

## MEDIA RELEASE

25 March 2014

### Consolidated financial statements 2013 for Valartis Group

*The consolidated financial statements for 2013 for Valartis Group, in accordance with International Financial Reporting Standards (IFRS), show a consolidated profit of CHF 5.7 m for the Group (previous year: CHF 10.2 m) taking into account nonrecurring, exceptional factors resulting from the divestment of Valartis Bank AG, Switzerland, planned for 2014. The profit from continued operations, at CHF 18.5 m, though, was satisfactory also due to the sale of a portion of the bond portfolio (previous year on a comparable basis: CHF 7.6 m) with net new money inflows amounting to CHF 438 m (previous year: CHF 850 m).*

The Board of Directors of Valartis Group currently expects, based on the decision made and the corresponding action taken in 2013 to divest Valartis Bank AG, Switzerland, to achieve a favorable solution on behalf of the shareholders, clients, and personnel for the wholly owned subsidiary during the course of 2014. For that reason, the provisions of the International Financial Reporting Standards (IFRS) for continued and discontinued operations (IFRS 5) apply for the 2013 annual statements.

### Financial year 2013 for continued operations: an overview

- Group profit amounting to CHF 5.7 m was 44 percent down compared to the previous year, taking into account nonrecurring, exceptional factors resulting from the planned divestment of Valartis Bank AG, Switzerland.
- Profit from continued operations amounting to CHF 18.5 m was satisfactory also due to the sale of a portion of the bond portfolio (previous year on a comparable basis: CHF 7.6 m).
- Despite the challenging market environment, Valartis Group's continued operations achieved net new money inflows amounting to CHF 438 m (previous year: CHF 850 m), and client assets rose from CHF 5.5 bn to CHF 6.0 bn.
- Operating profit was up 13 percent at CHF 79.6 m (previous year: CHF 70.7 m). Despite implementation costs arising from new regulations, costs rose only slightly by roughly 3 percent to CHF 52.0 m (previous year: CHF 50.4 m). The cost/income ratio is 65 percent (previous year: 71 percent) due to improved cost management.
- Gross profit increased significantly by 36 percent to CHF 27.6 m (previous year: CHF 20.3 m).
- Generally tightened capital requirements imposed by the Swiss Financial Market Supervisory Authority FINMA during 2013 also demanded corresponding adjustments by Valartis Group. Despite this, the core capital ratio on 31 December 2013 was at 14.9 percent (previous year: 13.3 percent; regulatory required minimum ratio: 9.0 percent).

### Pursuit of a favorable solution for Valartis Bank AG, Switzerland

In the course of the strategic realignment of the business model and the streamlining of structures, on 26 August 2013, the Board of Directors of Valartis Group decided to divest Valartis Bank AG, Switzerland; this was communicated to all stakeholders on the following day. During the first half-year 2013, it had become apparent that the acquisition capacity of

Valartis Bank AG, Switzerland could not be increased at the planned rate, despite the newly aligned front office organization, and that the Bank would not attain the appropriate critical mass within the foreseen timeframe. The Swiss Bank's costs, together with costs stemming from measures from increasing regulatory changes, accelerated in 2013, squeezing margins even further and, thus, significantly raising the level of the necessary critical mass for a Swiss Bank.

Valartis Bank AG, Switzerland is a wholly owned subsidiary of Valartis Group with offices in Zurich, Geneva, and Lugano.

The Board of Directors of Valartis Group is, and remains, committed to the pursuit of the most favorable solution on behalf of shareholders, clients, and personnel and, based on current information, expects to reach the intended settlement during the course of 2014.

#### Annual Report in accordance with IFRS

For that reason, the provisions of the International Financial Reporting Standards (IFRS) for continued and discontinued operations (IFRS 5) apply for the 2013 Annual Report.

Gustav Stenbolt, CEO, and George M. Isliker, CFO/CRO, will present the relevant details at today's Media and Analysts' Conference, (incl. ConfCall) (please refer to the detailed information below).

#### Media and Analysts' Conference (incl. ConfCall), 25 March 2014

Valartis Group AG will be holding an extraordinary Media and Analysts' Conference (incl. ConfCall) today, in order to present details of the Annual Report 2013 to representatives of the media and to analysts:

Date: 25 March 2014

Location: Valartis Bank AG, Switzerland  
Sihlstrasse 20, 8001 Zurich, 2nd floor

Time: **09.30 Media Conference**  
**11.30 Analysts' Conference**

Login for ConfCall will be forwarded after registration

Registration: Frau Kim-My Schefer, k.schefer@valartis.ch

Enclosure: Key Figures at a glance

### Agenda

Results Media Conference	is replaced by today's conference
General Meeting	13 May 2014
Half-year Report	26 August 2014

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### **Valartis Group**

*Valartis Group is an internationally active banking and finance group represented today with offices in Zurich, Geneva, Lugano, Vienna, Liechtenstein, Luxembourg, Moscow, and Singapore. The Group's holding company is domiciled in Switzerland and is listed on the SIX Swiss Exchange.*

*Valartis Group focuses on the wealth management business for wealthy private clients and institutional investors. In addition to traditional wealth management and investment advisory, we develop, manage and market innovative niche investment products and offer specialized products. In doing so, Valartis Group combines a wide range of traditional private banking services with specialized advisory and classical banking services in the fields of Asset Management and Private Equity together with innovative investment products in the categories Stocks, Fixed Income, Alternative Investments and Real Estate. Valartis Group's core markets include Central and Eastern Europe, the Middle East and individual countries in North and South America and Asia.*

[www.valartisgroup.ch](http://www.valartisgroup.ch)

KEY FIGURES AT A GLANCE

**Key Figures - 2012 and 2013 shown as continued and discontinued operations**

in CHF million	2009	2010	2011	2012	2013
<b>Total operating income</b>	<b>162.7</b>	<b>96.8</b>	<b>63.3</b>	<b>70.7</b>	<b>79.6</b>
<i>Income from interest and dividend</i>	<i>27.7</i>	<i>49.6</i>	<i>41.2</i>	<i>18.3</i>	<i>17.5</i>
<i>Income from commission and service fee</i>	<i>41.9</i>	<i>46.9</i>	<i>52.2</i>	<i>41.5</i>	<i>47.1</i>
<i>Income from trading book</i>	<i>77.4</i>	<i>-6.9</i>	<i>-20.3</i>	<i>6.3</i>	<i>2.3</i>
<i>Other ordinary income</i>	<i>15.7</i>	<i>7.2</i>	<i>-9.8</i>	<i>4.6</i>	<i>12.7</i>
<b>Administrative expense</b>	<b>-71.5</b>	<b>-87.6</b>	<b>-81.7</b>	<b>-50.4</b>	<b>-52.0</b>
<i>Personnel expense</i>	<i>-45.8</i>	<i>-55.7</i>	<i>-50.4</i>	<i>-33</i>	<i>-34.1</i>
<i>General expense</i>	<i>-25.7</i>	<i>-31.9</i>	<i>-31.3</i>	<i>-17.4</i>	<i>-17.9</i>
<b>Gross income/(loss)</b>	<b>91.2</b>	<b>9.2</b>	<b>-18.4</b>	<b>20.3</b>	<b>27.6</b>
<i>Depreciation, valuation adjustments and provisions</i>	<i>-13.4</i>	<i>-16.7</i>	<i>-17</i>	<i>-15.9</i>	<i>-9.1</i>
<i>Income taxes</i>	<i>-11.2</i>	<i>6</i>	<i>1.4</i>	<i>3.2</i>	<i>0</i>
<b>Net profit from continued operations</b>	<b>66.6</b>	<b>-1.5</b>	<b>-34</b>	<b>7.6</b>	<b>18.5</b>
<b>Net profit from discontinued operations</b>		<b>12.2</b>	<b>14.5</b>	<b>2.6</b>	<b>-12.8</b>
<b>Net profit</b>	<b>66.6</b>	<b>10.7</b>	<b>-19.5</b>	<b>10.2</b>	<b>5.7</b>
<i>attributable to shareholders of Valartis Group AG</i>	<i>62.7</i>	<i>10.9</i>	<i>-14.8</i>	<i>6.7</i>	<i>2.5</i>
<i>attributable to non controlling interests</i>	<i>3.9</i>	<i>-0.2</i>	<i>-4.7</i>	<i>3.5</i>	<i>3.2</i>
<b>Total assets of the Group</b>	<b>2'924</b>	<b>2'437</b>	<b>2'631</b>	<b>3'175</b>	<b>3'034</b>
<b>Total liabilities of the Group</b>	<b>2'567</b>	<b>2'100</b>	<b>2'322</b>	<b>2'859</b>	<b>2'709</b>
<b>Total shareholders' equity (including non-controlling interests)</b>	<b>357</b>	<b>337</b>	<b>309</b>	<b>316</b>	<b>324</b>
<b>Return on shareholders' equity</b>	<b>23.3%</b>	<b>3.0%</b>	<b>-5.8%</b>	<b>3.3%</b>	<b>1.8%</b>
<b>BIS Tier-I Ratio</b>	<b>8.9%</b>	<b>10.5%</b>	<b>10.9%</b>	<b>13.3%</b>	<b>14.7%</b>
<b>Total client assets</b>	<b>6'378</b>	<b>6'277</b>	<b>6'835</b>	<b>7'798</b>	<b>7'957</b>
<i>Continued operations</i>				<b>5'528</b>	<b>6'034</b>
<i>Discontinued operations</i>				<b>2'270</b>	<b>1'923</b>
<b>Net New Money</b>	<b>1'761</b>	<b>220</b>	<b>862</b>	<b>929</b>	<b>242</b>
<i>Continued operations</i>				<b>850</b>	<b>438</b>
<i>Discontinued operations</i>				<b>79</b>	<b>-196</b>
<b>Commission margin, in basis points</b>	<b>78</b>	<b>74</b>	<b>80</b>	<b>80</b>	<b>81</b>
<b>Employees, as full-time equivalents (FTE)</b>	<b>249</b>	<b>380</b>	<b>297</b>	<b>299</b>	<b>285</b>
<i>Continued operations</i>				<b>220</b>	<b>217</b>
<i>Discontinued operations</i>				<b>79</b>	<b>68</b>
<b>Cost / Income Ratio</b>	<b>44%</b>	<b>90%</b>	<b>129%</b>	<b>71%</b>	<b>65%</b>