

MEDIA RELEASE

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Valartis Group posts profit for the first-half of 2012

Valartis Group generated a profit of CHF 3.9 million in the first half of 2012, without any significant one-off effects, after posting a loss in the prior-year period. In a continued challenging environment, client assets increased by 8 per cent to CHF 7.4 billion. Net commission income was relatively stable with a decrease of 10 per cent due to a downturn in transaction-based revenues, while net interest income fell by 19 per cent year-on-year. Nevertheless, the lower interest income is the result of an additional reduction in the overall risk profile. The administrative expense, on the other hand, was reduced by more than 8 per cent on a year-on-year comparison.

Positive group result excluding any one-off effects

In a continuing and unusually challenging market environment marked by the strength of the Swiss franc, uncertainty in the fixed-income business, a deteriorating economic situation, and an increase in political instability, Valartis Group posted a profit of CHF 3.9 million in the first half-year of 2012 compared with a loss of CHF 19.3 million in the first six months of 2011.

The “results of core operating activities” – that is net profit excluding non-operational valuation adjustments and amortisation of intangible assets from acquisitions – was stable compared with the first half of 2011 at CHF 7.4 million (30 June 2011: CHF 6.4 million). The non-operational value adjustments on investments did not have any material impact on the 2012 half-year results due in part to hedging transactions.

Growth in client assets under management continues on track

The Group’s new strategic focus at the beginning of 2008 on the wealth management business for private clients and institutional investors (“Private Banking Plus”) continues to develop in line with the mid-term financial plan. Valartis Group saw a net new money inflow for the first-half of 2012 of CHF 491 million. Including performance, i.e. currency effects and financial market developments, in the amount of 1.4 per cent or CHF 97 million, client assets increased to CHF 7.4 billion, a gain of 8 per cent compared with the end of 2011. Client assets under management were distributed between the two business segments as follows as at 30 June 2012: Private Clients CHF 6.2 billion or 84 per cent (same percentage as in the prior period) and Institutional Clients CHF 1.2 billion or 16 per cent. The Private Clients segment accounted for CHF 486 million of the total net new money inflows of CHF 491 million.

Stable results despite the modest drop in revenues

Due to the drop in transaction-based revenues, net commission income fell by 10 per cent year-on-year and as at 30 June 2012 amounted to CHF 26.0 million (30 June 2011: CHF 28.8 million). Net interest income was also lower year-on-year, falling by 19 per cent to CHF 16.9 million (30 June 2011: CHF 20.9 million). The collateralised interbank business left its mark in particular on the net interest income, as this type of interbank placements within total receivables from banks rose from 8 per cent at 31 December 2011 to 19 per cent at 30 June 2012. As a result, there was a considerable improvement in the risk profile, although it came at the expense of net interest income. In contrast, the bond portfolio performed within the forecast parameters due to active portfolio management, although the return was somewhat below the prior-year period.

The administrative expense was reduced by more than 8 per cent to CHF 39.4 million compared with the prior-year period. The personnel expense was reduced by 6 per cent to CHF 26.3 million and the general expense by 13 per cent to CHF 13.1 million. As at 30 June 2012 Valartis Group employed 302 people on a full-time equivalent basis (up 1.7 per cent over the end of 2011; this increase is to be attributed to the Private Clients business segment).

The business segment result before amortisation for Private Clients in the first half of 2012 increased to CHF 5.5 million (30 June 2011: CHF 3.7 million) and for Institutional Clients it was CHF 5.5 million (30 June 2011: a loss of CHF 21.0 million). The Corporate Center posted a result of CHF -2.2 million (30 June 2011: CHF -2.2 million).

Focus on Private Banking to continue

In addition to strict cost controls, the core of Valartis Group's growth strategy going forward will be to increase the client assets under management in the Private Clients segment. In June the Board of Directors was able to appoint an experienced private banker, Vincenzo Di Pierri, as the new CEO of the Swiss bank. Thanks to his strong client orientation, an extensive network of contacts, and many years of senior management experience, Vincenzo Di Pierri will be able to provide an important impetus to the expansion of our Private Banking activities for both Valartis Bank AG, Switzerland, and for the Group.

If you have any questions, please contact:

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The 2012 Half-Year Report can be downloaded in PDF format from our homepage at www.valartisgroup.ch.

Valartis Group – Private Banking Plus

Valartis Group is an internationally active banking and finance group with offices in Zurich, Geneva, Vienna, Liechtenstein, Luxembourg, Singapore, Moscow, and St Petersburg. 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 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.

Key Figures

in CHF million	1.1.-30.6.2012	1.1.-30.6.2011	Δ%
Total operating income	50.5	26.0	94.2%
Income from interest and dividend	16.9	20.9	-19.1%
Income from commission and service fee	26.0	28.8	-9.7%
Income from trading	5.0	1.7	
Other ordinary income	2.6	-25.4	
Administrative expense	-39.4	-43.0	-8.3%
Personnel expense	-26.3	-27.9	-5.7%
General expense	-13.1	-15.1	-13.2%
Gross income / loss	11.1	-17.0	
Depreciation, valuation adjustments and provisions	-7.2	-8.3	-13.3%
Income taxes	0.0	5.4	
Net profit from discontinued operations	0.0	0.6	
Net profit	3.9	-19.3	
attributable to the shareholders of Valartis Group AG	1.1	-19.9	
attributable to non-controlling interest	2.8	0.6	
Total assets	2,851	2,631	8.4%
Shareholders' equity	312	309	1.0%
Total assets under management	7,423	6,481	14.5%
Net new money inflow	491	577	
Employees, as full-time equivalents	302	302	