valartisgroup

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MEDIA RELEASE

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Valartis Group 2010: Net profit of CHF 10.9 million; positive inflow of net new assets; management to be expanded and strengthened

The Valartis Group generated operating income of CHF 122.8 million and a net profit of CHF 10.9 million in 2010. The net inflow of new assets totalled a satisfactory CHF 220 million. Due to the strong Swiss franc, however, assets under management remained almost unchanged compared with the previous year at CHF 6.3 billion. In order to further promote the Group's development, the Management Board of Valartis Bank Switzerland and the Group Executive Board will be restructured and strengthened. Furthermore, the Board of Directors will propose to the Annual Shareholders' Meeting of 10 May 2011, in addition to an unchanged dividend of CHF 0.50 per bearer share, the re-election of Jean-François Ducrest and the election of Rolf Müller, Christoph Meister and Urs Maurer to the Board of Directors of Valartis Group AG.

Significant increase in interest and commission income

Following the expansion of private banking activities and the integration of Valartis Bank (Austria) AG and Valartis Bank (Liechtenstein) AG, as well as the recent acquisition of Valartis Bonus Card AG, the Group's balance sheet business has expanded substantially during the last two years. This had a substantial impact for the first time in 2010, as net interest income increased significantly by CHF 25.8 million to CHF 53.5 million. At the same time, income from commission and management fees rose from CHF 42.0 million to CHF 54.7 million. This increase is attributable primarily to the first-time consolidation of Valartis Bonus Card AG and Valartis Bank (Liechtenstein) AG, which can both look back on a very good year in this regard. Due to the appreciation of the Swiss franc against most of the currencies relevant to us, the progress made by our foreign subsidiaries in the interest and commission business was not reflected in the consolidated financial statements to the extent desired.

The unfavourable exchange rate movements against the euro and the US dollar are also the reason for the slight decrease in assets under management from CHF 6.378 billion to CHF 6.277 billion. However, the net inflow of new assets under management totalled a satisfactory CHF 220 million. This success was driven by Valartis Bank Switzerland, which expanded its private banking activities substantially during both of the past two years.

Net trading income unsatisfactory

After an extraordinarily good result of CHF 77.4 million in 2009, net trading income had a negative impact on the 2010 income statement of CHF -6.9 million. The reason was the EU debt crisis, which led to a renewed fall in the value of the euro and to a marked expansion of risk premiums in the bond segment. As a result, falling bond prices impacted the market valuation of the Group's bond portfolio. This was countered by exchange rate gains recorded by the Group from the hedging of its euro and US dollar exposures. Although trading income in the first half of 2010 was CHF -17.0 million, a trading profit of CHF 10.1 million was recorded in the second half of the year.

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Expansion of credit card business
In May 2010, Jelmoli Bonus Card AG, a company active in the credit card and client loyalty business, was fully acquired (the Group previously owned 27.5%) and renamed Valartis Bonus Card AG. The acquisition resulted in a profit from business combination of CHF 10.1 million. Since the launch of the free Visa Bonus Card, Valartis Bonus Card AG has performed very well. An especially successful move was the cooperation with the SBB Swiss Federal Railways, which offers the Half-Fare travel card with a free Visa card at preferential conditions. With card spending of around CHF 800 million, it has a solid presence in the Swiss credit card market and makes a valuable contribution to the strengthening of the Group-wide income base.

Acquisition-related increase in costs
The Group's personnel and administrative expenses increased during the course of 2010 from CHF 71.5 million to CHF 99.5 million. This increase can largely be attributed to the growth of the Group: Following the takeover of Valartis Bank (Liechtenstein) AG and the acquisition of Valartis Bonus Card AG at the end of May, the Group's workforce increased by 120 employees. At the same time, the number of employees of Valartis Bank AG also increased significantly following the expansion of private banking in Switzerland. The Valartis Group now employs a total of 407 people.

The cost/income ratio increased to 81.0% due to the poor trading result and the additional investments now required in the quality and efficiency of the front office and downstream front office areas. These investments will in future be reflected in higher profitability and lower cost/income ratios.

Overall, after deduction of all costs from the operating income of CHF 122.8 million and considering the tax effects, a net profit of CHF 10.9 million or CHF 2.36 per bearer share was recorded.

Balance sheet management – high liquidity
The balance sheet management is working to minimize the liquidity risks. As at the end of 2010 the Group had cash of CHF 517 million, which is equal to one fifth of the total assets of CHF 2.437 billion. In including the amounts immediately available due from banks, the amount of cash rises to CHF 893 million, or 37% of total assets.

The Group's equity base totalled CHF 336.7 million at the end of 2010. The equity ratio was 13.8%. As capital requirements become stricter, Valartis will – like other banks – give greater weight to capital management. The Board of Directors of Valartis Group AG will propose to the Annual Shareholders' Meeting of 10 May 2011 the distribution of an unchanged dividend of CHF 2.5 million or CHF 0.50 per bearer share.

Strengthening of management
The dynamic growth of the Group, in particular in the private banking business for affluent individuals, has made a significant change to the structure and size of Valartis. In order to meet the associated challenges in a more targeted manner, the Board of Directors has decided to broaden the management base.

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As Head of the Group Executive Board, Gustav Stenbolt will concentrate on the operational management of the Valartis Group and hand over the management of Valartis Bank AG in Switzerland to Stefan Holzer. Philipp Leibundgut will enter the Management Board of Valartis Bank AG in Switzerland and become responsible for the Asset Management division. In addition to the group CEO and group CFO, the heads of the three banks will be added to the Group Executive Board. Furthermore the CFO positions of Valartis Group AG and Valartis Bank Switzerland will be divided. Daniel Reptsis will take on the CFO / CRO (Chief Risk Officer) function of Valartis Bank AG Switzerland. He was already a member of the Management Board and responsible for banking operations. George Isliker will be the new Group CFO / CRO. George Isliker worked from 2004 until 2010 as Head of Group Finance at VP Bank in Vaduz, Liechtenstein. Hanspeter Kaspar, up to now CFO of the Valartis Group and Valartis Bank Switzerland, has decided to leave the Group in order to seek a new professional challenge. The Board of Directors and the Executive Board would like to thank Hanspeter Kaspar for his contribution and wish him much success for the future.

Changes to the Board of Directors
As both Stefan Holzer and Philipp LeibundGut have taken on operational functions, they will leave the Board of Directors of Valartis Group AG.

The Board of Directors will propose to the Annual Shareholders' Meeting of 10 May 2011 the re-election of Jean-François Ducrest for a further term of office of three years. It will also propose to the Annual Shareholders' Meeting the election of Rolf Müller, formerly CEO of Commerzbank (Switzerland) AG, Christoph Meister, formerly Partner of Ernst & Young and Urs Maurer, Maurer Law Offices, Zurich/Baar, to the Board of Directors of Valartis Group AG.

Dates and information

Annual results press conference	12 April 2011 10:30 a.m. Widder Hotel, Zurich
Annual Shareholders' Meeting	10 May 2011, 5:00 p.m., World Trade Center, Zurich

The 2010 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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Key Figures, in CHF Million

Income statement	**2010**	**2009**	**• %**
Net interest income	53.5	27.7	+93.1
Net commission income	54.7	42.0	+30.2
Income from trading	-6.9	77.4	
Other ordinary income	21.5	15.7	+36.9
Total operating income	**122.8**	**162.7**	**-24.6**
Personnel expenses	-61.1	-45.8	+33.6
General expenses	-38.3	-25.7	+49.0
Total expenses	**-99.5**	**-71.5**	**+39.2**
Operating profit	**23.3**	**91.2**	**-74.5**
Depreciation and provisions	-18.6	-13.5	+37.8
Taxes	6.1	-11.1	
Minority interests	0.2	-3.8	
Group net profit (for Valartis Group AG shareholders)	**10.9**	**62.8**	**-82.6**
Balance sheet	**31.12.2010**	**31.12.2009**	**• %**
Total assets	2'436.8	2'923.5	-16.6
Liabilities	2'100.2	2'566.7	-18.2
Shareholders' equity (including minority interests)	336.7	356.8	-5.6
Financial overview	**2010**	**2009**	**• %**
Earnings per share, CHF	2.36	13.4	-82.4
Equity per share, CHF	58.7	62.9	-6.7
Dividend per share, CHF	0.50[1)]	0.50	0
Return on equity, %	3.9	26.6	
Dividend yield, %	1.9	1.5	
Cost / income ratio, %	81.0	43.9	
Equity ratio, %	13.8	12.2	
Total assets under management	6'277	6'378	-1.6
Number of employees	407	302	+34.8

1) Proposal of the Board of Directors