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Media Release

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Valartis Group realizes a profit of CHF 45.3 million in 2006

In 2006, a business year which was characterized by reorganization and expansion, Valartis Group reached a consolidated net profit of CHF 45.3 million (previous year: CHF 50.1 million). Shareholders' equity amounted to CHF 209.2 million at the end of December 2006 (previous year: CHF 165.1 million). Assets under management increased by CHF 351 million to CHF 3,825 million. The Board of Directors proposes the distribution of a dividend of CHF 2.75 per bearer share (unchanged from the previous year) to the Shareholders' Meeting of 3 April 2007.

Income rises to CHF 106 million – substantially higher commission income

In 2006 Valartis Group generated a total income of CHF 105.9 million (previous year: CHF 94.6 million). With CHF 90 million (an increase of CHF 24.5 million or 37.5% compared to the previous year), the commission business was the most important contributor to the overall result. The investment products, which performed very well once again, were a major factor in this development. The Group's investment companies and investment funds focusing on the Russian equity market, in particular, achieved outstanding results – the MC Russian Market Fund, for instance, reached a performance of 58.9% (in US$). Furthermore the Group was able to open attractive new investment opportunities to professional investors in German real estate, European energy trading as well as Eastern Europe.

One important milestone was the capital increase of Eastern Property Holdings (US$ 140 million), in which Valartis Bank AG acted as co-lead manager. The Bank also placed the capital increase of CHF 20 million of StarragHeckert Holding AG as lead manager and was M&A advisor to Marazzi in its company sale to Losinger Construction AG. In brokerage, we were able to further strengthen our position as a provider of options on Swiss Small & Mid Caps with 55 new issues. Furthermore the Bank structured a number of certificates on specific investment themes, which were well received on the market and generated convincing returns.

Broadening of the commission business – purchase of an asset management company

In addition to Asset Management and Investment Banking the Real Estate Structured Finance division, which focuses on special financings of real estate properties, will complement Valartis Group's commission business. Work in this field is underway, including the development of an issuing pipeline and the launch of a fund for mezzanine capital. In Wealth Management strategic initiatives are also being planned. A step in the expansion of this division was the acquisition of Valaxis Asset Management SA, an independent asset manager in Geneva with CHF 190 million assets under management, in January 2007 As a result the Group's total assets under management, which stood at CHF 3,825 million at the end of December 2006 (previous year: CHF 3,474) rose to over CHF 4,000 million.

CHF 11.7 million securities income – significant recovery in the second half of the year

Income from trading reached CHF 11.7 million in 2006, which was below the previous year's result of CHF 25.8 million. This is due to the securities loss of CHF 8.9 million in the first half of the year which was mainly a result of the extraordinarily high volatilities in certain securities.

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Thanks to a normalization of volatilities and a great stock market environment, however, we were able to generate an excellent trading profit of CHF 20.6 million in the second half of the year. Consequently the first-semester loss was more than compensated and turned into a double-digit profit.

Strategic new orientation causes higher expenses

Valartis Group has begun a number of reorganization and expansion activities in the past business year which fundamentally reposition the Bank and the Group on the market. For instance, the Group extended its income basis to four divisions (Asset Management, Wealth Management, Investment Banking and Real Estate Structured Finance) and has taken an opportunity in consumer banking with the launch of the credit card „Visa Bonus Card"; it further strengthened its position as a provider of innovative investment products with various new instruments, for instance in European energy trading or the Eastern European equity market. The reorganization was also communicated externally with a new company name and a new corporate identity (www.valartis.ch). The Group can now operate on the market with a unique brand.

As a matter of course, all these endeavors had an impact on expenses. We increased the number of employees significantly and expanded our office facilities as well as our IT systems. The work related to the new corporate identity also increased marketing expenses. As a result administrative expenses increased by CHF 3.5 million to CHF 13.6 million in 2006. Due to the higher number of employees and the good earnings situation personnel expense rose to CHF 23.6 million (previous year: CHF 15.8 million). After depreciation of CHF 1.6 million, cost/income ratio was 42.4%.

Shareholders' equity increases to CHF 209.2 million – proposed dividend of CHF 2.75 per share

With a group profit of CHF 45.3 million, Valartis Group generated a return on equity of close to 25%. At the end of December 2006 the Group's shareholders' equity stood at CHF 209.2 million. Due to the Group's solid earnings situation the Board of Directors decided to propose the distribution of a dividend of CHF 13.75 million or CHF 2.75 per share to the shareholders (unchanged from the previous year).

Dates and information

Press conference 2006	27.02.2007, 14.00	Hotel Widder, Zurich
Shareholders' Meeting 2007	03.04.2007, 17.00	Bernhard-Theater, Zurich

The Annual Report 2006 can be downloaded in pdf format from our homepage www.valartis.ch.

For questions please contact

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Financial key figures, million CHF

Income statement	2006	2005	Δ%
Income from trading	11.7	25.8	-54.6
Commission income	90.0	65.5	+37.5
Financial and other income	4.2	3.3	+25.8
Total income	**105.9**	**94.6**	**+11.9**
Administrative expenses	13.6	10.1	+34.2
Personnel expense	23.6	15.8	+49.2
Interest and commission expense	14.5	14.6	-0.6
Total expenses	**51.7**	**40.5**	**+27.7**
Gross profit	**54.2**	**54.1**	**+0.2**
Depreciation and provisions	1.7	2.2	-22.8
Taxes	7.2	1.8	+294.9
Group profit	**45.3**	**50.1**	**-9.5**

Balance sheet	31.12.2006	31.12.2005	Δ%
Total assets	381.2	461.6	-17.4
Liabilities	172.0	296.5	-42.0
Shareholders' equity	209.2	165.1	+26.7

Key figures	31.12.2006	31.12.2005	Δ%
Group profit per share, CHF	9.2	10.0	-9.5
Shareholders' equity per share, CHF	41.8	33.0	+26.7
Dividend per share, CHF	2.75[1)]	2.75	0.0
Return on equity, %	24.2	29.4	
Dividend yield, %	3.2	3.1	
Cost / income ratio, %	42.4	33.5	
Self-financing ratio, %	54.9	35.8	
Total assets under management	3'825	3'474	+10.1
Staff	60	47	+27.7

1) Proposal of the Board of Directors