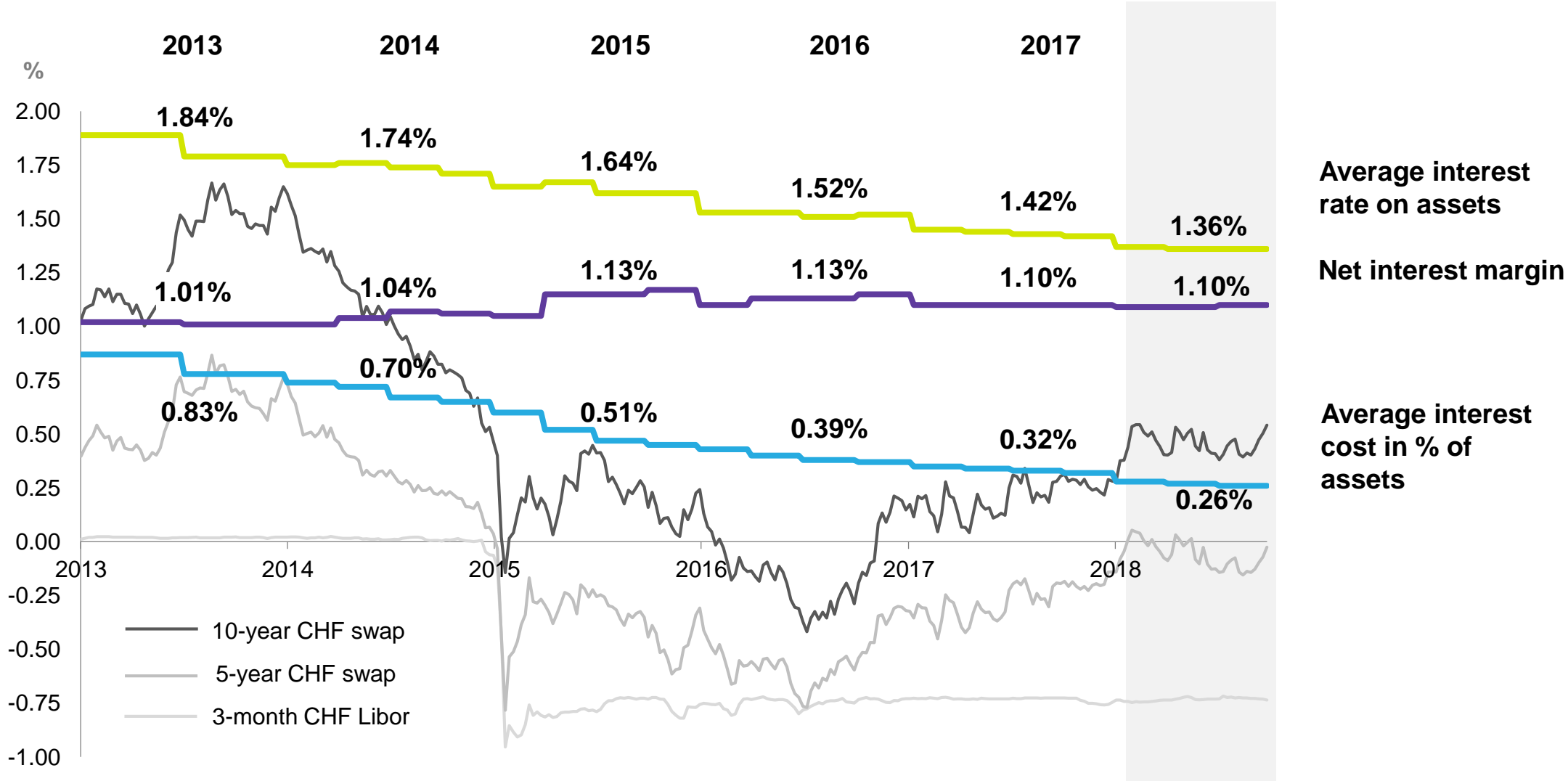
→ **Cost reductions to partly offset investments in expansion and digitalisation**

Highlights 9M 2018

	Consolidated results	
Group profit	+1.6%	
Operating profit (pre tax)	+8.5%	
Operating profit* (pre tax)	+2.8%	✓ Operating performance improved again
Net interest income*	+3.9%	
Net interest margin	110bp	✓ Increased interest margin vs H1-18
Fee and commission income	+2.2%	
Operating expenses	+3.1%	
Loans	+1.3%	✓ Prudent loan growth
- of which mortgages	+1.7%	

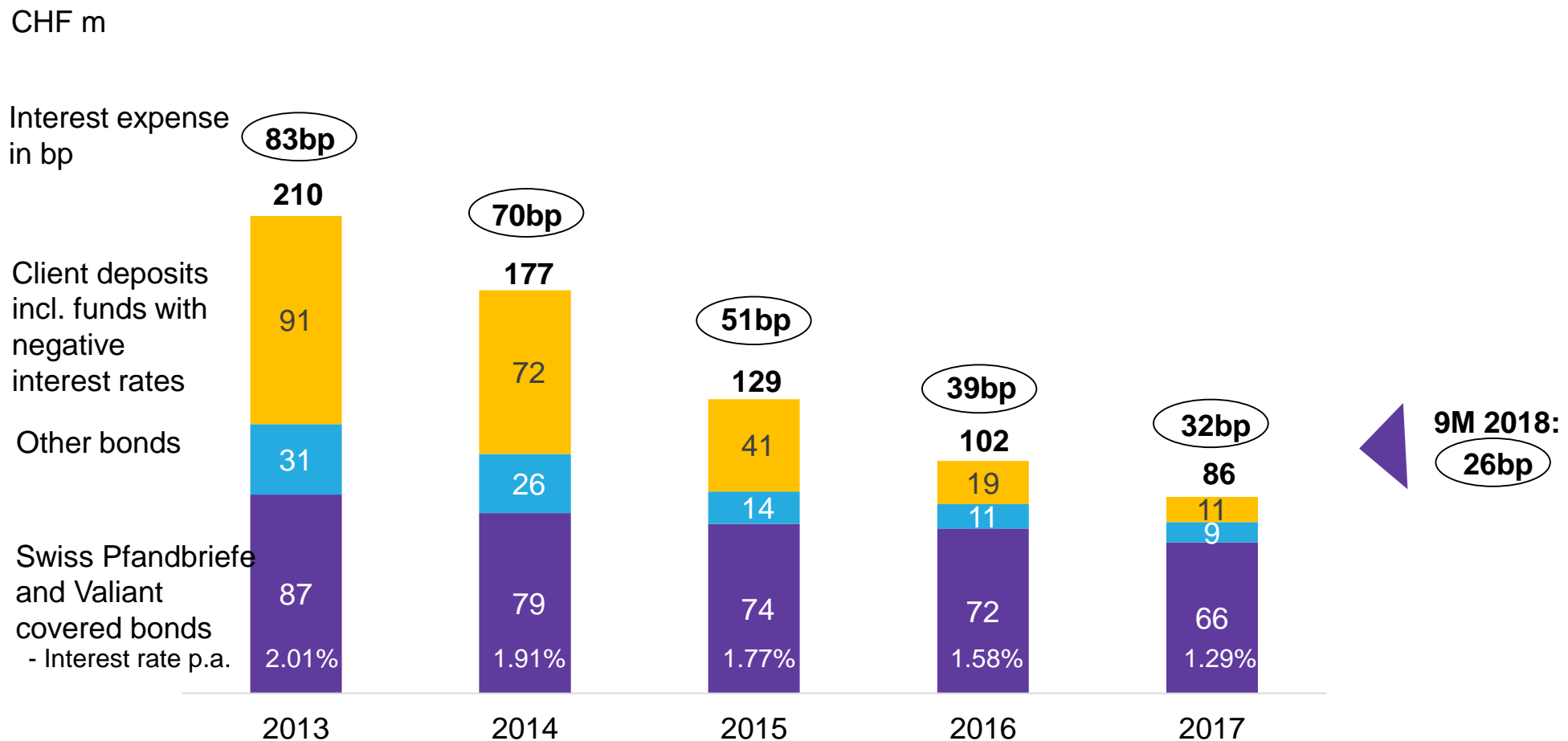
* Excluding value adjustments in interest income and special dividend Aduno

Increased 9M net interest margin vs 6M at 110bps



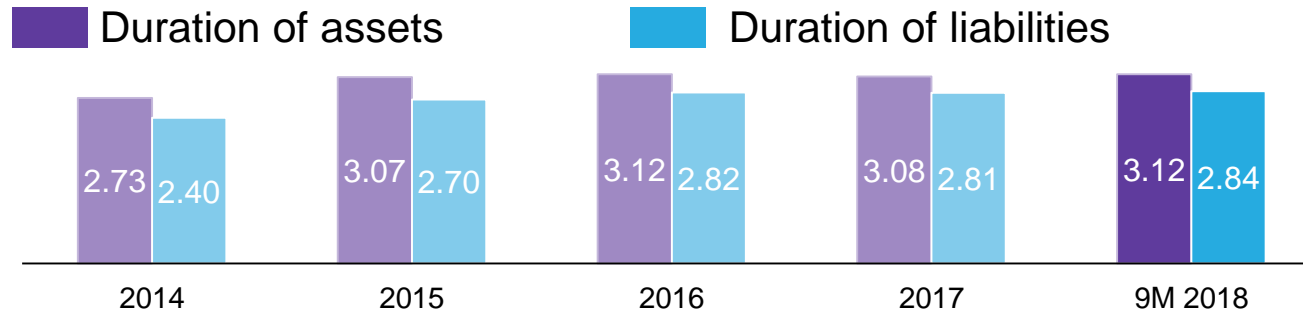
Repayment of Tier2 bond in April 2018 reduces interest cost by CHF 6 m p.a.

Interest costs lowered again



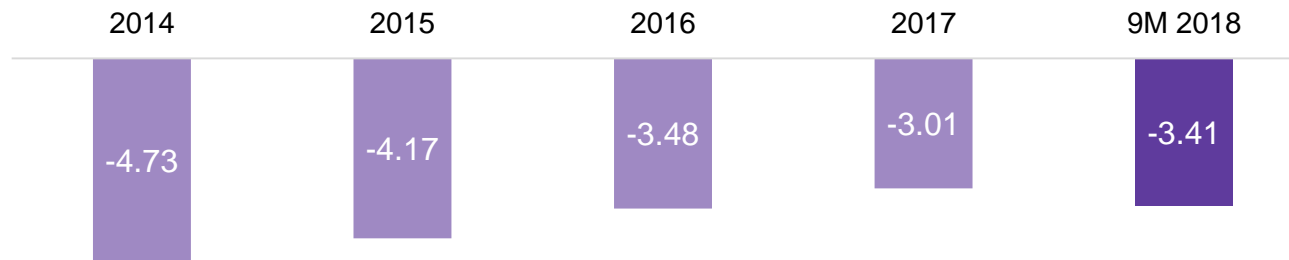
Funds for which Valiant charges negative interest rates account for about 10% of total liabilities

Interest-rate risk remains on a low level



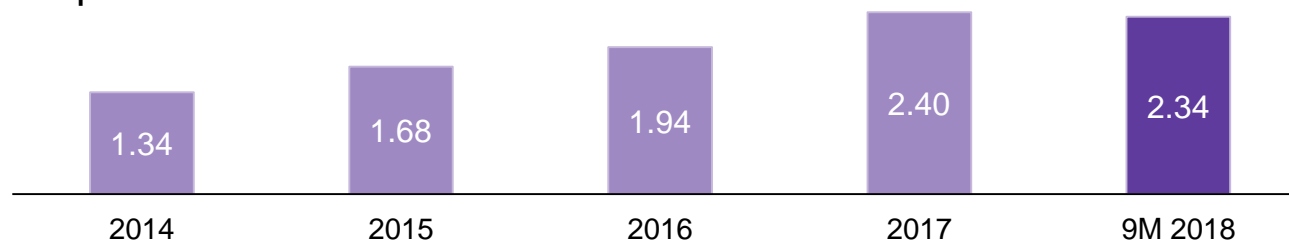
- Slight reduction of the duration gap from 31 (H1-18) to 28 bps

Present value sensitivity*



- Slight reduction vs H1-18 (-3.52)

Swap volume in CHF bn



- Swaps relatively stable on a low level (<10% of total assets)

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

Operating income +6.3%

	30/9/2018 in CHF m	30/9/2017 in CHF m	Change
Net interest income*	228.1	219.6	3.9%
- value adjustments	-2.3	0.7	
Net interest income (after value adjustments)	225.8	220.3	2.5%
Net fee and commission income	45.6	44.6	2.2%
Net trading income	8.5	8.6	-1.3%
Other income	22.3	13.5	
Operating income*	304.4	286.3	6.3%

- Value adjustments YTD CHF 2.1m higher than in H1-18
- positive development for net fee and commission income
- Other income: one-off CHF 9m higher dividend from Aduno AG

* Before value adjustments for credit risk, and loan losses

Loan growth of +1.3%

	30/9/2018 in Mio. CHF	31/12/2017 in Mio. CHF	Change
Total assets	27 828	27 564	1.0%
Client loans*	23 834	23 521	1.3%
• Mortgages	22 293	21 912	1.7%
• Due from customers	1 541	1 609	-4.2%
Client deposits	18 376	18 723	-1.9%
Coverage ration on client deposits	77.1%	79.6%	
Total funding ratio*	103.0%	103.6%	

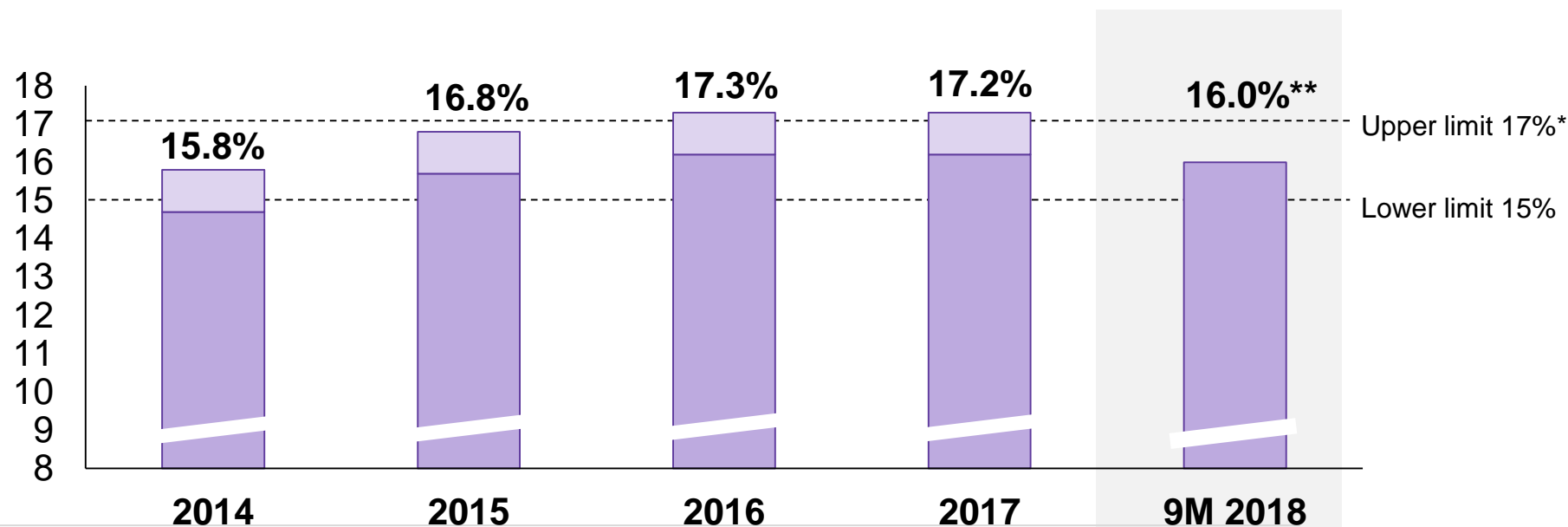
- Due to increasing risks in the real estate market, particularly for investment properties, Valiant will continue its prudent lending policy. Valiant does not seek aggressive volume growth but prioritises margins and continued low risk levels. For 2018, we are targeting loan growth at the lower end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

* Total funding (Client deposits and bonds) in % of client loans
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Total capital ratio on target level

Total capital ratio in %

Tier2 capital CET1



Eligible capital
(CHF m)

2 074

2 126

2 203

2 273

2 131

- thereof Tier2

150

150

150

150

0

- Tier2 bond called in April 2018

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

** Without profit contribution for the current year

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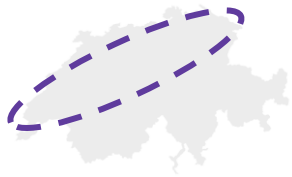
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Appendix

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

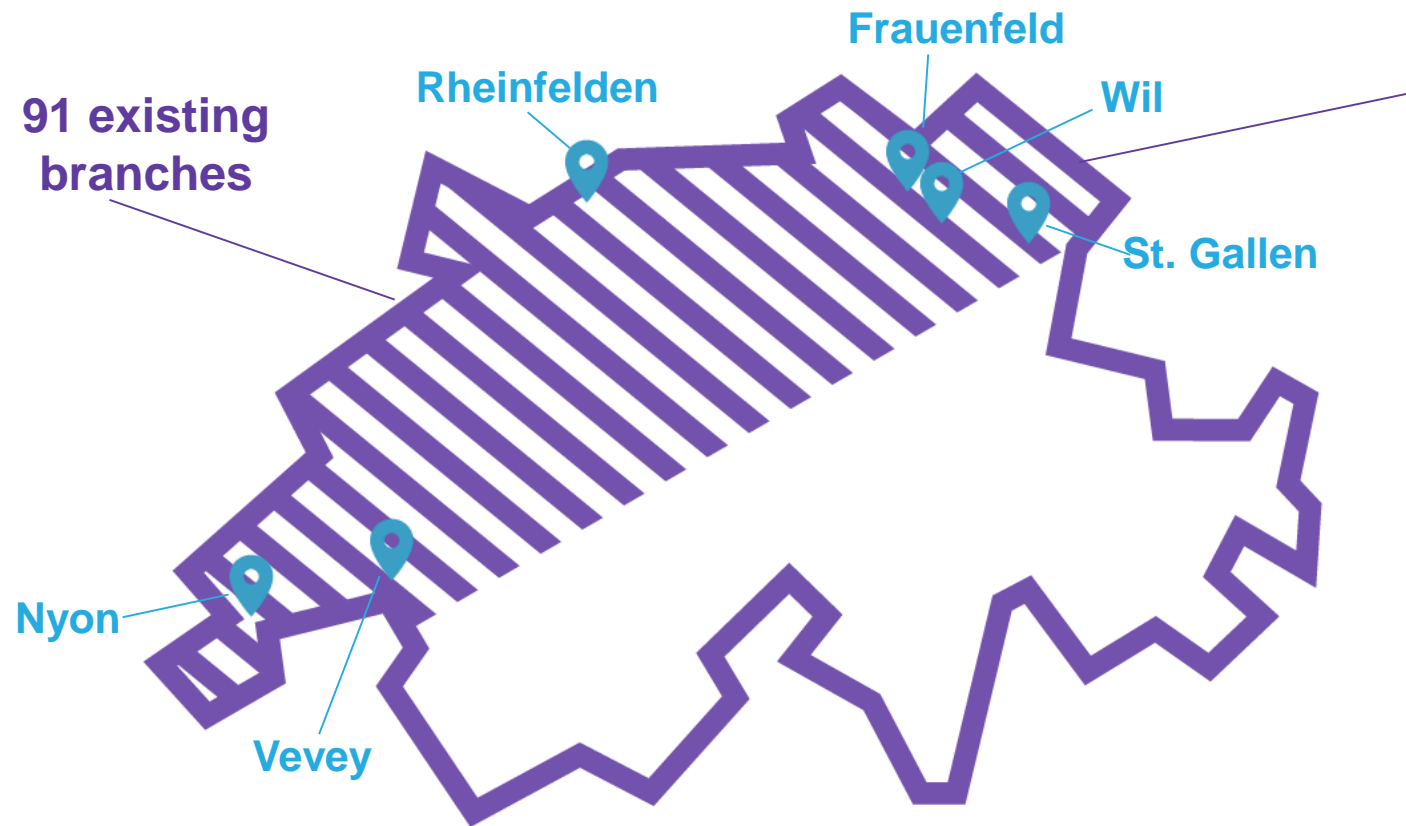
- Additional growth will be achieved with existing middle- and back-office resources

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

Market expansion progress



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

Triple A-rated covered bonds diversify our funding

Key elements of Covered Bonds-Programme

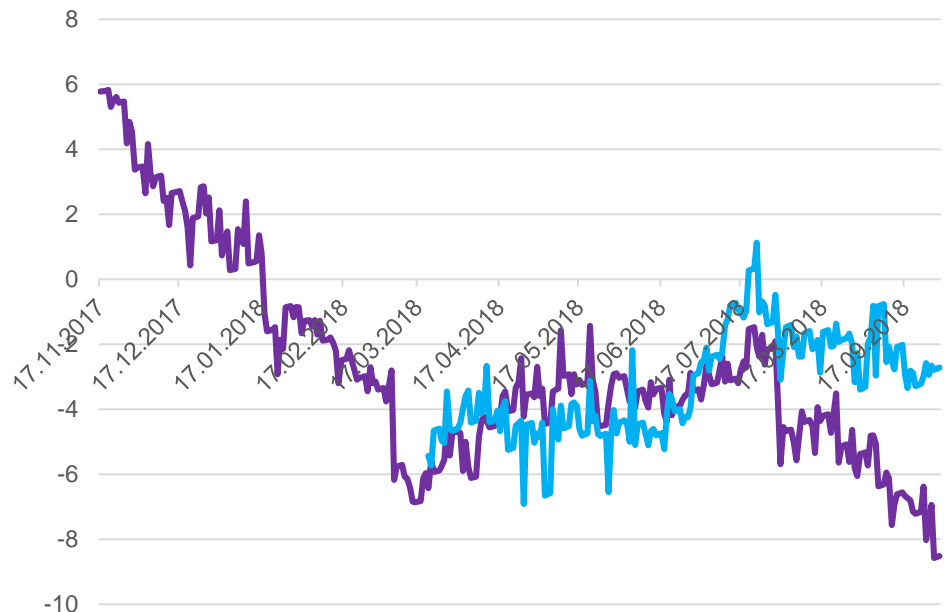
- Diversification of funding, in addition to Swiss Pfandbriefe
- Reducing interest-rate and funding risk
- Moody's Rating Aaa, listed in SIX Swiss Bond Index
- Long-term programme, with annual issues of approx. CHF 500m planned
- Two successful issues of total CHF 750m in November 2017 and March 2018

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

Overview

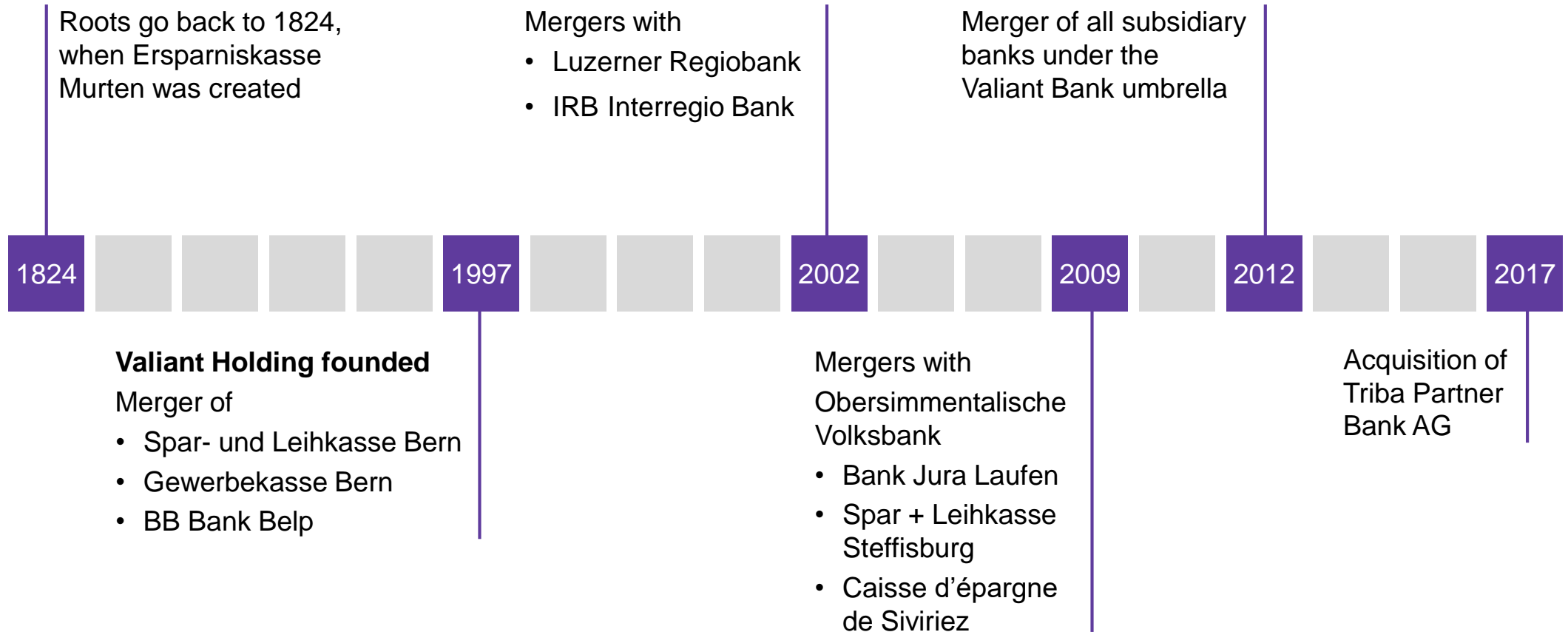
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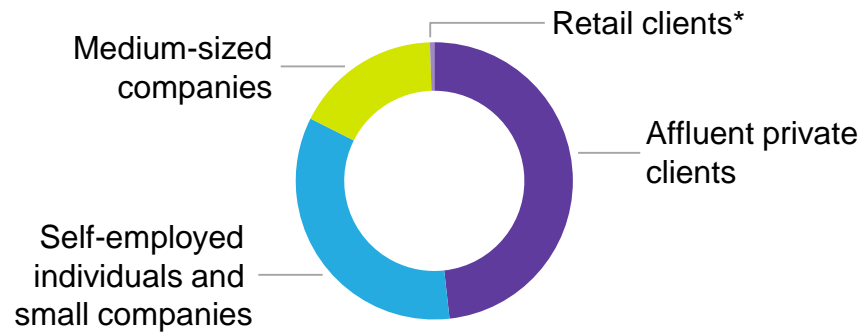
Appendix

Valiant with strong local roots

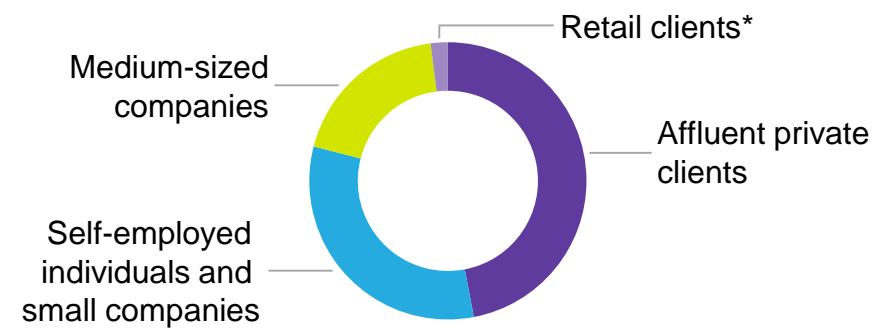


Segment view

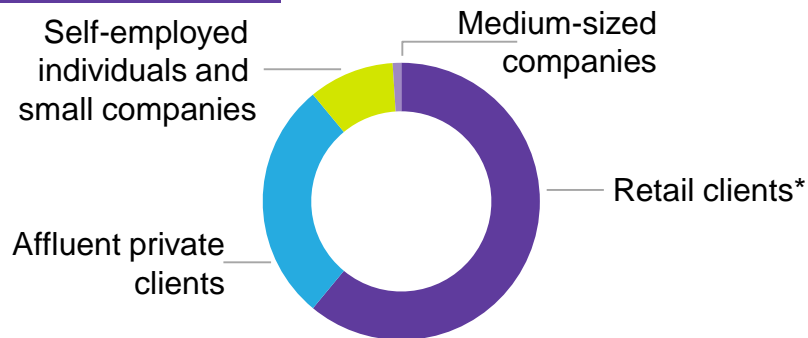
Client loans: CHF 23.5bn



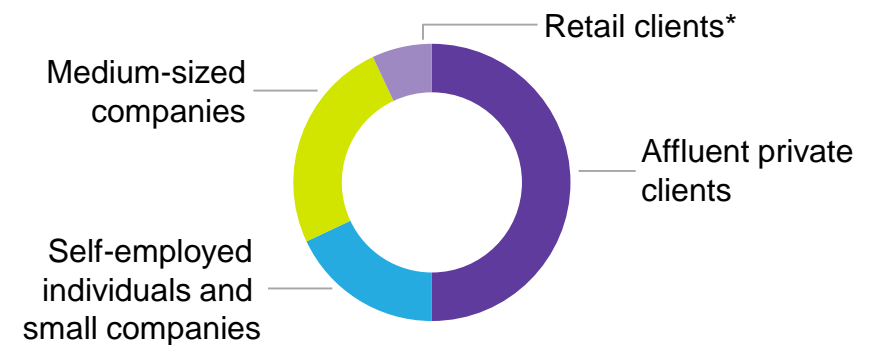
Total income: CHF 438m



Clients: ~ 390,000



Client assets: CHF 27.7bn

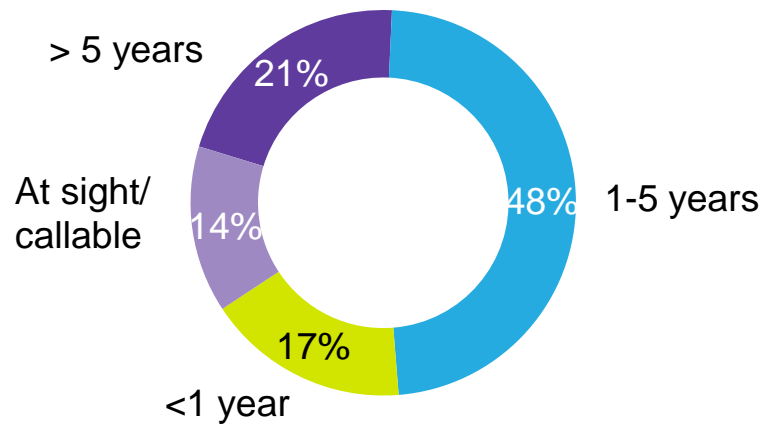


* Private clients without financing or assets with Valiant
At 31/12/2017

Maturity structure of assets and liabilities

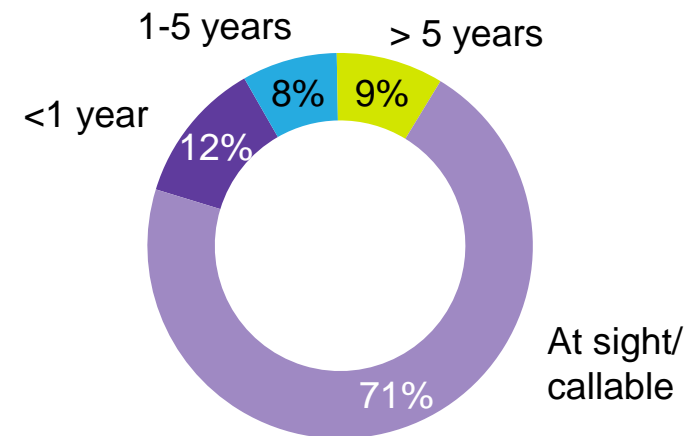
Maturity structure of assets

CHF 27.2bn



Maturity structure of liabilities

CHF 25.1bn



As per 31/12/2017

Consolidated P&L 9M 2018

Consolidated profit and loss statement Valiant Holding AG

CHF thousands

	9M 2018	9M 2017	Change
Interest and discount income	264'463	265'858	-0.52%
Interest expense	-53'864	-65'933	-18.30%
Interest and dividend income from financial investments	17'467	19'652	-11.12%
Net interest income (before value adjustments)	228'066	219'577	3.87%
Value adjustments for credit risk, and loan losses	-2'309	720	-420.69%
Net interest income (after value adjustments)	225'757	220'297	2.48%
Net fee and commission income	45'550	44'576	2.19%
Net trading income	8'505	8'616	-1.29%
Net other ordinary income	22'264	13'534	64.50%
Total operating income (before value adjustments)	304'385	286'303	6.32%
Personnel expenses	-94'116	-90'285	4.24%
General and administrative expenses	-78'124	-76'841	1.67%
Total operating expenses	-172'240	-167'126	3.06%
Depreciation, and impairments of holdings	-16'542	-15'510	6.65%
Other provisions and losses	-239	-152	57.24%
Operating result	113'055	104'235	8.46%
Extraordinary income	2'577	5'819	-55.71%
Extraordinary expenses	0	0	
Changes in reserves for general banking risks	-9'000	-3'500	157.14%
Taxes	-21'443	-22'745	-5.72%
Consolidated net profit (incl. minority interests)	85'189	83'809	1.65%
Minority interests	0	28	nm
Net profit (excl. minority interests)	85'189	83'781	1.68%

Consolidated balance sheet 9M 2018

Consolidated balance sheet Valiant Holding AG

CHF thousands

	30/09/2018	31/12/2017	Change
Assets			
Cash & due from banks	2'737'140	2'682'861	2.02%
Due from customers	1'540'583	1'608'815	-4.24%
Mortgage loans	22'293'096	21'911'710	1.74%
Financial investments & non-consolidated holdings	1'065'345	1'144'576	-6.92%
Total other assets	191'645	215'625	-11.12%
Total assets	27'827'809	27'563'587	0.96%
Liabilities and equity			
Due to banks	786'993	755'443	4.18%
Customer deposits	18'375'889	18'722'952	-1.85%
Bond issues and Swiss Pfandbriefe	6'182'072	5'641'162	9.59%
Other liabilities	220'863	205'679	7.38%
Provisions	30'450	35'769	-14.87%
Equity (including minorities)	2'231'542	2'202'582	1.31%
Total liabilities and equity	27'827'809	27'563'587	0.96%

Key figures 2013 – 9M 2018

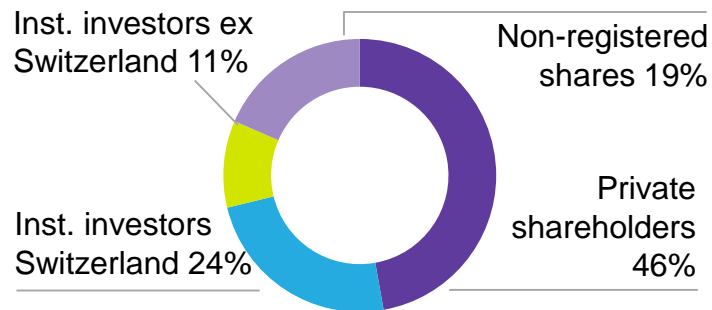
Key figures	Q3 2018	2017	2016	2015	2014	2013
Total assets in CHF bn	27.8	27.6	26.1	25.4	25.3	25.5
Client loans in CHF bn	23.8	23.5	22.3	22.1	21.8	21.8
Client deposits in CHF bn	18.4	18.7	18.2	18.1	17.9	17.4
Deposit/loan coverage ratio (%)	77.1	79.6	82.1	81.9	82.2	80.0
Shareholders' equity in CHF bn	2.23	2.20	2.13	2.05	1.99	1.94
Net profit in CHF m	85.2	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 %	16.0	17.2	17.3	16.8	15.8	15.0
Cost/income ratio as %	56.6	58.3	58.4	55.8	59.8	58.3
FTEs	877	873	842	821	883	885

See www.valiant.ch/results

The Valiant share

46% owned by small private shareholders

32'000 shareholders



100% free float

Distribution by size

	31/12/2017	31/12/2016	31/12/2015
1-1,000	38.2%	39.7%	41.0%
1,001-10,000	11.9%	12.1%	12.2%
10,001-100,000	15.3%	12.8%	11.0%
>100,000	16.1%	21.2%	19.9%
Not registered	18.5%	14.2%	15.9%

Largest shareholdings in August 2018: UBS (>5%), Highclere International Investors (>3%)

Valiant share facts

- ISIN CH0014786500, Ticker: VATN.SW
- Total 15'792'461 shares, par value à CHF 0.50
- No treasury shares as per 31.12.2016 and 31.12.2017

Dividend policy

- Stable or rising dividends since foundation in 1997
- Target payout ratio: 40-70% of net profit
- Dividend for 2017: CHF 4.00

Key per-share data since 2007

VATN share	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Book value/share in CHF	139.47	134.73	129.90	125.76	122.82	120.16	116.39	102.69	99.62	101.03	98.71
Earnings/share in CHF	7.55	7.44	7.24	5.98	5.79	8.04	8.08	7.76	8.87	9.02	8.97
P/E ratio	13.96	13.63	16.29	13.79	13.79	10.7	14.7	16.9	22.8	22.0	19.7
Dividend payout ratio %	53.0	51.1	49.7	53.5	55.3	39.6	39.6	41.2	36.1	34.4	34.0
Dividend yield as %	3.8	3.7	3.1	3.9	4.0	3.7	2.7	2.4	1.6	1.6	1.8
Dividend in CHF	4.00	3.80	3.60	3.20	3.20	3.20	3.20	3.20	3.20	3.10	3.10
Share price at 31 December in CHF	105.40	101.40	118.00	82.55	79.85	86.90	118.90	131.00	202.00	198.70	176.80
Market capitalisation at 31 December in CHF m	1,665	1,601	1,862	1,302	1,259	1,370	1,875	1,974	3,098	3,124	2,869

Figures as per 30/9/2018:

- Book value/share: CHF 141.30
- Share price: CHF 111.20
- Market cap: CHF 1,756m

Financial calendar and contact information

Financial calendar

13 February 2019	FY 2018 results
2 May 2019	Q1 2019 results
16 May 2019	AGM 2019 in Lucerne



Information for investors

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



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