

Press release

Bern, 9 August 2018

Positive first half for Valiant

Valiant Bank remains well on track in 2018. In the first six months, consolidated net profit rose by 14.5% year on year to CHF 59.8 million. At the same time, the inter-regional bank reined in its growth in view of the increasing risks in the real estate market. The outlook for the current year remains positive.

“The figures are right, and we are well on track. In line with our sound principle of putting quality before growth, we managed to keep our net interest margin at 1.09% in Q2 – the same level as in Q1,” said Valiant CEO Markus Gygax, summing up the first six months. Consolidated net profit climbed 14.5% to CHF 59.8 million. Net interest income rose, as did trading income and commission income.

Net interest margin successfully maintained

Net interest income came in at CHF 150.9 million, 5.3% higher than in the year-earlier period. This increase was driven in particular by another sharp fall in interest expense, which Valiant achieved thanks to measures such as its covered bond programme and the repayment of a subordinated bond. The net interest margin remained steady at 1.09%, the same level as in Q1. The upward trend in fee and commission business continued, with a 4.4% increase to CHF 30.2 million. Other operating income was up 82.6% to CHF 19.7 million. This was due to an extraordinary dividend payment by Aduno. Valiant used this to make a CHF 9 million allocation to the reserves for general banking risks.

Controlled increase in costs

Costs rose 4.0% to CHF 113.9 million. This was due to the integration of Triba Partner Bank AG and expansion into new regions. The cost/income ratio fell to 55.1%, compared with 58.1% in H1 2017. Operating profit was up by a solid CHF 15.5 million (+23.5%) to CHF 81.4 million.

Controlled growth reflects cautious risk policy

At present, the Swiss real estate market is clearly exposed to increased risk on investment properties. As Valiant does not wish to change its cautious risk policy, it has consciously decided not to enter into certain transactions. CEO Markus Gygax explained: “We turned down mortgage applications amounting to CHF 80–90 million on investment properties. Our preference is to grow more slowly and therefore more profitably.” Loans were up by a total of 0.8% to CHF 23.7 billion. Mortgages rose to CHF 22.2 billion (+1.1%). Growth from the

regional expansion is going to plan. Overall, client deposits fell by 1.7% to CHF 18.4 billion. Given the sustained pressure on the net interest margin, Valiant intentionally accepted outflows of large clients' deposits that had been expensive to hold.

Positive outlook for full year 2018

Valiant will press ahead with its 2020 strategy this year, opening new branches in Vevey (November) and Nyon (January 2019), and launching digital services – such as online appointment scheduling – to make clients' financial lives easier. In addition, the new, revamped branch concept, offering an innovative combination of digital and personal services in the client zones, has proven successful and will be rolled out to further existing branches.

For full year 2018, Valiant still expects a significant rise in operating profit, with net profit in line with the previous year's figure. In light of the real estate market risks mentioned above, Valiant expects lending growth to come in at the lower end of the 2–3% target range.

Balance sheet data

	30/06/2018 in CHF millions	31/12/2017 in CHF millions	Change in %
Total assets	27,770	27,564	0.7
Client loans	23,699	23,521	0.8
- of which mortgages	22,150	21,912	1.1
Client deposits	18,404	18,723	-1.7
Headcount (FTEs)	870	873	-3 FTEs

Income statement data

	30/06/2018 in CHF thousands	30/06/2017 in CHF thousands	Change in %	Change without Triba in %
Net interest income before value adjustments for credit risk, and loan losses	150,916	143,372	5.3	2.6
Fee and commission income	30,249	28,964	4.4	1.4
Net trading income	5,742	5,330	7.7	4.5
Other operating income	19,690	10,782	82.6	82.2
Operating income*	206,597	188,448	9.6	7.0
Operating expenses	113,916	109,566	4.0	1.1
Operating profit	81,377	65,903	23.5	21.0
Consolidated net profit	59,761	52,178	14.5	12.2

* Before value adjustments for credit risk, and loan losses Triba Partner Bank AG has been consolidated since 1 July 2017.

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

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About Valiant

Valiant is an independent retail and SME bank operating exclusively in Switzerland. It 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 11 Swiss cantons: Aargau, Basel-Land, Basel-Stadt, Bern, Fribourg, Jura, Lucerne, Neuchâtel, Solothurn, Vaud and Zug. Through its innovative digital services, Valiant is also available to clients throughout Switzerland. Valiant has total assets of CHF 27.8 billion and around 1,000 employees.

8 November 2018

13 February 2019

2 May 2019

16 May 2019

9M 2018 results

FY 2018 results: media and analysts conference

Q1 2019 results

AGM of Valiant Holding AG in Lucerne