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MEDIA RELEASE

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Valartis Group – 2011 Full Year Results

Despite consolidated losses of CHF 17.2 million, Valartis Group made further progress in 2011 in implementing its new strategic focus on the wealth management business for high-net-worth private clients and institutional investors ("Private Banking Plus") and reported a good segment result of CHF 16.1 million for the business segment "Private Clients" (33% up on the previous year).

In a difficult market environment, net inflow of funds almost quadrupled from the previous year and totalled CHF 862 million for 2011. Assets under management rose despite negative market and currency effects to CHF 6.8 billion. At the same time, net commission income rose by 11% to CHF 52.2 million and costs reduced by 7% despite intensified marketing initiatives and significant investment in infrastructure expansion. In the past financial year the risk profile of the proprietary bond investments was also improved and a further streamlining of the business portfolio was concluded with the sale of Valartis Bonus Card AG in December 2011.

Non-operating special factors such as the negative performance of an associated company already announced as part of the 2011 half-year figures amounting to CHF 23.5 million as well as the loss on interest rate hedging transactions and a widening of the credit spreads in the European bonds markets weighed on the overall result and led to a gross loss, before depreciation, valuation adjustments and provisions of CHF 18.5 million.

Positive net new money trend for Private Banking

The strategic business refocusing that the Group launched in 2008 with an emphasis on the wealth management business proved successful in 2011. For the first time since this refocus four years ago, the business segment "Private Clients", which includes the private banking activities of the three Valartis banks in Switzerland, Austria and the Principality of Liechtenstein, was the Group's primary source of earnings. Although the economical, political, and regulatory conditions, along with the necessary organisational adaptations which go along with such external conditions, have undergone significant changes over the past few years, Valartis Group's "Private Banking Plus" business case developed successfully.

The Valartis Group's ability to acquire business, in particular, developed in a satisfactory way in 2011. Thanks to intensified and successful market development initiatives, the Group attracted net new funds of CHF 862 million (previous year: CHF 220 million). Due to market and currency conditions, assets decreased by CHF 304 million, with assets under management reaching CHF 6.8 billion at the end of 2011 (previous year: CHF 6.3 billion).

Gross loss due to one-off factors

Taking into consideration all three business segments ("Private Clients", "Institutional Clients" and "Corporate Center"), Valartis Group ended the year with a gross loss under IFRS of CHF 18.5 million. Operating income, including all non-operating positions and one-off factors, was CHF 63.2 million (down 35%), while administrative expense was CHF 81.7 million (down 7%).

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Historically low interest rates and movements in exchange rates caused income from interest and dividend to fall by 17% to CHF 41.2 million. However, this decrease also reflects a significantly reduced risk profile in our proprietary bond investments compared with 2010, as less risk also means less net interest income.

The income from commission and service fee business rose by 11% to CHF 52.2 million despite the difficult market environment. The share of income from the wealth management and investment business increased, while transaction-based income was unchanged compared with the previous year. The average commission margin rose from 74 basis points in 2010 to 80 basis points in 2011.

With the reduction of a trading portfolio, which led to a decrease in the risk profile on proprietary bond investments, a loss was unfortunately realised on hedging interest rate risks. Although there was a positive net effect from interest income from the bond portfolio of CHF 7.7 million, income from trading showed a loss of CHF 20.4 million. In addition, other ordinary income also posted a loss, primarily due to the reason we reported in the 2011 first-half report, which was a non-cash effective impairment charge on the associated company Eastern Property Holdings Ltd. The loss for other ordinary income was CHF 9.8 million.

On the expense side, a focus on business activities of the core business helped to reduce personnel and administrative expense by 7%.

The eligible core capital increased by 5% to CHF 171 million compared to the previous year. The required regulatory capital stood at CHF 126 million, while eligible regulatory capital amounted to CHF 197 million. Thus, the BIS tier-1 ratio had improved to 10.9% at the end of 2011, and the capital adequacy ratio rose from 142% to 156%. In view of the loss and the increasing capital requirements, the Board of Directors has decided not to recommend a dividend to the Annual Shareholders' Meeting of 8 May 2012.

Target is focused growth
In order to keep up in an increasingly competitive environment, the key success factor for Valartis Group will be to achieve a critical mass in client assets under management while also lowering its cost base further. Following a thorough analysis, Valartis Group accordingly redefined its medium-term goals.

With another increase in commission income and in the earnings volume on an annual basis, together with strict cost controls, the operating cost-to-income ratio is to be lowered, the capital base strengthened, and thus the BIS tier-1 ratio increased further. At the same time, Valartis Group wants to optimise the breadth of its market presence and its services, and to position itself as a niche private banking boutique by offering product combinations tailored to client needs and by operating a highly automated banking business.

This also provides the context for the sale of Valartis Bonus Card AG, active in the credit card and customer loyalty business, which resulted in further focusing of the business portfolio. On 19 December 2011, Valartis Group completed the sale of all shares of Valartis Bonus Card AG to the Lugano-based banking group Cornèr Banca SA.

Investing in the future
Valartis Group continued to invest in its technical infrastructure in 2011 as part of its business strategy. In the first half of the year, the processes and procedures in securities trading as well

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as in the back office were highly automated. This will enable Valartis Group to increase client assets without having to add personnel in the back or middle offices and thus, along with further cost reduction measures that are planned, to reach a sustainable decrease in the cost-to-income ratio. In addition, Valartis Group expanded and strengthened its various management team layers. Along with these measures, the organisational structure of the business segment "Institutional Clients" was streamlined in the past year. With a series of complementary activities, a state-of-the-art technical infrastructure and a well-functioning compliance unit, Valartis Group now has a solid foundation for future growth.

Dates and information

Annual results press conference	3 April 2012, 10:30 a.m.	Widder Hotel, Zurich
Annual Shareholders' Meeting	8 May 2012, 5:00 p.m.	World Trade Center, Zurich

The 2011 Valartis Group Annual Report can be downloaded in PDF format from our homepage at *www.valartisgroup.ch*.

If you have any questions, please contact:
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Valartis Group – "Private Banking Plus"
Valartis Group is an internationally active banking and finance group with offices in Zurich, Geneva, Vienna, Liechtenstein, Luxembourg, Singapore, Moscow and St Petersburg. The Group's holding company, Valartis Group AG, is domiciled in Baar, canton of Zug, and is listed on the Swiss stock exchange SIX Swiss Exchange.

Valartis Group focuses on the wealth management business for high-net-worth private clients and institutional investors: "Private Banking Plus". In addition to traditional wealth management and investment advisory, Valartis Group develops, manages and markets innovative niche investment products and provides specialised advisory and banking services within corporate and structured finance. 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.

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Key Figures

in CHF million	2011	2010	Δ%
Total operating income	63.2	96.8	–34.7
Income from interest and dividend	41.2	49.6	–16.9
Income from commission and service fee	52.2	46.9	11.3
Loss from trading	–20.4	–6.9	
Other ordinary income	–9.8	7.2	
Administrative expense	–81.7	–87.6	–6.7
Personnel expense	–50.4	–55.7	–9.5
General expense	–31.3	–31.9	–1.9
Gross loss/profit	–18.5	9.2	
Depreciation, valuation adjustments and provisions	–17.0	–16.7	1.8
Income taxes and minority interests	3.8	6.3	–39.7
Profit after tax from discontinued operations	14.5	12.1	19.8
Net loss/profit (shareholders of Valartis Group AG)	–17.2	10.9	

Total assets	2,631	2,437	8.0
Shareholders' equity	309	337	–8.3

Total client assets under management	6,835	6,277	8.9
Net new money inflow	862	220	
Employees, as full-time equivalents	297	302	–1.7