

## MEDIA RELEASE

30 August 2016

### **Valartis Group AG – Group consolidated financial statements for first half-year 2016**

*In accordance with International Financial Reporting Standards (IFRS) and under consideration of an exceptional factor, the first half-year 2016 for Valartis Group shows a loss of CHF 46.5 m (30 June 2015: Group loss of CHF 21.4 m). This is mainly to be attributed to the following exceptional factor: In 2016, Valartis Bank (Austria) AG, which was acquired in 2008, was divested to Wiener Privatbank SE, within the framework of an asset deal. As a result, in accordance with IFRS, the foreign exchange losses amounting to CHF -39.8 m on this participation held in Euros, which had been reported under consolidated equity in previous years, were transferred to the income statement in 2016. Therefore, this non-recurring factor does not impact Valartis Group's consolidated equity and, thus, does not affect the net asset value of Valartis Group's shares.*

As a result of divestment of the two private banks, the provisions of International Financial Reporting Standards for continued and discontinued operations (IFRS 5) apply also for the 2016 Half-year Report for Valartis Group.

#### **Discontinued operations**

The above-mentioned exceptional factor does impact Valartis Group's discontinued operations. For that reason, a significantly higher consolidated loss contribution amounting to CHF -39.0 m for discontinued operations affects the first half-year 2016 (30 June 2015: CHF -10.3 m). Discontinued operations comprise the business activities of the two private banks in Liechtenstein and Austria.

#### **Continued operations – from an operational viewpoint**

The loss from continued operations was reduced to CHF -7.5 m (30 June, 2015: CHF -11.1 m) due to lower value adjustments, provisions and losses (from CHF -5.1 m for the first half-year 2015 to CHF -0.2 m for the first half-year 2016). From a purely operational viewpoint, income from commission and services increased to CHF 1.6 m (30 June 2015: CHF 0.5 m). Operating expenditure rose by around 16 percent to CHF 10.8 m (30 June 2015: CHF 9.3 m) as a result of the costs of the moratorium on Valartis Group AG and the Liechtenstein finance holding company's bankruptcy deferment. In addition, in 2016, continuing low market interest rates and the lack of attractive reinvestment opportunities in bonds had negative impacts on Valartis Group's income from interest which amounted to CHF -0.7 m (30 June 2015: CHF -1.6 m) at lower external refinancing costs.

#### **Status of implementation of recovery plans 2016**

Closing on the sales transaction for Valartis Bank (Austria) AG, within the framework of an asset purchase agreement (APA), took place on 1 April 2016. On 26 August 2016, Valartis Group AG announced that the Financial Market Authority (FMA) Liechtenstein and the Hong Kong Stock Exchange (HKEX) have approved the sale's transaction whereby Valartis Bank (Liechtenstein) AG will be divested to Citychamp Watch & Jewellery Group Ltd within the

framework of a share purchase agreement (SPA)<sup>1</sup>. The approvals mean that the two major conditions precedent on conclusion of the sale's transaction have now been fulfilled. The Extraordinary General Meeting of Shareholders of Citychamp Watch & Jewellery Group Ltd, which will have to approve of the sale's transaction, has been set for the 13 September 2016. Closing is expected to occur during the third quarter of 2016 which will not delay current recovery plans of Valartis Finance Holding AG and Valartis Group AG.

Valartis Group AG (individually and on a consolidated basis) and Valartis Finance Holding AG are not over-indebted. Both companies retain solid equity capital bases and sufficient assets to enable them to implement current recovery plans. The total capital ratio in accordance with Basel III amounts to 16.3 percent for Valartis Finance Holding AG, as at 30 June 2016.

Conclusion of the two divestment transactions represents a pre-condition for the successful recovery for Valartis Group AG in Switzerland and, thus, for the lifting of the moratorium, or the bankruptcy deferment for Valartis Finance Holding AG in Liechtenstein. If both transactions are successfully concluded, sales revenues and freed-up equity capital can be expected to enable settlement, in full, of all intragroup and external loans.

### **Outlook 2016**

In 2016, the central objectives will be the successful conclusion of recovery for the two holding companies, together with the induction of Valartis Group's new strategic orientation. In 2015, by resolving to divest Group core holdings, the Board of Directors of Valartis Group AG also determined to relinquish the private banking business model and to focus strategically, in future, on management of participations in the fields of financial services, real estate management and private equity, as an investment company. Group structure will be re-aligned to the new circumstances, new requirements and the new range of services. This will require organisational adjustments and changes to the Group infrastructure.

The Half-year Report is available in German only and in pdf-form under [www.valartisgroup.ch](http://www.valartisgroup.ch) (Investor Relations)

### **Agenda**

General Meeting 2017                                  16 May 2017

### **For further information, please contact:**

Kim-My Schefer, Head Corporate Communications & Marketing, Valartis Group AG  
Tel. +41 44 503 54 02, [corporate.communications@valartis.ch](mailto:corporate.communications@valartis.ch)

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<sup>1</sup> See also Media Release, 29 March, 2016. Valartis Group AG's financial holding company in Liechtenstein – Valartis Finance Holding AG – holds 70 percent of Valartis Bank (Liechtenstein) AG capital.

**KEY FIGURES**

in CHF million	1.1. - 30.6.2016	1.1. - 30.6.2015
<b>Total operating income</b>	<b>3.4</b>	<b>3.2</b>
<i>Income from interest and dividend</i>	-0.7	-1.6
<i>Income from commission and service fee</i>	1.6	0.5
<i>Income from trading book</i>	3.3	3.8
<i>Other ordinary income</i>	-0.8	0.5
<b>Administrative expense</b>	<b>-10.8</b>	<b>-9.3</b>
<i>Personnel expense</i>	-4.6	-4.5
<i>General expense</i>	-6.2	-4.8
<b>Gross (loss)/income</b>	<b>-7.4</b>	<b>-6.1</b>
<i>Depreciation, valuation adjustments and provisions</i>	-0.2	-5.1
<i>Income taxes</i>	0.1	0.0
<b>Net (loss)/profit from continued operations</b>	<b>-7.5</b>	<b>-11.1</b>
<b>Net (loss)/profit from discontinued operations</b>	<b>-39.0</b>	<b>-10.3</b>
<b>Net (loss)/profit</b>	<b>-46.5</b>	<b>-21.4</b>
<i>attributable to shareholders of Valartis Group AG</i>	-49.4	-24.1
<i>attributable to non-controlling interests</i>	2.9	2.7
Total assets	1'866	2'207
Total liabilities	1'716	2'047
Total shareholders' equity (including non-controlling interests)	150	160
Total client assets	4'088	6'174
<i>Continued operations</i>	378	412
<i>Discontinued operations</i>	3'710	5'762
Employees, as full-time equivalents (FTE)	161	221
<i>Continued operations</i>	59	45
<i>Discontinued operations</i>	102	176
Closing price of VLRT bearer shares, in CHF	7.00	13.00
Dividend per share, in CHF	0.00	0.00
Dividend yield	n/a	n/a

**Valartis Group**

Valartis Group is an international finance group with offices in Switzerland, Liechtenstein, Luxembourg, as well as Moscow and St. Petersburg. Valartis Group AG (Baar, Switzerland) is listed on the Swiss stock exchange, SIX Swiss Exchange. Continued operations include the fields of Corporate Finance, Private Equity and Real Estate Management together with participations in the financial services sector.

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