

# HALF-YEAR REPORT 2013



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# KEY FIGURES AT A GLANCE

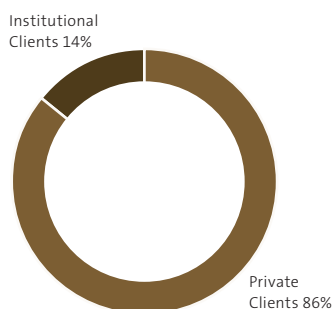
In CHF million	1.1.–30.6.2013	1.1.–30.6.2012	Δ %
Total operating income	44.4	50.5	-12%
Income from interest and dividend	17.3	16.9	2%
Income from commission and service fee	26.9	26.0	4%
Income from trading book	-2.5	5.0	-150%
Other ordinary income	2.7	2.5	6%
Administrative expense	-36.9	-39.4	-7%
Personnel expense <sup>1)</sup>	-24.2	-26.3	-8%
General expense	-12.7	-13.1	-4%
Gross income/(loss)	7.6	11.1	-32%
Depreciation, valuation adjustments and provisions	-7.0	-7.2	-3%
Income taxes	-0.4	0.0	
Net profit <sup>1)</sup>	0.1	3.9	-96%
Commission margin, in basis points <sup>2)</sup>	69	71	-3%
Cost/income ratio	83%	78%	
Operating income per FTE, in CHF 1,000	151	169	-10%
Average personnel expense per FTE, in CHF 1,000 <sup>2)</sup>	165	176	-6%
Employees, as full-time equivalents (FTE)	288	302	-5%

In CHF million	30.6.2013	31.12.2012	Δ %
Total assets <sup>1)</sup>	3,083	3,175	-3%
Total liabilities <sup>1)</sup>	2,766	2,859	-3%
Total shareholders' equity (including non-controlling interests) <sup>1)</sup>	317	316	0.3%
Capital adequacy coverage ratio II	191%	181%	
BIS Tier-1 ratio	14.6%	13.3%	
Total client assets	7,898	7,798	1%
Net new money (1.1.–30.6.)	125	491	-74%

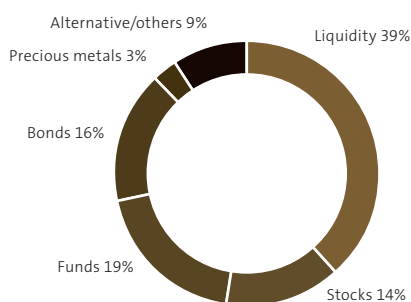
1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

2) annualised

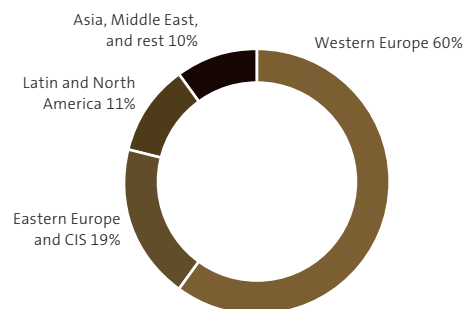
Assets under management by business segment



Assets under management by asset class



Assets under management by region



# CONSOLIDATED HALF-YEAR REPORT

## Dear Shareholders, dear Ladies and Gentlemen

Against the backdrop of an ongoing challenging market environment, Valartis Group closed the first half of 2013 with a small profit of CHF 0.1 million (30 June 2012: CHF 3.9 million). While the “results of core operating activities” – i.e. net profit excluding non-operational valuation adjustments and amortisation of intangible assets from acquisitions – were solid compared to the prior year at CHF 5.9 million (30 June 2012: CHF 4.4 Mio.), Group profit was negatively impacted by CHF -2.2 million in market value adjustments on the bond portfolio.

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**Mixed first half of the year: net new money inflows were lower (+CHF 125 million), net commission income was up (+4 per cent) and the cost base continued to fall (-7 per cent).**

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### Inflow of client assets continues

Valartis Group continues to develop its focus on private client business, albeit at a slower pace due to the further restructuring of its front-office organisation. Valartis Group saw net new money inflows for the first half of 2013 of CHF 125 million (30 June 2012: CHF 491 million). Including negative market trends of CHF -26 million, client assets thus increased to CHF 7.9 billion, an increase of 1.3 per cent compared to the end of 2012.

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# +1.6 per cent

**organic growth in client assets, not including market value adjustments.**

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As at 30 June 2013, client assets of Valartis Group were allocated between the two business segments as follows:

- Private Clients: CHF 6.8 billion or 86 per cent (30 June 2012: 84 per cent)
- Institutional Clients: CHF 1.1 billion or 14 per cent (30 June 2012: 16 per cent)

The net new money inflows of CHF 125 million stem entirely from the Private Clients segment.

### Positive development of core operating activities

Net commission income was pleasingly higher in all earnings components of wealth management business compared to the same period last year. Valartis Group’s total net commission income rose by 4 per cent to CHF 26.9 million as at 30 June 2013 (30 June 2012: CHF 26.0 million). With CHF 17.3 million, interest income remained at a stable level (30 June 2012: CHF 16.9 million).

On the cost side, Valartis Group was able to lower its administrative expense compared with the prior-year period – for the third time in a row – by 7 per cent to CHF 36.9 million (30 June 2012: CHF 39.4 million). Personnel expense was reduced by 8 per cent to CHF 24.2 million (30 June 2012: CHF 26.3 million) and general expense by a further 4 per cent to CHF 12.7 million (30 June 2012: CHF 13.1 million). As at 30 June 2013, Valartis Group employed 288 people on a full-time equivalent basis, which represents a reduction of 3.7 per cent compared to the end of 2012.

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# -7 per cent

**further decline in administrative expense compared with the prior year.**

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### Uncertainty continues to prevail in the financial markets

The global economic growth figures for the first half of 2013 indicate that the pace of the global economic recovery continues to be very sluggish. Some regions are ailing as their economies are being held back by austerity measures, while the recovery of others is continuing to suffer from the aftermath of the debt crisis. Inflation in the developed countries remains at a moderate level after having been barely impacted by central bank expansive monetary policies to date.

The global economy remains highly dependent on the actions of central banks, whose low benchmark interest rates and purchases of government bonds are lifting the real estate and equity markets. Equities moved sharply higher until May, before losing some of their gains by the middle of the year after the U.S. Federal Reserve indicated that it might start paring back its bond purchases.

Speculation about an early end to government bond purchases generated some uncertainty in the global bond, equity, and currency markets and had a negative impact on market valuations. For example, for the first time in a long period bond yields turned negative in the first half of 2013. As a result, Valartis Group had to make market value adjustments of CHF 2.2 million on its bond portfolio – primarily in June 2013 – which weighed on the Group’s otherwise solid operating results.

**Business segment results excluding any one-off effects**

The business segment result before amortisation for Private Clients in the first half of 2013 totalled CHF 7.8 million (30 June 2012: CHF 5.5 million), and the result for Institutional Clients CHF 0.1 million (30 June 2012: CHF 5.5 million). The Corporate Center posted a result of CHF - 2.4 million (30 June 2012: CHF -2.2 million).

**Focus on “Private Banking Plus” to continue**

In addition to strict cost controls, the core of Valartis Group’s growth strategy going forward will be to increase client assets in the Private Clients segment and the Group’s strategic focus on the wealth management business for wealthy private clients and institutional investors (“Private Banking Plus”). Valartis Group aims to accomplish this by targeting its core strategic markets, revising its business models, revamping the Group structures, investing in future sources of earnings, adjusting its product and service offering to the needs of international client groups, and implementing a strict profitability strategy. By introducing additional targeted cost-cutting measures for the entire Group, Valartis Group is on its way to establishing a sustainable cost base for the future.

Baar, canton of Zug, Switzerland, 13 August 2013



Urs Maurer-Lambrou  
Chairman of the Board of Directors



Gustav Stenbolt  
Chief Executive Officer

## Internationally active Swiss private banking group

Valartis Group is an internationally active banking and finance group listed on the Swiss stock exchange with banks in Switzerland, Austria, and Liechtenstein, focusing on private banking. The Group manages client assets of CHF 7.9 billion with a staff of 288. In addition to its banking offices in Zurich, Geneva, Lugano, Vienna, and Liechtenstein, the Valartis Group is also present in Luxembourg, Moscow, and Singapore.

## Strategic focus on “Private Banking Plus”

Valartis sees itself as a client-focused provider of wealth management solutions for wealthy private clients and institutional investors. With its “Private Banking Plus” strategy, the private banking group’s aim is to position itself as a “financial coach” for a sophisticated, next-generation private clientele. Valartis wants to be recognised for its individual service and high quality advising of an international clientele as well as for its individually tailored private banking solutions and special product combinations from a single source. Valartis Group combines a broad spectrum of traditional private banking services along with specialised advisory and banking services in the areas of corporate and structured finance, as well as innovative investment products in the asset classes of equities, fixed income, alternative investments, and real estate.

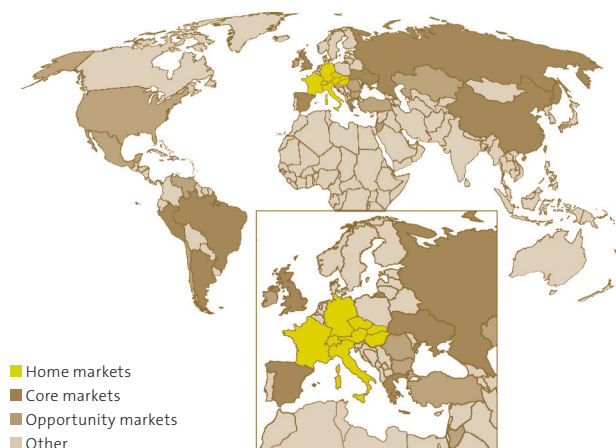
## A public limited company listed on the SIX Swiss Exchange

The parent company of Valartis Group, Valartis Group AG, is a public limited company under Swiss law, which has its registered office in Baar, in the canton of Zug, Switzerland. The bearer shares of Valartis Group AG (ISIN CH0001840450) are listed on the Swiss stock exchange (SIX Swiss Exchange). The largest shareholder of Valartis Group AG is MCG Holding S.A. in Baar, which holds 50.2 per cent of the capital and the voting rights. As a Swiss private banking group, Valartis Group is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA).

## CLIENTS AND MARKETS

In its capacity as a private bank, Valartis counts entrepreneurs, senior executives, self-employed professionals and wealthy families amongst its private clients. In addition to high-net-worth individuals (HNWI), the Valartis Banks look primarily after affluent clients in their home markets with liquid assets to invest in excess of CHF 500,000. The target markets of the Valartis Group include its home markets of Switzerland, Austria, Liechtenstein, and their neighboring countries, as well as Central and Eastern Europe/CIS, the Middle East, parts of North and South America, and selected countries in Asia. In order to address these markets efficiently, the three Valartis banks emphasise different areas in the definition of the core markets that are actively covered and opportunity markets that are addressed in a more passive manner, taking account of their diverse histories and regulatory environments.

Valartis Group’s core and opportunity markets



## PRODUCTS AND SERVICES

### Customised private banking solutions all under one roof

Thanks to a global network of external specialists and the close cooperation between the investment management experts of the Institutional Clients business units, the private banking teams at Valartis Group are able to offer their international clients tailored “Private Banking Plus” solutions all from under one roof. In addition to traditional private banking services such as classic wealth management and strategic investment advisory as well as independent, transparent product offerings, the broad range of Valartis Group’s financial services comprises access to specialists in the area of broader wealth structuring. With decision-making reflecting a lean organisational structure, clients benefit from the way in which solutions can be swiftly and flexibly implemented – something which is often not possible at larger institutions.

### Stability- and security-oriented investment strategy

In making investments, Valartis Group’s experienced portfolio managers follow a core/satellite approach, which is implemented through an open architecture with best-in-class financial products from third-party providers as well as through our own specialised investment instruments. This value-based investment approach ensures that assets are invested on a risk-adjusted basis in accordance with index-oriented core investments in traditional as well as alternative asset classes, and simultaneously with selective investment opportunities with the potential to generate high returns.

### Specialised investment instruments developed in-house

Valartis Group’s investment specialists also leverage their expertise in identifying attractive investment opportunities in the development of proprietary, index-oriented core investment products and complementary niche investment instruments.

Alongside award-winning niche equity funds such as the Swiss Active Alpha Fund, which focuses on Swiss small and mid caps, and smaller retail funds in the areas of fixed income and alternative investments, these include specialised investment vehicles with real estate and private equity portfolios in Germany and Russia. The in-house product offering is rounded off with one-stop-shop solutions for special funds in securities, as well as specially tailored private label funds for groups of investors with very specific investment requirements.

### An extra plus for entrepreneurs

Besides the personal attention provided by well-educated, multi-lingual client advisors, whose many years of private banking experience allow them to give their clients professional support and advisory service that is in line with their needs, particularly Valartis Banks' entrepreneurially minded clients also appreciate the diverse range of services offered by corporate finance experts, who are specialised in the buying and selling of companies and the financing needs of mid-sized companies. Valartis Group's "Private Banking Plus" offering is completed with tailored structured finance solutions in the areas of international taxation, accounting, and regulatory compliance for internationally active companies and cross-border investment structures.

## ORGANISATION

### Organisation in two business segments

Valartis Group's "Private Banking Plus" activities are operationally structured within the two segments Private Clients and Institutional Clients. The service organisation is established within the Corporate Center.

While the Private Clients segment encompasses the private banking activities of the three Valartis banks in Switzerland, Austria, and the Principality of Liechtenstein, the Institutional Clients segment combines the "Plus" activities of Valartis Group in the complementary areas of asset management and corporate and structured finance.

The Corporate Center acts as the service center for the operational business units of Valartis Group. It provides services in the areas of risk management and risk controlling, legal and compliance, finance and controlling, and marketing and communication. The areas of banking operations, logistics, and information technology at Valartis Bank AG, Switzerland, are also included in the Corporate Center, as they too provide services for the Group. Moreover, income and expenses that have no direct link with the two operative business segments are assigned to Corporate Center, as are consolidation items. 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.

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

### Board of Directors

The Board of Directors is the highest management body of Valartis Group. It is accountable 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 2013, the Board of Directors of Valartis Group AG was comprised of the following five non-executive members:

Name	Function	Nationality	Elected until	First elected
Urs Maurer-Lambrou	Chairman	Swiss	2014	2011
Rolf Müller-Senn	Vice-Chairman*	Swiss	2014	2011
Christoph N. Meister	Member*	Swiss	2014	2011
Jean-François Ducrest	Member*	Swiss	2014	2008
Felix Fischer	Member	Swiss	2014	2013

\* 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, 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 Officer and Chief 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
Vincenzo Di Pierri	Deputy Group CEO and CEO of Valartis Bank AG, Switzerland	Swiss and Italian
George M. Isliker	Chief Financial Officer and Chief Risk Officer (CFO/CRO)	Swiss
Monika Jung	CEO of Valartis Bank (Austria) AG	Austrian
Dr. Andreas Insam	CEO of Valartis Bank (Liechtenstein) AG	Austrian



VALARTIS GROUP  
CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	1.1.–30.6.2013	1.1.–30.6.2012 restated <sup>1)</sup>
Interest and discount income		21,583	24,101
Dividend income		91	71
Interest expense		-4,393	-7,228
<b>Income from interest and dividend</b>	<b>1</b>	<b>17,281</b>	<b>16,944</b>
Commission income from loan business		501	432
Commission income from securities and investment business		34,255	33,642
Commission expense		-7,810	-8,055
<b>Income from commission and service fee</b>	<b>2</b>	<b>26,946</b>	<b>26,019</b>
<b>Income from trading</b>	<b>3</b>	<b>-2,515</b>	<b>4,981</b>
Income from associates		1,055	1,345
Other income		1,650	1,200
<b>Other ordinary income</b>	<b>4</b>	<b>2,705</b>	<b>2,545</b>
<b>Total operating income</b>		<b>44,417</b>	<b>50,489</b>
Personnel expense	5	-24,180	-26,296
General expense	6	-12,673	-13,143
<b>Administrative expense</b>		<b>-36,853</b>	<b>-39,439</b>
<b>Gross income/loss</b>		<b>7,564</b>	<b>11,050</b>
Depreciation/amortisation of property, plant and equipment, and intangible assets	7	-6,700	-6,757
Valuation adjustments, provisions and losses	8	-288	-438
<b>Net profit/loss before taxes</b>		<b>576</b>	<b>3,855</b>
Income taxes	9	-440	10
<b>Net profit/loss</b>		<b>136</b>	<b>3,865</b>
Net profit/loss attributable to the shareholders of Valartis Group AG		-1,002	1,087
Net profit attributable to non-controlling interests		1,138	2,778
<b>Earnings per share</b>			
Undiluted earnings attributable to shareholders of Valartis Group AG, in CHF		-0.22	0.23
Diluted earnings attributable to shareholders of Valartis Group AG, in CHF		-0.22	0.23

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012 restated <sup>1)</sup>
<b>Net profit/loss in the income statement</b>	<b>136</b>	<b>3,865</b>
Unrealised gains/losses from financial assets available for sale	2,582	-119
Income from financial assets available for sale transferred to the income statement	10	212
Foreign exchange translation differences	2,508	-1,053
<b>Other comprehensive income, to be reclassified into profit or loss</b>	<b>5,100</b>	<b>-960</b>
Actuarial gains/losses	758	-255
<b>Other comprehensive income, not be reclassified into profit or loss</b>	<b>758</b>	<b>-255</b>
<b>Total other comprehensive income, after tax<sup>2)</sup></b>	<b>5,858</b>	<b>-1,215</b>
<b>Total comprehensive income</b>	<b>5,994</b>	<b>2,650</b>
Allocation of total comprehensive income		
Shareholders of Valartis Group AG	4,864	-167
Non-controlling interests	1,130	2,817

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

2) The pre-tax amount of the gains/losses on financial instruments amounts to TCHF 3,229, the income tax expense to TCHF -637 (previous year: pre-tax TCHF 94, income tax expense THCF -1). The pre-tax amount of actuarial gains/losses amounts to TCHF 897, the income tax expense to TCHF -139 (previous year: pre-tax TCHF -302, income tax expense THCF 47).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ASSETS

In CHF 1,000	Notes	30.6.2013	31.12.2012 restated <sup>1)</sup>
Cash		410,094	632,708
Cash deposits for reverse repurchase agreements		47,150	45,760
Due from banks		1,093,392	1,056,604
Due from clients		608,746	540,094
Trading portfolio assets		282,557	210,581
Financial assets available for sale		81,316	108,794
Financial assets held to maturity		311,695	328,789
Other financial assets at fair value		44,844	43,644
Associated companies		17,549	16,397
Property, plant and equipment		51,369	52,901
Accrued and deferred assets		27,728	29,211
Positive replacement values		2,564	1,243
Other assets		22,898	23,722
Goodwill and other intangible assets		68,045	70,511
Deferred tax assets		13,364	13,762
<b>Total assets</b>		<b>3,083,311</b>	<b>3,174,721</b>
Total subordinated assets		2,948	2,692
Total due from qualified investors		259	277

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

## LIABILITIES AND SHAREHOLDERS' EQUITY

In CHF 1,000	Notes	30.6.2013	31.12.2012 restated <sup>1)</sup>
<b>Liabilities</b>			
Due to banks		87,228	263,871
Due to clients		2,619,209	2,542,002
Negative replacement values		5,963	6,160
Bonds issued	10	12,333	0
Taxes		2,053	1,255
Accrued and deferred liabilities		13,059	17,422
Other liabilities		4,318	5,310
Provisions	11	1,943	2,545
Deferred tax liabilities		20,318	20,185
<b>Total liabilities</b>		<b>2,766,424</b>	<b>2,858,750</b>
<b>Shareholders' equity</b>			
Share capital	12	5,000	5,000
Reserves		285,698	291,412
Foreign exchange translation differences		-32,027	-34,533
Unrealised income from financial assets available for sale		2,469	-133
Treasury shares		-8,988	-9,626
<b>Shareholders' equity of the shareholders of Valartis Group AG</b>		<b>252,152</b>	<b>252,120</b>
Non-controlling interest		64,735	63,851
<b>Total shareholders' equity (including non-controlling interest)</b>		<b>316,887</b>	<b>315,971</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,083,311</b>	<b>3,174,721</b>
Total subordinated liabilities		37,240	44,382
Total due to qualified investors		222	53

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2012 In CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings
<b>Opening balance at 1 January 2012</b>	<b>5,000</b>	<b>-10,325</b>	<b>-4,145</b>	<b>289,991</b>
Restatement opening balance <sup>1)</sup>				
<b>Restated opening balance 1 January 2012</b>	<b>5,000</b>	<b>-10,325</b>	<b>-4,145</b>	<b>289,991</b>
Gains/losses from financial assets available for sale				
Foreign exchange translation differences				
Actuarial gains/losses				
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net profit				1,087
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,087</b>
Dividend payments				
Change in treasury shares		2,193	79	
Employee participation plan			-357	
Transactions with non-controlling interest				1,085
<b>Owner-related changes</b>	<b>0</b>	<b>2,193</b>	<b>-278</b>	<b>1,085</b>
<b>Total shareholders' equity at 30 June 2012</b>	<b>5,000</b>	<b>-8,132</b>	<b>-4,423</b>	<b>292,163</b>
<b>2013</b>				
<b>Opening balance at 1 January 2013</b>	<b>5,000</b>	<b>-9,626</b>	<b>-4,094</b>	<b>297,105</b>
Restatement opening balance <sup>1)</sup>				-31
<b>Restated opening balance 1 January 2013</b>	<b>5,000</b>	<b>-9,626</b>	<b>-4,094</b>	<b>297,074</b>
Gains/losses from financial assets available for sale				
Foreign exchange translation differences				
Actuarial gains/losses				
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net profit	0	0	0	-1,002
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,002</b>
Dividend payments				-5,000
Change in treasury shares		638	31	
Employee participation plan			-311	
Transactions with non-controlling interest			24	-216
<b>Owner-related changes</b>	<b>0</b>	<b>638</b>	<b>-256</b>	<b>-5,216</b>
<b>Total shareholders' equity at 30 June 2013</b>	<b>5,000</b>	<b>-8,988</b>	<b>-4,350</b>	<b>290,856</b>

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

Net unrealised gains/losses on financials available for sale	Foreign exchange translation difference	Remeasurement defined benefit plans	Total equity shareholders of the Valartis Group AG	Non-controlling interest	Foreign exchange effect on non-controlling interest	Total non-controlling interest	Total shareholders' equity
<b>-1,080</b>	<b>-33,240</b>	<b>0</b>	<b>246,201</b>	<b>63,101</b>	<b>-18</b>	<b>63,083</b>	<b>309,284</b>
		-1,057	-1,057			0	-1,057
<b>-1,080</b>	<b>-33,240</b>	<b>-1,057</b>	<b>245,144</b>	<b>63,101</b>	<b>-18</b>	<b>63,083</b>	<b>308,227</b>
56			56	37		37	93
	-1,055		-1,055		2	2	-1,053
		-255	-255			0	-255
<b>56</b>	<b>-1,055</b>	<b>-255</b>	<b>-1,254</b>	<b>37</b>	<b>2</b>	<b>39</b>	<b>-1,215</b>
			1,087	2,778		2,778	3,865
<b>56</b>	<b>-1,055</b>	<b>-255</b>	<b>-167</b>	<b>2,815</b>	<b>2</b>	<b>2,817</b>	<b>2,650</b>
			0	-540		-540	-540
			2,272			0	2,272
			-357			0	-357
			1,085	-2,297		-2,297	-1,212
<b>0</b>	<b>0</b>		<b>3,000</b>	<b>-2,837</b>	<b>0</b>	<b>-2,837</b>	<b>163</b>
<b>-1,024</b>	<b>-34,295</b>	<b>-1,312</b>	<b>247,977</b>	<b>63,079</b>	<b>-16</b>	<b>63,063</b>	<b>311,040</b>
<b>-133</b>	<b>-34,528</b>	<b>0</b>	<b>253,724</b>	<b>63,872</b>	<b>-21</b>	<b>63,851</b>	<b>317,575</b>
	-5	-1,567	-1,603			0	-1,603
<b>-133</b>	<b>-34,533</b>	<b>-1,567</b>	<b>252,121</b>	<b>63,872</b>	<b>-21</b>	<b>63,851</b>	<b>315,972</b>
2,602			2,602	-10		-10	2,592
	2,506		2,506		2	2	2,508
		758	758			0	758
<b>2,602</b>	<b>2,506</b>	<b>758</b>	<b>5,866</b>	<b>-10</b>	<b>2</b>	<b>-8</b>	<b>5,858</b>
			-1,002	1,138		1,138	136
<b>2,602</b>	<b>2,506</b>	<b>758</b>	<b>4,864</b>	<b>1,128</b>	<b>2</b>	<b>1,130</b>	<b>5,994</b>
			-5,000	-1,140		-1,140	-6,140
			669			0	669
			-311			0	-311
			-192	895		895	703
<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,834</b>	<b>-245</b>	<b>0</b>	<b>-245</b>	<b>-5,079</b>
<b>2,469</b>	<b>-32,027</b>	<b>-809</b>	<b>252,151</b>	<b>64,755</b>	<b>-19</b>	<b>64,736</b>	<b>316,887</b>

# CONSOLIDATED CASH FLOW STATEMENT

In CHF 1,000	30.6.2013	30.6.2012
Net profit/loss before taxes	576	3,855
<b>Cash flow from operating activities</b>	<b>-323,624</b>	<b>-91,924</b>
<b>Cash flow from investment activities</b>	<b>48,169</b>	<b>-46,284</b>
<b>Cash flow from financing activities</b>	<b>8,363</b>	<b>50</b>
Effect of foreign exchange translation differences	5,153	-385
<b>Decrease in cash and cash equivalents</b>	<b>-261,939</b>	<b>-138,543</b>
Position at 1 January	1,001,373	682,704
Position at 30 June	739,434	544,161
For the purpose of the cash flow statement, cash and cash equivalents are made up of the following accounts:		
Cash	410,094	324,551
Due from banks at sight/callable	329,340	219,610
<b>Total cash and cash equivalents</b>	<b>739,434</b>	<b>544,161</b>





# 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 business segment. The Institutional Clients segment develops, implements, and manages innovative niche investment products and provides specialised banking services within corporate and structured finance. 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 2012 Annual Report.

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

The consolidated financial statements are in Swiss francs (CHF). The following exchange rates are used for the major currencies:

	30.6.2013 Balance sheet date rate	1.1.–30.6.2013 Annual average rate	30.6.2013 Balance sheet date rate	1.1.–30.6.2013 Annual average rate
EUR	1.2333	1.2299	<b>1.2021</b>	<b>1.2048</b>
USD	0.9430	0.9366	<b>0.9497</b>	<b>0.9288</b>
GBP	1.4377	1.4445	<b>1.4889</b>	<b>1.4642</b>

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 2012.

## 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 2013 and are relevant for the Valartis Group:

#### IAS 1 – Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

#### IAS 1 – Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An opening statement of financial position (known as the "third balance sheet") must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

#### IAS 19 – Employee Benefits (Revised 2011) (IAS 19R)

The IASB has issued numerous amendments to IAS 19. The revised standard eliminates the corridor method that was applied by Valartis Group. All changes in the present value of the defined benefit obligation and the fair value of the plan assets are recognised in the financial statements immediately in the period they occur. In addition, the revised standard specifies the presentation of the changes in the net defined benefit liability. Service costs and net interest on the net defined benefit liability are recognised in the consolidated income statement, whereas the remeasurement of the net defined benefit liability is recognised in other comprehensive income.

These changes are applied retrospectively effective 1 January 2012. They have an impact on the net defined benefit plan asset, the income statement as well as the other comprehensive in-

come. The effects of the adoption of IAS 19R is explained in the table below.

#### Effects of IAS 19R

	Reported	Restatement	Restated
<b>Income statement 1.1.–30.6.2012</b>			
Personnel expense	-26,278	-18	-26,296
Income Taxes	8	2	10
<b>Net profit/loss</b>	<b>3,881</b>	<b>-16</b>	<b>3,865</b>
Net profit/loss attributable to the shareholders of Valartis Group AG	1,103	-16	1,087
Net profit attributable to non-controlling interests	2,778	0	2,778
Undiluted earnings attributable to shareholders of Valartis Group AG, in CHF	0.24	-0.01	0.23
Diluted earnings attributable to shareholders of Valartis Group AG, in CHF	0.24	-0.01	0.23
<b>Statement of other comprehensive income 1.1.–30.6.2012</b>			
<b>Net profit/loss</b>	<b>3,881</b>	<b>-16</b>	<b>3,865</b>
Foreign exchange translation differences	-1,050	-3	-1,053
Actuarial gains/losses	0	-255	-255
<b>Total other comprehensive income</b>	<b>-957</b>	<b>-258</b>	<b>-1,215</b>
<b>Total comprehensive income</b>	<b>2,924</b>	<b>-274</b>	<b>2,650</b>
allocated to the shareholders of Valartis Group AG	107	-274	-167
allocated to the non-controlling interests	2,817	0	2,817
<b>Balance sheet per 31 December 2012</b>			
Other assets	25,619	-1,897	23,722
<b>Total asset</b>	<b>3,176,618</b>	<b>-1,897</b>	<b>3,174,721</b>
Deferred tax liabilities	20,478	-293	20,185
<b>Total Liabilities</b>	<b>2,859,043</b>	<b>-293</b>	<b>2,858,750</b>
Reserves	293,011	-1,599	291,412
Foreign exchange translation differences	-34,528	-5	-34,533
<b>Total shareholders' equity (including non-controlling interest)</b>	<b>317,575</b>	<b>-1,604</b>	<b>315,971</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,176,618</b>	<b>-1,897</b>	<b>3,174,721</b>

#### **IFRS 7 – Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities**

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The amendment does not have an impact on the Group's financial position or performance.

#### **IFRS 10 – Consolidated Financial Statements**

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent. IFRS 10 has no impact on the currently held investments of the Group.

#### **IFRS 12 – Disclosure of Interests in Other Entities**

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

#### **IFRS 13 – Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 14.

The following new standards and interpretations applicable for financial years beginning later than 1 January 2013, have no material impact on the net profit or loss or on the shareholders' equity of the Valartis Group:

IFRS 11	Joint Arrangements
IAS 32	Tax effects of distributions to holders of equity instruments (Amendment)
IAS 34	Interim financial reporting and segment information for total assets and liabilities (Amendment)

### **APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The statutory auditor has reviewed the Half-Year Report 2013 and it was approved by the Board of Directors on 13 August 2013.

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 1. INCOME FROM INTEREST AND DIVIDEND BUSINESS

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Interest income from banking business	3,566	4,067
Interest income from client business	5,541	3,847
Interest and dividend income from the trading portfolio	4,542	5,596
Interest income from mortgage business	338	295
Interest and dividend income from financial assets available for sale	626	412
Interest income from financial assets held to maturity	7,017	9,352
Interest and dividend income from financial assets at fair value	39	40
Other interest income	5	563
<b>Total interest and dividend income</b>	<b>21,674</b>	<b>24,172</b>
Interest expense from banking business	-2,894	-2,790
Interest expense from client business	-1,471	-2,340
Other interest expense	-28	-2,098
<b>Total interest expense</b>	<b>-4,393</b>	<b>-7,228</b>
<b>Total</b>	<b>17,281</b>	<b>16,944</b>

## 2. INCOME FROM COMMISSION AND SERVICE FEE BUSINESS

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Commission income from loan business	501	432
Brokerage fees	5,166	4,998
Custody account fees	5,856	5,068
Commission on investment advice and asset management	11,618	13,771
Issuing business	896	1,380
Commission income from service fee business	5,458	3,633
Commission income from fiduciary business	526	714
Commission income from retrocessions	401	341
Other commission income	4,334	3,737
<b>Total income commission and service fee business</b>	<b>34,756</b>	<b>34,074</b>
Brokerage expense	-792	-1,232
Asset management/fund management by third parties	-3,072	-3,063
Commission expense to client intermediaries and representatives	-1,018	-1,206
Other securities trading expense	-204	-222
Commission expense on retrocessions to third parties	-1,953	-1,410
Other commission and service fee expense	-771	-922
<b>Total expense commission and service fee business</b>	<b>-7,810</b>	<b>-8,055</b>
<b>Total</b>	<b>26,946</b>	<b>26,019</b>

### 3. INCOME FROM TRADING

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Interest rate instruments	-2,244	3,714
Securities	-3,089	-92
Currencies and precious metals	3,562	724
Funds	-744	635
<b>Total</b>	<b>-2,515</b>	<b>4,981</b>
thereof trading	-3,594	4,860
thereof designated at fair value	1,079	121

### 4. OTHER ORDINARY INCOME

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Income from real estate	375	479
Income from the sale of tangible and intangible assets	19	0
Income from the sale of financial assets available for sale	-10	212
Income from associate	1,055	1,345
Other income	1,266	509
<b>Total</b>	<b>2,705</b>	<b>2,545</b>

### 5. PERSONNEL EXPENSE

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012 restated <sup>1)</sup>
Salaries and bonuses	-18,397	-19,733
Social security benefits	-2,427	-2,540
Contributions to occupational pension plans	-1,779	-1,556
Share-based payments	-510	-587
Other personnel expense	-1,067	-1,880
<b>Total</b>	<b>-24,180</b>	<b>-26,296</b>

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

## 6. GENERAL EXPENSE

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Occupancy expense	-2,793	-2,728
IT and information expense	-3,673	-3,549
Office and business expense	-4,800	-5,436
Other general expense	-1,407	-1,430
<b>Total</b>	<b>-12,673</b>	<b>-13,143</b>

## 7. DEPRECIATION AND AMORTISATION

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Depreciation of property, plant and equipment	-3,597	-3,698
Amortisation of intangible assets	-3,103	-3,059
<b>Total</b>	<b>-6,700</b>	<b>-6,757</b>

## 8. VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES

In CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Impairments	-119	-327
Impairment reversals	200	135
Losses	-274	-192
Change in provisions	-95	-54
<b>Total</b>	<b>-288</b>	<b>-438</b>

## 9. TAXES

In CHF 1,000	1.1.–30.06.2013	1.1.–30.6.2012 restated <sup>1)</sup>
Current income taxes	-822	-719
Change in deferred taxes	382	729
<b>Total</b>	<b>-440</b>	<b>10</b>

1) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

# NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 10. BONDS ISSUED

Valartis Bank (Liechtenstein) AG has repaid its subordinated loan in the amount of CHF 20 million of its former parent company, the Voralberger Landes- und Hypothekenbank AG, before final

maturity. They issued simultaneously a subordinated bond in the amount of EUR 10 million through private placement.

## 11. PROVISIONS

On 5 July 2013, the Swiss Banker Association (SBA) provided an update on the progress of the withholding tax treaty between Switzerland and the UK. According to this announcement, it cannot be excluded that the Valartis will be forced to proportionally participate in the guaranteed minimum payment to the UK. This is due to fact that the effectively paid amount is significantly lower than anticipated payments from Switzerland to UK. In accordance with the allocation key, the Group may face a maximum payment in the amount of CHF 0.1 million, which has been fully provisioned.

Total provisions decreased by CHF 0.6 million to CHF 1.9 million compared to the year-end 2012. The provisions in connection with the sale of Valartis Bonuscard AG in the category of non-payment risks (del credere and country risks) could be released due to the fact that the escrow agreements have been fully transferred to Valartis.

## 12. SHARE CAPITAL

in CHF	30.6.2013	31.12.2012
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), restated	55	55

A dividend of CHF 1.00 per share was distributed for the financial year 2012 (2011: no dividend).

## 13. TREASURY SHARES

Valartis Group AG	Number
<b>Position at 1 January 2012</b>	<b>382,415</b>
Purchases	45,007
Sales	-108,635
<b>Position at 30 June 2012</b>	<b>318,787</b>
Purchases	274,811
Sales	-159,031
<b>Position at 31 December 2012</b>	<b>434,567</b>
Purchases	20,398
Sales	-60,586
<b>Position at 30 June 2013</b>	<b>394,379</b>

During the reporting period, 20,398 shares were purchased at CHF 20.36 each and 60,586 shares with a historical average price of CHF 17.38 were sold at CHF 20.88 each. In the prior year period, 45,007 shares were purchased at CHF 14.84 each and 108,635

shares were sold at 26.33 (historical average price). As per balance sheet date, the Valartis Group had 394,379 treasury shares at a weighted average acquisition price of CHF 22.79.



## 14. FAIR VALUE

The Fair Value Hierarchy of IFRS 3 distinguishes a classification of financial instruments in 3 levels:

### Level 1 instruments

If the financial instrument is traded in an active market, its fair value is based on listed market prices. This category essentially comprises almost all equity and debt instruments. The fair value of these positions corresponds to the settlement prices for exchange-traded derivatives or the closing prices for the remaining positions multiplied by the numbers of units of the financial instrument.

### Level 2 instruments

If there is no active market, the fair value is determined on the basis of valuation models or other generally accepted valuation methods. If all significant input can be observed directly or indirectly in the market, the instrument is classified as a level 2 instrument. This category essentially comprises unlisted or illiquid debt instruments and investment funds for which a binding net asset value is not published on a daily basis.

### Level 3 instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These instruments essentially comprise equity instruments or investment funds for which a binding net asset value is not published at least quarterly. The fair value of these positions is generally determined based on the estimates of external experts.

The position in relation to the contingent purchase price consideration from the EPH transaction (CHF 44.6 million), is shown in level 3. The fair value of this position corresponds to the expected payout, discounted as per balance sheet date. The payout amount depends on the successful completion and the sale of individual projects of Eastern Property Holdings Ltd. The valuation of these projects is verified by external experts semi-annually. This approach essentially corresponds to the net asset value calculation for EPH as applied over the last years. Valartis Group participates by half on a potential up-side and fully bears the downside risk (limited to CHF 34.2 million). Changes in the fair value calculation are recognised in the income statement.

### Sensitivity of fair values of level 3 instruments

A shift in the interest rate level of one percentage point and a shortening of the payment terms by 1 year only results in a minor change of the fair value. Changes in the valuation of the EPH projects yields to an adjustment of the expected payout amount (loss potential limited to CHF 34.2 Mio, 50 per cent participation on gains).

A reasonably realistic change in the basic assumptions or estimated values of the other level 3 positions has no significant impact on the Group's income statement, statement of comprehensive income or shareholders' equity.

The following tables show the valuation methods of financial instruments as well as the changes of items for which the fair value calculation is not based on market data (level 3):

## Fair value of financial instruments

In CHF 1,000	30.6.2013			31.12.2012		
	Book value	Fair value	Deviation	Book value	Fair value	Deviation
<b>Assets</b>						
Cash	410,094	410,094	0	632,708	632,708	0
Cash deposits for reverse repurchase agreements	47,150	47,150	0	45,760	45,760	0
Due from banks	1,093,392	1,093,318	-74	1,056,604	1,056,962	358
Due from clients	608,746	608,015	-731	540,094	540,060	-34
Financial assets held to maturity	311,695	326,444	14,749	328,789	347,010	18,221
<b>Financial assets at amortised costs</b>	<b>2,471,077</b>	<b>2,485,021</b>	<b>13,944</b>	<b>2,603,955</b>	<b>2,622,500</b>	<b>18,545</b>
Trading portfolio assets	282,557	282,557	0	210,581	210,581	0
Financial assets available for sale	81,316	81,316	0	108,794	108,794	0
Positive replacement values	2,564	2,564	0	1,243	1,243	0
Other financial assets at fair value	44,844	44,844	0	43,644	43,644	0
<b>Financial assets at fair value</b>	<b>411,281</b>	<b>411,281</b>	<b>0</b>	<b>364,262</b>	<b>364,262</b>	<b>0</b>
<b>Liabilities</b>						
Due to banks	87,228	86,849	-379	263,871	269,100	5,229
Due to clients	2,619,209	2,619,209	0	2,542,002	2,541,983	-19
Bonds issued	12,333	12,333	0	0	0	0
<b>Financial liabilities at amortised costs</b>	<b>2,718,770</b>	<b>2,718,391</b>	<b>-379</b>	<b>2,805,873</b>	<b>2,811,083</b>	<b>5,210</b>
Negative replacement values	5,963	5,963	0	6,160	6,160	0
<b>Financial liabilities at fair value</b>	<b>5,963</b>	<b>5,963</b>	<b>0</b>	<b>6,160</b>	<b>6,160</b>	<b>0</b>

## Valuation methods of financial instruments

2013 In CHF 1,000	Quoted market prices (Level 1) <sup>1)</sup>	Valuation method based on market data (Level 2) <sup>1)</sup>	Valuation method not based on market data (Level 3)	30.6.2013
<b>Financial assets – trading book</b>				
Trading portfolio assets	255,782	18,187	8,588	282,557
Positive replacement values	0	2,564	0	2,564
Other financial assets at fair value	245	0	44,599	44,844
<b>Financial liabilities – trading book</b>				
Negative replacement values	0	5,963	0	5,963
<b>Financial assets – banking book</b>				
Financial assets available for sale	58,153	19,756	3,407	81,316

1) There was no transfer between level 1 and level 2 during the reporting period.

### Changes of level 3 positions

2013 In CHF 1,000	Opening balance at 1.1.2013	Recognised in the income statement <sup>1)</sup>	Net income recognised in shareholders' equity <sup>2)</sup>	Transfer from level 1 and level 2 <sup>3)</sup>	Purchase	Sales	Closing balance at 30.6.2013
Trading portfolio assets	6,410	435	0	0	1,743	0	8,588
Positive replacement values	5	0	0	-5	0	0	0
Financial assets available for sale	19,602	0	112	-16,307		0	3,407
Other financial assets at fair value	43,267	1,332	0	0	0	0	44,599

1) The unrealised trading gain recorded in the income statement for trading portfolio held at half year 2013 amounts to TCHF 435, for the other financial asset at fair value amounts to TCHF 1,332.

2) The unrealised gain on financial assets afs half year 2013 recorded in shareholders equity amounts to TCHF 112.

3) Since 2013 there is a new external price available for one title and its corresponding derivative. We therefore transferred this position from the level 3 to the level 2 category; the transfer took place at the beginning of the reporting period.

### 15. CONSOLIDATED STATEMENT OF OFF-BALANCE-SHEET ITEMS

In CHF 1,000	30.6.2013	31.12.2012
Credit guarantees	8,521	7,130
Warranties	0	0
Other contingent liabilities	18,962	26,515
<b>Total contingent liabilities</b>	<b>27,483</b>	<b>33,645</b>
Irrevocable commitments	15,946	946
Loan commitments	0	0
Call commitments and additional funding obligations	0	0
Positive replacement values	2,564	1,243
Negative replacement values	5,963	6,160
Contract volume	603,534	785,402
Fiduciary transactions	283,729	328,759

This table is based on the FINMA circular 2008/2. The contingent liabilities do not qualify as contingent liabilities in accordance with IAS 37.

# BUSINESS SEGMENTS

## 16. SEGMENT REPORTING

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

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

<b>1.1.–30.6.2013</b> In CHF 1,000	Private Clients	Institutional Clients	Corporate Center	Total
Income from interest and dividend	6,045	3,077	8,159	17,281
Income from commission and service fee	21,363	5,354	229	26,946
Income from trading	4,216	-3,163	-3,568	-2,515
Other ordinary income <sup>1)</sup>	966	2,676	-937	2,705
<b>Operating income</b>	<b>32,590</b>	<b>7,944</b>	<b>3,883</b>	<b>44,417</b>
Personnel expense	-15,737	-4,501	-3,942	-24,180
General expense	-5,960	-2,224	-4,489	-12,673
<b>Administrative expense</b>	<b>-21,697</b>	<b>-6,725</b>	<b>-8,431</b>	<b>-36,853</b>
Service from/to other segments	-1,892	-1,029	2,921	0
<b>Gross operating profit</b>	<b>9,001</b>	<b>190</b>	<b>-1,627</b>	<b>7,564</b>
Depreciation and amortisation	-944	-88	-739	-1,771
Valuation adjustments, provisions and losses	-284	-1	-3	-288
<b>Segment result before amortisation</b>	<b>7,773</b>	<b>101</b>	<b>-2,369</b>	<b>5,505</b>
Amortisation of tangible and intangible assets (PPA) <sup>2)</sup>	-4,429	-500	0	-4,929
<b>Segment result after amortisation</b>	<b>3,344</b>	<b>-399</b>	<b>-2,369</b>	<b>576</b>
Taxes				-440
<b>Net profit</b>				<b>136</b>
attributable to shareholders of Valartis Group AG				-1,002
attributable to non-controlling interests				1,138
Total assets	2,987,336	634,743	-538,768	3,083,311
Total liabilities	2,754,640	358,068	-346,284	2,766,424
Total client assets	6,806,061	1,091,443	0	7,897,504
Net new money	137,268	-12,052	0	125,216
Employees (full-time equivalents)	205	42	41	288

1) The additional amortisation of tangible and intangible assets that are capitalised using the purchase price allocation approach is recognised separately.

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

<b>1.1.–30.6.2012</b>	Private	Institutional	Corporate	Total
In CHF 1,000	Clients	Clients	Center	
<b>Income from interest and dividend</b>	<b>7,097</b>	<b>2,683</b>	<b>7,164</b>	<b>16,944</b>
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 <sup>1)</sup>	349	1,999	197	2,545
<b>Operating income</b>	<b>29,503</b>	<b>14,998</b>	<b>5,988</b>	<b>50,489</b>
Personnel expense <sup>2)</sup>	-15,719	-5,526	-5,051	-26,296
General expense	-5,691	-2,744	-4,708	-13,143
<b>Administrative expense</b>	<b>-21,410</b>	<b>-8,270</b>	<b>-9,759</b>	<b>-39,439</b>
Service from/to other segments	-1,532	-874	2,406	0
<b>Gross operating profit</b>	<b>6,561</b>	<b>5,854</b>	<b>-1,365</b>	<b>11,050</b>
Depreciation and amortisation	-936	-105	-855	-1,896
Valuation adjustments, provisions and losses	-163	-273	-2	-438
<b>Segment result before amortisation</b>	<b>5,462</b>	<b>5,476</b>	<b>-2,222</b>	<b>8,716</b>
Amortisation of tangible and intangible assets (PPA) <sup>3)</sup>	-4,361	-500	0	-4,861
<b>Segment result after amortisation</b>	<b>1,101</b>	<b>4,976</b>	<b>-2,222</b>	<b>3,855</b>
Taxes				10
<b>Net profit</b>				<b>3,865</b>
attributable to shareholders of Valartis Group AG				1,087
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
Total client assets	6,227,232	1,195,503	0	7,422,735
Net new money	485,891	4,957	0	490,848
Employees (full-time equivalents)	193	64	45	302

1) The additional amortisation of tangible and intangible assets that are capitalised using the purchase price allocation approach is recognised separately.

2) Restated due to retrospectively implementation of IAS 19 revised. For further details we refer to page 19.

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

# ADDITIONAL INFORMATION

## 17. ASSETS UNDER MANAGEMENT

In CHF 1,000	30.6.2013	31.12.2012
Assets in self-managed funds	771,164	770,836
Assets with management mandates	584,224	600,508
Other client assets	5,869,761	5,801,313
<b>Total assets under management<sup>1)</sup></b>	<b>7,225,149</b>	<b>7,172,657</b>
of which double counts	313,830	316,553
Net new money inflow <sup>2), 3)</sup>	125,216	929,302
Custody assets	77,074	54,870
Assets in leveraged funds <sup>4)</sup>	595,281	570,481
<b>Total client assets (including leveraged funds and custody assets)</b>	<b>7,897,504</b>	<b>7,798,008</b>

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.

## 18. 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.

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The English Valartis Group Annual Report is a translation of the German original. Only the German original is legally binding.

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## Valartis market information

Bearer shares listed on SIX Swiss Exchange  
Symbol on SIX: VLRT  
Reuters: VLRT.S  
Bloomberg: VLRT SW  
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