

MEDIA RELEASE

26 August 2014

Valartis Group – Consolidated financial statement for the first half-year 2014

For the half-year 2014, Valartis Group has posted a Group loss for continued operations amounting to CHF 11.2 m, in accordance with International Financial Reporting Standards (including the rules of discontinued operations IFRS 5; 30.6.2013 on a comparable basis: Group profit of CHF 0.4 m). For continued and discontinued operations, the consolidated statement shows an overall Group loss of CHF 20.7 m, after consideration of non-recurring, exceptional factors (30.6.2013 on a comparable basis: Group profit of CHF 0.1 m). The non-recurring, exceptional factors include a special depreciation from discontinued operations amounting to CHF 7.3 m relating to the divestment of Valartis Bank AG, Switzerland together with a fair value adjustment amounting to CHF 7.9 m due to the contingent consideration from the 2012 sale of Eastern Property Holding Ltd. (EPH) based on the terms of the contract and due to the development of the Russian property market 2014. Significantly lower interest income placed an additional burden on the Group result.

Continued operations posted net new client assets inflow amounting to CHF 144 m (30.6.2013 on a comparable basis: CHF 308 m) and client assets under management rose to CHF 6.2 bn (30.6.2013 on a comparable basis: CHF 5.9 bn).

Interest income for continued operations decreased to CHF 4.8 m (30.6.2013: CHF 8.4 m). This can be attributed to the sale at the end of 2013 of a major portion of the bonds portfolio, together with the continuing low-level interest rate environment. Income from commissions and services, however, increased by 4 percent to CHF 21.8 m (30.6.2013: CHF 20.9 m). Operating income amounted to CHF 21.9 m (30.6.2013: CHF 31.3 m) and gross loss to CHF 5.8 m (30.6.2013: Gross profit of CHF 6.4 m).

Continued operations posted net new client asset inflow amounting to CHF 144 m (30.6.2013 on a comparable basis: CHF 308 m), and client assets under management rose to CHF 6.2 bn (30.6.2013 on a comparable basis: CHF 5.9 bn). Total client assets managed by Valartis Group in continued and discontinued operations amount to CHF 8.0 bn as at 30 June, 2014 (30.6.2013 on a comparable basis: CHF 7.9 bn).

Implementation of the strategic transformation process – Divestment of Valartis Bank AG, Switzerland

The strategic realignment of the business model and streamlining of structures embarked upon in 2013, was aimed at achieving a sustainable and more reliable orientation toward profitability for the Group. As a consequence, in August 2013, the Board of Directors of Valartis Group ruled to spin Valartis Bank AG, Switzerland off from the Group. Since this decision was taken, the Board and the management of Valartis Group remained committed to the pursuit of the most favourable resolution on behalf of shareholders, clients and personnel. On 16 May 2014, Valartis Group presented an agreement with the new partner, Banque Cramer & Cie SA. The Board of Directors is convinced that, together with Banque Cramer, an optimal, long-term and most attractive solution for Valartis Bank AG, Switzerland was found. It was of central importance to Valartis Group to find a private banking partner with a robust history, professional management and a similar culture with comparable values. The Board and the management are confident that the merger of the two banks will form the basis for a solid platform for future growth. The integration of Valartis Bank AG and

Valartis Wealth Management SA into Banque Cramer and the Norinvest Group, respectively is expected to be completed with the corresponding closure of the transaction in the second half of 2014.

Comprehensive outplacement programme

Valartis Group has initiated a comprehensive outplacement programme offering external professional re-orientation liaison and support for employees who could not be integrated into Banque Cramer, in order to absorb the impact for the parties involved. There are 18 employees from service and back-office units involved in the programme.

Special depreciation, accruals and provisions for discontinued operations

A special depreciation from discontinued operations amounting to CHF 7.3 m was effected in connection with the divestment of Valartis Bank AG, Switzerland (capitalised tax losses carried forward and personnel pension assets together with other fair-value adjustments). In addition, accruals and provisions amounting to CHF 1.5 m were also set up relating to the divestment.

Effect of non-recurring exceptional factors on the Valartis Group half-year result 2014 in accordance with International Financial Reporting Standards (including discontinued operations IFRS 5)

As for the Annual Report 2013, the half-year report 2014 has been compiled in accordance with the International Reporting Standards (IFRS) specifications for continued and discontinued operations (discontinued operations IFRS 5).

- In the first half-year 2014, Valartis Group posted a Group loss for continued operations of CHF 11.2 m (30.6.2013 on a comparable basis: Group profit of CHF 0.4 m), taking into consideration a fair value adjustment amounting to CHF 7.9 m due to the contingent consideration from the 2012 sale of Eastern Property Holding Ltd (EPH) based on the terms of the contract and to the development of the Russian property market 2014. For continued and discontinued operations, the consolidated financial statement shows an overall Group loss of CHF 20.7 m (30.6.2013 on a comparable basis: Group profit of CHF 0.1 m) due to a special depreciation relating to the divestment of the Swiss Bank (capitalised tax losses carried forward and personnel pension assets together with other fair-value adjustments).
- Despite the continued challenging market environment in the first half-year 2014, Valartis Group's continued operations achieved net new client assets inflow amounting to CHF 144 m (30.6.2013 on a comparable basis: CHF 308 m) and increased client assets from CHF 5.9 bn to CHF 6.2 bn.
- Increased operating expenses for continued operations (CHF 27.8 m in comparison to the previous year's CHF 24.9 m) can be attributed to the strengthening of staff at the bank in Liechtenstein, together with additional advisory and project costs arising in connection with the process of divestment of Valartis Bank AG, Switzerland.
- This resulted in a gross loss for the Group of CHF 5.8 m (30.6.2013: gross profit of CHF 6.4 m).

Tight cost management and strategic focusing on international wealth management

In addition to targeted cost management and efficiency enhancement, the focus will remain on the two business segments Private Clients (private banking and wealth management) at the Private Banks in Liechtenstein and Austria and Institutional Clients. The objective is to resolutely develop further and consolidate the activities of the continued Private Banks, together with asset management and corporate finance, as well as the business area real estate management and private equity.

Efficient organisational structure for completion of the transformation phase

In order to expedite and to successfully complete the transformation process, in particular the merger between Valartis Bank AG, Switzerland and Banque Cramer & Cie SA, and to achieve a basis for future, sustainable Group success by means of the appropriate and required measures, on 9 April 2014, the Board of Directors of Valartis Group consolidated management. Since that date, the Group Executive Management has been as follows: Gustav Stenbolt, Group CEO, George M. Isliker, Group CFO/CRO and Vincenzo Di Pierri, Deputy Group CEO and CEO of Valartis Bank AG, Switzerland. In this way, the Group Executive Management will be able to provide advice and support during the merger between Valartis Bank AG, Switzerland and Banque Cramer & Cie SA.

Gustav Stenbolt, Group CEO, emphasises: *«We have done our homework and with foresight initiated a process of transformation and streamlined our structures in order to be capable of meeting the future economic and regulatory challenges which we will face. Based on the new settings, from the current point of view, we are assured that Valartis Group will once again achieve profit from operational business activities, after 2013 and 2014 being years of adjustments for the Group.»*

Enclosures:

- Key figures half-year results 2014
- Valartis Group half-year report 2014

Agenda

Half-year report 2014	26 August 2014
ConfCall media and analysts	26 August 2014, 10.00 a.m. (CET) (registration: corporate.communications@valartisgroup.ch)
Results media conference 2015	14 April 2015
Annual General Meeting 2015	13 May 2015

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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 as well as Luxembourg and Moscow. 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, it develops, manages and markets innovative niche investment products and offers specialized product packages. 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.

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KEY FIGURES

in CHF million	1.1.–30.6.2014	1.1.–30.6.2013
Total operating income	21.9	31.3
Income from interest and dividend	4.8	8.4
Income from commission and service fee	21.8	20.9
Income from trading book	-5.9	-0.3
Other ordinary income	1.2	2.3
Administrative expense	-27.8	-24.9
Personnel expense	-17.5	-16.4
General expense	-10.3	-8.5
Gross income/loss	-5.8	6.4
Depreciation, valuation adjustments and provisions	-5.0	-5.5
Income taxes	-0.4	-0.5
Net profit/loss from continued operations	-11.2	0.4
Net loss from discontinued operations	-9.5	-0.2
Net profit/loss	-20.7	0.1
attributable to shareholders of Valartis Group AG	-21.6	-1.0
attributable to non controlling interests	0.9	1.1
Total assets	3,083	3,083
Total liabilities	2,783	2,766
Total shareholders' equity (including non-controlling interests)	300	317
Return on shareholders' equity	-6.5%	0.1%
BIS Tier-I Ratio	13.2%	14.6%
Total client assets	8,033	7,898
Continued operations	6,163	5,863
Discontinued operations	1,870	2,035
Net new money	62	125
Continued operations	144	307
Discontinued operations	-82	-182
Commission margin, in basis points	68	69
Employees, as full-time equivalents (FTE)	271	288
Continued operations	208	220
Discontinued operations	63	68
Cost/Income ratio continued operations	127%	80%