

HALF-YEAR REPORT 2012

CONTENTS

4	Key Figures at a Glance
5	Consolidated Half-Year Report
7	Valartis Group

Consolidated Financial Statements

10	Consolidated Income Statement
11	Consolidated Statement of Comprehensive Income
12	Consolidated Statement of Financial Position
14	Consolidated Statement of Changes in Equity
16	Consolidated Cash Flow Statement

Notes

18	Notes to the Consolidated Financial Statements
19	Notes to the Consolidated Income Statement
22	Share Capital
23	Off-Balance-Sheet Items
24	Business Segments
26	Additional Information

27	Addresses
----	-----------

KEY FIGURES AT A GLANCE

Key Figures

in CHF million	1.1.-30.6.2012 adjusted ¹⁾	1.1.-30.6.2012	1.1.-30.6.2011 adjusted ¹⁾	1.1.-30.6.2011
Total operating income	49.1	50.5	51.6	26.0
Income from interest and dividend	16.9	16.9	20.9	20.9
Income from commission and service fee	26.0	26.0	28.8	28.8
Income from trading	5.0	5.0	1.7	1.7
Other ordinary income ²⁾	1.2	2.6	0.2	-25.4
Administrative expense	-39.4	-39.4	-43.0	-43.0
Gross income / loss	9.7	11.1	8.6	-17.0
Depreciation, valuation adjustments and provisions ³⁾	-2.3	-7.2	-2.5	-8.3
Income taxes	0.0	0.0	0.3	5.4
Net profit from discontinued operations	0.0	0.0	0.0	0.6
Net profit / loss	7.4	3.9	6.4	-19.3
attributable to the shareholders of Valartis Group AG	4.6	1.1	5.8	-19.9
attributable to non-controlling interests	2.8	2.8	0.6	0.6
Total assets under management, in CHF billion		7.4		6.5
Net new money inflow, in CHF million		491		577
Employees, as full-time equivalents		302		302

Share Information

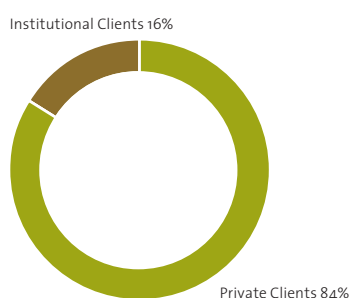
Earnings per share, in CHF	1.00	0.24	1.26	-4.29
Closing price of VLRT bearer share, in CHF		16.00		17.90
Half-year high, in CHF		17.00		26.25
Half-year low, in CHF		12.25		16.30

1) The adjusted consolidated income statement is based on the IFRS consolidated income statement without certain valuation adjustments, one-off effects, and the amortisation on acquisitions.

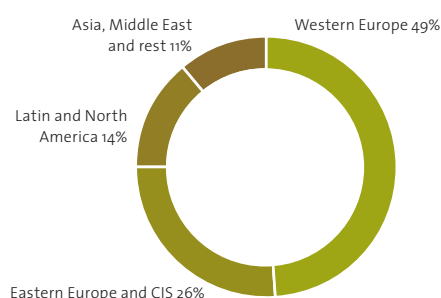
2) Valuation adjustments from associated companies are included in the other ordinary income in the P&L in accordance with IFRS in the amount of CHF -1.4 million (previous year: CHF -25.6 million).

3) Amortisation on PPE and intangible assets in connection with previous acquisitions are included in the IFRS financial statements in the position "depreciation" in the amount of CHF -4.9 million (previous year: CHF -5.8 million).

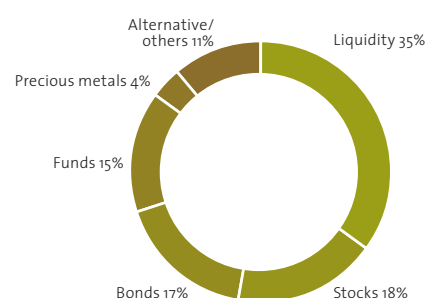
Assets under management by business segment



Assets under management by region



Assets under management by asset class



CONSOLIDATED HALF-YEAR REPORT

Dear Shareholders, dear Ladies and Gentlemen

Valartis Group posted a profit of CHF 3.9 million in the first half-year of 2012, compared with a loss of CHF 19.3 million in the first six months of 2011. This profit was reached in a continuing and unusually challenging market environment marked by the strength of the Swiss franc, uncertainty in the fixed-income business, a deteriorating economic situation, and an increase in political instability.

Group achieves net profit without any one-off effects – continued positive growth trend in Private Clients business with respect to net new money; commission income and costs stable.

The “results of core operating activities” – that is net profit excluding valuation adjustments and depreciation on intangible assets from acquisitions – was stable compared with the first half of 2011 at CHF 7.4 million (30 June 2011: CHF 6.4 million). The non-operational value adjustments on investments did not have any material impact on the 2012 half-year results, due in part to hedging transactions.

+7.2 per cent

was the growth rate of client assets
excluding market changes.

Client money inflow on track

The Group’s new strategic focus on the private client business at the beginning of 2008 continues to develop in line with the mid-term financial plan. Valartis Group saw a net new money inflow for the first-half 2012 of CHF 491 million, including larger investment fund inflows. Including performance, i.e. currency effects and financial market developments, in the amount of 1.4 per cent or CHF 97 million, client assets increased to CHF 7.4 billion, a gain of 8 per cent compared with the end of 2011. Client assets under management were distributed between the two business segments as follows as at 30 June 2012:

- Private Clients: CHF 6.2 billion or 84 per cent (same percentage as in the prior period)
- Institutional Clients: CHF 1.2 billion or 16 per cent

The Private Clients segment accounted for CHF 486 million of the total net new money inflows of CHF 491 million, while the Institutional Clients segment was responsible for CHF 5 million.

Stable results despite the modest drop in revenues

Due to the drop in transaction-based revenues, net commission income fell by 10 per cent year-on-year and as at 30 June 2012 amounted to CHF 26.0 million (30 June 2011: CHF 28.8 million). Net interest income was also lower year-on-year, falling by 19 per cent to CHF 16.9 million (30 June 2011: CHF 20.9 million). The collateralised interbank business left its mark in particular on the net interest income, as this type of interbank placements within total receivables from banks rose from 8 per cent at 31 December 2011 to 19 per cent at 30 June 2012. Therefore, there was a considerable improvement in the overall risk profile of the Group, although it came at the expense of net interest income. In contrast, the bond portfolio performed within the forecast parameters due to active portfolio management, although the return was somewhat below the prior-year period.

–8.3 per cent

reduction in the administrative expense
year-on-year.

The administrative expense was reduced by more than 8 per cent to CHF 39.4 million compared with the prior-year period. The personnel expense was reduced by 6 per cent to CHF 26.3 million and the general expense by 13 per cent to CHF 13.1 million. As at 30 June 2012 Valartis Group employed 302 persons on a full-time equivalent basis (an increase of 1.7 per cent over the end of 2011; this increase is to be attributed to the Private Clients business segment).

Financial markets spooked by uncertainties

The recapitalisation of the Spanish banking sector showed that Europe’s politicians are ready to act more rapidly and decisively than in 2011. Nevertheless, Europe’s financial markets are still in a critical state. The environment in the first semester 2012 remained challenging. Economic and political risks are weighing not only on the growth outlook for corporate earnings, but also on investor sentiment. Prices on the financial markets reflect a high level of uncertainty and are a clear indication that investors are not very inclined to take on risk. This investor uncertainty caused transaction-related revenues to come in much lower compared to the prior-year period.

Interest rates remained at historic lows in light of a possible escalation in the debt crisis, which entailed high risks for the Eurozone economy. The investor requirement for safety and intervention by central banks also kept interest rates down. As a result, government bonds carried either a high credit risk or no compensation for inflation, which was reflected in the drop in net interest income on the reinvestments in our bond portfolio.

Business segment results without one-off effects

The segment result before amortisation for Private Clients in the first half of 2012 increased to CHF 5.5 million (30 June 2011: CHF 3.7 million) and for Institutional Clients it was CHF 5.5 million (30 June 2011: a loss of CHF 21.0 million). The Corporate Center posted a result of CHF –2.2 million (30 June 2011: CHF –2.2 million).

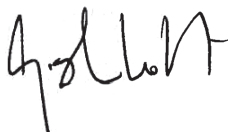
Focus on Private Banking to continue

In addition to strict cost controls, the core of Valartis Group's growth strategy going forward will be to increase the client assets under management in the Private Clients segment. In June the Board of Directors was able to appoint an experienced private banker with Vincenzo Di Pierri as the new CEO of the Swiss bank. Thanks to his strong client orientation, an extensive network of contacts and many years of senior management experience, Vincenzo Di Pierri will be able to provide an important impetus to the expansion of our Private Banking activities for both Valartis Bank AG, Switzerland, and for the Group.

Baar ZG, 14 August 2012



Erwin W. Heri
Chairman of the Board of Directors



Gustav Stenbolt
Chief Executive Officer

VALARTIS GROUP

Swiss banking group with a focus on “Private Banking Plus”

Valartis Group is an internationally active banking and finance group listed on the Swiss stock exchange with private banks in Switzerland, Austria, and the Principality of Liechtenstein.

The focus of our “Private Banking Plus” strategy is on wealth management for private clients and asset management for institutional investors. We offer individually-adapted solutions and special product combinations from one source. Valartis Group combines traditional private banking services with specialised advisory and banking services from corporate and structured finance as well as with innovative niche investment products in the equity, fixed income, private equity, and real estate asset classes.

Valartis Group’s 302 employees in Zurich, Geneva, Vienna, Liechtenstein, Luxembourg, Singapore, Moscow, and St. Petersburg manage assets amounting to CHF 7.4 billion. The Group’s core markets include Central and Eastern Europe, the Middle East and selected countries in North and South America as well as Asia.

Group Structure

The parent company of Valartis Group, Valartis Group AG, is a public limited company under Swiss law which has its registered office in Baar, canton of Zug, Switzerland. The bearer shares of Valartis Group AG (ISIN CH0001840450) are listed on the Swiss stock exchange (SIX Swiss Exchange). Out of the total of 5,000,000 outstanding shares, 6.4 per cent were held by the Company itself as at 30 June 2012. The largest shareholder of Valartis Group AG is MCG Holding S.A. in Baar, canton of Zug, which holds 49.4 per cent of the capital and the voting rights. As a Swiss banking and financial group, Valartis Group is subject to consolidated supervision by the Swiss financial market supervisory authority (FINMA).

Organisation in three business segments

Valartis Group distinguishes itself through its lean organisation, which allows it to implement solutions rapidly and flexibly, in line with client needs. With a series of complementary activities and a state-of-the-art technical infrastructure, Valartis Group has a solid foundation for future growth.

Valartis Group’s “Private Banking Plus” operations are divided into the two main business segments of Private Clients and Institutional Clients. All support and servicing tasks are provided by the Corporate Center.

VALARTIS GROUP		
Private Clients	Institutional Clients	Corporate Center
Private Banking Switzerland	Asset Management Funds & Investment Companies	Group Finance & Risk
Private Banking Austria	Real Estate Funds & Property Companies	Group Legal & Compliance
Private Banking Liechtenstein	Corporates & Markets	Corporate Communication
		Banking Operations & Logistics
		Information Technology

Private Clients

The Private Clients business segment includes the private banking activities of the three Valartis banks in Switzerland (Zurich and Geneva), Austria (Vienna), and the Principality of Liechtenstein.

Due to the close cooperation with the Group’s Institutional Clients business units, our experienced Private Banking teams are in the advantageous situation of being able, in the sense of a financial coaching, to offer their international clients customised and individually-adapted “Private Banking Plus” solutions from one source. In addition to discretionary wealth management and investment advisory, this also includes access to specialised investment products and investment companies with innovative portfolios, as well as selected corporate and structured finance services.

The basis of our comprehensive, one-stop asset advisory and planning with tailored solutions is our selective “core-satellite” investment approach. We implement this approach through an open architecture with best-in-class financial products from other providers as well as through niche investment instruments and our own private label fund solutions.

Transparency, reliability and strict risk controlling are the guiding principles of our “Private Banking Plus” approach. Our private clients appreciate the personal attention they receive from experienced client advisors, whose many years of private banking experience allow them to provide their clients with a professional support and advisory service that is in line with their needs. The well-educated client advisors who work at Valartis Group are all multilingual – in the Private Banking segment at Valartis more than 25 languages are spoken – and about half of the advisors have more than 20 years of experience in private banking. In addition, they have a very good knowledge of local markets and cultures.

Institutional Clients

The Institutional Clients segment bundles together the “Plus+” activities of the Valartis Group in the areas of Asset Management, Real Estate Funds, and Investment Companies as well as Corporate and Structured Finance.

In the core area of Asset Management, Valartis Group specialises in actively managed niche products (investment satellites) in the asset classes of equities, fixed income, funds of funds, and private equity. Investments are focused on the Russian, Eastern European and Swiss markets. In making investment decisions, the Group is supported by a team of experienced portfolio managers, analysts and other investment specialists in Geneva, Zurich, Moscow, Vienna, Luxembourg, and Liechtenstein.

The expertise in developing, structuring and managing investment funds and investment companies is also used within the Group, for example, to offer major private banking clients investment products and vehicles that are personally tailored to their needs.

In terms of real estate, Valartis Group combines the management of profitable commercial and residential properties with investments in promising development projects. It also handles the management of niche funds for institutional investors. The real estate investment company Eastern Property Holdings Ltd. (EPH), which is listed on SIX Swiss Exchange and is active in Russia, is one of the real estate investment vehicles that Valartis manages.

In the field of corporate finance, Valartis Corporates & Markets provides specialised advisory and transaction services to both listed and unlisted medium-sized companies in Central and Eastern Europe. In addition, our Structured Finance team, which handles regulatory and tax issues, offers tailored solutions for international companies and investment vehicles that are facing cross-border issues.

Corporate Center

The Corporate Center is the service center for the operational business segments of Valartis Group. It provides services in the areas of Finance & Risk, Asset & Liability Management, Banking Operations & Logistics, Information Technology, Legal Services & Compliance and Communications & Marketing. In addition, income and expenses that have no direct relationship to the operative business segments are assigned to the Corporate Center, as are all consolidation items. The Chief Financial and Chief Risk Officer (CFO/CRO) of the Group acts as head of the Corporate Center.

Management Bodies

Board of Directors

The Board of Directors is the highest management body of Valartis Group. It is responsible to shareholders for the overall management of Valartis Group AG and is also responsible for the medium- and long-term strategic focus of the company. As at 30 June 2012 the Board of Directors of Valartis Group AG was comprised of the following five non-executive members:

Name	Function	Nationality	Elected until	First elected
Prof. Dr Erwin W. Heri	Chairman	Swiss	2013	2003
Jean-François Ducrest	Vice-Chairman*	Swiss	2014	2008
Christoph N. Meister	Member*	Swiss	2014	2011
Rolf Müller	Member*	Swiss	2014	2011
Urs Maurer-Lambrou	Member	Swiss	2014	2011

* Member of the Audit Committee

Group Executive Management

The strategic group objectives defined by the Board of Directors are implemented and executed by a five-member Group Executive Management. Under the leadership of the Group CEO, the Group Executive Management is responsible for the operational management of Valartis Group and for the Group's results. In addition to the Group CEO, Group Executive Management includes the chief executive officers of the three Valartis banks as well as the Group Chief Financial and Risk Officer (CFO/CRO). The heads of the various business units of the Valartis Group report to Group Executive Management.

Name	Function	Nationality
Gustav Stenbolt	Chief Executive Officer (CEO)	Norwegian
George M. Isliker	Chief Financial Officer and Chief Risk Officer (CFO/CRO)	Swiss
Vincenzo Di Pierri	CEO of Valartis Bank AG, Switzerland	Swiss and Italian
Ernst Traun	CEO of Valartis Bank (Austria) AG	Austrian
Dr. Andreas Insam	CEO of Valartis Bank (Liechtenstein) AG	Austrian

CONSOLIDATED INCOME STATEMENT

	Note	1.1.-30.6.2012 CHF 1,000	1.1.-30.6.2011 ¹⁾ CHF 1,000 re-presented
Interest and discount income		24,101	26,881
Dividend income		71	398
Interest expense		-7,228	-6,388
Income from interest and dividend	1	16,944	20,891
Commission income from loan business		432	582
Commission income from securities and investment business		33,642	33,285
Commission expense		-8,055	-5,092
Income from commission and service fee	2	26,019	28,775
Income from trading	3	4,981	1,688
Income from associates		1,345	-27,018
Other income		1,200	1,601
Other ordinary income	4	2,545	-25,417
Total operating income		50,489	25,937
Personnel expense	5	-26,278	-27,918
General expense	6	-13,143	-15,086
Administrative expense		-39,421	-43,004
Gross income / loss		11,068	-17,067
Depreciation / amortisation of property, plant and equipment and intangible assets	7	-6,757	-7,939
Valuation adjustments, provisions and losses	8	-438	-317
Net profit / loss from continuing operations before taxes		3,873	-25,323
Income Taxes	9	8	5,464
Net profit / loss from continuing operations		3,881	-19,859
Profit after tax from discontinued operations		0	596
Net profit / loss		3,881	-19,263
Net profit / loss attributable to the shareholders of Valartis Group AG		1,103	-19,872
Net profit attributable to non-controlling interests		2,778	609
Earnings per share			
Undiluted earnings attributable to shareholders of Valartis Group AG, in CHF		0.24	-4.29
Diluted earnings attributable to shareholders of Valartis Group AG, in CHF		0.24	-4.29
Earnings per share from continuing operations			
Undiluted earnings attributable to shareholders of Valartis Group AG, in CHF		0.24	-4.42
Diluted earnings attributable to shareholders of Valartis Group AG, in CHF		0.24	-4.42

1) The 2011 figures have been re-presented to reflect income and expense of the discontinued operation in one single separate line item.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000
Net profit / loss in the income statement	3,881	-19,263
Unrealised gains / losses from financial assets available for sale	-119	-69
Income from financial assets available for sale transferred to the income statement	212	131
Foreign exchange translation differences	-1,050	-3,810
Net income for the financial year recognised directly in equity	-957	-3,748
Net income for the financial year recognised in the income statement and in equity	2,924	-23,011
Allocation		
Shareholders of Valartis Group AG	107	-23,633
Non-controlling interests	2,817	622

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	30.6.2012 CHF 1,000	31.12.2011 CHF 1,000
Cash	324,551	386,240
Cash deposits for reverse repurchase agreements	189,940	46,790
Due from banks	819,220	568,170
Due from clients	558,652	532,502
Trading portfolio assets	205,540	357,997
Financial assets available for sale	68,837	61,757
Financial assets held to maturity	392,527	356,188
Other financial assets at fair value	270	633
Associated companies	118,201	117,046
Property, plant and equipment	55,746	59,020
Accrued and deferred assets	21,762	34,641
Positive replacement values	2,280	10,372
Other assets	5,171	6,957
Goodwill and other intangible assets	73,343	76,733
Deferred tax assets	15,299	15,885
Total assets	2,851,339	2,630,931

Liabilities and Shareholders' Equity

	Note	30.6.2012 CHF 1,000	31.12.2011 CHF 1,000
Liabilities			
Due to banks		277,927	199,388
Due to clients		2,206,333	2,059,131
Negative replacement values		6,011	5,864
Taxes		1,309	781
Accrued and deferred liabilities		16,427	23,636
Other liabilities		4,285	4,319
Provisions		2,321	2,883
Deferred tax liabilities		24,355	25,645
Total liabilities		2,538,968	2,321,647
Shareholders' equity			
Share capital	10	5,000	5,000
Reserves		297,298	295,388
Foreign exchange translation differences		-34,292	-33,240
Unrealised income from financial assets available for sale		-2,940	-2,996
Treasury shares		-8,132	-10,325
Shareholders' equity of the shareholders of Valartis Group AG		256,934	253,827
Non-controlling interests		55,437	55,457
Total shareholders' equity (including non-controlling interests)		312,371	309,284
Total liabilities and shareholders' equity		2,851,339	2,630,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2011	Share capital	Treasury shares	Capital reserves	Retained earnings
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Opening balance at 1 January 2011	5,000	-8,261	-5,319	318,982
Gains / losses from financial assets available for sale	0	0	0	0
Foreign exchange translation differences				
Net profit	0	0	0	-19,872
Comprehensive income	0	0	0	-19,872
Dividend payments	0	0	0	-2,500
Change in treasury shares	0	-2,259	-131	0
Change in scope of consolidation	0	0	0	0
Employee participation plan	0	0	29	0
Transactions with non-controlling interests				249
Owner-related changes	0	-2,259	-102	-2,251
Total shareholders' equity at 30 June 2011	5,000	-10,520	-5,421	296,859
2012				
Opening balance at 1 January 2012	5,000	-10,325	-4,145	299,533
Gains / losses from financial assets available for sale	0	0	0	0
Foreign exchange translation differences				
Net profit	0	0	0	1,103
Comprehensive income	0	0	0	1,103
Dividend payments	0	0	0	0
Change in treasury shares	0	2,193	79	0
Change in scope of consolidation	0	0	0	0
Employee participation plan	0	0	-357	0
Transactions with non-controlling interests				1,085
Owner-related changes	0	2,193	-278	1,085
Total shareholders' equity at 30 June 2012	5,000	-8,132	-4,423	301,721

Net unrealised gains / losses on financial instruments CHF 1,000	Foreign exchange translation difference CHF 1,000	Total equity shareholders of the Valartis Group AG CHF 1,000	Non-controlling interests CHF 1,000	Foreign exchange effect on non-controlling interests CHF 1,000	Total non-controlling interests CHF 1,000	Total shareholders' equity CHF 1,000
-3,326	-30,503	276,573	60,109	-23	60,086	336,659
44		44	18		18	62
	-3,805	-3,805		-5	-5	-3,810
0		-19,872	609		609	-19,263
44	-3,805	-23,633	627	-5	622	-23,011
0		-2,500	-101		-101	-2,601
0		-2,390	0		0	-2,390
0		0	0		0	0
0		29	0		0	29
		249	-1,267		-1,267	-1,018
0	0	-4,612	-1,368	0	-1,368	-5,980
-3,282	-34,308	248,328	59,368	-28	59,340	307,668
-2,996	-33,240	253,827	55,475	-18	55,457	309,284
56		56	37		37	93
	-1,052	-1,052		2	2	-1,050
0		1,103	2,778		2,778	3,881
56	-1,052	107	2,815	2	2,817	2,924
0		0	-540		-540	-540
0		2,272	0		0	2,272
0	0	0	0	0	0	0
0		-357	0		0	-357
		1,085	-2,297		-2,297	-1,212
0	0	3,000	-2,837	0	-2,837	163
-2,940	-34,292	256,934	55,453	-16	55,437	312,371

CONSOLIDATED CASH FLOW STATEMENT

	30.6.2012 CHF 1,000	30.6.2011 CHF 1,000
Net profit / loss before taxes	3,873	-24,695
Cash flow from operating activities	-91,925	-284,565
Cash flow from investment activities	-46,284	-20,141
Cash flow from financing activities	50	-6,239
Effect of foreign exchange translation differences	-384	11,073
Decrease in cash and cash equivalents	-138,543	-299,872
Position at 1 January	682,704	893,478
Position at 30 June	544,161	593,606

For the purpose of the cash flow statement, cash and cash equivalents are made up of the following accounts:

Cash	324,551	183,448
Due from banks at sight / callable	219,610	410,158
Total cash and cash equivalents	544,161	593,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Description of Business

Valartis Group is an internationally active banking and finance group whose parent company, Valartis Group AG, is domiciled in Baar, canton of Zug, and is listed on the SIX Swiss Exchange. As its core competence, the Group concentrates on wealth management in its Private Clients and Institutional Clients business segments. The Institutional Clients segment also develops, implements and manages innovative niche investment products and provides specialised banking services within corporate and structured finance. Furthermore, the Group is invested in real estate investment companies. Geographically, Valartis Group operates in Switzerland, Central and Eastern Europe, the Middle East and selected countries in North and South America as well as Asia.

Accounting Principles

This half-year report was prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34). This standard does not require the same amount of information as for the Group annual report, and should therefore be read in conjunction with the 2011 Annual Report.

The consolidated financial statements are in Swiss francs (CHF).

The following exchange rates are used for the major currencies:

	30.06.2012 Balance sheet date rate	1.1.–30.6.2012 Average rate	30.6.2011 Balance sheet date rate	1.1.–30.6.2011 Average rate
EUR	1.2021	1.2048	1.2090	1.2704
USD	0.9497	0.9288	0.8342	0.9066
GBP	1.4889	1.4642	1.3422	1.4644

As a financial group, the Valartis Group is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA).

The half-year report is based on uniformly prepared individual financial statements of the Group companies. With the exception of subsequent amendments, the same accounting principles were applied as in the preparation of the annual financial statements as at 31 December 2011.

Changes to Accounting Policies

Implemented international financial reporting standards and interpretations

The following new or revised standards and interpretations applicable for financial years beginning 1 January 2012, are considered unlikely, to have a material impact on the net profit or loss or on the shareholders' equity of the Valartis Group:

IAS12	Deferred Tax: Recovery of underlying assets
IFRS 7	Disclosures: Transfer of financial assets

Approval of the Consolidated Financial Statements

The statutory auditor has reviewed the Half-Year Report 2012 and it was approved by the Board of Directors on 14 August 2012.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Income from Interest and Dividend Business

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Interest income from banking business	4,067	2,570
Interest income from client business	3,847	5,608
Interest and dividend income from the trading portfolio	5,596	12,918
Interest income from mortgage business	295	290
Interest and dividend income from financial assets available for sale	412	295
Interest income from financial assets held to maturity	9,352	5,430
Interest and dividend income from financial assets at fair value	40	52
Other interest income	563	116
Total interest and dividend income	24,172	27,279
Interest expense from banking business	-2,790	-3,012
Interest expense from client business	-2,340	-2,486
Other interest expense	-2,098	-890
Total interest expense	-7,228	-6,388
Total	16,944	20,891

2. Income from Commission and Service Fee Business

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Commission income from loan business	432	582
Brokerage fees	4,998	5,023
Custody account fees	5,068	4,485
Commission on investment advice and asset management	13,771	12,158
Issuing business	1,380	4,434
Commission income from service fee business	3,633	3,348
Commission income from fiduciary business	714	717
Commission income from retrocessions	341	339
Other commission income	3,737	2,781
Total income from commission and service fee business	34,074	33,867
Brokerage expense	-1,232	-1,275
Asset management / fund management by third parties	-3,063	-699
Commission expense to client intermediaries and representatives	-1,206	-1,367
Other securities trading expense	-222	-154
Commission expense on retrocessions to third parties	-1,410	-1,259
Other commission and service fee expense	-922	-338
Total expense from commission and service fee business	-8,055	-5,092
Total	26,019	28,775

3. Income from Trading

	1.1.-30.6.2012 CHF 1,000	1.1.-30.6.2011 CHF 1,000 re-presented
Interest rate instruments	3,714	-9,900
Securities	-92	-4,726
Currencies and precious metals	724	16,343
Funds	635	-29
Total	4,981	1,688

4. Other Ordinary Income

	1.1.-30.6.2012 CHF 1,000	1.1.-30.6.2011 CHF 1,000 re-presented
Income from real estate	479	314
Income from the sale of tangible and intangible assets	0	-10
Income from the sale of financial assets	212	131
Income from associate ¹⁾	1,345	-27,018
Other income	509	1,166
Total	2,545	-25,417

1) In the first half of 2011 the position includes a valuation adjustments for Eastern Property Holding Ltd. of CHF 28.8 million (of which a negative USD exchange rate impact of CHF 12.9 million).

5. Personnel Expense

	1.1.-30.6.2012 CHF 1,000	1.1.-30.6.2011 CHF 1,000 re-presented
Salaries and bonuses	19,733	21,579
Social security benefits	2,540	2,842
Contributions to occupational pension plans	1,537	1,504
Share-based payments	587	538
Other personnel expense	1,881	1,455
Total	26,278	27,918

6. General Expense

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Occupancy expense	2,728	2,679
IT and information expense	3,549	3,990
Office and business expense	5,436	7,108
Other general expense	1,430	1,309
Total	13,143	15,086

7. Depreciation and Amortisation

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Depreciation of property, plant and equipment	3,698	4,224
Amortisation of intangible assets	3,059	3,715
Total	6,757	7,939

8. Valuation Adjustments, Provisions and Losses

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Impairments	327	450
Impairment reversals	-135	-347
Losses	192	14
Change in provisions	54	200
Total	438	317

Valuation adjustments, provisions and losses increased by 38 per cent on a low level from CHF 0.3 million to CHF 0.4 million. The

increase is primarily allocated to the losses and consists of non-recoverable receivables.

9. Taxes

	1.1.–30.6.2012 CHF 1,000	1.1.–30.6.2011 CHF 1,000 re-presented
Current income taxes	719	303
Change in deferred taxes	-727	-5,767
Total	-8	-5,464
Taxes on the comprehensive income	256	32

SHARE CAPITAL

10. Share Capital

	30.6.2012 CHF	31.12.2011 CHF
Share capital	5,000,000	5,000,000
Number of bearer shares	5,000,000	5,000,000
Nominal value per share	1	1
Equity per share (attributable to shareholders of Valartis Group AG, before appropriation of profit)	54	55

There was no dividend payment for 2011 (2010: CHF 0.50 per share).

11. Treasury Shares

Valartis Group AG	Number
Position at 1 January 2011	288,880
Purchases	138,726
Sales	-39,732
Position at 30 June 2011	387,874
Purchases	26,135
Sales	-31,594
Position at 31 December 2011	382,415
Purchases	45,007
Sales	-108,635
Position at 30 June 2012	318,787

During the reporting period, 45,007 shares were purchased at CHF 14.84 each and 108,635 shares were sold at CHF 26.33 each. In the prior-year period, 138,726 shares were purchased at CHF 24.59 each and 39,732 shares were sold at CHF 20.95 each (average prices).

OFF-BALANCE-SHEET ITEMS

12. Consolidated Statement of Off-Balance-Sheet Items

	30.6.2012 CHF 1,000	31.12.2011 CHF 1,000
Credit guarantees	24,719	13,787
Warranties	0	0
Other contingent liabilities	4,467	17,913
Total contingent liabilities	29,186	31,700
Irrevocable commitments	748	748
Loan commitments	0	0
Call commitments and additional funding obligations	0	0
Positive replacement values	2,280	10,372
Negative replacement values	6,011	5,864
Contract volume	465,071	754,949
Fiduciary transactions	306,849	319,141

Credit guarantees mainly consist of guarantees towards credit card institutions. There are no contingent liabilities for legal claims.

BUSINESS SEGMENTS

13. Segment Reporting

Business segments

Valartis Group is divided into three business segments: Private Clients, Institutional Clients and Corporate Center. Indirect costs for internal services rendered between the segments are accounted for by the recipient of the services as expense and by

the provider as a reduction in expense, in accordance with the originator principle. Consolidation items are assigned to the Corporate Center.

1.1. – 30.6.2012	Private Clients CHF 1,000	Institutional Clients CHF 1,000	Corporate Center CHF 1,000	Total CHF 1,000
Income from interest and dividend	7,097	2,683	7,164	16,944
Income from commission and service fee	18,590	7,038	391	26,019
Income from trading	3,467	3,278	-1,764	4,981
Other ordinary income ¹⁾	349	1,999	197	2,545
Operating income	29,503	14,998	5,988	50,489
Personnel expense	-15,719	-5,526	-5,033	-26,278
General expense	-5,691	-2,744	-4,708	-13,143
Administrative expense	-21,410	-8,270	-9,741	-39,421
Service from / to other segments	-1,532	-874	2,406	
Gross operating profit	6,561	5,854	-1,347	11,068
Depreciation and amortisation	-936	-105	-855	-1,896
Valuation adjustments, provisions and losses	-163	-273	-2	-438
Segment result before amortisation	5,462	5,476	-2,204	8,734
Amortisation of tangible and intangible assets (PPA) ²⁾	-4,361	-500	0	-4,861
Segment result after amortisation	1,101	4,976	-2,204	3,873
Taxes				8
Net profit from continuing business				3,881
Net profit from discontinuing business after tax				0
Net profit				3,881
attributable to shareholders of Valartis Group AG				1,103
attributable to non-controlling interests				2,778
Total assets	2,948,189	597,074	-693,924	2,851,339
Total liabilities	2,699,780	327,677	-488,489	2,538,968
Assets under management at 30.6.2012	6,227,232	1,195,503	0	7,422,735
Employees (full-time equivalents) at 30.6.2012	193	64	45	302

1) A profit of CHF 1.3 million from associated companies is included in the operating profit of the segment Institutional Clients.

2) The amortisation of the additionally activated tangible and intangible assets due to the purchase price allocation are disclosed separately.

1.1. - 30.6.2011	Private Clients CHF 1,000	Institutional Clients CHF 1,000	Corporate Center CHF 1,000	Total CHF 1,000
Income from interest and dividend	7,660	3,028	10,203	20,891
Income from commission and service fee	16,669	12,042	64	28,775
Income from trading	2,874	174	-1,360	1,688
Other ordinary income ¹⁾	-88	-23,930	-1,399	-25,417
Operating income	27,115	-8,686	7,508	25,937
Personnel expense	-15,024	-6,923	-5,971	-27,918
General expense	-5,742	-4,828	-4,516	-15,086
Administrative expense	-20,766	-11,751	-10,487	-43,004
Service from / to other segments	-1,168	-389	1,557	
Gross operating profit	5,181	-20,826	-1,422	-17,067
Depreciation and amortisation	-1,241	-117	-740	-2,098
Valuation adjustments, provisions and losses	-282	-35	0	-317
Segment result before amortisation	3,658	-20,978	-2,162	-19,482
Amortisation of tangible and intangible assets (PPA) ²⁾	-5,341	-500	0	-5,841
Segment result after amortisation	-1,683	-21,478	-2,162	-25,323
Taxes				5,464
Net profit from continuing business				-19,859
Net profit from discontinuing business after tax				596
Net profit				-19,263
attributable to shareholders of Valartis Group AG				-19,872
attributable to non-controlling interests				609
Total assets	3,097,314	614,576	-1,242,425	2,469,465
Total liabilities	2,828,750	341,828	-1,008,781	2,161,797
Assets under management at 30.6.2011	5,428,680	1,052,526	0	6,481,206
Employees (full-time equivalents) at 30.6.2011	185	68	49	302

1) A loss of CHF 27.0 million from associated companies is included in the operating profit of the segment Institutional Clients.

2) The amortisation of the additionally activated tangible and intangible assets due to the purchase price allocation are disclosed separately.

ADDITIONAL INFORMATION

14. Assets under Management

	30.6.2012 CHF 1,000	31.12.2011 CHF 1,000
Assets in self-managed funds	788,964	773,329
Assets with management mandates	576,287	671,998
Other client assets	5,377,698	4,702,002
Total assets under management ¹⁾	6,742,949	6,147,329
of which double counts	-322,926	-13,786
Net new money inflow ^{2), 3)}	490,848	862,221
Custody assets	13,936	2,710
Assets in leveraged funds ⁴⁾	665,850	684,747
Total assets under management (incl. leveraged funds and custody assets)	7,422,735	6,834,786

1) According to FINMA's accounting rules.

2) Net new asset inflow includes all deposits and withdrawals plus inward and outward deliveries of non-monetary assets. In particular, performance related changes in value and interest and dividend payments do not constitute in flows or outflow.

3) Net new money for the first half year 2012 includes investments in own funds.

4) Leveraged funds that exceed the internal gross profitability criteria.

15. Events after the Balance Sheet Date

There are no events after the balance sheet date that had a material effect on the consolidated financial statements.

ADDRESSES

Group Headquarter

Valartis Group AG
Blegistrasse 11a
CH-6340 Baar ZG
Phone +41 41 760 70 20
Fax +41 41 760 70 19

Office Zurich

Valartis Bank AG
Sihlstrasse 24
CH-8021 Zurich
Phone +41 43 336 81 11
Fax +41 43 336 81 00

Office Geneva

Valartis Bank SA
2-4 place du Molard
CH-1211 Geneva 3
Phone +41 22 716 10 00
Fax +41 22 716 10 01

Office Vienna

Valartis Bank (Austria) AG
Rathausstrasse 20
A-1010 Vienna
Phone +43 57789
Fax +43 57789 200

Office Liechtenstein

Valartis Bank (Liechtenstein) AG
Schaaner Strasse 27
FL-9487 Gamprin-Bendern
Phone +423 265 56 56
Fax +423 265 56 99

Office Singapore

Valartis Financial Advisory Pte. Ltd.
50 Raffles Place,
#42-05 Singapore Land Tower
Singapore 048623
Phone +65 6423 0783
Fax +65 6423 0782

Investor and Media Relations

Valartis Group
Corporate Communication
P.O. Box
CH-8021 Zurich
Phone +41 43 336 81 11
InvestorRelations@valartis.ch

Asset Management Switzerland

Valartis Asset Management S.A.
2-4 place du Molard
CH-1211 Geneva 3
Phone +41 22 716 10 00
Fax +41 22 716 10 01

Asset Management Austria

Valartis Asset Management (Austria) KAG
Rathausstrasse 20
A-1010 Vienna
Phone +43 577 89
Fax +43 577 89 270

Asset Management Liechtenstein

Valartis Fund Management (Liechtenstein) AG
Schaaner Strasse 27
FL-9487 Gamprin-Bendern
Phone +423 388 10 00
Fax +423 388 10 01

Asset Management Russia

Valartis International Ltd.
Petrovka Street 5
RU-107031 Moscow
Phone +7495 730 35 25
Fax +7495 730 35 26

Asset Management Luxembourg

MCT Luxembourg Management S.à.r.l.
5, avenue Monterey
L-2163 Luxembourg
Phone +352 26 20 25 94
Fax +352 26 20 25 84

Valartis market information

Bearer shares listed on SIX Swiss Exchange
Symbol on SIX: VLRT
Reuters: VLRT.S
Bloomberg: VLRT SW
ISIN: CH0001840450
www.valartisgroup.ch

The English half-year report is a translation of the German original.
Only the German original is legally binding.

