Vontobel

# Half-Year Report

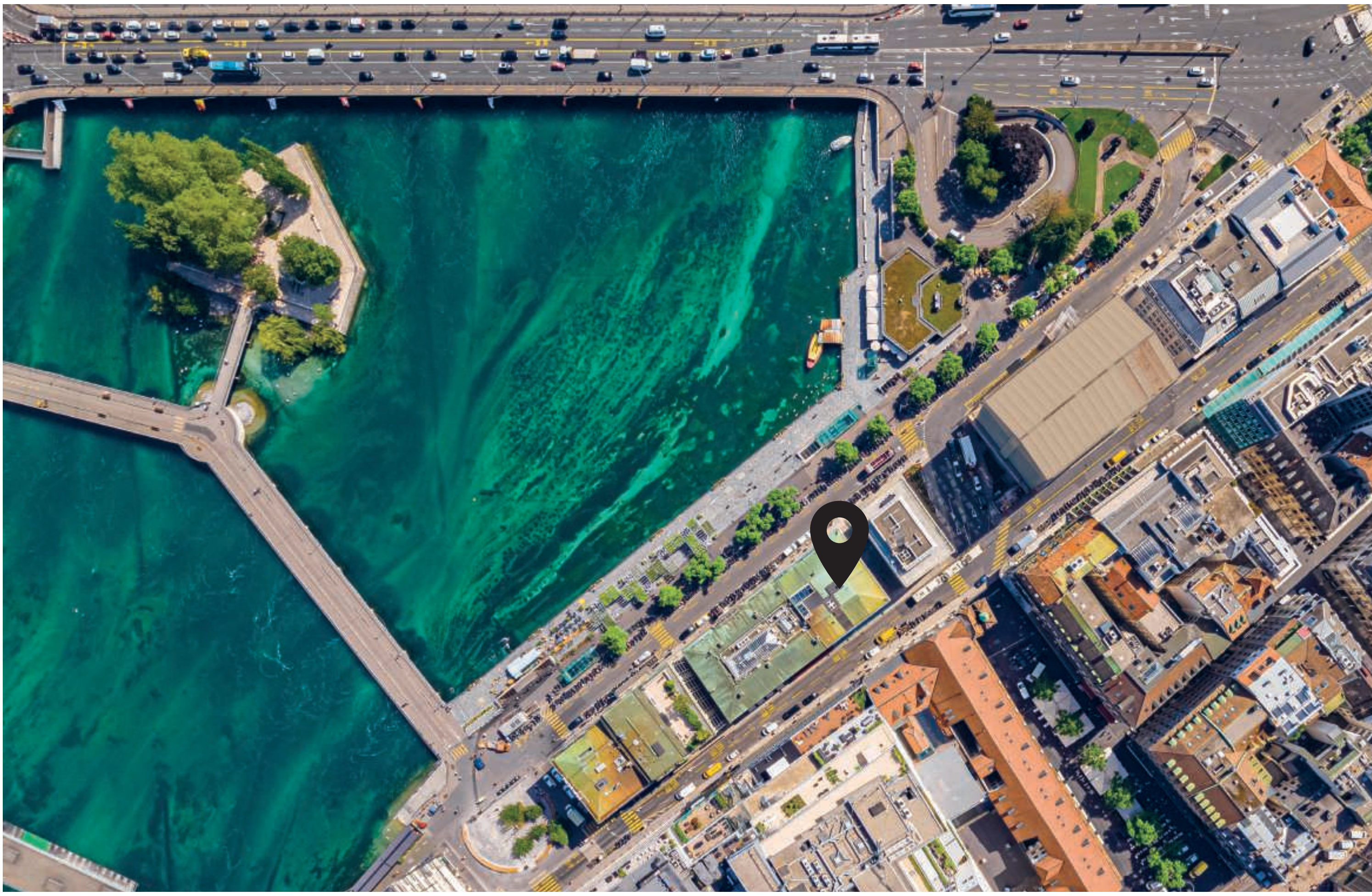
# 2019

# Geneva

**Geneva – like Zurich – ranks among the top 15 financial centers globally. Switzerland's second-largest city is not only a leading center for wealth management but is also regarded as one of the world's top 10 cities offering the best operating environment for asset managers.**

Vontobel has been active in the Geneva financial center – advising private and institutional clients from Swtizerland and selected target markets – since 1993. The private bank Tardy, de Watteville & Cie SA, which has a long tradition and is now part of Vontobel, was at the heart of these activities. Following the acquisition of Notenstein La Roche Privatbank, Vontobel can now serve its clients in French-speaking Switzerland from Lausanne as well as from Geneva, where it has expanded its presence. In total, around 70 employees work in these two branches.

With our Wealth and Asset Management businesses and our Financial Products offering, Geneva plays a decisive role in maintaining a strong Vontobel presence in the region. Our offices at Rue du Rhône 31 also serve as an important hub for our global activities. For example, we serve the needs of North American clients through Vontobel Swiss Wealth Advisors AG, our SEC-registered wealth manager in Geneva. With our comprehensive and expanded offering, we have created the basis for sustainable growth in French-speaking Switzerland.



Banque Vontobel SA, Rue du Rhône 31, 1204 Genève

Keystone-SDA / Valentin Flauraud
Drohnenshooting / June 2019

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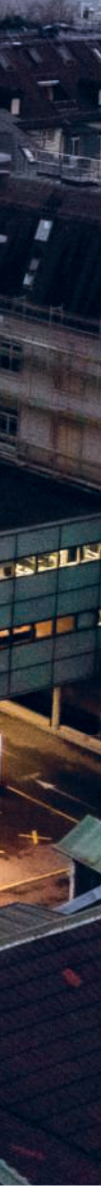
**COMMENTS ON THE FIGURES**
The figures shown are rounded. Consequently, the total may differ from the figure calculated when the individual numbers are added together.

This report also appears in German. The German version is prevailing.


**Herbert J. Scheidt**
Chairman of the Board of Directors

**Dr Zeno Staub**
Chief Executive Officer

**"Our focus is on capturing opportunities for growth and we are following an approach based on quality and innovation. Through the digital world, we can offer our clients individual, client-centric solutions that bring Vontobel to life. Our clients and their needs are at the center of all that we do."**



# Shareholders' letter

## Dear shareholders and clients

Vontobel generated a respectable result for the first half of 2019. Despite the continued challenging operating environment, we remained on course and moved ahead with the targeted implementation of our strategic priorities – focusing on the needs of our clients as part of our commitment to delivering an exceptional client experience. The ongoing achievement of organic growth and our strong ability to attract new employees show that Vontobel is on the right track. The investments that we made in the past are paying off. With our high-quality offering and innovations such as the new digital active wealth management solution Volt, as well as the international expansion of the business, we have created new opportunities for growth across all our divisions.

With net profit of CHF 131.1 million, Vontobel's result for the first half of 2019 was more or less in line (–1%) with the exceptionally strong net profit for the first half of 2018 (CHF 132.7 million). Adjusted for integration costs and a special dividend from SIX Group AG, net profit totaled CHF 131.9 million. The result reflects the solid development of margins as well as a good profit contribution from Asset Management and Wealth Management of 85%, despite continued low transaction volumes due to the prevailing climate of uncertainty on the stock markets.

Considering the current operating environment, Vontobel once again achieved good profitability in the first half of 2019, with a cost/income ratio of 75.8%. The return on equity was 14.3% (15.1%). Vontobel has set itself the target of generating a cost/income ratio of less than 72% and a return on equity of more than 14% by 2020.

We saw pleasing growth in advised client assets, which rose to CHF 212.9 billion compared to the end of 2018 (CHF 192.6 billion). The net inflow of new money at Group level – which was substantially driven by asset management strategies – totaled CHF 5.3 billion, compared to CHF 5.1 billion in the first half of 2018. The good performance of investment solutions offered by Asset Management and Wealth Management, most of which outperformed their respective benchmarks, also had a positive impact.

**Combined Wealth Management achieves increased profitability**

A systematic client focus, the competency-driven product offering and especially also the economies of scale generated due to the broadening of the business base, as well as improved efficiency, had a positive impact on the performance of Combined Wealth Management, which grew its pre-tax profit by 27% to CHF 71.4 million. At 70.0%, the cost/income ratio was slightly higher than the figure of 69.1% in the previous year. The gross margin in Combined Wealth Management was 68 basis points (68 basis points). Going forward, Vontobel Wealth Management will continue to place a particular emphasis on the quality of earnings without losing sight of its growth targets. As a result of the new client assets entrusted to us for investment, the overall growth in net new money was positive despite changes to the Vontobel team in Basel. Irrespective of this, advised client assets in Combined Wealth Management reached a new record level of CHF 73.6 billion (end-2018: CHF 67.2 billion).

**Creating growth opportunities through quality and innovations**

With seven new locations in Switzerland and around 100 new relationship managers who are now part of Vontobel following the acquisition of Notenstein La Roche Privatbank, we have decisively strengthened our basis for future growth in our Swiss home market. The integration is at an advanced stage and will be fully completed in 2019. Clients have welcomed the acquisition of Notenstein La Roche Privatbank by Vontobel and the new service quality and offerings provided.

In spring 2019, Vontobel successfully completed the acquisition of the US-based private clients portfolio from Lombard Odier. With this acquisition, Vontobel has optimally complemented its business with US clients. A total of more than CHF 730 million of assets under management were transferred to Vontobel as a result of the transaction. In total, Vontobel now manages around CHF 4.8 billion of assets for North American Wealth Management clients (Wealth Management and EAM).

Following the completion of the transactions, we are now focusing on harnessing the new opportunities they bring and on deepening the business with our clients as well as acquiring new clients. The quality of our products and advice will enable us to gain further market share and to realize our 2020 target of 4 to 6% growth.

We are also pursuing new approaches to achieve this. For example, Vontobel has expanded its range of wealth management products and services for wealthy clients with its own innovative digital active wealth management offering Volt. Vontobel has thus become the first Swiss wealth manager to give its wealthy clients digital access to the investment expertise of a global active wealth and asset manager.

Vontobel is also making Volt's underlying Digital Investment Solution Platform and the related investment and technology expertise available to other financial services providers who want a comprehensive Swiss alternative. In spring 2020, Raiffeisen Switzerland will become the first partner to offer its own digital wealth management solution for Swiss retail clients based on Vontobel's Digital Investment Solution Platform.

With Vontobel and the Digital Investment Solution Platform, we have opened up new prospects for growth in our Swiss home market as well as in our focus markets.

**Asset Management generates strong inflows**
Our Asset Management division can also look back on a successful performance in the first half of the year. In a highly competitive market environment, it was once again our main earnings driver. Reflecting the successful diversification strategy in recent years, the strengthened global sales network and the clear focus on client-oriented actively managed solutions, as well as good investment performance, net new money growth reached 9.6% thus exceeding the 4–6% target range during the period under review. Strong inflows were recorded primarily by the Fixed Income Boutique, including TwentyFour Asset Management, as well as in Vescore and Sustainable & Thematic Investing. Advised client assets rose to CHF 128.3 billion in the first half of 2019, compared to CHF 117.5 billion at the end of 2018. This sustained growth as well as the good quality of our earnings confirm the merits of our strategy of clearly positioning Vontobel as a high-conviction asset manager. Despite the general pressure on margins in the industry, Vontobel generated a gross margin of 44 basis points. Pre-tax profit totaled CHF 86.0 million (CHF 92.5 million).

Vontobel is well positioned for future growth. Vontobel Asset Management today ranks among the top 10 providers of actively managed retail investment funds in Europe, measured in terms of net new money. In Switzerland, Vontobel is now one of the six largest asset managers, and it ranks third in the area of sustainable investment solutions in the Swiss market. Vontobel Asset Management is committed to achieving its growth targets and will invest further in the quality of its products as well as in its global platforms. In addition, it will continue to expand its international sales and is therefore planning to open a new Asset Management location in Japan and to extend its sales network in the US.

**Financial Products defends market position in difficult markets**
Vontobel Financial Products was once again affected by the general mood of caution among investors as well as the trend towards lower-margin products, especially compared to the strong first half of 2018. Although the demand for products remained weak and despite fiercer competition, Vontobel Financial Products defended its market share. Vontobel is today one of the leading providers of investment and leverage products with a market share of over 11.5% in Europe and 29.0% in our Swiss home market, measured in terms of exchange-traded volumes in the target segment. Our strong position mainly reflects the quality of our products, our good service and our high level of innovation in the area of product development. Our client focus and our cost leadership based on the systematic use of the power of technology are also proving effective in a difficult market environment. During the first six months of the year, Vontobel expanded and scaled up its own platforms on a targeted basis through initiatives such as our market debut in Denmark and the expansion of our product offering in Hong Kong.

"cosmofunding", the digital platform for private placements and loans for Swiss companies and public-sector bodies, was also a source of positive developments. More than CHF 1.1 billion of private placements and loans were issued via this innovative platform in the first year since its launch in October 2018. Vontobel Equity Research also continued to gain a high level of recognition, with our Brokerage team being named the "Leading Brokerage Firm" for Swiss equities in the Extel Survey for the ninth consecutive time. Compared to the very strong first half of 2018 (CHF 51.9 million), pre-tax profit in this business decreased to CHF 28.5 million in the first six months of 2019.

With innovative new products and the use of new technologies, Vontobel Financial Products will continue to operate successfully in difficult markets in the future. We will further develop our Financial Products business based on an unchanged risk profile and active cost management.

**Robust capital position**

While pursuing our growth path, Vontobel can continue to build on a robust capital position that significantly exceeds regulatory requirements. The BIS common equity tier 1 ratio (CET1 ratio) was 12.3% at the end of June 2019 and the BIS total capital ratio was 18.2%. Vontobel's return on equity of 14.3% clearly exceeds our cost of capital and is slightly above our own target return on equity of at least 14%.

**Ambitious 2020 growth and profitability targets confirmed**

All financial institutions will again be faced with a challenging environment in the second half of the year. There are no signs of a change in operating conditions. The coming months will also be characterized by low interest rates, geopolitical uncertainty, trade tensions, slowing economies, uncertain markets and global pressure on margins.

Despite these challenges, we remain committed to our ambitious 2020 targets. We will continue to invest in our strategic projects and pursue our differentiated and well-considered cost management efforts. Our focus is on capturing opportunities for growth and we are following an approach based on quality and innovation. Through the digital world, we can offer our clients individual, client-centric solutions that bring Vontobel to life. Our clients and their needs are at the center of all that we do. Client satisfaction forms the foundations of our success.

We wish to thank you, our clients, shareholders and employees, for your trust in Vontobel and your valuable support, which is of particular importance in the current environment.

Herbert J. Scheidt
Chairman of the Board
of Directors

Dr Zeno Staub
Chief Executive Officer

## Ratios

| (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Return on shareholders' equity (ROE) (%)[1] | 14.3 | 15.1 | 11.0 |
| Cost[2] / income ratio (%) | 75.8 | 72.0 | 81.0 |
| Equity ratio (%) | 6.3 | 7.0 | 6.5 |
| Basel III leverage ratio (%) | 4.9 | 6.7 | 4.9 |

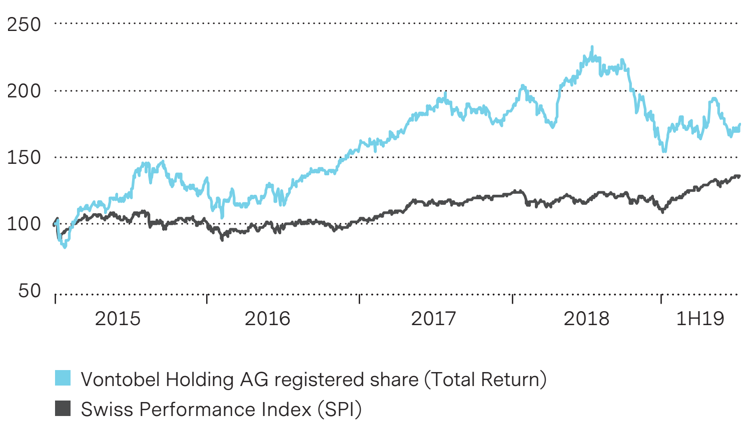
1 Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests
2 Operating expense, excl. provisions and losses

## Share data

| (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Basic earnings per share (CHF)[1] | 2.23 | 2.28 | 1.68 |
| Diluted earnings per share (CHF)[1] | 2.19 | 2.24 | 1.64 |
| Equity per share outstanding at balance sheet date (CHF) | 30.78 | 29.95 | 30.81 |
| Price / book value per share | 1.8 | 2.4 | 1.6 |
| Price / earnings[2] per share | 12.2 | 15.8 | 15.1 |
| Share price at balance sheet date (CHF) | 54.30 | 71.95 | 50.40 |
| High (CHF) | 61.10 | 72.95 | 76.05 |
| Low (CHF) | 49.72 | 57.00 | 49.60 |
| Market capitalization nominal capital (CHF mn) | 3,088.3 | 4,092.2 | 2,866.5 |
| Market capitalization less treasury shares (CHF mn) | 3,054.6 | 4,033.3 | 2,786.3 |
| Undiluted weighted average number of shares | 55,970,190 | 55,919,730 | 55,769,779 |

1 Basis: weighted average number of shares
2 Annualized

## Performance of Vontobel Holding AG registered share (indexed)




Source: Bloomberg

## Share information

| | |
|---|---|
| Stock exchange listing | SIX Swiss Exchange |
| ISIN | CH001 233 554 0 |
| Security number | 1 233 554 |
| Par value | CHF 1.00 |
| Bloomberg | VONN SW |
| Reuters | VONTZn.S |
| Telekurs | VONN |

## BIS capital ratios

| | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| CET1 capital ratio (%) | 12.3 | 19.1 | 12.3 |
| CET1 capital (CHF mn) | 924.9 | 1,174.7 | 835.1 |
| Tier 1 capital ratio (%) | 18.2 | 26.4 | 18.9 |
| Tier 1 capital (CHF mn) | 1,372.8 | 1,622.1 | 1,282.7 |
| Risk weighted positions (CHF mn) | 7,540.4 | 6,148.1 | 6,801.1 |

## Risk ratio

| CHF MN | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Average Value at Risk market risk | 4.8 | 4.6 | 6.1 |

Average Value at Risk 6 months for positions in the Financial Products division of the Investment Banking business unit. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

## Rating

| | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Moody's Rating Bank Vontobel AG (long-term deposit rating) | Aa3 | Aa3 | Aa3 |

## Consolidated income statement

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE IN % TO 30.06.2018 |
|---|---|---|---|---|
| Operating income | 625.6 | 583.3 | 574.5 | 7 |
| Operating expense | 476.1 | 422.4 | 459.2 | 13 |
| Group net profit | 131.1 | 132.7 | 99.5 | –1 |
| *of which allocated to minority interests* | *6.4* | *4.9* | *6.6* | *31* |
| *of which allocated to the shareholders of Vontobel Holding AG* | *124.7* | *127.7* | *93.0* | *–2* |

## Segment profits before taxes

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE IN % TO 30.06.2018 |
|---|---|---|---|---|
| Wealth Management | 55.0 | 42.4 | 50.6 | 30 |
| Asset Management | 86.0 | 92.5 | 87.8 | –7 |
| Investment Banking | 44.9 | 65.7 | 26.0 | –32 |
| Corporate Center | –36.3 | –39.8 | –48.9 | |

## Consolidated balance sheet

| | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE IN % TO 31.12.2018 |
|---|---|---|---|---|
| Total assets | 27,364.7 | 23,981.9 | 26,037.3 | 5 |
| Shareholders' equity (excl. minority interests) | 1,731.3 | 1,678.8 | 1,703.5 | 2 |
| Loans | 5,136.3 | 4,301.9 | 4,904.6 | 5 |
| Due to customers | 11,304.1 | 9,789.3 | 12,649.2 | –11 |

## Client assets[1]

| | 30.06.2019 CHF BN | 30.06.2018 CHF BN | 31.12.2018 CHF BN | CHANGE IN % TO 31.12.2018 |
|---|---|---|---|---|
| Assets under management | 186.0 | 168.6 | 171.1 | 9 |
| *of which under discretionary management* | *120.0* | *108.6* | *107.3* | *12* |
| *of which under non-discretionary management* | *66.0* | *60.0* | *63.8* | *3* |
| Other advised client assets | 16.6 | 13.4 | 13.5 | 23 |
| Structured products and debt instruments outstanding | 10.3 | 9.3 | 7.9 | 30 |
| **Total advised client assets** | **212.9** | **191.2** | **192.6** | **11** |
| Custody assets | 59.2 | 62.3 | 54.7 | 8 |
| **Total client assets** | **272.2** | **253.6** | **247.3** | **10** |

## Net new money[1]

| CHF BN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Net new money | **5.3** | 5.1 | –0.1 |

## Headcount (full-time equivalents)

| | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE IN % TO 31.12.2018 |
|---|---|---|---|---|
| Number of employees Switzerland | 1,666.1 | 1,370.8 | 1,662.2 | 0 |
| Number of employees abroad | 334.6 | 324.4 | 333.5 | 0 |
| **Total number of employees** | **2,000.7** | **1,695.2** | **1,995.7** | **0** |

1 Definition see note 14

# Business review

**Vontobel delivers respectable result for first half of 2019 – systematic implementation of strategic priorities**
Following the sharp fall in prices towards the end of 2018, the first months of 2019 saw a strong recovery in financial markets. Indications from the US Fed that further rate hikes would be put on hold for the time being, combined with renewed optimism about the global economic outlook, gave an initial boost to markets. The resurgence of trade tensions between the US and China at the start of May had a sobering effect and prompted growing uncertainty – especially in view of the weakening of leading indicators as well as economic data globally. As a result, central banks once again moved towards a more expansionary monetary policy. There was a renewed trend towards falling bond yields – particularly on government bonds – with yield curves remaining noticeably flat.

Global equity markets in industrialized nations closed up 17.1% in local currencies at the end of June 2019 compared to the end of 2018 and those in emerging markets closed the period up 10.2%. Large-cap defensive Swiss stocks proved popular with investors. The Swiss market Index (SMI) temporarily reached new highs in June and ended the first six months of the year up 17.4%, while the Swiss Performance Index (SPI) was up 21.8% at the end of June compared to December 31, 2018. The markets were characterized by low levels of volatility. At the same time, risk premiums for equities remained above the long-term average, demonstrating investor caution – especially among private investors, who continue to hold large cash positions.

The European finance industry has been faced with continuing structural changes and ever fiercer competition since the financial crisis. The low interest rate environment and the trend towards passive investing are generally putting margins under pressure. In addition, providers operating in the area of wealth and asset management are having to make significant investments in client and compliance processes, in the adjustment of their product offering and in automation in response to the introduction of the global standard for the Automatic Exchange of Information (AEOI) on financial accounts as well as the rules set out in the Markets in Financial Instruments Directive (MiFID II) that apply within the EU. To compete successfully in the market – i.e. to meet rapidly evolving client needs – financial institutions must also permanently demonstrate a high level of innovation and make significant investments in the digitization of their sales channels and offerings.

For Vontobel as a globally active financial expert with Swiss roots that specializes in wealth management, active asset management and investment solutions, our forward-looking business model and our focus on our own strengths proved effective once again. In the first half of 2019, we continued to systematically pursue our growth strategy, successfully expanded our client base across all divisions in our Swiss home market and internationally, and further refined our range of products and services. We also further demonstrated our considerable innovative strength. cosmofunding, the digital platform for public-sector clients seeking financing and institutional investors, successfully established itself in the market, and the launch of "Digital Asset Vault" now enables Vontobel to manage digital assets for institutional clients. Wealth Management has developed its own digital active wealth management solution "Volt", which gives clients digital access to the investment expertise of a globally active wealth and asset manager for the first time. Raiffeisen Switzerland will use Vontobel's Digital Investment Solution Platform to provide its own digital wealth management solution for retail clients from 2020.

The high level of trust that clients place in Vontobel and our successful positioning in the market were reflected by the strong net inflow of new money of CHF 5.3 billion, the good growth in operating income of 7% to CHF 625.6 million, and a solid net profit of CHF 131.1 million (earnings per share: CHF 2.23). The result was thus marginally lower than the IFRS net profit of CHF 132.7 million generated in the first half of 2018. Adjusted for one-off integration impacts as well as a special dividend from the SIX participation, the result totaled CHF 131.9 million, almost in line with the prior-year period.

Vontobel generated a return on equity of 14.3% in the period under review, clearly exceeding the current cost of capital of 8% and slightly exceeding the mid-term target of at least 14%.

Vontobel has maintained a comfortable equity position with a CET1 ratio of 12.3% and a Tier 1 capital ratio of 18.2%. Both ratios substantially exceed the regulatory minimum requirements defined by FINMA. To partially finance the acquisition of Notenstein La Roche, Vontobel Holding AG issued a CHF 450 million Additional Tier 1 bond with a coupon of 2.625% in June 2018, thus significantly strengthening its regulatory capital base.

**Client assets exceed 2018 level**

As a result of the successful expansion of the business, good performance and the sustained net inflow of new money, total client assets rose to CHF 272.2 billion in the first half of 2019 (31.12.2018: CHF 247.3 billion).

Total advised client assets consist of assets under management, other advised client assets and structured products. Advised client assets are an important indicator for Vontobel in view of the significant value generated by these assets; Vontobel provides advisory services and / or has portfolio management agreements in place for these assets. During the period under review, Vontobel recorded a 11% increase in advised client assets to CHF 212.9 billion. Other advised client assets are held primarily in Asset Management and consist of client assets for which Vontobel does not make investment decisions or has any responsibility for distribution. This includes other advisory services in the area of asset allocation and the business with private label funds.

Vontobel Financial Products was able to defend its market position in Europe during the period under review. Vontobel has also been offering leverage products in Hong Kong – the world's largest derivatives market – for two years and achieved a market share of 1.3% in this market in the first half of 2019. The volume of structured products and debt instruments outstanding – i.e. excluding leverage products – increased by 30% to CHF 10.3 billion compared to the end of 2018 due to money market products (debt instruments) that were issued in larger volumes for the first time during this half-year period.

In the finance industry, like in other sectors, there is a growing trend towards specialization, with companies sharpening the focus of their activities. Against this backdrop, Vontobel is now well established as a provider of global execution and global custody solutions in the Swiss market. At present, around 110 banks with custody assets of CHF 59.2 billion have joined Vontobel's transaction banking platform.

**Client assets**[1]

| CHF BN | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Assets under management | 186.0 | 168.6 | 171.1 |
| Other advised client assets | 16.6 | 13.4 | 13.5 |
| Structured products and debt instruments outstanding | 10.3 | 9.3 | 7.9 |
| **Total advised client assets** | **212.9** | **191.2** | **192.6** |
| Custody assets | 59.2 | 62.3 | 54.7 |
| **Total client assets** | **272.2** | **253.6** | **247.3** |

1 Definition see note 14

At the end of June 2019, the volume of assets under management entrusted to Vontobel was higher than ever before at CHF 186.0 billion. The total growth in assets of CHF 14.9 billion is attributable to:

- Growth in net new money of CHF +5.3 billion
- The acquisition of the US-based private clients portfolio of Lombard Odier with CHF 0.7 billion of assets
- The reclassification of the private label funds business, with a total of CHF –4.1 billion, from assets under management to other advised assets
- The net positive impact of market and currency effects of CHF 13.0 billion

In Combined Wealth Management (i.e. Wealth Management, formerly Private Banking and the External Asset Managers business), assets under management grew by 10% to CHF 72.2 billion. This increase was largely attributable to the good performance of client portfolios.

On the institutional side, assets under management rose by 8% to CHF 115.7 billion, driven by the sustained good net inflow of new money in the Asset Management boutiques and positive market and currency effects.

### Development of assets under management

| CHF BN | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| **Combined Wealth Management** | **72.2** | **54.9** | **65.7** |
| *Wealth Management* | *59.2* | *44.3* | *53.8* |
| *External Asset Managers* | *13.0* | *10.5* | *11.9* |
| **Institutional clients** | **115.7** | **115.6** | **107.3** |
| *Asset Management* [1] | *112.2* | *112.3* | *104.2* |
| *Investment Banking* [2] | *3.5* | *3.3* | *3.1* |
| **Corporate Center** [3] | **–1.9** | **–1.9** | **–1.9** |
| **Total assets under management** | **186.0** | **168.6** | **171.1** |

1 Including intermediaries
2 Excluding External Asset Managers
3 Assets under management that are managed on behalf of other segments.

### Growth in new money slightly exceeds target range of 4–6%

The needs of all our clients are at the center of our business philosophy and actions, as evidenced by our employees' consistent focus on delivering service and performance. Our efforts to put this philosophy into practice and our continued investments in growth and in an efficient sales structure at a global and product-oriented level are bearing fruit. As a result, Vontobel once again delivered good growth in new money of 6.2% in the first half of 2019, slightly exceeding our target range of 4–6%.

The net inflow of new money in Wealth Management totaled CHF 0.3 billion – corresponding to growth of 1.2%. We generated these positive inflows despite changes to the Vontobel team in Basel. Our core markets of Germany and the Emerging Markets were the main contributors of new money. The External Asset Managers business presented a balanced picture in terms of net inflows of new money. Combined Wealth Management (Wealth Management and the External Asset Managers business) generated a net inflow of CHF 0.3 billion, which corresponds to growth in net new money of 0.9% and is below the target range of 4–6%.

The high quality of products, the systematic diversification strategy that has been in place for several years, and the further strengthening of the globally-oriented distribution organization contributed to the sustained inflow of new money in Asset Management, which totaled CHF 4.9 billion. Significant inflows were generated in particular by fixed income products, including the successful products of TwentyFour Asset Management, which continue to experience strong growth, as well as by the Multi Asset Boutique and Sustainable & Thematic Investing.

The investment business with Raiffeisen once again made a positive contribution to new money. In total, Asset Management generated growth in net new money of 9.6%, significantly exceeding the target range of 4–6%.

### Development of net new money

| CHF BN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| **Combined Wealth Management** | **0.3** | **1.7** | **0.5** |
| *Wealth Management* | *0.3* | *1.3* | *0.3* |
| *External Asset Managers* | *0.0* | *0.5* | *0.2* |
| **Institutional clients** | **5.0** | **3.3** | **–0.6** |
| *Asset Management* [1] | *4.9* | *3.8* | *–0.7* |
| *Investment Banking* [2] | *0.1* | *–0.5* | *0.1* |
| **Corporate Center** [3] | **–0.1** | **0.1** | **0.0** |
| **Total net new money** | **5.3** | **5.1** | **–0.1** |

1 Including intermediaries
2 Excluding External Asset Managers
3 Net new money from assets that are managed on behalf of other segments.

The changes in the structure of assets by investment category observed in recent years reflect the systematic diversification of the boutiques within Asset Management. The successful international expansion of the Fixed Income business is demonstrated by the growing proportion of fixed income securities, which increased by a further percentage point in the period under review, while the relative importance of foreign equities continued to decline. The increasing proportion of Swiss equities reflects the strengthening of the Swiss home market in Wealth Management and the very good performance of the Swiss equity market in the first half of the year.

### Assets under management by investment category

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Swiss equities | 15 | 13 | 14 |
| Foreign equities | 32 | 36 | 33 |
| Bonds | 35 | 34 | 34 |
| Alternative investments | 2 | 2 | 2 |
| Liquid assets, fiduciary investments | 11 | 10 | 11 |
| Other [1] | 6 | 5 | 6 |

1 Including structured products and debt instruments

Our investment expertise is geared towards our international client base – as reflected by our broadly diversified allocation of assets under management in terms of currencies. A total of 27% of assets under management comprise investments in Swiss francs. The proportion of investments in US dollars rose again slightly in the first half of 2019, while investments in euro and British pounds declined slightly.

### Assets under management by currency

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| CHF | 27 | 24 | 27 |
| EUR | 22 | 24 | 23 |
| USD | 29 | 29 | 27 |
| GBP | 6 | 8 | 8 |
| Other | 15 | 15 | 15 |

### Future-oriented investments in markets, talent and technologies

In the first half of 2019, Vontobel made further investments in core markets, talent and technologies. At the end of March, Vontobel successfully completed the acquisition of the US-based private clients portfolio of Lombard Odier, which resulted in the transfer of more than CHF 730 million of assets under management to Vontobel. The integration of Notenstein La Roche is at an advanced stage and will be fully completed in the course of 2019. In Wealth Management, we expanded our offering to include our own innovative digital wealth management solution. We have thus become the first Swiss wealth manager to provide digital access to the investment expertise of an active wealth and asset manager. In Asset Management, we are continuously growing our distribution network and will open a new location in Japan.

Net profit according to IFRS totaled CHF 131.1 million in the first half of 2019 and was thus 1% lower than the result for the same period of the previous year. On an adjusted basis, i.e. excluding:

- integration costs for Notenstein La Roche of CHF 7.4 million before taxes or CHF 6.5 million after taxes and for the US- based private clients portfolio of Lombard Odier of CHF 0.5 million before taxes or CHF 0.4 million after taxes,
- the one-off positive impact of a special dividend from our participation in SIX AG of CHF 6.9 million before taxes or CHF 6.1 million after taxes,
- resulting on a net basis in CHF 1.0 million before taxes or CHF 0.8 million after taxes,

Group net profit totaled CHF 131.9 million, almost in line with the result of CHF 132.7 million recorded in the first half of 2018.

### Reconciliation of reported to adjusted profit after tax

| CHF MN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| **Group net profit** | **131.1** | **132.7** | **99.5** |
| Integration costs [1] | 6.9 | – | 31.8 |
| Special dividend SIX Group AG | –6.1 | – | – |
| One-off positive impact on pension fund liabilities NLR (IAS 19) | – | – | –14.8 |
| **Group net profit on an adjusted basis** | **131.9** | **132.7** | **116.5** |

1 30.06.2019: Integration costs for Notenstein La Roche Privatbank AG of CHF 6.5 mn and for the North American wealth management portfolio of CHF 0.4 mn
31.12.2018: Integration costs for Notenstein La Roche Privatbank AG

In recent years, Vontobel has successfully transformed itself from a financial institution that focused predominantly on the Swiss market into an established and globally active wealth and asset manager.

This is demonstrated not only by our international client base and the balanced structure of assets under management in terms of currencies but also by the significant contribution from fee and commission income, which accounted for 66% of operating income of CHF 625.6 million in the first half of 2019 (first half of 2018: CHF 583.3 million).

Commission income grew by 8% to CHF 410.3 million due to higher average assets under management in the period under review. Advisory and management fees rose by 13 % to CHF 366.6 million, while custody fees grew by 4% to CHF 97.8 million. The continued wait-and-see attitude among many investors, the growing trend towards “all-inclusive” mandates in Wealth Management, and the impacts of regulatory changes (MiFID II), are reflected by the reduction in brokerage fees – also part of net commission income – which declined by 3% to CHF 50.6 million.

The slight reduction in trading income to CHF 162.4 million (–2%) was attributable to the weak market environment for structured products and derivatives. This result was recorded despite Vontobel's strong position in Swiss and international markets as well as the ongoing shift to the platform business. Vontobel's trading income mainly comprises income from the issuing, hedging and market making of structured products and warrants – represented by the total of "Securities" and "Other financial instruments at fair value". In the period under review, these activities contributed CHF 140.8 million (–4%) to trading income. Income from forex and precious metals trading rose by 14% to CHF 21.6 million.

Managing the bank's balance sheet while maintaining a conservative risk profile is especially challenging in an environment of continued extremely low or negative interest rates. As a result of active and systematic treasury management, an increase in loans to clients (+5%), and the one-off dividend distribution by SIX Group AG of CHF 6.9 million before taxes, or CHF 6.1 million after taxes, net interest income rose by 24% to CHF 46.3 million. Excluding this one-off income, net interest income grew by 5%. Other income increased by CHF 5.4 million to CHF 6.7 million, reflecting sales of interest rate instruments in financial investments.

Operating expense rose by 13% to CHF 476.1 million as a result of the expansion of the business. Personnel expense – which is the largest cost component – increased by 14% to CHF 316.0 million. At the end of June 2019, Vontobel employed 2,001 full-time equivalents. This represents an increase of 306 compared to the end of June 2018 and an increase of 5 compared to the end of December 2018.

Operating expense includes one-off expenses for the integration of Notenstein La Roche and the US-based private clients portfolio of Lombard Odier of CHF 7.9 million before taxes, or CHF 6.9 million after taxes. Further integration costs of around CHF 2 million are expected in the second half of 2019. It is therefore anticipated that total integration costs will be below the initial estimates of CHF 50 million.

General expense decreased by 3% during the period under review. This reduction is attributable to the new IFRS 16 standard on lease accounting. Most leasing contracts are now capitalized and depreciated over the term of the lease. As a result, rental costs are no longer recognized in occupancy expense (–63%); instead, they are recognized as the depreciation of property and equipment. Furthermore, a double-digit increase in expenses for IT, telecommunications and other equipment was recorded, while travel and representation, public relations and marketing expenses continued to decline.

The increase in depreciation of property and equipment was mainly due to the new IFRS 16 standard, as explained above. Depreciation of intangible assets also increased due to the acquisitions of Notenstein La Roche and the US-based private clients portfolio of Lombard Odier. As a result, depreciation of property, equipment and intangible assets rose by 58% to CHF 50.8 million, as planned. The volume of capital expenditure on property and equipment and intangible assets reached CHF 56.7 million in the period under review. A strong emphasis was placed on various digitization projects.

**Capital expenditure and depreciation**

| CHF MN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Capital expenditure [1] | 56.7 | 23.0 | 353.3 |
| *of which goodwill* | *1.7* | | *260.6* |
| *of which other intangible assets* | *8.9* | | *45.8* |
| *of which property, equipment and software* [2] | *46.1* | *23.0* | *46.9* |
| Depreciation | 50.8 | 32.1 | 36.7 |

1 Additions to property, equipment and intangible assets (including additions from changes in the scope of consolidation)
2 Excluding property and equipment sold directly after the acquisition of Notenstein La Roche Privatbank AG.

### Structure of the income statement

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2019 IN %[1] | 30.06.2018 IN %[1] | 31.12.2018 IN %[1] |
|---|---|---|---|---|
| Net interest income after credit losses | 46.3 | 7 | 6 | 6 |
| Net fee and commission income | 410.3 | 66 | 65 | 71 |
| Trading income | 162.4 | 26 | 29 | 22 |
| Other income | 6.7 | 1 | 0 | 1 |
| **Total operating income** | **625.6** | **100** | **100** | **100** |
| | | | | |
| Personnel expense | 316.0 | 51 | 47 | 50 |
| General expense | 107.6 | 17 | 19 | 24 |
| Depreciation of property, equipment (incl. software) and intangible assets | 50.8 | 8 | 6 | 6 |
| Provisions and losses | 1.6 | 0 | 0 | 0 |
| **Total operating expense** | **476.1** | **76** | **72** | **80** |
| | | | | |
| Taxes | 18.4 | 3 | 5 | 3 |
| **Group net profit** | **131.1** | **21** | **23** | **17** |

1 Share of operating income

The broadening of the operating income base combined with a higher cost base led to a decrease in operating efficiency from 72.0% to 75.8% in the period under review. At CHF 149.6 million, the IFRS result before taxes was 7% lower than in the prior-year period. The tax charge decreased by 35% to CHF 18.4 million, resulting in a lower tax rate of 12.3% compared to 17.5% in 2018. This reduction was driven by a tax refund in the US as well as positive impacts from loss carry-forwards in Germany.

IFRS net profit after taxes declined by 1% to CHF 131.1 million. Due to the strong increase in minority interests in profit as well as a slight rise in the average number of shares outstanding, earnings per share decreased slightly (–2%) to CHF 2.23. Profit allocated to shareholders totaled CHF 124.7 million, a reduction of 2% compared to the prior-year period.

As a wealth and asset manager with an international client structure and strong roots in its Swiss home market, Vontobel is systemically affected by the strong Swiss franc, like companies in the Swiss export industry.

There were no significant shifts in the currency composition of the income statement in the first six months of 2019.

The proportion of income generated in US dollars and British pounds increased slightly, with a corresponding decrease in the proportion of income in Swiss francs and euros. On the cost side, there was a slight decline in the proportion of costs incurred in US dollars. As a result, 42% of income and 78% of operating expense at Vontobel were generated in Swiss francs. The US dollar continued to represent the second most important currency, accounting for 31% of income and 8% of operating expense. This was followed by the euro, with 15 % of income and 7 % of costs.

### Structure of income statement by currency

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| **Operating income** | | | |
| CHF | 42 | 43 | 41 |
| EUR | 15 | 16 | 16 |
| USD | 31 | 30 | 31 |
| GBP | 7 | 6 | 6 |
| Other | 6 | 5 | 6 |
| **Operating expense** | | | |
| CHF | 78 | 77 | 78 |
| EUR | 7 | 8 | 8 |
| USD | 8 | 9 | 9 |
| GBP | 3 | 4 | 3 |
| Other | 3 | 2 | 2 |

### Growing profit contribution from Wealth and Asset Management – Financial Products strengthens market share in a difficult environment

#### Segment profits before taxes

| CHF MN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Wealth Management | 55.0 | 42.4 | 50.6 |
| Asset Management | 86.0 | 92.5 | 87.8 |
| Investment Banking | 44.9 | 65.7 | 26.0 |
| *of which External Asset Managers* | *16.5* | *13.8* | *14.8* |
| Corporate Center | –36.3 | –39.8 | –48.9 |
| **Total** | **149.6** | **160.9** | **115.4** |

In Combined Wealth Management, the business model has been selectively expanded during the past few years and its focus has been sharpened. This strategy has proved successful, with Wealth Management exploiting economies of scale in recent years and achieving significantly higher profitability in an increasingly competitive environment. The systematic client focus and ongoing enhancement of the advisory process in Vontobel Wealth Management are reflected by the continued growth in advised client assets over the years. In addition, operating income also rose by 32% and pre-tax profit increased by 30% in the first half of 2019.

The positioning of Asset Management as a high-conviction manager and the diversification strategy introduced some time ago continue to prove successful. The impressive quality of its products and the continued inflows of new money into the boutiques show that we are on the right path. The division was once again the main earnings driver at Vontobel, with a pre-tax profit contribution of CHF 86.0 million, compared to CHF 92.5 million in the first half of 2018.

The Financial Products business in Investment Banking has, for years, displayed a high level of innovation while maintaining its close proximity to clients. It has successfully established itself as one of the leading providers of structured products and derivatives in Europe and has also operated in Hong Kong as a provider of leverage products since fall 2017. In the first half of 2019, it reinforced its strong market position in key target markets in an environment shaped by significantly declining volumes. As a result of difficult markets, operating income fell by 17 %, while the cost base decreased by only 3 % due to high investments in platforms. This resulted in a 45 % reduction in pre-tax profit to CHF 28.5 million.

Wealth & Asset Management (Wealth Management, Asset Management and External Asset Managers business) accounted for 85% of the pre-tax profit generated by the divisions. This large proportion reflects Vontobel's clear positioning as a wealth and asset manager. Financial Products (Investment Banking excluding the External Asset Managers business) contributed 15% of Vontobel's pre-tax profit (excluding the Corporate Center) in the period under review. The Corporate Center's income statement contains integration costs related to the acquisition of Notenstein La Roche and the US-based private clients portfolio of Lombard Odier on the one hand and income from a dividend paid by the SIX Group AG following the sale of the card business on the other. The Corporate Center result before taxes (CHF –36.3 million) was in line with the prior-year period.

#### Conservative risk management

Vontobel remains committed to a conservative risk management approach. At CHF 4.8 million, the average Value at Risk in the Financial Products business remained very low. In the first half of 2019, this figure once again mainly reflected equity components, followed by interest rate components.

#### Value at Risk (VaR) for the positions in the Financial Products division

| CHF MN | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Equities | 4.5 | 3.2 | 5.0 |
| Interest rates | 1.1 | 1.2 | 1.4 |
| Currencies | 0.7 | 0.5 | 0.6 |
| Commodities | 0.1 | 1.1 | 1.2 |
| Diversification effect | –1.6 | –1.5 | –2.1 |
| **Total** | **4.8** | **4.6** | **6.1** |

Average Value at Risk (6 months) for positions in the Financial Products business unit of the Investment Banking division. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

#### Continued comfortable capital position

Vontobel has maintained its comfortable capital position, with a CET1 ratio of 12.3% and a tier 1 capital ratio of 18.2%. Both ratios substantially exceed the regulatory minimum requirements defined by FINMA of 12% for the total capital ratio and 7.8% for the CET1 capital ratio for Category 3 banks, which include Vontobel. The new IFRS 16 standard for the financial reporting of leases that was applied for the first time resulted in an expansion of the balance sheet. Excluding this effect, the CET1 capital ratio would be 12.6% and the tier 1 capital ratio would be 18.7%.

Consolidated shareholders' equity was CHF 1.73 billion at the end of June 2019, an increase of 2% compared to the end of 2018. Vontobel's very solid capital position is also reflected by its equity ratio of 6.3% and a leverage ratio under Basel III of 4.9%. Furthermore, Vontobel's balance sheet can be described as highly liquid, since its liquidity coverage ratio averaged 193 % for the year under review and thus significantly exceeded the minimum requirement of 100% defined by FINMA as from 2019.

Total assets grew by 5% to CHF 27.4 billion in the period under review. On the liabilities side of Vontobel's balance sheet, client deposits decreased by 11% from CHF 12.6 billion to CHF 11.3 billion, while liabilities arising from the structured products and debt instruments business rose by 31% to CHF 10.2 billion. Hedging positions for this business on the assets side of the balance sheet expanded accordingly. This was reflected, among other things, by an increase in trading portfolio assets, higher positive replacement values and an increase in the position "Other financial assets at fair value". Loans to clients increased by 5% to CHF 5.1 billion.

Of the total regulatory capital of CHF 1,184.2 million required under BIS rules (December 31, 2018: CHF 1,128.0 million), based on 8% of risk-weighted positions and taking into account the deductions (goodwill, etc.) shown below, 44% was allocated to Wealth Management, 22% to Asset Management and 24% to Investment Banking, with 21% allocated to Financial Products.

**Allocation of regulatory capital required (BIS) as of 30 June 2019**

| CHF MN | CREDIT RISKS | MARKET RISKS | OPERATIONAL RISKS | GOODWILL ETC. | TOTAL |
|---|---|---|---|---|---|
| Wealth Management | 68.9 | 0.0 | 61.4 | 392.5 | 522.8 |
| Asset Management | 8.8 | 0.0 | 65.6 | 183.3 | 257.7 |
| Investment Banking | 40.3 | 186.3 | 48.6 | 5.2 | 280.4 |
| *of which Financial Products* | *24.3* | *186.3* | *38.9* | *0.5* | *250.0* |
| Corporate Center | 49.0 | 71.7 | 2.6 | 0.0 | 123.3 |
| **Total** | **167.0** | **258.0** | **178.2** | **581.0** | **1,184.2** |

**92% of client assets come from Swiss home market and international focus markets**
**Client assets by client domicile as of 30 June 2019**

| CHF BN | ASSETS UNDER MANAGEMENT | OTHER ADVISED CLIENT ASSETS | STRUCTURED PRODUCTS AND DEBT INSTRUMENTS | TOTAL ADVISED CLIENT ASSETS | CUSTODY ASSETS | TOTAL CLIENT ASSETS |
|---|---|---|---|---|---|---|
| **Home market** | **79.7** | **2.6** | **8.4** | **90.7** | **56.3** | **147.0** |
| *Switzerland*[1] | *79.7* | *2.6* | *8.4* | *90.7* | *56.3* | *147.0* |
| **Focus markets** | **91.2** | **11.5** | **1.9** | **104.6** | **0.0** | **104.6** |
| *Germany* | *18.8* | *4.7* | *1.9* | *25.4* | *0.0* | *25.4* |
| *Italy* | *11.6* | *0.0* | *0.0* | *11.6* | *0.0* | *11.6* |
| *UK* | *19.1* | *0.0* | *0.0* | *19.1* | *0.0* | *19.1* |
| *US* | *17.7* | *0.0* | *0.0* | *17.7* | *0.0* | *17.7* |
| *Emerging Markets*[2] | *24.0* | *6.8* | *0.0* | *30.8* | *0.0* | *30.8* |
| **Other markets** | **15.1** | **2.5** | **0.0** | **17.6** | **2.9** | **20.5** |
| **Total client assets** | **186.0** | **16.6** | **10.3** | **212.9** | **59.2** | **272.2** |

1 Including Liechtenstein
2 Asia Pacific region, CEE, LATAM, Middle East, Africa

In recent years, Vontobel has become an established global wealth and asset manager. Between 2002 and the end of June 2019, there was a more than four-fold increase in advised client assets. Today, 57% of advised client assets consist of assets of clients domiciled outside Vontobel's Swiss home market – primarily in target markets comprising Emerging Markets, Germany, the US, the UK and Italy. However, Vontobel is also well established in its home market, with clients domiciled in Switzerland accounting for CHF 90.7 billion of advised client assets.

# Strategic priorities

Based on Vontobel's client-driven and long-term oriented strategy as an internationally active specialist in wealth and asset management that is dedicated to growth and innovation, the Board of Directors and Executive Board of Vontobel defined five strategic priorities in 2017 for the next three years:

- A great client experience has become essential to meet the expectations of clients. The first strategic priority is therefore to **deliver the unique Vontobel experience.** In this way, we will generate superior value for clients and create a stronger emotional connection to the brand.

- **Empower people** is the second strategic priority that has been defined. An ownership mindset forms the backbone of Vontobel's culture. Through various initiatives, we want to empower and foster entrepreneurship among our employees.

- Our third strategic priority is to **create brand excitement** among our clients. We have sharpened our corporate profile and we introduced a new corporate design in September 2017 to strengthen our positioning and further increase the attractiveness of the Vontobel brand.

- Our fourth strategic priority is to **boost growth and market share**. We are thus remaining true to the principle of pursuing an organic growth strategy, driving growth initiatives across all business units in Switzerland and internationally. At the same time, a disciplined M&A approach will complement our targeted organic growth.

- **Driving efficiency** is the fifth strategic priority. We want to transform top-line growth into superior bottom-line growth through tight cost management and by streamlining processes to achieve economies of scale. Vontobel operates in international markets, where we are subject to increasing regulations and where products are growing more complex in response to rising client expectations. Our global platform strategy is the key to efficiently managing this complexity: With our state-of-the-art infrastructure, we create high-quality products and services centrally in Switzerland and distribute them globally.

- Vontobel's efficient IT infrastructure allows for a high degree of automation that exceeds 99%. Since we completely renewed our core banking platform system in the last decade, our resources can now be allocated to digital innovation in order to deliver greater benefits for clients as well as further efficiency gains.

# Targets 2020

## Ambitious mid-term targets

Building on these strategic priorities, the Board of Directors and Executive Board have defined ambitious targets for growth, profitability, capital and dividends for 2020. In summer 2018, the profitability targets for Vontobel and Combined Wealth Management were increased to take account of the positive impacts that the acquisition of Notenstein La Roche Privatbank is expected to have on profitability.

In specific terms, this means **Vontobel** wants to:

- **Outgrow the market** in all core activities with top-line growth and net new money growth of 4–6%, excluding market performance effects

- Generate a higher **return on equity** of more than 14%, clearly exceeding the cost of capital; achieve a **cost/income ratio** of less than 72%

- Maintain a very strong **capital position** with a CET1 capital ratio of more than 12% and a total capital ratio of more than 16%

- Distribute profits not used for organic growth and M&A to shareholders, with a target **payout ratio** of more than 50% for shareholders

- **Combined Wealth Management:** Capture high-growth markets, drive innovation through technology and further enhance the client experience with investment-led content and client-specific solutions

  2020 targets: Outgrow the market with net new money growth of 4–6%; protect a gross margin of more than 68 basis points; ensure profitable growth with a cost/income ratio of less than 70%

- **Asset Management:** High-conviction asset management translates into an outstanding product offering. Leverage market trends such as innovative investment solutions and digitization as well as our own global distribution network to reach all relevant client segments

  2020 targets: Continue to outgrow the market with 4–6% net new money growth, protect a gross margin of more than 40 basis points; ensure profitable growth with a cost/income ratio of less than 65%

- **Financial Products:** Drive future growth through international expansion, with entry into new markets in APAC and growth of existing market share in Europe, and continue state-of-the-art digital innovation to become a leading provider of structured products and derivatives globally

  2020 targets: Grow operating income to more than CHF 300 million; ensure profitable growth with a cost/income ratio of less than 65%

### Targets 2020

| | |
|---|---|
| **Top-line growth** | |
| Total operating income | 4–6% |
| **Net new money generation** | |
| Net new money growth | 4–6% |
| **Earnings power** | |
| Return on equity (ROE) | >14% |
| **Efficiency** | |
| Cost/income ratio | <72% |
| **Capital strength** | |
| Tier 1 capital ratio (CET1) | >12% |
| Total capital ratio | >16% |
| **Dividend** | |
| Payout ratio | >50% |

# Wealth Management

Vontobel has actively shaped Wealth Management in recent years and aligned its offering even more closely to different client needs. Rather than concentrating on individual products, it focuses on the advisory process that is based to a large extent on our personal dialogue with clients – enabling us to address their specific objectives even more effectively through the delivery of customized solutions. This not only requires a good infrastructure with digital processes but also a highly-qualified team of relationship managers as well as an impressive product and service offering.

To support organic growth, we are continuously expanding our employee training and are aligning our range of products and services – including sustainable investment solutions – to the evolving needs of our clients. A core aspect of our offering is our innovative and proprietary Vontobel 3alpha Investment Philosophy®. Its key features include enhanced client benefits, the streamlined and more flexible use of the product range, and a high level of transparency – especially with regard to fees. Clients decide which advisory model they wish to choose for their individual portfolio modules and select the amount and type of contact they have with their relationship manager accordingly.

In June 2019, Vontobel announced that the traditional range of wealth management products and services for wealthy clients is, in future, being expanded to include "Volt", its own digital active wealth management offering. Based on the 3alpha Investment Philosophy®, we have thus become the first Swiss wealth manager to offer our wealthy clients digital access to the investment expertise of a global active wealth and asset manager. Using a digital onboarding process, new clients can also open an account and thus make use of Vontobel's global wealth management offering. In addition, Vontobel's partner Raiffeisen Switzerland will provide its own digital wealth management solution for Swiss retail clients based on Vontobel's Digital Investment Solution Platform from spring 2020.

These two groundbreaking new offerings fit seamlessly into Vontobel Wealth Management's digitization strategy. On the one hand, our focus is on streamlining internal processes to facilitate the investment process, which has become more labor-intensive for relationship managers as a result of regulatory developments. Using a specially developed tool, relationship managers can now digitally prepare investment proposals, simulate the impact on the portfolio in real time, provide clients with rapid access to essential documentation, and execute transactions directly after consulting with the client. The regulatory requirements that apply in Europe under MiFID II are fully reflected in the tool, and it also takes new rules in Switzerland (FIDLEG) fully into account. On the other hand, an emphasis is also being placed on digital interaction with clients and we have further developed our Vontobel Wealth platform as part of these efforts.

In addition to concentrating on organic growth, Wealth Management is also playing an active role in the industry consolidation. In 2018, Vontobel acquired the private bank Notenstein La Roche and completed the acquisition of the US-based private clients portfolio from Lombard Odier on April 1, 2019. The integration of these two entities was therefore a dominant topic in the first half of the year. With these acquisitions, Vontobel has further expanded its growing portfolio of wealthy clients. It has also strengthened its presence in its home market with additional locations and has expanded its business in the US. In doing so, Vontobel has underscored its position as one of the leading private banks in Switzerland.

Assets under management totaled CHF 59.2 billion at the end of June 2019 (+10% compared to the end of 2018 and +34% compared to the end of June 2018). This growth was mainly attributable to our good performance as well as the consolidation of the US-based private clients portfolio of Lombard Odier. The continued growth in assets under management is also reflected by the strong financial results achieved by Vontobel Wealth Management. Operating income increased by 32% and pre-tax profit grew by 30% compared to the previous year.

Vontobel Wealth Management has been actively managing client assets with foresight for decades and aspires to be the leading Swiss wealth manager. We pursue a holistic approach that centers on our clients and their assets. We consider it important to ensure continuity in our advisory services. This forms the foundations for a long-term business relationship with our clients. Our offering encompasses a wide variety of services – from portfolio management and active investment advisory to integrated financial advice, financial planning and financing solutions. Vontobel's business model also allows our private clients to access the proven expertise of our Asset Management and Investment Banking divisions. Vontobel Wealth Management has a presence in Zurich, Basel, Berne, Chur, Geneva, Lausanne, Locarno, Lugano, Lucerne, Olten, Schaffhausen, St. Gallen, Winterthur, Milan, Munich, Hamburg and Hong Kong. It is also present in New York through its SEC-registered company Vontobel Swiss Wealth Advisors AG.

## Segment results

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | CHANGE TO 30.06.2018 IN % |
|---|---|---|---|---|---|
| Net interest income after credit losses | 32.0 | 25.6 | 30.4 | 6.4 | 25 |
| Net fee and commission income | 161.6 | 119.3 | 154.5 | 42.3 | 35 |
| Trading income and other operating income | 11.4 | 10.0 | 11.4 | 1.4 | 14 |
| **Total operating income** | **205.0** | **154.9** | **196.3** | **50.1** | **32** |
| Personnel expense | 83.1 | 61.3 | 81.4 | 21.8 | 36 |
| General expense | 11.0 | 7.7 | 10.6 | 3.3 | 43 |
| Services from / to other segments | 51.0 | 40.8 | 52.6 | 10.2 | 25 |
| Depreciation of property, equipment (incl. software) and intangible assets | 4.6 | 2.4 | 4.4 | 2.2 | 92 |
| Provisions and losses | 0.4 | 0.3 | –3.3 | 0.1 | 33 |
| **Total operating expense** | **150.0** | **112.5** | **145.7** | **37.5** | **33** |
| **Segment profit before taxes** | **55.0** | **42.4** | **50.6** | **12.6** | **30** |

## Key figures

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Cost[1] / income ratio | 73.0 | 72.5 | 75.9 |
| Change of assets under management | 10.0 | 0.8 | 21.4 |
| *of which net new money* | *0.6* | *2.9* | *0.6* |
| *of which change in market value* | *8.1* | *1.1* | *–8.8* |
| *of which through acquisition*[2] | *1.4* | *0.0* | *29.2* |
| *of which other effects*[3] | *–0.1* | *–3.2* | *0.4* |
| Operating income / average assets under management (bp)[4,5] | 71 | 70 | 72 |
| Profit before taxes / average assets under management (bp)[4,5] | 19 | 19 | 19 |

## Client assets[6]

| | 30.06.2019 CHF BN | 30.06.2018 CHF BN | 31.12.2018 CHF BN | CHANGE TO 31.12.2018 CHF BN | CHANGE TO 31.12.2018 IN % |
|---|---|---|---|---|---|
| Assets under management | 59.2 | 44.3 | 53.8 | 5.4 | 10 |
| Other advised client assets | 1.4 | 1.5 | 1.5 | –0.1 | –7 |
| **Total advised client assets** | **60.6** | **45.9** | **55.3** | **5.3** | **10** |
| Average assets under management[5] | 57.5 | 44.1 | 54.6 | 2.9 | 5 |

## Net new money[6]

| CHF BN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Net new money | 0.3 | 1.3 | 0.3 |

## Personnel

| | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE TO 31.12.2018 | CHANGE TO 31.12.2018 IN % |
|---|---|---|---|---|---|
| Employees (full-time equivalents) | 582.8 | 397.0 | 574.6 | 8.2 | 1 |
| *of which relationship managers* | *269.6* | *196.5* | *274.1* | *–4.5* | *–2* |

1 Operating expense excl. provisions and losses
2 30.06.2019: Acquisition US-based private clients portfolio from Lombard Odier in April 2019
31.12.2018: Acquisition of Notenstein La Roche Privatbank AG in July 2018
3 31.12.2018: Reclassification of certain assets that are now held for investment purposes
30.06.2018: Sale of the Liechtenstein operation in February 2018
4 Annualized
5 Calculation based on average values for individual months
6 Definition see note 14

# Asset Management

Asset Management is Vontobel's main earnings driver and has achieved growth that far exceeds the market average in recent years. At the end of June 2019, advised client assets reached a new record level of CHF 128.3 billion, up 9% compared to the end of 2018. This increase was driven by the good performance of our products as well as strong growth in net new money of 9.6% on an annualized basis. The demand for our products remains strong and is broad-based. This is also reflected by Vontobel's inflows in the European and cross-border fund market compared to other active providers in Morningstar categories: For the first five months of 2019, Vontobel ranked seventh among a total of 638 providers. This good performance contributed to Vontobel's rise to the position of sixth-largest asset manager in Switzerland this year.

Key components of our success as an active high-conviction asset manager are our excellent products, our diversification strategy and our strong distribution network. The high quality of our products is reflected, among other things, by the style consistency and strong long-term performance achieved by all boutiques. Over the last five years, 91% of our funds rated by the renowned rating agency Morningstar have been in the first or second performance quartiles (asset based). In addition, more than 80% of our funds were assigned a four or five star rating.

Vontobel Asset Management received awards for its products across all its boutiques and was once again named the top provider of emerging markets investments internationally. At the PensionAge Awards in London, Vontobel was named “Equity Manager of the Year” in recognition of the performance of the mtx Sustainable Leaders, Quality Growth and Thematic strategies. Lipper gave Vontobel 19 awards – predominantly in Emerging Markets categories. Asia Asset Management followed by presenting Vontobel with awards for “Best Manager” in the categories Emerging Markets Debt Asia and Asia ex-Japan Equities. Our fixed income specialist TwentyFour Asset Management was also successful: It was named “Fixed Income Manager of the Year” at the European Pensions Awards and “Specialist Group of the Year” in Investment Week's Fund Manager Awards for the fifth time. TwentyFour Asset Management was named “Securitization Investor of the Year” by CAMRAdata in the category Multi-Sector Fixed Income (GBP) and Global Capital.

Vontobel Asset Management has been investing sustainably in accordance with ESG criteria since the 1990s. At the end of June 2019, a total of CHF 28.0 billion of Vontobel client assets was already invested in ESG strategies. Our strong positioning in this area is also confirmed by renowned independent institutions, with the Geneva Forum for Sustainable Investment (GFSI) having presented Vontobel Asset Management with two awards in the categories Emerging Markets and Swiss Equities in the period under review.

With our boutique model and the resulting good diversification across different asset classes and products, we can offer investment solutions and generate inflows across every market cycle. Our global distribution network, which we are continuously expanding, is also of key importance in this context. We are increasing our number of locations around the world – including the recent opening of a presence in Japan – to improve our local footprint and we are supplementing our network through distribution partnerships. Vontobel Asset Management currently has its own presence in nine countries and works with distribution partners in other countries. At the same time, we are investing continuously in digital client communications and client service to meet our clients' need to receive information across all their preferred channels.

Despite a further shift in the structure of assets and continued pressure on margins within the industry, the gross margin reached 44 basis points in the first half of 2019. At the same time, Vontobel Asset Management grew its assets under management by 8% to CHF 112.2 billion. Operating income totaled CHF 239.7 million, an increase of 2% compared to the very strong result for the first half of 2018. Asset Management achieved a good level of operating efficiency in an industry comparison. The cost/income ratio was 64.0%. With a pre-tax result of CHF 86.0 million, Vontobel Asset Management once again accounted for the largest proportion of Vontobel's pre-tax profit.

As an active asset manager, the division creates financial value for clients. To achieve this, it develops first-class solutions to optimize returns and manage risk. Asset Management is positioned as a multi-boutique provider that focuses on the following areas: Fixed Income, TwentyFour Asset Management, Multi Asset, Quality Growth Equities, Sustainable and Thematic Investing. Each boutique is run as an independent center of expertise. The Asset Management division has a presence in Zurich, Berne, Geneva, St. Gallen, New York, Fort Lauderdale, Frankfurt, London, Luxembourg, Madrid, Milan, Munich, Hong Kong and Sydney.

## Segment results

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Net interest income after credit losses | 0.3 | 0.2 | 0.5 | 0.1 | 50 |
| Net fee and commission income | 236.8 | 234.9 | 229.2 | 1.9 | 1 |
| Trading income and other operating income | 2.6 | –0.4 | 0.3 | 3.0 | |
| **Total operating income** | **239.7** | **234.8** | **229.9** | **4.9** | **2** |
| Personnel expense | 99.1 | 88.7 | 87.1 | 10.4 | 12 |
| General expense | 27.1 | 26.3 | 29.4 | 0.8 | 3 |
| Services from / to other segments | 22.2 | 22.5 | 20.5 | –0.3 | –1 |
| Depreciation of property, equipment (incl. software) and intangible assets | 4.9 | 4.1 | 5.3 | 0.8 | 20 |
| Provisions and losses | 0.2 | 0.7 | –0.3 | –0.5 | –71 |
| **Total operating expense** | **153.7** | **142.3** | **142.1** | **11.4** | **8** |
| **Segment profit before taxes** | **86.0** | **92.5** | **87.8** | **–6.5** | **–7** |

## Key figures

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Cost[1] / income ratio | 64.0 | 60.3 | 61.9 |
| Change of assets under management[2] | 7.9 | 2.8 | –7.3 |
| *of which net new money* | *4.8* | *3.6* | *–0.6* |
| *of which change in market value* | *7.1* | *–1.3* | *–6.7* |
| *of which other effects*[3] | *–4.0* | *0.5* | *0.0* |
| Operating income / average assets under management (bp)[4,5] | 44 | 42 | 42 |
| Profit before taxes / average assets under management (bp)[4,5] | 16 | 16 | 16 |

## Client assets[6]

| | 30.06.2019 CHF BN | 30.06.2018 CHF BN | 31.12.2018 CHF BN | CHANGE TO 31.12.2018 CHF BN | IN % |
|---|---|---|---|---|---|
| Assets under management | 112.2 | 112.3 | 104.2 | 8.0 | 8 |
| *of which Vontobel funds* | *36.0* | *29.7* | *29.1* | *6.9* | *24* |
| *of which managed on behalf of other segments* | *1.9* | *1.9* | *2.0* | *–0.1* | *–5* |
| Other advised client assets | 16.0 | 11.9 | 13.3 | 2.7 | 20 |
| **Total advised client assets** | **128.3** | **124.2** | **117.5** | **10.8** | **9** |
| Average assets under management[5] | 108.5 | 112.2 | 110.2 | –1.7 | –2 |

## Net new money[6]

| CHF BN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Net new money | 4.9 | 3.8 | –0.7 |

## Personnel

| | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE TO 31.12.2018 | IN % |
|---|---|---|---|---|---|
| Employees (full-time equivalents) | 443.0 | 406.4 | 432.0 | 11.0 | 3 |

1 Operating expense excl. provisions and losses
2 Adjusted for assets that are managed on behalf of other segments
3 30.06.2019: Reclassification of all private label funds without an asset management agreement as other advised client assets (value as of 01.01.2019: CHF 4.1 bn)
30.06.2018: Reclassification due to the sale of Bank Vontobel (Liechtenstein) AG
4 Annualized
5 Calculation based on average values for individual months
6 Definition see note 14

# Investment Banking

Vontobel Financial Products is one of the world's leading providers of investment and leverage products. Measured in terms of exchange-traded volumes in the target segment, we have a market share of 29.0% in our Swiss home market that is relatively stable over time. In Europe, our overall market share is 11.5%, a new record for Vontobel. While our share of the German market decreased marginally, we gained market share in all our other European markets. In our newest market Hong Kong – which is also the world's largest derivatives market – we have a 1.3% market share. In the first half of 2019, clients around the world traded a total of CHF 15.5 billion of Vontobel products. Of this sum, CHF 5.3 billion was traded in Asia.

Our client proximity and our state-of-the-art digital ecosystem provide us with the necessary basis to rapidly enter new markets and serve new target groups, as demonstrated by the good results of our international expansion. In January 2019, we were also able to trade the first Vontobel products in the Danish market. In our home market, our unique and leading Vontobel deritrade platform enables more than 75 banks and more than 550 asset managers to independently compare, create, purchase and manage structured products from different issuers for their clients. In the period under review, a total of CHF 4.1 billion of products was purchased on our platform – an increase of 28% compared to the first half of 2018.

With cosmofunding, Vontobel launched a new platform in 2018 that allows Swiss companies and public-sector bodies to raise capital in the form of private placements or debt securities. Since its launch in October 2018 more than CHF 1.1 billion of placements were issued and the level of demand was several times higher than that figure. Vontobel has also focused on expanding its range of products for clients. For example, it has successfully issued money market products and has also extended its offering in the area of cryptocurrencies. Since the start of 2019, Vontobel has offered its institutional clients a custody solution for digital assets, Digital Asset Vault.

Vontobel's External Asset Managers (EAM) business provides support and advice to external asset managers. Following the introduction of MiFID II, we now also offer our comprehensive regulatory expertise and reporting capabilities to our clients. In addition, we are continuously developing our digital platform Vontobel EAMNet. In the first half of 2019, these efforts once again resulted in good organic growth, and we were able to further strengthen the asset base through the acquisition of Notenstein La Roche. Assets under management increased to a new record level of CHF 13.0 billion.

Vontobel Corporate Finance acted as lead manager for four domestic bond issues as well as an equity capital increase. Vontobel also acted as offer manager for three public takeover bids.

Brokerage was able to defend its market position and received the Extel Thomson award in the "Swiss Equities" category for the ninth year in succession.

Operating income in Investment Banking totaled CHF 166.4 million in the first half of 2019. The External Asset Managers business improved its operating income, while Corporate Finance and Brokerage saw their operating income decline. Trading income was also below the level recorded in the very strong first half of 2018. This was mainly attributable to reduced levels of market demand and lower volatility. In combination with our ongoing investments, this resulted in pre-tax profit of CHF 44.9 million.

Investment Banking creates customized investment solutions for our clients. Vontobel is today one of the leading issuers of structured products and derivatives in Europe and is established in Asia. Investment Banking also provides comprehensive services for external asset managers. In addition to its award-winning Brokerage function, Vontobel is active in the field of corporate finance. Securities and foreign exchange trading, as well as the securities services supplied by Transaction Banking, complete its range of offerings. Prudent risk management is assigned the utmost importance in all of these activities. Vontobel Investment Banking is a global leader in the digitization of investment solutions. Investment Banking has operations in Zurich, Basel, Geneva, Lugano, Cologne, Frankfurt, Dubai, London, New York, Hong Kong and Singapore.

## Segment results

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Net interest income after credit losses | 7.8 | 5.6 | 7.9 | 2.2 | 39 |
| Net fee and commission income | 30.7 | 41.8 | 36.5 | –11.1 | –27 |
| Trading income and other operating income | 127.9 | 140.5 | 100.9 | –12.6 | –9 |
| **Total operating income** | **166.4** | **187.9** | **145.3** | **–21.5** | **–11** |
| Personnel expense | 61.9 | 63.1 | 55.1 | –1.2 | –2 |
| General expense | 29.6 | 31.6 | 34.6 | –2.0 | –6 |
| Services from / to other segments | 24.3 | 23.0 | 26.2 | 1.3 | 6 |
| Depreciation of property, equipment (incl. software) and intangible assets | 5.1 | 3.2 | 3.8 | 1.9 | 59 |
| Provisions and losses | 0.6 | 1.2 | –0.4 | –0.6 | –50 |
| **Total operating expense** | **121.5** | **122.2** | **119.3** | **–0.7** | **–1** |
| **Segment profit before taxes** | **44.9** | **65.7** | **26.0** | **–20.8** | **–32** |

## Key figures

| IN % | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Cost[1] / income ratio | 72.6 | 64.4 | 82.3 |
| Change of assets under management | 9.8 | 0.1 | 8.6 |
| *of which net new money* | *0.6* | *0.1* | *1.9* |
| *of which change in market value* | *9.2* | *0.0* | *–7.8* |
| *of which through acquisition[2]* | *0.0* | *0.0* | *14.5* |

## Client assets[3]

| | 30.06.2019 CHF BN | 30.06.2018 CHF BN | 31.12.2018 CHF BN | CHANGE TO 31.12.2018 CHF BN | IN % |
|---|---|---|---|---|---|
| Assets under management | 16.5 | 13.8 | 15.0 | 1.5 | 10 |
| Structured products and debt instruments outstanding | 10.3 | 9.3 | 7.9 | 2.4 | 30 |
| **Total advised client assets** | **26.8** | **23.1** | **22.9** | **3.9** | **17** |
| Custody assets | 59.2 | 62.3 | 54.7 | 4.5 | 8 |
| **Total client assets** | **86.0** | **85.3** | **77.6** | **8.4** | **11** |

## Net new money[3]

| CHF BN (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Net new money | 0.1 | 0.0 | 0.3 |

## Personnel

| | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE TO 31.12.2018 | IN % |
|---|---|---|---|---|---|
| Employees (full-time equivalents) | 424.2 | 393.4 | 421.4 | 2.8 | 1 |

## Of which External Asset Managers

| (6 MONTHS) | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE TO 30.06.2018 | IN % |
|---|---|---|---|---|---|
| Operating income (CHF mn) | 34.3 | 29.2 | 33.8 | 5.1 | 17 |
| Profit before taxes (CHF mn) | 16.5 | 13.8 | 14.8 | 2.7 | 20 |
| Cost[1] / income ratio (%) | 51.8 | 51.2 | 56.9 | | |
| Assets under management (CHF bn) | 13.0 | 10.5 | 11.9 | | |
| Net new money (CHF bn) | 0.0 | 0.5 | 0.2 | | |
| Operating income / average assets under management (bp)[4,5] | 54 | 57 | 55 | | |

1 Operating expense excl. provisions and losses
2 31.12.2018: Acquisition of Notenstein La Roche Privatbank AG in July 2018
3 Definition see note 14
4 Annualized
5 Calculation based on average values for individual months

# Corporate Center

Vontobel laid the foundations for the current digital transformation of the business more than a decade ago with the implementation of a new back- and middle-office landscape. It has since made continued improvements to back- and middle-office applications and has added new functionalities to them.

The Governance, Risk and Compliance (GRC) Platform that was recently implemented provides additional transparency about operational risks by facilitating the closer integration of Operational Risk Management with the Internal Control System (ICS). This also allows for the streamlining of processes as well as the more effective assignment of responsibilities. This GRC Platform serves as the central source of information for all operational risks and the ICS. With this platform, Vontobel is playing a pioneering role in the banking sector and received the award for risk management at the Avedos User Conference 2019 in recognition of GRC.

A modern core banking system is an essential prerequisite for the successful implementation of innovative front-office applications – either as support for relationship managers or for direct interaction with clients. Each year, Vontobel invests more than CHF 40 million in the continued upgrading of the IT infrastructure, placing a strong focus on the digital transformation of all divisions. Topics such as artificial intelligence and digital distribution are growing increasingly important. In this context, Vontobel Wealth Management recently developed Vontobel Volt® in close collaboration with Operations. Volt is the first digital platform launched by a Swiss wealth manager in the area of active wealth management that can be accessed by interested clients via a fully digital process using video identification and a digital signature. With Volt, clients can define their own individual investment priorities, and their investments are actively managed with the support of artificial intelligence.

Vontobel has a long tradition of corporate responsibility and sustainability, which are part of our corporate culture. We strive to take account of sustainability aspects across every area of our business and we view this as a permanent and pressing commitment. Since the 1990s, we have continuously expanded our range of sustainable investment solutions and we play a leading role in this area: The current Swiss Sustainable Investment Market Study names Vontobel as the third largest provider of sustainable investments. The volume of sustainable investments at Vontobel rose from CHF 23.3 billion at the end of December 2018 to CHF 28.0 billion at June 30, 2019. The proportion of assets under management that are managed according to sustainability criteria has thus increased from 13.6% to 15.1%.

The UN Principles for Responsible Investment (UN PRI) initiative awarded Vontobel a very good score. In 2019, Vontobel outperformed the benchmark in each of the seven modules assessed in the PRI reporting. Vontobel Asset Management also received various awards for sustainable investment solutions in the first half of 2019. Vontobel Investment Banking has introduced an ESG label for structured products that designates sustainable underlyings that have been evaluated according to environmental, social and governance criteria. Wealth Management has developed and launched new investment solutions focusing on the sustainability themes of water, diversity and impact. The main focus of the solutions is on healthcare, education, poverty and the environment.

The negative interest rates that apply to certain sight deposits held by banks at the Swiss National Bank (SNB), as well as the negative key interest rate in the Eurozone, adversely affected our result once again in the first half of 2019. They primarily had an impact in Wealth Management and in the External Asset Managers business, as well as in Treasury. In addition, in Treasury, it was not possible to reinvest the capital from maturing bonds at the same attractive conditions and this also had a negative impact on interest income. These two effects were partly offset by an increase in lending to clients in the form of secured loans (lombard loans) and mortgages, as well as by the active management of excess liquidity.

Operating income in the Corporate Center increased compared to the first half of 2018 due to the special distribution of CHF 6.9 million received in connection with the participation in the SIX Group AG following the sale of the card business. At the same time, operating expense rose due to the recurrence of integration costs of CHF 7.9 million (before taxes). The Corporate Center's pre-tax result was CHF –36.3 million.

The Corporate Center provides central services for the divisions and comprises the units Operations, Finance & Risk and Corporate Services, as well as the Board of Directors support unit. Operations consists of the central IT unit and Facility Management, as well as Legal, Compliance & Tax. Finance & Risk combines the areas of Finance & Controlling, Treasury, Risk Control and Investor Relations. Corporate Services is divided into the areas Corporate Human Resources, Corporate Marketing & Communications, and Corporate Business Development. The Board of Directors support unit assists the Board of Directors with all administrative and legal matters and includes Internal Audit.

## Segment results

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Net interest income after credit losses | 6.2 | 5.7 | –4.1 | 0.5 | 9 |
| Net fee and commission income | –18.9 | –17.6 | –12.9 | –1.3 | |
| Trading income and other operating income | 27.2 | 17.4 | 20.0 | 9.8 | 56 |
| **Total operating income** | **14.5** | **5.6** | **3.1** | **8.9** | **159** |
| Personnel expense | 71.9 | 63.4 | 69.9 | 8.5 | 13 |
| General expense | 40.0 | 45.7 | 60.7 | –5.7 | –12 |
| Services from / to other segments | –97.5 | –86.3 | –99.3 | –11.2 | |
| Depreciation of property, equipment (incl. software) and intangible assets | 36.2 | 22.4 | 23.2 | 13.8 | 62 |
| Provisions and losses | 0.3 | 0.2 | –2.5 | 0.1 | 50 |
| **Total operating expense** | **50.9** | **45.4** | **52.0** | **5.5** | **12** |
| **Segment profit before taxes** | **–36.3** | **–39.8** | **–48.9** | **3.5** | |

## Personnel

| | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE TO 31.12.2018 | IN % |
|---|---|---|---|---|---|
| Employees (full-time equivalents) | 550.7 | 498.4 | 567.7 | –17.0 | –3 |

# Capital and liquidity

## Eligible and required capital

| CHF MN | 30.06.2019 | 31.12.2018 |
|---|---|---|
| **Eligible capital** | | |
| Equity according to balance sheet | 1,731.3 | 1,703.5 |
| *Paid-in capital* | *56.9* | *56.9* |
| *Disclosed reserves* | *1,586.5* | *1,524.7* |
| *Net profit for the current financial year* | *124.7* | *220.7* |
| *Deduction for treasury shares* | *–36.8* | *–98.8* |
| Deduction for minority interests | 0.0 | 0.0 |
| Deduction for dividends (current estimate) | –59.7 | –119.4 |
| Deduction for goodwill | –485.2 | –484.2 |
| Deduction for intangible assets | –95.3 | –95.2 |
| Deduction for deferred tax assets | –37.0 | –30.2 |
| Addition (deduction) for losses (gains) due to changes in own credit risk | –0.5 | –4.6 |
| Deduction for unrealised gains related to financial investments | –89.6 | –66.7 |
| Deduction for defined benefit pension fund assets (IAS 19) | –0.5 | –12.3 |
| Other adjustments | –38.6 | –55.8 |
| **Net eligible BIS common equity tier 1 capital (CET1)** | **924.9** | **835.1** |
| Additional tier 1 capital (AT1) | 447.9 | 447.6 |
| **Net eligible BIS tier 1 capital** | **1,372.8** | **1,282.7** |
| Supplementary capital (tier 2) | 0.0 | 0.0 |
| Other deductions from total capital | 0.0 | 0.0 |
| **Net eligible regulatory capital (BIS tier 1 + 2)** | **1,372.8** | **1,282.7** |

| **Risk-weighted positions** | | |
|---|---|---|
| Credit risks | 2,412.7 | 2,506.1 |
| *Receivables* | *2,301.6* | *2,345.7* |
| *Price risk relating to equity instruments in the banking book* | *111.1* | *160.4* |
| Non-counterparty related risks | 359.3 | 170.8 |
| Market risks | 2,540.8 | 1,882.1 |
| *Interest rates* | *1,321.8* | *1,153.2* |
| *Equities* | *739.9* | *266.9* |
| *Currencies* | *250.3* | *265.9* |
| *Gold* | *2.0* | *3.8* |
| *Commodities* | *226.8* | *192.3* |
| Operational risk | 2,227.6 | 2,242.1 |
| **Total risk-weighted positions** | **7,540.4** | **6,801.1** |

The disclosures for capital adequacy, leverage ratio and liquidity coverage ratio are in accordance with the requirements set out in FINMA Circular 16/01. The values used to calculate the liquidity coverage ratio are simple monthly averages for the relevant quarter or halfyear. The average is calculated based on the values shown in the monthly liquidity status reports submitted to FINMA and the SNB. This results in three data points per quarter.

For 2019, the liquidity coverage ratio has to exceed 100%. The main factors influencing Vontobel's liquidity coverage ratio are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows, and reverse-repurchase agreements maturing within 30 calendar days as cash inflows.

## Capital ratios in accordance with FINMA Circular 16/01

| AS A PERCENTAGE OF RISK-WEIGHTED POSITIONS | 30.06.2019 | 31.12.2018 |
|---|---|---|
| CET1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 4.5%)[1] | 12.3 | 12.3 |
| Tier 1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 6.0%)[2] | 18.2 | 18.9 |
| Total capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 8.0%)[3] | 18.2 | 18.9 |
| CET1 available to cover BCBS minimum capital and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1[4] | 7.8 | 7.8 |
| CET1 available | 12.3 | 12.3 |
| T1 available | 15.8 | 16.5 |
| Eligible regulatory capital available | 18.2 | 18.9 |

1 CET1 capital ratio target according to Annex 8 CAO plus countercyclical buffer: 7.8%
2 T1 capital ratio target according to Annex 8 CAO plus countercyclical buffer: 9.6%
3 Total capital ratio target according to Annex 8 CAO plus countercyclical buffer: 12.0%
4 New calculation formula in line with the revised FINMA Circular 16/01

The countercyclical buffer requirement (as a percentage of risk-weighted positions) is 0.1 (31.12.2018: 0.1).
All investments in the financial sector (< 10%) are risk-weighted for CAD calcuations (30.06.2019: CHF 17.8 mn; 31.12.2018: CHF 17.8 mn).

## Leverage ratio in accordance with FINMA Circular 15/03

| | 30.06.2019 | 31.12.2018 |
|---|---|---|
| Net eligible BIS tier 1 capital in CHF mn | 1,372.8 | 1,282.7 |
| Total leverage ratio exposure in CHF mn | 28,208.6 | 26,393.5 |
| Leverage ratio (unweighted capital ratio in accordance with Basel III) in % | 4.9 | 4.9 |

## Liquidity Coverage Ratio in accordance with FINMA Circular 15/02

| AVERAGE | 1ST HALF YEAR 2019 | 2ND QUARTER 2019 | 1ST QUARTER 2019 |
|---|---|---|---|
| Total stock of high quality liquid assets (HQLA) in CHF mn | 7,987.2 | 7,776.3 | 8,198.0 |
| Total net cash outflows in CHF mn | 4,135.0 | 4,043.3 | 4,226.7 |
| Liquidity Coverage Ratio LCR in % | 193.2 | 192.3 | 194.0 |

# Consolidated income statement

## Consolidated income statement

| (6 MONTHS) | NOTE | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | CHANGE TO 30.06.2018 IN % |
|---|---|---|---|---|---|---|
| Interest income | | 61.3 | 45.5 | 53.7 | 15.8 | 35 |
| Interest expense | | 15.2 | 8.1 | 16.4 | 7.1 | 88 |
| **Net interest income** | | **46.1** | **37.4** | **37.3** | **8.7** | **23** |
| Credit loss (expense) / recovery | | 0.2 | –0.2 | –2.6 | 0.4 | |
| **Net interest income after credit losses** | 1 | **46.3** | **37.2** | **34.6** | **9.1** | **24** |
| Fee and commission income | | 541.5 | 501.7 | 533.5 | 39.8 | 8 |
| Fee and commission expense | | 131.2 | 123.2 | 126.3 | 8.0 | 6 |
| **Net fee and commission income** | 2 | **410.3** | **378.5** | **407.2** | **31.8** | **8** |
| **Trading income** | 3 | **162.4** | **166.3** | **128.8** | **–3.9** | **–2** |
| **Other income** | 4 | **6.7** | **1.3** | **3.8** | **5.4** | **415** |
| **Total operating income** | | **625.6** | **583.3** | **574.5** | **42.3** | **7** |
| Personnel expense | 5 | 316.0 | 276.6 | 293.5 | 39.4 | 14 |
| General expense | 6 | 107.6 | 111.3 | 135.4 | –3.7 | –3 |
| Depreciation of property, equipment (incl. software) and intangible assets | 7 | 50.8 | 32.1 | 36.7 | 18.7 | 58 |
| Provisions and losses | 8 | 1.6 | 2.4 | –6.4 | –0.8 | –33 |
| **Total operating expense** | | **476.1** | **422.4** | **459.2** | **53.7** | **13** |
| **Profit before taxes** | | **149.6** | **160.9** | **115.3** | **–11.3** | **–7** |
| Taxes | 9 | 18.4 | 28.2 | 15.8 | –9.8 | –35 |
| **Group net profit** | | **131.1** | **132.7** | **99.5** | **–1.6** | **–1** |
| *of which allocated to minority interests* | | *6.4* | *4.9* | *6.6* | *1.5* | *31* |
| *of which allocated to shareholders of Vontobel Holding AG* | | *124.7* | *127.7* | *93.0* | *–3.0* | *–2* |

## Share information (CHF)

| | | 30.06.2019 | 30.06.2018 | 31.12.2018 | CHANGE CHF | CHANGE % |
|---|---|---|---|---|---|---|
| Basic earnings per share[1] | | 2.23 | 2.28 | 1.68 | –0.05 | –2 |
| Diluted earnings per share[1] | | 2.19 | 2.24 | 1.64 | –0.05 | –2 |

1 Basis: weighted average number of shares

# Consolidated statement of comprehensive income

## Consolidated statement of comprehensive income

| (6 MONTHS) | NOTE | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | CHANGE TO 30.06.2018 IN % |
|---|---|---|---|---|---|---|
| **Group net profit according to the income statement** | | **131.1** | **132.7** | **99.5** | **–1.6** | **–1** |
| **Other comprehensive income, net of tax** | 10 | | | | | |
| **Other comprehensive income that will be reclassified to the income statement** | | | | | | |
| Currency translation adjustments: | | | | | | |
| Income during the reporting period | | –1.6 | 1.4 | –4.8 | –3.0 | –214 |
| Gains and losses transferred to the income statement | | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total currency translation adjustments | | –1.6 | 1.4 | –4.8 | –3.0 | –214 |
| Debt instruments in financial investments: | | | | | | |
| Income during the reporting period | | 23.1 | –8.1 | 3.3 | 31.2 | |
| Gains and losses transferred to the income statement | | –1.2 | 0.2 | 0.0 | –1.4 | –700 |
| Total debt instruments in financial investments | | 21.8 | –7.9 | 3.3 | 29.7 | |
| Cash flow hedges: | | | | | | |
| Income during the reporting period | | 1.4 | –0.9 | 1.0 | 2.3 | |
| Gains and losses transferred to the income statement | | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total cash flow hedges | | 1.4 | –0.9 | 1.0 | 2.3 | |
| **Total other comprehensive income that will be reclassified to the income statement** | | **21.7** | **–7.4** | **–0.6** | **29.1** | |
| **Other comprehensive income that will not be reclassified to the income statement** | | | | | | |
| Income from equity instruments in financial investments | | 14.5 | –0.8 | 31.9 | 15.3 | |
| Income from defined benefit pension plans | | –24.8 | 0.8 | –55.9 | –25.6 | |
| **Total other comprehensive income that will not be reclassified to the income statement** | | **–10.4** | **0.0** | **–24.0** | **–10.4** | |
| **Total other comprehensive income, net of tax** | | **11.3** | **–7.4** | **–24.6** | **18.7** | |
| **Comprehensive income** | | **142.4** | **125.3** | **75.0** | **17.1** | **14** |
| *of which allocated to minority interests* | | *6.5* | *4.9* | *6.2* | *1.6* | *33* |
| *of which allocated to shareholders of Vontobel Holding AG* | | *136.0* | *120.4* | *68.8* | *15.6* | *13* |

# Consolidated balance sheet

## Assets

| | 30.06.2019 CHF MN | 31.12.2018 CHF MN | CHANGE TO 31.12.2018 CHF MN | IN % |
|---|---|---|---|---|
| Cash | 6,136.6 | 7,229.4 | –1,092.8 | –15 |
| Due from banks | 1,315.8 | 1,161.2 | 154.6 | 13 |
| Receivables from securities financing transactions | 916.0 | 765.0 | 151.0 | 20 |
| Trading portfolio assets | 3,290.1 | 2,972.1 | 318.0 | 11 |
| Positive replacement values | 165.6 | 136.0 | 29.6 | 22 |
| Other financial assets at fair value | 5,314.9 | 4,143.2 | 1,171.7 | 28 |
| Loans | 5,136.3 | 4,904.6 | 231.7 | 5 |
| Financial investments | 2,768.4 | 3,276.4 | –508.0 | –16 |
| Investments in associates | 0.6 | 0.9 | –0.3 | –33 |
| Property, equipment and software | 359.3 | 175.5 | 183.8 | 105 |
| Goodwill and other intangible assets | 580.5 | 579.3 | 1.2 | 0 |
| Other assets | 1,380.6 | 693.8 | 686.8 | 99 |
| **Total assets** | **27,364.7** | **26,037.3** | **1,327.4** | **5** |

## Liabilities and equity

| | 30.06.2019 CHF MN | 31.12.2018 CHF MN | CHANGE TO 31.12.2018 CHF MN | IN % |
|---|---|---|---|---|
| Due to banks | 698.5 | 679.8 | 18.7 | 3 |
| Payables from securities financing transactions | 0.0 | 34.5 | –34.5 | –100 |
| Trading portfolio liabilities | 101.1 | 208.4 | –107.3 | –51 |
| Negative replacement values | 805.7 | 1,325.7 | –520.0 | –39 |
| Other financial liabilities at fair value | 10,244.1 | 7,836.2 | 2,407.9 | 31 |
| Due to customers | 11,304.1 | 12,649.2 | –1,345.1 | –11 |
| Debt issued | 447.9 | 447.6 | 0.3 | 0 |
| Provisions | 19.5 | 18.5 | 1.0 | 5 |
| Other liabilities | 2,012.4 | 1,134.0 | 878.4 | 77 |
| **Total liabilities** | **25,633.3** | **24,333.8** | **1,299.5** | **5** |
| | | | | |
| Share capital | 56.9 | 56.9 | 0.0 | 0 |
| Treasury shares | –36.8 | –98.8 | 62.0 | |
| Capital reserve | –224.6 | –172.8 | –51.8 | |
| Retained earnings | 1,974.0 | 1,978.0 | –4.0 | 0 |
| Other components of shareholders' equity | –38.1 | –59.8 | 21.7 | |
| **Shareholders' equity** | **1,731.3** | **1,703.5** | **27.8** | **2** |
| Minority interests | 0.0 | 0.0 | 0.0 | |
| **Total equity** | **1,731.3** | **1,703.5** | **27.8** | **2** |
| | | | | |
| **Total liabilities and equity** | **27,364.7** | **26,037.3** | **1,327.4** | **5** |

# Statement of equity

### Statement of equity

| CHF MN | SHARE CAPITAL | TREASURY SHARES | CAPITAL RESERVE |
|---|---|---|---|
| **Balance as of 01.01.2018** | **56.9** | **–79.6** | **–160.3** |
| Impact of changes to the accounting principles (IFRS 9) | | | |
| **Balance as of 01.01.2018 after adjustments** | **56.9** | **–79.6** | **–160.3** |
| | | | |
| Group net profit | | | |
| Other comprehensive income that will be reclassified to the income statement | | | |
| Other comprehensive income that will not be reclassified to the income statement | | | |
| **Comprehensive income** | **0.0** | **0.0** | **0.0** |
| | | | |
| Dividend payment[2] | | | |
| Purchase of treasury shares | | –34.8 | |
| Sale of treasury shares | | 6.4 | 0.8 |
| Share-based compensation expense | | | 20.0 |
| Allocations from share-based compensation | | 59.3 | –33.5 |
| Change in minority interests | | | 0.0 |
| Change in liability to purchase minority interests | | | –5.7 |
| Other effects | 0.0 | 0.0 | 0.0 |
| **Ownership-related changes** | **0.0** | **30.9** | **–18.4** |
| **Balance as of 30.06.2018** | **56.9** | **–48.7** | **–178.7** |
| | | | |
| **Balance as of 01.01.2019** | **56.9** | **–98.8** | **–172.8** |
| | | | |
| Group net profit | | | |
| Other comprehensive income that will be reclassified to the income statement | | | |
| Other comprehensive income that will not be reclassified to the income statement | | | |
| **Comprehensive income** | **0.0** | **0.0** | **0.0** |
| | | | |
| Dividend payment[2] | | | |
| Purchase of treasury shares | | –17.8 | |
| Sale of treasury shares | | 5.9 | –0.4 |
| Share-based compensation expense | | | 16.7 |
| Allocations from share-based compensation | | 73.9 | –39.8 |
| Change in minority interests | | | 0.0 |
| Change in liability to purchase minority interests | | | –28.2 |
| Other effects | 0.0 | 0.0 | 0.0 |
| **Ownership-related changes** | **0.0** | **61.9** | **–51.8** |
| **Balance as of 30.06.2019** | **56.9** | **–36.8** | **–224.6** |

1 “Currency translation adjustments”, “Unrealized income from debt instruments in financial investments” and “Cash flow hedges” are reported in the balance sheet item “Other components of shareholders’ equity”.
2 Vontobel Holding AG paid a dividend (gross) of CHF 2.10 (previous year CHF 2.10) per registered share with a par value of CHF 1.00 in April 2019.

| RETAINED EARNINGS | CURRENCY TRANSLATION ADJUSTMENTS[1] | UNREALIZED INCOME FROM DEBT INSTRUMENTS IN FINANCIAL INVESTMENTS[1] | CASH FLOW HEDGES[1] | SHAREHOLDERS' EQUITY | MINORITY INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| **1,854.7** | **–48.4** | **–1.6** | **–1.2** | **1,620.5** | **0.0** | **1,620.5** |
| 44.8 | | –1.1 | | 43.7 | | 43.7 |
| **1,899.5** | **–48.4** | **–2.7** | **–1.2** | **1,664.2** | **0.0** | **1,664.2** |
| | | | | | | |
| 127.7 | | | | 127.7 | 4.9 | 132.7 |
| | 1.4 | –7.9 | –0.9 | –7.4 | 0.0 | –7.4 |
| 0.0 | | | | 0.0 | 0.0 | 0.0 |
| **127.7** | **1.4** | **–7.9** | **–0.9** | **120.4** | **4.9** | **125.3** |
| | | | | | | |
| –118.3 | | | | –118.3 | –5.1 | –123.4 |
| | | | | –34.8 | 0.0 | –34.8 |
| | | | | 7.2 | 0.0 | 7.2 |
| | | | | 20.0 | 0.0 | 20.0 |
| | | | | 25.8 | 0.0 | 25.8 |
| | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 |
| | | | | –5.7 | 0.2 | –5.5 |
| 0.0 | | 0.0 | | 0.0 | 0.0 | 0.0 |
| **–118.3** | **0.0** | **0.0** | **0.0** | **–105.8** | **–4.9** | **–110.7** |
| **1,909.0** | **–46.9** | **–10.6** | **–2.1** | **1,678.8** | **0.0** | **1,678.8** |
| | | | | | | |
| **1,978.0** | **–51.4** | **–7.3** | **–1.1** | **1,703.5** | **0.0** | **1,703.5** |
| | | | | | | |
| 124.7 | | | | 124.7 | 6.4 | 131.1 |
| | –1.6 | 21.8 | 1.4 | 21.7 | 0.1 | 21.7 |
| –10.4 | | | | –10.4 | 0.0 | –10.4 |
| **114.3** | **–1.6** | **21.8** | **1.4** | **136.0** | **6.5** | **142.4** |
| | | | | | | |
| –118.4 | | | | –118.4 | –10.0 | –128.4 |
| | | | | –17.8 | 0.0 | –17.8 |
| | | | | 5.4 | 0.0 | 5.4 |
| | | | | 16.7 | 0.0 | 16.7 |
| | | | | 34.1 | 0.0 | 34.1 |
| | 0.0 | 0.0 | | 0.0 | 0.1 | 0.1 |
| | | | | –28.2 | 3.5 | –24.8 |
| 0.0 | | 0.0 | | 0.0 | 0.0 | 0.0 |
| **–118.4** | **0.0** | **0.0** | **0.0** | **–108.2** | **–6.5** | **–114.7** |
| **1,974.0** | **–53.0** | **14.6** | **0.3** | **1,731.3** | **0.0** | **1,731.3** |

# Share capital and treasury shares

## Share capital

| | SHARE CAPITAL NUMBER OF SHARES | SHARE CAPITAL PAR VALUE CHF MN | AUTHORIZED CAPITAL NUMBER OF SHARES | AUTHORIZED CAPITAL PAR VALUE CHF MN |
|---|---|---|---|---|
| Balance as of 01.01.2018 | 56,875,000 | 56.9 | 0 | 0.0 |
| Balance as of 31.12.2018 | 56,875,000 | 56.9 | 0 | 0.0 |
| **Balance as of 30.06.2019** | **56,875,000** | **56.9** | **0** | **0.0** |

## Treasury shares

| | NUMBER | CHF MN |
|---|---|---|
| Balance as of 01.01.2018 | 1,588,337 | 79.6 |
| Purchases | 538,981 | 34.8 |
| Decreases | –1,308,657 | –65.7 |
| Balance as of 30.06.2018 | 818,661 | 48.7 |
| Purchases | 919,743 | 59.6 |
| Decreases | –147,860 | –9.5 |
| Balance as of 31.12.2018 | 1,590,544 | 98.8 |
| Purchases | 319,778 | 17.8 |
| Decreases | –1,288,608 | –79.7 |
| **Balance as of 30.06.2019** | **621,714** | **36.8** |

# Consolidated cash flow statement

## Consolidated cash flow statement

| CHF MN (6 MONTHS) | 30.06.2019 | 30.06.2018 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Group net profit (incl. minorities) | 131.1 | 132.7 |
| **Reconciliation to net cash flow from operating activities** | | |
| Non-cash positions in Group results: | | |
| Depreciation and valuation adjustments of property, equipment (incl. software) and intangible assets | 50.8 | 32.1 |
| Credit loss expense / (recovery) | –0.1 | 0.2 |
| Net effect from investments in associates | 0.3 | 0.4 |
| Deferred income taxes | –6.7 | 6.1 |
| Change in provisions | 1.3 | –14.1 |
| Net income from investing activities | 1.8 | 3.5 |
| Other non-cash income | 18.6 | 12.4 |
| Net (increase) / decrease in assets relating to banking activities: | | |
| Due from / to banks, net | 25.0 | –622.4 |
| Receivables from securities financing transactions | –151.0 | 19.8 |
| Trading positions and replacement values, net | –954.4 | 619.5 |
| Other financial assets / liabilities at fair value, net | 1,236.3 | –35.1 |
| Loans / due to customers, net | –1,675.4 | –960.6 |
| Other assets | –693.3 | –486.3 |
| Net increase / (decrease) in liabilities relating to banking activities: | | |
| Payables from securities financing transactions | –34.5 | 74.5 |
| Other liabilities | 702.5 | 502.7 |
| Taxes paid | –24.2 | –22.0 |
| **Cash flow from operating activities** | **–1,371.9** | **–736.8** |
| | | |
| **Cash flow from investing activities** | | |
| Business combinations | 91.0 | 0.0 |
| Disposal of subsidiaries and associates | 0.0 | 21.9 |
| Settlement of earn-out payments | 0.2 | 0.0 |
| Purchase of property, equipment (incl. software) and intangible assets | –28.2 | –23.0 |
| Disposal of property, equipment (incl. software) and intangible assets | 0.0 | 0.0 |
| Investment in financial instruments | –136.4 | –342.7 |
| Divestment of financial instruments | 668.7 | 280.9 |
| **Cash flow from investing activities** | **595.3** | **–62.9** |
| | | |
| **Cash flow from financing activities** | | |
| Repayment of leasing liabilities | –13.1 | |
| Net movements in treasury shares | –12.3 | –27.6 |
| Dividends paid | –128.4 | –123.4 |
| Issued debt instruments | 0.0 | 447.4 |
| **Cash flow from financing activities** | **–153.8** | **296.3** |
| | | |
| Effects of exchange rate differences | –1.5 | –1.8 |
| **Net increase / (decrease) in cash and cash equivalents** | **–931.8** | **–505.1** |
| Cash and cash equivalents, beginning of the year | 8,362.6 | 7,918.9 |
| Impact of changes to the accounting principles | 0.0 | –0.4 |
| **Cash and cash equivalents at the balance sheet date** | **7,430.7** | **7,413.4** |

## Information on the consolidated cash flow statement

| CHF MN (6 MONTHS) | 30.06.2019 | 30.06.2018 |
|---|---|---|
| **Cash and cash equivalents comprise at the balance sheet date** | | |
| Cash[1] | 6,136.6 | 6,441.3 |
| Due from banks on demand | 1,294.1 | 972.1 |
| **Total** | **7,430.7** | **7,413.4** |
| | | |
| **Further information:** | | |
| Dividends received | 35.5 | 38.0 |
| Interest received | 97.6 | 70.7 |
| Interest paid | 16.6 | 7.7 |

1 “Cash” comprises petty cash, giro and demand deposits at the Swiss National Bank and foreign central banks, as well as clearing credit balances at recognized clearing centers and clearing banks.

# Accounting principles

## 1. Basis of presentation

Vontobel's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). This half-year report meets the requirements set out in IAS 34 – Interim Financial Reporting. Since it does not contain all of the information and disclosures required in the Annual Report, this interim report should be read in conjunction with the audited consolidated financial statements in the Annual Report 2018. With the exception of the following changes, the accounting principles applied in this report are the same as in the consolidated financial statements dated December 31, 2018.

## 2. Changes in financial reporting

### 2.1 Changes in accounting principles

#### 2.1.1 Standards and interpretations that have been implemented

The following new or revised standards and interpretations were applied by Vontobel for the first time in the financial year 2019:

**IFRS 16 – Leases**

In January 2016, the IASB published the new standard for the financial reporting of leases. The new standard introduces a new lessee accounting model that eliminates the classification of leases as either finance leases or operating leases. For all leases, the lessee recognizes a leasing liability for its obligation to make future lease payments. At the same time, the lessee capitalizes the right to use the underlying asset, which basically corresponds to the present value of future lease payments plus directly attributable costs. Exemptions apply in the case of short-term leases and low-value lease assets. IFRS 16 replaces IAS 17 and the related interpretations.

When applying IFRS 16 for the first time, Vontobel did not adjust the figures for the prior year and recognized the cumulative impact of the first-time application of IFRS 16 in the opening balance sheet as of January 1, 2019, in accordance with the transitional provisions. The impacts on the consolidated financial statements are shown on pages 40 to 42.

**IFRIC 23 – Uncertainty over Income Tax Treatments**

The interpretation is to be applied primarily to the determination of taxable profits (or tax losses), tax bases, unused loss carryforwards and tax rates, when there is uncertainty over income tax treatments. The company has to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together.

The company has to assume that the tax authority will examine any amounts reported to it and will have full knowledge of all relevant information when doing so. A company has to consider whether it is probable that the relevant tax authority will accept each tax treatment. If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (or tax losses), tax bases, unused loss carryforwards and tax rates.

The first-time application of IFRIC 23 had no impact on the consolidated financial statements.

**Other new standards and interpretations**

The following new or revised standards and interpretations did not have any significant impacts on Vontobel when applied for the first time or were not relevant for Vontobel:
- IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Annual Improvements 2015–2017.

#### 2.1.2 Other changes

None.

### 2.2 Changes in estimates

The methodology for valuation adjustments that are made when determining the fair value of financial instruments in level 2 of the fair value hierarchy is refined in the current financial year. The impact on Vontobel's consolidated financial statements in the first half of 2019 was immaterial.

# Changes due to IFRS 16

## IFRS 16 accounting principles

**Vontobel as a lessee**
Vontobel mainly acts as a lessee in the context of the leasing of business premises (including parking spaces). At the lease commencement date, a lease liability corresponding to the present value of lease payments over the lease term is recognized in the balance sheet item "Other liabilities". The lease payments are usually index linked and, under certain conditions, are adjusted to the respective index level automatically, or periodically at the initiative of a contracting party. Apart from this indexation, there are no variable lease payments. The lease term basically corresponds to the non-cancellable period during which Vontobel has the right to use the business premises but it also takes account of the period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Vontobel's incremental borrowing rate is applied when calculating the present value of lease payments. It corresponds to the interest rate that Vontobel would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset. At the same time as the lease liability is recognized, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and any reinstatement obligations, is capitalized in the balance sheet item "Property, equipment and software" (previously "Property and equipment").

After initial recognition, the interest component on the lease liability is accrued in the period in which it is incurred using the effective interest method and is recognized in "Net interest income". Negative interest is shown as interest income. The lease liability is adjusted to reflect interest recognized and lease payments made. The right-of-use asset is depreciated on a straight-line basis over the lease term. The depreciation charge and any impairment charge are recognized in the income statement in "Depreciation of property, equipment (incl. software) and intangible assets".

If there is any change to the lease term or if lease payments are adjusted to an index, the lease liability is remeasured. In the first case, the current incremental borrowing rate is used to calculate the present value; in the second case, the original incremental borrowing rate is used. The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

Vontobel applies the recognition exemption for short-term leases and leases of low-value assets. Neither a lease liability nor a right-of-use asset is recognized for these leases. The corresponding expenses are recognized in "General expense" in the period in which they are incurred.

**Vontobel as a lessor**
Vontobel currently acts as a lessor exclusively in the context of operating leases. The corresponding income is recognized in the income statement positions "Net fee and commission income" (leasing of safety deposit boxes) and "Other income" (subleasing of office space and parking spaces) in the period in which it is generated.

## Balance sheet adjustments

Following the adoption of IFRS 16, the following changes were made to the opening balance sheet as of January 1, 2019, compared to the balance sheet as of December 31, 2018:

| | 31.12.2018 CHF MN | ADJUSTMENTS CHF MN | 01.01.2019 CHF MN |
|---|---|---|---|
| Property, equipment and software | 175.5 | 180.2 | 355.7 |
| *Right of use assets* | *–* | *183.4* | *183.4* |
| *Other property, equipment and software* | *175.5* | *–3.2* | *172.3* |
| Other assets | 693.8 | –2.9 | 690.9 |
| **Total assets** | **26,037.3** | **177.3** | **26,214.6** |
| | | | |
| Other liabilities | 1,134.0 | 177.3 | 1,311.3 |
| *Leasing liabilities* | *–* | *180.2* | *180.2* |
| *Other other liabilities* | *1,134.0* | *–2.9* | *1,131.1* |
| Equity | 1,703.5 | – | 1,703.5 |
| **Total liabilities and equity** | **26,037.3** | **177.3** | **26,214.6** |

As of January 1, 2019, right-of-use assets (leased office space) in the amount of CHF 183.4 mn were recognized in the balance sheet item “Property, equipment and software”. This amount corresponds to the total of the lease liabilities recognized in the balance sheet item “Other liabilities” (CHF 180.2 mn) and the net effect of the reclassification of prepaid lease payments from the balance sheet item “Other assets” (CHF 2.9 mn as of December 31, 2018), the reclassification of deferred lease payments and for onerous contracts from the balance sheet item “Other liabilities” (CHF 2.6 mn and CHF 0.3 mn as of December 31, 2018), as well as the reclassification of capitalized reinstatement obligations within the balance sheet item “Property, equipment and software” (CHF 3.2 mn as of December 31, 2018). The lease liabilities correspond to the present value of the remaining lease payments under application of the relevant incremental borrowing rate as of January 1, 2019. The incremental borrowing rate weighted with lease payments totaled –0.4% for CHF, –0.2% for EUR, 1.2% for GBP and 2.8% for USD. The first-time application of IFRS 16 had no impact on consolidated shareholders’ equity as of January 1, 2019.

When applying IFRS 16 for the first time, Vontobel made use of the following options under the transitional provisions:

- Vontobel applied IFRS 16 to those contracts that fell within the scope of application of the previous leasing regulations in IAS 17 and IFRIC 4.
- For right-of-use assets recognized as of January 1, 2019, the initial direct costs were not included.
- Vontobel did not test right-of-use assets for impairment as of January 1, 2019. The right-of-use assets were adjusted to reflect the accruals for onerous contracts as of December 31, 2018.
- In the case of a remaining lease term of less than 12 months, the recognition exemption for short-term leases was applied.
- The options to extend and rights to terminate leases were assessed as of January 1, 2019.

In the Annual Report 2018, operating lease liabilities of CHF 181.2 mn were disclosed as of December 31, 2018, while recognized lease liabilities totaled CHF 180.2 mn as of January 1, 2019. The CHF 1.0 mn reduction corresponds to the net effect of the following differences:

- Liabilities for operating leases as of December 31, 2018, include lease payments for contracts that were already concluded in the financial year 2018 but whose commencement date falls in the financial year 2019. Under IFRS 16, these lease payments are not included as of January 1, 2019.
- Lease liabilities under IFRS 16 also contain lease payments during a period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. However, the liabilities for operating leases as of December 31, 2018, only contain lease payments during the minimum contract term.
- Lease liabilities as of January 1, 2019, do not include leases where the recognition exemption for short-term leases and leases of low-value assets was applied.
- Lease liabilities as of January 1, 2019, reflect the present value of lease payments.

The first-time application of IFRS 16 had no impact on leases where Vontobel acts as lessor.

# Details on consolidated income statement

## 1 Net interest income after credit losses

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | CHANGE TO 30.06.2018 IN % |
|---|---|---|---|---|---|
| Interest income from banks and customers | 32.1 | 23.9 | 31.5 | 8.2 | 34 |
| Interest income from receivables from securities financing transactions | 0.8 | 1.4 | 0.9 | –0.6 | –43 |
| Interest income from financial liabilities | 2.9 | 2.7 | 2.6 | 0.2 | 7 |
| **Total interest income from financial instruments at amortized cost** | **35.7** | **28.0** | **35.0** | **7.7** | **28** |
| Dividend income from equity instruments in financial investments | 8.5 | 3.4 | 0.2 | 5.1 | 150 |
| Interest income from debt instruments in financial investments | 17.0 | 14.1 | 18.5 | 2.9 | 21 |
| **Total interest and dividend income from financial assets at fair value** | **25.5** | **17.5** | **18.6** | **8.0** | **46** |
| **Total interest income** | **61.3** | **45.5** | **53.7** | **15.8** | **35** |
| Interest expense from payables from securities financing transactions | 1.3 | 1.3 | 1.4 | 0.0 | 0 |
| Interest expense from other financial liabilities at amortized cost | 9.6 | 2.7 | 9.9 | 6.9 | 256 |
| Interest expense from financial assets | 4.3 | 4.1 | 5.0 | 0.2 | 5 |
| **Total interest expense from financial instruments at amortized cost** | **15.2** | **8.1** | **16.4** | **7.1** | **88** |
| Credit loss (expense)/recovery on debt instruments in financial investments | 0.1 | 0.0 | –0.2 | 0.1 | |
| Other credit loss (expense)/recovery | 0.1 | –0.2 | –2.4 | 0.3 | |
| **Total credit loss (expense)/recovery** | **0.2** | **–0.2** | **–2.6** | **0.4** | |
| **Total** | **46.3** | **37.2** | **34.6** | **9.1** | **24** |

## 2 Net fee and commission income

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Brokerage fees | 50.6 | 52.4 | 44.9 | –1.8 | –3 |
| Custody fees | 97.8 | 93.8 | 100.7 | 4.0 | 4 |
| Advisory and management fees | 366.6 | 323.7 | 357.9 | 42.9 | 13 |
| Corporate finance | 2.3 | 8.4 | 3.2 | –6.1 | –73 |
| Other commission income from securities and investment transactions | 19.2 | 19.1 | 22.2 | 0.1 | 1 |
| **Total fee and commission income from securities and investment transactions** | **536.6** | **497.4** | **528.8** | **39.2** | **8** |
| **Other fee and commission income** | **4.9** | **4.3** | **4.7** | **0.6** | **14** |
| Brokerage fees | 12.9 | 14.0 | 11.9 | –1.1 | –8 |
| Other commission expense | 118.3 | 109.2 | 114.4 | 9.1 | 8 |
| **Total commission expense** | **131.2** | **123.2** | **126.3** | **8.0** | **6** |
| **Total** | **410.3** | **378.5** | **407.2** | **31.8** | **8** |

## 3 Trading income

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Securities | 611.6 | –293.3 | –1,408.0 | 904.9 | |
| Other financial instruments at fair value | –470.8 | 440.7 | 1,520.5 | –911.5 | –207 |
| Forex and precious metals | 21.6 | 18.9 | 16.3 | 2.7 | 14 |
| **Total** | **162.4** | **166.3** | **128.8** | **–3.9** | **–2** |

Trading income as of 30.06.2019 includes income of CHF –4.7 mn (6 months ending 30.06.2018: CHF 6.2 mn; 6 months ending 31.12.2018: CHF –0.5 mn), which is attributable to changes in fair value due to a change in Vontobel's own credit risk. Of the total impact, CHF –0.6 mn was realized as of 30.06.2019 (6 months ending 30.06.2018: CHF –0.1 mn; 6 months ending 31.12.2018: CHF 0.6 mn), while the remaining CHF –4.1 mn (6 months ending 30.06.2018: CHF 6.3 mn; 6 months ending 31.12.2018: CHF –1.1 mn) comprises unrealized income. The changes in own credit risk resulted in cumulative income of CHF 4.3 mn, of which CHF 3.8 mn was realized and CHF 0.5 mn was unrealized. Cumulative unrealized income is shown in the balance sheet item "Other financial liabilities at fair value" and will be completely reversed over the term of the relevant instruments provided they are not redeemed or repurchased prior to their contractual maturity.

## 4 Other income

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Real estate income[1] | **0.7** | 0.0 | 1.9 | 0.7 | |
| Income from the sale of property and equipment | **0.0** | 0.0 | 0.0 | 0.0 | |
| Income from the sale of debt instruments in financial investments | **3.9** | –0.1 | 0.2 | 4.0 | |
| Income from investments in associates | **0.4** | 0.4 | 0.4 | 0.0 | 0 |
| *of which share of profit* | **0.4** | *0.4* | *0.4* | *0.0* | *0* |
| *of which impairments* | **0.0** | *0.0* | *0.0* | *0.0* | |
| Other income | **1.6** | 1.0 | 1.4 | 0.6 | 60 |
| **Total** | **6.7** | **1.3** | **3.8** | **5.4** | **415** |

1 Income from the subleasing of business premises

## 5 Personnel expense

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Salaries and bonuses | 260.2 | 235.7 | 258.4 | 24.5 | 10 |
| Pension and other employee benefit plans[1] | 24.2 | 12.4 | 5.7 | 11.8 | 95 |
| Other social contributions | 21.8 | 19.9 | 19.8 | 1.9 | 10 |
| Other personnel expense | 9.8 | 8.6 | 9.5 | 1.2 | 14 |
| **Total** | **316.0** | **276.6** | **293.5** | **39.4** | **14** |

Personnel expense includes the expense for share-based compensation of CHF 15.7 mn (6 months ending 30.06.2018: CHF 17.4 mn; 6 months ending 31.12.2018: CHF 16.6 mn), of which CHF 11.9 mn (6 months ending 30.06.2018: CHF 13.6 mn; 6 months ending 31.12.2018: CHF 13.1 mn) relates to performance shares and CHF 3.8 mn (6 months ending 30.06.2018: CHF 3.8 mn; 6 months ending 31.12.2018: CHF 3.5 mn) to the awarding of bonus shares at preferential terms as well as deferred compensation in cash of CHF 2.2 mn (6 months ending 30.06.2018: CHF 1.6 mn; 6 months ending 31.12.2018: CHF 0.7 mn).

1 30.06.2018: Expense from pension and other employee benefit plans includes the impacts of changes to Swiss pension fund regulations in the amount of CHF 7.4 mn (primarily the reduction of conversion rates).
31.12.2018: Expense from pension and other employee benefit plans includes the effect related to the integration of Notenstein La Roche Privatbank AG due to employee transfers in the amount of CHF 10.5 mn and plan settlements in the amount of CHF 7.1 mn.
All three effects reduced the personnel expenses in the financial year 2018.

## 6 General expense

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Occupancy expense | 6.0 | 16.0 | 21.3 | –10.0 | –63 |
| IT, telecommunications and other equipment | 47.4 | 39.2 | 40.4 | 8.2 | 21 |
| Travel and representation, public relations, marketing | 18.8 | 20.7 | 22.5 | –1.9 | –9 |
| Consulting and audit fees | 16.0 | 14.9 | 27.8 | 1.1 | 7 |
| Other general expense | 19.5 | 20.5 | 23.4 | –1.0 | –5 |
| **Total** | **107.6** | **111.3** | **135.4** | **–3.7** | **–3** |

## 7 Depreciation of property, equipment (incl. software) and intangible assets

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Depreciation of property and equipment (incl. software) | 42.0 | 25.9 | 27.8 | 16.1 | 62 |
| Amortization of other intangible assets | 8.7 | 6.2 | 8.4 | 2.5 | 40 |
| Impairments of property and equipment (incl. software) | 0.2 | 0.0 | 0.4 | 0.2 | |
| Impairments of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | |
| Impairments of other intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | |
| **Total** | **50.8** | **32.1** | **36.7** | **18.7** | **58** |

## 8 Provisions and losses

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Increase in provisions | 1.6 | 1.8 | 0.4 | –0.2 | –11 |
| Release of provisions | 0.0 | –0.1 | –10.5 | 0.1 | |
| Recoveries | 0.0 | 0.1 | 0.0 | –0.1 | –100 |
| Other | 0.0 | 0.6 | 3.7 | –0.6 | –100 |
| **Total** | **1.6** | **2.4** | **–6.5** | **–0.8** | **–33** |

## 9 Taxes

| (6 MONTHS) | 30.06.2019 CHF MN | 30.06.2018 CHF MN | 31.12.2018 CHF MN | CHANGE TO 30.06.2018 CHF MN | IN % |
|---|---|---|---|---|---|
| Current income taxes | 25.2 | 22.1 | 18.4 | 3.1 | 14 |
| Deferred income taxes | –6.7 | 6.1 | –2.6 | –12.8 | –210 |
| **Total** | **18.4** | **28.2** | **15.8** | **–9.8** | **–35** |

## 10 Tax effects to other comprehensive income

| CHF MN (6 MONTHS) | 30.06.2019<br>AMOUNT BEFORE TAX | TAX INCOME/ (EXPENSE) | AMOUNT NET OF TAX |
|---|---|---|---|
| Translation differences during the reporting period | –1.6 | 0.0 | –1.6 |
| Translation differences transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from debt instruments in financial investments during the reporting period | 29.1 | –6.0 | 23.1 |
| Income from debt instruments in financial investments transferred to the income statement | –1.6 | 0.3 | –1.2 |
| Income from cash flow hedges during the reporting period | 1.4 | 0.0 | 1.4 |
| Income from cash flow hedges transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from equity instruments in financial investments | 18.3 | –3.9 | 14.5 |
| Income from defined benefit pension plans | –31.4 | 6.6 | –24.8 |
| **Total other comprehensive income** | **14.2** | **–2.9** | **11.3** |

| CHF MN (6 MONTHS) | 30.06.2018<br>AMOUNT BEFORE TAX | TAX INCOME/ (EXPENSE) | AMOUNT NET OF TAX |
|---|---|---|---|
| Translation differences during the reporting period | 1.4 | 0.0 | 1.4 |
| Translation differences transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from debt instruments in financial investments during the reporting period | –10.2 | 2.1 | –8.1 |
| Income from debt instruments in financial investments transferred to the income statement | 0.3 | –0.1 | 0.2 |
| Income from cash flow hedges during the reporting period | –0.9 | 0.0 | –0.9 |
| Income from cash flow hedges transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from equity instruments in financial investments | –1.0 | 0.2 | –0.8 |
| Income from defined benefit pension plans | 1.0 | –0.2 | 0.8 |
| **Total other comprehensive income** | **–9.4** | **2.0** | **–7.4** |

| CHF MN (6 MONTHS) | 31.12.2018<br>AMOUNT BEFORE TAX | TAX INCOME/ (EXPENSE) | AMOUNT NET OF TAX |
|---|---|---|---|
| Translation differences during the reporting period | –4.8 | 0.0 | –4.8 |
| Translation differences transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from debt instruments in financial investments during the reporting period | 4.3 | –1.1 | 3.3 |
| Income from debt instruments in financial investments transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from cash flow hedges during the reporting period | 1.1 | 0.0 | 1.0 |
| Income from cash flow hedges transferred to the income statement | 0.0 | 0.0 | 0.0 |
| Income from equity instruments in financial investments | 39.6 | –7.7 | 31.9 |
| Income from defined benefit pension plans | –70.7 | 14.9 | –55.9 |
| **Total other comprehensive income** | **–30.5** | **6.1** | **–24.5** |

# Risk related to balance sheet

## 11 Fair value of financial instruments

**11a Financial instruments measured at fair value**
The following table shows the assignment to the fair value hierarchy of those financial instruments that are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Financial instruments measured at fair value**

| CHF MN | LEVEL 1 | LEVEL 2 | LEVEL 3 | 30.06.2019 TOTAL |
|---|---|---|---|---|
| **Assets** | | | | |
| Trading portfolio assets | 3,198.2 | 91.9 | 0.1 | 3,290.1 |
| *Debt instruments* | *264.8* | *91.9* | - | *356.7* |
| *Equity instruments* | *1,859.5* | - | *0.0* | *1,859.5* |
| *Units in investment funds* | *199.8* | *0.0* | *0.1* | *199.9* |
| *Precious metals and cryptocurrencies* | *874.1* | - | - | *874.1* |
| Positive replacement values | 34.3 | 131.3 | 0.0 | 165.6 |
| Other financial assets at fair value | 4,060.6 | 1,248.7 | 5.6 | 5,314.9 |
| *Debt instruments*[1] | *4,000.2* | *1,190.8* | - | *5,191.0* |
| *Equity instruments* | *0.0* | - | *1.9* | *1.9* |
| *Units in investment funds* | *60.4* | *0.6* | *3.7* | *64.7* |
| *Structured products* | - | *57.3* | - | *57.3* |
| Financial investments | 2,615.5 | 26.3 | 126.6 | 2,768.4 |
| *Debt instruments* | *2,615.5* | *26.3* | - | *2,641.8* |
| *Equity instruments* | *0.0* | - | *126.6* | *126.6* |
| Other assets | 0.0 | 0.0 | 0.9 | 0.9 |
| **Total financial assets at fair value** | **9,908.6** | **1,498.2** | **133.2** | **11,539.9** |
| | | | | |
| **Liabilities** | | | | |
| Trading portfolio liabilities | 96.7 | 4.4 | 0.0 | 101.1 |
| *Debt instruments* | *61.5* | *4.4* | - | *65.9* |
| *Equity instruments* | *35.2* | - | *0.0* | *35.2* |
| Negative replacement values | 202.7 | 603.1 | - | 805.7 |
| Other financial liabilities at fair value[2] | - | 10,244.1 | - | 10,244.1 |
| *Debt instruments* | - | *1,412.4* | - | *1,412.4* |
| *Structured products* | - | *8,831.7* | - | *8,831.7* |
| Other liabilities | 0.0 | 0.0 | 98.9 | 98.9 |
| **Total financial liabilities at fair value** | **299.3** | **10,851.6** | **98.9** | **11,249.8** |

1 In the case of debt instruments measured at fair value through profit and loss, the difference between the book value (fair value) and the contractually agreed redemption amount at maturity was CHF 60.3 mn.
2 Level 2 of the balance sheet item “Other financial liabilities at fair value” contains listed issued products with a fair value of CHF 4,597.0 mn.

## Financial instruments measured at fair value

| CHF MN | LEVEL 1 | LEVEL 2 | LEVEL 3 | 31.12.2018 TOTAL |
|---|---|---|---|---|
| **Assets** | | | | |
| Trading portfolio assets | 2,852.1 | 119.8 | 0.1 | 2,972.1 |
| *Debt instruments* | *392.0* | *119.8* | *-* | *511.8* |
| *Equity instruments* | *1,626.3* | *-* | *0.0* | *1,626.3* |
| *Units in investment funds* | *166.7* | *0.0* | *0.1* | *166.8* |
| *Precious metals and cryptocurrencies* | *667.1* | *-* | *-* | *667.1* |
| Positive replacement values | 35.3 | 100.7 | 0.0 | 136.0 |
| Other financial assets at fair value | 3,270.0 | 867.5 | 5.7 | 4,143.2 |
| *Debt instruments* [1] | *3,190.4* | *816.3* | *0.0* | *4,006.7* |
| *Equity instruments* | *0.0* | *-* | *1.9* | *1.9* |
| *Units in investment funds* | *79.6* | *5.6* | *3.8* | *89.0* |
| *Structured products* | *-* | *45.6* | *-* | *45.6* |
| Financial investments | 3,014.0 | 154.2 | 108.2 | 3,276.4 |
| *Debt instruments* | *3,014.0* | *154.2* | *-* | *3,168.2* |
| *Equity instruments* | *0.0* | *-* | *108.2* | *108.2* |
| Other assets | 0.0 | 0.0 | 1.1 | 1.1 |
| **Total financial assets at fair value** | **9,171.4** | **1,242.2** | **115.0** | **10,528.6** |
| | | | | |
| **Liabilities** | | | | |
| Trading portfolio liabilities | 197.5 | 10.9 | 0.0 | 208.4 |
| *Debt instruments* | *97.4* | *10.9* | *-* | *108.3* |
| *Equity instruments* | *100.1* | *-* | *0.0* | *100.1* |
| Negative replacement values | 511.7 | 814.0 | - | 1,325.7 |
| Other financial liabilities at fair value [2] | - | 7,836.2 | - | 7,836.2 |
| *Debt instruments* | *-* | *44.6* | *-* | *44.6* |
| *Structured products* | *-* | *7,791.6* | *-* | *7,791.6* |
| Other liabilities | - | 0.0 | 70.9 | 70.9 |
| **Total financial liabilities at fair value** | **709.2** | **8,661.1** | **70.9** | **9,441.2** |

1 In the case of debt instruments measured at fair value through profit and loss, the difference between the book value (fair value) and the contractually agreed redemption amount at maturity was CHF 7.7 mn.
2 Level 2 of the balance sheet item “Other financial liabilities at fair value” contains listed issued products with a fair value of CHF 4,261.0 mn.

### Level 1 instruments

In the fair value hierarchy defined in IFRS 13, level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category essentially comprises almost all equity instruments and government bonds, liquid interest rate instruments issued by public sector entities and companies, investment funds for which a binding net asset value is published at least daily, exchange-traded derivatives, precious metals and cryptocurrencies.

Mid-market prices are used for the valuation of interest rate instruments in the trading book provided the market price risks from these positions are offset fully or to a significant extent by other positions in the trading book. For the valuation of other interest rate instruments, bid prices are used in the case of long positions and ask prices are used in the case of short positions. For equity instruments, listed investment funds and exchange-traded derivatives, the closing or settlement prices of the relevant markets are used. Published net asset values are used in the case of unlisted investment funds. In the case of foreign currencies, precious metals and cryptocurrencies, generally accepted prices are applied.

No valuation adjustments are made in the case of level 1 instruments.

**Level 2 instruments**

Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active or on a valuation method where significant input parameters can be observed directly or indirectly. They mainly comprise products issued by Vontobel, interest rate instruments issued by public sector entities and companies with reduced market liquidity and OTC derivatives, as well as investment funds for which a binding net asset value is published at least quarterly.

Since there is no active market pursuant to the definition of IFRS 13 for the products issued by Vontobel, their fair value is determined using valuation methods. In the case of issued options (warrants) and option components of structured products, generally recognized option pricing models and quoted prices in markets that are not active are used to determine their fair value, while the present value method is used to determine the fair value of the interest rate components of issued products. To measure the fair value of interest rate instruments where quoted prices are available but the low trading volume means there is no active market, the same rules apply to the use of mid-market prices and bid or ask prices as for the corresponding level 1 instruments. The valuation of interest rate instruments for which no quoted prices are available is carried out using generally recognized methods. For the valuation of OTC derivatives, generally recognized valuation models and quoted prices in markets that are not active are used. Published net asset values are used in the case of investment funds.

The valuation models take account of the relevant parameters such as contract specifications, the market prices of the underlying assets, foreign exchange rates, market interest rates or funding rates, default risks, volatilities and correlations. Vontobel's credit risk is only taken into account when determining the fair value of financial liabilities if market participants would consider it when calculating prices. OTC derivatives are traded only on a collateralized basis, which is why own credit risk (as well as third-party credit risk in the case of receivables) is not included in the valuation.

**Level 3 instruments**

Level 3 instruments are financial instruments whose fair value is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. They include primarily the liability to acquire the minority interests in TwentyFour Asset Management LLP and several unlisted equity instruments in financial investmens.

The fair value of the liability to acquire minority interests in TwentyFour Asset Management LLP is calculated using a discounted cash flow analysis in which expected future cash flows based on internal business plans are discounted. This involves various input parameters that cannot be observed such as the future development of assets under management, their profitability, the cost / income ratio and long-term growth.

The fair value of unlisted equity securities is based on the proportionate share of the net asset value, taking account of any further measurement-relevant factors.

The following table shows the change in level 3 financial instruments in Vontobel's balance sheet and the income on the positions as of the balance sheet date.

## Level 3 financial instruments

| CHF MN (6 MONTHS) | FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | FINANCIAL INVESTMENTS | OTHER ASSETS | 30.06.2019 TOTAL FIANCIAL ASSETS | OTHER LIABILITIES[1] | 30.06.2019 TOTAL FINANCIAL LIABILITIES |
|---|---|---|---|---|---|---|
| **Balance sheet** | | | | | | |
| Holdings at the beginning of the year | 5.8 | 108.2 | 1.1 | 115.0 | –70.9 | –70.9 |
| Additions in scope of consolidations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals from scope of consolidation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 | –3.5 | –3.5 |
| Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Redemptions | –0.1 | 0.0 | –0.2 | –0.3 | 0.0 | 0.0 |
| Net gains / (losses) recognized in the income statement | –0.1 | 0.0 | 0.0 | –0.1 | –0.4 | –0.4 |
| Net gains / (losses) recognized in other comprehensive income | 0.0 | 18.4 | 0.0 | 18.4 | 0.0 | 0.0 |
| Change recognized in shareholders' equity | 0.0 | 0.0 | 0.0 | 0.0 | –24.2 | –24.2 |
| Reclassifications to level 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications from level 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Translation differences | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total book value at balance sheet date** | **5.7** | **126.6** | **0.9** | **133.2** | **–98.9** | **–98.9** |
| **Income in the financial year on holdings on balance sheet date** | | | | | | |
| Net gains / (losses) recognized in the income statement | –0.1 | 0.0 | 0.0 | –0.1 | –0.4 | –0.4 |
| Net gains / (losses) recognized in other comprehensive income | 0.0 | 18.4 | 0.0 | 18.4 | 0.0 | 0.0 |

1 This item contains the liability to acquire the minority interests in TwentyFour Asset Management LLP (30.06.2019: CHF 95.4 mn; 31.12.2018: CHF 70.9 mn) and the liability from an earn-out-agreement relating to the acquisition of the US-based private clients portfolio from Lombard Odier (30.06.2019: CHF 3.5 mn; 31.12.2018: n / a).

## Level 3 financial instruments

| CHF MN (6 MONTHS) | FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | FINANCIAL INVESTMENTS | OTHER ASSETS | 30.06.2018 TOTAL FINANCIAL ASSETS | OTHER LIABILITIES[1] | 30.06.2018 TOTAL FINANCIAL LIABILITIES |
|---|---|---|---|---|---|---|
| **Balance sheet** | | | | | | |
| Holdings at the beginning of the year | 5.8 | 14.8 | 0.0 | 20.6 | –74.4 | –74.4 |
| Impact of changes to the accounting principles | 2.2 | 54.9 | 0.0 | 57.1 | 0.0 | 0.0 |
| Additions in scope of consolidations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals from scope of consolidation | 0.0 | 0.0 | 1.1 | 1.1 | 0.0 | 0.0 |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals | –0.6 | 0.0 | 0.0 | –0.6 | 0.0 | 0.0 |
| Redemptions | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 | 2.3 |
| Net gains / (losses) recognized in the income statement | –1.8 | 0.0 | 0.0 | –1.8 | –0.4 | –0.4 |
| Net gains / (losses) recognized in other comprehensive income | 0.0 | –1.0 | 0.0 | –1.0 | 0.0 | 0.0 |
| Change recognized in shareholders' equity | 0.0 | 0.0 | 0.0 | 0.0 | –5.3 | –5.3 |
| Reclassifications to level 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reclassifications from level 3 | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 | 1.7 |
| Translation differences | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total book value at balance sheet date** | **5.7** | **68.7** | **1.1** | **75.5** | **–76.1** | **–76.1** |
| **Income in the financial year on holdings on balance sheet date** | | | | | | |
| Net gains / (losses) recognized in the income statement | –2.2 | 0.0 | 0.0 | –2.2 | –0.4 | –0.4 |
| Net gains / (losses) recognized in other comprehensive income | 0.0 | –1.0 | 0.0 | –1.0 | 0.0 | 0.0 |

1 This item contains the liability to acquire the minority interests in TwentyFour Asset Management LLP (30.06.2018: CHF 63.1 mn; 31.12.2017: CHF 57.4 mn) and the liability from an earn-out-agreement relating to the acquisition of the Eastern European client portfolio of Notenstein La Roche Privatbank AG (30.06.2018: CHF 13.0 mn; 31.12.2017: CHF 17.0 mn), which was derecognized due to the acquisition of Notenstein La Roche Privatbank AG in the second half of 2018.

### Valuation adjustments

The fair value of level 2 and level 3 instruments is always an estimate or an approximation of a value that cannot be determined with absolute certainty. In addition, the valuation methods used do not always reflect all the factors that are relevant when determining fair value. To ensure appropriate valuations in the case of products issued by Vontobel and OTC contracts, further factors such as model uncertainties and liquidity risks are taken into account where this is deemed necessary. Adjustments made due to model uncertainties reflect the limits of the valuation model used. Adjustments made due to liquidity risks take account of pricing risks related to hedging positions. Management believes it is necessary and appropriate to take these factors into account in order to correctly determine the fair value.

The appropriateness of the valuation of financial instruments that are not traded in an active market is ensured through the application of clearly defined methods and processes as well as independent controls. The control processes comprise the analysis and approval of new instruments, the regular analysis of risks as well as gains and losses, the verification of prices and the examination of the models on which the estimates of the fair value of financial instruments are based. These controls are conducted by units that possess the relevant specialist knowledge and operate independently from the trading and investment functions.

### Sensitivity of fair values of level 3 instruments

Key assumptions for the measurement of the liability to acquire minority interests in TwentyFour Asset Management LLP are the discount rate (30.06.2019: 12.0%; 31.12.2018: 12.0%) that will be used to discount future cash flows, as well as the long-term growth of these cash flows (30.06.2019: 1.0%; 31.12.2018: 1.0%). The following table shows how the measurement is affected by changes in these two assumptions.

### Key assumptions

| | VARIATION OF THE KEY ASSUMPTION | CHANGE IN THE FAIR VALUE AS OF 30.06.2019 IN CHF MN | CHANGE IN THE FAIR VALUE AS OF 31.12.2018 IN CHF MN |
|---|---|---|---|
| Discount rate | +1 percentage point | –7.8 | –5.0 |
| Discount rate | –1 percentage point | 9.4 | 6.0 |
| Long-term growth | +1 percentage point | 5.0 | 2.4 |
| Long-term growth | –1 percentage point | –4.1 | –1.6 |

A change in the net asset value of unquoted equity securities leads to a proportional change in fair value. A reasonably realistic change in input parameters has no significant impact on Vontobel's consolidated financial statements.

### Day 1 profit

When a financial instrument is recognized for the first time, the transaction price provides the best indication of the fair value unless the fair value of this financial instrument can be evidenced by comparison with other observable current market transactions involving the same instrument (level 1 instrument) or is based on a valuation method that uses market data (level 2 instrument). If this is the case, the difference between the transaction price and the fair value – referred to as "day 1 profit" – is recorded in "Trading income" in the case of trading portfolio assets and liabilities, other financial instruments at fair value and derivative financial instruments and is recorded in "Other comprehensive income" in the case of financial investments.

In the case of level 3 instruments, the "day 1 profit" is deferred and only recognized in "Trading income" or "Other comprehensive income" when the prices of equivalent financial instruments or the underlying inputs become observable or when "day 1 profit" is realized. During the financial year and the previous year, no positions with deferred day 1 profit were recorded.

### Reclassifications within the fair value hierarchy

In the first half 2019 (first respectively second half-year of 2018), positions with a fair value of CHF 71.3 mn (6 months ending 30.06.2018: CHF 17.1 mn; 6 months ending 31.12.2018: CHF 85.3 mn) were reclassified from level 1 to level 2 and positions with a fair value of CHF 90.3 mn (6 months ending 30.06.2018: CHF 36.1 mn; 6 months ending 31.12.2018: CHF 21.1 mn) were reclassified from level 2 to level 1. In the event of changes in the availability of market prices (market liquidity) or of binding net asset values of investment funds, reclassifications are made at the end of the period under review.

### 11b Financial instruments measured at amortized cost

The following table shows the book value, the estimated fair value and the assignment to the fair value hierarchy of those financial instruments that are measured at amortized cost.

**Financial instruments measured at amortized cost**

| | | | | 30.06.2019 | | 31.12.2018 | |
|---|---|---|---|---|---|---|---|
| **CHF MN** | **LEVEL 1** | **LEVEL 2** | **LEVEL 3** | **FAIR VALUE TOTAL** | **BOOK VALUE TOTAL** | **FAIR VALUE TOTAL** | **BOOK VALUE TOTAL** |
| **Assets** | | | | | | | |
| Cash | 6,136.6 | 0.0 | - | 6,136.6 | 6,136.6 | 7,229.4 | 7,229.4 |
| Due from banks | - | 1,315.8 | - | 1,315.8 | 1,315.8 | 1,161.2 | 1,161.2 |
| Receivables from securities financing transactions | - | 916.0 | - | 916.0 | 916.0 | 765.0 | 765.0 |
| Loans | - | 5,295.6 | - | 5,295.6 | 5,136.3 | 5,009.5 | 4,904.6 |
| Other assets [1] | 40.2 | 906.5 | - | 946.7 | 946.7 | 468.5 | 468.5 |
| **Total** | **6,176.8** | **8,433.9** | **0.0** | **14,610.7** | **14,451.5** | **14,633.6** | **14,528.7** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Due to banks | - | 698.5 | - | 698.5 | 698.5 | 679.8 | 679.8 |
| Payables from securities financing transactions | - | 0.0 | - | 0.0 | 0.0 | 34.5 | 34.5 |
| Due to customers | - | 11,304.1 | - | 11,304.1 | 11,304.1 | 12,649.2 | 12,649.2 |
| Debt issued | 461.5 | 0.0 | - | 461.5 | 447.9 | 457.4 | 447.6 |
| Other liabilities [1] | 0.3 | 1,208.3 | - | 1,208.6 | 1,208.6 | 908.5 | 908.5 |
| **Total** | **461.8** | **13,210.9** | **0.0** | **13,672.7** | **13,659.1** | **14,729.4** | **14,719.6** |

1 The position mainly includes the accrued interest as well as open settlement positions.

#### Short-term financial instruments at amortized cost or par value

This includes due from / to banks, loans and due to customers, as well as receivables / payables from securities financing transactions that have a maturity or a refinancing profile of a maximum of one year, the balance sheet item "cash", as well as financial instruments included in other assets / liabilities. In the case of short-term financial instruments, it is assumed that the book value is close enough to the fair value.

#### Long-term financial instruments at amortized cost

This includes due from / to banks, loans and due to customers as well as receivables / payables from securities financing transactions that have a maturity or a refinancing profile of over one year as well as debt issued. Fair value is determined using the present value method. For the valuation of debt issued the ask price is used.

# Off-balance sheet and other information

## 12 Off-balance sheet information

| | 30.06.2019 CHF MN | 31.12.2018 CHF MN | CHANGE TO 31.12.2018 CHF MN | IN % |
|---|---|---|---|---|
| Contingent liabilities | 509.3 | 459.9 | 49.4 | 11 |
| Irrevocable commitments | 206.1 | 224.4 | –18.3 | –8 |
| Commitments for capital increases and capital contributions | 0.2 | 0.2 | 0.0 | 0 |
| Fiduciary transactions | 2,640.7 | 2,859.8 | –219.1 | –8 |
| Contract volumes of derivatives | 27,584.8 | 26,760.3 | 824.5 | 3 |

## 13 Litigation

In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of Vontobel are or may be affected directly or indirectly by the litigation in their capacity as a bank or custodian. The claims filed against Vontobel since 2010 concern the redemption of investments. Taking into account the rights and obligations transferred to Vontobel as a result of the merger by absorption of Notenstein La Roche Privatbank AG, the litigation amounts total around USD 44.1 mn. However, based on the information currently available to it, Vontobel believes the probability of a lawsuit resulting in an outflow of funds is low and has therefore decided not to set aside any provisions for such a lawsuit, but rather to disclose the amount under contingent liabilities.

## 14 Client assets

### Client assets

| | 30.06.2019 CHF BN | 31.12.2018 CHF BN | CHANGE TO 31.12.2018 CHF BN | IN % |
|---|---|---|---|---|
| Assets under management | 186.0 | 171.1 | 14.9 | 9 |
| Other advised client assets | 16.6 | 13.5 | 3.1 | 23 |
| Structured products and debt instruments outstanding | 10.3 | 7.9 | 2.4 | 30 |
| **Total advised client assets** | **212.9** | **192.6** | **20.3** | **11** |
| Custody assets | 59.2 | 54.7 | 4.5 | 8 |
| **Total client assets** | **272.2** | **247.3** | **24.9** | **10** |

**Client assets**
Client assets is a broader term than assets under management and comprises all bankable assets that are managed by or deposited with Vontobel, including assets that are held solely for transaction or custody purposes and for which further services are provided, as well as investment products offered by Financial Products to give private and institutional clients access to all asset classes and markets.

## Assets under management

| | 30.06.2019 CHF BN | 31.12.2018 CHF BN | CHANGE TO 31.12.2018 CHF BN | IN % |
|---|---|---|---|---|
| Assets in self-managed collective investment instruments | 53.7 | 48.9 | 4.8 | 10 |
| Assets with management mandate | 67.0 | 63.2 | 3.8 | 6 |
| Other assets under management | 65.3 | 59.1 | 6.2 | 10 |
| **Total assets under management** | **186.0** | **171.1** | **14.9** | **9** |
| *of which double counts* | *4.7* | *4.5* | *0.2* | *4* |

Calculation in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for financial institutions and Vontobel internal guidelines

## Development of assets under management

| CHF BN | 30.06.2019 | 30.06.2018 | 31.12.2018 |
|---|---|---|---|
| Total assets under management (incl. double counts) at the beginning of the period | 171.1 | 165.3 | 168.6 |
| Change attributable to net new money | 5.3 | 5.1 | –0.1 |
| Change attributable to market value | 13.0 | –1.0 | –12.7 |
| Change attributable to other effects [1] | –3.3 | –0.9 | 15.3 |
| **Total assets under management (incl. double counts) at the balance sheet date** | **186.0** | **168.6** | **171.1** |

1 30.06.2019: Acquisition US-based private clients portfolio from Lombard Odier in April 2019
30.06.2019: Reclassification of all private label funds without an asset management agreement as other advised client assets (value as of 01.01.2019: CHF 4.1 bn)
31.12.2018: Acquisition of Notenstein La Roche Privatbank AG in July 2018
30.06.2018: Sale of the Liechtenstein operation in February 2018

### Assets under management and net inflows / outflows of new money

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for financial institutions. Assets under management comprise all of the assets managed or held for investment purposes of private, corporate and institutional clients. This includes all amounts due to customers on savings and deposit accounts, fixed-term and fiduciary deposits, and all valued assets. Assets under management that are deposited with third parties are included to the extent that they are managed by a Vontobel company. Assets under management only include those assets on which Vontobel generates considerably higher income than on assets that are held solely for custody purposes or the execution of transactions. These types of custody assets are reported separately. Assets that are counted more than once, i. e. in several categories of assets under management to be disclosed, are shown under double counts. They primarily include shares in self-managed collective investment instruments in client portfolios.

Net inflows or outflows of assets under management during the reporting period consist of the acquisition of new clients, the departure of clients as well as inflows and outflows of assets from existing clients. This also includes the borrowing and the repayment of loans, as well as the distribution of collective capital investments. The calculation of the net inflow or outflow of new money is performed at the level “total assets under management” excl. double counts. If there is a change in the service provided, resulting in the reclassification of assets under management as assets held for custody purposes or vice versa, this is recorded as an outflow of new money or an inflow of new money, respectively. Securities-related and currency-related changes in market value, interest income and dividends, fee charges, loan interest paid and the impacts of acquisitions and disposals in Vontobel’s subsidiaries or businesses do not constitute inflows or outflows of assets.

## 15 Acquisition of the US-based private clients portfolio from Lombard Odier

The acquisition of the US-based private clients portfolio from Lombard Odier closed on April 1, 2019. With this acquisition, Vontobel complemented its organic growth in Wealth Management and in the business with US clients. A total of more than CHF 730 mn of assets under management was transferred to Vontobel as a result of the transaction. In addition to wealth management clients, Vontobel took over all of the brokerage private clients of Lombard Odier who switched to an advisory or wealth management relationship as part of the transaction.

The assets and liabilities of the US-based private clients portfolio of Lombard Odier were included in Vontobel's consolidated financial statements as follows:

| CHF MN | 01.04.2019 |
|---|---|
| **Assets** | |
| Cash | 98.6 |
| Loans | 1.4 |
| Intangible assets (excluding goodwill) | 8.9 |
| Goodwill | 1.7 |
| Other assets | 0.5 |
| **Total assets** | **111.1** |
| | |
| **Liabilities** | |
| Due to customers | 100.0 |
| Equity | 11.1 |
| **Total liabilities** | **111.1** |
| | |
| Acquisition costs | 11.1 |
| *of which paid at the acquisition date* | *7.6* |
| *of which recognized as a liability* | *3.5* |
| Acquired cash and cash equivalents | 98.6 |
| **Net inflow of cash and cash equivalents** | **91.0** |

The earn-out payments recognized as a liability were estimated at CHF 3.5 mn and correspond to a percentage of the income generated from the acquired clients in the first three years.

Intangible assets (excluding goodwill) comprise client relationships. Their fair value was calculated using the multi-period excess earnings method. This is a level 3 valuation in the fair value hierarchy since various unobservable input parameters were used (e.g. future income and costs based on the business plan, attrition rate of acquired clients). Client relationships are amortized over 10 years. With the exception of goodwill (residual amount), all other assets and liabilities consist of level 1 or level 2 valuations in the fair value hierarchy.

Goodwill was allocated to the Wealth Management division and an impairment test will be carried out for the first time in the second half of 2019.

The inclusion of the US-based private clients portfolio of Lombard Odier in Vontobel's consolidated accounts – taking account of the amortization of client relationships in the first half of 2019 and excluding the below transaction and integration costs – resulted in an increase in operating income of CHF 1.2 mn and in net profit of CHF 0.7 mn. If the transaction had been completed on January 1, 2019, this would – all other things being equal – have resulted in operating income of CHF 626.8 mn and net profit of CHF 131.7 mn. In the first half of 2019, costs of CHF 0.5 mn were charged to the income statement for the integration of the US-based private clients portfolio of Lombard Odier.

## 16 Events after the balance sheet date

No events have occurred since the balance sheet date that affect the relevance of the information provided in the half-year 2019 financial statements and would therefore need to be disclosed.

# Segment reporting

## 17 Segment reporting principles

External segment reporting reflects the organizational structure of Vontobel as well as internal management reporting, which forms the basis for the assessment of the financial performance of the segments and the allocation of resources to the segments.

Vontobel comprises the following divisions, which represent the operating and reportable segments according to IFRS 8. They provide the following services to clients:

**Wealth Management**
Wealth Management encompasses holistic wealth management portfolio management services for private clients, investment advisory, custodian services, financial advisory services relating to legal, inheritance and tax matters, lending against collateral, mortgage loans, pension advice and wealth consolidation services.

**Asset Management**
Asset Management specializes in active asset management, and is positioned as a multi-boutique provider. Its products are distributed to institutional clients, indirectly through wholesale channels and also by cooperation partners.

**Investment Banking**
Investment Banking focuses on the structured products and derivatives business, services for external asset managers, brokerage, corporate finance, securities and foreign exchange trading, and securities services supplied by Transaction Banking.

**Corporate Center**
The Corporate Center provides core services for the divisions, and comprises the support units Operations, Finance & Risk, Corporate Services and the Board of Directors support units.

Income, expenses, assets and liabilities are allocated to the divisions on the basis of client responsibility or according to the principle of origination. Items that cannot be allocated directly to the divisions are reported in the Corporate Center accounts. The Corporate Center also includes consolidating entries.

The costs of the services supplied internally are reported in the item “Services from / to other segments” as a reduction in costs for the service provider and as an increase in costs for the recipient, based on agreements that are renegotiated periodically according to the same principle as if they were concluded between independent third parties (“at arm’s length”).

## Segment reporting

| CHF MN (6 MONTHS) | WEALTH MANAGEMENT | ASSET MANAGEMENT | INVESTMENT BANKING | CORPORATE CENTER | 30.06.2019 TOTAL |
|---|---|---|---|---|---|
| Net interest income after credit losses | 32.0 | 0.3 | 7.8 | 6.2 | 46.3 |
| Net fee and commission income | 161.6 | 236.8 | 30.7 | –18.9 | 410.3 |
| Trading income and other operating income | 11.4 | 2.6 | 127.9 | 27.2 | 169.1 |
| **Total operating income** | **205.0** | **239.7** | **166.4** | **14.5** | **625.6** |
| Personnel expense | 83.1 | 99.1 | 61.9 | 71.9 | 316.0 |
| General expense | 11.0 | 27.1 | 29.6 | 40.0 | 107.6 |
| Services from / to other segments | 51.0 | 22.2 | 24.3 | –97.5 | 0.0 |
| Depreciation of property, equipment (incl. software) and intangible assets | 4.6 | 4.9 | 5.1 | 36.2 | 50.8 |
| Provisions and losses | 0.4 | 0.2 | 0.6 | 0.3 | 1.6 |
| **Total operating expense** | **150.0** | **153.7** | **121.5** | **50.9** | **476.1** |
| **Segment profit before taxes** | **55.0** | **86.0** | **44.9** | **–36.3** | **149.6** |
| Taxes | | | | | 18.4 |
| **Net profit** | | | | | **131.1** |
| *of which minority interests* | | | | | *6.4* |
| | | | | | |
| **Additional information** | | | | | |
| Segment assets | 4,729.6 | 628.7 | 11,195.5 | 10,810.9 | 27,364.7 |
| Segment liabilities | 8,829.9 | 826.2 | 15,033.0 | 944.2 | 25,633.3 |
| Allocated equity according to BIS[1] | 522.8 | 257.7 | 280.4 | 123.3 | 1,184.2 |
| Client assets (CHF bn)[2] | 60.6 | 128.3 | 86.0 | –2.8 | 272.2 |
| Net new money (CHF bn)[2] | 0.3 | 4.9 | 0.1 | –0.1 | 5.3 |
| Additions to property, equipment (incl. software) and intangible assets[3] | 10.6 | 1.4 | 3.7 | 41.0 | 56.7 |
| Employees (full-time equivalents) | 582.8 | 443.0 | 424.2 | 550.7 | 2,000.7 |

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 580.5 mn from core capital for intangible assets has been included in the figures above of the divisions Wealth Management and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking divison. The deduction of CHF 36.8 mn from core capital for treasury shares is not included in the figures above.
2 Definition see note 14
3 Including additions due to changes in the scope of consolidation. The figures for the previous year have been adjusted accordingly.

## Information on regions[1]

| CHF MN (6 MONTHS) | SWITZERLAND | EUROPE EXCL. SWITZERLAND | AMERICAS | OTHER COUNTRIES[2] | CONSOLIDATION | 30.06.2019 TOTAL |
|---|---|---|---|---|---|---|
| Operating income related to external customers | 356.5 | 148.6 | 54.1 | 66.4 | | 625.6 |
| Assets | 17,903.2 | 753.2 | 85.3 | 9,963.0 | –1,340.0 | 27,364.7 |
| Property, equipment and intangible assets | 839.5 | 84.2 | 10.4 | 5.7 | | 939.8 |
| Additions to property, equipment (incl. software) and intangible assets[3] | 52.5 | 0.0 | 0.3 | 3.9 | | 56.7 |

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation. The figures for the previous year have been adjusted accordingly.

## Segment reporting

| CHF MN (6 MONTHS) | WEALTH MANAGEMENT | ASSET MANAGEMENT | INVESTMENT BANKING | CORPORATE CENTER | 30.06.2018 TOTAL |
|---|---|---|---|---|---|
| Net interest income after credit losses | 25.6 | 0.2 | 5.6 | 5.7 | 37.2 |
| Net fee and commission income | 119.3 | 234.9 | 41.8 | –17.6 | 378.5 |
| Trading income and other operating income | 10.0 | –0.4 | 140.5 | 17.4 | 167.6 |
| **Total operating income** | **154.9** | **234.8** | **187.9** | **5.6** | **583.3** |
| Personnel expense [1] | 61.3 | 88.7 | 63.1 | 63.4 | 276.6 |
| General expense | 7.7 | 26.3 | 31.6 | 45.7 | 111.3 |
| Services from / to other segments | 40.8 | 22.5 | 23.0 | –86.3 | 0.0 |
| Depreciation of property, equipment (incl. software) and intangible assets | 2.4 | 4.1 | 3.2 | 22.4 | 32.1 |
| Provisions and losses | 0.3 | 0.7 | 1.2 | 0.2 | 2.4 |
| **Total operating expense** | **112.5** | **142.3** | **122.2** | **45.4** | **422.4** |
| **Segment profit before taxes** | **42.4** | **92.5** | **65.7** | **–39.8** | **160.9** |
| Taxes | | | | | 28.2 |
| **Net profit** | | | | | **132.7** |
| *of which minority interests* | | | | | *4.9* |
| | | | | | |
| **Additional information** | | | | | |
| Segment assets | 3,509.6 | 466.5 | 10,083.6 | 9,922.3 | 23,981.9 |
| Segment liabilities | 7,330.3 | 853.2 | 13,245.3 | 874.4 | 22,303.1 |
| Allocated equity according to BIS [2] | 170.5 | 270.0 | 242.7 | 98.7 | 781.9 |
| Client assets (CHF bn) [3] | 45.9 | 124.2 | 85.3 | –1.9 | 253.6 |
| Net new money (CHF bn) [3] | 1.3 | 3.8 | 0.0 | 0.1 | 5.1 |
| Additions to property, equipment (incl. software) and intangible assets [4] | 0.0 | 0.0 | 0.8 | 22.2 | 23.0 |
| Employees (full-time equivalents) | 397.0 | 406.4 | 393.4 | 498.4 | 1,695.2 |

1 Personnel expense includes the impacts of changes to Swiss pension fund regulations in the amount of CHF 7.4 mn (primarily the reduction of conversion rates). This positive impact was broken down according to the employer contributions made during the reporting period and allocated to the business units (Wealth Management CHF 2.0 mn; Asset Management CHF 1.5 mn; Investment Banking CHF 1.7 mn; Corporate Center CHF 2.2 mn).
2 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 284.5 mn from core capital for intangible assets has been included in the figures above of the divisions Wealth Management and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking divison. The deduction of CHF 48.7 mn from core capital for treasury shares is not included in the figures above.
3 Definition see note 14
4 Including additions due to changes in the scope of consolidation. The figures for the financial year 2018 have been adjusted accordingly.

## Information on regions [1]

| CHF MN (6 MONTHS) | SWITZERLAND | EUROPE EXCL. SWITZERLAND | AMERICAS | OTHER COUNTRIES [2] | CONSOLIDA-TION | 30.06.2018 TOTAL |
|---|---|---|---|---|---|---|
| Operating income related to external customers | 322.1 | 139.7 | 62.1 | 59.4 | | 583.3 |
| Assets | 15,771.7 | 723.9 | 84.7 | 9,364.7 | –1,963.2 | 23,981.9 |
| Property, equipment and intangible assets | 359.3 | 78.4 | 2.4 | 1.3 | | 441.4 |
| Additions to property, equipment (incl. software) and intangible assets [3] | 21.9 | 0.9 | 0.3 | 0.0 | | 23.0 |

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation. The figures for the financial year 2018 have been adjusted accordingly.

## Segment reporting

| CHF MN (6 MONTHS) | WEALTH MANAGEMENT | ASSET MANAGEMENT | INVESTMENT BANKING | CORPORATE CENTER | 31.12.2018 TOTAL |
|---|---|---|---|---|---|
| Net interest income after credit losses | 30.4 | 0.5 | 7.9 | –4.1 | 34.6 |
| Net fee and commission income | 154.5 | 229.2 | 36.5 | –12.9 | 407.2 |
| Trading income and other operating income | 11.4 | 0.3 | 100.9 | 20.0 | 132.6 |
| **Total operating income** | **196.3** | **229.9** | **145.3** | **3.1** | **574.5** |
| Personnel expense [1] | 81.4 | 87.1 | 55.1 | 69.9 | 293.5 |
| General expense | 10.6 | 29.4 | 34.6 | 60.7 | 135.4 |
| Services from / to other segments | 52.6 | 20.5 | 26.2 | –99.3 | 0.0 |
| Depreciation of property, equipment (incl. software) and intangible assets | 4.4 | 5.3 | 3.8 | 23.2 | 36.7 |
| Provisions and losses | –3.3 | –0.3 | –0.4 | –2.5 | –6.4 |
| **Total operating expense** | **145.7** | **142.1** | **119.3** | **52.0** | **459.2** |
| **Segment profit before taxes** | **50.6** | **87.8** | **26.0** | **–48.9** | **115.3** |
| Taxes | | | | | 15.8 |
| **Net profit** | | | | | **99.5** |
| *of which minority interests* | | | | | *6.6* |
| | | | | | |
| **Additional information** | | | | | |
| Segment assets | 4,429.0 | 520.1 | 8,924.2 | 12,164.0 | 26,037.3 |
| Segment liabilities | 9,927.6 | 1,003.1 | 12,919.7 | 483.5 | 24,333.8 |
| Allocated equity according to BIS [2] | 510.5 | 266.1 | 220.6 | 130.8 | 1,128.0 |
| Client assets (CHF bn) [3] | 55.3 | 117.5 | 77.6 | –3.2 | 247.3 |
| Net new money (CHF bn) [3] | 0.3 | –0.7 | 0.2 | 0.0 | –0.1 |
| Additions to property, equipment (incl. software) and intangible assets [4] | 301.1 | 2.0 | 13.4 | 36.8 | 353.3 |
| Employees (full-time equivalents) | 574.6 | 432.0 | 421.4 | 567.7 | 1,995.7 |

1 Personnel expense includes the impacts from pension and other employee benefit plans related to the integration of Notenstein La Roche Privatbank AG due to employee transfers in the amount of CHF 10.5 mn and plan settlements in the amount of CHF 7.1 mn. The amount has been allocated to Corporate Center.
2 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 579.4 mn from core capital for intangible assets has been included in the figures above of the divisions Wealth Management and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking division. The deduction of CHF 98.8 mn from core capital for treasury shares is not included in the figures above.
3 Definition see note 14
4 Including additions due to changes in the scope of consolidation (excluding property and equipment sold directly after the acquisition of Notenstein La Roche Privatbank AG). The figures for the financial year 2018 have been adjusted accordingly.

## Information on regions [1]

| CHF MN (6 MONTHS) | SWITZERLAND | EUROPE EXCL. SWITZERLAND | AMERICAS | OTHER COUNTRIES [2] | CONSOLIDA-TION | 31.12.2018 TOTAL |
|---|---|---|---|---|---|---|
| Operating income related to external customers | 345.7 | 136.7 | 57.7 | 34.4 | | 574.5 |
| Assets | 18,423.7 | 694.2 | 119.4 | 8,490.8 | –1,690.8 | 26,037.3 |
| Property, equipment and intangible assets | 677.3 | 73.9 | 2.2 | 1.4 | | 754.8 |
| Additions to property, equipment (incl. software) and intangible assets [3] | 351.5 | 1.1 | 0.2 | 0.5 | | 353.3 |

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation (excluding property and equipment sold directly after the acquisition of Notenstein La Roche Privatbank AG). The figures for the financial year 2018 have been adjusted accordingly.

# Investors' information

**Vontobel Holding AG registered shares**

| | |
|---|---|
| Stock exchange listing | SIX Swiss Exchange |
| ISIN | CH001 233 554 0 |
| Security number | 1 233 554 |
| Par value | CHF 1.00 |

**Ticker symbols**

| | |
|---|---|
| Bloomberg | VONN SW |
| Reuters | VONTZn.S |
| Telekurs | VONN |

**Vontobel Holding AG Additional Tier 1 (AT1) bond**

| | |
|---|---|
| Size | CHF 450 mn |
| ISIN | CH041 904 256 6 |
| Coupon | 2.625% |

**Moody's Ratings**

**Bank Vontobel AG**

| | |
|---|---|
| Long-term deposit rating | Aa3 |
| Short-term deposit rating | Prime-1 |
| Long-term counterparty risk assessment | A2 (cr) |
| Short-term counterparty risk assessment | Prime-1 (cr) |

**Vontobel Holding AG**

| | |
|---|---|
| Long-term rating (issuer rating) | A3 |
| Additional Tier 1 (AT1) bond | Baa3(hyb) |

## Financial calendar

**November 1, 2019**
Business update third quarter 2019

**February 12, 2020**
Publication annual results 2019

**March 30, 2020**
Annual General Meeting 2020

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# Award-winning businesses

**In recent months, we once again received a number of industry awards in recognition of our expertise across different businesses, which enables us to generate sustained value for our clients.**

**Vontobel**
The German Brand Award recognizes successful brands, consistent brand management and sustained brand communication. In the elite category “Excellence in Branding” that is presented in recognition of outstanding brand management and spans different industries, Vontobel was named “Winner – Corporate Brand of the Year” in 2018. Vontobel also took first place in the “Excellence in Brand Strategy Management and Creation” class within the “Brand Design” category and won the “Industry Excellence in Branding” class within the category “Banking & Financial Services”.

In 2018, Vontobel received an award from the jury of the renowned “Corporate Design Prize” in the “Corporate Design / Redesign” category.

The United Nations’ initiative “Principles for Responsible Investment” (PRI) awarded Vontobel an above-average score for the implementation of the principles. Vontobel outperformed the benchmark in each of the seven modules that were assessed in the 2019 reporting.

**Asset Management**
Lipper named Vontobel Asset Management, in six European countries, the leading provider in the categories Emerging Markets Equity, Emerging Markets Debt and mixed Asset EUR Flex-Global. Our mtx Sustainable Leaders strategies, including Asia ex-Japan and Emerging Markets received several accolades in Europe. In the USA Lipper recognized our Global Equity Strategy.

Vontobel Asset Management was named “Equity Manager of the Year” at the PensionAge Awards ceremony in London, for the performance of our mtx Sustainable Leaders, Quality Growth and Thematic Strategies.

Asia Asset Management named Vontobel Asset Management “Best Manager” in the categories, Emerging Markets Debt and Asia ex-Japan Equities.

Vontobel Asset Management received two awards in the categories Emerging Markets and Swiss Equites by the Geneva Forum for Sustainable Investment (GFSI).

CAMRADATA, a leading provider of data and analysis for institutional investors, honored TwentyFour Asset Management with an award in the category Multi-Sector Fixed Income (GBP) and Vontobel Asset Management in the category Chinese Equity.

GlobalCapital named TwentyFour Asset Management 2019 “Securitization Investor of the Year”.

**Investment Banking**
At the Swiss Derivative Awards 2019, Vontobel ranked as first in the category “Top Service” for the ninth time in succession.

In the Extel Survey 2019, Vontobel’s Brokerage team took first place in the segment “Swiss Equities” for the ninth consecutive time.

Vontobel again triumphed this year in London with the three European Structured Products & Derivatives Awards “Best Distributor (Switzerland)”, “Best Leverage Distributor (Europe)” and “Best Yield Enhancement Distributor Europe”.

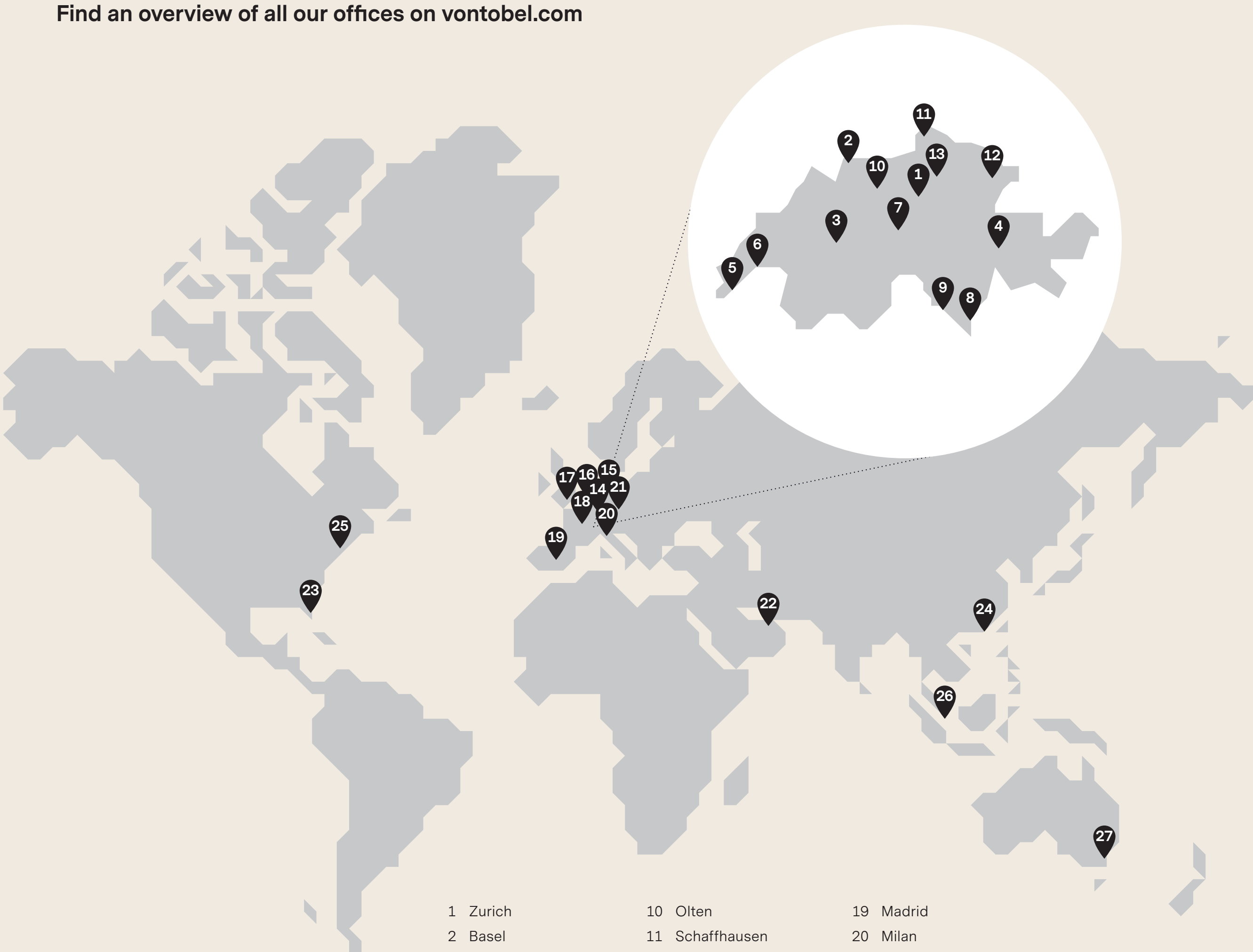
Vontobel took first place at the ZertifikateAwards 2018/2019 in Germany in the categories of reverse convertibles and participation certificates.

# Our locations

**At Vontobel, we actively shape the future. We master what we do – and we only do what we master.**

**From Zurich, Frankfurt am Main and London over New York and Dubai to Hong Kong – throughout 27 offices, we service our clients.**

**Find an overview of all our offices on vontobel.com**



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