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MEDIA RELEASE

18 April 2013

Annual result 2012 – Valartis Group with good operational improvements

Valartis Group successfully continued on its growth path in 2012, with a return to profitable territory. Following a loss of CHF 19.5 million in 2011 (attributable primarily to one-off factors), Valartis Group reported a net profit of CHF 10.2 million for 2012.

In a business environment that remained challenging, Valartis Group was able to generate client net new money inflows of CHF 929 million due to intensified marketing efforts and could increase overall client assets by almost 15 per cent to CHF 7.8 billion. At the same time, Valartis Group was able to reduce administrative expense once again while increasing operating income year-on-year to CHF 107.1 million (+69 per cent). Gross operating profit improved considerably to CHF 27 million versus CHF –18.4 million in the prior, thanks to the absence of negative one-off effects and the 8 per cent increase in income from commission and service fee business.

In addition, Valartis Group was also able to further strengthen its capital base. As at 31 December 2012, the capital adequacy ratio II was 181 per cent and the BIS tier 1 ratio 13.3 per cent, an increase of 22 per cent. On the basis of the net profit recorded, the Board of Directors will propose to the Annual Shareholders' Meeting, to be held on 14 May 2013, the distribution of a dividend of CHF 1.00 per bearer share. This corresponds to a pay-out ratio for the shareholders of Valartis Group AG of 74 per cent.

The "Private Banking Plus" strategy embarked upon in 2008 is starting to pay off

Valartis Group reported a net profit of CHF 10.2 million for 2012. The Swiss banking and finance group has thus returned to profitable territory following a loss of CHF 19.5 million in 2011, which was attributable primarily to a one-off valuation adjustment on an associated investment company.

In a difficult business environment that continued to be impacted by the European debt crisis and uncertainty among investors, Valartis Group increased operating income by 69 per cent year-on-year in 2012 to CHF 107.1 million (2011: CHF 63.3 million). Income from interest business fell from CHF 41.2 million to CHF 34.2 million, a decrease of 17 per cent, due to historically low interest rates. Meanwhile, income from commissions and service fees, the most important earnings driver, increased considerably to CHF 56.6 million (+8 per cent). Trading income amounted to CHF 8.3 million in 2012, and was due in large part to the currency spread from client currency transactions. In 2011, one-off factors had resulted in a negative trading result. There were no material one-off factors in other ordinary income in 2012, with the result that other ordinary income amounted to CHF 8.0 million in 2012 following a loss in the previous year.

The Valartis Group's ability to acquire business developed very well in 2012. Due to more intensive marketing efforts, Valartis Group was able to increase net new money inflows once again to CHF 929 million (2011: CHF 862 million). Due to market and currency conditions, client assets increased by CHF 34 million, with overall assets under management rising by 15 per cent to CHF 7.8 billion (2011: CHF 6.8 billion). Of this amount, CHF 6.7 billion, or 86 per cent, came from the Private Clients core segment, while CHF 1.1 billion, or 14 per cent, from Institutional Clients.

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In addition, the measures introduced to lower personnel and general expenses over the long run have started to have an impact. Although Valartis Group is still in the process of building up its wealth management business, costs were reduced once again compared to the prior year despite intensive marketing efforts. Even though personnel expenses saw a temporary modest increase (+5 per cent) due to dual functions being held in 2012, general expenses were sharply reduced (–16 per cent) through targeted cost-cutting measures. Overall administrative expenses fell by CHF 2.2 million to CHF 79.5 million.

Valartis Group posted a gross operating profit of CHF 27.6 million in 2012 compared with a gross operating loss in 2011 of CHF –18.4 million. Both business segments, Private Clients and Institutional Clients, were able withstand a difficult environment, posting an operating profit of CHF 13.9 million and CHF 10.9 million, respectively. At the end of 2012 Valartis Group employed 299 people on a full-time equivalent basis, two more than in 2011.

These results show that Valartis Group is on the right track operationally. On a five-year view, the "Private Banking Plus" strategy – the strategic focus on the wealth management business for wealthy private clients and institutional investors – that Valartis Group embarked upon in early 2008 has thus proven to be successful (see also "Key Figures at a Glance" in the Notes).

Objective continues to be on focused growth in Private Banking and sustainably increasing earnings volumes

In order to continue to be successful in an increasingly difficult market and competitive environment, the key success factor for Valartis Group will be to grow client assets. The compliance requirements for the cross-border wealth management business have recently been tightening. While placing special attention on meeting these requirements, Valartis Group will continue to emphasise the strengthening and expansion of the private client business as a key element of its growth strategy.

Thanks to our state-of-the-art banking infrastructure, Valartis Group is in a position today to handle a large number of additional clients and transactions without any need for more staff at back and mid-office level. Consequently, the three Valartis banks in Switzerland, Austria and the Principality of Liechtenstein are working intensively to enhance their earnings volumes. In addition to stepping up client acquisition – for the medium term the Group's objective is to increase client assets from currently about CHF 7.8 billion to more than CHF 10 billion by the end of 2015 – Valartis Group is also looking to continually enhance its earnings volumes. These efforts are focused on a targeted increase in commission income. The goal for the medium- to long-term is to be able to cover all operating costs from the earnings achieved in the commission and service fee business.

Valartis Group is also working to lower its cost base to remain successful in the long term. In particular, the focus will be on optimising personnel costs. Although Valartis Group is continuing to hire additional relationship managers given that the company is in a growth phase, the remuneration of front staff will be aligned even more rigorously to the achievement of agreed earnings objectives. This will be done, for example, with a targeted increase in the variable salary component in return for lower base salaries.

In order to focus our resources even more intensively on the core activities of private banking and wealth management, Valartis Group sold its strategic stake of around 40 per cent in Eastern Property Holdings Ltd. (EPH) on 19 December 2012. For this sale, Valartis Group will receive a total of approximately USD 110 million in cash over a period of four years. The amounts due for the disinvestment will be paid out over several tranches and linked in part to the successful completion of development projects currently underway at EPH. Valartis Group

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received a portion of USD 58.6 million of the purchase amount in cash in 2012. Valartis International Ltd., a wholly owned subsidiary of Valartis Group AG, will continue to act as administrator for this Russia-focused real estate development company, which is traded on the SIX Swiss Exchange.

Dividend payment thanks to net profit and solid capital base

The planned sale of the stake in EPH also allowed the Group's risk profile to be significantly managed down and its capital resources to be strengthened. With business activities requiring equity capital of CHF 108.8 million and eligible capital of CHF 196.7 million, the capital adequacy ratio II was 181 per cent as at 31 December 2012 (2011: 156 per cent) and the BIS tier 1 ratio 13.3 per cent (2011: 10.9 per cent). As Valartis Group does not count any hybrid capital towards its eligible equity capital and does not net any assets or liabilities (balance sheet contraction) in accordance with IFRS, the Valartis Group equity capital is not "diluted" and can be considered to be good. On the basis of the net profit recorded, the Board of Directors will propose to the Annual Shareholders' Meeting, to be held on 14 May 2013, the distribution of a dividend of CHF 1.00 per bearer share. This corresponds to a pay-out ratio for the shareholders of Valartis Group AG of 74 per cent.

Dates and information

Annual results press conference	18 April 2013, 10:30 a.m.	Widder Hotel, Zurich
Annual Shareholders' Meeting	14 May 2013, 5:00 p.m.	Renaissance Hotel, Zurich

The 2012 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, Lugano, Vienna, Liechtenstein, Luxembourg, Moscow, and Singapore. 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 wealthy 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 AT A GLANCE

In CHF million	2008	2009	2010	2011	2012
Total operating income	52.0	162.7	96.8	63.3	107.1
Income from interest and dividend	3.1	27.7	49.6	41.2	34.2
Income from commission and service fee	48.6	41.9	46.9	52.2	56.6
Income from trading book	–56.4	77.4	–6.9	–20.3	8.3
Other ordinary income	56.7	15.7	7.2	–9.8	8.0
Administrative expense	–58.2	–71.5	–87.6	–81.7	–79.5
Personnel expense	–35.1	–45.8	–55.7	–50.4	–53.1
General expense	–23.1	–25.7	–31.9	–31.3	–26.4
Gross income/(loss)	–6.2	91.2	9.2	–18.4	27.6
Depreciation, valuation adjustments and provisions	–2.9	–13.4	–16.7	–17.0	–19.6
Income taxes	5.1	–11.2	6.0	1.4	2.2
Net profit from discontinued operations			12.2	14.5	
Net profit	–4.0	66.6	10.7	–19.5	10.2
Total assets	1,501	2,924	2,437	2,631	3,177
Total liabilities	1,215	2,567	2,100	2,322	2,859
Total shareholders' equity (including non-controlling interests)	286	357	337	309	318
Return on shareholders' equity	–1.6%	23.3%	3.0%	–5.8%	3.3%
Capital adequacy coverage ratio II	167%	157%	142%	156%	181%
BIS Tier-1 ratio	11.2%	8.9%	10.5%	10.9%	13.3%
Total client assets	4,322	6,378	6,277	6,835	7,798
Net new money	137	1,761	220	862	929
Employees, as full-time equivalents (FTE)	156	249	380	297	299
Operating income per FTE, in CHF 1,000	362.4	803.5	307.8	179.8	359.4
Average personnel expense per FTE, in CHF 1,000	225.0	183.9	146.6	169.7	177.6
Commission margin, in basis points	116.6	78.3	74.1	79.6	77.4
Cost/Income ratio	112%	44%	90%	129%	74%
Closing price of VLRT bearer share, in CHF	14.45	32.50	26.00	17.25	20.00
Dividend per share, in CHF	0.50	0.50	0.50	0.00	1.00*
Dividend yield	3.5%	1.5%	1.9%	n/a	5.0%

* Proposal of the Board of Directors to the Annual Shareholders' Meeting.