

Press Release

13 April 2010

Valartis Group Consolidated Financial Statements 2009: Successful expansion in private banking – significant profit increase

Valartis Group improved its earnings base in the year 2009 due to the further implementation of its private banking strategy. The total income rose to CHF 162.7 Million (previous year: CHF 52.0 Million), while net profit increased to CHF 62.8 Million (CHF 3.3 Million). Assets under management rose from CHF 4.32 Billion to CHF 6.38 Billion, with net new assets of CHF 1.76 Billion. The Valartis Group's total shareholders' equity (including minority interests) was CHF 356.8 Million (CHF 285.9 Million), giving the Valartis Group a solid capital base. The equity per bearer share was CHF 62.9 (CHF 48.5). The Board of Directors will propose to the Shareholders' Meeting of 4 May 2010 an unchanged dividend of CHF 0.50 per bearer share.

The growth strategy in Private banking shows results

In continuing to expand its private banking activities, the Valartis Group took an important step in 2009 towards achieving its goals of diversifying and stabilizing its earnings base, unlocking synergies and creating growth opportunities. The bank in Geneva and Zurich was considerably strengthened with the addition of experienced private bankers. At the same time, Valartis Bank (Austria) AG, Vienna, which was acquired at the end of 2008, was successfully integrated into the group. In December 2009, the Valartis Group acquired Hypo Investment Bank (Liechtenstein) AG, now renamed Valartis Bank (Liechtenstein) AG.

Sources of income broadened – interest income gains in significance

With the acquisition of Valartis Bank (Austria) and Valartis Bank (Liechtenstein), the group significantly increased its balance-sheet over the last 18 months. Starting out in 2009, the liquidity of the Valartis Group was mainly invested with large international banks. To counter the risks inherent to the international banking system, the group substantially reduced its positions due from banks and invested the liquid assets with first class borrowers in the corporate sector, utilities sector, and in selected regional and government borrowers. The significant increase in interest and dividend income to CHF 27.7 Million (CHF 3.1 Million) is evidence of the balance-sheet management and largely reflects the interest income from this broadly diversified portfolio of money market and fixed-income positions.

The fixed income portfolio was mainly built up during the first half of 2009, at a time when risk premiums over government bonds (credit spreads) were at historical highs as a result of the financial crisis. As the economic and financial situation improved, the credit spreads narrowed. The resulting gains – interest rate risks being fully hedged – led to trading income of CHF 41.2 Million, which made up a significant amount of the group's net trading income of CHF 77.4 Million (CHF -56.4 Million). The net trading income also includes income from currencies and precious metals of CHF 3.6 Million (CHF 1.8 Million) and income from securities of CHF 32.7 Million (CHF -58.3 Million). The income from securities consists of CHF 10.8 Million gains from Eastern Property Holdings (EPH), a company operating in the Russian real estate sector, and another CHF 21.9 Million from the increase in value of the Valartis Group's

investment portfolio, which benefited from the very strong recovery on the global equity markets.

The Valartis Group increased its stake in EPH during 2009 to 38% (20%). The equity consolidation of this stake resulted in a CHF 13.4 Million increase in value of investments in associates. Including the trading profit from EPH of CHF 10.8 Million, the total income generated by the investment in EPH for 2009 amounted to CHF 24.3 Million or CHF 18.7 Million after tax.

Net commission income of CHF 42.0 Million (CHF 48.6 Million) was somewhat lower than last year and could not keep up with the overall excellent earnings performance of the group. This decrease is due to significantly lower client activity and a drop in assets under management in the funds and investment companies, declining as a result of the financial crisis. However, as the economy continues to recover and the group continues to attract new assets, the commission business is set to quickly regain momentum. This is not the least underlined by the excellent performance of our equity funds focused on Russia (MC Russian Market Fund) and Switzerland (Swiss Small & Mid Cap Selection Fund); both significantly outperforming their respective benchmarks and were among the best in their class for 2009.

Cost/income ratio falls to 44%

The significant increase in total income to CHF 162.7 Million (CHF 52.0 Million) contrasts with a lesser increase in personnel and administrative expenses to CHF 71.5 Million (CHF 58.2 Million). Compared to the previous year, this increase is due mainly to the first-time full consolidation at income statement level of Valartis Bank (Austria) AG (Valartis Bank (Liechtenstein) AG was not consolidated in the 2009 on the level of income statement). The very low cost/income ratio of 43.9% (111.9%) compares favourably with its peers. The operating profit for 2009 amounted to CHF 91.2 Million (CHF -6.2 Million).

After deducting depreciation/amortisation and value adjustments of CHF 13.5 Million (CHF 2.9 Million) and tax expenses of CHF 11.1 Million (CHF -5.1 Million), the Valartis Group posted a net profit excluding minority interests of CHF 66.6 Million (CHF -4.0 Million). The net profit attributable to shareholders of Valartis Group AG amounted to CHF 62.8 Million (CHF 3.3 Million), or CHF 13.39 (CHF 0.67) per outstanding bearer share.

Solid balance sheet structure

After consolidating Valartis Bank (Liechtenstein) AG on the balance sheet level, the Valartis Group shows total balance sheet assets of CHF 2.92 Billion at end of 2009 (CHF 1.50 Billion). The Valartis Group's equity rose to CHF 356.8 Million at the end of 2009 (CHF 285.9 Million). Excluding minority interests of CHF 70.4 Million (CHF 47.0 Million), the shareholders' equity of Valartis Group AG amounted to CHF 286.3 Million (CHF 238.9 Million), or CHF 62.9 (CHF 48.5) per outstanding bearer share.

Unchanged dividend proposed

The Board of Directors of Valartis Group AG will propose to the Shareholders' Meeting of 4 May 2010 an unchanged dividend of CHF 2.5 Million, or CHF 0.50 per bearer share. This will

support the continued dynamic development of the group in an environment that continues to offer many growth opportunities.

Dates and information

Press conference	13 April 2010, 8.30 a.m.	Widder Hotel, Zurich
Shareholders' Meeting	4 May 2010, 5.00 p.m.	World Trade Center, Zurich

The 2009 Annual Report can be downloaded as a PDF from our Website: www.valartis.ch

If you have any questions, please contact:

Gustav Stenbolt, CEO Valartis Group
Tel. +41 43 336 81 11

Key figures, in CHF Million

Income statement	2009	2008	Δ%
Net interest income	27.7	3.1	+794
Net commission income	42.0	48.6	-13.6
Income from trading	77.4	-56.4	
Other ordinary income	15.7	56.7	-72.3
Total income	162.7	52.0	+213
Personnel expenses	-45.8	-35.1	+30.5
General expense	-25.7	-23.1	+11.3
Total expense	-71.5	-58.2	+22.9
Gross profit	91.2	-6.2	
Depreciation, amortisation and provisions	-13.5	-2.9	+366
Taxes	-11.1	5.1	
Minority interests	-3.8	7.3	
Net profit (attributable to shareholders Valartis Group AG)	62.8	3.3	+1'803
Balance sheet ¹⁾	31.12.2009	31.12.2008	Δ%
Total assets	2'923.5	1'501.2	+94.7
Liabilities	2'566.7	1'215.3	+111
Shareholders' equity (including minority interests)	356.8	285.9	+24.8
Financial overview	2009	2008	Δ%
Net profit per share, CHF	13.4	0.67	+1'909
Equity per share, CHF	62.9	48.5	29.7
Dividend per share, CHF	0.50 ²⁾	0.50	0
Return on equity, %	26.6	1.4	
Dividend yield, %	1.5	3.5	
Cost / income ratio, %	43.9	111.9	
Equity ratio, %	12.2	19.0	
Total assets under management	6'378	4'322	+47.6
Number of employees	302	256	+18.0

1) Full consolidation of Valartis Bank (Liechtenstein) AG as at 31.12.09; 2) Proposal of the Board of Directors