

## Press Release

8 April 2009

### Group profit of CHF 3.3 million for Valartis shareholders

*The Valartis Group achieved a consolidated net profit of CHF 3.3 million in 2008 (prior year: CHF 49.9 million). With shareholders' equity of CHF 285.9 million (including minority interests of CHF 47 million) the Group has retained its strong capital and financing base (prior year: CHF 244.4 million). Client assets under management as at year-end were CHF 4.015 billion (prior year: CHF 4.239 billion). The Board of Directors will propose to the General Assembly of 5 May 2009 to pay out a dividend of CHF 0.50 per bearer share (prior year: CHF 2.75). It also will propose the re-election of Erwin W. Heri and Stefan Holzer to the Board of Directors of Valartis Group AG.*

### A challenging financial year

The Valartis Group's earnings in 2008 were heavily impacted by the turmoil on the financial markets. The year can only be deemed an "annus horribilis" for Investment Banking, which recorded net trading income of CHF -56.4 million (CHF 23.0 million). This was mainly due to the larger trading positions of this segment in Swiss small and mid caps, which sharply declined in value due to extremely poor performance on the global equity markets in the second half of 2008.

Earnings also weakened in commission business with securities and investments, which dropped from CHF 86.4 million (prior year) to CHF 48.6 million. First, lower transaction volumes resulted in reduced earnings from client-related stock and derivatives trading (brokerage). Second, the drop in assets under management, and in particular the loss of performance-related income – primarily from equity funds focussed on Russia and Eastern Europe – negatively affected commission earnings. The real estate activities of the Asset Management segment saw much more positive developments. For instance, construction of a shopping, entertainment and office complex progressed according to schedule in Algeria; the centre is expected to open in the second half of 2009. In the international real estate funds segment, Valartis received two advisory mandates, for which initial investments were made in Europe, Asia and Latin America.

The turmoil on the international financial markets, however, has also given rise to new opportunities. For instance, the Valartis Group was able to purchase a 50% stake in the investment company ENR Russia Invest (ENR) for well under book value and a 20% investment in Eastern Property Holdings (EPH). These companies were fully and partly consolidated, respectively, which resulted in income from business combination of CHF 14.0 million and income from associates of CHF 41.5 million.

On the cost front, personnel and operating costs were CHF 58.2 million (CHF 50 million). The increase compared with the prior year is primarily due to the expansion of corporate finance and M&A activities in Europe, the Asset Management segment's expansion of its real estate activities and investments in Private Banking. In response to poor market conditions in the second half of 2008, the Group initiated its first cost-saving measures. Apart from changes to remuneration policy, the measures mainly target the service range offered by Investment Banking; the effects of these measures, however, will not be felt until sometime later this year.

After taking deferred tax assets of CHF 5.1 million (CHF -10.1 million) into account and factoring in the share of losses of minority interests of CHF 7.3 million (CHF 0.7 million), the net profit for the shareholders of the Valartis Group AG is CHF 3.3 million (CHF 49.9 million).

### **Setting the course in private banking**

By acquiring a private bank in Vienna at the end of 2008, which started 2009 under the new name Valartis Bank (Austria) AG, the Group has significantly expanded its Wealth Management activities while also expanding its fund business in the Asset Management sector. The Group's earning power is now not only more broadly based but also strengthened by seizing new growth opportunities. In Switzerland, the company's Private Banking presence has been selectively expanded in Geneva and Zurich. As at the end of 2008, the Wealth Management segment had some CHF 2 billion in assets under management and advised some 4,000 clients worldwide.

As a result of this new focus, the Investment Banking segment has massively reduced its limits for proprietary trading in Swiss equities and derivatives. This reorientation was prompted by the conviction that, in the long run, the conservative investment philosophy in Private Banking, with its focus on capital protection and long-term capital growth, is not compatible with large volatile trading positions in Investment Banking.

### **Capital base remains strong**

The consolidation of the bank in Vienna as at 31 December 2008 also had a profound impact on the Group's balance sheet. Total assets increased compared with the prior year by a good CHF 1 billion to CHF 1.501 billion. About two-thirds of the total assets represent client assets that are temporarily invested in high-quality domestic and international banking institutions. This indicates that going forward, interest operations will be of much greater significance to Valartis. With equity of CHF 285.9 million, the Group continues to have a strong capital and financial base; excluding minority shares, the book value per bearer share is CHF 48.60 (CHF 49.80).

On a consolidated basis, the Group managed assets of CHF 4.015 billion (CHF 4.239 billion) as at the end of 2008.

### **Changes to the Group Executive Board**

Reto Peczinka, a member of the Group Executive Board and member of Valartis Bank's Executive Board, will leave the Group at the end of April 2009 to pursue other opportunities. He has held various positions for Valartis since 1995 in trading and brokerage. The Board of Directors thanks Reto Peczinka for his many years of dedication and wishes him much success for his future professional life. Gustav Stenbolt, Group CEO, will take over management of Investment Banking for the transitional period.

**Proposals of the Board of Directors – reduced dividends**

In light of the lower earnings, Valartis Group AG's Board of Directors will propose to the General Assembly of 5 May 2009 to pay out a lower dividend this year of CHF 2.5 million (prior year: CHF 13.75 million), i.e., CHF 0.50 (prior year: CHF 2.75) per bearer share. It also proposes the re-election of Erwin W. Heri and Stefan Holzer to the Board of Directors of Valartis Group AG.

**Dates and information**

Financial results press conference	8 April 2009, 10:30 a.m.	Widder Hotel, Zurich
General Assembly	5 May 2009, 5:00 p.m.	World Trade Center, Zurich

The 2008 Annual Report can be downloaded as a PDF from our Web site: [www.valartis.ch](http://www.valartis.ch)

**If you have any questions, please contact:**

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**Key figures, in CHF million**

<b>Income Statement</b>	<b>2008</b>	<b>2007</b>	<b>Δ%</b>
Net interest income	3.2	3.5	-9.0
Net commission income	48.6	86.4	-43.8
Income from trading	-56.4	23.0	
Other income	56.7	-1.6	
<b>Total income</b>	<b>52.0</b>	<b>111.3</b>	<b>-53.2</b>
Personnel expenses	-35.1	-32.5	+7.9
Business and office expenses	-23.1	-17.5	+32.4
<b>Total expenses</b>	<b>-58.2</b>	<b>-50.0</b>	<b>+16.4</b>
<b>Gross income</b>	<b>-6.2</b>	<b>61.3</b>	
Depreciation and provisions	-2.9	-2.0	+45.6
Taxes	5.1	-10.1	
Minority interests (loss)	7.3	0.7	
<b>Net profit</b> (shareholders of Valartis Group AG)	<b>3.3</b>	<b>49.9</b>	<b>-93.3</b>
<b>Balance sheet <sup>1)</sup></b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>Δ%</b>
Total assets	1,501.2	490.7	+205.9
Debt	1,215.3	246.3	+393.4
Equity (including minority interests)	285.9	244.4	+17.0
<b>Key figures</b>	<b>2008</b>	<b>2007</b>	<b>Δ%</b>
Group profit per share, CHF	0.67	10.1	-93.3
Equity per share, CHF	48.6	49.8	-2.4
Dividend per share, CHF	0.50 <sup>2)</sup>	2.75	-81.8
Return on equity, %	1.2	22.0	
Dividend yield, %	3.5	3.3	
Cost / income ratio, %	117.5	46.7	
Equity ratio, %	19.0	49.8	
Total client assets	4,015	4,239	-5.3
Staff	256	131	+95.4

1) Full consolidation of Valartis Bank (Austria) AG as at 31.12.2008; 2) Proposal of the Board of Directors