Vontobel

Annual Report 2020

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Further information
vontobel.com/sustainability

Italy is one of Vontobel’s growth markets. 6 % of its advised client assets come from its Italian institutional and private clients. The investment firm has had a presence in Italy since the early 2000s, offering its investment expertise as an active asset manager to clients in this market. In 2020, Vontobel Asset Management received the “Premio Alto Rendimento” award from Il Sole 24 Ore in Italy. The publication named the Vontobel Fund – mtx Sustainable Emerging Markets Leaders “Best SRI Fund – EM Equities” and ranked Vontobel among the three “Best Asset Managers” in the category “Foreign Fund Manager”.

In 2020, Vontobel opened a new Wealth Management advisory office in the heart of Milan. The almost 20-strong Wealth Management team focuses primarily on advising high- and ultra-high-net-worth clients, wealthy families, entrepreneurs, foundations and family holding companies.

Since 2016, Italian investors have also been able to benefit from Vontobel’s expertise in the area of derivative investment solutions. Vontobel ranks as one of the four largest providers of leverage products in Italy. In 2021 Vontobel once again confirmed our successful presence on the Italian capital market. In the two most important categories, “Certificate of the Year” and “Best Issuer”, Vontobel took first and second place at the traditional Italian Certificate Awards organized by Triboo and Certivicati e Derivati under the umbrella of Certificate Journal.

LEGAL INFORMATION
This Annual Report is intended solely for information purposes and is expressly not addressed to any person who by domicile or nationality is prohibited to receive such information according to the applicable law. The information and views contained in it do not constitute a request, offer or recommendation to use a service, to buy or sell investment instruments or to conduct other transactions. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

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.

ALTERNATIVE PERFORMANCE MEASURES (APM)
We measure performance using alternative financial indicators that are not defined in the International Financial Reporting Standards (IFRS).
Details can be found in the glossary on pages 232 and 233.

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

Contents

"We have a clear ambition: By 2030, Vontobel wants to rank among the leading and most respected investment firms in all its markets."

photographed by thefotostudio.ch

Herbert J. Scheidt
Chairman of the Board of Directors

Dr Zeno Staub
Chief Executive Officer

Shareholders' letter

Dear shareholders and clients

Vontobel achieved further growth in 2020. The strong demand for our investment products in an environment marked by an increasing global need for investments was once again one of the main drivers of this trend. Overall, this resulted in very good growth in net new money of CHF 14.8 billion or 7.4%, significantly exceeding the target range of 4–6%. Looking back at conditions in the first year of the corona pandemic, this represents a particularly commendable result – especially since broad-based inflows were generated across all of Vontobel's businesses. At the same time, advised client assets – which were lower at the end of the first half of 2020 than at the start of the year – grew by 10% to CHF 248.2 billion compared to the end of 2019 (CHF 226.1 billion). In addition to the international client-centric distribution of products and services, this growth was driven primarily by Vontobel's high level of investment expertise, which is embodied by our globally active investment specialists. With their know-how, they made a decisive contribution to Vontobel's achievement of above-market growth across all asset classes – despite difficult markets with high levels of uncertainty due, in particular, to the ongoing pandemic. The high quality of Vontobel's investments is underscored by its good position in the relevant rankings: 69% of all Vontobel funds rated by Morningstar are in the first or second quartile based on a three- to five-year investment horizon.

Vontobel already made targeted investments in its global investment expertise in the past and will continue to do so in the future. We further strengthened our investment teams in 2020 through new hires. This included the hiring of a China A-Shares research team in Hong Kong, thus building new investment expertise as part of our growth strategy for Asia. We also further expanded our knowhow in the area of quantitative investments.

Developments in 2020 – a year dominated by the pandemic – have confirmed to Vontobel that it is pursuing the right strategy by realigning itself as a client-centric firm with a high level of investment expertise and technology knowhow. The pressure on interest rates further intensified in the first half of 2020 in particular and interest rates are not currently expected to increase again soon. Our clients' need for investment solutions that go beyond traditional savings is therefore continuing to grow.

With its new set-up, Vontobel is now even better positioned to meet these needs with the highest level of professionalism and quality. Further, the corona crisis has led to a change in the use of digital communication channels by our clients. Our new set-up – with Vontobel's already considerable level of technology knowhow – means that we are also very well placed to satisfy these needs.

With its clear focus on client needs, its investment expertise and technology knowhow, Vontobel is today already very well positioned. Our clients trust us and this is reflected by a constant net inflow of new money. We are ready to serve our institutional clients with our specialized, rapidly growing investment boutiques as well as our powerful platforms. We serve our private clients from 26 locations around the globe – in our Swiss home market and in Europe, North America and Asia – as well as via a range of digital channels. Our clear strategic focus on investment expertise and on delivering benefits for our clients means that we generate 80% of our operating income from advisory, wealth and asset management services. This strategic focus also means that Vontobel is not active in the field of corporate lending. Unlike other providers, we are therefore also not exposed to the risk of defaults on corporate loans as a result of the corona crisis. To achieve stable growth, we have taken very targeted steps over the years to focus Vontobel's business model on recurring income from the advisory, wealth and asset management business and less on trading income. We are thus reducing the risk of fluctuations in our income as a result of potential volatility in the financial markets. We also pursue a conservative risk policy in the lending business with wealth management clients.

Capital position remains robust

Our stability and financial solidity are also demonstrated by our robust capital base. Vontobel continues to have a secure capital position with a CET1 capital ratio of 13.8% (end-2019: 13.5%) and a Tier 1 capital ratio of 19.8% (end-2019: 19.9%). Both ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8% for the CET1 capital ratio and of 12% for the Total Capital Ratio.

A good result

With stable operating income of CHF 1,266 million (2019: CHF 1,262 million) and low and rigorously managed costs, Vontobel achieved a good result in 2020. The investment firm increased its pre-tax profit by 5% to CHF 321.0 million (CHF 306.7 million). Adjusted for one-off impacts of CHF 5.5 million, pre-tax profit was also 5% higher than in the previous year. One-off impacts include costs for the realization of synergies from the realignment announced in December 2019. In addition, currency effects had an adverse impact on our profit, which is reported in Swiss francs. The result after taxes of CHF 259.4 million for 2020 was slightly below the figure for the previous year (CHF 265.1 million), since Vontobel benefited from tax relief in various countries in 2019.

The cost / income ratio improved from 75.6% to 74.1% despite additional corona-related expenses. Vontobel's self-imposed target of a cost / income ratio of less than 72% was not met. The return on equity of 13.3%, which represents a good result overall, was slightly below Vontobel's own ambitious target of at least 14%. We have always emphasized that we do not want to miss out on long-term growth opportunities in order to optimize costs in the short term. However, Vontobel will actively manage costs in the future with a view to achieving its own self-imposed targets.

Vontobel proposes attractive dividend of CHF 2.25 in line with previous year

In view of the good overall business results, the Board of Directors will propose a dividend of CHF 2.25 per share – unchanged from the previous year – to the General Meeting of Shareholders on April 20, 2021. In the previous year, Vontobel increased the dividend by 7%. Over the last ten years, the distribution per share has never been reduced and the dividend has more than doubled over that period. Overall, our shareholders have benefited from dividend payouts and share repurchases of around CHF 1.3 billion over the last decade.

Business with asset management clients remains strongest driver of growth

The business with institutional clients in the Asset Management and Platforms & Services units performed well in the last financial year, with asset management solutions once again emerging as the strongest driver of growth. Vontobel today ranks as one of the top 10 active mutual fund managers in Europe measured on the basis of funds distributed. In our Swiss home market, we rank as one of the four largest asset managers. Vontobel has made targeted investments in the global sales organization. A new office was opened in Japan in 2020. We also built a team that will cooperate even more intensively than before with major globally active banks in their role as a distribution partner. Good products and a globally active team of client-centric asset management advisors formed the basis for growth that far exceeded the market average. In total, Vontobel Asset Management recorded CHF 9.5 billion of net new money, corresponding to growth of 7.8% and significantly exceeding the target range of 4–6%. In 2020, assets under management increased by 11% to CHF 134.6 billion compared to the previous year and have thus more than trebled over the last decade. In 2020, there was a particularly strong increase in the demand for fixed income solutions from TwentyFour Asset Management and for products from the Vescore boutique that specializes in quantitative solutions. The Sustainable Equities boutique once again emerged as an engine of growth, attracting CHF 4.1 billion or 43% of the net new money in Asset Management.

As a high-conviction asset manager, Vontobel has been able to defend its good margins to the largest possible extent in recent years and thus also the quality of its income in Asset Management – contrary to the industry-wide trend. In the year under review, Asset Management achieved a gross margin of 42 basis points, which represents a good result compared to the competition. In the previous year, the gross margin was 45 basis points. Operating income rose by 1% to CHF 514.6 million compared to 2019.

Our strong, globally active Asset Management sales team will continue on its growth path – placing a particular focus on the Asian and North American markets, as well as the Global Banks client group. In spring 2020, Vontobel already announced its intention to increase its participation in the asset management boutique TwentyFour Asset Management LLP in the course of 2021.

After ten successful years, Axel Schwarzer (aged 62), who had operational responsibility for Asset Management, and thus also for sales and the investment boutiques, stepped down from his role on January 1, 2021, as planned. Axel Schwarzer, who joined Vontobel as Head Asset Management in 2011, will retain his ties to the company through his role as Chairman of the Supervisory Board of Vontobel's subsidiary TwentyFour Asset Management.

Vontobel will pursue the same successful multi-boutique approach going forward. In line with Vontobel's strategy to become a client-centric investment firm, the investment boutiques now report directly to CEO Zeno Staub.

In the Asset Management Client Unit, which serves institutional investors and intermediaries worldwide, complete continuity has also been ensured. Marko Röder, a proven asset management expert, took over the running of this Client Unit at the start of the year. He has more than 20 years of industry expertise – including 13 years at Vontobel – and has served as Global Head of Sales at Vontobel Asset Management since July 2011.

Platforms & Services on steady growth path

Platforms & Services, the second area of business with institutional clients, continued on its growth path – generating growth in net new money of 7.8% or CHF 1.1 billion (CHF 0.5 billion) and increased turnover on its platforms. We support financial intermediaries such as External Asset Managers (EAMs) and banks with our proven platforms such as deritrade – one of the leading multi issuer platforms for structured products – as well as EAMNet and Plug'n'Trade. In this area, Vontobel benefited from the large transaction volumes in the markets in spring 2020, which subsequently normalized in the course of the year. Operating income totaled CHF 152.3 million and was thus in line with the good result for the previous year (CHF 150.9 million). Despite the general pressure on margins in the business with financial intermediaries, Vontobel achieved a gross margin of just over 50 basis points (2019: 50 basis points) in the business with EAMs, which accounts for around half of operating income in this Client Unit. Platforms & Services has identified further growth potential in Asia and Germany in particular.

Wealth Management attracts strong net new money

The business with wealth management clients and private clients who interact with Vontobel via digital channels also achieved a pleasing performance. Wealth management clients entrusted CHF 3.8 billion of new money to Vontobel, which corresponds to strong growth in net new money of 6.3%, compared to 0.1% in the previous year. After private investors refrained from making additional investments in the first half of 2020 due primarily to the corona situation, a catch-up effect was visible in the second half of 2020, resulting in strong net inflows of new money. Following the hard lockdown, clients – especially those in Vontobel's Swiss home market and in Europe – looked for new investment opportunities as from third quarter. In 2020, our wealth management clients benefited from good performance relative to the market and the competition. We continued to offer our expertise to our clients across all our markets at all times during 2020, a year marked by exceptional conditions, serving them in person or via state-of-the-art and secure digital communication channels. With a new digital onboarding process, it is possible to open new client relationships even during periods of social distancing. Under these circumstances, however, our main focus has been on deepening existing client relationships. In addition, we further strengthened and expanded our advisory team in 2020. This included the opening of a new advisory center in Milan for Italian wealth management clients. We also further enhanced our pensions knowhow with a new team of specialists.

Our expanded, attractive and client-centric offering and good performance are reflected by the financial results reported by Wealth Management. Despite the general pressure on margins, negative interest rates and the large amount of cash that clients continue to hold, Wealth Management generated a gross margin of 73 basis points (2019: 74 basis points), which represents a good overall result. With the volume of client transactions declining as markets grew calmer, the gross margin normalized at a high level in the course of the year. Operating income was stable at CHF 423.6 million compared to the previous year (CHF 429.2 million). Vontobel Wealth Management will continue to benefit from the growing need for investments in the future. We anticipate that the attractiveness to clients of active wealth and asset managers like Vontobel will continue to increase at a time when markets are not aligned, as those clients seek to make the best possible use of investment opportunities. It is also evident that the international political environment is driving the desire for regional diversification among clients. Additional growth opportunities are also emerging for Vontobel as a result of its increased focus on the ultra-high-net-worth-individuals (UHNWI) client group.

Digital Investing

Our business with private clients who primarily access Vontobel's expertise via digital channels also achieved growth. Vontobel expanded its market share in the business with derivative products both in its Swiss home market and in the key international focus markets of Germany and Italy. The very volatile markets in spring 2020 in particular led to increased demand for leverage products among private investors in the first half of the year, with demand normalizing in the course of 2020. Especially during months with high transaction volumes, Vontobel benefited from its past investments in its technical systems. In the "corona year" 2020, when trading activity reached a record level, the stability of our systems and the resulting security of transactions at all times was an important competitive factor. With our Digital Investing unit, we were able to provide our clients with a full service offering at all times.

Cosmofunding, the digital platform for private placements and loans for Swiss companies and public-sector bodies, also performed well. In fall 2020, the first digital public bond was issued via the Vontobel platform in the Swiss market. In total, around CHF 6.3 billion of private placements and loans have been issued via cosmofunding since its launch in October 2018.

Operating income in Digital Investing rose by 14% to CHF 183.5 million compared to 2019 (CHF 160.9 million).

Vontobel will continue to work on expanding existing platforms and on building modern digital solutions – systematically integrating the experience gained from its existing digital offerings.

Ambitious targets extended to 2022
Vontobel will continue to pursue its growth strategy in a focused manner in 2021. We have a clear ambition: By 2030, Vontobel wants to rank among the leading and most respected investment firms in all its markets. To achieve this, we have extended our ambitious 2020 midterm targets to 2022. Although our operating environment has deteriorated as a result of the corona pandemic, Vontobel wants to achieve overall business growth of 4–6% each year. To realize this goal, we are also continuing to strive for ambitious growth in net new money of 4–6% annually. We will pursue our investments in growth. We are targeting a return on equity of at least 14% and a cost / income ratio of less than 72% each year. Vontobel will focus on five priorities in this context:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points to our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people who want to excel

All of these priorities are being implemented through specific projects and translated into growth.

At the same time, Vontobel's financial stability will be preserved, with a CET1 capital ratio of over 12% and a Total Capital Ratio of over 16%. It is also intended that shareholders will continue to participate in Vontobel's success with a payout ratio of at least 50%.

We had to say goodbye
Enrico Friz, General Counsel of Vontobel since 2017 and a member of the Executive Committees of Vontobel Holding AG, passed away unexpectedly in January 2021. With his great expertise and strong judgment, Enrico Friz played a significant role in the positive development of Vontobel over the past few years. We owe him a great debt of gratitude and will always honor his memory. The Board of Directors, the Global Executive Board and all employees are deeply saddened by his death and extend their deepest sympathy to his family. Thomas Heinzl, CFO, and Felix Lenhard, COO, will take over the lead of Legal & Compliance until further notice.

2021: Identifying relevant risks, seizing the right opportunities
2020 and the first few weeks of 2021 show that Vontobel is well on its way towards realizing its extended, challenging targets and its ambition. In 2021, Vontobel will once again seize the opportunities that arise with a continued focus on generating organic growth and maintaining its solid capital position. Acquisitions may serve as a means of rounding out its portfolio in the future, with its strong capital base giving it the necessary financial flexibility to achieve this.

2021 will be another year marked by uncertainty. The corona pandemic and its economic fallout will once again present challenges for the markets and consequently also for investors this year. Continued low interest rates and various geopolitical uncertainties will also create challenges. Consequently, it will be even more crucial to identify relevant risks and to seize the right opportunities – this is what distinguishes Vontobel as an active investment manager. Vontobel's employees also set Vontobel apart and we owe them considerable thanks this year for their enormous efforts to serve our clients in these exceptional times. We also wish to thank our clients and our shareholders for their trust in Vontobel.

Herbert J. Scheidt
Chairman of the
Board of Directors

Dr Zeno Staub
Chief Executive Officer

Award-winning businesses

In recent months, we once again received a number of industry awards in recognition of our company-wide expertise, which enables us to generate sustained value for our clients.

Investments

The United Nations' initiative "Principles for Responsible Investment" (PRI) awarded Vontobel once again an above-average score for the implementation of the principles in 2020. Vontobel outperformed the benchmark in five of the seven modules that were assessed in the 2020 reporting. Vontobel has been a signatory to the PRI since 2010.

At the Swiss Sustainable Funds Awards (SSFA), Vontobel was named "Best Swiss Asset Management Company". With these awards, the jury recognizes the best asset managers and funds that demonstrate the greatest commitment to socially responsible investments (SRI).

Lipper named Vontobel, in five European countries, the leading provider in the categories Emerging Markets Debt and Absolute Return Bond. Our mtx Sustainable Leaders strategies received several accolades in Europe and Asia.

Vontobel 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.

Our Quality Growth Boutique was awarded "Active International Equity Strategy of the year" and "Active Global Equity Strategy of the year" by the Institutional Asset Management Awards in North America.

Asia Asset Management named Vontobel "Best Manager" in the category Emerging Markets Equities with mtx Sustainable Leaders as well as in the category "Best Quantitative Strategy" with Vescore.

Vontobel was named Best Sustainable Asset Manager by the Geneva Forum for Sustainable Investment (GFSI).

Portfolio Adviser named TwentyFour Asset Manangement best UK Fixed Income, Corporate Bond manager.

Our Multi Asset Boutique was named Multi Asset Manager of the Year in the UK by Pensions and Investors Providers Awards and the UK Pensions Awards in recognition of its quantitative product range.

Vontobel once again took first place in the categories of reverse convertibles and participation certificates at the Zertifikate Awards 2020 / 2021 in Germany. Additionally, Vontobel won the "Certificate of the Year" audience award and the overall jury award for "Best Issuer 2020 / 2021".

In the two most important categories, "Certificate of the Year" and "Best Issuer", Vontobel took first and second place at the traditional Italian Certificate Awards organized by Triboo and Certivicati e Derivati.

Wealth Management

The business magazine "Euro" awarded Bank Vontobel Europe AG the rating "very good" in its Private Banking Test 2020.

Ratios

	2020	2019	2018	2017	2016
Return on shareholders' equity (ROE) (%)[1]	13.3	14.2	13.0	13.1	18.0
Cost/income ratio (%)	74.1	75.6	76.5	75.3	68.2
Equity ratio (%)	6.0	6.9	6.5	7.1	7.8
Basel III leverage ratio (%)	4.6	5.2	4.9	4.7	5.2

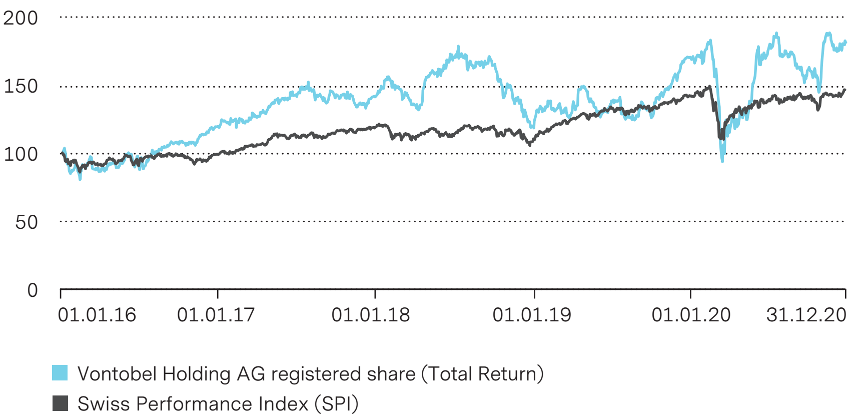
1 Group net profit as a percentage of average equity based on monthly figures, both without minority interests

Share data

	2020	2019	2018	2017	2016
Basic earnings per share (CHF)[1]	4.34	4.49	3.96	3.65	4.72
Diluted earnings per share (CHF)[1]	4.25	4.39	3.88	3.56	4.59
Equity per share outstanding at balance sheet date (CHF)	33.93	32.71	30.81	29.31	27.65
Dividend per share (CHF)[2]	2.25	2.25	2.10	2.10	2.00
Price/book value per share	2.1	2.1	1.6	2.1	1.9
Price/earnings per share	16.2	15.4	12.7	16.8	11.3
Share price at balance sheet date (CHF)	70.20	69.15	50.40	61.50	53.45
High (CHF)	74.90	69.70	76.05	66.35	54.15
Low (CHF)	36.12	49.72	49.60	53.25	36.90
Market capitalization nominal capital at balance sheet date (CHF mn)	3,992.6	3,932.9	2,866.5	3,497.8	3,040.0
Market capitalization less treasury shares at balance sheet date (CHF mn)	3,913.8	3,833.2	2,786.3	3,400.1	2,927.4
Undiluted weighted average number of shares	55,876,292	55,901,396	55,769,779	55,376,259	55,082,263

1 Basis: weighted average number of shares
2 Financial year 2020: As per proposal submitted to the General Meeting

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

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
CET1 capital ratio (%)	13.8	13.5	12.3	18.4	19.0
CET1 capital (CHF mn)	1,024.4	949.4	835.1	1,098.6	1,018.4
Tier 1 capital ratio (%)	19.8	19.9	18.9	18.4	19.0
Tier 1 capital (CHF mn)	1,473.0	1,397.5	1,282.7	1,098.6	1,018.4
Risk weighted positions (CHF mn)	7,447.5	7,039.3	6,801.1	5,955.6	5,360.8

Risk ratio

CHF MN	2020	2019	2018	2017	2016
Average Value at Risk market risk	9.5	6.2	6.1	4.1	8.7

Average Value at Risk 12 months for positions of Vontobel. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Rating

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3	Aa3	Aa3

Operating income by Client Unit / Center of Excellence

CHF MN	2020	2019
Asset Management	514.6	509.8
Platforms & Services	152.3	150.9
Wealth Management	423.6	429.2
Digital Investing	183.5	160.9
Centers of Excellence / Reconciliation	–8.5	11.0

Consolidated income statement

CHF MN	2020	2019	2018	2017	2016
Operating income	1,265.5	1,261.9	1,157.8	1,060.1	1,081.1
Operating expense	944.5	955.2	881.6	800.8	759.8
Profit before taxes	321.0	306.7	276.2	259.3	321.3
Group net profit	259.4	265.1	232.2	209.0	264.4
of which allocated to minority interests	*16.8*	*14.1*	*11.5*	*6.6*	*4.6*
of which allocated to the shareholders of Vontobel Holding AG	*242.7*	*251.0*	*220.7*	*202.4*	*259.8*

Consolidated balance sheet

CHF MN	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Total assets	31,422.4	26,240.3	26,037.3	22,903.7	19,393.9
Shareholders' equity (excl. minority interests)	1,891.6	1,813.3	1,703.5	1,620.5	1,514.1
Loans	6,378.6	5,046.2	4,904.6	3,310.5	2,601.9
Due to customers	14,646.5	10,506.4	12,649.2	9,758.2	9,058.5

Clients assets

CHF BN	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Assets under management	219.6	198.9	171.1	165.3	138.5
of which under discretionary management	*146.9*	*130.6*	*107.3*	*107.1*	*90.2*
of which under non-discretionary management	*72.8*	*68.2*	*63.8*	*58.2*	*48.3*
Other advised client assets	20.4	16.5	13.5	12.8	10.4
Structured products and debt instruments outstanding	8.2	10.7	7.9	8.5	6.4
Total advised client assets	**248.2**	**226.1**	**192.6**	**186.6**	**155.3**
Custody assets	64.0	62.3	54.7	59.9	40.1
Total client assets	**312.2**	**288.4**	**247.3**	**246.5**	**195.4**

Net new money

CHF BN	2020	2019	2018	2017	2016
Net new money	14.8	11.7	5.0	5.9	–10.6

Personnel (full-time equivalents)

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Number of employees Switzerland	1,640.5	1,636.8	1,662.2	1,353.8	1,347.0
Number of employees abroad	374.6	344.8	333.5	334.4	327.4
Total number of employees	**2,015.1**	**1,981.6**	**1,995.7**	**1,688.2**	**1,674.4**

One Vontobel

A client-centric investment firm – clearly positioned for clients and investors

The demand for professional investment solutions and individually tailored expert investment advice is growing constantly across all client groups and sections of the population. This trend is driven by the protracted phase of low interest rates and the challenging investment environment associated with it. It also reflects the strong need to invest – both individually and as a society – also as a means of addressing the increasing pension funding gap around the world. These developments intensified in 2020 as a result of the corona pandemic. Investing is the new form of saving.

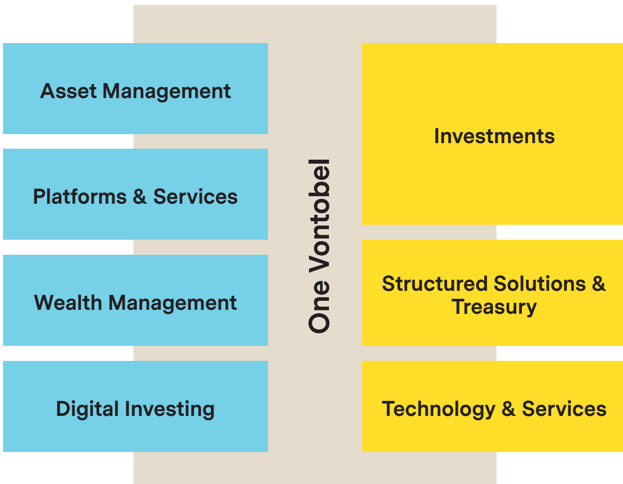
At the same time, the wishes and behavior of clients are changing – due in particular to ever faster technological advances and the new opportunities they create. Today, investors expect individual solutions at any time, in any location: They want problems to be solved in a single click. Practices that are already part of the everyday client experience in large areas of the retail industry are now also increasingly visible in the financial sector.

At Vontobel, where we are operating from a position of strength, we want to actively seize the growth opportunities resulting from changes in the investment environment and evolving client behavior at an early stage. Our aim is to thus set ourselves apart from the competition – leading the way in terms of the quality of our performance and client experiences. Our stable shareholder structure has always allowed us to think and act long term. Vontobel's evolution into a client-centric investment firm that harnesses the power of technology for the benefit of its clients is the logical next step based on our value proposition "Driven by the power of possibility. Delivering the edge". We are underscoring our commitment to taking the client's view with our exclusive focus on the buy-side business. This means that we are always on the side of the investor.

We are shaping our future direction based on our four strategic levers. ***Client-centric*** and ***investment-led*** are levers that are closely connected so that we can offer the best investment solutions that are tailored to client needs. Vontobel is convinced that client focus and investment expertise remain key to the success of our clients and the company. We are ***technology-enabled*** and will exploit the power of technology even more in the future than we do at present. We want to anticipate the wishes of our clients so that we are always ready to deliver the right solutions.

We could not achieve all this without our employees. We are ***powered by people*** because they make the difference in our industry – today and in the future.

Our goal is to enable each client to access the very best we can offer in terms of investment opportunities and services using the very latest technology. We create typical Vontobel client experiences that can compete with the offerings of leading digital companies. To achieve this, Vontobel not only invests in talents and technology but we also continuously develop the way we work together.



At Vontobel, our advisory expertise is bundled within the specialized Client Units ***Asset Management, Platforms & Services, Wealth Management*** and ***Digital Investing***. Relationship managers within the Client Units can concentrate fully on meeting the wishes and needs of our clients

Asset Management focuses primarily on institutional clients such as pension funds, insurance companies and sovereign wealth funds, as well as third-party banks in the wholesale fund business. The concept of well-established asset-class specialization and the corresponding boutique structure of Investments are complemented by a regional focus in the area of client services. The provision of services to the Global Banks client group is coordinated globally to optimally address the growth potential in this area.

Platforms & Services gives External Asset Managers (EAMs), banks and other intermediaries access to Vontobel's products and services. Our leading range of structured products is used by almost 500 banks and around 460 EAMs via digital and traditional advisory channels. Vontobel has set itself the goal of becoming the partner of choice in this area in Switzerland, Germany, Hong Kong and Singapore.

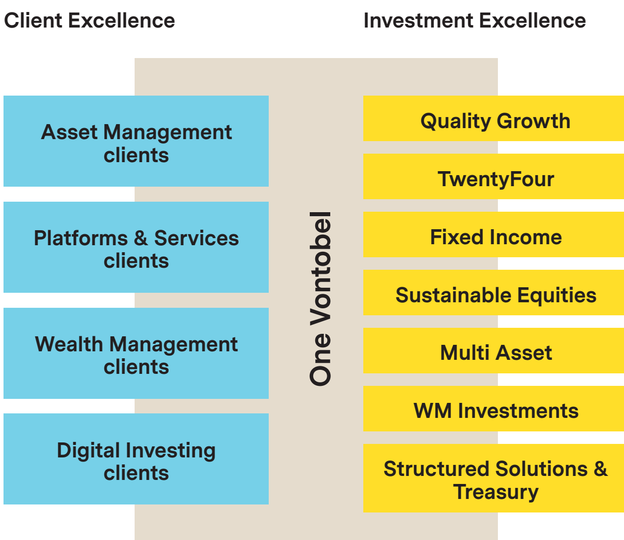
The ***Wealth Management*** team serves wealthy private clients as well as ultra-high-net-worth individuals (UHNWI). This team also advises entrepreneurs and decision-makers from the SME segment on their personal financial needs. Its offering is complemented by technology-driven digital wealth management services.

With ***Digital Investing***, Vontobel has launched a challenger unit whose competencies can be offered to broader client groups either directly or via ecosystems. This unit also focuses on the successful end-clients business with structured products and complements it with a broader investment perspective. Platforms such as derinet, cosmofunding and proprietary robo technology continue to operate in these areas, placing an emphasis on client needs.

All of Vontobel's Client Units have full access to our excellent investment and solutions expertise within our various Centers of Excellence. In these Centers, similar competencies are brought together in a single location to allow for the cross-fertilization of ideas in order to develop the best possible client solutions in the most effective way. Our ***Centers of Excellence*** are: Investments, Structured Solutions & Treasury, Technology & Services, Marketing & Analytics, Finance & Risk, Human Resources and Legal & Compliance.

Strategic importance of investments

Our proven, distinctive investment capabilities within our multi-boutique set-up are at the heart of our business model. For more than two decades, this has shown to be the ideal way to develop and protect outstanding investment approaches in a robust and replicable manner.



Vontobel has a very strong and well-diversified range of boutiques in which we have made targeted investments in recent years. We have around 300 specialists working in our investment hubs in Zurich, New York, London and other European cities, and increasingly also in Asia. They form the basis of our global investment expertise. Vontobel is convinced that the multi-boutique model is a promising approach and the right way forward. We will therefore continue to systematically pursue and expand this approach across all our investment teams, ensuring a high level of continuity.

Our commitment to active management, combined with our strong and stable shareholder structure, enables us to invest according to our convictions. We create value through our diverse, highly specialized teams who develop strategies and solutions in the asset classes Equities, Fixed Income and Multi Asset.

Our clients have benefited from our broad range of sustainable investment solutions since the 1990s. Vontobel is therefore one of the pioneers in this field.

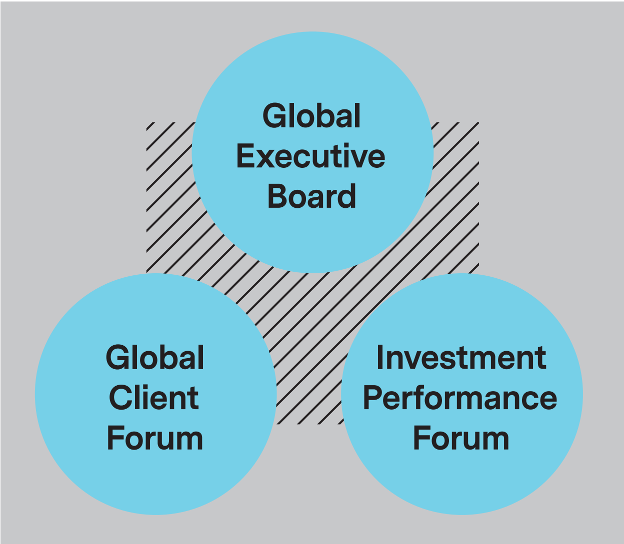
We have also established ourselves as a leader in Emerging Markets (EM) and rank among the largest European EM Managers in the areas of Equities and Fixed Income. We consider it a privilege to have an investor base with a long-term perspective, since this has also provided us with a long track record.

In the area of Structured Solutions & Treasury, we support our clients by supplying credit and arranging private placements and loans (cosmofunding), as well as through risk management and risk transformation. Our range of structured products forms part of this offering.

Leadership team for rapid, client-oriented decisions

Reflecting our "One Vontobel" approach, all our units are connected by a flat management structure and integrated in a uniform performance evaluation system that is focused on the achievement of shared success for our clients. In this way, Vontobel is facilitating cooperation across businesses in a collaborative working environment. This fosters market-driven innovation, above-average organic growth and the development of disruptive business models.

Leadership Forums involving all Client Units and Investment Boutiques are held regularly to support collaboration across businesses.



The ***Global Executive Board*** is a platform for dialogue between our global executives to facilitate the agile development and management of Vontobel. It focuses primarily on the implementation of our strategy as well as on financial and operational matters. In line with the 'One Vontobel' approach, we reached a conscious decision in December 2019 that responsibility for our shared success should be shouldered more broadly and that further experts should be brought on board in order to leverage their knowledge.

In addition to members of the Executive Committee, all Clients Units and Centers of Excellence are represented on the Global Executive Board. Through its collaborative approach, the Global Executive Board enables rapid and efficient decision-making and allows us to create customized solutions for our clients.

The ***Global Client Forum*** serves as a kind of marketplace where client needs and product solutions come together. This is where client feedback is analyzed and appropriate solutions are identified.

The ***Investment Performance Forum*** reviews product performance and defines performance expectations, as well as analyzing the robustness and quality of the investment process. It is also responsible for product development and life cycle management.

Vontobel's organic growth is based on our investment-led commitment and the fact that we have evolved into a pureplay wealth and asset manager with investment excellence at its core. The Investment Boutiques and the Center of Excellence Structured Solutions & Treasury are directly represented in the relevant Client and Performance Boards. This ensures that Vontobel's investment focus is firmly enshrined within the organization.

Our Vision 2030 – our Lighthouse

We have used the changes in our operating environment as an opportunity to think even longer term. Our targets are no longer based on a three-year planning cycle. Instead, they are now focused on our longer-term vision – our Lighthouse. It describes how we want to be perceived in 2030 – and what we want to achieve by then. By concentrating on a shared long-term goal, we can ensure that the entire Vontobel organization is working together and moving in the same direction.

In 2030, Vontobel will be recognized as one of the leading and most respected investment firms with an entirely client-centric organizational set-up. Our clients and investment processes will be supported by digital data and analysis. Content, data and artificial intelligence will be at the center of what we do. We are investment-led and our solutions are best in class for alpha, beta and income products.

Priorities 2020–2022

Based on Vontobel's client-centric and long-term Vision 2030 as a global buy-side investment firm, the Board of Directors and the Executive Committee defined five strategic priorities in 2020. To ensure the requisite degree of agility and flexibility, they have broken down the clear long-term vision into cycles with concrete results.

Future business planning is therefore focused on an agile two-year rolling plan that balances our efforts to initiate, pursue and firmly establish our long-term goals with a focus on the growth of our existing businesses and the generation of income over the short and medium term.

The priorities 2020–2022 provide a framework and form the foundations for a rolling plan.

Global Executive Board (EB)

As of February 1, 2021
* Member of the Executive Committee

1. Deliver the Vontobel experience places the client experience at the heart of our brand vision. It puts the client at the center and links the creation of value with a positive client experience: Client-centric and investment-led. An outstanding client experience is essential to meet the expectations of our clients. In this way, we create decisive value and a stronger emotional attachment to the brand. We have already achieved a lot in recent years, as well as creating a series of tools and establishing the basis to deliver maximum impact.

2. Deliver a pure-play investment firm to all clients reflects our commitment resulting from our vision to become a pure-play client-centric investment firm that leverages its investment expertise and provides solutions for all clients. The quality of the investment offering is the key to our success and is demonstrated, among other things, by our stable margins in recent years. We want to maintain these margins in the future.

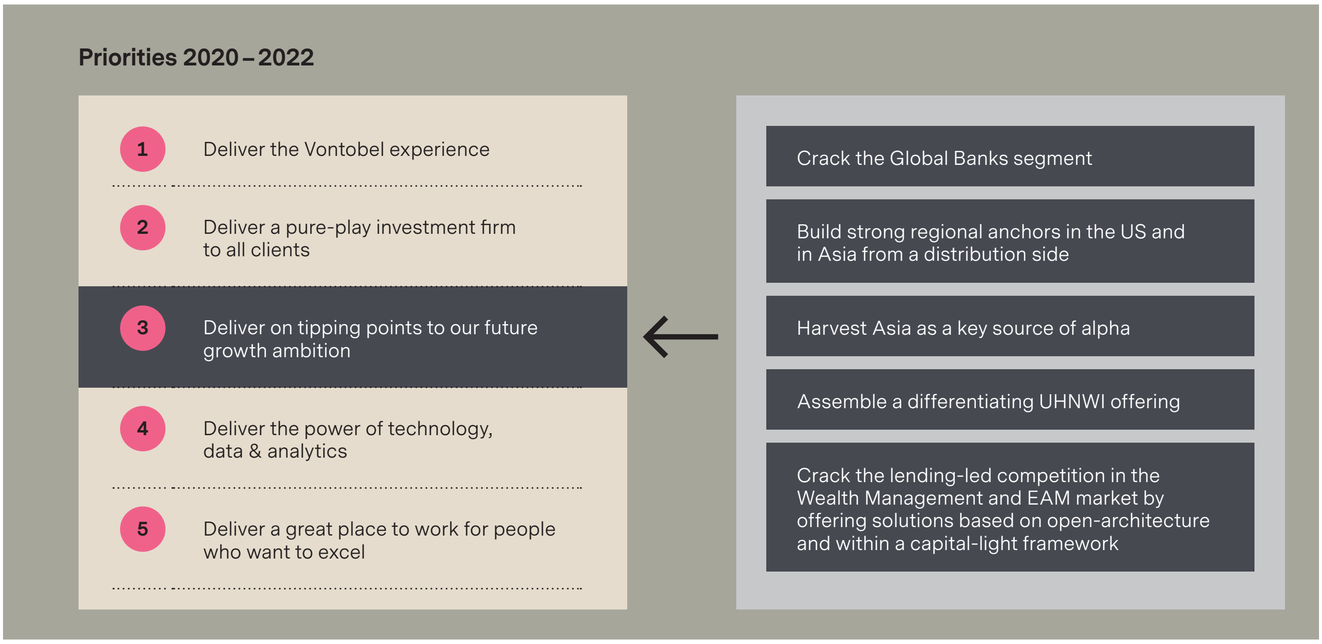
Both of the above priorities build on what we already have and are designed to drive forward the largest part of our business. We are investment-led and, at the same time, client-centric.

3. Deliver on tipping points to our future growth ambition targets the next growth wave. The individual tipping points form the critical milestones that we want to reach over the long-term. We will work systematically to transform our long-term vision into a reality by 2030.

4. Deliver the power of technology, data & analytics refers to technology and its development into another core competency. We have laid the foundations for this in recent years. We are ready to incorporate technology into everything we do and to reap the benefits of these efforts in the form of increased client satisfaction, efficient processes and better insights / analysis.

5. Deliver a great place to work for people who want to excel recognizes the importance of our employees, their commitments, and their skills and abilities. In 2021, Vontobel's management will focus even more attention on employee development with a particular emphasis on strengthening leadership skills across the entire firm. These efforts aim to make Vontobel one of the most attractive places to work in order to retain and attract top talents.

The next wave of growth and critical milestones on our way towards the Lighthouse



Targets 2022

Ambitious mid-term goals

Building on these strategic priorities, the Board of Directors and the Executive Committee have extended the ambitious targets for growth, profitability, capital and dividends to 2022.

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% p.a.
- 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

Financial targets 2022

Top-line growth	
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	
BIS tier 1 capital ratio (CET1)	>12%
BIS total capital ratio	>16%
Dividend	
Payout ratio	>50%

Business review

Focus on investment business continued to prove successful in 2020 despite exceptional conditions: Vontobel delivers good result with strong inflow of assets

Vontobel now ranks as one of the leading global financial experts specializing in wealth management and active asset management. The strategic decisions taken in December 2019 and in 2020 are a logical step forward for Vontobel as it evolves into a client-centric investment firm that systematically leverages its performance-oriented investment expertise and the power of technology for the benefit of its clients. The growing need to invest and the changing investment environment are creating opportunities for growth that Vontobel is actively seizing. It did so even in 2020 – a year impacted by the corona pandemic and its far-reaching consequences. Following the sharp fall in share prices in February and March 2020, April already saw the start of a stock market recovery that continued through the second half of the year and was particularly pronounced in the fourth quarter. Over the year as a whole, the equity markets of industrialized nations achieved a very positive performance despite the worst recession since the end of the Second World War, closing the year +14.1% measured by the MSCI World index. The Swiss indices SMI (+0.8%) and SPI (+3.8%) also closed the year in positive territory. This reflected the favorable impact of the massive monetary and fiscal policy measures implemented, as well as the prospect of the imminent launch of a vaccine against the virus and the related expectations surrounding an economic recovery.

Even in this operating environment, Vontobel maintained its long-term focus on the generation of recurring income and – in accordance with its risk profile – consciously refrained from engaging in short-term market trading. It also continued to take a very conservative approach to the provision of financing for private clients and, like before, is not exposed to any credit risks in the business with corporate clients.

Sustained strong inflow of new money demonstrates high level of client trust in Vontobel

With 7.4% growth in net new money, even the ambitious target of 4–6% growth was clearly exceeded. Inflows in all three Client Units – Asset Management, Platforms & Services and Wealth Management – contributed to this result. The strong growth in net new money reflects the high level of trust that clients place in Vontobel's investment expertise and financial solidity.

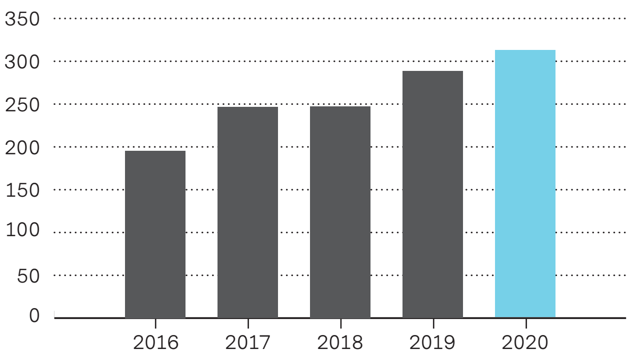
Operating income – reported in Swiss francs – was more or less unchanged compared to the previous year. However, this does not reflect the organic growth achieved by Vontobel, since there was a further appreciation of the Swiss franc compared to key currencies in the year under review. Assuming constant exchange rates, i.e. excluding currency effects, operating income would have been 3% higher than in the previous year. If the 2019 result is adjusted for exceptional items, the increase is 4%. As a result of rigorous cost management, operating efficiency improved from 75.6% to 74.1% (adjusted for exceptional operating items: from 75.1% to 73.7%).

Profit before taxes rose by 5% to CHF 321.0 million. Excluding exceptional items and currency effects, the growth in profit before taxes would have been 14%. Group net profit (after taxes) of CHF 259.4 million in 2020 was slightly lower than the figure for the previous year (CHF 265.1 million), since 2019 benefited from tax relief in various countries. Vontobel generated a return on equity of 13.3%, coming close to its target of at least 14%. The Tier 1 capital ratio of 19.8% was almost in line with the previous year (19.9%) and thus remained comfortably above the regulatory minimum requirement of 12% as well as the internal target of 16%. For the financial year 2020, the Board of Directors is proposing a dividend of CHF 2.25 per share – unchanged from the previous year – to the General Meeting of Shareholders. This attractive profit participation results in a payout ratio of 52%.

Record client assets and strong net inflow of new money

Vontobel's total client assets (including custody assets) increased by CHF 23.8 billion from CHF 288.4 billion to CHF 312.2 billion, thus exceeding CHF 300 billion for the first time. Total advised client assets consist of assets under management, other advised client assets and structured products.

Total client assets
CHF bn



Client assets by client domicile as of 31 December 2020

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	**93.1**	**2.0**	**5.8**	**100.8**	**61.0**	**161.8**
Switzerland[1]	*93.1*	*2.0*	*5.8*	*100.8*	*61.0*	*161.8*
Focus markets	**108.1**	**5.6**	**2.5**	**116.1**	**0.0**	**116.1**
Germany	*23.2*	*5.1*	*2.5*	*30.7*	*0.0*	*30.7*
UK	*23.4*	*0.3*	*0.0*	*23.8*	*0.0*	*23.8*
Italy	*15.5*	*0.0*	*0.0*	*15.5*	*0.0*	*15.5*
North America	*18.8*	*0.1*	*0.0*	*18.9*	*0.0*	*18.9*
Asia Pacific region / Emerging Markets[2]	*27.0*	*0.1*	*0.0*	*27.1*	*0.0*	*27.1*
Other markets	**18.5**	**12.8**	**0.0**	**31.3**	**3.0**	**34.3**
Total	**219.6**	**20.4**	**8.2**	**248.2**	**64.0**	**312.2**

1 Including Liechtenstein
2 CEE, LATAM, Middle East, Africa

Over the last two decades, Vontobel has established itself as a proven global wealth and asset manager. In the period from 2002 to 2020, there was more than a five-fold increase in advised client assets (from CHF 45.4 billion to CHF 248.2 billion). Today, almost 60% of advised client assets consist of the assets of clients domiciled outside Vontobel's Swiss home market – primarily in the target markets Germany, the UK, Italy, North America, the Asia Pacific region and the Emerging Markets. However, Vontobel is also well established in its Swiss home market with a presence in 11 locations. Clients domiciled in Switzerland account for CHF 100.8 billion of advised client assets. This underscores the high level of trust that clients in our home market place in Vontobel.

In the year under review, advised client assets grew by 10% to CHF 248.2 billion and thus also reached an all-time high. Other advised client assets are held primarily in Asset Management and consist of client assets for which Vontobel does not make investment decisions or have any responsibility for distribution. This includes advisory services in the area of asset allocation and the business with private label funds.

The volume of structured products and debt instruments outstanding – i.e. excluding leverage products – totaled CHF 8.2 billion at the end of 2020. This amount does not include those structured products, which are counted in assets under management. During the year, Vontobel was able to significantly expand its market position for structured as well as leverage products in all its markets.

The finance industry continues to see a marked trend towards specialization and focusing. Vontobel has long been established as a provider of global execution and global custody solutions in the Swiss market. At present, 110 banks, securities dealer and asset managers with custody assets of CHF 64.0 billion have joined Vontobel's transaction banking platform.

Broad-based growth in assets under management

Assets under management consist of around 69% institutional assets and around 30% private client assets. Assets under management rose by 12% to CHF 152.2 billion on the institutional side, while private client assets increased by 7% to CHF 64.8 billion.

Development of assets under management

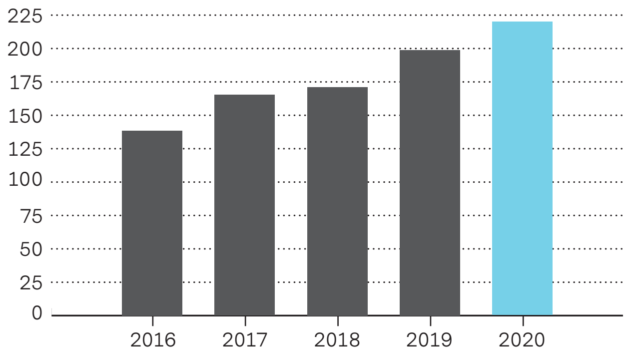
CHF BN	31.12.2020	31.12.2019
Institutional clients	**152.2**	**135.8**
Asset Management	*134.6*	*121.1*
Platforms & Services	*17.6*	*14.7*
Private clients	**64.8**	**60.6**
Wealth Management	*64.0*	*60.6*
Digital Investing	*0.8*	*0.0*
Centers of Excellence / Reconciliation	**2.6**	**2.5**
Total assets under management	**219.6**	**198.9**

At the end of 2020, the volume of assets under management entrusted to Vontobel was CHF 219.6 billion, an increase of 10% compared to the end of 2019 and also a new record level. In these exceptional times, we once again saw the benefits of our proven investment process and the recognized expertise of our investment teams, which were reflected by our robust long-term investment performance and a strong net inflow of new money in

2020. The CHF 20.7 billion increase is primarily attributable to the strong net inflow of new assets totaling CHF 14.8 billion but it also reflects the net positive impact of market and currency effects of CHF 4.0 billion. In addition, Actively Managed Certificates (AMC) are now a component of assets under management (CHF +2.3 billion), while CHF 0.3 billion of assets were reclassified as other advised client assets. As a result of our diversified business model, we generated growth in net new money of 7.4%, significantly exceeding our target range of 4–6%, even in a turbulent year like 2020. New money was acquired in all our target markets with the exception of the US.

The total increase in assets under management of CHF 20.7 billion compared to the end of 2019 reflects:
- Growth in net new money of CHF +14.8 billion
- AMC reclassification of CHF +2.3 billion
- Reclassification of other advised client assets of CHF –0.3 billion
- Negative currency effects of CHF –7.1 billion
- The net positive impact of market effects of CHF +11.1 billion

Assets under management
CHF bn



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

Asset Management generated a net inflow of assets totaling CHF 9.5 billion. Measured in terms of asset inflows, Vontobel therefore ranked as one of the top 10 active mutual fund managers in Europe. Vontobel is now also one of the six largest asset managers in Switzerland. In the area of ESG solutions, it ranks as one of the leading providers in the Swiss market. Asset Management recorded growth in net new money of 7.8% and thus significantly exceeded the target range of 4–6%. Various boutiques within Asset Management – including Multi Asset, TwentyFour Asset Management and Sustainable Equities – contributed to this inflow of assets.

With 7.8% growth in net new money with External Asset Managers, Platforms & Services generated equally strong growth.

Development of net new money

CHF BN	2020	2019
Institutional clients	**10.6**	**11.5**
Asset Management	*9.5*	*11.0*
Platforms & Services	*1.1*	*0.5*
Private clients	**3.9**	**0.1**
Wealth Management	*3.8*	*0.1*
Digital Investing	*0.1*	*0.0*
Centers of Excellence / Reconciliation	**0.3**	**0.1**
Total net new money	**14.8**	**11.7**

The business with wealth management clients, who entrusted CHF 3.8 billion of new money to Vontobel, also achieved a pleasing performance. This corresponds to strong growth in net new money of 6.3%. After private investors refrained from making additional investments in the first half of the year due primarily to the corona situation, a catch-up effect was visible in the second half of 2020, resulting in strong net inflows of new money.

Assets under management by investment category

IN %	31.12.2020	31.12.2019
Swiss equities	16	15
Foreign equities	34	33
Bonds	35	35
Alternative investments	1	1
Liquid assets, fiduciary investments	11	11
Other[1]	3	5

1 Including structured products and debt instruments

The slight shifts in the structure of assets under management in the period under review are mainly attributable to two developments:

Triggered by highly expansionary monetary policy measures and the associated low interest rate environment, equities were increasingly popular with investors. As a result, there was a slight performance-related increase in the proportion of Swiss and foreign equities compared to the previous year. On the other hand, private investors in particular remain very defensive and are maintaining their liquidity holdings. This is reflected by the proportion of assets under management in the form of liquid assets and fiduciary investments, which remains unchanged.

Assets under management by currency

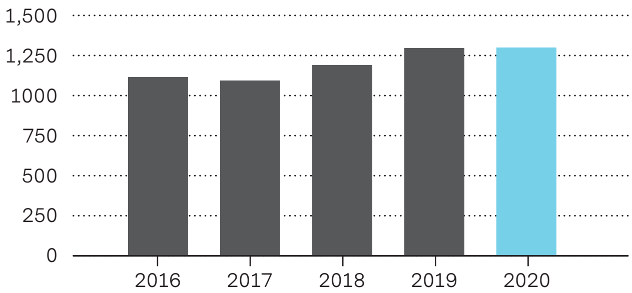
IN %	31.12.2020	31.12.2019
CHF	28	27
EUR	22	22
USD	30	30
GBP	6	6
Other	14	15

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 28% of assets under management comprise investments in Swiss francs. The proportion of investments in euros, US dollars and British pounds was unchanged compared to the previous year.

Strategic focus as client-centric investment firm proves effective

Developments in 2020 have confirmed that Vontobel is pursuing the right strategy by positioning itself as a pure-play investment firm that is always on the side of its private and institutional clients. The economic fallout from the pandemic has placed additional pressure on already low interest rates. Vontobel is focusing specifically on the generation of long-term recurring income and is consciously not engaging in short-term market trading. Vontobel's clear focus as a globally active wealth and asset manager is reflected by the composition of operating income: 66% of its operating income of CHF 1,265.5 million consists of commission income, of which 86% comprises recurring income.

Operating income
CHF mn



Overall, the operating income generated by Vontobel was in line with the previous year. Adjusted for the one-off dividend from SIX Group AG of CHF 6.9 million in 2019, operating income grew by 1%. Assuming that exchange rates remain unchanged, operating income would have increased by 3%, however, or 4% on an adjusted basis. Almost one third of income is generated in US dollars. In 2020, the US dollar depreciated by an average of 5.6% against the Swiss franc. In addition, our operating income in 2019 included income from the divested sell-side brokerage business; this income was almost entirely absent in 2020.

Structure of the income statement

	2020 CHF MN	2020 IN %[1]	2019 CHF MN	2019 IN %[1]
Net interest income after credit losses	73.0	6	86.3	7
Net fee and commission income	835.8	66	857.3	68
Trading income	345.5	27	310.8	25
Other income	11.2	1	7.5	1
Total operating income	**1,265.5**	**100**	**1,261.9**	**100**
Personnel expense	640.0	51	637.2	50
General expense	199.8	16	216.3	17
Depreciation of property, equipment (incl. software) and intangible assets	98.6	8	100.1	8
Provisions and losses	6.2	0	1.6	0
Total operating expense	**944.5**	**75**	**955.2**	**76**
Profit before taxes	**321.0**	**25**	**306.7**	**24**
Taxes	61.6	5	41.6	3
Group net profit	**259.4**	**20**	**265.1**	**21**

1 Share of operating income

Commission income declined by 3% to CHF 835.8 million in 2020 compared to the previous year. This reduction was due to a 23% increase in commission expense. Advisory and management fees rose by 6% to CHF 821.6 million, reflecting higher assets under management, which grew by an average of 7%. Custody fees were virtually unchanged at CHF 203.0 million (2019: CHF 203.7 million). Brokerage fees – also part of commission income – rose by 11% to CHF 112.4 million year on year, driven by increased trading activity in March and April.

Trading income rose by 11% to CHF 345.5 million compared to the previous year. On the one hand, this reflected a further shift to the platform business and a renewed improvement in Vontobel's positioning in Swiss and international markets. On the other hand, Vontobel recorded higher hedging costs and lower income from forex and precious metals trading. Vontobel's trading income mainly comprises income from the issuing, hedging and market making of structured products and warrants – represented by the total in "Securities" and "Other financial instruments at fair value". In the year under review, these activities contributed CHF 324.2 million (+18%) to trading income. Income from forex and precious metals trading decreased by 42% to CHF 21.3 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. Net interest income declined by 15% year on year, while other income rose by CHF 3.7 million to CHF 11.2 million.

Client Units report higher income and stable margins

Asset Management is reaping the benefits of its positioning as a high-conviction asset manager and its diversification strategy, which has proved successful for a number of years. The impressive quality of products, robust performance and the trust of our clients translated into strong net inflows of new money and resulted in operating income of CHF 514.6 million (+1% compared to the previous year). The gross margin was 42 points, down 3 basis points compared to the previous year, reflecting lower performance fees, a shift in the composition of assets towards lower-margin products, as well as margin pressures on some products.

In Platforms & Services, operating income grew slightly (+1%) to CHF 152.3 million. This increase was attributable to higher commission income, while trading income declined due to the weaker demand for investment products.

In Wealth Management, the attractive and client-centric offering, a sound advisory process and the deepening of existing client relationships led to a further strengthening of commission income to CHF 332.6 million, combined with a solid gross margin of 73 basis points. Operating income declined by 1% to CHF 423.6 million, reflecting lower interest and trading income.

The Digital Investing Client Unit serves clients who solely make use of our digital offerings. As a result of the significant increase in the demand for leverage products, operating income grew by 14% to CHF 183.5 million. In 2020, Vontobel was able to significantly expand its market position for structured and leverage products in Switzerland and other European markets. Since fall 2017, Vontobel has also offered leverage products in Hong Kong – the world's largest derivatives market – where it achieved a market share of 1.9% in 2020, compared to 1.5% in 2019.

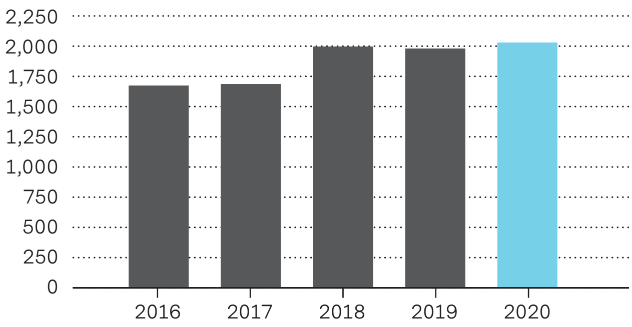
Operating income by Client Unit / Center of Excellence

CHF MN	2020	2019
Asset Management	514.6	509.8
Platforms & Services	152.3	150.9
Wealth Management	423.6	429.2
Digital Investing	183.5	160.9
Centers of Excellence / Reconciliation	–8.5	11.0

Increased operating efficiency driven by rigorous cost management

Operating expense declined by CHF 10.6 million to CHF 944.5 million compared to 2019. Average headcount (full-time equivalents) was virtually unchanged compared to the previous year and personnel expense of CHF 640.0 million was therefore also in line with 2019. Based on our growth initiatives, we hired asset management specialists in Hong Kong, Japan and Singapore and we strengthened our teams in the area of digitization and data management, which allows us to capture further growth potential while also delivering efficiency enhancements. This transformation process is being supported by the use of state-of-the-art technological resources. Vontobel will continue to build on the combined power of people and technology in the future.

Headcount
full-time equivalents



The impacts of the pandemic are visible in the form of an 8% reduction in general expense. Travel and representation costs as well as public relations and marketing expenses decreased by 50% in 2020. However, costs related to protective measures, IT and IT infrastructure increased. There was a slight reduction in depreciation due to a planned decrease in intangible assets.

The volume of capital expenditure on property, equipment and software totaled CHF 85.6 million in the year under review. A strong emphasis was once again placed on various digitization projects.

Capital expenditure and depreciation

CHF MN	2020	2019
Capital expenditure [1]	85.6	93.1
of which goodwill	*0.0*	*1.7*
of which other intangible assets	*0.0*	*8.9*
of which property, equipment and software	*85.6*	*82.5*
Depreciation	98.6	100.1

1 Additions to property, equipment and intangible assets (including additions from changes in the scope of consolidation)

Overall, operating efficiency improved from 75.6% to 74.1%. year on year. On an adjusted basis, the cost/income ratio was 73.7% (2019: 75.1%).

Net profit impacted by continued strength of Swiss franc

As a wealth and asset manager with an international client structure and strong roots in its Swiss home market, Vontobel continues to be systemically affected by the strong Swiss franc.

In the financial year 2020, Vontobel's profit, which is reported in Swiss francs, was once again adversely impacted by currency effects. Based on constant exchange rates, pre-tax profit would have been 9% higher. This is attributable to the strong Swiss franc and the structure of our income statement: 41% of income is generated in Swiss francs, followed by 32% in US dollars and 14% in euros. On the cost side, the Swiss franc is the dominant currency, accounting for 77% of expenses, while the US dollar and euro each accounted for only 8% of expenses. There were only minor shifts in the currency composition of the income statement – in terms of the main currencies – compared to the previous year.

Structure of income statement by currency

IN %	2020	2019
Operating income		
CHF	41	40
EUR	14	16
USD	32	31
GBP	8	7
Other	5	6
Operating expense		
CHF	77	77
EUR	8	7
USD	8	9
GBP	4	4
Other	3	3

Significant improvement in the pre-tax result, slightly lower earnings per share

In the financial year 2020, pre-tax profit rose by CHF 14.3 million or 5% to CHF 321.0 million. This includes one-off effects, such as CHF 5.5 million of costs for the realization of synergies from the realignment announced in December 2019. If the adjusted pre-tax result of CHF 326.5 million is compared with the previous year (CHF 311.6 million), this corresponds to an increase of 5%.

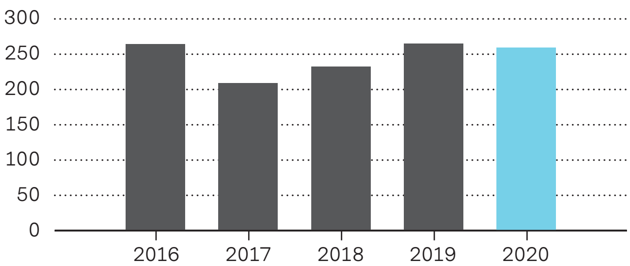
Reconciliation of reported to adjusted profit before taxes

CHF MN	2020	2019
Profit before taxes	**321.0**	**306.7**
Implementation costs [1]	5.5	–
Integration costs [2]	0.0	11.8
Special dividend SIX Group AG	0.0	–6.9
Profit before taxes on an adjusted basis	**326.5**	**311.6**

1 2020: CHF 5.5 mn one-off implementation costs due to the realignment as a pure-play investment manager
2 2019: Integration costs for Notenstein La Roche Privatbank AG of CHF 11.1 mn and for the North American wealth management portfolio of CHF 0.7 mn

2020 Group net profit totaled CHF 259.4 million. This corresponds to a reduction of 2% compared to the previous year due to various tax impacts in 2019. As a result, the tax rate increased from 13.6% to 19.2%. Profit allocated to minority interests also increased. Consequently, earnings per share decreased slightly (–3%) to CHF 4.34.

Group net profit
CHF mn



Conservative risk management and continued comfortable capital position

Vontobel remains committed to a conservative risk management approach. At CHF 9.5 million, the average Value at Risk in 2020 was higher than in prior periods but is still in line with our defensive risk profile. The increase mainly reflects the turmoil in March and related market volatility.

Value at Risk (VaR)

CHF MN	2020	2019
Equities	7.9	5.2
Interest rates	4.6	3.4
Currencies	2.1	1.8
Commodities	0.5	0.2
Diversification effect	–5.6	–4.4
Total	**9.5**	**6.2**

Average Value at Risk (12 months) for positions of Vontobel. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Vontobel has maintained its comfortable capital position with a CET1 capital ratio of 13.8% and a Tier 1 capital ratio of 19.8%. Both ratios substantially exceed the regulatory minimum requirements defined by FINMA of 7.8% for the CET1 capital ratio and of 12% for the Total Capital Ratio for Category 3 banks, including Vontobel.

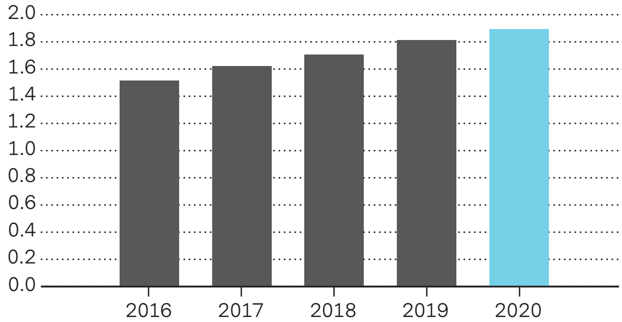
Allocation of regulatory capital required (BIS)

CHF MN	31.12.2020	31.12.2019
Credit risks, non-counterparty related risks	294.8	245.1
Market risks in the trading book	123.2	137.9
Operational risks	177.8	180.1
Goodwill, intangible assets, own credit risk	556.0	560.8
Total	**1,151.8**	**1,123.9**

Of the total regulatory capital of CHF 1,151.8 million required under BIS rules (December 31, 2019: CHF 1,123.9 million), i.e. on the basis of 8% of risk-weighted positions and taking into account the deductions (goodwill, intangible assets, own credit risk) shown in the table above, 26% related to credit risks, 11% to market risks and 15% to operational risks. The remaining 48% related to goodwill, intangible assets and own credit risk.

Vontobel's very solid capital position is also reflected by the equity ratio of 6.0% and a leverage ratio under Basel III of 4.6%. Consolidated shareholders' equity was CHF 1.9 billion as of December 31, 2020, and was therefore 4% higher than on December 31, 2019. Furthermore, Vontobel's balance sheet is highly liquid and, with a Liquidity Coverage Ratio averaging 184.4% for the year under review, significantly exceeded the minimum requirement of 100% defined by FINMA.

Shareholders' equity
CHF bn



Total assets grew by 20% to CHF 31.4 billion in the year under review. Clients continuously increased their investments in currencies and precious metals. Overall, client deposits grew by 39% from CHF 10.5 billion to CHF 14.6 billion, while other items on the liabilities side of the balance sheet remained relatively stable. Negative replacement values increased from CHF 0.7 billion to CHF 1.2 billion. At the same time, other financial liabilities at fair value from the issuance of structured products and debt instruments rose slightly from CHF 10.7 billion to CHF 10.8 billion.

On the assets side of the balance sheet, hedging positions for the business with structured products increased. This was reflected, among other things, by higher trading portfolio assets, higher replacement values and an increase in the item "Receivables from securities financing transactions". Loans to clients rose by 26% to CHF 6.4 billion.

Corporate Governance

Corporate Governance

Vontobel is committed to the responsible, value-oriented management and control of the company. Corporate governance is a central factor determing the success of our business. It is an essential prerequisite to achieve our strategic corporate goals and create lasting value for our shareholders and all other stakeholders.

The core elements of our corporate governance are:

1 A clearly defined, balanced division of responsibilities between the Board of Directors and the Executive Committee

2 The protection of shareholder interests

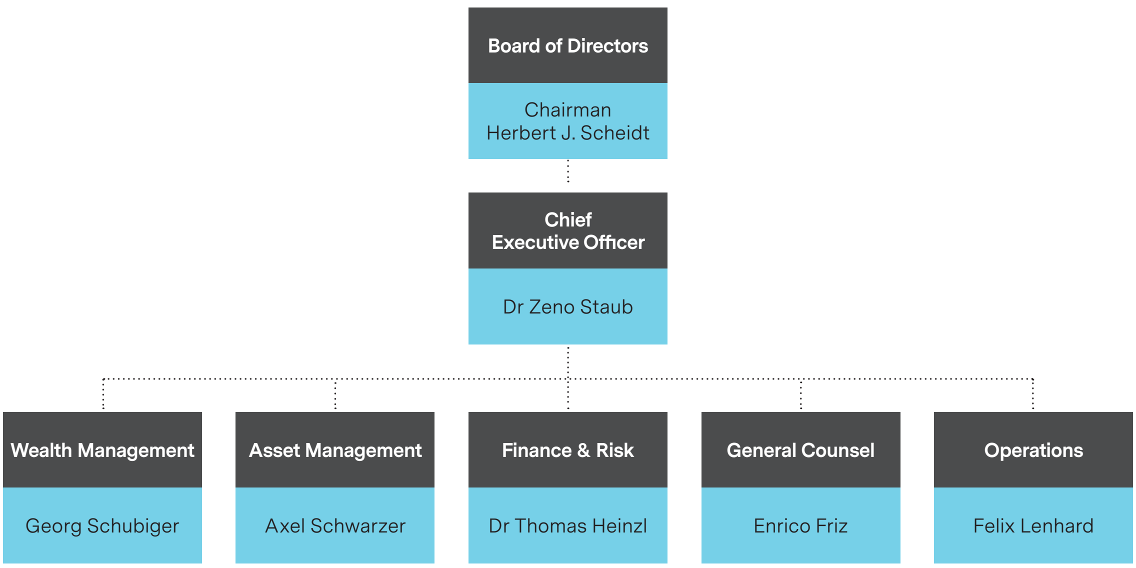
3 The provision of transparent information to the public

The Articles of Association of Vontobel Holding AG, the Organizational Regulations and the Minutes of the Annual General Meeting are available on the Internet (www.vontobel.com/agm).

The SIX Swiss Exchange AG issued a "Directive on Information relating to Corporate Governance", which entered into effect on July 1, 2002. The following information meets the requirements of this directive (in the current version of June 20, 2019, which entered in force on January 2, 2020) and takes into account the SIX commentary last updated on April 10, 2017. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the Notes is given.

Group structure and shareholders

Structure of Vontobel as of December 31, 2020



The most important Group companies that are to be consolidated (scope of consolidation) are listed in the Notes to the consolidated financial statements on page 204 together with details of the company name, registered office, share capital, stock exchange listing and the interest held by the Group.

Dr Thomas Heinzl has been a member of the Executive Committee since August 1, 2020. Enrico Friz was a member of the Executive Committee from January 1, 2020, until he passed away on January 20, 2021. Axel Schwarzer and Georg Schubiger were members of the Executive Committee up to and including December 31, 2020. Dr Martin Sieg Castagnola was a member of the Executive Committee up to and including July 31, 2020, and Roger Studer was a member of the Executive Committee up to and including December 31, 2019. From January 1, 2021, the Executive Committee comprised Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO), Enrico Friz (General Counsel) and Felix Lenhard (COO). As of January 21, 2021, the Executive Committee comprises Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO) and Felix Lenhard (COO).

Major shareholders and groups of shareholders with pooled voting rights (audited information)

	31.12.2020		31.12.2019	
	NOMINAL CHF MN	SHARE IN %	NOMINAL CHF MN	SHARE IN %
With voting rights on share capital of CHF 56.875 mn of Vontobel Holding AG				
Advontes AG	6.1	10.6	6.0	10.5
Vontrust AG (Holding of the Vontobel family shareholders)	8.1	14.3	8.1	14.3
Vontobel Foundation	8.5	14.9	8.5	14.9
Pellegrinus Holding AG (public utility foundation Corvus)[1]	2.7	4.7	2.7	4.7
Further shares in the extended pooling agreement	3.6	6.3	3.6	6.3
Total voting rights on share capital	**28.9**	**50.9**	**28.9**	**50.7**

1 Usufruct including voting right by Pellegrinus Holding AG, ownership by Vontobel Foundation

Information on the disclosure notifications concerning significant shareholders of the company in accordance with the Swiss Financial Market Infrastructure Act can be found on the SIX Swiss Exchange AG website at: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

Shareholders pooling agreement

A shareholder pool, consisting of a core pool and an extended pool of shareholders, has been in place since August 2017 and combines a total of 50.9% of votes. A total of 44.5% of votes are controlled through the core pool, comprising the pool members Vontobel Foundation and Pellegrinus Holding (total of 19.6% of votes), as well as the family holding company Vontrust AG (14.3% of votes), and the family holding company Advontes AG (10.6% of votes). The remaining 6.3% of votes are bound through the extended pool with one family member (Kathrin Kobel-Vontobel). The core pool imposes restrictions on the transfer of shares and grants pre-emptive rights in favor of the members of the core pool.

The shares bound in the core pool are subject to a vote pooling requirement and votes have to be cast at the Annual General Meeting of Vontobel Holding AG in accordance with the preceding resolutions of the core pool or, for its duration, of the extended pool. The earliest possible date for termination of the core pool is the end of 2026. The extended pool was concluded for an indefinite period of time and can be terminated at the end of any year, subject to an 18-month notice period. The members of the core pool have a right of purchase or a pre-emptive right to acquire the pool shares bound in the extended pool. Pool shares acquired in this way become part of the core pool. Shares bound in the extended pool, together with shares bound in the core pool, are subject to a joint vote pooling requirement, and votes have to be cast at the Annual General Meeting of Vontobel Holding AG in accordance with the preceding resolutions of the extended pool. Vontobel Holding AG and its executives are not members of the shareholder pool.

Registered shareholders as of December 31, 2020

	NUMBER OF SHAREHOLDERS	IN %	NUMBER OF SHARES	IN %
Natural persons	5,976	93.3	13,923,252	24.5
Legal persons	432	6.7	34,420,024	60.5
Unregistered shares[1]	–	–	8,531,724	15.0
Total	**6,408**	**100.0**	**56,875,000**	**100.0**

1 Of which 1.1 million shares (2.0%) owned by Vontobel Holding AG and its subsidiaries

Cross shareholdings
No cross shareholdings exceeding 5% of capital or voting rights exist between Vontobel Holding AG or its subsidiaries and other corporations.

Capital structure

Capital
The share capital of Vontobel Holding AG amounted to CHF 56,875,000 as of December 31, 2020. The registered shares of Vontobel Holding AG (security no. 1 233 554, ISIN CH001 233 554 0) are listed on the SIX Swiss Exchange and are included in the Swiss Performance Index SPI®. Further information on the composition of capital can be found in the Notes to the consolidated financial statements, note 27.

Details of conditional and authorized capital
Details of conditional and authorized capital can be found in the Notes to the consolidated financial statements, note 27.

Changes in capital
Information on the composition of capital, changes in capital during the past two years and authorized capital is given in the Statement of Equity and in the Notes to the consolidated financial statements, note 27.

For information on earlier periods, please refer to the relevant Annual Reports (2018: note 26 and 2019: note 27, www.vontobel.com/financial-reporting).

Shares and participation certificates
The share capital of Vontobel Holding AG is divided into 56,875,000 fully paid in-registered shares with a par value of CHF 1.00 each. Vontobel Holding AG does not have any outstanding participation certificates.

Profit-sharing certificates
Vontobel Holding AG does not have any outstanding profit-sharing certificates.

Restrictions on transferability and nominee registrations in the share register
This information is provided in the "Shareholders' participatory rights" section on page 47.

Convertible bonds and options
There were no convertible bonds outstanding as of December 31, 2020. To partially finance the acquisition of Notenstein La Roche Privatbank AG, Vontobel Holding AG issued a CHF 450 million Additional Tier-1 bond with a coupon of 2.625% in June 2018. Further information is provided in note 24.

The volume of the entire share capital recorded for outstanding structured products and options amounts to a net 0 shares (previous year: 2,558 shares). This means that option rights issued by Vontobel amounting to 0% (previous year: 0%) of share capital were outstanding on December 31, 2020. No conditional capital is used to hedge these option rights as they are hedged through market transactions.

Board of Directors

Members of the Board of Directors as of December 31, 2020

NAME	FUNCTION	NATIONALITY	COMMITTEE MEMBERSHIP [1]	INITIAL ELECTION	TERM EXPIRES
Herbert J. Scheidt	Chairman	CH/D		2011	2021
Dr Frank Schnewlin	Vice-Chairman	CH	RAC	2009	2021
Bruno Basler	Member	CH	NCC [2]	2005	2021
Dr Maja Baumann	Member	CH	RAC	2016	2021
Dr Elisabeth Bourqui	Member	CH/F/CA	NCC	2015	2021
David Cole	Member	US/NL	RAC [2]	2016	2021
Stefan Loacker	Member	AT	RAC	2018	2021
Clara C. Streit	Member	D/US	NCC	2011	2021
Björn Wettergren	Member	CH/S	NCC	2016	2021

1 Further information on the Committees is provided below under “Internal organization”
NCC: Nomination and Compensation Committee
RAC: Risk and Audit Committee
2 Chair

No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the company or any of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of Vontobel until May 3, 2011, when he was elected as Chairman of the Board of Directors of Vontobel Holding AG. He had a seat on the Board of Directors of Helvetia Holding AG until 28 April 2017 as part of Vontobel’s cooperation with Helvetia. Stefan Loacker was a member of the Board of Trustees of the Vontobel Foundation until his election as a member of the Board of Directors of Vontobel Holding AG (Annual General Meeting 2018). As of December 31, 2020, the majority of members of the Board of Directors of Vontobel Holding AG met the independence criteria prescribed in the FINMA Circular 2017/1 “Corporate governance – banks” margin no. 17–22. They are: Herbert J. Scheidt, Dr Frank Schnewlin, Bruno Basler, Dr Elisabeth Bourqui, David Cole, Stefan Loacker and Clara C. Streit. Dr Maja Baumann and Björn Wettergren are members of the Vontobel and de la Cour families who serve on the governing bodies of certain entities, representing the interests of majority shareholders thereof. They also have participations in family holding companies.

Other activities and functions
See the curricula vitae of the members of the Board of Directors, page 32.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Board of Directors may perform more than nine additional mandates outside Vontobel, of which no more than four additional mandates may be performed in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in not-for-profit or charitable legal entities outside Vontobel.

The provisions set out in the applicable Organizational Regulations also apply (please refer to www.vontobel.com/agm).

Herbert J. Scheidt
Chairman of the Board of Directors

Born 1951,
Swiss and German citizen

Member of the Board of Directors
since 2011

Education
Business Management
M.A. in Economics, University of Sussex, UK
MBA, New York University, USA

Professional background
Since 2002 Vontobel, Zurich, Switzerland
- Since 2011 Chairman of the Board of Directors
- 2002–2011 Chief Executive Officer

1982–2002 Deutsche Bank
- 2001–2002 Chief Executive Officer, Deutsche Bank (Schweiz) AG, Geneva, Switzerland
- 1996–2002 Head of Private Banking International, Geneva, Switzerland
- 1982–2002 Various functions in Germany, the USA, Italy and Switzerland

Mandates
- Chairman of the Board of Directors of the Swiss Bankers Association, Basel, Switzerland
- Vice-Chairman of the Board of economiesuisse, Zurich, Switzerland
- Vice-Chairman of the Board of Directors of Hero AG, Lenzburg, Switzerland; Chairman of the Finance and Audit Committee, Member of the Human Resources Committee
- Member of the Board of Directors of SIX Group AG, Zurich, Switzerland Member of the Nomination & Compensation Committee
- Member of the Board of the European Banking Federation, Brussels, Belgium

Dr Frank Schnewlin
Vice-Chairman of the Board of Directors and Member of the Risk and Audit Committee

Born 1951,
Swiss citizen

Member of the Board of Directors
since 2009

Education
Dr. ès. sc. écon., University of Lausanne, Switzerland
MBA, Harvard Business School, USA
MSc, London School of Economics, UK
lic. oec., University of St. Gallen, Switzerland

Professional background
2002–2007 Bâloise Holding Ltd., Basel Switzerland
Group CEO, Head of the Group Corporate Executive Committee and CEO of the International businss division

1983–2001 Zurich Insurance Group Ltd., Zurich, Switzerland
- 2000–2001 Head of Corporate Center, Member of the Group Executive Committee, Chairman of the Group Finance Council
- 1993–2000 Head of the Southern Europe, Asia / Pacific, Middle East and Africa, Latin America business division, Member of the Group Management Board, Senior Executive Vice President
- 1989–1993 Head of the Corporate Development department, Senior Vice President
- 1987–1989 CFO & Senior Vice President at Universal Underwriters Group, Kansas, USA
- 1986–1987 Senior Territorial Manager at Zurich American Insurance Group, Cleveland, USA
- 1984–1986 Zurich American Insurance Group, Schaumburg, USA
- 1983 Zurich Insurance Company, Zurich, Switzerland

Mandates
- Vice-Chairman of the Board of Directors of Swiss Life AG and Swiss Life Holding AG, Zurich, Switzerland; Member of the Chairman's and Corporate Governance Committee, Chairman of the Compensation Committee, Member of the Investment and Risk Committee
- Member of the Supervisory Board, CAS Financial Regulation, University of Berne and University of Geneva, Switzerland

Bruno Basler
Member of the Board of Directors and Chairman of the Nomination and Compensation Committee

Born 1963,
Swiss citizen

Member of the Board of Directors since 2005

Education
Degree in Civil Engineering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
MBA INSEAD, Fontainebleau, France

Professional background

Since 1994	EBP Schweiz AG and EBP Global AG, Zollikon, Switzerland Since 2001 Chairman of the Board of Directors 1994–2001 Delegate of the Board of Directors
1992–1994	McKinsey & Company, Erlenbach, Switzerland
1989–1991	Holinger AG, Baden, Switzerland

Mandates
- Chairman of the Board of Directors of EBP Schweiz AG and EBP Global AG, Zollikon, Switzerland
- Member of the Board of Directors of NorthStar Holding AG, Roggwil, Switzerland
- Vice-Chairman of the Board of Directors of Baumann Federn AG, Rüti, Switzerland
- Chairman of the Monique Dornonville de la Cour Foundation, Zurich, Switzerland

Dr Maja Baumann
Member of the Board of Directors and Member of the Risk and Audit Committee

Born 1977,
Swiss Citizen

Member of the Board of Directors since 2016

Education
Dr. iur., lawyer, University of Zurich, Switzerland
LL.M. in Corporate Law, New York University, USA
Certified Specialist SBA in Real Estate and Construction Law
CAS in Banking, Capital Markets and Insurance Law, University of Zurich, Switzerland

Professional background

Since 2020	SwissLegal Zurich AG and SwissLegal Schwyz AG, Zurich and Pfäffikon, Canton of Schwyz, Switzerland Partner (Corporate, Contract and Property Law)
2014–2020	REBER Rechtsanwälte, Zurich, Switzerland Partner (Corporate, Contract and Real Estate Law)
2009	Bank Vontobel AG, Zurich, Switzerland Compliance, Internal Audit, Corporate Finance
2007–2014	Lenz & Staehelin, Zurich and Geneva, Switzerland Senior Associate (Corporate, Banking, Contract and Real Estate Law)
2006–2007	Covington & Burling LLP, New York, USA Foreign Associate (Corporate and M&A)

Mandates
- Member of the Board of Directors of Tachyon Invest AG, Pfäffikon, Canton of Schwyz, Switzerland
- Member of the Board of Directors of SwissLegal Zurich AG and SwissLegal Schwyz AG, Zurich and Pfäffikon, Canton of Schwyz, Switzerland
- Chairwoman of the Board of Directors of BlicoFinRe AG, Zurich, Switzerland
- Chairwoman of the Board of Directors of Advontes AG, Pfäffikon, Canton of Schwyz, Switzerland
- Member of the Board of Directors of Swisspearl Group AG, Niederurnen, Switzerland
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Member of the Foundation Board of Vontobel Foundation, Zurich, Switzerland

Dr Elisabeth Bourqui
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1975,
Swiss, French and Canadian citizen

Member of the Board of Directors since 2015

Education
Dr. sci. math, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
Dipl. Math, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Professional background

Since 2019	BERG Capital Management, Lausanne, Switzerland CEO and Co-Founder
2018–2019	CalPERS, Sacramento, California, USA Chief Operating Investment Officer
2012–2018	ABB Group, Zurich, Switzerland 2014–2018 Head of Group Pension Management 2012–2014 Head Pension Asset Management
2009–2012	Mercer, Montréal, Canada Principal Head National Funds Group Canada
2004–2009	Société Générale, New York, USA / Montréal, Canada Responsibilities included: Director Risk Management, Structuring, New Products Director Asset and Liabilities Management Head Institutional Derivatives Sales Canada
1998–2004	Credit Suisse Group, Zurich, Switzerland Various Risk Management functions

Mandates
- Member of the Board of Directors of the Swiss-Japanese Chamber of Commerce, Zurich, Switzerland
- Member of the Board of Directors of Greenbrix Investment Foundation, Lucerne, Switzerland
- Member of the Board of Directors of the Louis Jeantet Foundation, Geneva, Switzerland

David Cole
Member of the Board of Directors and Chairman of the Risk and Audit Committee

Born 1961,
US and Dutch citizen

Member of the Board of Directors since 2016

Education
Bachelor of Business Administration, University of Georgia, USA
International Business Program, Nyenrode Universiteit, Netherlands

Professional background

2010–2018	Swiss Reinsurance Ltd., Zurich, Switzerland 2014–2018 Group Chief Financial Officer 2010–2014 Group Chief Risk Officer
1984–2010	ABN AMRO Holding, Netherlands, USA and Brazil 2008–2010 Chief Financial Officer Netherlands 2008 Chief Risk Officer Netherlands 2006–2008 Head Group Risk Management Netherlands 1984–2006 Various functions

Mandates
- President of the Supervisory Board of IMC, B.V., Amsterdam, Netherlands
- President of the Supervisory Board of NN Group, The Hague, Netherlands
- Member of the Board of Directors of Swiss Re Asia Pte. Ltd., Singapore
- Member of the Board of Directors of Swiss Re Corporate Solutions, São Paulo, Brazil

Stefan Loacker
Member of the Board of Directors and Member of the Risk and Audit Committee

Born 1969,
Austrian citizen

Member of the Board of Directors since 2018

Education
lic. oec., University of St. Gallen, Switzerland
Mag. rer. soc. oec., University of Economics and Business, Vienna, Austria

Professional background
Since 2016	DELOS Management GmbH, Speicher, Switzerland Chairman and Owner
2007–2016	Helvetia Group, St. Gallen, Switzerland CEO
2005–2007	Helvetia Austria, Vienna, Austria CEO
2002–2005	ANKER Insurance AG, Vienna, Austria CFO / Chief IT Officer
2000–2002	Helvetia Patria Insurance, St. Gallen, Switzerland Head of Corporate Development
1997–2000	Helvetia Patria Insurance, St. Gallen, Switzerland Head of CEO Office / Corporate Development

Mandates
- Member of the Board of Directors of Swiss Life AG and Swiss Life Holding AG, Zurich, Switzerland, Head of the Audit Committee and Member of the Investment and Risk Committee
- Member of the Executive Committee of the Institue of Insurance Economics at the University of St. Gallen, Switzerland

Clara C. Streit
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1968,
German and US citizen

Member of the Board of Directors since 2011

Education
lic. oec., University of St. Gallen, Switzerland

Professional background
1992–2012	McKinsey & Company	
	2003	Elected as Senior Partner Chair Global Principal Candidate Evaluation Committee Partner responsible for EMEA recruiting Head of Financial Institutions Practice Germany / Austria
	1998	Elected as Partner

Mandates
- Member of the Supervisory Board of Deutsche Börse AG, Frankfurt, Germany
- Member of the Supervisory Board of NN Group N.V., The Hague, Netherlands
- Member of the Supervisory Board of Vonovia SE, Bochum, Germany
- Member of the Board of Directors of Jerónimo Martins SGPA, SA, Lisbon, Portugal

Björn Wettergren
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1981,
Swiss and Swedish citizen

Member of the Board of Directors since 2016

Education
MBA, University of St. Gallen, Switzerland
M.Eng. Mechanical Engineering, Lunds University, Sweden

Professional background

Since 2018	Mojo Capital SA, Luxembourg Growth Partner
Since 2013	Cagson AG, Baar, Switzerland Founder
2012–2017	etventure, Zurich, Switzerland Associate & Partner
2007–2012	Bank Vontobel AG, Zurich, Switzerland 2010–2012 Group Services, Project Manager 2009–2011 Asset Management, Portfolio Management 2007–2009 Investment Banking, Models & Tools Developer

Mandates
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Vice-Chairman of the Board of Directors of the Swedish-Swiss Chamber of Commerce, Zurich, Switzerland
- Chairman of the Board of Directors of Cagson AG, Baar, Switzerland

Election and term of office
In accordance with statutory provisions, the Chairman of the Board of Directors and all other members of the Board are elected individually by the Annual General Meeting.

The Chairman of the Board of Directors and the other members of the Board are elected for one year, with their term of office ending at the conclusion of the next Annual General Meeting. The members of the Board of Directors may be re-elected.

Votes are held at Ordinary General Meetings for members seeking re-election or for the election of new members. However, if the number of members of the Board of Directors falls below three as a result of death, resignation or dismissal, an Extraordinary General Meeting must be convened within a reasonable period so that replacements can be elected. If the post of Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman for the remainder of the term of office.

The members of the Compensation Committee (the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee according to the Organizational Regulations) are elected by the Annual General Meeting from among the members of the Board of Directors, each for a term of one year ending at the conclusion of the next Annual General Meeting. The Annual General Meeting elects the members of the Compensation Committee individually. They may be re-elected. If one or more individuals cease to be members of the Compensation Committee or if the Compensation Committee is not complete, the Board of Directors may make appointments to the Compensation Committee from among its own members for the period until the conclusion of the next Annual General Meeting.

Except for the election of the Chairman of the Board of Directors and the election of the members of the Compensation Committee, the Board of Directors shall be self-constituting. The Board of Directors also appoints the Chairman of the Compensation Committee.

The Organizational Regulations stipulate that members of the Board of Directors are required to step down from their function at the Annual General Meeting in the calendar year in which they reach the age of 70. Further information regarding the year in which the individual members of the Board of Directors were first elected can be found in the table "Members of the Board of Directors as of December 31, 2020" on page 31.

The Annual General Meeting elects the independent proxy for a term that ends at the conclusion of the next Ordinary General Meeting. The independent proxy may be re-elected. If the Company does not have an independent proxy, the Board of Directors shall appoint one until the conclusion of the next Annual General Meeting.

Internal organization

Board of Directors

The Board of Directors appoints a Vice-Chairman from among its own members. The Chairman of the Board of Directors appoints a Secretary, who need not be a shareholder or a member of the Board of Directors. The Board of Directors meets at the invitation of its Chairman or of the Secretary, acting on behalf of the Chairman, as often as required for business purposes – generally once or twice a quarter but at least four times a year. The meetings usually last around eight hours. A total of seven meetings were held during the year under review (in February, March, May, July, October and December); this included one two-day strategy meeting.

The Board of Directors is quorate if an absolute majority of its serving members is present. A quorum is not required in order for the Board of Directors to pass resolutions on capital increase reports or for those that require official authentication. Board resolutions and appointments are decided by the absolute majority of the members present. In the event of a tied vote, the chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular letter, provided no member calls for a verbal consultation on the matter.

The Board of Directors may delegate some of its duties to committees. The standing committees are: The Nomination and Compensation Committee and the Risk and Audit Committee. Their duties and powers of authorization are defined in the Articles of Association and in internal regulations. Information on the composition of the individual committees can be found in the table “Members of the Board of Directors as of December 31, 2020” on page 31. The Chairman of each committee informs the Board of Directors about the committee’s activities at the next meeting of the Board of Directors. When necessary, ad hoc committees are formed to deal with specific topics, such as mergers and acquisitions projects. No ad hoc committees were formed during the year under review.

Nomination and Compensation Committee (NCC)

The Organizational Regulations state that the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee, which is comprised of at least three non-executive members.

The Nomination and Compensation Committee has the following duties and powers in respect of compensation matters relating to the Board of Directors and the Executive Committee:

(a) Developing and regularly reviewing the compensation system for the members of the Board of Directors and the Executive Committee and submitting it to the Board of Directors for approval by resolution;
(b) Monitoring compliance with the compensation principles of the company and the Group and informing the Board of Directors about the compensation policy and compensation matters;
(c) Submitting proposals to the Board of Directors for resolutions and submitting proposals through the Board of Directors for motions to the Annual General Meeting regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Executive Committee;
(d) Submitting proposals to the Board of Directors for motions to be proposed to the Annual General Meeting by the Board of Directors regarding amendments to compensation-related provisions in the Articles of Association;
(e) Preparing the Compensation Report and presenting it to the Board of Directors for approval by resolution;
(f) Within the framework of and as required by the Articles of Association, setting out detailed regulations governing participation-based compensation (share participation plan), defining the applicable objectives and evaluating the achievement of those objectives.

Further the Nomination and Compensation Committee prepares all important personnel and related organizational matters for the Board of Directors. In particular, this includes the human resources strategy, share participation plans, compensation policy and recommendations for the election of the CEO and other members of the Executive Committee. In addition, the Nomination and Compensation Committee determines the compensation of the CEO and other members of the Executive Committee (within the scope of – or subject to – the approval of aggregate compensation by the Annual General Meeting as set out in the Articles of Association).

The Nomination and Compensation Committee takes note of the compensation, including any special payments and expenses, of external (non-Vontobel) members of the Boards of Directors of subsidiaries. It also considers all management-related matters and regulations that affect aggregate compensation in a broader sense (insurance benefits, holiday entitlement, participation in special payout schemes, expenses, etc.).

The Executive Committee may submit proposals to the Nomination and Compensation Committee on all matters that fall within the Committee's remit with the exception of the compensation paid to members of the Board of Directors. The Chairman of the Board of Directors is not a member of the Nomination and Compensation Committee but regularly attends its meetings as a guest. Meetings of the Nomination and Compensation Committee are also attended by the Chief Executive Officer (CEO) and occasionally also by the Head of the Human Resources Center of Excellence. The Nomination and Compensation Committee meets at least three times a year. The meetings usually last around four hours. A total of eleven meetings were held during the year under review (in February, March, April, May, June, August, September, October and November).

Risk and Audit Committee (RAC)
The Risk and Audit Committee shall monitor and assess the institution-wide Risk Management Framework, the integrity of financial statements, the internal control system (ICS), and the effectiveness of Internal Audit and the audit firm, as well as their interaction.

This entails the following specific duties:
1. Critical analysis of financial statements (individual and consolidated financial statements, as well as annual and interim financial statements); discussion of financial statements with the CFO / CRO, the lead auditor from the audit firm and the Head of Internal Audit; submission of a report to the Board of Directors and issuing of recommendations regarding motions to be proposed to the Annual General Meeting.
2. Planning, monitoring and evaluating the existence, appropriateness and effectiveness of the ICS in the area of financial reporting as well as the ICS beyond financial reporting, including 1st and 2nd Line of Defence control activities; the Risk and Audit Committee ensures that the ICS is adjusted in the event of any significant changes to Vontobel's risk profile.
3. Receiving and reviewing the periodic consolidated risk reports for submission to the Board of Directors.
4. Approval of the risk analysis, planning and reporting produced by Internal Audit for submission to the Board of Directors; analysis and discussion of audit results and the implementation of recommendations; assessment of the appropriateness of resources and expertise as well as independence, objectivity and quality; maintaining regular contact with the Head of Internal Audit.
5. Assessment of the risk analysis and planning of the audit firm; analysis of its audit reports and discussions with the lead auditor; assurance and verification that any deficiencies have been addressed and that recommendations made by the audit firm have been complied with; evaluation of its performance and fees and verification of its independence and quality; assessment of interaction between the audit firm and Internal Audit.
6. Preparation of the activities of the Board of Directors in respect of regulations governing structured products, treasury, lending to professional counterparties, lending to private and institutional clients, operational risks, management transactions, ad hoc publicity, Group compliance, consolidated supervision and the institution-wide Risk Management Framework, as well as any other regulations issued by the Board of Directors in connection with the institution-wide Risk Management Framework.
7. Periodic review of the institution-wide Risk Management Framework to determine its appropriateness and effectiveness, including the approval of the combined Group-wide stress tests together with the scenarios used and the relevant methods, as well as the approval of their detailed results.
8. Submitting proposals to the Board of Directors to obtain approval of decisions reached by the Executive Committee regarding new products, business activities or markets if they have a significant impact on Vontobel's risk profile.

In this context regular contact is maintained with representatives of the Group's management, Internal Audit, the audit firm and relevant specialist units within the Group. The Risk and Audit Committee may conduct special reviews or studies on important issues and request additional internal and / or external resources in consultation with the Chairman of the Board of Directors of Vontobel Holding AG. In addition, the Chairman of the Risk and Audit Committee may assign special mandates to individual members of the Committee.

The Risk and Audit Committee meets at least three times per year. The meetings usually last four to eight hours. A total of six meetings were held during the year under review (in February, March, June, July, November and December).

As of December 31, 2020, the majority of members of the Risk and Audit Committee met the independence criteria prescribed by supervisory law. Meetings of the Risk and Audit Committee are attended by the Chairman of the Board of Directors as a guest, as well as by the CEO, the CFO / CRO and representatives of Internal Audit and the audit firm. Further, the Head of the Legal & Compliance Center of Excellence (General Counsel) as well as the corresponding Vontobel specialists – particularly from the

Finance & Risk Center of Excellence and the Legal & Compliance Center of Excellence – are regularly invited to attend meetings when topics within their area of expertise are discussed.

Attendance of meetings of the Board of Directors and the Committees in 2020

	BOARD OF DIRECTORS	RISK AND AUDIT COMMITTEE (RAC)	NOMINATION AND COMPENSATION COMMITTEE (NCC)
Number of meetings			
Herbert J. Scheidt	7	Guest	Guest
Dr Frank Schnewlin	7	6	
Bruno Basler	7		11
Dr Maja Baumann	7	6	
Dr Elisabeth Bourqui	7		11
David Cole	7	6	
Stefan Loacker	7	6	
Clara C. Streit	7		11
Björn Wettergren	7		11

In addition, training was provided in the course the ordinary meetings of the Board of Directors in 2020.

Internal Audit

Internal Audit (IA) shall perform the internal audit function at Vontobel and carry out the audit duties assigned to it. It reports directly to the Board of Directors and supports it in fulfilling its statutory supervisory and monitoring duties.

The Board of Directors defines organizational aspects of Internal Audit, as well as its duties and powers of authorization, in special

- Internal Audit provides independent audit and advisory services for the assessment and improvement of risk management, internal control systems and controls;
- Internal Audit's mandate encompasses all Group companies;
- Risk-based planning is approved by the Board of Directors at the request of the Risk and Audit Committee. This planning includes resourcing that is aligned with the relevant scope, complexity and risk profile;
- The audit reports produced by Internal Audit are submitted to the responsible management units and Executive Committee members, the corresponding governing bodies of subsidiaries and the Risk and Audit Committee;
- The Risk and Audit Committee and the Board of Directors take note of the activity report produced by Internal Audit;
- The implementation of improvement measures is verified, and a status report is submitted to the Risk and Audit Committee and the Board of Directors on a half-yearly basis;
- The Board of Directors or the Risk and Audit Committee may request that special audits be performed by Internal Audit;
- Internal Audit has an unlimited right of inspection; all business documents are available for it to inspect at any time;
- Internal Audit operates a quality assurance and improvement program that comprises internal and external assessments;
- Internal Audit regularly attends meetings of the Risk and Audit Committee;
- Its audit activities are based on the guidelines issued by the Institute of Internal Auditors (IIA), which were declared binding by FINMA;
- Internal Audit coordinates its activities with the external auditor in accordance with professional standards and guidelines.

Divison of powers and responsabilities

Board of Directors

The Board of Directors of Vontobel Holding AG is responsible for the overall direction of Vontobel and for supervision and control over its operational executive body unless prescribed otherwise by legislation, the Articles of Association or the Organizational Regulations. The division of powers and responsibilities between the Board of Directors and the Executive Committee is set out in the Organizational Regulations of Vontobel Holding AG (www.vontobel.com/agm).

In particular, the Board of Directors discharges the following duties and has the following powers:

1. Overall direction of the holding company and Vontobel and issuing the necessary directives – particularly through the approval and periodic revision of the Mis-

sion Statement and the strategy of the holding company and Vontobel;
2. Defining the organizational structure of the holding company and Vontobel, and issuing and amending the Organizational Regulations and the Approval Authorities;
3. Determining the principles for accounting, financial control (ICS in the area of financial reporting) and financial planning for the holding company and Vontobel to the extent required for the management of the company. This includes the approval of the annual budget, annual targets, capital planning, including refinancing planning and medium-term planning, as well as the multi-year income and capital expenditure planning for various scenarios within the operating environment. This also encompasses the approval of the combined Group-wide stress test results and measures to ensure that risk exposures and risk capacity are adequately aligned;
4. Appointing or removing the CEO and other members of the Executive Committee and the Head of Internal Audit. When discharging this duty, the Board of Directors bases its decision on the recommendations of the Nomination and Compensation Committee;
5. Appointing or removing individuals entrusted with representing the holding company (and particularly the conduct of business) and determining their signatory powers. The principle of joint signatory powers (dual authorization) shall apply;
6. Overall supervision and control of individuals with management responsibilities – particularly to ensure compliance with legislation and regulatory requirements, as well as with the Articles of Association, regulations and directives of the holding company and Vontobel;
7. Reporting to shareholders and, in particular, producing the Annual Report and the Compensation Report;
8. Preparing the Annual General Meeting and implementing the motions approved by shareholders;
9. Issuing, regularly reviewing and monitoring compliance with the institution-wide Risk Management Framework, the regulations governing structured products, treasury, lending to professional counterparties, lending to private and institutional clients, operational risks, management transactions, ad hoc publicity, Group compliance, Internal Audit and consolidated supervision. The Board of Directors shall be assisted by the Risk and Audit Committee when discharging this duty. The Board of Directors may issue further regulations;
10. Receiving consolidated risk reporting;
11. Issuing a human resources strategy for Vontobel at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
12. Monitoring and evaluating Internal Audit and periodically ensuring that it has the appropriate resources and expertise as well as the necessary independence and objectivity to conduct its audit function within the institution. Further details are defined in the Internal Audit Regulations; the Risk and Audit Committee assists the Board of Directors in discharging this duty;
13. Selecting the statutory auditors and proposing the motion for the election of the statutory auditors to the Annual General Meeting; receiving the risk analysis, planning and reporting produced by the audit firm as well as its periodic review; the Risk and Audit Committee assists the Board of Directors in discharging this duty;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the court and FINMA in the event of overindebtedness;
16. Drawing up a capital increase report and implementing the corresponding amendments to the Articles of Association (Art. 652g of the Swiss Code of Obligations);
17. Appointing an interim Chairman of the Board of Directors, interim members of the Compensation Committee and the independent proxy ad interim for the period ending at the conclusion of the next Annual General Meeting if the position of Chairman of the Board of Directors, of members of the Compensation Committee or of the independent proxy become vacant in the course of the year;
18. Purchase or sale of real estate by the holding company and subsidiaries in the amount of CHF 5 million or more if not included in the budget, or in the amount of CHF 10 million or more if included in the budget;
19. Each item of capital expenditure by subsidiaries not included in the budget in the amount of CHF 5 million or more;
20. Approving the following transactions:
(a) Acquisition or disposal of participations by the holding company and subsidiaries;
(b) Establishment or dissolution of subsidiaries as well as any branch and representative offices of subsidiaries;
(c) Raising of loans by the holding company and subsidiaries;
(d) Issuing or authorization of secured and unsecured loans, bonds or guarantees by subsidiaries, where this falls within the remit of the Board of Directors of the holding company according to applicable lending regulations;

(e) Approving decisions by the Executive Committee relating to new products, business activities or markets, if they have a significant impact on Vontobel's business policy or risk profile;
(f) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute exceeds CHF 5 million;
(g) Election of members of the Board of Directors of Bank Vontobel AG, Zurich; the Chairman and the other members of the Board of Directors of Vontobel Holding AG are permitted to occupy a seat on the bank's most senior governing body;
(h) Conclusion or termination of strategically important cooperation agreements;
(i) Approval of external mandates held by members of the Executive Committee;
(j) Approval of the promotion of members of senior management of a subsidiary, members of the Executive Committee of a subsidiary or the Head of Internal Audit;
(k) Approval of gestures of goodwill (concessionary measures without any legal obligation) and receiving reports on cases involving losses (out-of-court proceedings) exceeding CHF 1 million;

21. Annual evaluation of the achievement of the Board of Directors' objectives and of its working practices;
22. Other matters which, by law or pursuant to the Articles of Association or the Organizational Regulations, fall exclusively within the remit of the Board of Directors.

Executive Committee

The Executive Committee is Vontobel's executive body that reports to the Board of Directors. Up to and including December 31, 2020, it was composed of the CEO, the Head of the Finance & Risk Center of Excellence, the Head of the Legal & Compliance Center of Excellence, as well as other heads of individual Client Units and / or Centers of Excellence appointed as members of the Executive Committee by the Board of Directors. From January 1, 2020, until January 20, 2021, the Executive Committee was composed of the CEO, the CFO / CRO, the General Counsel and the COO. Since January 21, 2021, the Executive Committee has been composed of the CEO, the CFO / CRO and the COO.

The Executive Committee shall meet as often as business dictates – generally monthly but at least nine times per year. Where sensible and necessary, the Executive Committee can invite the Heads of Client Units and Centers of Excellence who are not members of the Executive Committee, or other experts to attend meetings. These individuals support the Executive Committee in the preparation of its decisions, acting in a purely advisory capacity.

The Executive Committee shall be quorate if an absolute majority of its members are present. Members who, in exceptional cases, attend meetings by telephone or video-conference shall be deemed to be present.

The Executive Committee shall operate as a committee, under the leadership of the CEO. The CEO shall have the final say in the event of differences of opinion between members of the Executive Committee. Each member of the Executive Committee has the right to inform the Chairman of the Board of Directors about differences of opinion on important topics.

The Executive Committee may pass its resolutions by circular, which may involve the use of electronic tools, provided that no member calls for verbal deliberations on the resolution.

The Executive Committee generally reports to the Board of Directors of Vontobel Holding AG through the CEO. In the case of delegated duties or powers, the Executive Committee reports to the relevant committee of the Board of Directors. The CEO informs the Board of Directors about the current performance of the business and important business transactions. The CEO coordinates the flow of information to the Board of Directors and within operational areas. The Executive Committee has a duty to provide information to the Board of Directors.

If necessary, the Executive Committee may establish committees with specific duties.

The Executive Committee is responsible for all Vontobel matters that do not expressly fall within the remit of the Board of Directors of Vontobel Holding AG or of a subsidiary according to legislation, the Articles of Association or the Organizational Regulations.

In particular, the Executive Committee is responsible for the following duties:
(a) Developing a Group-wide business strategy for presentation to the Board of Directors;
(b) Implementing decisions reached by the Board of Directors of the holding company;
(c) Monitoring the implementation of these decisions;
(d) Managing and supervising Vontobel's daily operations, which must be conducted in accordance with its financial planning, annual budget, annual targets, capital planning including refinancing planning and medium-term planning for various scenarios regarding the operating environment, as well as its institution-wide Risk Management Framework, and must

also comply with the other guidelines and instructions issued by the Board of Directors;
(e) Managing income and the balance sheet structure;
(f) Ensuring compliance with legal and regulatory requirements as well as applicable industry standards;
(g) Developing the institution-wide Risk Management Framework; the Executive Committee shall submit this policy to the Risk and Audit Committee for approval by the Board of Directors and shall regularly review the risk policy and submit its findings to the Board of Directors;
(h) Implementing the Institution-wide Risk Management Framework, particularly through the regulation of the risk architecture, the basic aspects of risk responsibility, risk management and risk controls; in particular, this shall include the organization of the ICS, while ensuring the necessary separation of powers and functions; the implementation of the Institution-wide Risk Management Framework also involves the regular execution and analysis of stress tests as well as the analysis of risk capacity;
(i) Consolidated risk reporting to the Board of Directors and the Risk and Audit Committee;
(j) Issuing directives to representatives of the holding company regarding the exercising of voting rights at the Annual General Meeting of subsidiaries;
(k) Appointing members of the Boards of Directors and other governing bodies of subsidiaries (with the exception of Bank Vontobel AG, Zurich);

The Executive Committee generally submits proposals regarding all matters that require a decision to be reached by the Board of Directors. The CEO presents the proposals on behalf of the Executive Committee at meetings of the Board of Directors. Subject to the approval of the Chairman of the Board of Directors, the CEO may also appoint another member of the Executive Committee, a Head of a Client Unit / Center of Excellence, or another expert to discharge this duty.

The Executive Committee has the authority to decide on the following matters (unless they are subject to the approval of the Board of Directors, in which case this is expressly stated in the Organizational Regulations):
(a) Formulating and proposing Vontobel's annual budget and annual targets – broken down by Client Units and Centers of Excellence – for approval by the Board of Directors;
(b) Decisions on new products, business activities or markets (including digital products and / or services); if this matter will have a significant impact on Vontobel's business policy, the Executive Committee shall refer the matter to the Board of Directors directly; if the matter will have a significant impact on Vontobel's risk profile, the Executive Committee shall obtain the approval of the Board of Directors through the Risk and Audit Committee;
(c) Ensuring that a professional investment policy is permanently in place and is implemented promptly throughout the Group;
(d) Issuing directives that apply to Vontobel in its entirety and that fall exclusively within the remit of the Executive Committee according to legal provisions, the Articles of Association or the Organizational Regulations; issuing directives relating to the Compliance function, credit and counterparty risk, and asset and liability management (ALM), which apply to individual Client Units or Centers of Excellence;
(e) Granting loans in accordance with the powers defined in the lending regulations;
(f) Issuing of private placements;
(g) Assumption of trading positions on own account within the defined limits; the Executive Committe delegates the permissible limits to the responsible business areas and units within Vontobel;
(h) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute totals up to CHF 5 million;
(i) Issuing an employee handbook for Vontobel.

Organizational set-up in 2021
For information on Vontobel's organizational set-up as of January 1, 2021, please refer to page 12ff.

Information and control instruments relating to the Executive Committee
The Board of Directors meets at least four times a year as specified in the Organizational Regulations; in practice, there are five to eight meetings a year. The ordinary meetings usually last an entire day. Unless the Chairman of the Board of Directors decides otherwise, the CEO and the CFO / CRO attend the meetings of the Board of Directors in an advisory capacity. The Chairman determines which other participants may attend a meeting of the Board of Directors (other members of the Executive Committee or other experts). The CEO is entitled to make recommendations regarding other participants. The Board of Directors receives monthly reports about the performance of the business and is informed about the development of risk as well as the Group's compliance with legal, regulatory and internal rules and requirements at least every six months. Its control instruments include semi-annual reporting requirements, the annual budgeting process and Internal Audit and the audit firm. The periodic reporting requirements include a monthly financial report, which provides

information on the current performance of the business and the corresponding realization of targets (MIS), as well as information about the meetings of the Executive Committee. As part of its consolidated risk reporting, Vontobel discloses information about the development of market, liquidity, credit, operational and reputational risks. Detailed information on the management and monitoring of these risks can be found in the Notes to the consolidated financial statements (pages 127 to 139). Internal Audit reports to the Chairman of the Board of Directors and the Risk and Audit Committee about its audit activities on an ongoing basis and provides the Board of Directors with consolidated reports twice annually. The audit firm produces its annual statutory report (report about the statutory audit) as well as further reports on audits addressing specific topics for submission to the Board of Directors. The statutory report is addressed to the Board of Directors and a copy of the report is submitted to the Swiss Financial Market Supervisory Authority (FINMA) as well as the Executive Committee and the Head of Internal Audit.

During the meetings of the Board of Directors, any member of the Board may request information on any matters relating to Vontobel Holding AG and Vontobel from the other members of the Board of Directors or the CEO. Any member of the Board of Directors may submit a request for information about the Vontobel's performance to the CEO outside a meeting of the Board of Directors. Subject to approval by the Chairman of the Board of Directors, the member of the Board of Directors may obtain information about specific business transactions and / or inspect business records.

Executive Committee

Members of the Executive Committee as of December 31, 2020

NAME	FUNCTION	NATIONALITY
Dr Zeno Staub	CEO	CH
Dr Thomas Heinzl	CFO / CRO	AT
Enrico Friz	Member	CH
Felix Lenhard	Member	CH
Georg Schubiger	Member	CH
Axel Schwarzer	Member	D

Dr Thomas Heinzl has been a member of the Executive Committee since August 1, 2020. Enrico Friz was a member of the Executive Committee from January 1, 2020, until he passed away on January 20, 2021. Axel Schwarzer and Georg Schubiger were members of the Executive Committee up to and including December 31, 2020. Dr Martin Sieg Castagnola was a member of the Executive Committee up to and including July 31, 2020, and Roger Studer was a member of the Executive Committee up to and including December 31, 2019.

From January 1, 2021, the Executive Committee comprised Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO), Enrico Friz (General Counsel) and Felix Lenhard (COO). As of January 21, 2021, the Executive Committee comprises Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO) and Felix Lenhard (COO).

Other activities and functions
See curricula vitae of the Members of the Executive Committee, page 44.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Executive Committee may perform more than five additional mandates outside Vontobel, of which no more than two additional mandates may be performed in listed companies. Additionally, a member of the Executive Committee may perform up to seven mandates in not-for-profit or charitable legal entities outside Vontobel.

The provisions set out in the applicable Organizational Regulations also apply (please refer to www.vontobel.com/agm).

Management contracts
There are no management contracts.

Compensation, shareholdings and loans
Information about compensation, shareholdings and loans can be found in the Vontobel Compensation Report commencing on page 51.

Dr Zeno Staub
Chief Executive Officer

Born 1969,
Swiss citizen

Member of the Executive Committee since 2003

Education
Dr. oec., University of St. Gallen, Switzerland

Professional background

Since 2001	Vontobel, Zurich, Switzerland	
	Since 2011	Chief Executive Officer
	2008–2011	Head of Asset Management
	2006–2007	Head of Investment Banking
	2003–2006	Chief Financial Officer
	2001–2002	Head of the Chief Financial Officer management support unit (Controlling and IT project portfolio)
2000	BZ Informatik AG, Freienbach, Switzerland Member of the Executive Management	
1994–2000	Almafin AG, St. Gallen, Switzerland Founding shareholder and Managing Partner	

Mandates
- Member of the Board of Trustees of the Max Schmidheiny Foundation, St. Gallen, Switzerland
- Member of the Swiss Society of Financial Market Research, St. Gallen, Switzerland
- Member of the Advisory Board of the Society of Investment Professionals in Germany (DVFA), Frankfurt, Germany
- Member of the Board of the Association of Swiss Asset and Wealth Management Banks (VAV), Zurich, Switzerland

Dr Thomas Heinzl
Chief Financial Officer

Born 1970,
Austrian citizen

Member of the Executive Committee since 2020

Education
Dr. oec., University of St. Gallen, Switzerland
MSc (Computer Science), Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Professional background
Since August 1,

2020	Vontobel, Zurich, Switzerland Chief Financial Officer	
2014–2020	UBS AG, Zurich, Switzerland	
	2014–2020	Chief Operating Officer, UBS Asset Management, Zurich, Switzerland
	2019–2020	Chairman of the Board of Directors, UBS Asset Management Switzerland
2012–2014	Vontobel, Zurich, Switzerland Head of the PB Investments (Discretionary and Advisory) unit, Sales and Product Management	
2012	UBS Management AG, Zurich, Switzerland Head of Strategic Planning	
2011–2012	Start-up	
1998–2010	McKinsey & Company Schweiz AG, Switzerland	

Mandates
none

Enrico Friz
General Counsel

Born 1962, deceased on January 20, 2021,
Swiss citizen

Member of the Executive Committee
since 2020

Education
Attorney at Law, admitted to the Bar in Switzerland
lic. iur., University of Fribourg, Law School, Switzerland

Professional background

Since 2017	Vontobel, Zurich, Switzerland General Counsel, Head of Legal, Compliance & Tax
1998–2016	Walder Wyss – Attorneys at Law, Switzerland Partner
1989–1998	UBS AG, Zurich, Switzerland Legal counsel in Zurich and London

Mandates
– Member of the Legal and Compliance Comission of the Swiss Bankers Association, Basel, Switzerland
– Head of the Lawyers Group of the Association of Swiss Asset and Wealth Management Banks (VAV), Zurich, Switzerland

Felix Lenhard
Chief Operating Officer

Born 1965,
Swiss citizen

Member of the Executive Committee
since 2010

Education
lic. oec., University of St. Gallen, Switzerland

Professional background

Since 2001	Vontobel, Zurich, Switzerland Since 2010 Chief Operating Officer of Vontobel 2009 Head of IT within the Operations support unit 2003–2009 Head of Business Applications division within the Operations support unit 2001–2003 Project Manager (implementation of functional organization; central project controlling)
2000	BZ Informatik AG, Freienbach, Switzerland Member of the Executive Management
1996–2000	Almafin AG, St. Gallen, Switzerland Partner with responsibility for the area of consulting
1991–1996	PwC, Zurich, Switzerland, and London, UK Senior Consultant Financial Services division

Mandates
none

Georg Schubiger
Head of Wealth Management

Born 1968,
Swiss citizen

Member of the Executive Committee
since 2012

Education

lic. oec. HSG Business Administration / Management, University of St. Gallen, Switzerland
Master of Arts, European Studies Arts, College of Europe Bruges, Belgium

Professional background

Since 2012 Vontobel, Zurich, Switzerland
Head of Wealth Management

2008–2012 Danske Bank Group, Denmark
- 2010–2012 Chief Operating Officer, Member of the Group Executive Board
- 2008–2010 Head of Business Development and Member of the Group Executive Committee

2002–2008 Sampo Group, Finland
- 2004–2008 Head of Eastern European Banking and Member of the Extended Executive Board
- 2002–2004 Head of Business Development and Member of the Extended Group Management Committee

1996–2002 McKinsey & Company Zurich, Switzerland and Helsinki, Finland
Associate Principal Financial Services Group

Mandates

none

Axel Schwarzer
Head of Asset Management and Investments

Born 1958,
German citizen

Member of the Executive Committee
since 2011

Education

1st and 2nd examinations in Law, Johann Gutenberg University in Mainz and Frankfurt, Germany

Professional background

Since 2011 Vontobel, Zurich, Switzerland
Head of Asset Management

1989–2010 Deutsche Bank
- 2009–2010 Vice Chairman of Deutsche Asset Management DeAM and Global Head of Relationship Management DWS Investments, Frankfurt, Germany
- 2005–2009 CEO of DWS Investments (formerly Scudder) and Head of Deutsche Asset Management Americas, New York, US
- 1999–2005 Head of Sales, Products, Marketing and Services for DWS Investments and European Head of Distribution for the institutional and fund business of Deutsche Bank Asset Management, Frankfurt, Germany
- 1997–1999 Head of Sales Support and later Head of Securities Product Management for German Private and Retail Banking division of Deutsche Bank, Frankfurt, Germany
- 1989–1997 Various operational and strategic functions in the Private Banking division of Deutsche Bank, Frankfurt, Germany

Mandates

– Vice-Chairman of the Supervisory Board of Fink und Fuchs Public Relations AG, Wiesbaden, Germany

Shareholders' participatory rights

Voting rights: restrictions and representation
The transfer of registered shares requires the approval of the Board of Directors or a committee designated by the Board of Directors. If listed registered shares are acquired through the stock market, title to the shares is transferred at the time of their transfer to the acquirer. If listed registered shares are acquired other than through the stock market, title passes to the acquirer when the latter applies to the company for recognition as a shareholder. However, the acquirer may not, in any event, exercise voting rights associated with the shares or any other rights associated with the voting rights until the company has recognized the acquirer as a shareholder. The acquirer is not subject to any restrictions on the exercise of any other shareholder rights.

The Board of Directors may refuse to recognize an acquirer of registered shares as a full shareholder:
(a) if the number of registered shares held by the acquirer exceeds 10% of the total number of registered shares recorded in the Commercial Register. Legal entities and partnerships with a legal capacity who are united in terms of capital or votes in a single management or in some other similar manner together with natural or legal entities or partnerships, who act in a coordinated way to circumvent registration restrictions, are deemed for the purposes of this provision to be one acquirer; the vested rights of shareholders or shareholder groupings (including the right, whilst retaining beneficial ownership, to contribute shares in companies over which they have full control or to remove the same together with the right to transfer shares within a shareholder grouping without restriction under this percentage clause and relating to the participation of individual shareholders, in all cases with full retention of voting power), who together already held more than 10% of the share capital at the time restricted transferability was introduced by means of a public notice on January 25, 2001, are not affected;
(b) if, when requested by the Company, the acquirer fails to confirm expressly that the shares were acquired in his/her own name and on his/her own account.

After the share transfer has been approved, it is entered in the share register. The company recognizes as shareholders or beneficiaries of registered shares only those entities entered in the share register. If the company has not yet approved the acquirer on the date legal title is transferred, the acquirer is entered in the share register as a shareholder without voting rights and in this case, the relevant shares are deemed unrepresented at any Annual General Meeting.

See section "Statutory quorums" for information on the conditions that apply to the lifting of restrictions on voting rights set out in the Articles of Association.

In the year under review there were no exceptions granted according to the statutory quorums (please refer to next paragraph).

Each share gives entitlement to one vote. A shareholder may grant a written power of attorney in order to be represented at the Annual General Meeting by a third party, who need not be a shareholder, or by the independent proxy. The Articles of Association do not contain any other rules on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting of Shareholders.

Statutory quorums
To be valid, resolutions and elections by the Annual General Meeting require an absolute majority of the votes cast, excluding blank and invalid votes, unless binding legal provisions stipulate otherwise. Resolutions by the Annual General Meeting require a minimum of two-thirds of votes represented and an absolute majority of the nominal share values represented in order to:
(a) Amend the purpose of the Company
(b) Introduce voting shares
(c) Amend or abolish restrictions on the ability to transfer registered shares (restricted transferability)
(d) Provide an authorized or conditional increase in capital
(e) Provide an increase in capital from equity in return for non-cash considerations or for the purpose of contributions in kind and the granting of special benefits
(f) Restrict or abolish pre-emptive rights
(g) Relocate the registered office of the company
(h) Remove more than one member of the Board of Directors in the course of one financial year
(i) Dissolve the company (with or without liquidation)
(j) Distribute a dividend in kind
(k) Increase the share capital (in all cases).

Convening of the Annual General Meeting
Legal regulations apply to the convening of the Annual General Meeting.

Invitations to attend the Annual General Meeting are issued by the Board of Directors or, in the instances specified by law or in the Articles of Associations, by the statutory auditors or liquidators. The Annual General Meeting is to be convened at least 20 days before the date of the meeting in the form specified by the company for public notices and must indicate the place, time, agenda items and motions proposed by the Board of Directors and shareholders who have asked for a General Meeting to be held or for an item to be placed on the agenda for discussion; in addition, shareholders with registered shares are to be notified of any General Meeting in writing. The notice convening the meeting must indicate the nature of any admission requirements. The notice convening the Ordinary General Meeting must draw attention to the fact that shareholders may inspect the Annual Report, the Compensation Report and the auditors' report at the registered office of the company and that they may also ask for a copy of these documents to be sent to them without undue delay.

Inclusion of an item on the agenda
Shareholders representing at least 0.5% of the share capital may apply in writing for an item to be included on the agenda for discussion together with any associated motions. Any such application must reach the company at least two months before the date of the General Meeting.

No resolutions may be passed on motions that are not part of duly notified agenda items. Exempt from this provision are motions to convene an Extraordinary General Meeting, to conduct a special audit and to elect statutory auditors following a request from a shareholder. Similarly, no prior notification is required for motions that are part of items for discussion or where no associated resolution is required.

Entry in the share register
No entries are made in the share register from the date on which the invitations to the Annual General Meeting are sent until one day after the Annual General Meeting.

Change of control and defense measures

Mandatory public takeover offer
The Articles of Association do not include an "opting out" or "opting up" clause with regard to mandatory public takeover offers, as defined in Art. 125 of the Swiss Financial Market Infrastructure Act. The instruments available to the company to defend itself against hostile takeover bids essentially comprise the following measures already referred to above:
– At present, 50.9% of voting rights are bound by a shareholder pooling agreement on a long-term basis (see section "Major shareholders and groups of shareholders with pooled voting rights", page 29).
– The registration restrictions allow the Board of Directors to refuse to enter shareholders or a group of shareholders in the share register once their shareholdings exceed the 10% threshold (see section "Voting rights: restrictions and representation", page 47).
– A change in the registration restrictions or the removal of more than one member of the Board of Directors in the course of one financial year must be approved by a qualified majority (see section "Statutory quorums", page 47).

Clauses on changes of control
The contracts of members of the Board of Directors (including the Chairman of the Board of Directors) and the Executive Committee do not – with the exception of entitlements arising from the share participation plan referred to hereafter – make provision for any agreements in the case of a change of corporate control (change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Statutory auditor / Group auditor

Duration of mandate and term of office of auditor in charge
The consolidated financial statements and the financial statements of Vontobel Holding AG and the subsidiaries are audited by Ernst & Young. The external auditor of Vontobel Holding AG is elected for a period of one year at the Annual General Meeting. Ernst & Young was elected as auditor for the first time when Vontobel Holding AG was established in 1983. The auditor in charge is Prof. Dr Andreas Blumer, who has held this function since the financial year 2019. The holder of this office changes every seven years, in accordance with banking legislation. The

role of statutory auditor is performed by Philipp Müller since the financial year 2019.

Fees paid to the auditor

1,000 CHF	2020	2019
Auditing fees billed by Ernst & Young	2,422.8	2,785.7
Additional fees billed by Ernst & Young for audit-related services	537.8	1,002.3
of which tax services	*515.5*	*929.2*
of which other services	*22.3*	*73.1*

Additional fees
The additional fees primarily concern services provided in connection with projects and audit-related services for tax or regulatory matters. Tax services comprise services related to the tax returns of subsidiaries and the area of transfer pricing documentation. Other services provided during the year under review consisted primarily of services related to regulatory confirmations for the supervisory authorities and the evaluation of the impacts of regulatory changes. The audit firm is permitted to provide these services as well as performing the auditing duties of the external auditor as they do not give rise to any conflicts of interests. The subject of any new audits, as well as special audits that have to be conducted at the request of the supervisory authorities, are subject to the approval of the Risk and Audit Committee. There is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates; the Risk and Audit Committee decides on an individual basis whether the issuing of an additional mandate would impact on the auditor's independence.

Supervision and control instruments relating to audits
The Board of Directors is responsible for the supervision and control of the audit firm. This includes examining the risk analysis and reviewing the reports produced by Internal Audit and the audit firm; it is assisted by the Risk and Audit Committee when discharging this duty. The Risk and Audit Committee obtains regular reports from representatives of the audit firm and it evaluates the firm's performance based on the quality and comprehensiveness of its audit activities. The audit firm and Internal Audit attended all meetings of the Risk and Audit Committee in the year under review.

Vontobel, as a banking group, is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA). Legal requirements and regulations must therefore be observed in the selection of the audit firm. Other material selection criteria applied by the Board of Directors are the audit firm's proven expertise with regard to complex finance and valuation issues in accordance with the accounting standards prescribed by FINMA and the International Financial Reporting Standards (IFRS), as well as its expertise regarding special topics relating specifically to the institution. The audit firm's independence, performance and fees are evaluated periodically using a defined process and a structured set of criteria. Further, a detailed review is conducted every five years. A review of this nature was last carried out in 2018, since the mandate was put out to tender in 2019 and a comprehensive validation process was carried out. In future, the audit firm's mandate will be subject to a detailed review every five years.

Information policy

As a company listed on the stock exchange, Vontobel Holding AG pursues a consistent and transparent information policy vis-à-vis its shareholders, clients and employees, as well as the financial community and the general public. Its regular reporting activities include the publication of its annual and half-year reports, as well as the organization of events such as the annual and half-year conference with the media, investors and analysts and the Annual General Meeting. When important events occur, the above-mentioned stakeholders are informed simultaneously via press releases, distributed to newspapers of national and international importance (e.g. Neue Zürcher Zeitung, Handelszeitung, Le Temps, Financial Times and Frankfurter Allgemeine Zeitung) and to electronic information systems (e.g. Bloomberg, Reuters, AWP). To subscribe to our financial news and press releases, including ad hoc releases, please refer to www.vontobel.com/en-ch/services/newsletter/. Official notices relating to the company shall be published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) unless some other manner of publication is prescribed by law.

Details of the financial calendar and contact addresses are listed on page 235 of the Annual Report and at www.vontobel.com/investor-relations/. For our financial reporting, please refer to www.vontobel.com/financialreporting and www.vontobel.com/financialnews.

Compensation report

“Deliver a great place to work for people who want to excel”

Bruno Basler
Chairman of the Nomination and Compensation Committee

Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do.

Shareholders' letter

Dear shareholders

At Vontobel, we actively shape the future. We create and pursue opportunities with determination. We master what we do – and we only do what we master. This is how we help our clients to get ahead.

Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do. The consistent and predictable nature of the compensation system over time is extremely valuable and has proved to be in the interests of all Vontobel stakeholders.

An important feature of our compensation system is that it encourages all employees to participate in our share participation plan. This promotes an entrepreneurial, prudent and long-term mindset and approach among all our employees and management. More than 60% of all Vontobel employees now take part in the share participation plan. At the end of 2020, members of the Executive Committee held an average of more than 10 times their base salary in Vontobel shares. Furthermore, both our compensation system and individual compensation payments are consistently aligned with the "pay for performance" principle: If the financial value created by Vontobel increases, compensation will, on average, also increase. And if value creation decreases, then compensation also decreases. "Pay for performance" also means that a relatively high proportion of total compensation at Vontobel is variable. The benefit of this is that despite significant variations in business cycles, our level of personnel expense relative to operating income has remained very stable over the last 15 years, amounting to an average of around 50%. This also has the effect of reducing the volatility of Vontobel's net profit, dividend and investment power and thus enables a more consistent policy.

As a final point, our compensation system enables us to attract, develop and retain those talented professionals who are best suited to our company and fit well with the Vontobel culture. When recruiting new employees, we strive to attract people with integrity who are right for our company and who value our culture. In this context, we place an emphasis on attracting talented individuals who believe they can achieve success at and with Vontobel and are therefore willing to assume entrepreneurial risk and to join the company on a base salary that is lower by market standards. If employees are successful and deliver a good performance over the long term, their compensation – together with the share participation plan – will develop in line with or exceed market rates. It is in Vontobel's interests to not only attract but also retain top performers.

Dialogue with our investors
We engage in a regular dialogue with our investors and discuss their thoughts on our compensation policy. We are grateful for all of their suggestions, review them carefully and implement them as far as possible, where this makes sense for our company. For example, we are responding to their calls for greater transparency and are providing the most detailed information possible about the evaluation of the Executive Committee's performance. Our base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies. Only our Long Term Incentive Program, which comprises performance shares, is calculated on a purely formulaic basis and theoretically has no upper limit. For this reason, we have decided to introduce a cap of 250% on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019.

Pay for performance
Vontobel remained on track in 2020 – a year impacted by the corona pandemic and its far-reaching consequences. With stable operating income and lower expenses due to rigorous cost management, Vontobel generated a good overall result with a 5% increase in pre-tax profit to CHF 321.0 million. Excluding exceptional items and currency effects, the increase in pre-tax profit would have been 14%. Net profit after taxes of CHF 259.4 million in 2020 was lower than the figure for the previous year (CHF 265.1 million), since 2019 benefited from tax relief in various countries. This solid result was also reflected by a return on equity of 13.3%, slightly below Vontobel's own ambitious target of least 14%. Advised client assets of CHF 248.2 billion at the end of 2020 were 10% higher than at the end of the previous year, reflecting the robust performance of our products and, in particular, the net inflow of new money totaling CHF 14.8 billion, which corresponds to growth of 7.4% and exceeds our target range of 4–6%. This successful financial year underscores our ability to achieve growth even in a very challenging environment. Subject to approval of the General Meeting of Shareholders, the proposed aggregate compensation of the Executive Committee increased by 2%. This slight increase is

mainly due to the different composition of the Executive Committee.

The proposed dividend of CHF 2.25 represents an attractive dividend yield of 3.2% (based on a year-end share price of CHF 70.20). Retained earnings are used to strengthen the company's capital position and to finance investments in future organic growth, as well as giving Vontobel additional financial flexibility to carry out potential acquisitions. The sustained good profitability achieved in recent years also formed the basis for the high return on equity in the performance period from 2018 to 2020. The average return on equity in these three years was 13.5%. The average BIS Total Capital Ratio was a solid 19.0%. Consequently, the multiplier for performance shares from the 2017 bonus, which will vest in spring 2021, is 113%.

Say-on-pay
Our shareholders approved all of the compensation proposals at the General Meeting of Shareholders 2020. The fixed compensation of the Board of Directors was approved by 94% of shareholders. The proposed fixed compensation of the Executive Committee was approved by 95% and the proposed bonus by 93% of shareholders. At the General Meeting of Shareholders 2020, you, our shareholders, will once again be given a prospective vote on fixed compensation and a retrospective vote on variable compensation. At Vontobel, you vote on the actual compensation amounts, meaning that you retain full control over the compensation that is paid out. We are asking you to approve it at the General Meeting of Shareholders of April 20, 2021.

Outlook
Vontobel wouldn't be Vontobel if we didn't constantly look to the future. We are committed to securing Vontobel's success, both today and in the long term. This entrepreneurial tendency to look to the future is even more important as the world, our society and our clients change ever more rapidly due to the emergence of new opportunities in a digitized world. Consequently, one of the core functions of any Board of Directors is to constantly think about the company's long-term future and to take proactive steps to achieve continued improvements and become even more successful. A company that fails to attract new customers, grow and generate an appropriate return for its owners will not survive in the long term. At Vontobel, we want to continue to build on stable foundations and grow steadily. This is also reflected in our ambitious capital market targets. We also have a clear vision of how we intend to achieve these goals. By 2030, we want to be one of the leading and most respected investment firms that can attract, recruit, develop and retain outstanding talent that is a good fit for Vontobel. Over the next two years, we have set ourselves five priorities on which we as One Vontobel will place a special focus:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points for our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people who want to excel

This is what we do, and we evolve into a client-centric investment manager. As an investor for investors, we want to systematically think and act from the client's perspective. We are harnessing the power of technology to deliver a high-quality, customized client experience and to deploy our investment expertise across multiple platforms and ecosystems to reach new client groups. To deliver on our claim, we have also implemented a new internal set-up. This is about much more than presenting new organizational charts. We are placing our clients at the heart of all that we do and adopting a client-centric approach to serving them. In future, we will think in terms of solutions, not products. This change requires a new, collaborative way of working. We will cooperate in an interdisciplinary, direct, open and solution-oriented manner to provide even better solutions for our clients.

On behalf of Vontobel and the members of the Nomination and Compensation Committee, I wish to thank you for your trust and support, as well as for your feedback, which are greatly valued.

Bruno Basler
Chairman of the Nomination
and Compensation Committee

Compensation philosophy & how it is linked to Vontobel's strategy

Introduction
Vontobel is a globally operating investment manager with Swiss roots. We have a long-term commitment to our employees and shareholders. Our philosophy is to promote a performance-oriented culture, to foster teamwork and to take a prudent approach to risk. We encourage entrepreneurial spirit and empower our people to take ownership of their work and bring opportunities to life. We want each individual to have the courage to express an independent perspective, even if that goes against the consensus view.

We firmly believe that every single employee makes a significant contribution to creating the Vontobel experience. Appropriate and fair compensation for our employees and compliance with local regulatory requirements in the markets in which we operate are important elements of our strategy.

We do not endorse any form of discrimination. All of our employment decisions, including compensation decisions, are based on the person's function, qualifications, performance and conduct, or other objective, legitimate business considerations.

Link between Vontobel's corporate values and the compensation system
We strive to conduct our business responsibly on basis of concrete values. Our goal is to generate significant benefits for our customers by seizing opportunities. We also want to achieve this goal by shaping each individual customer experience on our own responsibility. Our core values guide us in our efforts to achieve this purpose and vision:

Driven by an ownership mind-set, we stand for empowerment and personal responsibility.

Our compensation structures place a significant emphasis on ownership through performance assessment criteria that consciously seek to reward behavior consistent with the desired ownership mindset. Share ownership is also a key element of our incentive structures.

We embrace independent thinking to capitalize upon the future. To do so, we promote creativity to develop insights that translate into opportunities that make a difference.

We encourage our employees to consider both the long-term impact of their decisions and the sustainability of the results generated. We determine variable awards based on long-term metrics. We also reinforce this view through the focus on share ownership at Vontobel.

Determined to deliver, we stay on course in a changing world. We are determined to overcome hurdles in order to put our clients ahead. We go the extra mile. We constantly improve and learn to work ever smarter.

We encourage this mindset in our employees through non-financial performance assessment criteria.

Link between Vontobel's strategy and the compensation system

All Vontobel employees should be rewarded for their commitment and contribution. For this reason, our compensation principles link Vontobel's strategic priorities with each individual's total compensation package:

Strategic priorities

1. Deliver the unique Vontobel experience
2. Empower people
3. Create brand excitement
4. Boost growth and market share
5. Drive efficiency

Compensation principles

– Pay for performance: A comprehensible overall compensation system that rewards contributions.
– Drive culture: Promote an ownership mind-set and courage. Foster performance- and team-oriented culture.
– Aligned and long-term oriented: Take account of the long-term interests of clients, employees, shareholders and the company.
– Competitive: Offer competitive compensation to attract and retain talent.
– Compliant: Commitment to comply with legal and regulatory requirements. Promote risk-consciousness and prevent conflict of interest.

Core principle of "Pay for Performance"

The principle of "Pay for Performance" lies at the heart of Vontobel's overall compensation system. This means that excellent employee performance and contributions to the long-term success of Vontobel are rewarded. The compensation system is designed to motivate employees at all levels of the company and is geared towards incentivizing future performance while not inducing excessive risk-taking.

Our guidelines are:

– There should always be a strong correlation between total compensation and the annual performance of the business and of the individual.
– Performance depends on various factors and is therefore variable. Consequently, we pay for performance through variable compensation elements.
– We incentivize the right behavior and reward employees who live the Vontobel experience.
– Strategic investments are important to ensure employee retention, meet business objectives or access new markets.
– In case of termination or misconduct no bonus is paid.

Compensation components

We are committed to providing each employee with a total compensation package that is fair, competitive, future-oriented and tailored to the role of the individual. The overall-level of pay is in line with market practices and is linked to Vontobel's operational profitability. While the exact structure depends on the employee's function and location, the total compensation package generally consists of fixed and variable components, as well as social benefits.

Base salary

The fixed base salary is the foundation of each individual's total compensation package. The goal of the base salary is to provide a solid fixed income for the respective function.

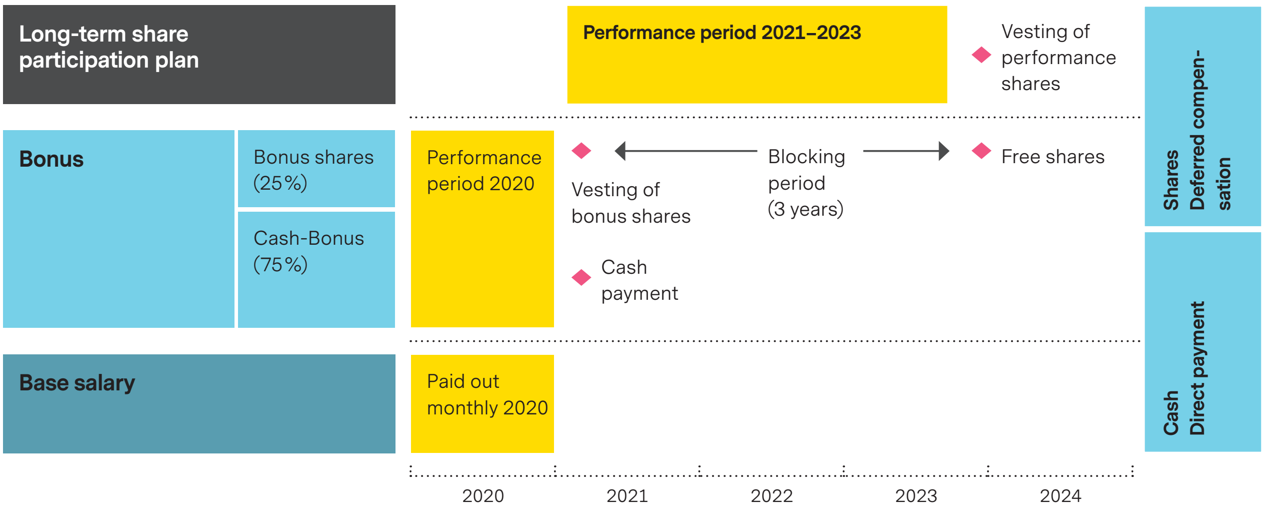
Variable compensation

While the base salary secures the employee's standard of living, variable compensation serves the purpose of motivating employees to strive for exceptional long-term performance. The variable component is split into bonus (cash or deferred) and long-term incentives. Variable pay is based on the performance at Group level down to the level of the division and entity as well as the indvidual's performance.

Variable compensation is influenced by various key objectives:

– Attract and retain highest-quality talents
– Promote Vontobel values
– Ensure compliance with external regulations
– Secure affordability and a flexible cost structure for company

Overview of employee compensation components:



Bonus

We want to recognize employees who deliver outstanding results and contribute to the realization of business goals. The bonus is a short-term award that serves this purpose since it rewards employees for the contributions they made during the financial year. The bonus is generally paid out in the first quarter of the year, on a retrospective basis for the previous year.

Employees who receive a cash bonus can choose if they want to invest 25 % of their cash bonus in bonus shares. Participation is therefore voluntary except in the case of certain employees who are subject to a mandatory investment requirement (e.g. management, high-risk functions, cash bonus above threshold). For employees who participate in long-term incentive plans (LTIs), a portion of the bonus is deferred by investing a defined amount in Vontobel shares (i.e. bonus shares). Since participants become Vontobel shareholders, the deferred bonus is a crucial element of our ownership mindset.

To avoid any real or perceived conflicts of interest, short-term incentives for employees working in control functions are not calculated solely on the basis of financial metrics, instead they take account of the achievement of function-specific non-financial key performance indicators..

Long term incentive

Since each employee is important to Vontobel's overall success, we believe that each individual should participate in long-term value creation. In 2004, we therefore implemented an LTI that encourages ownership, foresight and tenacity and motivates each employee to deliver the edge.

In addition to the global LTI, variations of this plan were introduced to meet regional regulatory requirements, e.g. the inclusion of fund investments in the plan.

The main components that form part of all Vontobel LTIs are Bonus Shares and Performance Shares:

Bonus Shares

Promote ownership through bonus shares: Employees receive the deferred bonus in shares of Vontobel Holding AG at a discounted price of 80 % of the relevant market price. The shares are immediately transferred into the ownership of the individual but the recipient is required to hold the shares for a period of three years. During this period, the individual is also entitled to receive dividend payments.

Performance Shares

Incentivizing future performance through performance shares: With the allocation of bonus shares, employees also receive a prospective entitlement to performance shares that they can exercise after a period of three years. The number of performance shares depends on the performance of Vontobel during three financial years. The performance shares are transferred free of charge and there are no sales restrictions.

The amount of performance shares depends on Vontobel's average return on equity (ROE) and average risk profile (BIS Total Capital Ratio). The multiplier resulting from these two parameters is defined using the average over the relevant performance period of three years. This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high risk profile. Every LTI participant will thus benefit from the discounted price of the shares, the dividends on the bonus shares as well as from the additional performance shares that are offered free of charge.

The number of performance shares is determined on a purely formulaic basis and therefore theoretically has no maximum limit. We have therefore decided that for this component of Executive Committee compensation – the only one not subject to the discretionary governance process – we will introduce a cap of 250% on the multiplier used for the calculation of performance shares from 2019. This cap applies solely to members of the Executive Committee for reasons of relevance and due to the impact on the risk / return tradeoff practiced by this managing body.

Link between variable components and the principle "Pay for Performance"

Link between the bonus and pay for performance

Our bonus system creates a high degree of transparency since all decisions are based on the performance of Vontobel, the divisions, the business units, and the individual. Consequently, the individual's cash bonus is entirely dependent on the performance achieved across these areas during the financial year.

Link between the share plans and pay for performance

As a result of the investment of the bonus and the deferral of the award, the benefit is closely linked to both individual performance and the performance of Vontobel's business. Since employees are not allowed to sell their shares for three years (i.e. "blocked shares"), the actual benefit they realize depends on the development of the share price. In addition, the amount of additional performance shares varies in line with Vontobel's performance. In conclusion, each employee's benefit is dependent on the sustainable performance of the business at two levels.

		DISCRETIONARY INDIVIDUAL BONUS	BLOCKED BONUS SHARES	PERFOR-MANCE SHARES
Perfor-mance	Individual	✓	✓	✓
	Division, Business Unit	✓	✓	✓
Time Horizon	**Retrospective** for performance delivered	✓	✓	
	Prospective Investment in future performance of the business		✓	✓

Governance

Compliance with regulatory requirements

We are committed to complying with regulatory requirements at all times and in all the regions where we do business. Due to the variety of countries in which Vontobel is represented, various regulatory frameworks governing compensation need to be taken into account. For example, Vontobel follows the AIFMD, UCITS, CRD IV and MiFID regulations in the EU and the Swiss Ordinance against Excessive Compensaiton in Listed Stock Corporations (VegüV). Additionaly, Vontobel has voluntarily chosen to adhere to the FINMA remuneration principles in accordance with best practice.

The Board of Directors is responsible for ensuring that Vontobel's principle to always complying with all applicable regulations and even exceeding the minimum requirements in key territories is observed. In addition, the Board of Directors is responsible for ensuring that the compensation policy and level of pay do not expose Vontobel to an unacceptable level of risk, including financial or reputational risks.

The individual nature of the regulations that apply to Vontobel entities means that local policies may apply within the scope of this global policy and that these local policies may need to be amended whenever the regulatory landscape changes.

Responsibility for Vontobel's compensation system

To follow these principles, governance roles and responsibilities are clearly defined and shared across the organization:

- **Shareholders:** The General Meeting votes on the total compensation awarded to the Board of Directors (BoD) and the Executive Committee. The General Meeting also elects the members of the Nomination and Compensation Committee (NCC).
- **External auditors:** The external auditors review the financial statements, including compensation-related figures that are disclosed in the annual report.
- **Board of Directors:** The Board of Directors (BoD) delegates selected tasks to the Nomination and Compensation Committee (NCC), oversees all compensation related matters and has the final decision-making power. The Board of Directors is ultimately responsible for compensation policy and its implementation, with responsibilities being delegated to the Nomination and Compensation Committee.
- **Nomination & Compensation Committee (NCC):** The NCC oversees Vontobel's entire total compensation system. Each December, the Nomination and Compensation Committee proposes the annual bonus pool to the Board of Directors and maintains an ongoing dialogue about the performance development with managers throughout the year.
- **Executive Committee:** The CEO makes a proposal to the Nomination and Compensation Committee each year regarding the compensation of the Executive Committee.
- **Internal Audit:** The role of Internal Audit is to contribute to the integrity of the entire process and to ensure it is comprehensive and adapted to the scale and complexity of the company. One of the goals of Internal Audit is to make sure that the compensation system does not define incentives that could lead to conflicts of interest. Internal Audit therefore acts completely independently and reports directly to the Board of Directors or its committees.
- **Control functions:** Human Resources, Finance, the Risk and Audit Committee and other control functions are involved in the oversight, design and allocation of employee incentives.
- **Heads of divisions and business units:** The management of each division and business unit has a say in the total compensation package of the individual employees, including the allocation of variable compensation. Ongoing reviews and annual overall assessments are carried out.
- **Line Managers:** They provide support and guidance and communicate decisions to employees. Managers with responsibility for compensation matters play an integral role in salary discussions and propose bonuses.
- **Individual employees:** Each employee is responsible together with his line manager for setting his own goals and aligning them with the Vontobel experience. The individual collects regular feedback and engages in an ongoing dialogue about individual development.

Say-on-pay motions proposed to the General Meeting of Shareholders 2021

Overview of responsibilities for compensation and decision-making processes
The Board of Directors has overall responsibility for Vontobel's human resources policy and consequently also for its compensation policy. The Nomination and Compensation Committee (NCC) supports the Board of Directors in determining Vontobel's compensation principles and defining its compensation strategy.

The NCC oversees the compensation of the Board of Directors, the Chairman of the Board of Directors, the members of the Executive Committee and the CEO, as well as basic elements of the compensation of all Vontobel employees.

RECIPIENT OF COMPENSATION	PROPOSED BY	DECISION ON PROPOSAL TO GENERAL MEETING	APPROVAL AT GENERAL MEETING
Board of Directors	NCC	Board of Directors	Shareholders
Chairman of Board of Directors	NCC	Board of Directors	Shareholders
Members of the Executive Committee	CEO	NCC	Shareholders
CEO	Chairman of Board of Directors	NCC	Shareholders

In accordance with the Articles of Association of Vontobel Holding AG (see Article 31: www.vontobel.com/en-ch/about-vontobel/investor-relations/annual-general-meeting) and the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV), Vontobel discloses the compensation awarded to members of the Board of Directors and members of the Executive Committee and puts it to the vote at the General Meeting of Shareholders.

The Board of Directors will hold the following votes on compensation at the General Meeting of Shareholders of April 20, 2021:

Voting on compensation

	2018	2019	2020	2021	2022	2023
Consultative vote on Compensation Report 2020			Compensation system and governance			
Maximum aggregate fixed compensation of members of Board of Directors for forthcoming term of office				Compensation period		
Maximum aggregate fixed compensation of members of Executive Committee for period from 1 July 2021 to 30 June 2022				Compensation period		
Maximum aggregate performance-related compensation of Executive Committee for prior financial year that has ended			Performance period			
Additional amount for performance shares of the Executive Committee, which relate to bonus shares for 2017 (approved at the General Meeting of Shareholders 2018) and will vest in 2021.	Performance period					
Maximum aggregate amount for performance shares 2021–2023 of Executive Committee				Performance period		

= General Meeting

In the event of one or more motions being rejected at the General Meeting of Shareholders 2021, the Board of Directors is required to call a new General Meeting within six months and to propose new motions for the approval of compensation to shareholders.

Nomination & Compensation Committee (NCC)

The NCC consists of at least three members of the Board of Directors, who are elected each year by the General Meeting of Shareholders. In 2020, the NCC comprised the independent Board members Bruno Basler (Chairman of the NCC), Dr Elisabeth Bourqui and Clara C. Streit, as well as the non-independent Board member Björn Wettergren. Björn Wettergren represents the fourth generation of the Vontobel and de la Cour families.

The NCC maintains an intensive dialogue with management throughout the year and generally holds at least four meetings during that period. Each year, the extent to which Group-wide performance objectives have been achieved in quantitative and qualitative terms, as well as the CEO's proposal concerning the size of the variable bonus pool for the entire Group, are discussed in detail. The CEO and occasionally also the Head of Human Resources provide the NCC with explanations and advice on this matter. The CEO is not present during the part of the meeting when his compensation is determined.

Benchmarks

We consider it necessary to offer competitive compensation in order to attract and retain talented professionals over the long term. The NCC therefore reviews the compensation of all employees once each year. During this process, compensation levels and structures are compared with those of similar positions in Vontobel's peer group in the finance industry. The NCC uses comparative data from publicly accessible sources, information provided by renowned market data providers and talent recruitment information for this purpose. The results of this compensation comparison are used, among other things, as the basis for determining individual compensation.

The current peer group used to assess the appropriateness of our compensation is shown below:

Peer group

Switzerland	Credit Suisse, EFG International, GAM, Julius Baer, Lombard Odier, Pictet and UBS
UK	Aberdeen, Ashmore, Henderson and Schroders
USA	Artisan Partners, Lazard and Legg Mason

Bonus pool

The bonus pool is used to finance the bonus of the Executive Committee and employees. It is determined using the following three-stage process:

Financial performance		Other performance indicators		Overall evaluation
The bonus pool is accrued each month based on financial performance. Profit before taxes and before variable compensation of the Group and individual divisions have the largest influence on the bonus pool. Growth- and future-oriented key figures such as net new money and investment performance also have a direct influence on the bonus pool.	→	Progress in implementing the strategy Conduct, leadership and development of the organization Relative performance compared to peer group	→	The NCC carries out a comprehensive evaluation and reviews Vontobel's market positioning as well as the long-term creation of value in order to formulate the final proposal regarding the bonus pool that is submitted to the Board of Directors for approval.

Vontobel Asset Management in the US and TwentyFour Asset Management in the UK have their own compensation systems and receive variable compensation that is not part of the bonus pool.

Allocation of bonus

The CEO decides how the total bonus pool is to be shared between the individual divisions, taking account of various quantitative and qualitative criteria. Within the divisions and business units, the individual's discretionary variable bonus is defined based on quantitative and qualitative assessment criteria relevant for the individual's role. The quantitative components include Vontobel's current profitability, the profitability of the divisions and the desired growth of the areas. In addition, the bonus amount depends to a significant extent on how the employee acted throughout the year, emphasizing the importance of responsible conduct. The cash bonus is reviewed annually and is generally paid out in the first quarter of each year. The cash bonus is determined annually by managers with responsibility for compensation matters and is subject to approval by the Executive Committee.

External consultants

Vontobel obtains anonymized comparative data from external compensation consulting firms such as Willis Towers Watson (formerly Towers Watson) and McLagan (a division of Aon Hewitt), as well as Kienbaum. This information serves as an important basis when determining compensation – especially in an environment characterized by significant market and regulatory changes.

In the case of our entities outside Switzerland, we obtain advice from Mercer LLC on pension and social benefits.

The NCC has commissioned PricewaterhouseCoopers AG (PwC) to provide independent advice and support with regard to the review and further development of our compensation model as well as in respect of general compensation-related questions such as changes in international guidelines and rules.

Some of the consultants referred to above hold further mandates within Vontobel. However, these other mandates are performed outside the Compensation and Benefits unit.

Periodic review of the system

The Compensation Regulations (regulations governing Vontobel's share participation plan, including the related brochure) were approved by the Board of Directors of Vontobel Holding AG on December 16, 2004 and continue to apply in their current form. Each year, the compensation system is discussed by the NCC from various perspectives.

Base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies. Only our Long Term Incentive Program, which comprises performance shares, is calculated on a purely formulaic basis and theoretically has no upper limit. For this reason, the NCC decided in 2018 to introduce a cap of 250% on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019 (applicable for the first time to the performance periods 2019 to 2021).

In 2016, the NCC approved the introduction of a Variable Compensation Agreement (VCA) for individual employees that also reflects regulatory requirements in the European locations in which Vontobel operates. The Executive Committee is not affected by this arrangement.

Change of control clauses

The contracts of members of the Board of Directors (including the Chairman) and the Executive Committee (including the CEO) do not make provision for any agreements in the case of a change of corporate control (referred to as change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Notice periods and severance agreements

Vontobel Holding AG or companies controlled by it may conclude mandate agreements or employment contracts of limited or unlimited duration with members of the Board of Directors. The duration and termination of such agreements are based on the term of office and applicable law.

Vontobel Holding AG or companies controlled by it may conclude employment contracts with members of the Executive Committee. Employment contracts of limited duration are subject to a maximum duration of one year but may be renewed. The maximum notice period for employment contracts of unlimited duration is 12 months. If the employment relationship is terminated, the company or companies controlled by it may release a member of the Executive Committee from his duties with immediate effect and / or conclude a termination agreement.

In principle, the employment contracts of Vontobel employees (including members of the Executive Committee) are subject to a notice period of a maximum of six months. In the case of the Chairman of the Board of Directors, notice must be given in the fourth quarter of the relevant year. The contracts concluded with the members of the Board of Directors (including the Chairman) and the members of the Executive Committee (including the CEO) do not contain any clauses relating to severance payments.

Loans to governing bodies

The company may grant a member of the Board of Directors or a member of the Executive Committee credits and loans at standard market rates or generally applicable employee terms and conditions up to an amount of CHF 50 million.

To the extent permitted by law, the company may grant an advance to members of the Board of Directors or members of the Executive Committee to cover court costs and lawyers' fees in connection with legal proceedings, lawsuits or investigations – whether under civil, criminal or administrative law or of another nature – that are connected with their duties or with the fact that they are or were members of the Board of Directors or the Executive Committee.

Compensation of the Board of Directors

Compensation system

Compensation principles

The range of duties performed by a bank's Board of Directors is prescribed by law and by the financial market supervisory authority. The overall supervision and direction of the company are the non-transferable and irrevocable duties of the Board of Directors in its capacity as the supervisory and defining body. A Swiss Board of Directors has an extended range of responsibilities, duties and powers compared to Boards of Directors in other countries. The Board of Directors of Vontobel should be able to perform the overall direction and supervision of the company without restriction. It is also intended to serve as a credible counterbalance to the Executive Committee and should be able to act independently. Based on this, Vontobel has defined the following compensation principles for its Board of Directors:

- Competitive compensation that reflects the capabilities and experience of members of the Board of Directors and the value they contribute
- It consists exclusively of fixed compensation
- Participation in the long-term performance of the company through shares

The compensation proposed to the General Meeting of Shareholders is decided by the Board of Directors.

Compensation components

The compensation of the members of the Board of Directors consists of the following components:

Duties and roles

Board of Directors

The Board of Directors defines the business strategy and formulates guiding principles for the bank's corporate culture. It signs off the company-wide risk management framework and is responsible for issuing regulations, establishing and monitoring an effective risk management function, and managing overall risks. Furthermore, the Board of Directors establishes a suitable organizational structure and has ultimate responsibility for the company's financial position and development. The Board of Directors is responsible for ensuring that the company has an appropriate number of employees and other resources (e.g. infrastructure, IT) and for its human resources and compensation policies. It oversees the work of the Executive Committee and is, among other things, responsible for ensuring that there is both a suitable risk and control environment within the company. In this way, it has a decisive influence on the strategy, structure and culture of Vontobel. In order for the Board of Directors to perform these duties credibly and to act independently from the Executive Committee, it must be composed of qualified and experienced members, while ensuring an appropriate level of diversity.

COMPENSATION COMPONENTS

Fixed fee	50% paid in cash	The fixed fee for the mandate as a member of the Board of Directors of Vontobel Holding AG is paid half in cash and half in shares.
	50% paid in shares	The allocation of shares that are blocked for a period of three years serves as a long-term incentive, resulting in an alignment with shareholder interests. Members of the Board of Directors thus participate in the long-term success of the company and the long-term performance of the Vontobel share.
		Shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the payment is paid out. These shares may not be sold, pledged or transferred during the blocking period.
Further fees	100% paid in cash	The fee for the mandate as a member of the Board of Directors of Bank Vontobel AG, which is controlled by Vontobel Holding AG, and the daily fees / meeting attendance allowance as well as expenses are paid 100% in cash.
Pension payments (only for the Chairman of the Board of Directors)		The Chairman of the Board of Directors has an ordinary employment relationship in Switzerland. He therefore receives statutory pension fund benefits like all other employees. The other members of the Board of Directors do not receive pension fund benefits.

Chairman of the Board of Directors
The Chairman presides over the Board of Directors as a whole and represents it internally and externally. The Chairman has a key role in shaping Vontobel's strategy, communication and culture. Vontobel has a strong and experienced Chairman, who performs a central function within the Board of Directors. In 2015, his compensation was set at CHF 2.5 million, which – based on a multi-year average – corresponds to the level of compensation of a member of the Executive Committee. As Chairman of the Swiss Bankers Association, he also holds a position of responsibility within the Swiss financial center.

The fixed aggregate compensation of members of the Board of Directors, including the Chairman of the Board of Directors, which is proposed to the General Meeting of Shareholders for the forthcoming term in office includes a reserve for the following other compensation components: Employer contributions to the pension fund and supplementary fund, daily fees and meeting attendance allowances. The amount that serves as the basis for the vote on compensation does not include social security contributions (AHV, ALV, IV) or additional advisory fees that are unrelated to the function as a member of the Board of Directors and are disclosed separately in the Annual Report.

Actual compensation (audited information)

Compensation for the financial year
For the financial year 2020, compensation totalling CHF 4.3 million (previous year CHF 4.4 million) was paid to the members of the Board of Directors. Of this sum, CHF 2.6 million was paid in cash and CHF 1.7 million in the form of share-based compensation.

Compensation of the members of the Board of Directors for the financial year (pursuant to Art. 663b bis of the Swiss Code of Obligations)

NAME	FUNCTION	COMPENSATION PAID IN CASH CHF 1,000	COMPENSATION PAID IN SHARES[1] CHF 1,000	OTHER COMPENSATION CHF 1,000	2020 TOTAL FIXED COMPENSATION CHF 1,000	2019 TOTAL FIXED COMPENSATION CHF 1,000
Herbert J. Scheidt[2]	Chairman	1,250.0	1,250.0	0.0[3]	2,500.0	2,613.6
Dr Frank Schnewlin	Vice-Chairman	189.3	60.0	0.0	249.3	249.4
Bruno Basler	Member	191.9	60.0	0.0	251.9	226.6
Dr Maja Baumann	Member	149.3	60.0	0.0	209.3	216.4
Dr Elisabeth Bourqui	Member	171.9	60.0	0.0	231.9	226.1
David Cole	Member	169.3	60.0	0.0	229.3	220.9
Stefan Loacker	Member	149.3	60.0	0.0	209.3	204.4
Clara C. Streit	Member	162.9	60.0	0.0	222.9	197.6
Björn Wettergren	Member	162.9	60.0	0.0	222.9	215.6
Total		**2,596.8**	**1,730.0**	**0.0**	**4,326.8**	**4,370.6**

1 Allocation of shares of Vontobel Holding AG that are subject to a holding period of three years, during which they cannot be sold.
2 In the year under review, Herbert J. Scheidt received CHF 76,666 (previous year CHF 124,567) of fees for Board memberships outside the company that he holds in connection within his role at the company.
3 Contribution to pension funds

Vesting of performance shares from previous years
The Chairman of the Board of Directors' entitlement to receive performance shares results from his compensation program that applied until the General Meeting of Shareholders of 19 April 2015 and is not related to the current compensation awarded to him directly. The final potential allocation of performance shares was made in 2019 based on the bonus shares for the performance year 2015.

The performance shares of the Chairman of the Board of Directors that vested in 2019 relate to bonus shares from 2015 and to the performance period from 2016 to 2018:

Allocation of shares from the long-term employee share-based benefit program

	31.12.2020 NUMBER	31.12.2019 NUMBER	CHANGE TO 31.12.2019 NUMBER	CHANGE TO 31.12.2019 IN %
Number of performance shares allotted to Herbert J. Scheidt [1]	0	9,304	–9,304	–100

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table "Compensation for the financial year". Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 0.0 mn (previous year CHF 0.4 mn) and was included on a pro rata basis over the vesting period.

Additional fees, related parties and similar information

None.

Former members of the Board of Directors

Compensation paid to members of the Board of Directors who stepped down during or prior to the previous year: None.

Holdings of shares and options (audited information)

		31.12.2020	OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE		31.12.2019	OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE	
NAME	FUNCTION	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Herbert J. Scheidt	Chairman	444,933	0	0	464,263	0	0
Dr Frank Schnewlin	Vice-Chairman	12,154	0	0	11,070	0	0
Bruno Basler	Member	17,785	0	0	16,701	0	0
Dr Maja Baumann [1]	Member	4,613	0	0	3,529	0	0
Dr Elisabeth Bourqui	Member	5,697	0	0	4,291	0	0
David Cole	Member	4,163	0	0	3,079	0	0
Stefan Loacker	Member	2,403	0	0	1,319	0	0
Clara C. Streit	Member	10,243	0	0	9,159	0	0
Björn Wettergren [1]	Member	4,367	0	0	20,883	0	0

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.
1 The figures stated do not include the indirect participations of the members of the Board of Directors Dr Maja Baumann and Björn Wettergren held through a group of shareholders ("shareholder pool") bound by a shareholder pooling agreement. Further information on the shareholder pool is provided in the Corporate Governance Report on page 29.

Loans to governing bodies (audited information)

As of December 31, 2020 and December 31, 2019 CHF no loans and credits to members of the Board of Directors were outstanding. CHF 0.0 million (previous year CHF 3.1 million) of fully secured loans and credits to related parties were outstanding as of December 31, 2020. No loans to former members of the Board of Directors were outstanding that were not granted according to standard terms and conditions.

Compensation of the Executive Committee

Compensation system

Compensation principles

The principle of "pay for performance" applies at Vontobel. The compensation system was structured in such a way as to ensure that the level of compensation paid to the members of the Executive Committee tends to be lower than the market rate in the first few years after they join the company but can increase if a good performance is achieved over more than three years thanks to the share participation plan. As a result, the members of the Executive Committee tend to have a relatively low base salary but receive higher variable compensation – provided Vontobel and the division they oversee perform well.

In the allocation of variable compensation, quantitative and qualitative objectives are assigned equal weighting when measuring and evaluating performance. In this context, the NCC takes account of criteria including:

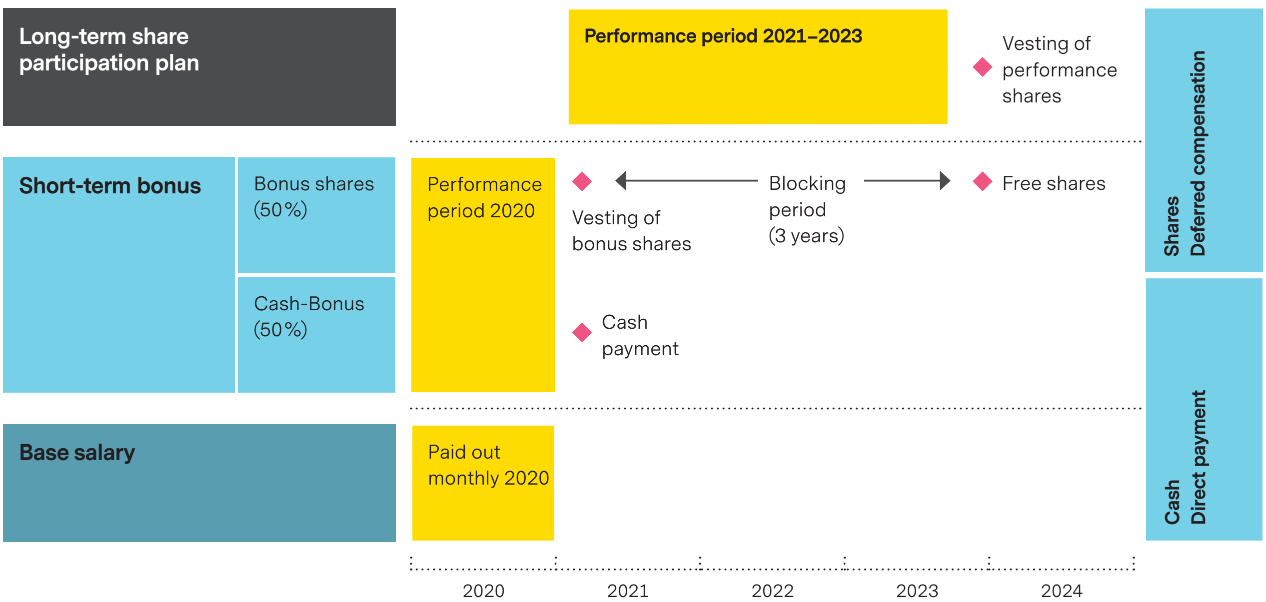
- Performance of each member of the Executive Committee
- Financial performance of Vontobel and the relevant division
- Performance measured in relation to the finance industry peer group
- Current market rates of compensation and efforts to achieve a compensation policy with a long-term focus, and
- Balanced distribution between groups of stakeholders

Formula-based compensation is not used for members of the Executive Committee at Vontobel. The Board of Directors reaches the final decision about the compensation proposals for the General Meeting of Shareholders at its own discretion.

Compensation components

The compensation of the Executive Committee consists of a fixed compensation component (annual base salary) and a variable compensation component (bonus and long-term share participation plan). The fixed compensation component is determined on the basis of the individual function. The variable compensation component is determined on the basis of collective and also individual performance. This approach is designed to ensure that the compensation of the Executive Committee is largely dependent on the achievement of ambitious performance objectives.

Overview of Executive Committee compensation components:



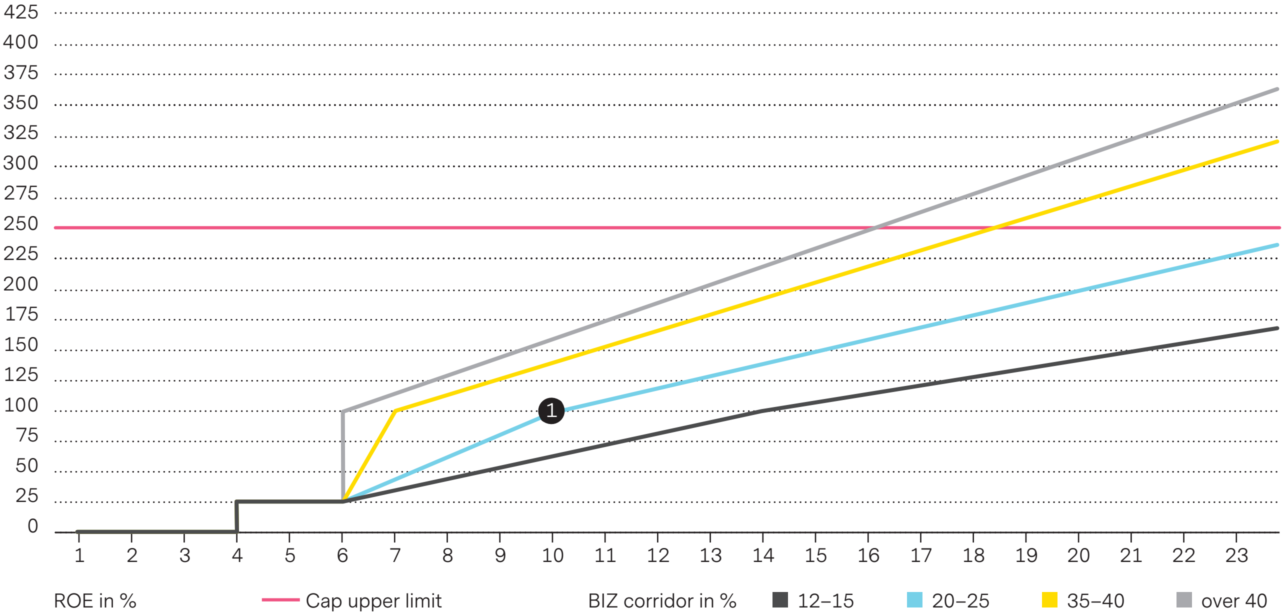
The compensation of the members of the Executive Committee consists of the following components:

COMPENSATION COMPONENTS

Base salary	100% paid in cash	The base salary of each member of the Executive Committee is determined individually. The level of base salary is in line with our international peer group and is generally lower than the base salaries paid by our Swiss peers.
Bonus	50% paid in cash (cash bonus)	The bonus is based on the collective and individual achievement of quantitative and qualitative objectives. The bonus is paid half in cash and half in bonus shares.
	50% paid in shares (bonus shares)	Bonus shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the bonus is paid out. These shares are blocked for three years from the date of vesting and may not be sold, pledged or transferred during that period. If the company achieves a sustained good performance and its share price rises during the blocking period, the value of the bonus shares increases accordingly. However, if the share price falls, the bonus subsequently decreases – resulting in a dual financial loss for the member of the Executive Committee, since taxes have already been paid on the basis of the higher share price. This model ensures that members of the Executive Committee can participate in the successful performance of the company while also sharing the risks in the event of poor financial results. If the employment relationship is terminated, bonus shares that have already been allocated remain in the ownership of the individual members of the Executive Committee and continue to be subject to the blocking period even after the period of employment has ended. Further details of the share participation plan can be found in the brochure "Vontobel Share Participation Plan" at: www.vontobel.com/compensation-report
Long-term share participation plan	100% paid in shares (performance shares)	Vontobel also pays part of its compensation in the form of long-term incentive components. They are paid in the form of registered shares of Vontobel Holding AG (performance shares) and are designed to promote loyalty to the company. Three years after receiving bonus shares, members of the Executive Committee are entitled to receive additional shares, known as performance shares (long-term incentive) if vesting conditions are met. This right depends on the performance of the business over the last three years, hence the name "performance shares", as well as on the number of bonus shares received. When determining the performance of the business, Vontobel's average return on equity (ROE) and average risk profile (BIS Total Capital Ratio) are taken into account. The multiplier resulting from these two parameters is defined using the average over the relevant performance period (the last three years or the last six half-year values). This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high risk profile. One condition for the vesting of performance shares is that an average Group-wide return on equity of at least 4% is generated over the relevant three-year period. In addition, the BIS Total Capital Ratio must exceed 12%. If one of these requirements is not met, all rights to performance shares lapse (see chart on the next page for further details). Performance shares are only awarded to members of the Executive Committee who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. In this way, performance shares also play an important part in ensuring that the Executive Committee is focused on the stable and successful development of Vontobel over the long term and in promoting loyalty to the company.
Employee benefits		The members of the Executive Committee receive the same pension fund benefits as all other employees in Switzerland.
Other compensation		In general, the members of the Executive Committee do not receive any special additional benefits. They have the same additional benefits as all other employees in the location and the unit in which they work.

This chart shows the payout ratio for performance shares for selected BIZ ranges:

Payout ratios for performance shares
Performance shares as a % of bonus shares (multiplier)



If an average ROE of 10% is generated and the average BIS Total Capital Ratio is 20–25%, the member of the Executive Committee would, for example, receive 100% of the performance shares at the end of the three-year performance period based on the current perspective. This means that the member would receive the same number of shares as performance shares that he or she already received as bonus shares at the beginning of the performance period (see point 1 in chart). The payout ratio or the multiplier used for the calculation of performance shares (as shown above) is capped at a maximum of 250% for members of the Executive Committee.

Additional amount

If new members are appointed to the Executive Committee and take up their position at Vontobel after the General Meeting of Shareholders has approved the maximum aggregate amount of fixed compensation for members of the Executive Committee for the financial year concerned, an additional amount may be used for the compensation to be paid to these new members. The additional amount for each compensation period and for each new member corresponds to 40% of the last approved maximum aggregate amount of fixed compensation of the Executive Committee. This additional aggregate compensation includes any compensation for disadvantages incurred in the course of a change of employment (sign-on bonuses). If the additional amount is not sufficient to compensate for these disadvantages, the amount of the sign-on bonus exceeding the additional amount must be submitted to the next Ordinary General Meeting for approval.

Objectives and their achievement

The Executive Committee has a sustained influence on the implementation of Vontobel's strategy and consequently on its business activities. In addition to this overall responsibility, the CEO and the other members of the Executive Committee are assigned quantitative and qualitative objectives, which are listed in the scorecard. Since each member of the Executive Committee performs a different function within the company, the objectives are individually aligned to the areas of responsibility of each member of the Executive Committee. In this context, the CEO's objectives serve as the basis for the individual objectives of the other members of the Executive Committee.

The following objectives were defined for the Executive Committee for 2020 and were evaluated by the Board of Directors:

QUANTITATIVE OBJECTIVES (50%)		EVALUATION[1]
Finance	– Achieve or exceed budget – Generate net inflows of new money – Enhance operating efficiency – Increase return on equity – Maintain capital position that significantly exceeds regulatory requirements	**Effective performance**
Strategy	– Implement strategic growth initiatives and priorities based on the defined interim goals for growth – Further strengthen core competencies – Drive organic growth in target markets – Capture opportunitites created by technology – Supplement growth through M&A	**Highly effective performance**

QUALITATIVE OBJECTIVES (50%)		EVALUATION[1]
Behaviour	– **Client focus** – always seek the best solution to deliver sustained success for our clients and Vontobel; strengthen client focus across all areas of Vontobel, especially through the implementation of specific Customer Journeys – **Results-driven approach** – achieve impact by focusing on objectives and results; think long term in order to realize sustainable and competitive growth – **Compliant conduct** – act with integrity and remain independent at all times; provide advice in accordance with our Code of Conduct and our guidelines and take appropriate account of risks; take comprehensive measures to guarantee continuous compliance with laws and regulatory requirements, with a particular emphasis on the recognition of risks related to money laundering; ensure the protection of client data and compliance with all applicable legal requirements	**Effective performance**
Leadership and development	– **Inspirational leadership** – recruit, retain, support and develop the best talent; define ambitious objectives and motivate employees to raise the benchmark for client service and quality of work; inspire others to deliver a top performance – **Transformative leadership** – demonstrate flexibility and be capable of leading in new operating conditions and adapting to them constructively; reach clear decisions and share them with the team – **Communication** – share own knowledge and experience with others; promote constructive collaboration as a team across functions and borders – **Diversity and Inclusion** – create an open and trustworthy environment that is free of prejudice and promotes diversity and equal opportunities	**Highly effective performance**

1 Vontobel Evaluation Grid: 1 Unsatisfactory performance / 2 Inconsistent performance / 3 Effective performance / 4 Highly effective performance / 5 Outstanding performance contribution

In 2020, Vontobel demonstrated once again that it can successfully shape the changes in our industry – and can do so according to the needs of our clients and our company. We will continue to follow this path. The strategic decisions taken in December 2019 and in 2020 are a logical step forward for Vontobel as it evolves into a client-centric investment firm that systematically leverages its performance-oriented investment expertise and the power of technology for the benefit of its clients. The growing need to invest and the changing investment environment are creating opportunities for growth that Vontobel is actively seizing. We did so even in 2020 – a year impacted by the corona pandemic and its far-reaching consequences. We are investing in our future, are focused on sustainable growth, and are committed to delivering profitability.

In the challenging environment in 2020, with strong competition and difficult financial markets, the Executive Committee largely achieved or exceeded the financial objectives defined for the financial year. We are also well on track to deliver on our ambitious mid-term targets. The high level of trust that clients place in Vontobel and its successful positioning in the market are reflected by the strong net inflow of new money of CHF 14.8 billion, stable operating income (at constant exchange rates and adjusted for the previous year: +4%) of CHF 1,265.5 million, and good net profit of CHF 259.4 million. Pre-tax profit rose by 5% to CHF 321.0 million. Excluding exceptional items and currency effects, the growth in pre-tax profit would have been 14%. Vontobel generated a return on equity of 13.3% and is thus slightly below the mid-term target of 14%. Vontobel has maintained its comfortable capital position with a CET1 capital ratio of 13.8% and a Tier 1 capital ratio of 19.8%. Both ratios substantially exceed the regulatory minimum requirements defined by FINMA.

The Executive Committee far exceeded its strategic objectives defined for 2020. Considerable progress was achieved at a strategic level and Vontobel generated further organic growth in all core activities, as well as strengthening its market position in key target markets. Vontobel benefited from the positioning of Asset Management as a high-conviction manager and from its diversification strategy, which has been successful for a number of years. The impressive quality of products, robust performance and the trust of our clients translated into strong growth in net new money of 7.8%, thus far exceeding the target range of 4–6%. The gross margin was 42 points, down slightly compared to the previous year, reflecting lower performance fees and shifts within the asset base. With 7.5% growth in net new money with External Asset Managers, Platforms & Services also generated strong growth.

The business with wealth management clients, who entrusted CHF 3.8 billion of new money to Vontobel, also achieved a pleasing performance. This corresponds to strong growth in net new money of 6.3%. The attractive and client-centric offering, a sound advisory process and the deepening of existing client relationships led to a further strengthening of commission income in Wealth Management to CHF 332.6 million, combined with a solid gross margin of 73 basis points.

The Digital Investing Client Unit serves clients who solely make use of our digital offerings. As a result of the significant increase in the demand for leverage products, trading income in this unit grew by 13%. In 2020, Vontobel was able to significantly expand its market position for structured and leverage products in Switzerland and other European markets. Since fall 2017, Vontobel has also offered leverage products in Hong Kong – the world's largest derivatives market – where it achieved a market share of 1.9% in 2020, compared to 1.5% in 2019

The Executive Committee consistently exceeded its qualitative objectives. For example, it further strengthened Vontobel's positioning in the market and vis-a-vis all stakeholders. A strong emphasis was placed on client focus. To deliver the best solutions and generate sustained success for our clients, the Executive Committee has, in particular, introduced specific Customer Journeys. In this context, ever stricter regulatory requirements have been implemented in good time. To achieve our targets and ensure we maintain a long-term view, it is essential to have an inspiring and dedicated leadership team in place that promotes talented employees in a targeted way, motivating them and setting the right objectives. Vontobel is about taking ownership, adopting a forward-looking approach and thinking independently for the benefit of our clients. Our sharper identity sends out a clear signal and is an expression of what motivates us and how we create value for our clients.

Actual compensation (audited information)

Compensation for the financial year
The aggregate compensation of the Executive Committee increased by 2% compared to the previous year, reflecting the extremely successful performance of the business. This slight increase is mainly due to the different composition of the Executive Committee. The variable bonus awarded to members of the Executive Committee based on an evaluation of their achievement of individual objectives was, on average, 1.79 times their base salary (previous year: 2.79).

Compensation of the members of the Executive Committee for the financial year

FINANCIAL YEAR	FIXED COMPENSATION BASE SALARY CHF MN	FIXED COMPENSATION PENSION CHF MN	FIXED COMPENSATION OTHER COMPENSATION[1,6] CHF MN	PERFORMANCE-RELATED COMPENSATION BONUS PAID IN CASH[2] CHF MN	PERFORMANCE-RELATED COMPENSATION BONUS PAID IN SHARES[2,3] CHF MN	TOTAL[4,5]	NUMBER OF RECIPIENTS
2020	5.3	1.0	1.6	6.4	3.1	17.4	8
2019	4.3	0.8	0.0	6.9	5.1	17.1	6
Change vs 2019 in %	23	25	0	–7	–39	2	33

1 Other short-term employee benefits comprise claim payments, family allowance payments and preferential interest rates for mortgages.
2 Financial year 2020: Subject to the approval of the General Meeting of Shareholders 2021; Performance-related Compensation for one Member of the Executive Committee entirely in cash.
3 A total of 56,335 (previous year 96,555) Vontobel Holding AG shares were allocated to members of the Executive Committee. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 Excluding flat rate compensation for expenses and employer contribution to AHV / IV / ALV.
5 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the following table "Allocation of shares from the long-term employee share-based benefit program".
6 In connection with the entry of Dr Thomas Heinzl into the Executive Committee and his compensation for the lapsed performance-related compensation with his former employer, the fixed compensation of the Executive Committee reported for the 2020 financial year exceeds the maximum fixed compensation approved by the Annual General Meeting on 30 March 2020 by CHF 0.65 mn of the additional amount for the reporting period. The Board of Directors used CHF 0.65 mn of the additional amount for this compensation in accordance with article 32 of the Articles of Association of Vontobel Holding AG. In accordance with the Ordinance against Excessive Remuneration of Listed Companies (VegüV), this additional amount does not require the approval of the Annual General Meeting.

Allocation of shares from the long-term employee share-based benefit program

	31.12.2020 CHF MN OR NUMBER	31.12.2019 CHF MN OR NUMBER	CHANGE TO 31.12.2019 CHF MN OR NUMBER	CHANGE TO 31.12.2019 IN %
Market value of performance shares at the date on which they were allotted in CHF mn[1]	9.2	9.1	0.1	1
Number of performance shares allotted	143,174	164,919	–21,745	–13
Total number of persons receiving compensation	**6**	**6**	**0**	**0**
Thereof market value of performance shares to former members of the Executive Committee at the date on which they were allotted in CHF mn	*1.7*			
Thereof number of performance shares allotted to former members of the Executive Committee	*26,391*			
Thereof total number of persons receiving compensation (former members of the Executive Committee)	*1*			

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table "Compensation for the financial year". Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 7.0 mn (previous year CHF 6.5 mn) and was included on a pro rata basis over the vesting period.

Highest total compensation for the financial year

FINANCIAL YEAR	NAME	FUNCTION	FIXED COMPENSATION			PERFORMANCE RELEATED COMPENSATION		
			BASE SALARY CHF 1,000	PENSION PLAN CHF 1,000	OTHER COMPENSATION CHF 1,000	BONUS PAID IN CASH CHF 1,000	BONUS PAID IN SHARES[1] CHF 1,000	TOTAL CHF 1,000
2020	Dr Zeno Staub	CEO	1,000.0	135.2	1.8	1,250.0	1,250.0	3,637.0
2019	Dr Zeno Staub	CEO	850.0	135.0	3.0	1,500.0	1,500.0	3,988.0

To determine the member of the Executive Committee with the highest total compensation, the conditional rights to receive performance shares associated with bonus shares are included in the calculation with a weighting of one performance share per bonus share.

1 The member of the Executive Committee was awarded 22,715 shares (previous year 28,260 of Vontobel Holding AG as part of his compensation for the year under review. These shares are subject to a holding period of three years, during which they cannot be sold. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period. Those values will be known in spring 2023 respectively 2024 (cf. previous section "compensation components").

Allocation of shares from the long-term employee share-based benefit program to the member with the highest total compensation

	31.12.2020	31.12.2019
Number of performance shares allotted	35,628	41,019

The number of performance shares allocated is calculated on the basis of the number of bonus shares received for the financial year 2016 (previous year 2015) as well as the performance of the business in the years 2017 to 2019 (2016 to 2018).

Vesting of performance shares

The increase in profitability in recent years resulted in a pleasing increase in the return on equity in the performance period from 2018 to 2020. The average return on equity was 13.5% and the average BIS Total Capital Ratio was a solid 19.8%. Consequently, the multiplier for performance shares from the 2017 bonus, which will vest in spring 2021, is 113%.

Multiplier of performance shares that have vested since 2004

The following table shows the key data and the multiplier since the introduction of the long-term share participation plan in 2004:

SERVICE PERIOD (BUSINESS YEAR)	PERFORMANCE PERIOD	ALLOCATION YEAR	DETERMINING FACTORS MULTIPLIER			
			AVERAGE RETURN ON EQUITY (ROE)	AVERAGE BIS TOTAL CAPITAL RATIO[1]	MULTIPLIER	MARKET PRICE AT ALLOCATION DATE IN CHF
2004	2005–2007	2008	18.9%	23.7%	189%	36.85
2005	2006–2008	2009	16.2%	22.1%	162%	24.00
2006	2007–2009	2010	12.2%	21.6%	122%	32.25
2007	2008–2010	2011	9.2%	21.5%	85%	36.40
2008	2009–2011	2012	9.0%	23.1%	81%	22.00
2009	2010–2012	2013	8.6%	24.6%	74%	30.95
2010	2011–2013	2014	7.9%	25.8%	73%	32.15
2011	2012–2014	2015	8.3%	25.1%	83%	43.35
2012	2013–2015	2016	9.6%	22.3%	93%	41.75
2013	2014–2016	2017	13.0%	20.1%	130%	55.60
2014	2015–2017	2018	14.5%	18.6%	121%	61.80
2015	2016–2018	2019	14.7%	18.8%	123%	55.20
2016	2017–2019	2020	13.4%	19.0%	112%	64.00
2017	2018–2020	2021	13.5%	19.3%	113%	n/a

1 Up to 31.12.2012: BIS Tier 1 Capital Ratio

Additional fees, related parties and similar information
None.

Former members of the Executive Committee
Compensation paid to members of the Executive Committee who resigned during the previous financial year or at an earlier date: None.

Holdings of shares and options (audited information)

		31.12.2020	OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE		31.12.2019	OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE	
NAME	FUNCTION	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Dr Zeno Staub	CEO	177,034	0	0	147,896	0	0
Dr Thomas Heinzl	CFO	0	0	0	n/a	0	0
Enrico Friz	Member	8,498	0	0	n/a	0	0
Felix Lenhard	Member	92,269	0	0	89,109	0	0
Georg Schubiger	Member	143,574	0	0	112,563	0	0
Axel Schwarzer	Member	223,270	0	0	163,340	0	0
Members resigned							
Dr Martin Sieg Castagnola	Member	n/a	n/a	n/a	81,302	0	0
Roger Studer	Member	n/a	n/a	n/a	83,831	0	0

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel’s governing bodies.

Loans to governing bodies (audited information)

As of December 31, 2020, fully secured loans and credits to and the promise of payment in favour of members of the Executive Committee of CHF 2.7 million were outstanding (previous year CHF 2.0 million). Thereof the highest amount; Georg Schubiger, Head Wealth Management, CHF 2.3 million. No loans to former members of the Executive Committee were outstanding that were not granted according to standard terms and conditions.

Compensation of other employees

Compensation system

Compensation principles
Employee compensation is essentially based on the same model as for the Executive Committee and consists of the same components. Differences may arise in the case of individual employees due to market-specific compensation models for individual job profiles or due to local regulatory requirements.

Long-term participation plan
In principle, the same participation plan is available to Vontobel employees as to the Executive Committee. However, the mandatory portion of the bonus that has to be taken in the form of shares differs between employees and members of the Executive Committee. Employees can opt to receive 25% of their bonus in the form of bonus shares of Vontobel Holding AG. For bonus amounts exceeding CHF 100,000, it is mandatory for employees to take 25% of the bonus in the form of shares. Individual employees who exercise roles that are defined by the Board of Directors as special positions are required to take 33% of their bonus in the form of shares.

Variable Compensation Agreements
Additional agreements known as variable compensation agreements are used in the case of individual portfolio managers in the Center of Excellence Investments. As a result of these agreements, a part of the bonus for the concerned employees is linked to the performance of funds and is blocked for a period of three years. The cash portion of the bonus is reduced accordingly. Their participation in the share participation plan is not affected by this. These agreements align the interests of portfolio managers with those of clients. Furthermore, it increases the loyalty of the employees concerned to Vontobel and also fulfils regulatory requirements in certain countries.

Vontobel Asset Management USA
Vontobel Asset Management USA has a compensation system in place that is aligned with local compensation practices. In addition, certain employees receive variable compensation that is not part of the Group-wide bonus pool. To align the interests of portfolio managers and clients, their part of the bonus that exceeds a specific threshold, is linked to the performance of funds and is blocked for a period of three years. Other employees take part in the Group-wide participation program.

TwentyFour Asset Management
The management of TwentyFour Asset Management still holds a 40% stake in the company. This specific situation requires a separate compensation model that differs in part from the model that applies to other Vontobel employees.

Questions and answers

Questions have repeatedly arisen in discussions with our investors and shareholders as well as when performing comparisons of Vontobel's compensation system with other compensation models. We carefully address these questions and assess their relevance for Vontobel. We have, among other things, responded to calls for complete transparency. In the following section, we look at the most important questions:

Objectives

Why doesn't the Compensation Report contain more detailed disclosures on objectives and the extent to which they are achieved?

Quantitative and qualitative objectives are agreed and measured for each member of the Executive Committee. Due to competition considerations, we disclose objectives and the extent to which they are achieved on an aggregate basis because we don't wish to provide an insight into individual strategic objectives or the individual achievement of objectives.

Caps (relative or absolute limit on compensation)

Why has Vontobel not imposed any caps on bonuses?

Individual caps on variable compensation result in upward pressure on fixed compensation. This development would lead to a less flexible cost structure and would not be in line with our corporate and performance culture, which have a long-term focus. Consequently, Vontobel has not imposed any relative or absolute caps on variable bonuses.

Vontobel has a balanced compensation system that ensures only sustained performance is rewarded. In the past, compensation was therefore always consistent with performance and the achievements of objectives. Furthermore, all compensation is put to the vote at the General Meeting of Shareholders (on a prospective basis for fixed compensation and on a retrospective basis for variable compensation). This gives shareholders full control over the compensation that is paid out.

Why has Vontobel not defined any caps for the share participation plan?

Our Long-term Incentive Program is risk-adjusted and has a natural cap, since the return on equity and Total Capital Ratio parameters run counter to each other on the one hand and have a de facto maximum limit on the other.

For example, since Vontobel was listed on the stock market in 1986, the return on equity has never exceeded 21.6% – the value achieved in 2006 prior to the financial crisis.

The increase in the capital ratio is also limited. On the one hand, Vontobel distributes a major proportion (>50%) of its annual net profit to shareholders in the form of a dividend. On the other hand, the remaining profit is retained to finance organic growth and potential acquisitions. Consequently, an increase in the capital ratio can only be achieved slowly. However, we recognize that the calculation of performance shares is purely formulaic and therefore has no upper limit in theory. For this reason, we have decided to introduce a cap of 250% on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019.

Target bonus

Why has Vontobel not introduced a target bonus?

The introduction of an additional rule in the form of a target bonus would not create any added value in the current process to determine compensation, since a retrospective vote on the concrete bonus amounts is held at the General Meeting of Shareholders.

Shares for employees

Does Vontobel increase its share capital in order to allocate bonus and performance shares?

Vontobel purchases all of the shares required for the compensation of the Board of Directors, Executive Committee and employees in the market. This ensures that our compensation system does not result in any dilution of shareholders.

Discount on shares

Why is a 20% discount applied to the shares allocated to employees?

The discount is to be viewed as a component of overall compensation and, as such, also forms part of the contractual negotiations with potential employees. In addition, the discount is a further incentive for employees to opt to receive shares despite the three-year blocking period.

Employees – excluding the Board of Directors and Executive Committee – have the option of receiving shares if their bonus is less than CHF 100,000. The discount serves here as an additional incentive to participate in the company over the long term. Shareholder interests are thus broadly anchored across the company. Vontobel shares received as part of the bonus are valued at the average share price on the SIX Swiss Exchange in the month of December and a 20% discount is applied to reflect the three-year blocking period.

Peer comparison in participation plan

Why isn't the performance of the peer group or a benchmark index incorporated into the long-term participation plan based on a formula, e.g. through the relative Total Shareholder Return (TSR)?

Peer performance is naturally taken into account by Vontobel when determining variable compensation. Rather than using a formula-based component, it is taken into account via an individual quantitative and qualitative comparison, which is incorporated into the bonus allocation. Furthermore, if a relative TSR were to be taken into account, this would entail the risk of management adopting a procyclical approach. Management would, for example, have an incentive to participate in short-term market trends to avoid the share price coming under pressure – even if this would not make any sense for Vontobel in terms of business policy or from a long-term perspective.

In addition, it is only possible to compare different companies to a limited extent, since the TSR and share price always incorporate company-specific and market-specific factors that would then need to be individually "corrected" or "normalized".

Capital costs in compensation model

Why are capital costs not taken into account in Vontobel's compensation model?

Vontobel has set itself the target of generating a return on equity of at least 14%. This minimum requirement means that the cost of capital is taken into account when defining management objectives. In addition, all rights arising from the long-term share participation plan lapse if the average return on equity falls below 4%.

Why do performance shares vest if the return on equity is 4% and is therefore below the cost of capital?

The participation plan is designed to promote employee loyalty to the company over the long term. For this reason, the compensation model provides for an allocation of performance shares even if the return on equity is 4%, i.e. below the cost of capital. However, a correspondingly low allocation applies (25%). We expect the costs of the participation plan to be reduced significantly if a low return on equity is generated.

Mandatory share ownership requirements

Why is there no mandatory requirement for members of the Board of Directors and the Executive Committee to hold shares in Vontobel?

Our compensation model results in the Board of Directors and Executive Committee building up a significant shareholding over time. In the case of the Executive Committee, for example, the mandatory requirement to take 50% of the bonus in shares automatically results in a minimum holding of Vontobel registered shares with a value equivalent to 50% of the variable compensation paid over the last three years. For this reason – and because management has not sold all of the shares that became free – the Executive Committee had an aggregate holding of Vontobel shares corresponding to 10 times its base salary at the end of 2020.

Clawbacks

Why are there no clawbacks at Vontobel?

Vontobel has so far intentionally refrained from introducing clawbacks since they can give rise to the temptation to not disclose challenges and problems in order to avoid any clawbacks. Instead, Vontobel encourages and cultivates a corporate culture in which problems are disclosed, discussed and actively addressed. Furthermore, clawbacks are very difficult to enforce in practice and can only be implemented under certain circumstances.

Total compensation

Why doesn't Vontobel disclose the total amount of current compensation plus the value of vested shares from earlier participation plans?

Vontobel provides a high level of transparency about compensation. Vontobel is one of a small number of companies that report allocated performance shares at vesting, meaning that the actual – rather than model-based or calculatory – compensation is shown.

If the compensation from the participation plan 2017 were to be added to the compensation for 2020, this would provide a misleading picture since the compensation stems from different periods.

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2021

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Vontobel Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited information" of the remuneration report (pages 51 to 78).

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2020 of Vontobel Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)	Philipp Müller (Qualified Signature)
Prof. Dr. Andreas Blumer	Philipp Müller
Licensed audit expert (Auditor in charge)	Licensed audit expert

Corporate Responsibility & Sustainability

Foreword

Vontobel delivers a further broad-based improvement in its sustainability performance

Vontobel recognizes its responsibility to actively contribute towards building a more sustainable economy and society. In 2020, our company delivered a further broad-based improvement in its sustainability performance and once again embedded the topic of sustainability in its 2022 business strategy; we achieved this is an environment that proved extremely challenging due to Covid-19.

At the Swiss Sustainable Funds Awards (SSFA), Vontobel was named “Best Swiss Asset Management Company”. With these awards, the jury recognizes the best asset managers and funds that demonstrate the greatest commitment to socially responsible investments (SRI). In 2020, Vontobel also once again achieved an above-average score from the “Principles for Responsible Investment” (PRI) for its sustainable investment strategies. In the 2020 reporting, our score was higher than average for five of the seven modules that were assessed. Vontobel has been a signatory to the PRI since 2010.

Our Swiss Equity Research Team now applies ESG criteria as an integral component of its analysis of Swiss equities. ESG stands for “environmental, social, governance”. Our analysts evaluate the sustainability performance of businesses and incorporate their assessment into their price target for the shares of the respective companies.

In 2020, we put our investment solutions to the test from an ESG perspective. In this context, we defined two sustainable product categories: “Integrated ESG” and “Sustainable”. The funds and mandates that are part of our Quality Growth Strategies are now included in “Integrated ESG” assets. As of December 31, 2020, these two product categories comprised a total of CHF 126.5 billion.

To mark the 20th anniversary of the UN Global Compact, I joined other CEOs in signing the “Statement from Business Leaders for Renewed Global Cooperation”. In doing so, we pledged to uphold principles relating to the elimination of systemic inequalities and to partnering with the UN, government and civil society. Through this initiative, we also call on governments to protect human rights, create an enabling environment to serve the interests of people and planet, and combat corruption.

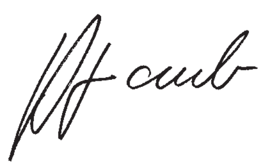
In 2020, Vontobel signed up to an initiative launched by CDP together with the World Resources Institute, the UN and WWF. The initiative calls on 1,800 companies to set Science Based Targets in line with the 1.5-degree climate goal and it is supported by almost 140 financial institutions globally. As a CDP signatory, we reported according to the new methodology for financial services providers for the first time in the year under review, with a focus on financed emissions.

Vontobel also joined the Global Impact Investing Network (GIIN) in 2020. GIIN is a global organization supporting impact investing and it is committed to increasing its global scale and effectiveness. Through our membership of GIIN, we can engage in a dialogue with specialists around the world who are active in this rapidly growing market. We are primarily interested in expanding the area of Impact Investing with listed equities.

At Vontobel, we consider it important for our employees to be able to effectively combine their professional and family life. Vontobel has therefore introduced extended leave for parents: We have increased the amount of paternity leave granted from five days to four weeks, while the maternity leave offered to new mothers totals six months, irrespective of their number of years of service. With these new arrangements, Vontobel far exceeds the statutory minimum requirement and is thus contributing to social sustainability.

As part of our overarching project to perform a scenario analysis based on guidance from the Task Force for Climate-related Financial Disclosure (TCFD), we have decided on the methodology that we want to use in future to measure our climate risks and opportunities. Further, in connection with the project relating to the “EU Action Plan for Sustainable Finance”, we have defined the strategy that we will use to measure and report the financial risks of climate change in the future. We are also playing an active role in industry associations to support efforts to strengthen the position of the Swiss financial center as a leading hub for sustainable investing.

Information about our latest projects and activities is available at: www.vontobel.com/responsibility.



Dr Zeno Staub
CEO Vontobel

Sustainable Investing

Product portfolio

103-1 Explanation of the material topic and its boundary
Vontobel has been committed to acting and investing in a value-oriented and farsighted manner for generations. As a pioneer in this field, we have been offering our clients a wide range of sustainable investment solutions since the 1990s.

The integration of environmental, social and governance (ESG) factors into our product and service portfolio is a key part of Vontobel's Sustainability Strategy as a globally operating financial expert. We regard the integration of these factors as an effective lever in order to foster the sustainable development of the economy and society. Our aim is for our clients to be able to contribute to sustainable development, generate financial returns and select investment themes that reflect their own values and investment objectives. Our four Client Units (Wealth Management, Asset Management, Platforms & Services, and Digital Investing) work together closely to help achieve this.

103-2 The management approach and its components
No investments in controversial weapons
All our investments have to fulfil certain minimum requirements. Cluster bombs and land mines are banned by international conventions. In 2011, Vontobel therefore approved Group-wide guidelines that prohibit investments in companies that manufacture these types of arms. Stringent processes ensure that no manufacturers of cluster bombs and land mines are included in our investment funds, discretionary mandates or investment recommendations.

Our guidelines on cluster bombs and land mines can be found here: www.vontobel.com/principles-policies.

Investment solutions
As a globally operating financial expert with a long track record in sustainable investing, Vontobel has a large offering for clients interested in this field. Our goal is to generate higher returns while reducing portfolio risk and to present our clients with investment opportunities that correspond to their values.

We focus on active asset management based on a multi-boutique model with independent centers of competence, highly specialized investment teams and dedicated ESG analysts. This organizational set-up allows us to align the boutiques' investment processes with the specific requirements of the respective asset classes and geographies and to pursue a clear investment philosophy. A universal ESG approach would not allow these different requirements and goals to be met. We therefore develop specialized ESG strategies that are tailored to each investment strategy – enabling us to cover a broad range of client needs.

The ESG Investment Governance Committee is responsible for the coordination of the different sustainability-related investment strategies and the overarching principles and guidelines. Further, it advances ESG throughout the various investment teams at Vontobel. The Committee consists of representatives of all the investment boutiques and meets once each month. It reports to the Vontobel Asset Management Executive Committee.

In 2020, we put all our investment solutions – especially our sustainability-oriented solutions – to the test from an ESG perspective. In this context, we defined two sustainable product categories: "Integrated ESG" and "Sustainable". Each boutique presented its investment solutions to the ESG Investment Governance Committee in order for them to be analyzed and categorized. Based on the ESG investment approach and investment philosophy, the Committee assigned the investment solutions to one of these two product categories.

In the case of "Integrated ESG" products, the focus is on analyzing ESG risks and communicating transparently how they influence our investment decisions. To gain a holistic view of companies and issuers, Vontobel – as an active manager – does not generally rely on a single source of information. We work with various leading providers of sustainability data, e.g. MSCI ESG or Sustainalytics, as well as with local or specialized ESG data providers. Our investment specialists also use their direct contact with companies to obtain additional ESG insights. See page 88 for further information about our active ownership activities.

Based on these sources of information and our own ESG research, we form our own opinion about companies and themes. Our ESG specialists are an integral part of our investment teams: They work together to develop processes and tools that are tailored to the specific goals of each strategy.

The continuous monitoring of ESG risks is also a key element of our risk management. Our ESG specialists and investment teams discuss current ESG risks during research meetings.

Finally, we assign a high level of importance to transparency. Our reporting methods are designed to provide an accurate account of our investment processes, to meet the needs of our clients, and to comply with applicable regulations. We strive to make ongoing improvements to our reporting.

For "Sustainable" products, we additionally apply sector exclusions (e.g. tobacco, controversial arms, coal extraction) based on values and standards and we engage in an active dialogue with companies or other stakeholders and exercise our voting rights. All products in the "Sustainable" category meet these requirements. Some strategies go one step further, e.g. our Listed Impact solutions: They invest in companies that contribute to the sustainable development of the economy and society and capture the opportunities arising from this transition.

— Equities

Our equities solutions follow a clearly defined investment philosophy that is based on strong convictions. Environment, social and governance are important elements of our bottom-up approach.

The ***Quality Growth strategies*** invest with a long-term investment horizon, managing long only equity portfolios. The foundation to the investment approach is the "High Quality Growth at a Sensible Price" philosophy. The aim is to deliver returns based on long-term investments into solid businesses able to sustain stable rates of growth. Alongside growth, the approach aims to identify and understand ESG risks that underwrite the predictability of investment potential. ESG is seen as range of real world risks and opportunities where management choices can impact long term returns for investors. If a management is able to effectively balance the interests of its stakeholders (including customers, employees and the environment), the company should be better placed to achieve its potential for investors.

Within the investment process, Quality Growth takes a deep dive approach to research. The investment team has a broad set of backgrounds including three senior analysts with backgrounds in investigative journalism. Quality Growth considers its approach to stock ownership as Active Stewardship. Active Stewardship involves regular engagement with managements and other stakeholders to deepen the understanding of strengths and risks as they evolve over time. Engagements range from regular updates with management to those that can be elevated to senior management and the board of directors when concerns arise. Quality Growth exercises its votes independently in the way the team believes will best represent the interests of its investors, and represents a key element of Active Stewardship.

The ***mtx strategies*** are based on the belief that there is a strong positive correlation between improvements in a company's return on invested capital (ROIC) and its share price. We focus on a limited number of stocks that are in the top quartile in terms of their ROIC and their industry ranking and are trading at a discount relative to their intrinsic value. For all assets managed according to the mtx strategies, we seek to examine whether ESG data is material to the alpha source of the investment strategy in a selected group of top-performing stocks and whether ESG performance can support ROIC. Central to this ESG integration approach is our in-house benchmark, the so-called minimum standard framework (MSF). Sector-specific MSFs with up to 25 material ESG factors with a possible influence on future cash flows help us evaluate both the companies' ESG risks and opportunities. In 2020, we made new appointments to further strengthen the ESG analysts team.

For clients with a focus on Switzerland, the ***Swiss Equities*** team has been offering sustainable investment solutions for more than 15 years and has a broad range of strategies. When determining exclusion criteria and "best-in-class" approaches, analysts and portfolio managers work primarily with external sustainability rating agencies such as Inrate or Ethos ("Sustainable" product category). In the integrated approach, ESG criteria are an important component of the investment process. The analysts assess the company from both a financial and a sustainability perspective. Analysts define qualitative ESG information for all portfolio stocks – similar to the mtx approach – with ESG criteria being assigned different weightings depending on the sector. The team has one of the largest volumes of actively managed Swiss equities in the sustainable investing space.

Our ***Listed Impact strategies*** address global trends and challenges such as climate change, the scarcity of natural resources or urbanization based on a targeted approach. The solutions invest in companies whose products and processes have a positive impact on the environment. In this context, we take into account the entire life cycle of these products and processes, since the largest environmental impact often occurs while the product is in use. There are various ways to measure this. For example, we assess energy savings achieved as a result of innovative product developments or optimized processes, such as weight reductions in the area of transportation. Moreover, we have developed a method called "Potential Avoided Emissions" (PAE) together with the ISS ESG consultancy. This solution-oriented approach records the contribution that energy-efficient, climate-friendly products and services are expected to contribute to the reduction of CO_2

emissions in the portfolio. When a company is being considered for possible investment, we look at financial as well as ESG criteria, its contribution to the achievement of the UN Sustainable Development Goals (SDGs) and the measurability of the positive impact generated using indicators defined by us. An Impact Calculator on our website shows the impacts of that investment on the environment, explains the Impact Report and provides details on the positive impacts that have been measured.

— Bonds

When investing in government or corporate bonds, we apply a series of sustainability approaches that meet a variety of client needs and take account of the characteristics of different fixed income market segments.

In ***Fixed Income strategies***, ESG factors form part of the fundamental risk analysis for countries and companies. In terms of companies, we not only take account of financial data but also of ESG factors and assess their influence on credit quality and credit ratings. In the case of government issuers, our country analysis is based on macro data and political analysis as well as ESG factors, and we take account of their influence on a country's credit rating. We use the assessments of recognized ESG research agencies for this purpose and then take an in-depth look at critical ESG issues using our in-house capabilities and methodologies.

Our subsidiary ***TwentyFour Asset Management*** manages all portfolios using an ESG integration approach, where ESG factors are evaluated alongside traditional credit metrics in a proprietary ESG database. For the sustainable fund range ("Sustainable"), further negative and positive screening is applied beyond simple ESG integration. Negative screening excludes sectors such as tobacco, alcohol, controversial weapons, gambling, adult entertainment and carbon intensive energy. Positive screening means that investments are only made in companies that have ESG scores from our in-house scoring model that rank within the top two-thirds of potential scores.

Engagement is a key factor for credit investors who are unable to vote in the same way as shareholders. TwentyFour is convinced that active engagement enables it to influence the conduct of companies. Engagement activities are disclosed on the website and are discussed in regular client reporting. TwentyFour Asset Management LLP signed up to the UK Stewardship Code back in 2012.

— Multi Asset

Binding minimum ESG standards have applied to all underlying securities for all mandates managed by the ***Global Balanced Solutions*** team since 2018. In this context, we exclude certain arms manufacturers, thereby applying the exclusion lists of the Swiss Association for Responsible Investment (SVVK-ASIR) and Vontobel. Moreover, companies must satisfy a minimum standard in their ESG assessment. This approach excludes particularly high-risk securities, improves risk management, and allows for the structuring of more robust portfolios. We rely on the experience of our own ESG analysts, which is also recognized by external agencies.

The existing and proven best-in-class approach naturally remains a key pillar of our multi-asset offering for clients who wish to have a stronger sustainability focus. Here, companies in critical sectors must meet more stringent requirements. In addition, individual value-based exclusion criteria are applied in customized solutions.

The basic portfolio of the quantitative Multi Asset funds consists of bonds with a minimum ESG rating. The active positions are built using index investments. We observe the market for sustainable indices in this context and take account of relevant products with sufficient liquidity.

In the area of wealth management, our product range includes two dedicated sustainable portfolio management mandates. The first solution is a Multi-Asset mandate. This is a standard solution based on three sustainable investment strategies defined by Vontobel – Conservative, Balanced and Growth – and aligned with the client's risk profile. This mandate solution invests according to sustainability criteria via collective investment vehicles (funds and certificates) in the asset classes cash, fixed income and equities, and it is diversified across various sustainability approaches. Sound, long-term strategic asset allocation provides a robust basis for this mandate. We also cover "high conviction" themes (e.g. clean tech, water or healthy living).

The second mandate solution is an individual mandate that is tailored to the client's wishes regarding sustainability criteria, investment strategy, and the use of asset classes and financial instruments. A specialized portfolio management team is responsible for managing the mandates. Our relationship managers – together with the portfolio manager and sustainability experts – conduct personal consultations with clients to regularly discuss the performance of the portfolio in terms of financial returns and the generation of positive environmental and social impacts.

— Structured Solutions

With its structured solutions, Vontobel ranks as one of the leading issuers in Switzerland and the rest of Europe. We actively offer various structured products that focus on sustainable themes. At the same time, our clients have the option of structuring individual products based on sustainable underlyings. When defining and implementing ESG criteria, we draw on the expertise of in-house specialists as well as external ESG ratings and ESG data providers.

In the case of theme-based, publicly offered investment products, the specific ESG approach is indicated in the term sheet. We offer these types of thematic ESG investment products via the online product platform "investerest". In addition, products with sustainable underlyings now appear with the ESG logo in derinet and can easily be identified by interested investors using the relevant filter in the product search function.

Investerest allows us to offer products to a broad public via a central marketplace. Investors, for their part, can create customized products, rate and share them using various functions. investerest thus makes it possible to place sustainable products with a large community.

Our range of solutions include indices on themes such as climate change, hydrogen as an energy source, sustainability leaders, meat alternatives, the circular economy, diversity, etc.

The Aqua Index is especially worth mentioning. At the Swiss Derivative Awards, Vontobel won the award for best ESG product in 2020 with the index. The actively managed certificate aims to generate a positive environmental and social impact as well as an attractive financial return. Its strategy is to globally select companies offering commercial solutions to mitigate environmental and social problems such as water scarcity and water pollution. It also invests in attractive trend themes such as seawater desalination to increase the supply of drinking water or satellite-based water leak detection to reduce water waste. The index strategy is focused on niche players in combination with sector leaders in the area of water production and storage, water infrastructure and water efficiency.

For our Climate Impact Index, companies that help to combat climate change are selected. The products and services of these companies should primarily generate a positive impact. Further ESG criteria are taken account of.

With the Solactive Global Sustainability Leaders Performance Index, investors gain access to a dynamic index of 20 stocks that are selected semi-annually according to strict ESG criteria. The index also draws on the expertise of Sustainalytics, a leading and independent provider of sustainability analysis.

The Solactive Hydrogen Top Selection Index comprises 15 companies from industrialized nations whose business activities are related to hydrogen.

The actively managed certificate on the Power of Diversity II Index is devoted to diversity as a driver of innovation and the solidity of companies. This strategy focuses on companies that promote gender diversity (especially at Board of Directors and Executive Committee level), as well as diversity in terms of nationalities and generations.

Investment advisory

In the area of investment advisory, we support our private clients when investing in equities, fixed income or collective investments that are in line with Vontobel Wealth Management's sustainability approach and are the subject of buy recommendations by primary or secondary research providers as well as our in-house fund research team. In addition, our relationship managers can filter the investment universe according to fundamental analysis using a web-based tool in combination with the list of recommendations to identify sustainable stocks. This allows them to compile sustainable portfolios more efficiently and to provide our clients with appropriate advice about sustainable stocks. Since the fourth quarter of 2020, our team of analysts covering Swiss equities has fully integrated ESG criteria into their company valuations.

In the area of wealth planning (e.g. pensions), we offer our clients the opportunity to invest through cooperation partners in investment funds that combine the goals of capital preservation and capital growth with ethical, environmental and social aspects.

Client communications

Our investors receive comprehensive information about the investment processes, ESG approaches and selection criteria of the individual funds and mandates based on the respective investment policy. Examples include methodology white papers, benchmark comparisons, impact reports (including CO_2 reporting) or impacts based on the UN Sustainable Development Goals (SDGs). We also provide ESG profiles and assessments for underlying individual positions.

Our ESG study "Drive positive change with ESG", which we published in cooperation with Longitude (a Financial Times Group company) in 2019 – attracting a high level of attention – was updated in 2020. More than 5,100 people from 16 countries in Europe, North and South America, Singapore and Hong Kong were asked about the topic of sustainable investing for the study. The findings revealed a significant knowledge gap among investors and showed that there is considerable untapped potential in the area of sustainable investing: 55% of the respondents were not even aware that it is possible to adopt an ESG approach to saving and investing. 64% believe that responsible companies generate better returns. In addition, 46% of the respondents expressed the wish to have more support and advice about sustainable investment themes from their financial service providers.

In 2020, we further strengthened our presence on communications channels such as the Internet, social media, newspapers and magazines in order to better inform our clients about sustainability and to foster a dialogue about developments in the field of sustainable investing.

The ESG campaign "Act ESG" launched in September 2020 coordinates various initiatives by the Client Units. Here, we invite our clients to explore the topic of sustainable investing and we show them how personal and financial values can go hand in hand.

As part of our series of "Insights & Trends" events in Switzerland and Germany – which took place via live streams since spring 2020 – we once again selected "sustainable investing at Vontobel" as a key theme alongside the current market outlook. This generated a lively discourse and met with a positive response from clients.

The "Wealth Management Expert Circle Sustainable Investing" provides a platform for regular dialogue about sustainability topics as part of the expansion of our range of client services. Through the discussion of new developments in the area of sustainability, the Expert Circle aims to ensure the transfer of knowledge within our organization and to create the basis to embed this topic within our client communications.

Training
To increase the focus on sustainability and ESG topics among our relationship managers, Vontobel Wealth Management held internal road shows at selected branches and gave detailed presentations about our sustainability approach and related investment solutions.

In 2020, 65 people completed the Vontobel Curriculum for Relationship Managers. This training course, which was developed specifically for Vontobel Wealth Management, consists of four days of classroom learning as well as around 25 hours of online training about topics such as finance, regulation, and advisory capabilities. A key component of the curriculum is the transfer of knowledge about sustainable investing and the broadening of our expertise in this field across the whole of Wealth Management.

On-the-job-training is an effective tool to expand and firmly establish knowledge about ESG themes within the investment teams: Through close daily collaboration between ESG analysts, financial analysts and portfolio managers, we foster the ongoing exchange of expertise. General developments in the field of ESG are discussed in research meetings. In addition, we regularly invite external specialists from our ESG research providers to come and share a new perspective on relevant topics.

Training courses on ESG strategies and general training about ESG themes are regularly integrated into mandatory global sales training.

In 2020, we once again presented sustainable investing as part of our First Week Entry Training for new employees in Wealth Management. This induction program, which lasts several days, introduces them to the company and is an ideal preparation for their demanding roles.

Since 2020, our Vontobel Academy has offered four e-learning modules from the industry association Swiss Sustainable Finance in English and German for all employees interested in completing further training.

Outlook
In 2021, we will focus on expanding our advisory process and on broadening our range of internal and external sustainable investment solutions in the areas of portfolio management and investment advisory. We will also expand and deepen our training about the topic of sustainability for relationship managers.

As a Swiss wealth and asset manager, we will also continue to address the "EU Action Plan for Sustainable Finance" in 2021 and we are committed to working with our clients to master the resulting challenges and to capture the opportunities it creates.

Further information can be found on our website: www.vontobel.com.

103-3 Evaluation of the management approach
FS6 Percentage of the portfolio for business lines by specific region, size and by sector
See pages 19 and 201–203.

FS8 Products and services designed to deliver a specific environmental benefit
FS11 Percentage of assets subject to positive and negative environmental or social screening

IN BN CHF	2020	2019	2018
Sustainable	30.6	30.7	23.3
Integrated ESG	95.9	-	-
Total	**126.5**	**-**	**-**
IN % OF AUM			
Sustainable	13.9	15.4	13.6
Integrated ESG	43.7	-	-
Total	**57.6**	**-**	**-**

At 31.12.2020, Vontobel had a total of CHF 126,515 mn of assets under management invested according to sustainability criteria. In 2020, the reported product categories were redefined and the requirements governing existing products were tightened. At the same time, further investment strategies integrated ESG risk factors into their investment processes. There figures for the previous year are therefore only comparable with the current figures to a limited extent. Further information on this topic is provided in the “Investment solutions” section (page 83).

Active Ownership

103-1 Explanation of the material topic and its boundary
Material ESG issues can impact the success of a company and consequently its capacity for future investments and growth. At Vontobel, we believe that voting and engagement can have a positive influence on a company’s values and behavior and strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment.

103-2 The management approach and its components
Exercising of voting rights
Vontobel works with specialist research providers who support portfolio managers with their research and voting recommendations. However, the final decision is made by the portfolio manager in consultation with the relevant management company.

We exercise voting rights for our investment funds where possible. In the case of investments in the mtx and Listed Impact strategies, Vontobel has been working with Hermes Equity Ownership Services (Hermes EOS) since 2011. For the Quality Growth strategies, we use the services of Institutional Shareholder Services, Inc. (ISS). We also work with Ethos Services for other strategies.

The guidelines followed by Hermes EOS, ISS and Ethos have been reviewed and approved by Vontobel. Due diligence is also regularly performed on the services used. The proxy voting providers use their own research in order to issue recommendations to their clients on how they should exercise their voting rights. Our portfolio managers and analysts receive alerts of forthcoming shareholder meetings together with voting recommendations that are based on standardized proxy voting provider guidelines approved by Vontobel. Portfolio managers and analysts review the voting recommendations and if they agree with them, Vontobel votes accordingly. If they disagree because the standard recommendation does not match their in-depth knowledge of the company in question and its management, the analyst or portfolio manager can change the vote on an item on the agenda. This process ensures that we execute all of our voting obligations and that our analyst and portfolio managers retain the authority to personally make decisions in the interests of our investors.

Further information on the exercising of voting rights can be found at: am.vontobel.com/sustainable-investing.

Engagement

We consider active cooperation with companies to be an essential part of sustainable investing. At Vontobel, we have both direct and indirect engagements.

As part of their fundamental research activities, our analysts and portfolio managers engage with the management of companies informally on relevant topics. ESG topics are not covered in all company reports or by all our research providers. We therefore carry out informal fact-finding engagements to better understand a company's sustainability performance and standards (e.g. its governance policies or environmental performance). This includes assessing the impact of its products and services on the environment – looking in particular at whether they can help to reduce or eliminate carbon emissions.

Through these engagements, we encourage companies to improve their risk management practices and ESG disclosures in general and to also report on the impacts of their products over their entire life cycle. For the Listed Impact strategies, a questionnaire was sent to all the companies in the investment fund in connection with our annual Impact Report. In the report, we outline our request for data for the nine environmental indicators in the Impact Report. More than 30 companies took the time to complete the questionnaire. As a result, we were able to update the environmental indicators based on the relevant data from the firms.

In addition to direct engagement activities, we also carried out indirect engagements for our mtx and Listed Impact strategies based on our partnership with Hermes EOS. Our collaboration with Hermes EOS strengthens our position because it facilitates our cooperation with other investors. This enables us to exert greater influence than our own investment volume would allow.

In 2020, Vontobel signed up to an initiative launched by CDP (formerly the Carbon Disclosure Project) together with the World Resources Institute, the UN and WWF. The initiative calls on 1,800 companies to set Science Based Targets in line with the 1.5-degree climate goal and it is supported by a total of 137 financial institutions globally.

103-3 Evaluation of the management approach
FS10 Portfolio-based engagement on social or environmental issues

Each year, Vontobel publishes a Voting and Engagement Report (www.vontobel.com/voting), which provides examples of engagement. The report for 2020 will be published in mid-2021.

Further information on sustainable investing at Vontobel can be found at: www.vontobel.com/sustainable-investing.

Economic Sustainability

Economic Performance and Indirect Economic Impacts

103-1 Explanation of the material topic and its boundary
We assume our corporate responsibility by considering the needs of our clients and pursuing a risk-conscious approach while running our business successfully on a long-term basis. By doing so while complying with ethical business standards, we can make a contribution to the economy.

At Vontobel, we have a long tradition of social responsibility and of supporting the community. Our company is an integral part of the global economic system and we benefit from the excellent operating environment in our Swiss home market, with its high standards of education, good infrastructure, and political stability. We therefore have a responsibility to promote the welfare and stability of the communities in which we work, and we invest in a variety of initiatives and projects in this context.

103-2 The management approach and its components
As an employer and taxpayer and as an active participant in economic life – e.g. in our role as a purchaser and investor – we contribute to the creation of value at a regional level in the locations in which we operate. This includes the corporate taxes that we pay annually, as well as the payment of salaries and the provision of innovative and sustainable financial services for private and institutional clients. We also make a contribution through the efficient use of energy and resources, by serving communities, and by engaging in an active dialogue with the general public about the role of financial services providers.

Since 2004, our clients have been able to lend their support to a variety of projects focusing on social issues, culture, ecology, education or medicine through the Vontobel Charitable Foundation.

103-3 Evaluation of the management approach
201-1 Direct economic value generated and distributed
Value creation increased by around 2% compared to the previous year, while taxes paid rose by more than 40%. The Board of Directors' confidence in Vontobel's strategy and its active capital management are demonstrated by the proposed dividend of CHF 2.25, unchanged from the previous year. Further information on the operating result is provided on page 112.

Economic value distributed

CHF MN	2020	2019	2018
Value creation[1]	967.2	945.5	842.3
Taxes[2]	68.9	46.6	50.5
Dividend for the fiscal year[3]	127.1	126.5	117.7

1 Income less general expense and depreciation of property, equipment (incl. software) and intangible assets
2 Includes income tax, tax on capital and other taxes and contributions
3 As per proposal submitted to the General Meeting

201-3 Defined benefit plan obligations and other retirement plans
Information on pension and other employee benefit plans and benefit pension liabilities is provided in the tables on pages 146 and 164.

203-1 Infrastructure investments and services supported
In 2020, the Vontobel Charitable Foundation contributed a total of around CHF 552,500 of donations and sponsorship funding (2019: CHF 580,000). In the year under review, the Charitable Foundation supported initiatives including the project "Use of functional agro-biodiversity to improve ecosystem services in vineyards" run by the Research Institute of Organic Agriculture (FiBL), Frick. Further information: www.fibl.org.

In addition, Vontobel donated a total of CHF 671,847 in the year under review (2019: CHF 276,091). Of this sum, a significant amount was donated to Winterhilfe Schweiz: As part of a holiday donation program carried out in spring 2020, for every vacation day that was taken in Switzerland during the first lockdown, CHF 25 was donated to a fund to support families hard hit by the corona crisis. We also made donations to the Swiss Climate Foundation and the International Committee of the Red Cross (ICRC). Our 2020 fundraising campaign supported the ICRC "Restoring Family Links" program.

Anti-corruption

103-1 Explanation of the material topic and its boundary
We operate our business with a focus on maintaining the satisfaction and trust of our clients, as well as on protecting and building the wealth they have entrusted to us. These goals are to always be pursued in accordance with applicable laws, rules and regulations – especially when taking steps to combat terrorism and corruption.

103-2 The management approach and its components
Anti-corruption measures are an important part of our compliance system. Effective compliance forms the basis of our long-term success and is therefore a core aspect of our business. Vontobel takes comprehensive, state-of-the-art measures to ensure continuous compliance with laws and regulatory requirements. As part of our Group-wide risk analysis, teams of specialists regularly assess all our areas of business using appropriate compliance processes to ensure they are legally compliant.

One of the main areas of focus of our risk analysis is the identification of risks arising from money laundering or terrorist financing. The aim is to avoid business relationships that are used for money laundering or terrorist financing. In addition, we have a special process in place to monitor our relationships with politically exposed persons (PEPs). Material cases are discussed by participants at the monthly Legal & Compliance meeting, which is also attended by two members of the Executive Committee. In urgent cases, the Committee meets on an ad hoc basis or reaches decisions via circular letter. Legal and Compliance produce half-yearly compliance reports for the Executive Committee.

A key area of focus in adhering to our compliance requirements is the provision of employee training on relevant topics in the area of anti-corruption. All new employees have to attend an introductory compliance course that also addresses the subject of corruption. In addition, classroom training is carried out each year on specific topics within the Client Units. At departmental level, further training courses are offered to also address the handling of specific risks. Our objective is to provide training for all employees on an annual basis. These measures prevent breaches of internal and external rules and regulations. New employees are also issued with the Employee Handbook, which contains specific regulations and instructions, as well as the Code of Conduct. The most recent version of the Employee Handbook is available on the Intranet. All employees can access current and comprehensive policies at any time. They include the “Group policy on anti-corruption and the handling of gifts”, as well as the “Group policy on conflict of interest”.

103-3 Evaluation of the management approach
205-1 Operations assessed for risks related to corruption
Our Group-wide risk management framework also addresses the topic of anti-corruption and covered all of our locations worldwide in the reporting year.

205-2 Communication and training about anti-corruption policies and procedures
In the year under review, 100% of all employees received information about our anti-corruption strategies and measures or received anti-corruption training.

205-3 Confirmed incidents of corruption and actions taken
There were no incidents of corruption involving employees at Vontobel in the year under review.

In the case of suspected breaches of legal or regulatory requirements, internal guidelines or ethical standards, a whistleblowing system is in place to allow employees to report these incidents anonymously. No such reports were made in 2020.

Further information on economic sustainability at Vontobel can be found at: www.vontobel.com/economic-sustainability.

Environmental Sustainability

103-1 Explanation of the material topic and its boundary
Vontobel is committed to using processes that reduce the environmental impacts of our activities and help to protect the climate. For many years, we have engaged in various activities to protect the environment and are particularly committed to climate protection. Our stakeholders also expect this of us. The sparing use of resources, energy efficiency and the reduction of greenhouse gas emissions therefore have an important role to play in our operating processes. As a result of the more efficient use of resources, we are often able to generate an additional economic benefit in different areas.

103-2 The management approach and its components
Based on Vontobel's Sustainability Principles, the Vontobel Sustainability Committee defines the Sustainability Strategy and specific targets. This includes environmental and climate protection at Vontobel. The Committee, which is chaired by the CEO, meets on a quarterly basis. Its meetings are attended by representatives of the relevant Centers of Excellence and Client Units.

The business divisions and units have responsibility for the operational implementation of measures in the areas of environmental and climate protection. In particular, the Facility Management, Procurement, and Logistics units have an important role to play in this area.

Our Corporate Real Estate Strategy is linked to our Sustainability Strategy. When selecting and renovating office buildings, we systematically focus on environmentally friendly and energy-efficient measures to achieve energy savings. High energy standards and the good insulation of building envelopes are part of this approach. The use of energy-saving LED lighting is a standard feature of all our new and renovated office buildings. Wherever possible, we also install LED lighting in existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. This form of lighting results in less waste that requires special disposal. Vontobel has been purchasing electricity from renewable sources for all of our locations globally since 2013 – either directly or otherwise indirectly through regional Guarantees of Origin. The indirect purchase of renewable energy in the form of regional Guarantees of Origin is the approach taken if it is not possible to directly purchase electricity from renewable sources. This is the case if, for example, Vontobel leases its offices in one location and cannot influence the electricity mix used in those premises. When purchasing Guarantees of Origin, we comply with the requirements of the CDP. It calls for the expansion of global capacity for the production of electricity from renewable sources.

Vontobel strives to conduct its own operations according to high environmental and social standards and we also expect our business partners to help protect the environment and to offer good employment conditions. These aspects are incorporated into our tendering process and serve as a guide when selecting suppliers. The relevant details are set out in Vontobel's "Guidelines for sustainable procurement". They address matters such as employment conditions, child labor and forced labor, environmental protection, and the prevention of corruption. These guidelines are available at www.vontobel.com/principles-policies and form part of Vontobel's general purchasing guidelines.

Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers to ensure that goods are transported over short distances. We are committed to building fair, long-term partnerships with our suppliers. We purchase fruit for our employees from a Swiss family-owned company, for example, and all of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers. In the reporting year, we continued the "One Two We" program introduced in our employee restaurant in 2013 and the related "One Climate Menu" launched in connection with the program. The aim is to offer more meals that mainly use seasonal produce and include fewer products that are transported by air and less meat, while making increased use of different types of cereals as an alternative to rice – thus reducing the carbon footprint in the food chain. The "Vegan Corner" was introduced this year. It is likely to be the first vegan buffet to be permanently available in an employee restaurant in Switzerland. The SV Group that operates the employee restaurant on behalf of Vontobel sends its chefs to Hiltl, the world's oldest vegetarian restaurant, for further training in this area.

Vontobel has been carbon-neutral since January 1, 2009 (Scope 1, 2 and 3). We offset the greenhouse gas emissions we produce each year by purchasing CO_2 emissions certificates to support projects that save the same volume of emissions. The Vontobel Sustainability Committee once again selected a climate neutrality project with a focus on rainforest conservation in 2020. Detailed information about the project is available at: www.vontobel.com/environmental-sustainability. As a founding member of the Swiss Climate Foundation, we donate a significant proportion of our refunded CO_2 levy to the Foundation, which then uses these funds to finance projects to improve the energy efficiency of small- and medium-sized companies. The projects supported by the Climate Foundation in 2020 included innovative solutions for more energy-efficient buildings as well as projects for long-term carbon capture in order to remove CO_2 from the atmosphere. Further information is available at: www.vontobel.com/responsibility-news and www.klimastiftung.ch.

Materials[1]

103-3 Evaluation of the management approach
301-1 Materials used by weight or volume
301-2 Recycled input materials used

	2020	2019	2018[2]
Materials (absolute)			
Water (drinking water, m³)	29,053	24,006	16,137
Food (t)	111	103	96
Paper (t)	95	99	127
Proportion of recycled paper used	90%	93%	88%
Materials (per full-time position)			
Water (drinking water, l/FTE)	14,403	11,826	8,906
Food (kg/FTE)	55	51	53
Paper (kg/FTE)	47	49	70

1 Figures are based on the period from October 1 in the previous year to September 30
2 Excluding Notenstein La Roche

Measures to prevent the spread of the Covid-19 virus, such as regular and thorough handwashing under running water and the more frequent cleaning of business premises, led to an increase in water consumption. In addition, in June 2020, we moved into a new and larger building in Zurich that contributed to higher water consumption. Further, it is not always possible to clearly determine the amount of water supplied for each year of operations. We receive invoices at different times, depending on the water supplier.

Paper consumption was further reduced on both an absolute basis and per FTE in the year under review.

We moved into a new building at Genferstrasse 8 in Zurich during the reporting period and thus increased our capacity in the city center by around 170 workspaces. We were able to implement various environmentally relevant measures in cooperation with the building owner, such as energy-saving LED lighting and environmentally friendly heating and cooling systems that use water from the lake.

Energy[1]

103-3 Evaluation of the management approach
302-1: Energy consumption within the organization
302-3: Energy intensity
302-4: Reduction of energy consumption

	2020	2019	2018[2]
Energy (absolute)			
Heat consumption (MWh)	3,180	3,570	2,298
Renewable energy consumption (MWh)	189	107	124
Electricity consumption (MWh)	6,818	6,863	6,183
District heating/cooling usage (MWh)	993	804	309
Total energy consumption (MWh)	11,180	11,343	8,914
Business travel (1,000 km)	8,619	18,387	20,103
of which business flights (1,000 km)	*8,068*	*16,955*	*18,720*
Commuting (1,000 km)	18,036	24,420	20,752
Energy (per full-time position)			
Total energy consumption (kWh/FTE)	5,542	5,588	4,919
Business travel (km/FTE)	4,273	9,058	11,093
of which business flights (km/FTE)	*4,000*	*8,352*	*10,330*
Commuting (km/FTE)	8,941	12,030	11,453

1 Figures are based on the period from October 1 in the previous year to September 30
2 Excluding Notenstein La Roche

After rising in 2019, total energy consumption remained virtually unchanged in the year under review, and we were able to increase the proportion of sustainable energy sources used.

In terms of environmental key figures, the measures taken to prevent the spread of Covid-19 had a significant impact on business travel in particular: Since almost no travel was possible in the second half of the reporting period (October 1, 2019, to September 30, 2020), air travel and commuting decreased substantially. Separately from this, we have been installing video-conferencing technology as a standard feature in all our meeting rooms globally for a number of years. These investments are being made specifically to allow our employees to hold meetings around the globe at any time. We benefited from these forward-looking investments in 2020.

Emissions[1]

103-3 Evaluation of the management approach
305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity
305-5 Reduction of GHG emissions

	2020	2019	2018[2]
Emissions (absolute)			
Total greenhouse gas emissions (t CO_2e)	5,103	7,953	7,915
Greenhouse gas emissions scope 1 (t CO_2e)	781	939	543
Greenhouse gas emissions scope 2 (t CO_2e)	356	293	112
Greenhouse gas emissions scope 3 (t CO_2e)	3,966	6,720	7,260
of which business flights (t CO_2e)	*2,927*	*5,637*	*6,249*
of which commuting (t CO_2e)	*413*	*408*	*418*
Emissions (per full-time position)			
Total greenhouse gas emissions (kg CO_2e/FTE)	2,530	3,918	4,367
of which business flights (kg CO_2e/FTE)	*1,451*	*2,777*	*3,448*
of which commuting (kg CO_2e/FTE)	*205*	*201*	*231*

1 Figures are based on the period from October 1 in the previous year to September 30
2 Excluding Notenstein La Roche

Since business travel has a large influence on our CO_2 footprint, our CO_2 emissions also decreased significantly during the reporting period. However, a proportion of commutes were made using motorized private vehicles instead of public transport – resulting in a much higher CO_2 footprint per kilometer.

It is essential to have a solid set of data in order to develop and implement environmental and climate protection measures in a targeted and effective manner. In the year under review, we achieved further improvements in data quality for various environmental key figures at our international locations.

Further information on environmental sustainability at Vontobel can be found at: www.vontobel.com/environmental-sustainability.

Social Sustainability

We define social sustainability as our responsibility as an employer and our comprehensive commitment to serving communities. Further information about our support for the International Committee of the Red Cross (ICRC) and other social commitments is available here: www.vontobel.com/serving-communities.

Employment

103-1 Explanation of the material topic and its boundary
The skills and expertise of our employees are vital to Vontobel's long-term success. We are aware of the competition that exists for skilled employees: As a globally operating financial expert, Vontobel has to compete with major players and increasingly also with small new firms in our industry, both in our Swiss home market and internationally. We therefore want to offer our employees attractive employment conditions.

103-2 The management approach and its components
Corporate Human Resources, which reports to the Executive Committee, is responsible for positioning Vontobel as an attractive employer. Corporate Human Resources defines our Human Resources Principles, which are also set out in the Vontobel Employee Handbook and determine the objectives of our human resources and leadership processes and the measures taken to achieve them.

The Employee Handbook applies to permanent employees in Switzerland and is available on the Intranet. It contains comprehensive information about employment conditions, social benefits, training, compliance, and security guidelines. It is supplemented by internal policies that can always be accessed via the Intranet too. Locations outside Switzerland have their own employee handbooks, which are available on the Intranet.

Our measures to support employees include an extensive range of benefits:
- Holiday entitlement that exceeds the statutory requirement: Since 2016, our employees in Switzerland have had the option of purchasing a maximum of ten individual days of holiday in addition to their normal holiday entitlement.
- Employees can join collective agreements offered by health insurers at reduced rates together with their spouse or registered partner and their children.
- We offer an attractive share participation plan, mortgage products and attractive pension products at preferential rates.
- In the case of both maternity and paternity leave, the benefits that Vontobel grants to working parents go beyond the statutory minimum requirements: Female employees in Switzerland are granted six months of maternity leave on full pay that can be taken on a fixed or flexible basis, depending on their personal needs. This benefit is granted irrespective of their number of years of service. Vontobel grants new fathers four weeks of paternity leave on full pay that can be taken as individual days or as one period of block leave.
- We have now launched a peer-coaching program for parents in collaboration with parents@work. The program supports working parents when they return to the workplace or helps them address the challenges of combining professional and family life. The coachees are supported by a colleague for a period of one year.
- For a number of years, we have been a member of kcc group (globegarden), an organization that offers families complete childcare solutions.
- In Zurich, we offer lunches to employees free of charge in our staff restaurant.
- Wherever possible from an operational perspective, Vontobel endeavors to meet requests for part-time working arrangements from employees, including members of middle management.

In principle, part-time employees receive the same benefits as full-time employees. Different benefits apply in the case of temporary employees or staff who are available on an "on call" basis.

To increase the diversity of our workforce, we actively invest in various networks and cooperations, such as:
- Fondsfrauen
- Advance (Gender Equality in Business)
- Womenbiz
- Data+Women

Annual reports are submitted to the Executive Committee for the purpose of reviewing the targets and measures implemented in this area. They also serve as a control instrument.

In addition to the regular Group-wide Employee Surveys conducted in previous years, the Manager Survey (referred to as "upward feedback") that we conducted for the first time in 2019 was repeated in 2020. The results of this survey provide helpful input about the areas where managers have scope for further development as well as indicating where the organization as a whole can improve. To support the recruitment of talents and to strengthen our Employer Branding, Vontobel has created a Talent Acquisition team.

To intensify informal discussions and feedback within small groups across departmental and hierarchical boundaries, regular Skip Level Sessions (online and international) are organized by senior management.

The Vontobel Graduate Program (GTP) has been promoting the successful integration of young talents within our organization since 2011. This program has now been extended to all Centers of Excellence and Client Units for the first time and features a new design and program structure. When hiring new employees, we seek to foster diversity (nationality, gender) and look for candidates who think and act in an entrepreneurial manner.

103-3 Evaluation of the management approach
401-1 New employee hires and employee turnover
Compared to the previous year, the number of employees increased (see also 102-8 Information on employees and other workers, page 101).

Employee turnover

	2020	2019	2018[1]
Turnover rate (in %)	11.1	14.2	11.4

Employee departures by age category: up to 20: 1; 21–30: 39; 31–40: 79; 41–50: 64; 51–60: 34; 61–64: 11; from 65: 6
Hires by age category: up to 20: 1; 21–30: 59; 31–40: 86; 41–50: 64; 51–60: 30; 61–64: 2

1 Excluding Notenstein La Roche

In 2020, the employee turnover rate decreased from 14.2% to 11.1% (see table). A total of 89 female employees and 145 male employees left Vontobel during the year. Meanwhile, a total of 242 new employees were hired during the year under review (71 women and 171 men).

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
Around 7% (previous year: 10%) of employees have made use of the option of purchasing individual days of holiday in addition to their normal holiday entitlement.

Training and Education

103-1 Explanation of the material topic and its boundary
Employees have high expectations regarding the provision of training and development opportunities within their company. Lifelong learning is growing increasingly important. To remain attractive as an employer, we are committed to promoting training and development.

103-2 The management approach and its components
Training and development are essential in order to keep pace with the competition. We recognize our responsibility as an employer and therefore offer a comprehensive range of training and development courses.

In 2020, we were confronted with new challenges due to the exceptional situation related to Covid-19: The majority of training was completed on a virtual basis. For example, new employees were invited to Covid-secure "First Working Day" induction events to ensure they were properly onboarded. This enabled new employees to still receive a professional introduction to key topics. Employees from Switzerland and other countries were able to take part – either in person or virtually – in "Vontobel Day" events, which are held several times a year. This gives new employees the opportunity to meet members of senior management, learn about the different areas within the company, and obtain extensive information about Vontobel's strategy, objectives and culture. The Intranet also features "Getting started" pages to facilitate the employee onboarding process at an international level. This includes a video welcome message from the CEO and useful information and tips to help employees settle into their new roles at Vontobel.

We consider it important for employees to take responsibility for their own professional development. The annual definition of performance objectives as well as their evaluation is carried out using the "myPerformance Development" tool. Employees can also draw up a personal development plan via the tool in consultation with their line manager. This forms the basis for personal career planning. In the context of personal development, a pilot for peer feedback was carried out in 2020, giving employees the opportunity to actively seek structured feedback from their colleagues.

Vontobel supports employees who want to complete external training courses, where appropriate. These courses mainly involve business-specific qualifications such as the Master in Banking and Finance, Bachelor or Master in Business Administration, CFA or CIIA.

We launched the IMD Leadership Program for senior managers in the year under review. Participants in the program learn how to strengthen their role as a leader in an organization that is undergoing a transformation. The program focuses on the following topics: Inspiring leadership, global and cross-cultural thinking, and self-reflection. The senior managers meet across locations and divisions in order to build networks and apply what they have learned to their everyday work.

Employees now have access to the online learning platform Degreed, where training materials and learning paths are offered to them free of charge on an ongoing basis.

To review the quality of the courses and programs that are completed, we provide participants with a questionnaire on aspects such as content, design and applicability, and we evaluate their responses. In addition to qualitative reporting, we generate quantitative reports. This enables us to produce a comparison with training and development activities in previous years and also in comparison with the industry benchmark.

103-3 Evaluation of the management approach
404-1 Average hours of training per year per employee

Training

	2020	2019	2018[1]
Training costs (1,000 CHF)	1,262	1,773	1,654
Training costs (CHF/FTE)	626	895	829
Number of apprenticeships (incl. trainees)	33	33	32

1 Excluding Notenstein La Roche

Overall training costs as well as training costs per employee decreased in 2020. The number of apprenticeships was unchanged compared to the previous year (33).

404-2 Programs for upgrading employee skills and transition assistance programs

In 2020, the Vontobel Academy once again offered a large number of internal and external courses on specialist, personal development, and management topics. As previously stated, we switched to the virtual delivery of all training and restructured our courses. During the year, a special focus was placed on virtual collaboration, with offerings such as “Leading Remote Teams” or “Working from Home”.

Client discussions also moved to virtual channels last year. Various training courses on the topic “Digital Client Interaction” were provided to prepare relationship managers for this change.

The Swiss Association for Quality (SAQ) has, since 2020, recognized the further development courses offered to relationship managers in Vontobel Wealth Management as recertification measures. Relationship managers benefit from this by completing training according to this nationally accredited standard, thus further enhancing their own employability.

404-3 Percentage of employees receiving regular performance and career development reviews

At the end of 2020, 92% of employees had begun or completed their annual performance review process.

Diversity, Equal Opportunity and Non-Discrimination

103-1 Explanation of the material topic and its boundary

The creation of a pleasant working environment that is free from discrimination and promotes diversity and equal opportunity represents a further component of our commitment to our employees.

103-2 The management approach and its components

To prevent discrimination in the workplace, the principle of non-discrimination is enshrined in our Employee Handbook. Both the Employee Handbook and the Vontobel Code of Conduct form an integral part of the employment contract.

Vontobel wants to strengthen employee awareness of the topic of Diversity & Inclusion. We have therefore defined three main areas that we will focus on going forward: “Gender”, “Nationality” and “Demography”. We have formulated appropriate and realistic goals – referred to as our “Aspirations 2020” – for each area. We provide comprehensive information about our various activities on the Intranet on an ongoing basis. Volunteers from all areas of the business have been actively working on the further development of this topic in close consultation with the Executive Committee and the Board of Directors.

In the “Gender” focus area, we are striving to continuously increase the number of women at senior management level or with leadership responsibilities. In addition to our cooperation with the women’s network “Fondsfrauen”, Vontobel became a member of “Advance” in 2019. In the “Nationality” focus area, we want to ensure that the composition of our workforce reflects our target markets while, at the same time, preserving our “Swissness” that is valued by our clients. Finally, in the “Demography” focus area, we aim to achieve a balanced age mix. Long-term succession planning that addresses the needs of the business divisions is an essential part of Vontobel’s long-term human resources planning. This is another area in which we take our Diversity & Inclusion focus areas into account. Most of our employees are aged between 30 and 50. Targeted measures are needed to align the potential of this age group with the divisions’ staffing needs.

We actively address the topic of Diversity & Inclusion with Vontobel's management in order to bring about changes and achieve our goals in this area. Consequently, Diversity & Inclusion is one of the subjects discussed in our leadership seminars.

103-3 Evaluation of the management approach
405-1 Diversity of governance bodies and employees
There was no change in the proportion of employees who worked on a part-time basis compared to 2019: The proportion of female employees working part-time was 33%, while the proportion of male employees in part-time positions was 9%.

The Diversity Benchmarking performed annually by the University of St. Gallen as well as the Gender Intelligence Report published by Advance confirm that Vontobel has a relatively high proportion of women in management positions as well as a balanced age mix among employees. However, the proportion of women in leadership positions declines as the level of management seniority increases. The newly created Talent Acquisition team is therefore placing a targeted focus on ensuring an appropriate mix of female and male candidates in the area of recruitment. For these as well as further indicators, see the tables on page 99.

406-1 Incidents of discrimination and corrective actions taken
No cases of discrimination were reported in 2020.

Breakdown of full-time and part-time positions by gender as of 31.12.2020

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN	TOTAL NUMBER	TOTAL PROPORTION
less than 20%	0	0%	0	0%	0	0%
20–49%	17	3%	1	0%	18	1%
50–79%	79	12%	22	2%	101	5%
80–99%	115	18%	108	7%	223	11%
100%	429	67%	1,323	91%	1,752	84%
Total	**640**	**100%**	**1,454**	**100%**	**2,094**	**100%**

Number of employees by domicile

	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2020 TOTAL	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2019 TOTAL
Switzerland	511	1,202	1,713	520	1,179	1,699
Germany	32	72	104	36	67	103
USA	29	55	84	30	54	84
United Kingdom	26	50	76	23	51	74
Italy	14	23	37	9	13	22
Hong Kong	13	19	32	12	17	29
Luxembourg	7	10	17	6	11	17
Singapore	2	11	13	1	7	8
U.A.E	2	4	6	2	5	7
Spain	2	3	5	1	3	4
Japan	1	2	3	-	-	-
Australia	0	2	2	0	2	2
France	1	1	2	-	-	-
Total	**640**	**1,454**	**2,094**	**640**	**1,409**	**2,049**

Number of employees by nationality

	31.12.2020		31.12.2019	
	NUMBER	IN %	NUMBER	IN %
Switzerland	1,374	66	1,379	67
Germany	220	11	226	11
Italy	98	5	78	4
United Kingdom	83	4	79	4
USA	78	4	73	4
France	45	2	38	2
Spain	19	1	11	1
China	16	1	16	1
Austria	13	1	11	1
Poland	12	1	12	1
Other	136	6	126	6
Total	**2,094**	**100**	**2,049**	**100**

Age structure

	31.12.2020		31.12.2019	
	NUMBER	IN %	NUMBER	IN %
Up to 20 years old	8	0	7	0
21 to 30 years old	264	13	268	13
31 to 40 years old	593	28	589	29
41 to 50 years old	677	32	678	33
51 to 60 years old	493	24	450	22
More than 60 years old	59	3	57	3
Total	**2,094**	**100**	**2,049**	**100**
Average age (in years)	*43*		*43*	

Age structure of the Board of Directors

	31.12.2020		31.12.2019	
	NUMBER	IN %	NUMBER	IN %
31 to 40 years old	1	11	1	11
41 to 50 years old	2	22	3	33
51 to 60 years old	4	44	3	33
More than 60 years old	2	23	2	23
Total	**9**	**100**	**9**	**100**

Years of service

	31.12.2020		31.12.2019	
	NUMBER	IN %	NUMBER	IN %
< 1 year	239	11	229	11
1 up to < 5 years	745	36	756	37
5 up to < 10 years	535	26	517	25
10 up to < 20 years	431	21	423	21
20 up to < 30 years	103	5	84	4
from 30 years	41	2	40	2
Total	**2,094**	**100**	**2,049**	**100**

Breakdown of rank structure by gender as of 31.12.2020

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN
Employee	106	43%	139	57%
Middle management	330	44%	421	56%
Senior management	204	19%	885	81%
Executive Committee	0	0%	7	100%
Total	**640**	**31%**	**1,452**	**69%**
Board of Directors	3	33%	6	67%

Marketing and Labeling, Product Compliance

103-1 Explanation of the material topic and its boundary
Offering each of our clients the right solution or best possible service is the primary goal of our Client Units. Regulatory requirements apply in particular to producers and distributors of products and services for retail and private clients. Depending on the jurisdiction and the product or service involved, these duties include the preparation and provision of Key Information Documents describing the characteristics and functions of the products or services and the associated risks and opportunities and should ensure the comparability of products and services.

103-2 The management approach and its components
To continue developing our business, each business area carries out product development, client communications and marketing activities. The applicable legal regulations, such as the Swiss Financial Services Act (FinSA), the Swiss Law on Collective Investments or the Markets in Financial Instruments Directive (MiFID II) guide us in this area. We are an active member of various industry associations and help to shape rules in the area of self-regulation that are designed to increase the comparability of products and services and provide greater transparency for investors, as well as complying with the corresponding provisions. In addition, we follow the Principles for Responsible Investment (PRI).

103-3 Evaluation of the management approach
417-1 Requirements for product and service information and labeling
Our products and services meet the applicable legal and regulatory requirements with regard to labeling and transparency. In the reporting year, there were no cases of misconduct or financial penalties for non-compliance with regulations governing the applicable requirements.

Customer Privacy

103-1 Explanation of the material topic and its boundary
The trust that clients place in us forms the basis for our successful long-term collaboration and is an important asset that is highly valued at Vontobel. We therefore assign considerable importance to protecting client data and complying with all legal requirements in this context.

103-2 The management approach and its components
The parameters for compliance with legal requirements relating to the protection of client data (e.g. banking confidentiality and data protection law) are defined and monitored by cross-divisional departments such as Legal & Compliance, Group Tax, and IT Security. Information about data protection in our different locations can be found on our webpage about the EU General Data Protection Regulation (GDPR) at: www.vontobel.com/gdpr. The general privacy policy of the Vontobel Group: www.vontobel.com/privacy-policy. Further information on IT security: www.vontobel.com/it-security.

103-3 Evaluation of the management approach
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
In the reporting year, no authorities issued sanctions against Vontobel for breaches of privacy or losses of client data.

Further information on social sustainability at Vontobel can be found at: www.vontobel.com/social-sustainability.

General Disclosures

Organizational profile

102-1 Name of the organization
Vontobel Holding AG

102-2 Activities, brands, products, and services
Information on our activities, brands, products, and services is provided in the following sections of our Annual Report: "One Vontobel", pages 12–16.

102-3 Location of headquarters
Vontobel Holding AG, Gotthardstrasse 43, CH-8022 Zurich, telephone +41 58 283 59 00, www.vontobel.com.

102-4 Location of operations
A current overview of all our locations can be found on the Internet at: www.vontobel.com/locations.

102-5 Ownership and legal form
Further information about the nature of our ownership and our legal form are provided in the section "Major shareholders and groups of shareholders with pooled voting rights", page 29.

102-6 Markets served
Information on markets served is provided in "One Vontobel", pages 12–16.

102-7 Scale of the organization
As of 31.12.2020, Vontobel had a total of 2,094 employees.

Further key figures concerning the scale of the organization are provided on pages 10 and 11.

102-8 Information on employees and other workers
Of the total of 2,094 employees at Vontobel as of 31.12.2020, 1,752 held full-time positions (see table on page 98).

In addition to employees with permanent contracts, a total of 100 temporary employees and 434 contingent employees worked for Vontobel at the end of 2020. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed.

For further key figures concerning our employees see the section on "Diversity, Equal Opportunity and Non-Discrimination" (page 97).

102-9 Supply chain
Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers. For example, we purchase fruit for our employees from a Swiss family-owned company. All of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers. At the end of 2020, we had a total of around 2,000 suppliers, of which 80% were based in Switzerland.

102-10 Significant changes to the organization and its supply chain
Information on the development of the business is provided in the "Business Review", pages 18–25, and in "Changes in the scope of consolidation" page 205. There were no significant changes to the supply chain.

102-11 Precautionary Principle or approach
Sustainability approach
A systematic client focus, a long-term growth strategy, and a solid capital and risk policy are core elements of economic sustainability at Vontobel. Information and explanations on this topic can be found in the relevant chapters of Vontobel's Annual Report.

Our growth strategy includes a focus on our competencies and on our offering in the area of sustainable investing. In terms of environmental sustainability, we take targeted measures when conducting our operations to achieve a significant reduction in CO_2 emissions and other factors that are harmful to the environment. Based on our strong commitment to supporting communities, we invest in initiatives and projects to promote social sustainability. A dedicated team addresses these topics.

As part of our overarching project to perform a scenario analysis based on guidance from the Task Force for Climate-related Financial Disclosure (TCFD), we have decided on the methodology that we want to use in future to measure our climate risks and opportunities. Further, in connection with the project relating to the "EU Action Plan for Sustainable Finance", we have defined the strategy that we will use to measure and report the financial risks of climate change in the future.

102-12 External initiatives
Vontobel has been a signatory to the PRI, a UN initiative to promote sustainable investing, since 2010. The Principles were launched by the then UN Secretary General in 2006 and take account of the growing relevance of environmental, social, and governance (ESG) themes in investment practice.

In 2017, our company joined the global network of the "United Nations Global Compact" as well as the "Global Compact Network Switzerland". We have thus pledged to align our operations and strategies with ten universal principles in the areas of human rights, labor, environment, and anti-corruption. Within our sphere of influence as a company, we thus help to promote key sustainability principles around the globe.

102-13 Membership of associations
Vontobel is a member of various organizations and a co-signatory of a number of investor initiatives. In this way, we promote sustainable development in an environmental and social context.

A current overview of all initiatives and memberships can be found on the Internet at: www.vontobel.com/ratings-memberships.

Strategy

102-14 Statement from senior decision-maker
See the foreword of the Sustainability Report, page 82.

102-15 Key impacts, risks, and opportunities
See the foreword of the Sustainability Report, page 82.

Ethics and integrity

102-16 Values, principles, standards, and norms of behavior
As a financial services provider, Vontobel is closely connected with the economy and society in all the locations in which we operate. Consequently, the nature and design of our products and services and the way we conduct our business operations have an impact on sustainable development in this integrated world. We believe that promoting sustainable development in our markets is both an economic necessity and an ethical duty.

Two key documents form the basis of Vontobel's sustainability commitments:
- The Code of Conduct defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
- The Sustainability Guidelines define the areas in which we take action to implement our Sustainability Strategy.

These as well as further principles and guidelines are available at: www.vontobel.com/principles-and-policies.

Governance

102-18 Governance structure
We permanently strive for sustainability, since it goes hand in hand with business success and stability. Sustainability and an effective business strategy are closely interconnected. For this reason, Vontobel is committed to the continuous optimization of sustainable business management in all our divisions in the long term.

Vontobel strives to continuously improve its own sustainability performance and has two committees that work towards this goal: the Vontobel Sustainability Committee consists of representatives from all Client Units and Centers of Excellence and reports to the CEO. Based on Vontobel's Sustainability Principles, the Committee defines the Sustainability Strategy and specific targets. In the context of our "Strategy 2022", the Committee defined strategic objectives and key performance indicators for the area "Corporate Responsibility & Sustainability". Corporate Sustainability Management coordinates the implementation of the measures that have been decided in conjunction with the relevant units.

Corporate Sustainability Management

Chief Executive Officer
Dr Zeno Staub

Chief Financial Officer
Dr Thomas Heinzl

Corporate Responsibility
Christian Schilz

Corporate Sustainability Management
Natalie Ernst, Simone Schärer

The ESG Investment Government Committee is responsible for the coordination of the different investment strategies regarding environmental, social, and governance (ESG) issues, overarching principles and policies, and generally advances ESG throughout the various investment teams at Vontobel. The Committee consists of representatives of all investment boutiques and meets once each month. It reports to the Vontobel Asset Management Executive Committee.

Information on Vontobel's overall governance structure is provided in the "Corporate Governance" section, starting on page 28.

Stakeholder engagement

102-40 List of stakeholder groups
Our sustainability commitments center on our main groups of stakeholders: clients, shareholders, employees, society, and the environment.

102-41 Collective bargaining agreements
In Switzerland, all employees up to and including middle management are covered by the Agreement on Conditions of Employment for Bank Employees (VAB) issued by the Employers Association of Banks in Switzerland (AVG).

102-42 Identifying and selecting stakeholders
For Vontobel, interacting closely with our stakeholders is a central component of our day-to-day business. We focus on our dialogue with all stakeholder groups on whom Vontobel's business activities have a significant influence or who have a substantial impact on the success of the company. At established points of contact, such as Investor Relations or Corporate Sustainability Management, potential stakeholders are systematically recorded based on the queries we receive.

102-43 Approach to stakeholder engagement
An open dialogue is key in order to gain a better understanding of the needs of our clients, employees, suppliers, and cooperation partners, and to take account of the interests of local communities and non-government organizations (NGOs). We want to engage with our stakeholders by providing clear and comprehensible information on different challenges and opportunities relating to ESG matters. Regular employee and client surveys are key tools in this context, as are targeted discussions with our suppliers.

102-44 Key topics and concerns raised
In 2020, we once again carried out employee and client surveys. Issues raised by employees included calls for targeted support in the area of career development and the topic of constructive feedback. The Manager Survey (referred to as "upward feedback") that was carried out for the first time in 2019 was repeated in 2020. The results of this survey provide helpful input about the areas where managers have scope for further development.

The majority of clients indicated that they were very satisfied with Vontobel but we nonetheless want to achieve improvements in this area and to further strengthen client satisfaction and trust in our company. We are making good progress in these efforts: In the financial year 2020, Vontobel once again received numerous awards, demonstrating our clients' satisfaction with our services.

Reporting practice

102-45 Entities included in the consolidated financial statements
Information on the scope of consolidation is provided on pages 204–205.

102-46 Defining report content and topic boundaries
This report is based on the material topics that Vontobel has identified using the process defined under the GRI G4 guidelines to determine material topics and disclosures in various workshops and interviews. During this process, we discussed all the GRI topics and the Financial Sector Supplements that apply specifically to the financial sector and determined their materiality for Vontobel. The material topics have been transferred to the reporting based on the GRI Standards.

As a provider of financial products, we also incorporate sustainability aspects into our products and services and into partnerships and relationships with suppliers. Further information is available in the preceding chapters. Unless stated otherwise, the reporting boundary encompasses Vontobel Holding AG with the subsidiaries listed in the consolidated annual financial statements as well as their locations.

102-47 List of material topics
Material topics for our reporting:
- Economic performance
- Indirect economic impacts
- Materials
- Energy
- Emissions
- Employment
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Product and service labeling
- Customer privacy
- Product compliance
- Product portfolio
- Active ownership

102-48 Restatements of information
We have not made any restatements or corrections to the previous year’s disclosures.

102-49 Changes in reporting
We have not made any changes to our reporting.

102-50 Reporting period
Unless stated otherwise, the reporting period is from January 1 to December 31, 2020. The environmental key figures relate to the period from October 1, 2019, to September 30, 2020.

102-51 Date of most recent report
February 2020

102-52 Reporting cycle
This report has been produced in accordance with the principles set out by the Global Reporting Initiative (GRI) for the eleventh time.

102-53 Contact point for questions regarding the report
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102-54 Claims of reporting in accordance with the GRI Standards
This report was produced in accordance with the GRI Standards: ‘Core’ option.

102-55 GRI Content Index
See GRI Content Index from page 105.

102-56 External assurance
The report has not been externally assured.

GRI Content Index

GRI MATERIALITY DISCLOSURES SERVICE 2021

GRI Standard	Title	Page
GRI 101:	**Foundation 2016**	
GRI 102:	**General Disclosures 2016**	**101**
	Organizational profile	**101**
102-1	Name of the organization	101
102-2	Activities, brands, products and services	101
102-3	Location of headquarters	101
102-4	Location of operations	101
102-5	Ownership and legal form	101
102-6	Markets served	101
102-7	Scale of the organization	101
102-8	Information on employees and other workers	101
102-9	Supply chain	101
102-10	Significant changes to the organization and its supply chain	101
102-11	Precautionary Principle or approach	101
102-12	External initiatives	102
102-13	Membership of associations	102
	Strategy	**102**
102-14	Statement from senior decision-maker	102
102-15	Key impacts, risks, and opportunities	102
	Ethics and integrity	**102**
102-16	Values, principles, standards, and norms of behavior	102
	Governance	**102**
102-18	Governance structure	102
	Stakeholder engagement	**103**
102-40	List of stakeholder groups	103
102-41	Collective bargaining agreements	103
102-42	Identifying and selecting stakeholders	103
102-43	Approach to stakeholder engagement	103
102-44	Key topics and concerns raised	103
	Reporting practice	**104**
102-45	Entities included in the consolidated financial statements	104
102-46	Defining report content and topic boundaries	104
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102-55	GRI Content Index	104
102-56	External assurance	104

For the Materiality Disclosures Service, the GRI Service Team verified whether the GRI Content Index is clearly presented and the references for Disclosures 102-40 to 102-49 correspond to the relevant sections of the Report.

This GRI service was conducted on the German version of this report.

GRI Standard	Title	Page	Reason of omission
	Sustainable Investing	**83**	
	Product portfolio	**83**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	83, 88	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	88	
FS8	Products and services designed to deliver a specific environmental benefit	88	
FS11	Percentage of assets subject to positive and negative environmental or social screening	88	
	Active Ownership	**88**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	88, 89	
FS10	Portfolio-based engagement on social or environmental issues	89	
	Economic Sustainability	**90**	
GRI 201:	**Economic performance 2016**	**90**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	90	
201-1	Direct economic value generated and distributed	90	
201-3	Defined benefit plan obligations and other retirement plans	90	
GRI 203:	**Indirect economic impacts 2016**	**90**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	90	
203-1	Infrastructure investments and services supported	90	
GRI 205:	**Anti-corruption 2016**	**90**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	90, 91	
205-1	Operations assessed for risks related to corruption	91	
205-2	Communication and training about anti-corruption policies and procedures	91	
205-3	Confirmed incidents of corruption and actions taken	91	
	Environmental Sustainability	**92**	
GRI 301:	**Materials 2016**	**93**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	92, 93	
301-1	Materials used by weight or volume	93	
301-2	Recycled input materials used	93	
GRI 302:	**Energy 2016**	**93**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	92, 93	
302-1	Energy consumption within the organization	93	
302-3	Energy intensity	93	
302-4	Reduction of energy consumption	93	
GRI 305:	**Emissions 2016**	**94**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	92, 94	
305-1	Direct (Scope 1) GHG emissions	94	
305-2	Energy indirect (Scope 2) GHG emissions	94	
305-3	Other indirect (Scope 3) GHG emissions	94	
305-4	GHG emissions intensity	94	
305-5	Reduction of GHG emissions	94	

GRI Standard	Title	Page	Reason of omission
	Social Sustainability	**95**	
GRI 401:	**Employment 2016**	**95**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	95, 96	
401-1	New employee hires and employee turnover	96	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	96	
GRI 404:	**Training and Education 2016**	**96**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	96, 97	
404-1	Average hours of training per year per employee	97	
404-2	Programs for upgrading employee skills and transition assistance programs	97	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	97	
GRI 405:	**Diversity and Equal Opportunity 2016**	**97**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	97, 98	
405-1	Diversity of governance bodies and employees	98	
GRI 406:	**Non-Discrimination 2016**	**97**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	97, 98	
406-1	Incidents of discrimination and corrective actions taken	98	
GRI 417:	**Marketing and Labeling 2016**	**100**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	100	
417-1	Requirements for product and service information and labeling	100	
GRI 418:	**Customer Privacy 2016**	**100**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	100	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	100	

UN Global Compact: Activities and Results

Implementing and supporting the ten principles of the UN Global Compact
"Vontobel has been a member of the UN Global Compact and of the Global Compact Network Switzerland since 2017. We have thus pledged to align our operations and strategies with ten universally recognized principles in the areas of human rights, labor, environment, and anti-corruption."
Dr Zeno Staub, CEO of Vontobel

This Sustainability Report is our fourth Communication on Progress (COP) report about the implementation of the ten principles at Vontobel.

The Ten Principles of the UN Global Compact

PRINCIPLES	IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED TOPICS AND COVERAGE ACCORDING TO GRI REPORTING	PAGE IN ANNUAL REPORT
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Topic **Non-discrimination**	
	GRI 406-1 Incidents of discrimination and corrective actions taken	98
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	89
	FS11: Percentage of assets subject to positive and negative environmental or social screening	88
Principle 2: Make sure that they are not complicit in human rights abuses	Topic **Organizational Profile**	
	GRI 102-9 Supply chain	101
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	89
	FS11: Percentage of assets subject to positive and negative environmental or social screening	88
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Topic **Organizational Profile**	
	GRI 102-41 Collective bargaining agreements	103
Principle 4: Elimination of all forms of forced and compulsory labor	Topic **Organizational Profile**	
	GRI 102-9 Supply Chain	101
	Topic **Economic performance**	
	GRI 201-3 Defined benefit plan obligations and other retirement plans	90
Principle 5: Effective abolition of child labor	Topic **Organizational Profile**	
	GRI 102-9 Supply Chain	101
Principle 6: Elimination of discrimination in respect of employment and occupation	Topic **Organizational Profile**	
	GRI 102-8 Information on employees and other workers	101
	Topic **Employment**	
	GRI 401-1 New employees hires and employee turnover	96
	Topic **Training and Education**	
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	97
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews	97
	Topic **Diversity and equal opportunity**	
	GRI 405-1 Diversity of governance bodies and employees	98
	Topic **Non-discrimination**	
	GRI 406-1 Incidents of discrimination and corrective actions taken	98

PRINCIPLES	IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED TOPICS AND COVERAGE ACCORDING TO GRI REPORTING	PAGE IN ANNUAL REPORT
Environment		
Principle 7:	Topic **Materials**	
Businesses should support	GRI 301-1 Materials used by weight or volume	93
a precautionary approach to	GRI 301-2 Recycled input materials used	93
environmental challenges	Topic **Energy**	
	GRI 302-1 Energy consumption within the organization	93
	GRI 302-3 Energy intensity	93
	GRI 302-4 Reduction of energy consumption	93
	Topic **Emissions**	
	GRI 305-1 Direct (Scope 1) GHG emissions	94
	GRI 305-2 Energy indirect (Scope 2) GHG emission	94
	GRI 305-3 Other indirect (Scope 3) GHG emission	94
	GRI 305-4 GHG emissions intensity	94
	GRI 305-5 Reduction of GHG emissions	94
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	89
	FS11: Percentage of assets subject to positive and negative environmental or social screening	88
Principle 8:	Topic **Materials**	
Undertake initiatives to promote	GRI 301-1 Materials used by weight or volume	93
greater environmental responsibility	GRI 301-2 Recycled input materials used	93
	Topic **Energy**	
	GRI 302-1 Energy consumption within the organization	93
	GRI 302-3 Energy intensity	93
	GRI 302-4 Reduction of energy consumption	93
	Topic **Emissions**	
	GRI 305-1 Direct (Scope 1) GHG emissions	94
	GRI 305-2 Energy indirect (Scope 2) GHG emission	94
	GRI 305-3 Other indirect (Scope 3) GHG emission	94
	GRI 305-4 GHG emissions intensity	94
	GRI 305-5 Reduction of GHG emissions	94
Principle 9:	Topic **Energy**	
Encourage the development and	GRI 302-4 Reduction of energy consumption	93
diffusion of environmentally friendly	Topic **Emissions**	
technologies	GRI 305-5 Reduction of GHG emissions	94
Anti-corruption		
Principle 10:	Topic **Ethics and Integrity**	
Businesses should work against	GRI 102-16 Values, principles, standards, and norms of behavior	102
corruption in all its forms, including	GRI 205-1 Operations assessed for risks related to corruption	91
extortion and bribery	GRI 205-2 Communication and training about anti-corruption policies and procedures	91
	GRI 205-3 Confirmed incidents of corruption and actions taken	91

Consolidated financial statements

Notes to the consolidated financial statements

Consolidated income statement

Consolidated income statement

	NOTE	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Interest income		92.4	115.5	–23.1	–20
Interest expense		21.3	27.9	–6.6	–24
Net interest income		**71.1**	**87.6**	**–16.5**	**–19**
Credit loss (expense) / recovery		1.9	–1.3	3.2	
Net interest income after credit losses	1	**73.0**	**86.3**	**–13.3**	**–15**
Fee and commission income		1,170.0	1,128.4	41.6	4
Fee and commission expense		334.2	271.1	63.0	23
Net fee and commission income	2	**835.8**	**857.3**	**–21.5**	**–3**
Trading income	3	**345.5**	**310.8**	**34.7**	**11**
Other income	4	**11.2**	**7.5**	**3.7**	**50**
Total operating income		**1,265.5**	**1,261.9**	**3.7**	**0**
Personnel expense	5	640.0	637.2	2.8	0
General expense	6	199.8	216.3	–16.5	–8
Depreciation of property, equipment (incl. software) and intangible assets	7	98.6	100.1	–1.5	–2
Provisions and losses	8	6.2	1.6	4.6	289
Total operating expense		**944.5**	**955.2**	**–10.6**	**–1**
Profit before taxes		**321.0**	**306.7**	**14.3**	**5**
Taxes	9	61.6	41.6	20.0	48
Group net profit		**259.4**	**265.1**	**–5.7**	**–2**
of which allocated to minority interests		*16.8*	*14.1*	*2.7*	*19*
of which allocated to shareholders of Vontobel Holding AG		*242.7*	*251.0*	*–8.4*	*–3*

Share information

Basic earnings per share[1] (CHF)	11	4.34	4.49	–0.15	–3
Diluted earnings per share[1] (CHF)	11	4.25	4.39	–0.15	–3

1 Basis: weighted average number of shares

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

	NOTE	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Group net profit according to the income statement		**259.4**	**265.1**	**–5.7**	**–2**
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		–13.9	–3.3	–10.5	
Gains and losses transferred to the income statement		0.0	0.0	0.0	
Total currency translation adjustments		–13.9	–3.3	–10.5	
Debt instruments in financial investements:					
Income during the reporting period		8.7	19.7	–11.0	–56
Gains and losses transferred to the income statement		–1.2	–0.6	–0.7	
Total debt instruments in financial investments		7.5	19.1	–11.6	–61
Cash flow hedges:					
Income during the reporting period		–0.3	1.5	–1.8	–120
Gains and losses transferred to the income statement		0.0	0.0	0.0	
Total cash flow hedges		–0.3	1.5	–1.8	–120
Total other comprehensive income that will be reclassified to the income statement		**–6.7**	**17.3**	**–24.0**	**–139**
Other comprehensive income that will not be reclassified to the income statement					
Income from equity instruments in financial investments		1.5	9.5	–8.0	–84
Income from defined benefit pension plans		3.8	–10.4	14.2	
Total other comprehensive income that will not be reclassified to the income statement		**5.3**	**–0.9**	**6.2**	
Total other comprehensive income, net of tax		**–1.4**	**16.4**	**–17.8**	**–109**
Comprehensive income		**258.0**	**281.5**	**–23.5**	**–8**
of which allocated to minority interests		*16.5*	*14.2*	*2.3*	*16*
of which allocated to shareholders of Vontobel Holding AG		*241.5*	*267.2*	*–25.8*	*–10*

Consolidated balance sheet

Assets

	NOTE	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Cash		6,449.0	7,133.6	–684.6	–10
Due from banks		738.2	622.6	115.6	19
Receivables from securities financing transactions	21	1,255.4	355.1	900.3	254
Trading portfolio assets	12	7,327.4	3,395.6	3,931.8	116
Positive replacement values	12	372.2	155.3	216.9	140
Other financial assets at fair value	12	5,082.7	5,195.2	–112.6	–2
Loans	13	6,378.6	5,046.2	1,332.4	26
Financial investments	14	2,253.3	2,641.8	–388.5	–15
Investments in associates	15	5.6	1.0	4.5	450
Property, equipment and software	17	350.4	354.4	–4.0	–1
Goodwill and other intangible assets	19	556.8	573.3	–16.5	–3
Other assets	20	652.7	766.2	–113.5	–15
Total assets		**31,422.4**	**26,240.3**	**5,182.1**	**20**

Liabilities and equity

	NOTE	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Due to banks		715.8	544.2	171.6	32
Payables from securities financing transactions	21	302.5	218.7	83.8	38
Trading portfolio liabilities	12	111.0	99.3	11.7	12
Negative replacement values	12	1,215.6	728.4	487.2	67
Other financial liabilities at fair value	12	10,786.3	10,663.6	122.7	1
Due to customers		14,646.5	10,506.4	4,140.1	39
Debt issued	24	448.6	448.1	0.5	0
Provisions	25	18.2	19.4	–1.2	–6
Other liabilities	26	1,286.3	1,199.0	87.3	7
Total liabilities		**29,530.8**	**24,427.0**	**5,103.8**	**21**
Share capital	27	56.9	56.9	0.0	0
Treasury shares	27	–65.9	–84.2	18.3	
Capital reserve		–280.6	–225.9	–54.8	
Retained earnings		2,230.7	2,109.4	121.4	6
Other components of shareholders' equity		–49.4	–42.9	–6.5	
Shareholders' equity		**1,891.6**	**1,813.3**	**78.4**	**4**
Minority interests		0.0	0.0	0.0	
Total equity		**1,891.6**	**1,813.3**	**78.4**	**4**
Total liabilities and equity		**31,422.4**	**26,240.3**	**5,182.1**	**20**

Statement of equity

Statement of equity

CHF MN	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVE
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		–73.6	
Sale of treasury shares		14.4	–0.9
Share-based compensation expense			34.5
Allocations from share-based compensation		73.9	–39.9
Change in minority interests			0.0
Change in liability to purchase minority interests			–46.8
Other effects	0.0	0.0	0.0
Ownership-related changes	**0.0**	**14.6**	**–53.1**
Balance as of 31.12.2019	**56.9**	**–84.2**	**–225.9**
Balance as of 01.01.2020	**56.9**	**–84.2**	**–225.9**
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		–55.9	
Sale of treasury shares		13.7	–0.1
Share-based compensation expense			35.0
Allocations from share-based compensation		60.5	–41.6
Change in minority interests			0.0
Change in liability to purchase minority interests			–48.0
Other effects	0.0	0.0	0.0
Ownership-related changes	**0.0**	**18.3**	**–54.8**
Balance as of 31.12.2020	**56.9**	**–65.9**	**–280.6**

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 2.25 (previous year CHF 2.10) per registered share with a par value of CHF 1.00 in April 2020.

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
1,978.0	**–51.4**	**–7.3**	**–1.1**	**1,703.5**	**0.0**	**1,703.5**
251.0				251.0	14.1	265.1
	–3.5	19.1	1.5	17.1	0.1	17.3
–0.9				–0.9	0.0	–0.9
250.1	**–3.5**	**19.1**	**1.5**	**267.2**	**14.2**	**281.5**
–118.4				–118.4	–19.4	–137.8
				–73.6	0.0	–73.6
				13.5	0.0	13.5
				34.5	0.0	34.5
				34.0	0.0	34.0
	0.0	0.0		0.0	0.2	0.2
				–46.8	5.0	–41.8
–0.4		–0.2		–0.6	0.0	–0.6
–118.8	**0.0**	**–0.2**	**0.0**	**–157.5**	**–14.2**	**–171.7**
2,109.4	**–54.9**	**11.6**	**0.4**	**1,813.3**	**0.0**	**1,813.3**
2,109.4	**–54.9**	**11.6**	**0.4**	**1,813.3**	**0.0**	**1,813.3**
242.7				242.7	16.8	259.4
	–13.7	7.5	–0.3	–6.5	–0.2	–6.7
5.3				5.3	0.0	5.3
247.9	**–13.7**	**7.5**	**–0.3**	**241.5**	**16.5**	**258.0**
–126.6				–126.6	–16.1	–142.6
				–55.9	0.0	–55.9
				13.6	0.0	13.6
0.0				35.0	0.0	35.0
				18.9	0.0	18.9
	0.0	0.0		0.0	0.0	0.0
				–48.0	–0.5	–48.5
0.0		0.0		0.0	0.0	0.0
–126.6	**0.0**	**0.0**	**0.0**	**–163.1**	**–16.5**	**–179.6**
2,230.7	**–68.5**	**19.1**	**0.0**	**1,891.6**	**0.0**	**1,891.6**

Consolidated cash flow statement

Consolidated cash flow statement

CHF MN	2020	2019
Cash flow from operating activities		
Group net profit (incl. minorities)	259.4	265.1
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	98.6	100.1
Credit loss expense / (recovery)	–1.9	1.3
Income from investments in associates	–0.9	–0.9
Deferred income taxes	–7.3	–10.5
Change in provisions	–1.3	0.8
Net income from investing activities	2.1	10.0
Net income from disposal of property, equipment (incl. software) and intangible assets	0.0	0.0
Other non-cash income	46.9	36.7
Net (increase) / decrease in assets relating to banking activities:		
Due from / to banks, net	179.1	–115.3
Receivables from securities financing transactions	–900.3	409.9
Trading positions and replacement values, net	–3,564.4	–1,108.4
Other financial assets / liabilities at fair value, net	235.3	1,775.3
Loans / due to customers, net	2,807.4	–2,384.4
Other assets	104.8	–91.8
Net increase / (decrease) in liabilities relating to banking activities:		
Payables from securities financing transactions	83.8	184.2
Other liabilities	121.1	–63.6
Taxes paid	–58.1	–42.0
Cash flow from operating activities	**–595.8**	**–1,033.4**
Cash flow from investing activities		
Business combinations	0.0	91.0
Purchase of associates	–4.6	0.0
Disposal of subsidiaries and associates	0.0	0.0
Dividend from associates	0.9	0.7
Settlement of earn-out payments	–0.9	–0.4
Purchase of property, equipment (incl. software) and intangible assets	–66.3	–61.0
Disposal of property, equipment (incl. software) and intangible assets	0.5	–2.0
Investment in financial instruments	–476.3	–328.6
Divestment of financial instruments	799.6	950.4
Cash flow from investing activities	**253.0**	**650.1**
Cash flow from financing activities		
Repayment of leasing liabilities	–31.7	–28.0
Net movements in treasury shares	–42.3	–60.1
Dividends paid	–142.6	–137.8
Issued debt instruments	0.0	0.0
Cash flow from financing activities	**–216.7**	**–225.9**
Effects of exchange rate differences	–2.0	–4.9
Net increase / (decrease) in cash and cash equivalents	**–561.5**	**–614.1**
Cash and cash equivalents, beginning of the year	7,748.5	8,362.6
Cash and cash equivalents as at the balance sheet date	**7,187.1**	**7,748.5**

The recognition of a lease liability and of a corresponding right of use asset at the lease commencement date as well as the recognition of changes in the liability to acquire minority interests in TwentyFour Asset Management LLP in shareholders' equity represent significant non-cash items. These two liabilities, together with the liability from the AT1 bond, represent liabilities from financing activities. For further information please refer to notes 18 (lease liabilities), 16 (liability to acquire the minority interests in TwentyFour Asset Management LLP) and 24 (AT1 bond).

Information on the consolidated cash flow statement

CHF MN	31.12.2020	31.12.2019
Cash and cash equivalents comprise at the balance sheet date		
Cash[1]	6,449.0	7,133.6
Due from banks on demand	738.0	614.9
Total	**7,187.1**	**7,748.5**

Further information

CHF MN	2020	2019
Dividends received	39.1	39.6
Interest received	196.4	207.6
Interest paid	17.1	29.8

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 comprise the accounts of Vontobel Holding AG and its subsidiaries. They have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting principles applied are the same as in the consolidated financial statements dated December 31, 2019, the only exceptions being the changes referred in section 4.

2. Estimates, assumptions and judgment

In the preparation of the consolidated financial statements, management has to make numerous estimates and assumptions that may include material uncertainties. These estimates and assumptions are based on the best available information and are adapted continuously in line with new findings and circumstances.

Estimates and assumptions are mainly contained in the following areas of the consolidated financial statements and are discussed in the corresponding notes to the consolidated financial statements: fair value of financial instruments, expected credit losses of financial instruments, share-based payment, provisions, income taxes, pension plans, leasing and goodwill and other intangible assets.

In the application of accounting principles, the treatment of the impact of changes in own credit risk from financial liabilities, for which the fair value option is applied – as described in note 3 of the Notes to the consolidated financial statements – involves significant judgment.

3. Summary of the most important accounting principles

3.1 Consolidation principles

Subsidiaries

All subsidiaries directly or indirectly controlled by Vontobel Holding AG are consolidated in the consolidated financial statements. Vontobel exercises control over another company if all three of the following requirements are met: Vontobel has decision-making power over the other company, is exposed to variable returns from its involvement with the other company and has the ability to use its power over that company to affect the amount of its returns.

Acquired subsidiaries are consolidated from the date on which control is transferred to Vontobel. Changes to investments in subsidiaries are recorded as transactions in shareholders' equity provided Vontobel retains control of the subsidiary. Subsidiaries that are sold are consolidated until the date on which control is lost.

The acquisition of a subsidiary is accounted for using the purchase method. The acquisition costs are measured at the fair value of the consideration at the acquisition date. Previously held equity interests in the acquiree are measured at fair value at the acquisition date and any gain or loss is recorded in the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at fair value at the acquisition date. A minority interest in the acquiree is measured either at fair value or at its proportionate interest in the fair value of the net assets acquired; either method can be chosen on a transaction-by-transaction basis. If the aggregate of the fair value of the consideration, the fair value of the previously held equity interests and the minority interests measured according to the chosen method, as detailed above, exceeds the fair value of the net assets acquired, the difference between the two amounts is recorded as goodwill. If the opposite applies, the difference is immediately recorded in the income statement. The costs directly attributable to the acquisition (e.g. consulting and audit costs) are charged to the income statement.

Vontobel's investment funds are classed as structured entities according to IFRS 12. They are consolidated if Vontobel – as a principal – acts primarily in its own interests. If Vontobel – as an agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of non-consolidated investment funds are treated as financial instruments, as defined in section 3.3.

The effects of intra-Group transactions are eliminated in the consolidated financial statements. Shareholders' equity, net profit and comprehensive income attributable to minority interests are reported separately in the consolidated balance sheet and statement of comprehensive income.

Please refer to note 16 for information on minority interests in TwentyFour Asset Management LLP.

Associates

Companies over which Vontobel can exert significant influence are accounted for using the equity method. As a rule, influence is deemed significant when Vontobel holds 20% to 50% of voting rights.

According to the equity method of accounting, the interest acquired in a company is stated at cost in the balance sheet upon acquisition. After the acquisition, the carrying amount of the associate is adapted to reflect the Group's share of comprehensive income and ownership-related changes to the shareholders' equity of the associate and any impairment.

3.2 General principles

Foreign currency translation

Vontobel companies prepare their financial statements in the respective functional currency. Transactions in a currency other than the functional currency are recorded by the companies at the exchange rate on the date of the transaction. Exchange differences arising between the date of a transaction and its subsequent settlement are recognized in the income statement. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the closing exchange rates, unrealized exchange differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated into the functional currency at the historical exchange rate. Non-monetary items carried at fair value in a foreign currency are translated into the functional currency at the closing exchange rates. Any unrealized gains and losses resulting from the foreign currency translation are recorded in the income statement in the case of trading portfolio assets and other financial instruments at fair value and in other comprehensive income in the case of financial investments.

When drawing up the consolidated financial statements, the balance sheets of Vontobel companies that are denominated in a foreign currency are translated into Swiss francs at the closing exchange rates. Average exchange rates for the period under review are used for items of the income statement, other comprehensive income and cash flows. Currency translation adjustments that result from changes in exchange rates between the beginning and the end of the year, as well as the difference between the annual profit at average rates and at year-end rates, are recognized in other comprehensive income. If a realization event occurs (e.g. if control over a Group company is lost), the relevant currency translation adjustments are transferred from other comprehensive income to the income statement. For information on hedges of net investments in foreign operations, please refer to note 34 "Hedge accounting".

Segment reporting

Please refer to note 47 for information on the segments.

Recognition of fee and commission income

Please refer to note 2 for information on the recognition of fee and commission income.

3.3 Financial instruments

Initial recognition

Purchases and disposals of financial assets are recognized in the balance sheet at the trade date. At the time of initial recognition, financial assets or financial liabilities are classified according to IFRS 9 criteria, assigned to the relevant category and measured at the fair value of the consideration paid or received, including directly attributable transaction costs. In the case of trading portfolio assets and liabilities and other financial instruments at fair value ("Fair value through profit or loss"), the transaction costs are immediately recognized through profit or loss.

Measuring fair value, fair value hierarchy and recognition of "day 1 profit"

For information on the measurement of fair value of financial instruments, the valuation techniques used, the fair value hierarchy and day 1 profit, please refer to note 30 "Fair value of financial instruments".

Trading portfolio assets and trading portfolio liabilities ("fair value through profit or loss")

Financial assets or financial liabilities held for trading purposes are recognized at fair value in "Trading portfolio assets" or "Trading portfolio liabilities". All income components are recognized in "Trading income".

Derivative financial instruments ("fair value through profit or loss") and hedge accounting

Derivative instruments are recognized as positive and negative replacement values at fair value. Provided no hedge accounting is applied for the relevant derivatives, all income components are recognized in "Trading income". Information on hedge accounting is provided in note 34.

Other financial assets at fair value ("fair value through profit or loss")

This balance sheet item contains financial assets that are not held for trading purposes but fall within the category "Fair value through profit or loss" due to the criteria set out in IFRS 9. Equity instruments that Vontobel assigned to "Financial investments" upon initial recognition are an exception (see below). This balance sheet position is treated the same way in the income statement as trading portfolio assets.

Other financial liabilities at fair value ("fair value through profit or loss")

This balance sheet item contains issued structured products and debt instruments for which the fair value option is applied. They are managed, measured and reported to the Board of Directors and the Executive Committee on a fair value basis according to a documented strategy. They are treated the same way in the income statement as trading portfolio liabilities (information on the treatment of the impact of changes in own credit risk is provided in note 3 “Trading income”). Income from issued structured products and debt instruments is therefore treated in the same way as income from the corresponding hedging positions.

Financial investments (“fair value through other comprehensive income”)
This balance sheet item contains long-term equity investments (e.g. investments in infrastructure companies) on the one hand, and on the other hand debt instruments held within a business model whose objective is both selling debt instruments and collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial investments are recognized at fair value.

In the case of equity investements, dividends are recognized in net interest income and all other income components are recognized in other comprehensive income. Realized income is not transferred to profit or loss.

In the case of debt instruments, changes in fair value are recognized in other comprehensive income. The change in expected credit losses is shown in “Net interest income”, and the reverse entry is recognized in other comprehensive income. If a debt instrument is sold, expected credit losses and cumulative changes in fair value are transferred from other comprehensive income to the items “Net interest income” and “Other income”. Interest is accrued in the period in which it is earned using the effective interest method and recognized in “Net interest income”. For further information on expected credit losses, see the section “Impairment model” below.

Cash, due from banks, receivables from securities financing transactions and loans (“amortized cost”)
These positions are held to collect contractual cash flows, that are solely payments of principal and interest on the principal amount outstanding. The cash holdings in the balance sheet item “Cash” are recognized at nominal value and other positions are recognized at amortized cost less expected credit losses. Securities received in the context of securities financing transactions are not recognized in the balance sheet, since the risks and rewards of ownership are not transferred to Vontobel.

The change in expected credit losses is shown in “Net interest income”. Interest on positions that are not past due is accrued in the period in which it is earned using the effective interest method and recognized in “Net interest income”. Negative interest is shown as interest expense. For further information on expected credit losses, see the section “Impairment model” below.

Due to banks, payables from securities financing transactions, due to customers and debt issued (“amortized cost”)
These positions are recognized at amortized cost. Interest is accrued in the period in which it is incurred using the effective interest method and recognized in “Net interest income”. Negative interest is shown as interest income. Securities that are transferred in the context of securities financing transactions are not derecognized since the risks and rewards of ownership are not transferred. Additional Tier 1 bond positions held due to market making activities are classed as repaid and are offset in the balance sheet item “Debt issued”.

Impairment model
At Vontobel, it is mainly financial assets recognized at amortized cost, debt instruments in financial investments and credit risks from off-balance-sheet items that are subject to the IFRS 9 impairment model. Vontobel applies the impairment model individually for all relevant financial instruments.

At Vontobel, a financial instrument is assigned to stage 1 of the impairment model at the time of initial recognition. Vontobel has elected under IFRS 9 to continue to allocate all financial instruments with an internal or external rating of at least “investment grade” to stage 1 after initial recognition. At Vontobel, this applies to the vast majority of financial instruments. If a financial instrument displays a significantly increased credit risk (risk of default) compared to the time of initial recognition and if any (internal or external) rating no longer corresponds to at least “investment grade”, it is transferred to stage 2. The main indicators of a significant increase in credit risk are: a delay in payment and a material deterioration in the rating, credit risk-related market data (e.g. increase in the risk premium) or borrower-related (idiosyncratic) factors. If a payment is more than 30 days past due, a financial instrument is, in principle, always transferred to stage 2. If there is objective evidence of impairment, the financial instrument is transferred to stage 3. Objective evidence of impairment includes missed payments, substantial financial difficulties on the part of the borrower, a material reduction in the market price of a debt instrument due to borrower-specific factors, and a material reduction in the value of the collateral received.

The financial investments held by Vontobel generally consist solely of liquid debt instruments from high-quality borrowers that have been assigned an external rating in the high "investment grade" range by a recognized rating agency. The creditworthiness of the borrowers is monitored continuously based on changes in external ratings, market factors as well as internal assessments. If a debt instrument no longer meets the internal rules governing creditworthiness, it is generally sold within a very short period of time. In exceptional cases where the instrument is not sold, checks are carried out at the next balance sheet date to determine whether there has been a significant increase in the credit risk or whether there is objective evidence of impairment. Since the debt instruments are highly liquid, the market price is a reliable indicator of the financial position of a borrower. In the event of a significant decrease in market price due to company-specific factors, the debt instrument is classed as impaired.

The secured loans provided to investment clients ("lombard lending") and exposures to professional counterparties – with the exception of the financial investments described above – are generally only entered into on a secured basis, with securities serving as easily realizable collateral. Mortgage collateral consists of mortgage certificates, although the corresponding clients generally hold additional assets at Vontobel. Further information about the procedures to ensure that adequate collateral is in place as well the methods and processes used to carefully manage counterparty risks resulting from unsecured exposures is provided in chapter 5 of the notes on risk management and risk control. The management and control of counterparty risks minimizes the probability that a stage 1 exposure will have to be transferred to stages 2 or 3.

The expected credit losses in stage 1 of the impairment model correspond to the present value of expected credit losses resulting from possible default events within 12 months of the balance sheet date ("12-month losses"). The expected credit losses in stages 2 and 3 correspond to the present value of all expected credit losses over the remaining lifetime of the financial instrument ("lifetime losses"). The change in expected credit losses is recognized in "Net interest income".

The expected credit losses on financial instruments with an external or comparable internal rating in stages 1 and 2 are calculated by multiplying the exposure at default (EAD) with the probability of default (PD) and the loss given default (LGD). The interest rate effect is considered if material. The probabilities of default are generally determined using the rating transition matrixes of rating agencies or internal ratings, and the loss given default is determined based on market observations. The forecasts of future events that are incorporated into the calculation of expected credit losses are based, among other things, on market observations and market estimates, early warning signals, and industry and segment analysis. The value of collateral is taken into account when calculating expected credit losses. For this reason, it is usual for only minimal expected credit losses to be reported in particular for lombard loans, – which account for by far the largest proportion of the balance sheet item "Loans" – and receivables from securities financing transactions in stages 1 and 2.

The expected credit losses of financial instruments in stage 3 are calculated after taking account of collateral valued at the liquidation value using an individual assessment of the unsecured portion of the loan. They are generally derecognized at the point in time when a legal title confirms the conclusion of the realization proceedings.

3.4 Other basic principles

Precious metals and cryptocurrencies

In connection with its trading and issuing business, Vontobel holds commodities positions – especially in precious metals and cryptocurrencies. They are used primarily to hedge risks arising from the structured products issued. They are measured at fair value less selling costs and are recorded in the balance sheet item "Trading portfolio assets". Gains and losses are recognized in "Trading income". In the notes to the consolidated financial statements these items are disclosed together with the financial instruments held for trading purposes.

Own shares and derivatives on own shares

Vontobel Holding AG shares held by Vontobel are deducted from shareholders' equity in the item "Treasury shares" at weighted average cost. Changes in fair value are not recorded. When own shares are sold, the proceeds are recorded in "Capital reserve" and the corresponding acquisition cost is transferred from the balance sheet position "Treasury shares" to "Capital reserve".

Derivatives on own shares that must be physically settled qualify as equity instruments and are stated in shareholders' equity under "Capital reserve". Changes in fair value are not recognized. The settlement of a contract is treated like a purchase or sale of own shares.

Derivatives on own shares that must be settled in cash or that offer a choice of settlement method are treated as derivative financial instruments.

An exception are put options written on own shares and forward contracts to purchase own shares in which physical settlement has been agreed on or offered as an alternative. In both cases, the discounted strike price or forward price upon execution of the contract is deducted from shareholders' equity as a liability. This liability is increased during the contract term up to the strike price or forward price using the effective interest rate method. Upon settlement of a contract, the liability is derecognized. If the contract is not settled, the liability is transferred to shareholders' equity.

Share-based payment
Please refer to note 39 for information on share-based payment.

Property, equipment and software
Please refer to note 17 for information on property, equipment and software.

Goodwill and other intangible assets
Please refer to note 19 for information on goodwill and other intangible assets.

Leasing
Please refer to note 18 for information on leasing.

Income taxes
Please refer to note 9 for information on income taxes.

Pension plans
Please refer to note 37 for information on pension plans.

Provisions
Please refer to note 25 for information on provisions.

4. Changes in financial reporting

4.1 Changes in accounting principles

4.1.1 Standards and interpretations that have been implemented

Vontobel applied the following new or revised standards and interpretations for the first time in the financial year 2020:

Interest Rate Benchmark Reform (Phase I)

The amendments address uncertainty related to potential effects of IBOR reform (replacement of existing reference rates such as LIBOR and EURIBOR with alternative interest rates) on certain hedge accounting requirements that are based on forward-looking analysis. The corresponding requirements are to be applied as if the reference rate on which hedged cash flows and cash flows from the hedging instrument are based is not altered as a result of interest rate benchmark reform.

The first-time application of the changes had no impact on Vontobel's consolidated financial statements.

Other standards and interpretations that have been implemented

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 1 / IAS 8 – Definition of Material;
- IFRS 3 – Definition of a Business;
- Amendments to References to the Conceptual Framework in IFRS Standards.

4.1.2 Other changes

Segment reporting

Following the realignment implemented as of January 1, 2020, in connection with "One Vontobel", segment reporting had to be adjusted. Prior-year figures have been adjusted to the new presentation for comparison purposes. See note 47 for further information.

Early repayment fees

With effect from the current year, the fees that Vontobel charges clients for the early repayment of a loan have been recognized in the income statement in "Net interest income after credit losses" (sub-line item "Interest income from banks and customers") since they are similar in nature to interest. The fees were previously recognized in "Net fee and commission income" (sub-line item "Other fee and commission income"). For comparative purposes, in the income statement for the financial year 2019, CHF 1.9 mn (H1 2019: CHF 1.5 mn; H2 2019: CHF 0.4 mn) was reclassified from "Net fee and commission income" to "Net interest income after credit losses". This reclassification had no impact on the previous year's net profit or consolidated shareholders' equity.

4.2 Changes in estimates

Valuation of exchanged-traded derivatives

To ensure a consistent valuation of exchanged-traded derivatives and of other derivatives held by Vontobel, exchange-traded derivatives have, since the first half of 2020, no longer been valued at the settlement prices of the relevant exchanges. Instead, they have since been valued using generally accepted valuation models that are also applied to the other derivatives held by Vontobel. As a result of this change, exchange-traded derivatives are now classed as level 2 instruments (previously level 1 instruments). As of the date of this change, financial assets and financial liabilities with a book value of CHF 271 mn and CHF 1,145 mn, respectively, were transferred from level 1 to level 2. This change did not have a material impact on the balance sheet and the income statement.

Impairment testing of goodwill positions

The method applied to determine the multipliers for assets under management, which are used in the context of impairment testing for goodwill positions, was refined in the financial year 2020. See note 19 for further information.

5. Standards and interpretations that have not yet been implemented

Various new and revised standards and interpretations have to be applied with effect from 1 January 2021 or a later date. Vontobel has not made use of the option of applying the following standards and interpretations prior to the effective dates.

Interest Rate Benchmark Reform (Phase II)
The amendments address matters that could have an accounting impact at the time of the actual replacement of an existing benchmark interest rate such as LIBOR and EURIBOR by an alternative interest rate. Modifications to financial instruments that are necessary as a direct result of the IBOR reform and are made on an economically equivalent basis lead to the updating of the effective interest rate as a result of the amendments. Further, the amendments entail the easing of various requirements in hedge accounting, e.g. with regard to the adjustments to hedge documentation required due to the IBOR reform. The amendments are to be applied for the first time for financial years beginning on or after January 1, 2021. Earlier application is permitted. Vontobel does not expect the first-time application of the amendments to have any effects on the consolidated financial statements.

Other new standards and interpretations
Based on initial analyses, the following new and revised standards and interpretations are not expected to have any significant impact on Vontobel's net profit, comprehensive income and shareholders' equity or are not expected to be relevant to Vontobel:
- IAS 1 – Classification of Liabilities as Current or Non-current;
- IAS 16 – Proceeds before Intended Use;
- IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- IFRS 3 – Reference to the Conceptual Frameworks;
- IFRS 16 – Covid-19-Related Rent Concessions;
- IFRS 17 – Insurance Contracts;
- Annual Improvements 2018–2020.

Risk management and risk control

1. Risk policy

A conscious and prudent approach to risk is a prerequisite for the sustained, long-term success of Vontobel. The assumption of risk is an inherent part of its business activities. The Group-wide risk culture, which is firmly established at every level of the company and is reviewed on an ongoing basis, ensures that risks are recognized and that appropriate control and mitigation mechanisms are implemented and refined.

As part of its risk policy – as a component of the framework concept for Group-wide risk management – Vontobel defines the relevant risk categories, the corresponding risk profile, as well as the powers of authorization, organizational structure, methods and processes for the management and control of risks. The appropriateness of the risk policy is reviewed at least once annually by the Board of Directors.

The Board of Directors evaluates and monitors the Group's Internal Control System using a systematically developed risk analysis model discussed with the Executive Committee.

The Risk Management and Risk Control units ensure that all risks are managed and monitored with the utmost care.

The most important principles regarding risk management and control are:
- Clearly delegated responsibilities and authority
- Alignment of risk profile and risk capacity
- Independent control functions and adequate human and technical resources
- Adequate internal control systems
- Transparency regarding the risks taken

Clear responsibilities and powers of authorization
Organizational aspects and powers of authorization relating to the management and control of all risks have been defined as follows:
- The Board of Directors has the ultimate responsibility for risk issues.
- The Executive Committee is responsible for the operational implementation of the risk policy and for the management and control of all risks.
- The heads of the Client Units and Centers of Excellence are responsible for managing risks in accordance with the relevant qualitative and quantitative guidelines.
- The Risk Control divisions are responsible for risk control.

Alignment of risk profile and risk capacity
Comprehensive, combined Group-wide stress tests are conducted on a regular basis. In addition to market and credit risks (i.e. position risks), these tests assess operational risks as well as risks relating to income and costs. The results of the stress tests are compared with Vontobel's risk capacity to ensure that its risk profile does not exceed the available risk capacity and that any adjustments are made promptly.

Independent control functions as well as adequate human and technical resources
The Risk Control divisions responsible for risk control report directly to the Chief Financial Officer (CFO), who works independently from the Client Units and Centers of Excellence and is a member of the Executive Committee.

The Risk Control divisions are organized into various teams, which are responsible for the subsequent independent monitoring of market, credit and counterparty risks and operational risks in general, as well as the risks that result when client assets are not invested in accordance with internal or external regulations (investment control) in particular.

In terms of operational risks in particular, an important role is also played by the Center of Excellence Legal & Compliance. The head of Legal & Compliance is the General Counsel, who also works independently from the Client Units and Centers of Excellence and is a member of the Executive Committee.

The Risk Control divisions are primarily responsible for identifying risks related to ongoing business activities, changes in the environment (markets or regulation) or the launch of new activities (new products and services or new markets). Secondly, it records the identified risks using suitable methods and quantifies them using measuring systems as far as possible. These risks are then consolidated, analyzed and monitored. Vontobel employs conventional methods and procedures to achieve this (see the following sections on the individual risk categories). Market, counterparty and credit risks are monitored on a daily basis and compared with the limits that have been set. If any limits are exceeded, this is reported immediately and the position is monitored closely until the additional exposure is reduced. The Risk Control divisions' third responsibility is to transparently present the risks that have been assumed.

Adequacy of internal control systems
The management and control of all risks is essentially performed using a holistic approach referred to as the Internal Control System (ICS). In accordance with the FINMA Circular 01/17 "Corporate governance – banks", as well as the provisions governing control processes during the production of financial statements according to the Swiss Code of Obligations, existing control processes are regularly reviewed and further optimized. As well as ensuring compliance with legal and regulatory requirements, the focus is on ensuring the effectiveness, efficiency and reliability of business processes as well as of financial information and risk data.

Transparency regarding the risks taken
Vontobel's risk policy distinguishes between strategic, market, liquidity, credit, operational and reputational risks. The latter are considered to be of particular and overriding importance. The Board of Directors, Executive Committee and employees know that the good reputation of Vontobel and the trust which is placed in it are based on their ability to strike a balance between profit orientation, risk tolerance and compliance with mandatory rules of conduct each day.

The transparent presentation of the risk profile in consolidated form and of the individual risks that have been assumed in detailed form is a core function of the Risk Control divisions (see above). The front office areas that are responsible for risk management are informed about market and credit risks on a daily basis, mainly via suitable reports. However, reports on operational risks are provided at appropriate intervals rather than on a daily basis.

The Executive Committee and the Board of Directors are informed in full about any changes in individual risk factors and the Group's risk profile via consolidated periodic risk reports. The valuation principles are set out in note 30.

2. Strategic risk

Vontobel defines strategic risk as the risk that the strategic objectives it has set, and the operational objectives derived from them, will not be realized in the course of current business operations due to a failure to adequately adapt to changing operating conditions or as a result of decisions that subsequently prove to be wrong.

Strategic risk is regularly reviewed and assessed as part of Vontobel's holistic approach to risk monitoring, with a particular focus being placed on the assessment of the environment and of the company's strategic direction. The Executive Committee is informed of the qualitative results of the analysis, which are approved by the Board of Directors. If necessary, risk mitigation measures are defined and implemented. These measures are also taken into account in strategic and operational planning.

3. Market risk

3.1 General information
Market risk refers to the risk of losses as a result of changes in market parameters such as interest rates, credit spreads, foreign exchange rates, stock prices or commodities prices and the corresponding volatilities. Market risks are relevant in various areas, both in the Structured Products division and in the Treasury division (aggregated in the Center of Excellence Structured Solutions & Treasury).

In Structured Products, the major proportion of the risk positions originates from the business with proprietary products such as warrants, certificates and structured products, as well as the hedging of these instruments. Structured Products is responsible for these positions, as well as for foreign exchange and money market trading, the management of the foreign exchange position and collateral trading (repo transactions and securities lending and borrowing transactions).

Market risks are limited and monitored using a multi-level system of limits. In addition to the Value at Risk limits and stress exposure limits prescribed at a global level and for each trading unit, this system defines a wide range of detailed sensitivity limits and volume limits in order to control and limit risks.

Positions involving market risks are also held in Treasury. Financial investments consist of broadly diversified portfolios of interest rate instruments and some long-term and non-consolidated participations (see note 12). To quantify and limit risk, the same measurement methods – i.e. Value at Risk and stress exposure – are used for these positions at a consolidated level as for the positions held by Structured Products. Further information on market risks at overall balance sheet level (interest rate risks and currency risks) can be found in section 3.3 "Market risks related to the balance sheet structure".

3.2 Market risks in the Structured Products and Treasury divisions

3.2.1 Value at Risk (VaR)

The management and control of market risks for all the positions in Structured Products as well as for securities holdings in Treasury is based on specific sensitivity and volume limits as well as on Value at Risk and stress exposure measurements, in line with the general market standard.

VaR is measured daily using the historical simulation method. All instruments are revalued based on historical changes to the risk factors. As a result, the historically observed volatility of the individual risk factors and the historically observed correlations between the individual risk factors are imputed directly into the VaR calculations.

The confidence level is 99%, the holding period is set at one day and the historical period of observation to determine the time series relevant to VaR extends over the last four years.

The following table shows the VaR for Vontobel as a whole, as well as for Structured Products. The average VaR for the year under review totalled CHF 9.5 mn for Vontobel as a whole, of which CHF 8.4 mn related to Structured Products (2019: average VaR of CHF 6.2 mn for Vontobel and of CHF 5.0 mn for Structured Products).

The table also shows the relative importance of the VaR of the individual risk factors as a proportion of total VaR. The average VaR figures indicate that in the case of Vontobel, equity and interest rate risks (including issuer-specific credit spread risks) represent the most significant risk factors. Currency and commodities risks are of secondary importance.

Value at Risk (VaR) for Vontobel overall and for Structured Products[1]

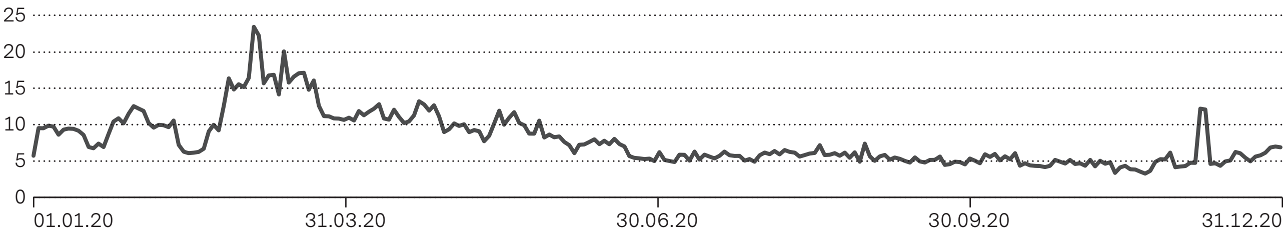
CHF MN	EQUITIES[2]	INTERESTS INCL. CREDIT SPREAD	CURRENCIES[3]	COMMODITIES	DIVERSIFICATION	31.12.2020 TOTAL
Vontobel:	**7.1**	**4.6**	**1.8**	**0.1**	**–5.5**	**8.1**
Average	7.9	4.6	2.1	0.5	–5.6	9.5
Minimum	3.9	3.0	0.8	0.1	n/a[4]	6.1
Maximum	23.5	6.7	6.1	2.7	n/a[4]	23.0
of which Structured Products	*7.2*	*1.3*	*1.1*	*0.1*	*–2.3*	*7.4*
Average	*8.1*	*1.8*	*1.0*	*0.5*	*–3.0*	*8.4*
Minimum	*3.8*	*0.7*	*0.3*	*0.1*	*n/a[4]*	*3.8*
Maximum	*22.6*	*5.1*	*4.3*	*2.7*	*n/a[4]*	*23.8*

CHF MN	EQUITIES[2]	INTERESTS INCL. CREDIT SPREAD	CURRENCIES[3]	COMMODITIES	DIVERSIFICATION	31.12.2019 TOTAL
Vontobel:	**5.2**	**3.3**	**1.0**	**0.2**	**–3.9**	**5.8**
Average	5.2	3.4	1.8	0.2	–4.4	6.2
Minimum	3.9	2.6	0.6	0.0	n/a[4]	5.0
Maximum	7.7	6.5	6.8	0.9	n/a[4]	8.3
of which Structured Products	*4.5*	*0.8*	*0.7*	*0.2*	*–1.2*	*5.0*
Average	*4.6*	*1.1*	*0.7*	*0.2*	*–1.6*	*5.0*
Minimum	*3.3*	*0.8*	*0.2*	*0.0*	*n/a[4]*	*3.9*
Maximum	*7.1*	*1.9*	*6.9*	*0.9*	*n/a[4]*	*7.4*

1 99% confidence level; 1-day holding period; historical observation period of the last four years. The contributions to the risk factors include both price and volatility risks.
2 Including positions in investment funds and hedge funds
3 Including precious metals
4 The maximum and minimum exposures for the total VaR and component VaR may have arisen on different days. Diversification is therefore not applicable here.

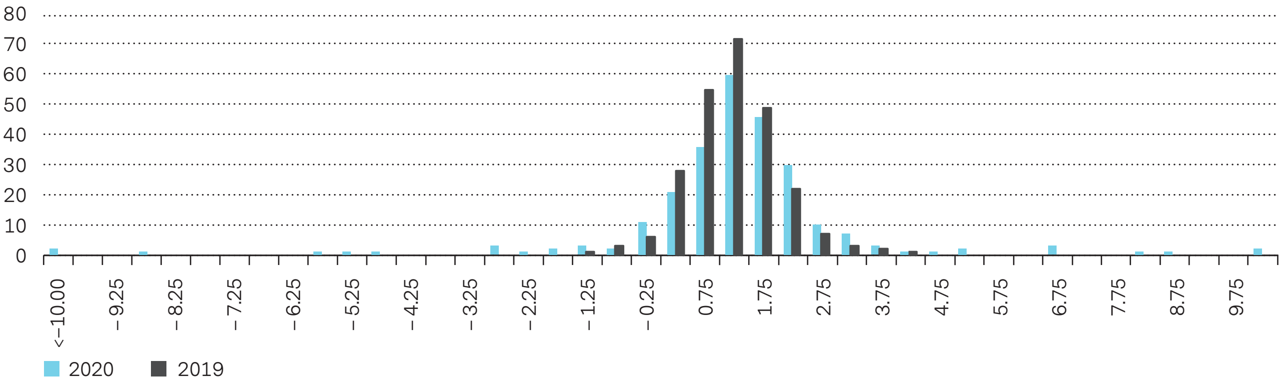
The graph below shows the development over time of 1-day VaR for the positions of Structured Products at Vontobel. There is also a graph to show the frequency distribution of daily gains and losses for the years 2020 and 2019.

Value at Risk (VaR)[1] for the positions of Structured Products
CHF MN



1 99% confidence level; 1-day holding period; last four years historical observation period

Frequency distribution of the gains and losses of the positions of Structured Products[1]
number of days



1 The reported gains and losses represent actual income incl. spreads as well as income from intraday trading (in CHF mn).

3.2.2 Stress exposure
In addition to the VaR limits based on a 99% confidence level, stress exposure limits have also been defined. The corresponding stress tests are conducted on a daily basis. All positions held by Structured Products and all securities positions of Treasury are re-evaluated in a variety of stress scenarios (with 1-day to 10-day holding periods) and the scenario with the largest loss is subsequently defined as the stress exposure. The calculations are based on historical and institute-specific stress scenarios. The stress scenarios are reviewed regularly and are supplemented or adapted where necessary based on changes in the market environment and risk positioning.

3.3 Market risks related to the balance sheet structure
Treasury (within the Center of Excellence Structured Products & Treasury) is responsible for managing the balance sheet structure, capital and liquid assets. Interest rate risks and currency risks are monitored and limited as part of the Group's asset and liability management (ALM) activities. Treasury is also responsible for securing refinancing and monitoring liquidity risk on a continuous basis.

3.3.1 Interest rate risk

Interest rate and foreign-exchange risks arise in balance sheet management through differing fixed interest rate periods and foreign currencies on the asset and liability side of the balance sheet and of off-balance-sheet items. These risks are managed and monitored at an aggregated level. The interest rate sensitivities of the market value of shareholders' equity (broken down to show positions of Structured Products and Treasury) are presented below. The table shows the gains and losses by currency and maturity range, assuming a +/–100 basis point change in interest rates. Assuming additive aggregation between individual currencies, the sensitivity to a +100 basis points change corresponds to CHF –36.1 mn for the current year and CHF –36.7 mn for the previous year.

Interest rate risk

	INTEREST SENSITIVITY AS OF 31.12.2020					
CHF MN	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.1	1.0	8.4	10.0	–61.7	–42.2
of which Structured Products	*0.0*	*0.6*	*0.8*	*3.8*	*1.4*	*6.6*
of which Treasury	*0.1*	*0.4*	*7.6*	*6.2*	*–63.1*	*–48.8*
USD: Vontobel	0.0	–0.1	6.8	15.0	–6.8	14.9
of which Structured Products	*0.1*	*–0.4*	*0.8*	*–1.8*	*1.6*	*0.3*
of which Treasury	*–0.1*	*0.3*	*6.0*	*16.8*	*–8.4*	*14.6*
EUR: Vontobel	0.1	–1.2	3.8	–3.8	–2.6	–3.7
of which Structured Products	*0.1*	*–1.4*	*0.7*	*–3.8*	*1.6*	*–2.8*
of which Treasury	*0.0*	*0.2*	*3.1*	*0.0*	*–4.2*	*–0.9*
Others: Vontobel	0.0	0.1	–0.7	–4.0	–0.5	–5.1
of which Structured Products	*0.0*	*0.2*	*–0.2*	*–1.9*	*–0.2*	*–2.1*
of which Treasury	*0.0*	*–0.1*	*–0.5*	*–2.1*	*–0.3*	*–3.0*
–100 basis points						
CHF: Vontobel	–0.1	–1.0	–8.7	–10.3	67.5	47.4
of which Structured Products	*0.0*	*–0.6*	*–0.9*	*–4.2*	*–1.5*	*–7.2*
of which Treasury	*–0.1*	*–0.4*	*–7.8*	*–6.1*	*69.0*	*54.6*
USD: Vontobel	0.0	1.1	–7.0	–15.8	7.2	–14.5
of which Structured Products	*–0.1*	*1.4*	*–0.9*	*1.7*	*–1.8*	*0.3*
of which Treasury	*0.1*	*–0.3*	*–6.1*	*–17.5*	*9.0*	*–14.8*
EUR: Vontobel	–0.1	1.2	–4.1	3.4	2.9	3.3
of which Structured Products	*–0.1*	*1.4*	*–0.9*	*3.3*	*–1.7*	*2.0*
of which Treasury	*0.0*	*–0.2*	*–3.2*	*0.1*	*4.6*	*1.3*
Others: Vontobel	0.0	–0.1	0.5	4.0	0.5	4.9
of which Structured Products	*0.0*	*–0.2*	*0.0*	*1.8*	*0.2*	*1.8*
of which Treasury	*0.0*	*0.1*	*0.5*	*2.2*	*0.3*	*3.1*

Interest rate risk

	INTEREST SENSITIVITY AS OF 31.12.2019					
CHF MN	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.1	0.3	9.6	19.3	–60.5	–31.2
of which Structured Products	*0.0*	*0.1*	*2.9*	*5.9*	*1.0*	*9.9*
of which Treasury	*0.1*	*0.2*	*6.7*	*13.4*	*–61.5*	*–41.1*
USD: Vontobel	0.3	0.1	0.8	2.4	0.3	3.9
of which Structured Products	*0.3*	*–0.1*	*–1.2*	*1.1*	*1.9*	*2.0*
of which Treasury	*0.0*	*0.2*	*2.0*	*1.3*	*–1.6*	*1.9*
EUR: Vontobel	0.0	–0.3	5.4	–6.0	–1.3	–2.2
of which Structured Products	*0.1*	*–0.3*	*3.4*	*–3.4*	*0.7*	*0.5*
of which Treasury	*–0.1*	*0.0*	*2.0*	*–2.6*	*–2.0*	*–2.7*
Others: Vontobel	0.0	–0.5	–0.5	–5.7	–0.5	–7.2
of which Structured Products	*0.0*	*–0.4*	*–0.1*	*–2.2*	*–0.1*	*–2.8*
of which Treasury	*0.0*	*–0.1*	*–0.4*	*–3.5*	*–0.4*	*–4.4*
–100 basis points						
CHF: Vontobel	–0.1	0.1	–10.0	–17.1	68.1	41.0
of which Structured Products	*0.0*	*0.3*	*–3.2*	*–3.5*	*0.9*	*–5.5*
of which Treasury	*–0.1*	*–0.2*	*–6.8*	*–13.6*	*67.2*	*46.5*
USD: Vontobel	–0.3	0.0	–0.4	–2.5	–0.3	–3.5
of which Structured Products	*–0.3*	*0.2*	*1.7*	*–1.2*	*–2.1*	*–1.7*
of which Treasury	*0.0*	*–0.2*	*–2.1*	*–1.3*	*1.8*	*–1.8*
EUR: Vontobel	0.0	0.2	–5.6	6.1	1.5	2.2
of which Structured Products	*–0.1*	*0.2*	*–3.6*	*3.3*	*–0.7*	*–0.9*
of which Treasury	*0.1*	*0.0*	*–2.0*	*2.8*	*2.2*	*3.1*
Others: Vontobel	0.0	0.4	0.5	5.9	0.5	7.3
of which Structured Products	*0.0*	*0.3*	*0.1*	*2.3*	*0.1*	*2.8*
of which Treasury	*0.0*	*0.1*	*0.4*	*3.6*	*0.4*	*4.5*

Under IFRS, the market value effect of changes in interest rates in Structured Products essentially has an impact on the income statement, as well as on shareholders' equity as a result of changes in retained earnings. However, the only impact in Treasury is on interest rate sensitive positions that are assigned to the category "fair value through profit or loss" under IFRS. In the case of interest rate sensitive financial investments, the market value effect of changes in interest rates only has an impact on shareholders' equity.

If interest rates changed by +100 (–100) basis points, the impact on pre-tax profit in Structured Products would be CHF +2.0 mn as of 31.12.2020 and CHF +9.6 mn as of 31.12.2019 (31.12.2020: CHF –3.0 mn, 31.12.2019: CHF –5.3 mn) and the pre-tax impact on consolidated shareholders' equity would be CHF –44.7 mn as of 31.12.2020 and CHF –42.3 mn as of 31.12.2019 (31.12.2020: CHF +45.9 mn, 31.12.2019: CHF +49.0 mn).

In view of the limited significance of interest income from variable interest-bearing positions or positions which expire in the course of the year, the impact of a change in interest rates on income levels has not been simulated.

3.3.2 Currency risk

As in the case of interest rate risks, currency risks relating to trading positions and the balance sheet structure are kept at a low level. This is achieved primarily through currency-congruent investments and refinancing activities. The following table shows the sensitivities to changes in foreign exchange rates of +/–5% according to internal reports.

Currency risk

	CURRENCY SENSITIVITY AS OF 31.12.2020					
1,000 CHF	USD	EUR	JPY	GBP	PRECIOUS METALS	OTHERS
+5%						
Vontobel	4,852.8	2,973.2	–534.2	1,497.8	94.3	4,527.0
of which Structured Products	*215.1*	*–442.4*	*–62.5*	*148.3*	*94.3*	*206.5*
of which Treasury	*4,637.6*	*3,415.6*	*–471.8*	*1,349.5*	*0.0*	*4,320.4*
–5%						
Vontobel	–4,078.8	–2,669.9	362.0	–1,165.0	–419.4	–4,456.1
of which Structured Products	*558.9*	*745.7*	*–109.7*	*184.5*	*–419.4*	*–135.7*
of which Treasury	*–4,637.6*	*–3,415.6*	*471.8*	*–1,349.5*	*0.0*	*–4,320.4*

	CURRENCY SENSITIVITY AS OF 31.12.2019					
1,000 CHF	USD	EUR	JPY	GBP	PRECIOUS METALS	OTHERS
+5%						
Vontobel	6,337.9	4,569.8	37.9	2,400.3	–96.9	3,812.2
of which Structured Products	*1,509.0*	*801.0*	*82.4*	*47.3*	*–96.9*	*225.1*
of which Treasury	*4,829.0*	*3,768.8*	*–44.5*	*2,353.0*	*0.0*	*3,587.0*
–5%						
Vontobel	–6,492.0	–3,622.9	–19.9	–2,346.4	–314.8	–3,474.5
of which Structured Products	*–1,663.0*	*145.9*	*–64.4*	*6.5*	*–314.8*	*112.6*
of which Treasury	*–4,829.0*	*–3,768.8*	*44.5*	*–2,353.0*	*0.0*	*–3,587.0*

4. Liquidity risk and refinancing

Liquidity risk refers to the risk of being unable to cover short-term funding needs at any time (e.g. due to the impossibility of substituting or renewing deposits, outflows of funds due to drawing on lending commitments or margin calls). Liquidity risk management ensures that Vontobel always has sufficient liquidity to be able to fulfil its payment obligations, even in stress scenarios. The liquidity risk management system therefore comprises functional risk measurement and control systems to ensure its continuous ability to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to manage any liquidity shortfalls.

The diversification of sources of refinancing and access to the repo market ensure that cash and cash equivalents are rapidly available on a secured basis if required. Liquidity is monitored and assured on a daily basis. The continuous monitoring of the volume and quality of available collateral also ensures that Vontobel always has adequate refinancing capabilities. In the event of an unexpected tightening of liquidity, the Group can also access a portfolio of positions that retain their value and can easily be liquidated.

The maturity structure of assets and liabilities is shown in note 29. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions "Trading portfolio assets", "Positive replacement values", "Other financial assets at fair value", "Trading portfolio liabilities", "Negative replacement values" and "Other financial liabilities at fair value" are not broken down into individual cash flows and divided into different maturity ranges but are, instead, reported at fair value in the "Demand" column. In the case of the other financial balance sheet positions, the book values are reported in the maturity range which represents the earliest point at which payment can be demanded according to the contractual provisions. In view of the predominantly short maturities, the breakdown of these positions into individual cash flows would provide an only marginally different view.

As part of the package of reforms announced by the Basel Committee on Banking Supervision (BCBS) in December 2010, it was decided that two quantitative minimum standards for liquidity management would be introduced: (a) the liquidity coverage ratio (LCR), which took effect on 1 January 2015, and (b) the net stable funding ratio (NSFR), which is planned to be introduced as of July 1, 2021.

Liquidity Coverage Ratio in accordance with FINMA Circular 15/02

AVERAGE	H2 2020	Q4 2020	Q3 2020
Total stock of high quality liquid assets (HQLA) in CHF mn	7,839.2	7,947.4	7,731.0
Total net cash outflows in CHF mn	4,293.8	4,308.6	4,279.0
Liquidity Coverage Ratio LCR in %	182.6	184.5	180.7

The liquidity coverage ratio is disclosed 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 half-year. 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.

The liquidity coverage ratio had 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.

5. Credit, counterparty and issuer risk

5.1 General information

Credit, counterparty and issuer risk concerns the risk of losses should a counterparty fail to honour its contractual obligations. In the case of Vontobel, it comprises:

- Default risks from lending against collateral ("Lombard lending") and loans secured by real estate
- Default risks from bond positions (issuer risk)
- Default risks from money market investments
- Default risks related to securities lending and borrowing, repo transactions, collateral management and derivatives.

In principle, Vontobel does not engage in commercial lending. Mortgages and Lombard loans are offered to our clients and employees.

5.2 Lending to private and institutional investment clients

In the case of private and institutional investment clients, Vontobel engages primarily in lending against collateral, i.e. the extension of loans is subject to the provision of securities that serve as marketable collateral. As a restriction on lending, limits on "framework credit lines" are set for each client. These limits cover all the exposures assumed in respect of each client. These exposures (including the risk add-ons determined by the type of exposure) must essentially be covered by the lending value of the collateral (securities after haircuts). Exposures that are only secured from a market value perspective but not after the application of collateral add-ons or haircuts, or exposures that are secured by collateral that is not recognized according to the guidelines of the Basel Committee on Banking Supervision, are only assumed in exceptional cases in respect of these clients. The lending value of positions and portfolios is generally determined in accordance with the "comprehensive approach" prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The quality of the collateral (volatility, rating, liquidity and tradability) and the diversification of the portfolio and currency risks are considered in the calculation.

In cases where the exposures are covered by market values but not by collateral values (i.e. after taking account of risk discounts), a risk alert process is initiated with the aim of restoring coverage through the reduction of the exposures, portfolio switches or the provision of additional collateral.

As of 31.12.2020, the credit exposure to private clients and institutional clients amounted to CHF 6,787.2 mn (31.12.2019: CHF 5,510.6 mn). Of these, CHF 1,474.4 mn (31.12.2019: CHF 1,228.7 mn) were covered by mortgages, CHF 5,032.0 mn (31.12.2019 CHF 3,998.1 mn) by other collateral recognized under Basel III (after risk discounts) and CHF 280.8 mn (31.12.2019: CHF 283.8 mn) by non-recognized financial collateral.

Lending to private and institutional investment clients [1]

CHF MN	COVERED BY RECOGNIZED COLLATERAL	NOT COVERED BY RECOGNIZED COLLATERAL	31.12.2020 TOTAL
Lending exposure	6,506.4	280.8	6,787.2

CHF MN	COVERED BY RECOGNIZED COLLATERAL	NOT COVERED BY RECOGNIZED COLLATERAL	31.12.2019 TOTAL
Lending exposure	5,226.8	283.8	5,510.6

1 Comprises not only cash credits but also the total due from private and institutional investment clients.

5.3 Exposures to professional counterparties and issuer risk

Vontobel has both secured and unsecured exposures to professional counterparties.

Secured exposures result from securities lending and borrowing, repo transactions, the collateral management of margin obligations and margin calls, as well as the collateralization of OTC derivatives that are eligible for netting. The **mitigation of credit risks** using securities as easily realizable liquid collateral is of key importance for these types of transactions. The transactions are generally concluded on the basis of collateralized netting agreements with strict requirements regarding eligible collateral, appropriate contractual collateral values and low contractual thresholds and minimum transfer amounts. The daily calculation and comparison of credit exposures and collateral is a core element of the management and monitoring of credit risks. During this process, conservative add-on factors are applied to the credit exposures and conservative haircuts are applied to the collateral in accordance with the "comprehensive approach" prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The different add-ons and haircuts are determined according to the instrument, rating, term to maturity, liquidity and tradability.

Unsecured exposures mainly comprise the **issuer risks in bond portfolios** held in Structured Products or for the purpose of balance sheet management. They also include exposures relating to money market transactions, accounts, guarantees and contractual independent amounts (threshold values and minimum transfer amounts) that are agreed with counterparties in netting agreements for securities lending and borrowing, repurchase agreements and the collateralization of OTC derivatives.

Settlement risks are reduced through the use of the Continuous Linked Settlement (CLS) system when conducting foreign currency transactions. Vontobel is connected to the CLS system as a third party.

All exposures to professional counterparties and issuers are monitored and restricted using a differentiated system of limits – which is defined in the Credit Regulations and is reviewed annually – for the individual counterparty categories, rating segments, countries and regions.

Vontobel bases the management and limitation of exposures to professional counterparties on external assessments by Independent Credit View AG as well as on the ratings of external agencies recognized by FINMA. It uses the ratings of Fitch, Moody's, S&P and Fedafin (public sector bodies only). If various ratings exist for a specific position, the relevant rating is assigned according to the rules prescribed by the Basel Committee on Banking Supervision.

The requirements regarding **counterparty creditworthiness** are particularly high for unsecured credit risks as well as issuer risks. The breakdown of unsecured counterparty and issuer risks by rating category is shown in the following table and graph. This and the following tables only contain information on current unsecured exposures without potential exposures relating to collateralized positions. The figures including the application of add-ons or haircuts in accordance with capital regulations are presented in the tables in the section on capital.

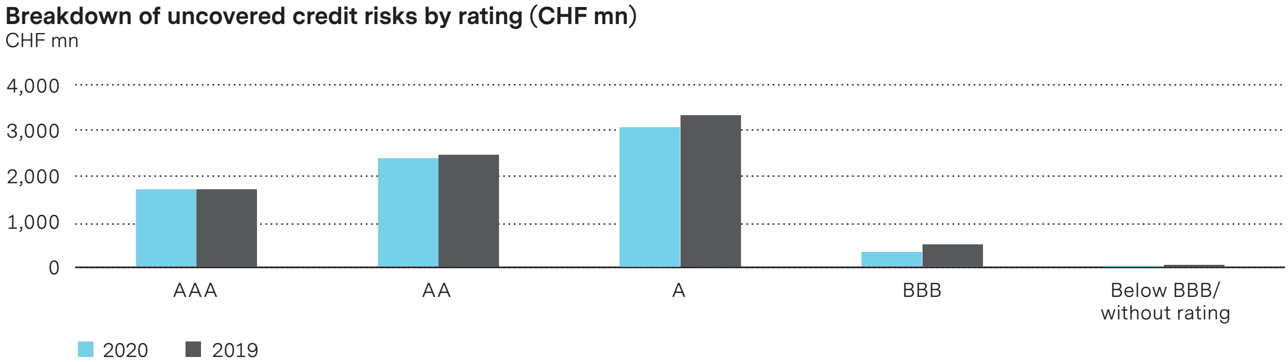
Breakdown of unsecured counterparty and issuer risks by rating[1]

CHF MN	AAA	AA	A	BBB	BELOW BBB/ WITHOUT RATING	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	1,657.0	2,301.9	2,781.3	311.3	13.7	7,065.2
Money market and accounts[3]	38.2	42.9	140.1	10.4	21.7	253.3
Other financial receivables[4]	9.0	40.4	120.7	34.4	3.5	208.1
Total	**1,704.2**	**2,385.2**	**3,042.1**	**356.2**	**38.9**	**7,526.6**
Share (%)	22.6	31.6	40.4	4.7	0.5	100.0

CHF MN	AAA	AA	A	BBB	BELOW BBB/ WITHOUT RATING	31.12.2019 TOTAL
Issuer risk from debt instruments[2]	1,634.7	2,359.5	3,059.9	508.0	36.5	7,598.6
Money market and accounts[3]	39.8	51.7	123.4	14.8	25.9	255.6
Other financial receivables[4]	30.2	40.6	129.2	4.9	1.4	206.3
Total	**1,704.7**	**2,451.8**	**3,312.5**	**527.7**	**63.8**	**8,060.5**
Share (%)	21.2	30.4	41.1	6.6	0.8	100.0

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 44.6 mn as of 31.12.2020 or CHF 15.5 mn as of 31.12.2019
3 The cash account of CHF 2,886.9 mn as of 31.12.2020 or CHF 2,345.7 mn as of 31.12.2019 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

Breakdown of uncovered credit risks by rating (CHF mn)



The exposures mainly relate to the rating categories “AAA” and “AA”, as shown in the previous table and graph: as of 31.12.2020, 54% (31.12.2019: 52%) of the exposures related to these categories of high creditworthiness. 95% of the exposures comprised a rating of “A” or above (31.12.2019: 93%). The proportion of exposures with a rating of less than “BBB” or with no rating was less than 1% (31.12.2019: 1%).

Breakdown of unsecured counterparty and issuer risks by counterparty type[1]

CHF MN	BANKS	OTHER CORPORTIONS/ INSTITUTIONS WITHOUT BANK STATUS	GOVERNMENTS/ PUBLIC SECTOR BODIES	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	3,554.8	1,129.0	2,381.5	7,065.2
Money market and accounts[3]	193.3	18.5	41.5	253.3
Other financial receivables[4]	79.7	126.2	2.1	208.1
Total	**3,827.8**	**1,273.7**	**2,425.0**	**7,526.6**

CHF MN	BANKS	OTHER CORPORTIONS/ INSTITUTIONS WITHOUT BANK STATUS	GOVERNMENTS/ PUBLIC SECTOR BODIES	31.12.2019 TOTAL
Issuer risk from debt instruments[2]	4,061.1	1,516.6	2,020.9	7,598.6
Money market and accounts[3]	197.1	15.4	43.1	255.6
Other financial receivables[4]	80.3	114.5	11.5	206.3
Total	**4,338.5**	**1,646.5**	**2,075.5**	**8,060.5**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 44.6 mn as of 31.12.2020 or CHF 15.5 mn as of 31.12.2019
3 The cash account of CHF 2,886.9 mn as of 31.12.2020 or CHF 2,345.7 mn as of 31.12.2019 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In terms of counterparty type, a large proportion of unsecured counterparty and issuer risks relates to governments and banks, as expected. As of 31.12.2020, governments, including public sector bodies, accounted for CHF 2,425.0 mn (31.12.2019: CHF 2,075.5 mn) of a total of CHF 7,526.6 mn (31.12.2019: CHF 8,060.5 mn) or 32% (31.12.2019: 26%). Banks accounted for CHF 3,827.8 mn (31.12.2019 CHF 4,338.5 mn) of a total of CHF 7,526.6 mn (31.12.2019: CHF 8,060.5 mn) or 51% (31.12.2019: 54%).

When setting limits, considerable importance is assigned to preventing concentration risks relating to individual counterparties, thus ensuring that exposures within counterparty categories are broadly diversified.

Breakdown of unsecured counterparty and issuer risks by region[1]

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	826.5	2,632.3	1,658.0	1,840.3	108.2	7,065.2
Money market and accounts[3]	78.6	145.9	25.9	2.6	0.3	253.3
Other financial receivables[4]	74.4	102.1	23.9	7.7	0.0	208.1
Total	**979.5**	**2,880.2**	**1,707.8**	**1,850.7**	**108.4**	**7,526.6**

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2019 TOTAL
Issuer risk from debt instruments[2]	1,004.9	2,923.2	1,638.2	1,942.1	90.2	7,598.6
Money market and accounts[3]	72.8	139.3	39.7	3.4	0.4	255.6
Other financial receivables[4]	91.3	82.8	17.2	15.0	0.0	206.3
Total	**1,169.0**	**3,145.3**	**1,695.1**	**1,960.5**	**90.6**	**8,060.5**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 44.6 mn as of 31.12.2020 or CHF 15.5 mn as of 31.12.2019
3 The cash account of CHF 2,886.9 mn as of 31.12.2020 or CHF 2,345.7 mn as of 31.12.2019 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In geographical terms, the unsecured credit and issuer risks mainly relate to the regions of Europe (excluding Switzerland) and Asia. Exposures in the regions of North America and Switzerland account for a smaller proportion of these risks.

Exposures involving country risks are avoided in principle. Consequently, there are no relevant country risks to report on a consolidated basis.

6. Operational risks

6.1 General information
Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

6.2 Processes and methods
All business activities entail operational risks, which are prevented, mitigated, transferred or even assumed based on cost / benefit considerations. During this process, potential legal, regulatory and compliance-related risks are taken into account, as are follow-on risks in the form of reputational risks.

The Group-wide GRC-Platform (Governance, Risk, Compliance) represents the basis for the management of operational risks. As part of the systematic assessments that are performed annually, the operational risks in all critical processes and process entities are identified and evaluated. In addition, further attention is focused on core security topics such as data protection and business continuity management, which are guaranteed through the use of extra tools.

6.2.1 Qualitative assessment
The qualitative assessment of operational risks is carried out using estimates of the loss potential and possible frequency of these risks. Once these inherent risks have been calculated, existing controls and further risk mitigation measures are taken into account to determine the residual risks. These residual risks are considered in order to determine compliance with pre-defined risk tolerances. If risk tolerances are exceeded, further risk mitigation measures are defined.

6.2.2 Quantitative assessment
In addition to qualitative assessments, quantitative methods are also used to measure and monitor operational risks. They include the monitoring of key risk indicators and the development of those indicators for all Client Units and Centers of Excellence. The risks measured in this context are also compared with the relevant pre-defined risk tolerances and if these tolerances are exceeded, further risk mitigation measures are defined.

6.2.3 Internal Control System
All measures to control operational risks form part of the Internal Control System (ICS). Consequently, the ICS encompasses all control elements that ensure the necessary framework for the achievement of strategic business objectives and the orderly running of operations at all levels of the organization. The ICS is reviewed at least once annually and is adapted or strengthened if necessary.

6.3 Legal, regulatory and compliance-related risks
Legal and compliance-related risks are the risk of losses occurring due to non-compliance with or the infringement of applicable laws, internal or external codes of conduct and market practices, as well as contractual obligations. Issues such as these may not only lead to financial losses but can equally result in regulators imposing fines and measures on the organization or can give rise to reputational harm. Regulatory risk is essentially the risk that changes to laws and rules of conduct could impact on Vontobel's activities.

As a market participant in the financial services industry, Vontobel is subject to extensive regulations and requirements defined by government bodies, regulatory authorities and self-regulatory organizations in Switzerland and other countries in which Vontobel operates.

To prevent or mitigate legal, regulatory and compliance-related risks, Vontobel has implemented the relevant structures and processes that are designed to raise employee awareness of or to provide initial or further training for employees about this topic. In addition, Vontobel has an appropriate system of policies and effective control processes in place to ensure compliance with legal and regulatory framework conditions. The corresponding compliance standards are regularly reviewed by Vontobel and adapted to regulatory and legal developments.

6.4 IT & cyber risks
Due to our business model, we operate in a complex technological environment. The protection of confidentiality, integrity and the availability of IT systems is therefore of critical importance for our operations.

IT risk forms part of our operational risks and represents the risk that a technical failure could affect our business activities. These risks are not only inherent in our IT infrastructure but also affect the employees and processes that interact with it. It is essential that the data used to support centralized business processes and reporting is secure, complete, accurate and up to date and that it meets appropriate quality standards.

In addition, our critical IT systems must be secure and resilient and have the necessary ability, capacity and adaptability to meet our current and future business objectives, client needs, and regulatory and legal requirements.

Cyber risk is an integral part of IT risk and involves cases where the functioning of our systems is compromised as a result of cyber attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of services, computer viruses or other security-related events.

To prevent and manage IT and cyber risks, various tools are used as part of our comprehensive IT risk management approach, both at operational level and in terms of business continuity and other crisis and emergency plans.

6.5 Insurance
Vontobel's insurance policy is aligned with the Group's operational risk management and financial risks.

In the first instance, Vontobel strives to prevent or mitigate risks as far as possible in accordance with the Group's risk policy. In a second step, it determines whether Vontobel can and should bear the risks itself. If this is not the case, the risks are covered by insurance policies. In particular, Vontobel insures against risks of a catastrophic nature in order to protect its capital base.

The internal Insurance unit analyses and evaluates the need for insurance measures on an ongoing basis.

Various other factors are taken into account when purchasing insurance. They mainly comprise legal requirements (compulsory insurance). However, a whole series of other business considerations lead to a wide range of risks for which insurance cover is acquired.

7. Reputational risks

A reputational risk is understood to be the risk of events occurring that could cause sustained harm to Vontobel's image. As such, reputational risks often constitute follow-on risks to the other risk categories described above.

Vontobel's ability to conduct its business depends to a significant extent on its reputation, which it has built over the bank's long history. It is therefore of key importance for Vontobel to safeguard its good name and all employees have to assign this matter the highest priority. Consequently, appropriate measures are taken on an ongoing basis to make employees aware of the key importance of Vontobel's reputation.

Capital

The capital base serves primarily as a means of covering inherent business risks. The active management of the volume and structure of capital is therefore of key importance. The monitoring and management of capital adequacy is performed primarily on the basis of the regulations and ratios defined by the Basel Committee on Banking Supervision, as well as other criteria. Compliance with the statutory capital adequacy requirements prescribed by Switzerland and the Swiss Financial Market Supervisory Authority (FINMA) is mandatory. External capital adequacy requirements were met in the year under review and in previous years without exception.

1. Capital management

Capital management is aimed primarily at supporting growth and creating added value for shareholders while complying with regulatory capital requirements. A solid capital position and structure also enable Vontobel to demonstrate its financial strength and creditworthiness to its business partners and clients.

Capital management is performed while taking account of the economic environment and the risk profile of all business activities. Various control options are available to maintain the target level of capital and the desired capital structure or to adapt them in line with changing requirements. These options include flexible dividend payments, the repayment of capital or the procurement of various forms of regulatory capital. During the year under review, there were no significant changes to the objectives, principles of action or processes compared to the previous year.

2. Regulatory requirements

The new capital requirements (Basel III) entered into force on 1 January 2013. They are described in detail in the Swiss Capital Adequacy Ordinance (CAO) and the FINMA circulars that it refers to.

To determine net eligible Common Equity Tier 1 capital under Basel III, additional deductions are made from capital calculated in accordance with IFRS. In this context, goodwill and intangible assets are most relevant for Vontobel.

Banks can use a number of different approaches to calculate their capital adequacy requirements according to Basel III. Vontobel applies the International Standardized Approach (SA-BIS) for credit risks, the standardized approach for market risks and the basic indicator approach for operational risks. As part of the reduction of credit risks (risk mitigation), the comprehensive approach with standard haircuts defined by the supervisory authorities is applied for the recognition of collateral.

As a result of the recognition of the fair value option by FINMA in accordance with section XV. of the FINMA Circular 13 / 01 (Eligible equity capital – banks), unrealized gains and losses are included in the calculation of tier 1 capital. This excludes the valuation adjustments of own liabilities recorded in accordance with IFRS rules due to a change in own creditworthiness. As a result, tier 1 capital totalled CHF 1,473.0 mn and the BIS tier 1 ratio was 19.8 %. The BIS tier 1 ratio thus substantially exceeds the minimum capital ratio.

The scope of consolidation used for the calculation of capital was the same in the year under review and the previous year as the scope of consolidation used for accounting purposes. Please refer to the tables “Major subsidiaries and participations” and “Changes in the scope of consolidation” in the Notes to the consolidated financial statements for further details. With the exception of the statutory regulations, no restrictions apply that prevent the transfer of money or capital within the Group.

Eligible and required capital

CHF MN	31.12.2020	31.12.2019
Eligible capital		
Equity according to balance sheet	1,891.6	1,813.3
Paid-in capital	*56.9*	*56.9*
Disclosed reserves	*1,657.9*	*1,589.6*
Net profit for the current financial year	*242.7*	*251.0*
Deduction for treasury shares	*–65.9*	*–84.2*
Deduction for minority interests	0.0	0.0
Deduction for dividends, as proposed by the Board of Directors	–128.0	–128.0
Deduction for goodwill	–483.5	–487.4
Deduction for intangible assets	–73.3	–85.9
Deduction for deferred tax assets	–24.0	–26.1
Deduction (addition) for gains (losses) due to changes in own credit risk	0.8	12.5
Deduction for unrealised gains related to financial investments	–91.1	–81.9
Deduction for defined benefit pension fund assets (IAS 19)	0.0	0.0
Other adjustments	–68.1	–67.1
Net eligible BIS common equity tier 1 capital (CET1)	**1,024.4**	**949.4**
Additional tier 1 capital (AT1)	448.6	448.1
Net eligible BIS tier 1 capital	**1,473.0**	**1,397.5**
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)	**1,473.0**	**1,397.5**
Risk-weighted positions		
Credit risks	3,334.1	2,710.1
Receivables	*3,229.5*	*2,601.7*
Price risk relating to equity instruments in the banking book	*104.6*	*108.4*
Non-counterparty related risks	350.4	354.4
Market risks	1,540.2	1,723.8
Interest rates	*774.4*	*1,137.5*
Equities	*432.6*	*282.0*
Currencies	*169.4*	*195.6*
Gold	*18.1*	*4.3*
Commodities	*145.7*	*104.4*
Operational risk	2,222.8	2,251.0
Total risk-weighted positions	**7,447.5**	**7,039.3**

Capital ratios in accordance with FINMA Circular 16 / 01

(AS A PERCENTAGE OF RISK-WEIGHTED POSITIONS)	31.12.2020	31.12.2019
CET1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 4.5%)[1]	13.8	13.5
Tier 1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 6.0%)[2]	19.8	19.9
Total capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 8.0%)[3]	19.8	19.9
CET1 available to cover BCBS minimum capital and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1	9.3	9.0
CET1 available	13.8	13.5
T1 available	17.4	17.5
Eligible regulatory capital available	19.8	19.9

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%

The countercyclical buffer requirement (as a percentage of risk-weighted positions) is 0.0 (31.12.2019: 0.1).
All investments in the financial sector (< 10%) are risk-weighted for CAD calculations (31.12.2020: CHF 17.8 mn / 31.12.2019: CHF 17.8 mn).

Leverage ratio in accordance with FINMA Circular 15 / 03

	31.12.2020	31.12.2019
Net eligible BIS tier 1 capital in CHF mn	1,473.0	1,397.5
Total leverage ratio exposure in CHF mn	31,827.8	26,669.2
Leverage ratio (unweighted capital ratio in accordance with Basel III) in %	4.6	5.2

Vontobel publishes further information in accordance with FINMA Circular 16 / 01 in a separate disclosure report on www.vontobel.com (Investor Relations).

Details on consolidated income statement

1 Net interest income after credit losses

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Interest income from banks and customers	57.3	65.5	–8.2	–13
Interest income from receivables from securities financing transactions	4.1	4.5	–0.3	–7
Interest income from financial liabilities	11.1	5.8	5.3	92
Total interest income from financial instruments at amortized cost	**72.5**	**75.7**	**–3.2**	**–4**
Dividend income from equity instruments in financial investments[1]	1.6	9.3	–7.7	–83
Interest income from debt instruments in financial investments	18.3	30.5	–12.2	–40
Total interest and dividend income from financial investments	**19.9**	**39.8**	**–19.9**	**–50**
Total interest income	**92.4**	**115.5**	**–23.1**	**–20**
Interest expense from payables from securities financing transactions	1.5	1.8	–0.3	–15
Interest expense from other financial liabilities at amortized cost	17.5	20.0	–2.5	–12
Interest expense from financial assets	2.2	6.1	–3.8	–63
Total interest expense from financial instruments at amortized cost	**21.3**	**27.9**	**–6.6**	**–24**
Credit loss (expense) / recovery on debt instruments in financial investments	0.1	0.1	0.0	0
Other credit loss (expense) / recovery	1.8	–1.4	3.3	
Total credit loss (expense) / recovery	**1.9**	**–1.3**	**3.2**	
Total	**73.0**	**86.3**	**–13.3**	**–15**

1 All income comprises positions that were still held at the end of the reporting period.

2 Net fee and commission income

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Brokerage fees	112.4	100.8	11.6	11
Administration and custody fees	203.0	203.7	–0.7	0
Advisory and management fees	821.6	774.1	47.6	6
Issues and corporate finance	1.5	6.2	–4.7	–76
Other commission income from securities and investment transactions	26.7	37.4	–10.7	–29
Total fee and commission income from securities and investment transactions	**1,165.3**	**1,122.3**	**43.0**	**4**
Other fee and commission income	**4.7**	**6.2**	**–1.4**	**–23**
Brokerage fees	29.9	25.6	4.3	17
Other commission expense	304.3	245.5	58.8	24
Total commission expense	**334.2**	**271.1**	**63.0**	**23**
Total	**835.8**	**857.3**	**–21.5**	**–3**

Vontobel offers its clients a broad range of services that represent its main earnings stream. Fee and commission income can be divided into two categories: Fees for services provided over time (e.g. portfolio management and investment advisory in the fund business and Wealth Management), which constitute by far the largest portion of Vontobel's fee and commission income, and fees for services provided at a point in time (e.g. brokerage fees).

Fees for services provided over time are generally determined as a percentage of the average amount of relevant assets during the period when the service is rendered and recognized in profit or loss on a proportionate basis over the relevant period. They are invoiced to the client (e.g. private clients or investment funds) at least quarterly and charged to the relevant client assets. In the case of some services, additional performance-based fees may be incurred (e.g. performance fees). They are recognized in profit or loss when it is highly probable that they will be collected, which is generally only the case once all performance criteria have been met. The measurement period for performance fees is usually a maximum of one year.

Fees for services provided at a point in time are generally determined as a percentage of the corresponding transaction volume. They are invoiced to the client after the service has been rendered and charged to the corresponding client assets. At the same time, they are recognized in profit or loss.

Based on the nature of Vontobel's commission business, as described above, the related claims, accruals and deferrals at the balance sheet date, and the corresponding impairment loss, are generally immaterial. The deferred commission income as at the balance sheet date is invoiced to the client in the following period. Subsequent changes to income are immaterial in Vontobel's fee and commission business.

3 Trading income

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Securities	–29.9	526.1	–556.0	–106
Other financial instruments at fair value	354.0	–252.0	606.0	
Forex and precious metals	21.3	36.6	–15.3	–42
Total	**345.5**	**310.8**	**34.7**	**11**

Trading income as of 31.12.2020 included income of CHF 11.4 mn (31.12.2019: CHF –18.8 mn) for financial instruments in the balance sheet item "Other financial liabilities at fair value". This income is attributable to changes in fair value due to a change in own credit risk. Of the total impact, CHF –0.3 mn was realized as of 31.12.2020 (31.12.2019: CHF –1.7 mn), while the remaining CHF 11.7 mn (31.12.2019: CHF –17.1 mn) comprises unrealized income. The changes in own credit risk resulted in cumulative income of CHF 1.6 mn, of which CHF 2.4 mn was realized and CHF –0.8 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. In the second half of 2019, the method used to calculate own credit risk was refined. Prior to this, own credit risk consisted not only of the credit risk component in the narrower sense but also of a liquidity component. Due to the refinement of the calculation method, the two components have since been handled separately. Consequently, own credit risk now solely reflects credit risk in the narrower sense. At the transition date, this resulted in an effect through profit or loss of minus CHF 8.7 mn for the credit risk component, which is included in the above figures for the financial year 2019, and an opposite effect through profit or loss of CHF 9.2 mn for the liquidity component.

To determine unrealized income due to a change in own credit risk, the first step is the calculation of the risk premium of the instrument at the balance sheet date. This is the difference between the fair value of the instrument at the balance sheet date and the value that would result without taking account of own credit risk at the balance sheet date. In a second step, the risk premium of the instrument at the time of issue is determined and reduced in relation to the period between the balance sheet date and the time of issue on the one hand, and the total lifetime of the instrument on the other hand ("adjusted risk premium at the time of issue"). In a third step, cumulative unrealized income is calculated as the difference between the risk premium at the balance sheet date and the adjusted risk premium at the time of issue. The unrealized income for the period is the result of the change in cumulative unrealized income during the corresponding period. The realized income due to the change in own credit risk is essentially calculated in the same way and is the result of the difference between the risk premium at the time of redemption of the product and the adjusted risk premium at the time of issue.

Under IFRS 9, the impact of the change in own credit risk of financial liabilities, for which the fair value option is applied, is generally recorded in other comprehensive income. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, the corresponding impact should be recorded in profit or loss. At Vontobel, the fair value option is applied exclusively to issued products (structured products and debt instruments). Issued products are reported in the balance sheet item "Other financial liabilities at fair value". The risks from the interest component of the structured products and debt instruments are hedged with a portfolio of bonds, interest rate swaps and credit default swaps. The risks from the option component of the structured products are hedged with a portfolio of derivatives and the corresponding underlyings. The issued products and the corresponding hedging transactions are managed at portfolio level to achieve the highest possible hedge and consequently the lowest possible fluctuations in value at portfolio level. Market risks in the form of general interest rate risks, currency risks and option risks are subject to low sensitivity and volume limits, resulting in low Value-at-Risk and stress exposure figures. In terms of fluctuations in value due to changes in credit risk premiums, there is a close economic relationship between the assets and liabilities sides in two respects. On the one hand, the Vontobel credit risk premiums included in the issued products (liabilities side) and the issuer's credit risk premiums contained in the hedging positions (assets side) are subject to general market movements (increase or decrease in credit risk premiums). On the other hand, in view of the significant importance of the issuing business for Vontobel, the credit risk premiums on hedging positions observable in the market have an impact on Vontobel's credit risk premium. As of December 31, 2020, the balance sheet item "Other financial liabilities at fair value" corresponded to 34% of total assets and 570% of shareholders' equity. To assess whether the impact of the change in own credit risk ("impact on the liabilities side") should be recognized in profit or loss or in other comprehensive income, Vontobel has, for a longer period of time, compared the income from changes in credit risk premiums on the assets side ("impact on the assets side") with the income from changes in credit risk premiums from the entire issuing business ("net impact" as the total from the impact on the assets side and the impact on the liabilities side). The (absolute) net impact over this period – particularly in times of increased volatility of the credit risk premiums – is significantly lower than the (absolute) impact on the assets side. This means that the impact on the liabilities side has a compensating effect on the impact on the assets side. In addition, the net impact is significantly less volatile than the impact on the assets side. If the impact of a change in own credit risk was recognized in other comprehensive income, net profit over this period would also have been much more volatile. For this reason, Vontobel has concluded that it is appropriate to recognize the impact of the change in own credit risk in profit or loss. As a result, income from issued products is recognized fully in profit or loss and is thus treated in the same way as the corresponding hedging positions.

4 Other income

		2020	2019	CHANGE TO 2019	
	NOTE	CHF MN	CHF MN	CHF MN	IN %
Real estate income[1]		1.5	1.5	0.0	1
Income from the sale of property and equipment		0.0	0.0	0.0	
Income from the sale of debt instruments in financial investments		6.4	3.7	2.7	73
Income from investments in associates	15	0.9	0.9	0.0	0
Other income		2.4	1.4	1.0	71
Total		**11.2**	**7.5**	**3.7**	**49**

1 Income from the subleasing of business premises

5 Personnel expense

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Salaries and bonuses	521.0	520.8	0.2	0
Pension and other employee benefit plans[1]	52.6	49.4	3.2	6
Other social contributions	43.3	43.4	–0.1	0
Other personnel expense	23.1	23.6	–0.5	–2
Total	**640.0**	**637.2**	**2.8**	**0**

The allocation of elements to items within personnel expense was refined, and the prior year was adjusted accordingly.
Personnel expense includes the expense for share-based compensation of CHF 33.7 mn, of which CHF 27.3 mn relates to performance shares and CHF 6.4 mn to the awarding of bonus shares at preferential terms (previous year: performance shares CHF 24.2 mn, bonus shares CHF 6.8 mn; total CHF 31.0 mn) as well as deferred compensation in cash of CHF 6.7 mn (previous year: CHF 4.8 mn).

1 Financial year 2019: Expense from pension and other employee benefit plans includes the impacts of changes to Swiss pension fund regulations in the amount of CHF 0.5 mn (expense due to changes related to early retirement).

6 General expense

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Occupancy expense	11.5	11.9	–0.4	–4
IT, telecommunications and other equipment	91.3	87.9	3.4	4
Travel and representation, public relations, marketing	21.7	43.7	–22.1	–50
Consulting and audit fees	32.8	34.8	–2.1	–6
Other general expense	42.6	37.9	4.7	12
Total	**199.8**	**216.3**	**–16.5**	**–8**

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

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Depreciation of property and equipment (incl. software)	85.3	82.6	2.8	3
Amortization of other intangible assets	12.5	16.8	–4.3	–26
Impairments of property and equipment (incl. software)	0.8	0.7	0.0	4
Total	**98.6**	**100.1**	**–1.5**	**–2**

8 Provisions and losses

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Increase in provisions	1.1	2.4	–1.4	–58
Release of provisions	–0.6	–0.7	0.1	
Recoveries	0.0	0.0	0.0	
Other	5.7	–0.2	5.9	
Total	**6.2**	**1.6**	**4.6**	**289**

9 Taxes

Tax expense

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Statement of tax expense				
Explanation of the relationship between tax expense and net profit before taxes:				
Current income taxes	68.9	52.1	16.8	32
Deferred income taxes	–7.3	–10.5	3.2	
Total	**61.6**	**41.6**	**20.0**	**48**
Profit before taxes	321.0	306.7	14.3	5
Expected income tax rate of 20%[1] (previous year: 21%)	64.2	64.4	–0.2	0
Explanations for higher (lower) tax expense:				
Applicable tax rates differing from expected rate	1.2	–4.8	6.0	
Tax losses not taken into account	1.7	1.0	0.7	70
Appropriation of non-capitalized deferred taxes on loss carryforwards	–0.2	0.0	–0.2	
Newly recognized deferred tax assets	–1.4	–3.8	2.4	
Value adjustments on deferred tax assets	1.4	0.1	1.4	
Deferred income tax as a result of a change in tax rates[2]	0.0	–10.3	10.3	
Other income with no impact on taxes	0.8	0.6	0.3	50
Income tax unrelated to accounting period	0.6	–2.0	2.6	
Participation relief granted on dividend income	–8.1	–8.4	0.3	
Other impacts	1.3	4.8	–3.5	–72
Total	**61.6**	**41.6**	**20.0**	**48**
Effective tax rate in %	19.2	13.6		

1 The anticipated income tax rate of 20% corresponds to the average tax rate in Switzerland.
2 Financial year 2019: Tax impact due to the Swiss Federal Act on Tax Reform and AHV Financing 2019 (TRAF)

Deferred taxes

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Value adjustments on credit risks	0.1	0.5	–0.4	–83
Lease liabilities	29.3	31.4	–2.2	–7
Tax loss carryforwards	3.9	4.3	–0.5	–11
Other	20.4	21.8	–1.5	–7
Total deferred tax assets[1]	**53.6**	**58.1**	**–4.5**	**–8**
Equipment and software	30.8	33.8	–3.1	–9
Intangible assets	11.1	13.0	–1.9	–15
Investments in associates	0.7	0.5	0.2	41
Other provisions	32.5	39.1	–6.6	–17
Unrealized gains on available-for-sale financial investments	25.4	23.3	2.1	9
Other	2.3	3.2	–0.9	–28
Total deferred tax liabilities[1]	**102.7**	**112.9**	**–10.2**	**–9**

1 According to IAS 12, a company may offset deferred tax assets and liabilities with each other, if those assets and liabilities refer to taxes on income levied by the same tax authority. This condition is fulfilled in the case of companies belonging to Vontobel. The deferred tax assets and deferred tax liabilities shown in the balance sheet therefore represent the balance of the gross amounts of such assets and liabilities presented here.

Changes in deferred taxes (net)

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Balance at the beginning of the year	54.8	65.9	–11.1	–17
Impact of changes to the accounting principles	0.0	0.0	0.0	
Changes affecting the income statement	–8.7	–14.4	5.8	
Changes not affecting the income statement	2.8	3.6	–0.8	–23
Changes from business combinations	0.0	–0.5	0.5	
Translation adjustments	0.2	0.2	0.0	6
Total as at the balance sheet date	**49.1**	**54.8**	**–5.7**	**–10**

Unrecognized tax loss carryforwards expire as follows:

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Within 1 year	0.0	0.4	–0.4	–100
From 1 to 5 years	2.5	0.6	1.9	317
From 5 to 10 years	0.9	3.9	–3.0	–78
After 10 years	0.0	0.0	0.0	
No expiry	48.0	44.4	3.6	8
Total	**51.4**	**49.2**	**2.2**	**4**

Vontobel Holding AG and its subsidiaries are liable for income tax in most countries. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the period under review, are based partly on estimates and assumptions and may therefore differ from the amounts determined by the tax authorities in the future. In certain cases where complex tax questions arise, external tax specialists are consulted or preliminary clarification is obtained from the tax authorities.

In the case of deferred taxes, the level of recognized tax assets depends on assumptions regarding available future taxable profits that are eligible for offset. The determination of deferred tax assets is essentially based on budget figures and mid-term planning. If a company has posted a series of financial losses in the recent past, the deferred tax assets are only recognized to the extent that the company has sufficient taxable temporary differences or has convincing other evidence that sufficient taxable profits will be available in future periods. Recognized deferred tax assets for loss carryforwards eligible for offset amounted to CHF 3.9 mn in the current year respectively CHF 4.3 mn in the previous year. Unrecognized loss carryforwards in the amount of CHF 51.4 mn (prevoius year: CHF 49.2 mn) are subject to tax rates of 16% to 34% (prevoius year: 16% to 33%). If recognized in full, the deferred tax assets for loss carryforwards eligible for offset would total CHF 16.2 mn (prevoius year: CHF 16.5 mn).

Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recognized as an expense in the period in which the related profits are made. Assets or liabilities from current income taxes are shown in the balance sheet items “Other assets” or “Other liabilities”, respectively.

Deferred tax assets or deferred tax liabilities correspond to the tax effects arising from temporary differences between the carrying amounts of assets and liabilities in Vontobel’s balance sheet and their corresponding tax values. They are included in the balance sheet items “Other assets” or “Other liabilities”, respectively. Deferred tax assets arising from temporary differences and from loss carryforwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Current and deferred taxes are credited or charged to other comprehensive income or shareholders’ equity if the taxes refer to items that are credited or charged to other comprehensive income or to shareholders’ equity in the same or a different period. Please refer to note 10 for information on tax effects to other comprehensive income.

If there is uncertainty over a tax treatment, Vontobel assesses the probability that the tax authority will accept the treatment applied by Vontobel. It is assumed that the tax authority will examine any amounts reported to it and will have full knowledge of all relevant information when doing so. If the entity concludes that it is not probable that a particular tax treatment will be accepted by the tax authority, the entity has to use the most likely amount or the expected value to take account of the uncertainty over the tax treatment.

10 Tax effects to other comprehensive income

			2020
CHF MN	AMOUNT BEFORE TAX	TAX YIELD/ TAX EXPENSE	AMOUNT NET OF TAX
Currency translation adjustments during the reporting period	–13.9	0.0	–13.9
Currency translation adjustments transferred to the income statement	0.0	0.0	0.0
Income from debt instruments in financial investments during the reporting period	10.5	–1.7	8.7
Income from debt instruments in financial investments transferred to the income statement	–1.5	0.3	–1.2
Income from cash flow hedges during the reporting period	–0.4	0.1	–0.3
Income from cash flow hedges transferred to the income statement	0.0	0.0	0.0
Income from equity instruments in financial investments	1.8	–0.3	1.5
Income from defined benefit pension plans	4.8	–1.0	3.8
Total	**1.3**	**–2.8**	**–1.4**

			2019
CHF MN	AMOUNT BEFORE TAX	TAX YIELD/ TAX EXPENSE[1]	AMOUNT NET OF TAX
Currency translation adjustments during the reporting period	–3.3	0.0	–3.3
Currency translation adjustments transferred to the income statement	0.0	0.0	0.0
Income from debt instruments in financial investments during the reporting period	23.7	–4.0	19.7
Income from debt instruments in financial investments transferred to the income statement	–0.7	0.1	–0.6
Income from cash flow hedges during the reporting period	1.6	–0.1	1.5
Income from cash flow hedges transferred to the income statement	0.0	0.0	0.0
Income from equity instruments in financial investments	8.5	1.0	9.5
Income from defined benefit pension plans	–12.3	1.9	–10.4
Total	**17.4**	**–1.0**	**16.4**

1 Including tax impact of CHF 1.5 mn due to the Swiss Federal Act on Tax Reform and AHV Financing 2019 (TRAF)

11 Earnings per share

	2020	2019	CHANGE TO 2019	IN %
Net profit (CHF mn)[1]	242.7	251.0	–8.4	–3
Weighted average number of shares issued	56,875,000	56,875,000	0	0
Less weighted average number of treasury shares	998,708	973,604	25,104	3
Weighted average number of shares outstanding (undiluted)	55,876,292	55,901,396	–25,104	0
Dilution effect number of shares[2]	1,269,086	1,240,618	28,468	2
Weighted average number of shares outstanding (diluted)	57,145,378	57,142,014	3,364	0
Basic earnings per share (CHF)	4.34	4.49	–0.15	–3
Diluted earnings per share (CHF)	4.25	4.39	–0.15	–3

1 The net profit attributable to the shareholders of Vontobel Holding AG constitutes the basis for the calculation of undiluted as well as diluted earnings per share.
2 The dilution effect is primarily the result of employee share-based benefit programs. The dilution effect from shares that will have to be issued if outstanding in-the-money options are exercised is insignificant. Shares that will have to be issued if outstanding out-of-the-money options are exercised do not have any dilution effect in the financial year but could dilute future earnings per share. The potential dilution effect is insignificant.

Details on consolidated balance sheet

12 Financial instruments at fair value through profit and loss

Trading portfolio assets

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Debt instruments				
Listed	278.5	223.5	55.0	25
Unlisted	41.4	126.8	–85.4	–67
Total	**319.8**	**350.3**	**–30.4**	**–9**
Equity instruments				
Listed	3,021.2	2,039.2	982.0	48
Unlisted	0.0	0.0	0.0	
Total	**3,021.2**	**2,039.2**	**982.0**	**48**
Units in investment funds				
Listed	276.5	192.7	83.7	43
Unlisted	0.0	0.1	0.0	0
Total	**276.5**	**192.8**	**83.7**	**43**
Precious metals	**2,724.3**	**572.3**	**2,152.0**	**376**
Cryptocurrencies	**985.5**	**241.0**	**744.6**	**309**
Total	**7,327.4**	**3,395.6**	**3,931.8**	**116**

Trading portfolio liabilities

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Debt instruments				
Listed	71.4	41.5	29.9	72
Unlisted	0.0	0.0	0.0	
Total	**71.4**	**41.5**	**29.9**	**72**
Equity instruments				
Listed	39.6	57.7	–18.1	–31
Unlisted	0.0	0.0	0.0	
Total	**39.6**	**57.7**	**–18.1**	**–31**
Total	**111.0**	**99.3**	**11.7**	**12**

Open derivative instruments

CHF MN	31.12.2020 POSITIVE REPLACEMENT VALUES	31.12.2020 NEGATIVE REPLACEMENT VALUES	31.12.2020 CONTRACT VOLUME	31.12.2019 POSITIVE REPLACEMENT VALUES	31.12.2019 NEGATIVE REPLACEMENT VALUES	31.12.2019 CONTRACT VOLUME
Debt instruments						
Forward contracts incl. FRAs						
Swaps	7.4	39.9	3,369.8	9.6	34.2	3,801.2
Futures			7.9			3.3
Options (OTC) and warrants	0.0	0.7	1.2	0.1	1.4	1.3
Options (exchange traded)	0.0	0.1	0.7	0.0	0.0	0.3
Total	**7.4**	**40.7**	**3,379.6**	**9.7**	**35.6**	**3,806.1**
Foreign currency						
Forward contracts	39.0	16.7	1,753.4	8.6	8.6	545.2
Swaps	80.6	72.9	10,253.6	45.2	55.2	7,696.0
Futures			3.0			1.3
Options (OTC) and warrants	7.8	12.6	1,385.6	6.0	10.6	1,272.0
Options (exchange traded)				0.0	0.0	0.4
Total	**127.3**	**102.3**	**13,395.6**	**59.8**	**74.4**	**9,515.0**
Precious metals						
Forward contracts	3.3	26.2	160.4	0.9	5.2	161.0
Swaps	11.5	16.1	351.5	5.8	1.2	165.9
Futures			145.3			239.9
Options (OTC) and warrants	19.7	76.6	1,464.1	6.9	60.3	1,272.8
Options (exchange traded)						
Total	**34.5**	**118.9**	**2,121.4**	**13.5**	**66.7**	**1,839.7**
Equities / indices						
Forward contracts						
Swaps	8.9	84.9	585.7	12.3	70.5	809.5
Futures	0.0	0.1	304.1			373.6
Options (OTC) and warrants	6.4	455.9	6,092.2	11.4	293.7	4,384.4
Options (exchange traded)	180.2	353.6	12,003.0	39.5	175.2	9,737.2
Total	**195.6**	**894.4**	**18,985.1**	**63.3**	**539.4**	**15,304.7**
Credit derivatives						
Credit default swaps	7.2	1.2	363.2	8.8	1.1	373.6
Total	**7.2**	**1.2**	**363.2**	**8.8**	**1.1**	**373.6**
Other (inclusive cryptocurrencies)						
Forward contracts						
Futures	0.0		163.2			38.3
Options (OTC) and warrants	0.0	58.1	93.3	0.1	11.1	51.3
Options (exchange traded)	0.1		0.7	0.0		0.4
Total	**0.2**	**58.1**	**257.2**	**0.1**	**11.1**	**89.9**
Total	**372.2**	**1,215.6**	**38,502.0**	**155.3**	**728.4**	**30,928.9**

The positive and negative replacement values relate to trading instruments with the exception of the instruments referred to in note 34 “Hedge accounting”.

Other financial assets at fair value through profit and loss

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Debt instruments				
Listed	4,174.3	4,220.9	–46.6	–1
Unlisted	787.0	860.1	–73.1	–8
Total	**4,961.3**	**5,081.0**	**–119.7**	**–2**
Equity instruments				
Listed	0.0	0.0	0.0	
Unlisted	1.9	1.8	0.1	6
Total	**1.9**	**1.8**	**0.1**	**7**
Units in investment funds				
Listed	0.0	0.0	0.0	
Unlisted	60.0	43.7	16.3	37
Total	**60.0**	**43.7**	**16.3**	**37**
Structured products	**59.5**	**68.7**	**–9.2**	**–13**
Total	**5,082.7**	**5,195.2**	**–112.5**	**–2**

Other financial liabilities at fair value through profit and loss

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Structured products				
Listed	5,489.2	4,785.7	703.4	15
Unlisted	4,924.5	4,374.0	550.5	13
Total	**10,413.7**	**9,159.8**	**1,253.9**	**14**
Debt instruments				
Listed	0.0	0.0	0.0	
Unlisted	372.6	1,503.8	–1,131.2	–75
Total	**372.6**	**1,503.8**	**–1,131.2**	**–75**
Total	**10,786.3**	**10,663.6**	**122.7**	**1**

Since the redemption amount of structured products depends on changes in the market prices of the underlyings (e.g. shares, precious metals and currencies) until maturity, the difference between the redemption amount and the carrying amount cannot be determined. In the case of debt instruments, the difference between the redemption amount and the carrying amount is insignificant.

13 Loans

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Mortgages	1,475.7	1,228.7	247.1	20
Other accounts receivable	4,927.0	3,840.9	1,086.1	28
Less expected credit losses	–24.1	–23.4	–0.7	
Total	**6,378.6**	**5,046.2**	**1,332.4**	**26**

Interest of CHF 2.2 mn (previous year CHF 0.5 mn) on non-performing loans that had not yet been received was capitalized.

14 Financial investments

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Debt instruments[1]				
Listed	2,133.4	2,523.7	–390.3	–15
Unlisted	0.0	0.0	0.0	
Total	**2,133.4**	**2,523.7**	**–390.3**	**–15**
Equity instruments[2]				
Listed	0.0	0.0	0.0	
Unlisted	119.9	118.1	1.8	2
Total	**119.9**	**118.1**	**1.8**	**2**
Total financial investments	**2,253.3**	**2,641.8**	**–388.5**	**–15**

1 For information on expected credit losses on debt instruments, please refer to note 31 “Credit risks and impairment model”.
2 Participation in the SIX Group AG: CHF 99.7 mn (previous year CHF 100.3 mn); other participations: CHF 20.2 mn (previous year CHF 17.8 mn).

15 Investments in associates

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Balance at the beginning of the year	1.0	0.9	0.1	11
Increases	4.6	0.0	4.6	
Decreases	0.0	0.0	0.0	
Share of comprehensive income	0.9	0.9	0.1	7
Impairments	0.0	0.0	0.0	
Dividends paid	–0.9	–0.7	–0.2	
Translation differences	0.0	0.0	0.0	
Total as at the balance sheet date	**5.6**	**1.0**	**4.6**	**460**

16 Minority interests

The only minority interests originate from the acquisition of TwentyFour Asset Management LLP. These minority interests are held by several partners in TwentyFour Asset Management LLP. Under the terms of the agreement, Vontobel can acquire further interests in TwentyFour Asset Management LLP from partners that are willing to sell their interests or from parties that cease to be partners of TwentyFour Asset Management LLP. Vontobel will acquire the then remaining minority interests in two half tranches in 2021 and 2023. In terms of the acquisition of minority interests, Vontobel recognizes a liability corresponding to the estimated acquisition price as a charge against minority interests and (if the liability exceeds the minority interests) as a charge against capital reserves. As of 31.12.2020 and 31.12.2019, the liability totalled CHF 163.6 mn and CHF 114.2 mn (please refer to note 30 “Fair value of financial instruments” for information on the measurement of the liability). Changes in the liability are recognized in shareholders’ equity with the exception of a minor compensation component. A share of profits or losses continues to be allocated to minority interests in the income statement and the statement of comprehensive income.

The following tables provide a summary of key financial information and the impacts of TwentyFour Asset Management LLP on the consolidated financial statements:

Balance sheet

CHF MN	31.12.2020	31.12.2019
Assets		
Goodwill	63.2	67.1
Client relationships	0.0	1.2
Brand	0.0	0.0
Other assets	29.7	25.8
Total assets	**92.9**	**94.1**
Liabilities		
Liabilities	18.9	17.5
Equity	74.0	76.5
of which minority interests [1]	*4.3*	*3.8*
Total liabilities	**92.9**	**94.1**

1 In the consolidated balance sheet, shareholders’ equity attributable to minority interests is derecognized due to the obligation to acquire the minority interests.

Comprehensive income

CHF MN	2020	2019
Operating income	74.7	67.0
Profit, net of tax	36.2	30.2
of which minority interests	*16.8*	*14.1*
Comprehensive income	35.6	30.5
of which minority interests	*16.5*	*14.2*

Further financial information

CHF MN	2020	2019
Cash flow from operating activities	44.5	41.0
Dividends paid to holders of minority interests	16.1	19.4
IN %	**31.12.2020**	**31.12.2019**
Minority interest	40	40

17 Property, equipment and software

CHF MN	RIGHT-OF-USE ASSETS	LEASEHOLD IMPROVEMENTS	HARDWARE	OTHER FIXED ASSETS	SOFTWARE[1]	TOTAL
Acquisition cost						
Balance as of 01.01.2019	0.0	71.2	28.2	14.7	267.6	381.9
Changes to the accounting principles	183.4	0.0	0.0	–3.2	0.0	180.2
Additions	21.5	13.5	3.0	2.8	41.7	82.5
Disposals	–0.1	–2.5	–6.2	–2.2	–144.7	–155.7
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	–0.5	–0.1	–0.1	–0.1	–0.1	–0.9
Balance as of 31.12.2019	204.3	82.2	24.9	12.0	164.5	488.0
Additions	19.3	8.5	8.2	1.2	48.4	85.6
Disposals	–2.1	–2.4	–5.4	–0.8	–24.7	–35.4
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	0.0	0.1	3.6	–3.6	0.0	0.0
Translation differences	–1.6	–0.5	–0.4	–0.2	–0.0	–2.7
Balance as of 31.12.2020	**219.8**	**87.9**	**30.9**	**8.7**	**188.1**	**535.5**
Cumulative depreciation						
Balance as of 01.01.2019	0.0	–30.6	–16.6	–6.6	–152.6	–206.3
Depreciation	–30.4	–9.0	–7.4	–0.9	–34.9	–82.6
Impairment losses	–0.6	0.0	0.0	0.0	–0.1	–0.7
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	2.5	6.2	2.2	144.7	155.6
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.1	0.1	0.1	0.1	0.0	0.4
Balance as of 31.12.2019	–30.9	–37.0	–17.7	–5.3	–42.8	–133.5
Depreciation	–30.4	–10.1	–6.5	–0.7	–37.6	–85.3
Impairment losses	–0.3	0.0	0.0	0.0	–0.4	–0.8
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.4	2.0	5.4	0.6	24.7	33.1
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.5	0.4	0.4	0.2	0.0	1.5
Balance as of 31.12.2020	**–60.8**	**–44.8**	**–18.3**	**–5.2**	**–56.1**	**–185.0**
Net carrying values 31.12.2019	173.4	45.1	7.3	6.7	121.8	354.4
Net carrying values 31.12.2020	**159.1**	**43.0**	**12.6**	**3.4**	**132.2**	**350.4**

1 Of the net carrying amount, CHF 132.2 mn (previous year CHF 121.8 mn) was attributable to purchased software and CHF 0.0 mn (previous year CHF 0.0 mn) to internally developed software.

Property, equipment and software include right-of-use assets (see note 18 “Leasing”), leasehold improvements, hardware, other fixed assets (e.g. bank buildings and furniture) and software. The acquisition or production costs of property, equipment and software are capitalized if Vontobel is to obtain future economic benefits from them and the costs can be both identified and reliably determined. From the date on which they become available, these assets are depreciated on a straight-line basis over their estimated useful life or rental lease term, as follows:

IN YEARS	
Right-of-use assets	Lease term
Leasehold improvements	Lease term, max. 10
Hardware	3
Bank buildings	max. 40
Other fixed assets	3–5
Software	max. 10

Property, equipment and software are reviewed for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date will be recognized in the income statement.

18 Leasing

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. 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 Vontobel is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if Vontobel 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 capitalised.

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.

Right-of-use assets (leased office space) are recognized in the balance sheet item “Property, equipment and software”. The carrying amount of the right-of-use assets and changes in that value are shown in note 17.

Lease liabilities related to leased office space are recognized in the balance sheet item “Other liabilities”. The carrying amount of the lease liabilities and changes in that value can be seen from the following table:

Lease liabilities

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Balance at the beginning of the year	173.2	0.0	173.2	
Impact of changes to the accounting principles	0.0	180.2	–180.2	–100
Additions	19.1	21.3	–2.1	–10
Disposals	–1.8	–0.1	–1.7	
Interest expense (+) / interest income (-)	–0.2	–0.1	–0.1	
Lease payments	–31.5	–27.9	–3.6	
Change in scope of consolidation	0.0	0.0	0.0	
Translation adjustments	–1.2	–0.3	–0.9	
Total as at the balance sheet date	**157.6**	**173.2**	**–15.5**	**–9**

The lease payments included in the above lease liabilities have the following terms:

Due dates of lease payments

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Due within 1 year	30.5	29.7	0.8	3
Due within 1 to 2 years	25.6	29.2	–3.6	–12
Due within 2 to 3 years	24.1	24.1	0.0	0
Due within 3 to 4 years	20.5	22.2	–1.7	–8
Due within 4 to 5 years	18.5	17.4	1.1	7
Due within 5 to 7 years	28.3	34.2	–5.9	–17
Due in more than 7 years	9.4	15.8	–6.4	–41
Total as at the balance sheet date	**157.0**	**172.6**	**–15.6**	**–9**

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. In the year under review (previous year), operating expense included a charge of CHF 1.7 mn (CHF 2.3 mn) for short-term leases and of CHF 0.6 mn (CHF 0.5 mn) for leases of low-value assets.

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. Vontobel, as lessor, generated income of CHF 1.9 mn (CHF 1.9 mn) in the year under review (previous year).

19 Goodwill and other intangible assets

Goodwill and other intangible assets

CHF MN	GOODWILL	CLIENT RELATIONSSHIPS	BRANDS & COOPERATION AGREEMENT	TOTAL
Acquisition cost				
Balance as of 01.01.2019	484.2	114.9	29.8	628.9
Additions	1.7	8.9	0.0	10.6
Disposals	0.0	–27.4	–0.4	–27.7
Change in scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	1.4	0.4	0.0	1.8
Balance as of 31.12.2019	487.4	96.8	29.5	613.6
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	–17.0	–0.5	–17.5
Change in scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	–3.9	–1.0	0.0	–4.9
Balance as of 31.12.2020	**483.5**	**78.9**	**28.9**	**591.2**
Cumulative depreciation				
Balance as of 01.01.2019	0.0	–44.4	–5.2	–49.7
Amortization		–13.8	–3.0	–16.8
Impairment losses	0.0	0.0	0.0	0.0
Reversals		0.0	0.0	0.0
Disposals	0.0	26.0	0.4	26.4
Change in scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	0.0	–0.3	0.0	–0.3
Balance as of 31.12.2019	0.0	–32.4	–7.9	–40.3
Amortization		–9.5	–3.0	–12.5
Impairment losses	0.0	0.0	0.0	0.0
Reversals		0.0	0.0	0.0
Disposals	0.0	17.0	0.5	17.5
Change in scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	0.0	0.9	0.0	0.9
Balance as of 31.12.2020	**0.0**	**–24.1**	**–10.3**	**–34.4**
Net carrying values 31.12.2019	487.4	64.4	21.5	573.3
Net carrying values 31.12.2020	**483.5**	**54.7**	**18.5**	**556.8**

Goodwill

The goodwill resulting from a business combination is recognized as an asset in the balance sheet and assigned to one or more cash-generating units. The following organizational units represent the lowest level at which the goodwill allocated to them is monitored for internal management purposes:

Goodwill positions of each organizational unit

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Client Unit Wealth Management	308.0	308.0	0.0	0
Western Switzerland & Middle East business unit [1]	n/a	15.6	–15.6	
South Switzerland & Italy business unit [1]	n/a	6.2	–6.2	
Southern & Western Switzerland, Italy and Middle East business unit	21.8	n/a	21.8	
Client Unit Asset Management	62.9	63.3	–0.4	–1
Fixed Income business unit	55.7	59.3	–3.6	–6
Multi Asset business unit	35.0	35.0	0.0	0
Total	**483.5**	**487.4**	**–3.9**	**–1**

1 2020: The two units were merged to form the new Southern & Western Switzerland, Italy and Middle East unit.

The above goodwill positions are subject to an annual impairment test, which is conducted in the third quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the book value of the relevant organizational unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the book value of the organizational unit exceeds the recoverable amount, a goodwill impairment is recorded. Reversals of impairments are not recorded.

When conducting an impairment test, Vontobel begins by comparing the book value of the organizational unit with its fair value less costs to sell. Assets under management are a key factor that is considered in the case of all the organizational units that are assessed because it has a significant impact on their future earnings potential. The implicit multiplier for assets under management is calculated on the basis of the market capitalization of companies engaging in similar business activities, less tangible shareholders' equity. This implicit multiplier is adjusted to take account of the difference between the gross margins of the organizational unit under review and the peer group as well as other factors that are relevant for the impairment test. If the book value of the organizational unit exceeds the fair value calculated using the adjusted multiplier less costs to sell, the book value is subsequently compared with the value in use of the organizational unit.

In the financial year 2020, the methodology used to determine the implicit multipliers for assets under management was refined. Until 2019, they were determined on the basis of the market capitalization of companies engaging in similar business activities, less reported shareholders' equity. Since 2020, the implicit multipliers have been determined on the basis of market capitalization less tangible equity. Tangible equity corresponds to reported shareholders' equity less intangible assets (mainly goodwill and client relationships), including deferred taxes. This refinement takes account of the fact that these intangible assets reflect part of the value of assets under management. Since changes in estimates are made on a prospective basis, the multipliers for the financial year 2019 have not been adjusted.

Multiplier

IN %	31.12.2020	31.12.2019
Client Unit Wealth Management	1.7	1.3
Western Switzerland & Middle East business unit [1]	n/a	1.8
South Switzerland & Italy business unit [1]	n/a	1.6
Southern & Western Switzerland, Italy and Middle East business unit	2.1	n/a
Client Unit Asset Management	1.0	1.1
Fixed Income business unit	0.9	0.9
Multi Asset business unit	0.6	0.8

1 2020: The two units were merged to form the new Southern & Western Switzerland, Italy and Middle East unit.

The fair value calculated using these multipliers less costs to sell exceeded the book value of all organizational units both in the year under review and in the previous year. Management determined that no reasonably possible change in the assumptions would have resulted in the book value of an organizational unit significantly exceeding its recoverable amount. All the input parameters that are relevant for the valuation can be observed.

Other intangible assets
Other intangible assets comprise client relationships and brands acquired in the course of business combinations, as well as the cooperation agreement with Raiffeisen. They are depreciated on a straight-line basis over the useful life of five to ten years. The other intangible assets are tested for impairment if events or circumstances indicate that the book value may be impaired. If the book value exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date will be recognized in the income statement. No other intangible assets with an indefinite useful life are capitalized in Vontobel's balance sheet.

20 Other assets

	NOTE	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Accrued income and prepaid expenses		172.7	176.6	–3.9	–2
Current tax assets		16.8	23.3	–6.5	–28
Deferred tax assets	9	23.9	26.1	–2.2	–8
Value-added tax and other tax receivables		66.9	297.5	–230.5	–78
Defined benefit pension asset	37	0.0	0.0	0.0	
Settlement and clearing accounts		1.0	0.1	0.8	800
Open settlement positions		317.6	189.5	128.1	68
Other		53.7	53.0	0.7	1
Total		**652.7**	**766.2**	**–113.5**	**–15**

21 Securities financing transactions

	31.12.2020 CASH COLLATERAL FOR		31.12.2019 CASH COLLATERAL FOR	
CHF MN	SECURITIES BORROWING AGREEMENTS	REVERSE-REPURCHASE AGREEMENTS	SECURITIES BORROWING AGREEMENTS	REVERSE-REPURCHASE AGREEMENTS
Securities financing transactions due from banks	16.5	1,238.9	23.1	332.0
Securities financing transactions due from customers	0.0	0.0	0.0	0.0
Total receivables from securities financing transactions	**16.5**	**1,238.9**	**23.1**	**332.0**

	31.12.2020 CASH COLLATERAL FROM		31.12.2019 CASH COLLATERAL FROM	
CHF MN	SECURITIES LENDING AGREEMENTS	REPURCHASE AGREEMENTS	SECURITIES LENDING AGREEMENTS	REPURCHASE AGREEMENTS
Securities financing transactions due to banks	46.0	256.6	0.7	218.0
Securities financing transactions due to customers	0.0	0.0	0.0	0.0
Total payables from securities financing transactions	**46.0**	**256.6**	**0.7**	**218.0**

22 Transferred and pledged assets

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Securities financing transactions[1]	365.7	573.1	–207.4	–36
Trading portfolio assets	*209.2*	*221.5*	*–12.3*	*–6*
Other financial assets at fair value	*58.9*	*144.0*	*–85.1*	*–59*
Financial investments	*97.6*	*207.6*	*–110.0*	*–53*
Other transactions	26.9	523.2	–496.2	–95
Total transferred assets	**392.7**	**1,096.3**	**–703.6**	**–64**
Trading portfolio assets	227.9	244.2	–16.2	–7
Debt instruments	*27.7*	*28.1*	*–0.4*	*–1*
Equity instruments	*200.2*	*215.2*	*–15.0*	*–7*
Other	*0.0*	*0.9*	*–0.9*	*–100*
Other financial assets at fair value	67.1	626.6	–559.5	–89
Debt instruments	*29.2*	*606.9*	*–577.7*	*–95*
Equity instruments	*31.7*	*16.1*	*15.5*	*96*
Other	*6.3*	*3.6*	*2.6*	*73*
Financial investments	97.6	207.6	–110.0	–53
Other assets	0.0	17.9	–17.9	–100
Total transferred assets	**392.7**	**1,096.3**	**–703.6**	**–64**
of which those where the right to sell or repledge the assets has been assigned without restriction	*392.7*	*1,096.3*	*–703.6*	*–64*
Pledged assets	621.9	326.9	295.0	90
Total pledged assets	**621.9**	**326.9**	**295.0**	**90**

The previous year was adjusted on the basis of an in-depth analysis.
The transferred or pledged assets mainly serve the contracting partners as collateral against Vontobel liabilities arising from securities borrowing, securities lending and repurchase transactions, or as collateral for settlement limits and margin accounts with central banks, clearing centres and stock exchanges, as well as for OTC contracts, collateral secured instruments (COSI) and due to customers. These assets remain on Vontobel's balance sheet because Vontobel retains the associated risks and rewards.

1 Including securities transferred as collateral in the context of securities borrowing transactions

23 Saleable or pledgeable securities not recorded in the balance sheet

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Securities financing transactions[1]	1,462.8	941.3	521.6	55
Other transactions	102.6	56.0	46.6	83
Total fair value of securities received that can be sold or repledged	**1,565.4**	**997.3**	**568.1**	**57**
of which securities sold or repledged	1,078.5	327.0	751.5	230

The table contains the fair value of the securities received, where the counterparty has assigned Vontobel the unrestricted right to sell or repledge them, and the fair value of those securities for which Vontobel has made use of this right.

1 Including securities received as collateral in the context of securities lending transactions

24 Debt issued

	INTEREST RATE IN %	31.12.2020 CHF MN	31.12.2019 CHF MN
Vontobel Holding AG			
Additional Tier 1 (AT1) Bond	2.625	448.6	448.1
Total		**448.6**	**448.1**

In connection with the acquisition of Notenstein La Roche Privatbank AG, Vontobel Holding AG issued an Additional Tier 1 bond (AT1 bond) with a nominal value of CHF 450 mn in June 2018. The AT1 bond is unsecured, subordinated and paid in full. It does not grant any voting rights and, in principle, has a perpetual term but it may be redeemed by Vontobel Holding AG for the first time on October 31, 2023, and thereafter annually on October 31. The AT1 bond has an annual coupon of 2.625% until the first possible redemption date. If Vontobel Holding AG does not redeem the bond on October 31, 2023, the annual coupon for the next five years will be newly defined as the total of the CHF mid-market swap rate for five years that is applicable at the time (but at least 0%) and a margin of 2.605%. Interest payments cannot be made if the Swiss Financial Market Supervisory Authority (FINMA) issues an instruction to this effect or if Vontobel Holding AG does not have the necessary profit distribution reserves to finance the interest payments for the AT1 bond and to make distributions that were already planned for the previous financial year. Cancelled interest payments will not be paid at a later point in time (non-cumulative). If interest payments are cancelled, the Board of Directors is not permitted to propose the distribution of dividends to the General Meeting of Shareholders of Vontobel Holding AG until interest payments on the AT1 bond resume.

If a viability event occurs – i.e. if there is an imminent risk of insolvency as defined by Art. 29 of the Swiss Capital Adequacy Ordinance (CAO) issued by FINMA – an automatic debt waiver will take effect and the AT1 bond will be written down to zero. If the Vontobel Group's Common Equity Tier 1 (CET1) ratio falls below the threshold of 7%, the AT1 bond will be written down to the extent required in order for the threshold of 7% to be reached once again or exceeded. After a partial or complete writedown of the AT1 bond, a future reversal of the writedown is neither planned nor permitted.

25 Provisions

CHF MN	PROVISIONS FOR LITIGATION RISKS	PROVISIONS FOR REINSTATEMENT OBLIGATIONS	OTHER	2020 TOTAL	2019 TOTAL
Balance at the beginning of the year	14.6	3.3	1.4	19.4	18.5
Utilization in conformity with designated purpose	–0.6	–0.2	–1.0	–1.8	–0.9
Increase in provisions recognized in the income statement	0.3	0.0	0.8	1.1	2.4
Release of provisions recognized in the income statement	–0.3	–0.3	–0.1	–0.7	–0.7
Increase in provisions not recognized in the income statement	0.0	0.2	0.0	0.2	0.1
Recoveries	0.0	0.0	0.0	0.0	0.1
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0	0.0
Provisions as at the balance sheet date	**14.0**	**3.0**	**1.1**	**18.2**	**19.4**

Other provisions consist of provisions for expected credit losses of off-balance positions and other liabilities.

A provision is recognized if Vontobel has, as a result of a past event, a current liability at the balance sheet date that will probably lead to an outflow of funds, the level of which can be reliably estimated. In principle, the recognition and release of provisions is recorded in the item “Provisions and losses”. Expected credit losses on off-balance-sheet positions are recorded in “Net interest income”, reinstatement obligations are recorded in “Property, equipment and software”. If an outflow of funds is unlikely to occur or the amount of the liability cannot be reliably estimated, a contingent liability is shown. If there is, as a result of a past event, a possible liability as of the balance sheet date whose existence depends on future developments that are not fully under Vontobel’s control, a contingent liability is likewise shown

Vontobel is involved in various legal proceedings in the course of its normal business operations. A provision is recorded in respect of current and potential legal proceedings if the above recognition criteria are met. In certain cases, external legal specialists are consulted to determine whether this is the case.

26 Other liabilities

	NOTE	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Accrued expenses and deferred income		359.6	350.6	9.0	3
Current tax liabilities		37.8	31.1	6.7	22
Deferred tax liabilities	9	73.0	80.9	–7.9	–10
Defined benefit pension liabilities	37	43.0	35.8	7.2	20
Value-added tax and other tax liabilities		12.5	15.8	–3.3	–21
Settlement and clearing accounts		2.6	8.6	–6.0	–70
Open settlement positions		394.8	332.6	62.2	19
Liability to purchase minority interests		163.6	114.2	49.4	43
Lease liabilities	18	157.6	173.2	–15.5	–9
Others		41.7	56.1	–14.4	–26
Total		**1,286.3**	**1,199.0**	**87.3**	**7**

27 Share capital

Share capital

	SHARE CAPITAL		AUTHORIZED CAPITAL		
	NUMBER OF SHARES	PAR VALUE CHF MN	NUMBER OF SHARES	PAR VALUE CHF MN	NUMBER OF OUTSTANDING SHARES[1]
Balance as of 01.01.2018	56,875,000	56.9	0	0.0	55,286,663
Balance as of 31.12.2018	56,875,000	56.9	0	0.0	55,284,456
Balance as of 31.12.2019	56,875,000	56.9	0	0.0	55,433,353
Balance as of 31.12.2020	**56,875,000**	**56.9**	**0**	**0.0**	**55,752,302**

The share capital is fully paid in.

1 Share capital excluding treasury shares

Treasury shares

	NUMBER	CHF MN
Balance as of 01.01.2019	1,590,544	98.8
Purchases	1,292,251	73.6
Decreases	–1,441,148	–88.2
Balance as of 31.12.2019	1,441,647	84.2
Purchases	956,806	55.9
Decreases	–1,275,755	–74.2
Balance as of 31.12.2020	**1,122,698**	**65.9**

As of 31.12.2020 Vontobel held 4,449 (previous year 5,083) treasury shares to secure options and structured products. Own shares were offset against shareholders' equity in accordance with IAS 32.

Authorized capital

In the financial years 2020 and 2019 the Board of Directors did not apply for the creation of authorized capital.

Contingent share capital

There is no contingent share capital.

28 Unrealized gains and losses on financial investments

	31.12.2020		31.12.2019	
CHF MN	UNREALIZED GAINS	UNREALIZED LOSSES	UNREALIZED GAINS	UNREALIZED LOSSES
Debt instruments[1]	23.7	–1.2	15.5	–2.0
Equity instruments[2]	88.1	–0.3	85.3	–0.3
Total before taxes	**111.8**	**–1.5**	**100.8**	**–2.3**
Taxes	–20.6	0.2	–18.9	0.4
Total net of tax[3]	**91.1**	**–1.2**	**81.9**	**–1.9**

1 Unrealized gains and losses are included in the balance sheet position “Other components of shareholders' equity”.
2 Unrealized gains and losses are included in the balance sheet position “Retained earnings”.
3 The total amount net of tax includes exchange differences in the amount of CHF –0.4 mn (previous year CHF –0.4 mn).

Risk related to balance sheet positions

29 Liquidity risk

CHF MN	DEMAND	DUE WITHIN 3 MONTHS	DUE WITHIN 3 TO 12 MONTHS	DUE WITHIN 1 TO 5 YEARS	DUE AFTER 5 YEARS	31.12.2020 TOTAL
Maturity structure of assets and liabilities						
Assets						
Cash	6,449.0					6,449.0
Due from banks	738.0	0.0	0.0		0.2	738.2
Receivables from securities financing transactions		1,255.4				1,255.4
Trading portfolio assets	7,327.4					7,327.4
Positive replacement values	372.2					372.2
Other financial assets at fair value	5,082.7					5,082.7
Loans	66.3	2,891.8	1,107.7	1,404.5	908.3	6,378.6
Financial investments	119.9	75.6	385.1	1,413.4	259.4	2,253.3
Investments in associates[1]					5.6	5.6
Property, equipment and software[1]					350.4	350.4
Goodwill and other intangible assets[1]					556.8	556.8
Other assets	652.7					652.7
Total assets	**20,808.3**	**4,222.8**	**1,492.8**	**2,817.8**	**2,080.6**	**31,422.4**
Liabilities						
Due to banks	654.3	61.5				715.8
Payables from securities financing transactions		302.5				302.5
Trading portfolio liabilities	111.0					111.0
Negative replacement values	1,215.6					1,215.6
Other financial liabilities at fair value	10,786.3					10,786.3
Due to customers	14,646.5					14,646.5
Debt issued				448.6		448.6
Provisions			0.6	15.3	2.4	18.2
Other liabilities	965.1	7.6	23.6	252.6	37.4	1,286.3
Total liabilities	**28,378.7**	**371.6**	**24.2**	**716.5**	**39.8**	**29,530.8**
Off-balance sheet						
Contingent liabilities and irrevocable commitments	386.0	59.8		0.0	0.4	446.2

1 Immobilized

Further information on liquidity risks can be found in section 4 of the notes on risk management and risk control.

CHF MN	DEMAND	DUE WITHIN 3 MONTHS	DUE WITHIN 3 TO 12 MONTHS	DUE WITHIN 1 TO 5 YEARS	DUE AFTER 5 YEARS	31.12.2019 TOTAL
Maturity structure of assets and liabilities						
Assets						
Cash	7,133.6					7,133.6
Due from banks	614.9	7.5			0.2	622.6
Receivables from securities financing transactions		355.1				355.1
Trading portfolio assets	3,395.6					3,395.6
Positive replacement values	155.3					155.3
Other financial assets at fair value	5,195.2					5,195.2
Loans	176.0	2,086.6	977.7	908.0	897.9	5,046.2
Financial investments	118.1	155.0	385.5	1,909.7	73.6	2,641.8
Investments in associates [1]					1.0	1.0
Property, equipment and software [1]					354.4	354.4
Goodwill and other intangible assets [1]					573.3	573.3
Other assets	766.2					766.2
Total assets	**17,554.9**	**2,604.2**	**1,363.2**	**2,817.7**	**1,900.4**	**26,240.3**
Liabilities						
Due to banks	537.6	6.6				544.2
Payables from securities financing transactions		218.7				218.7
Trading portfolio liabilities	99.3					99.3
Negative replacement values	728.4					728.4
Other financial liabilities at fair value	10,663.6					10,663.6
Due to customers	10,506.4					10,506.4
Debt issued				448.1		448.1
Provisions		0.1	0.8	17.0	1.6	19.4
Other liabilities	911.6	6.4	22.1	208.7	50.2	1,199.0
Total liabilities	**23,446.9**	**231.7**	**22.9**	**673.8**	**51.7**	**24,427.0**
Off-balance sheet						
Contingent liabilities and irrevocable commitments	47.4	717.6		4.9	0.4	770.3

1 Immobilized

30 Fair value of financial instruments

a) 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	31.12.2020 TOTAL
Assets				
Trading portfolio assets	7,235.1	92.2	0.0	7,327.4
Debt instruments	*227.6*	*92.2*	-	*319.8*
Equity instruments	*3,021.2*	-	*0.0*	*3,021.2*
Units in investment funds	*276.5*	*0.0*	*0.0*	*276.5*
Precious metals	*2,724.3*	*0.0*	*0.0*	*2,724.3*
Cryptocurrencies	*985.5*	-	-	*985.5*
Positive replacement values	-	372.2	-	372.2
Other financial assets at fair value	3,992.2	1,085.3	5.2	5,082.7
Debt instruments[1]	*3,935.4*	*1,025.8*	*0.0*	*4,961.3*
Equity instruments	*0.0*	-	*1.9*	*1.9*
Units in investment funds	*56.7*	*0.0*	*3.3*	*60.0*
Structured products	-	*59.5*	-	*59.5*
Financial investments	2,078.3	55.0	119.9	2,253.3
Debt instruments	*2,078.3*	*55.0*	-	*2,133.4*
Equity instruments	*0.0*	-	*119.9*	*119.9*
Other assets	0.0	0.0	0.0	0.0
Total financial assets at fair value	**13,305.6**	**1,604.8**	**125.2**	**15,035.6**
Liabilities				
Trading portfolio liabilities	103.7	7.3	0.0	111.0
Debt instruments	*64.1*	*7.3*	-	*71.4*
Equity instruments	*39.6*	-	*0.0*	*39.6*
Negative replacement values	-	1,215.6	-	1,215.6
Other financial liabilities at fair value[2]	-	10,786.3	-	10,786.3
Structured products	-	*10,413.7*	-	*10,413.7*
Debt instruments	-	*372.6*	-	*372.6*
Other liabilities	-	0.0	165.6	165.6
Total financial liabilities at fair value	**103.7**	**12,009.1**	**165.6**	**12,278.5**

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 68.2 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 5,489.2 mn.

CHF MN	LEVEL 1	LEVEL 2	LEVEL 3	31.12.2019 TOTAL
Assets				
Trading portfolio assets	3,221.5	173.9	0.1	3,395.6
Debt instruments	*176.3*	*173.9*	-	*350.3*
Equity instruments	*2,039.2*	-	*0.0*	*2,039.2*
Units in investment funds	*192.7*	*0.0*	*0.1*	*192.8*
Precious metals	*572.3*	-	-	*572.3*
Cryptocurrencies	*241.0*	-	-	*241.0*
Positive replacement values	39.6	115.7	0.0	155.3
Other financial assets at fair value	4,019.6	1,170.2	5.5	5,195.2
Debt instruments [1]	*3,980.1*	*1,100.9*	-	*5,081.0*
Equity instruments	*0.0*	-	*1.8*	*1.8*
Units in investment funds	*39.5*	*0.6*	*3.7*	*43.7*
Structured products	-	*68.7*	-	*68.7*
Financial investments	2,449.7	74.0	118.1	2,641.8
Debt instruments	*2,449.7*	*74.0*	-	*2,523.7*
Equity instruments	*0.0*	-	*118.1*	*118.1*
Other assets	0.0	0.0	0.0	0.0
Total financial assets at fair value	**9,730.4**	**1,533.8**	**123.7**	**11,387.9**
Liabilities				
Trading portfolio liabilities	92.4	6.8	0.0	99.3
Debt instruments	*34.7*	*6.8*	-	*41.5*
Equity instruments	*57.7*	-	*0.0*	*57.7*
Negative replacement values	175.2	553.2	-	728.4
Other financial liabilities at fair value [2]	-	10,663.6	-	10,663.6
Structured products	-	*9,159.8*	-	*9,159.8*
Debt instruments	-	*1,503.8*	-	*1,503.8*
Other liabilities	-	0.0	117.2	117.2
Total financial liabilities at fair value	**267.6**	**11,223.6**	**117.2**	**11,608.4**

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 48.7 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 4,785.7 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, 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 and listed investment funds, the closing 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. This mainly includes derivatives, products issued by Vontobel and interest rate instruments issued by public sector entities and companies with reduced market liquidity, as well as investment funds for which a binding net asset value is published at least quarterly.

Generally accepted valuation models and quoted prices in markets that are not active are used to determine the fair value of derivatives, including option components of structured products. 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. 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	FAIR VALUE FINANCIAL INSTRUMENTS	FINANCIAL INVESTMENTS	OTHER ASSETS	2020 TOTAL FINANCIAL ASSETS	OTHER LIABILITIES[1]	2020 TOTAL FINANCIAL LIABILITIES
Balance sheet						
Holdings at the beginning of the year	5.6	118.1	0.0	123.7	–117.2	–117.2
Additions in scope of consolidation	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	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Redemptions	–0.1	0.0	0.0	–0.1	0.9	0.9
Net gains / (losses) recognized in the income statement	–0.2	0.0	0.0	–0.2	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income	0.0	1.8	0.0	1.8	0.0	0.0
Change recognized in shareholders' equity	0.0	0.0	0.0	0.0	–55.3	–55.3
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	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0	6.6	6.6
Total book value at balance sheet date	**5.2**	**119.9**	**0.0**	**125.2**	**–165.6**	**–165.6**
Income in the financial year on holdings on balance sheet date						
Net gains / (losses) recognized in the income statement	–0.2	0.0	0.0	–0.2	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income	0.0	1.8	0.0	1.8	0.0	0.0

1 This item contains the liability to acquire the minority interests in TwentyFour Asset Management LLP (31.12.2020: CHF 163.6 mn; 31.12.2019: CHF 114.2 mn) and the liability from an earn-out-agreement relating to the acquisition of the US-based private clients portfolio from Lombard Odier (31.12.2020: CHF 2.0 mn; 31.12.2019: CHF 3.0 mn).

CHF MN	FAIR VALUE FINANCIAL INSTRUMENTS	FINANCIAL INVESTMENTS	OTHER ASSETS	2019 TOTAL FINANCIAL ASSETS	OTHER LIABILITIES[1]	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 consolidation	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	–0.1	0.0	0.0	–0.1	0.0	0.0
Redemptions	0.0	0.0	–0.2	–0.2	0.5	0.5
Net gains / (losses) recognized in the income statement	–0.2	0.0	–0.9	–1.0	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income	0.0	9.9	0.0	9.9	0.0	0.0
Change recognized in shareholders' equity	0.0	0.0	0.0	0.0	–41.0	–41.0
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	–1.5	–1.5
Total book value at balance sheet date	**5.6**	**118.1**	**0.0**	**123.7**	**–117.2**	**–117.2**
Income in the financial year on holdings on balance sheet date						
Net gains / (losses) recognized in the income statement	–0.2	0.0	0.0	–0.2	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income	0.0	9.9	0.0	9.9	0.0	0.0

1 This item contains the liability to acquire the minority interests in TwentyFour Asset Management LLP (31.12.2019: CHF 114.2 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 (31.12.2019: CHF 3.0 mn; 31.12.2018: n / a).

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 (31.12.2020: 12.0%; 31.12.2019: 12.0%) that will be used to discount future cash flows, as well as the long-term growth of these cash flows (31.12.2020: 1.0%; 31.12.2019: 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 31.12.2020 CHF MN	CHANGE IN THE FAIR VALUE AS OF 31.12.2019 CHF MN
Discount rate	+1 percentage point	–13.7	–9.7
Discount rate	–1 percentage point	16.3	11.7
Long-term growth	+1 percentage point	11.4	6.0
Long-term growth	–1 percentage point	–9.5	–5.0

A change in the net asset value of unlisted equity instruments 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 2020 (previous year), positions with a fair value of CHF 291.7 mn (CHF 168.3 mn) were reclassified from level 1 to level 2 and positions with a fair value of CHF 170.4 mn (CHF 310.0 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. Refer to section 4.2 of the accounting principles for information on the reclassification of exchange-traded derivatives.

b) 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

					31.12.2020		31.12.2019
CHF MN	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE TOTAL	BOOK VALUE TOTAL	FAIR VALUE TOTAL	BOOK VALUE TOTAL
Assets							
Cash	6,449.0	-	-	6,449.0	6,449.0	7,133.6	7,133.6
Due from banks	-	738.2	-	738.2	738.2	622.6	622.6
Receivables from securities financing transactions	-	1,255.4	-	1,255.4	1,255.4	355.1	355.1
Loans	-	6,565.9	-	6,565.9	6,378.6	5,192.2	5,046.2
Other assets [1]	34.7	510.3	-	545.0	545.0	419.3	419.3
Total	**6,483.7**	**9,069.9**	**0.0**	**15,553.7**	**15,366.3**	**13,722.8**	**13,576.8**
Liabilities							
Due to banks	-	715.8	-	715.8	715.8	544.2	544.2
Payables from securities financing transactions	-	302.5	-	302.5	302.5	218.7	218.7
Due to customers	-	14,646.5	-	14,646.5	14,646.5	10,506.4	10,506.4
Debt issued	456.8	-	-	456.8	448.6	461.3	448.1
Other liabilities [1]	0.3	796.3	-	796.7	796.7	744.9	744.9
Total	**457.1**	**16,461.2**	**0.0**	**16,918.2**	**16,910.1**	**12,475.5**	**12,462.3**

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 the AT1 bond the ask price is used.

31 Credit risks and impairment model

General information on the risk policy and credit risks

Please refer to sections 1 and 5 of the information about risk management and risk control.

Maximum credit risk before and after credit risk mitigation

The following table shows the maximum credit risk from all balance sheet and off-balance sheet positions and the available credit risk mitigation methods.

CHF MN	CREDIT RISK BEFORE CREDIT RISK MITIGATION	CREDIT RISK MITIGATION[1]	31.12.2020 CREDIT RISK AFTER CREDIT RISK MITIGATION
Positions with credit risks			
Cash[2]	6,449.0	0.0	6,449.0
Due from banks	738.2	398.3	339.9
Receivables from securities financing transactions	1,255.4	1,253.1	2.3
Trading portfolio assets (debt instruments)	319.8	0.0	319.8
Positive replacement values	372.2	363.1	9.1
Other financial assets at fair value (debt instruments)	4,961.3	0.0	4,961.3
Loans	6,378.6	5,971.0	407.6
Financial investments (debt instruments)	2,133.4	0.0	2,133.4
Other assets	545.0	317.6	227.3
Exposure from credit default swaps[3]	262.8	0.0	262.8
Off-balance-sheet positions	407.6	385.7	21.9
Total	**23,823.4**	**8,688.9**	**15,134.5**

CHF MN	CREDIT RISK BEFORE CREDIT RISK MITIGATION	CREDIT RISK MITIGATION[1]	31.12.2019 CREDIT RISK AFTER CREDIT RISK MITIGATION
Positions with credit risks			
Cash[2]	7,133.6	0.0	7,133.6
Due from banks	622.6	293.6	329.0
Receivables from securities financing transactions	355.1	353.9	1.2
Trading portfolio assets (debt instruments)	350.3	0.0	350.3
Positive replacement values	155.3	149.7	5.6
Other financial assets at fair value (debt instruments)	5,081.0	0.0	5,081.0
Loans	5,046.2	4,574.9	471.3
Financial investments (debt instruments)	2,523.7	0.0	2,523.7
Other assets	419.3	189.5	229.8
Exposure from credit default swaps[3]	278.0	0.0	278.0
Off-balance-sheet positions	715.3	691.8	23.5
Total	**22,680.4**	**6,253.5**	**16,426.9**

1 Credit risk mitigation is presented on the basis of Basel III regulations and encompasses netting agreements, securities collateral, cash collateral and mortgage collateral.
2 Bank notes and coins are included in the disclosure.
3 Default risks relating to the reference entities of credit default swaps where Vontobel acts as the protection seller. Any credit risk vis-à-vis the counterparty of the credit default swap is included in the balance sheet position “Positive replacement values”.

Impairment model

From the credit risks shown in the above table, those that fall within the scope of the IFRS 9 impairment model at Vontobel are mainly: financial assets recognized at amortized cost, debt instruments in financial investments, and credit risks from off-balance sheet positions.

a) Credit risks by region

The following table shows the credit risks that fall within the scope of the impairment model, broken down by region. The domicile of the counterparty or issuer generally serves as the basis for the geographical assignment of risks.

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2020 TOTAL
Cash	6,081.0	367.4	0.7	0.0	0.0	6,449.0
Due from banks	567.7	92.3	61.1	10.9	6.3	738.2
Receivables from securities financing transactions	9.0	400.5	845.9	-	-	1,255.4
Loans	3,095.3	1,445.3	560.4	262.2	1,015.5	6,378.6
Financial investments (debt instruments)	464.3	670.8	535.7	306.0	156.5	2,133.4
Other assets	492.7	38.1	9.7	1.7	2.7	545.0
Off-balance sheet	225.5	123.4	11.5	11.9	35.2	407.6
Total	**10,935.6**	**3,137.7**	**2,025.0**	**592.7**	**1,216.3**	**17,907.3**

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2019 TOTAL
Cash	6,761.5	371.5	0.6	0.0	0.0	7,133.6
Due from banks	350.7	198.8	54.4	10.8	7.9	622.6
Receivables from securities financing transactions	8.0	197.0	150.1	0.0	0.0	355.1
Loans	2,667.6	1,240.3	497.8	200.5	440.0	5,046.2
Financial investments (debt instruments)	519.6	1,051.2	540.6	271.5	140.8	2,523.7
Other assets	369.8	30.6	15.1	1.4	2.4	419.3
Off-balance sheet	389.3	185.4	15.0	21.9	103.7	715.3
Total	**11,066.5**	**3,274.8**	**1,273.6**	**506.1**	**694.8**	**16,815.8**

b) Credit risks by counterparty type or industry

The following table shows the credit risks that fall within the scope of the impairment model, broken down by counterparty type or industry.

CHF MN	GOVERNMENTS AND CENTRAL BANKS	BANKS	PUBLIC BODIES	PRIVATE AND INSTITUTIONAL COUNTERPARTIES	OTHERS	31.12.2020 TOTAL
Cash	6,449.0					6,449.0
Due from banks		738.2				738.2
Receivables from securities financing transactions		1,255.4				1,255.4
Loans				6,378.6		6,378.6
Financial investments (debt instruments)	178.4	599.8	502.2	-	852.9	2,133.4
Other assets	-	27.8	0.0	124.6	392.5	545.0
Off-balance sheet	-	77.9	20.6	219.3	89.8	407.6
Total	**6,627.5**	**2,699.3**	**522.9**	**6,722.5**	**1,335.1**	**17,907.3**

CHF MN	GOVERNMENTS AND CENTRAL BANKS	BANKS	PUBLIC BODIES	PRIVATE AND INSTITUTIONAL COUNTERPARTIES	OTHERS	31.12.2019 TOTAL
Cash	7,133.6					7,133.6
Due from banks		622.6				622.6
Receivables from securities financing transactions		355.1				355.1
Loans				5,046.2		5,046.2
Financial investments (debt instruments)	271.2	520.7	757.1	0.0	974.7	2,523.7
Other assets	-	25.7	0.0	168.7	224.9	419.3
Off-balance sheet	-	36.2	31.7	604.7	42.7	715.3
Total	**7,404.8**	**1,560.3**	**788.8**	**5,819.6**	**1,242.3**	**16,815.8**

c) Expected credit losses

The following table shows the expected credit losses for those credit risks that fall within the scope of the impairment model.

			31.12.2020			31.12.2019
CHF MN	12-MONTH LOSSES	LIFETIME LOSSES	TOTAL	12-MONTH LOSSES	LIFETIME LOSSES	TOTAL
Cash [1]	-	-	-	-	-	-
Due from banks [1]	0.1	0.0	0.2	0.1	0.0	0.2
Receivables from securities financing transactions [1]	-	-	-	-	-	-
Loans [1]	0.3	23.9	24.1	0.8	22.6	23.4
Financial investments (debt instruments) [2]	0.5	0.0	0.5	0.5	0.0	0.5
Other assets [1]	-	5.1	5.1	-	5.1	5.1
Off-balance sheet [3]	0.0	-	0.0	0.1	-	0.1
Total	**0.9**	**29.0**	**29.9**	**1.6**	**27.7**	**29.3**

1 Expected losses were deducted from the balance sheet position.
2 Expected losses were recognized in other comprehensive income.
3 Expected losses were recognized as a provision.

Due to the very good creditworthiness of the counterparties, the daily monitoring of credit positions (exception: mortgages), the short maturity of many interest rate instruments and the prudent lending rates of the collateral received, expected credit losses in stages 1 and 2 are very low.

Financial instruments in stage 3 of the impairment model represent impaired loans. In the year under review and the previous year, they were contained in the balance sheet positions “Loans” and “Other assets”. The following table shows the development of expected credit losses from impaired loans and the stage of impaired loans before and after collateral is considered.

			CHANGE TO 2019	
EXPECTED CREDIT LOSSES FROM IMPAIRED LOANS	2020 CHF MN	2019 CHF MN	CHF MN	IN %
Balance at the beginning of the year	26.1	37.4	–11.2	–30
Utilization in conformity with designated purpose	0.0	–11.1	11.1	
Doubtful interest income	1.7	0.5	1.1	220
Recoveries	0.0	0.0	0.0	
Increase / (decrease) recognized in the income statement, net	0.6	–0.7	1.3	
Change in scope of consolidation	0.0	0.0	0.0	
Reclassification	0.0	0.0	0.0	
Currency translation adjustments	0.0	0.0	0.0	
Allowances as at the balance sheet date	**28.4**	**26.1**	**2.3**	**9**

			CHANGE TO 31.12.2019	
	31.12.2020 CHF MN	31.12.2019 CHF MN	CHF MN	IN %
IMPAIRED LOANS				
Impaired loans	32.9	26.1	6.8	26
Estimated proceeds of liquidating collateral	4.5	0.0	4.5	
Impaired loans, net	**28.4**	**26.1**	**2.3**	**9**

Depending on the specific case, receivables with evidence of impairment (or the collateral received) are sold or held until the insolvency or legal proceedings have been concluded and then derecognized.

d) Credit risks by rating classes
The following tables show credit risks that fall within the scope of the impairment model, broken down by rating classes to the extent that the internal or external rating of the borrower or of any guarantor represents a relevant criterion at the time of lending or when the purchase decision was made. For remaining credit risks, the collateral received is the primary or sole factor considered when granting the loan or reaching a purchase decision (especially receivables from securities financing transactions and lombard loans), which is why they are not included in the following tables. For "Due from banks", only the carrying amounts of unsecured exposures are shown. For loans, the carrying amounts of mortgages and of receivables guaranteed by a third party with an external rating are shown.

Due from banks (unsecured exposures)

			31.12.2020			31.12.2019
CHF MN	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**
AAA-AA	45.9	-	45.9	50.8	-	50.8
A	289.2	-	289.2	272.9	-	272.9
BBB-BB	1.9	1.7	3.6	2.5	0.5	3.0
B	-	-	-	-	-	-
CCC-CC	-	-	-	-	-	-
C	-	-	-	-	-	-
D	-	-	-	-	-	-
without rating	-	1.3	1.3	-	2.3	2.3
Total	**336.9**	**3.0**	**339.9**	**326.2**	**2.8**	**329.0**

Loans (mortgages)

			31.12.2020			31.12.2019
CHF MN	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**
Internal rating 1–2	1,187.1	-	1,187.1	904.5	-	904.5
Internal rating 3–4	263.6	-	263.6	281.5	-	281.5
Internal rating 5–6	18.2	-	18.2	38.0	-	38.0
Internal rating 7–8	-	6.8	6.8	-	4.7	4.7
Total	**1,468.9**	**6.8**	**1,475.7**	**1,224.0**	**4.7**	**1,228.7**

Loans (rating of third-party guarantor)

			31.12.2020			31.12.2019
CHF MN	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**
AAA-AA	22.8	-	22.8	25.7	-	25.7
A	82.2	-	82.2	105.5	-	105.5
BBB-BB	32.9	-	32.9	0.0	-	0.0
B	-	-	-	-	-	-
CCC-CC	-	-	-	-	-	-
C	-	-	-	-	-	-
D	-	-	-	-	-	-
without rating	-	-	-	-	-	-
Total	**137.9**	**0.0**	**137.9**	**131.3**	**0.0**	**131.3**

Financial investments (debt instruments)

			31.12.2020			31.12.2019
CHF MN	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**	**STAGE 1**	**STAGE 2 & 3**	**TOTAL**
AAA-AA	1,440.3	-	1,440.3	1,821.7	-	1,821.7
A	673.5	-	673.5	627.9	-	627.9
BBB-BB	19.4	-	19.4	71.1	0.6	71.7
B	-	-	-	-	-	-
CCC-CC	-	-	-	-	-	-
C	-	-	-	-	-	-
D	-	-	-	-	-	-
without rating	-	0.2	0.2	-	2.4	2.4
Total	**2,133.2**	**0.2**	**2,133.4**	**2,520.7**	**3.0**	**2,523.7**

32 Netting agreements

To reduce credit risks related to derivative contracts and securities financing transactions Vontobel enters into master netting agreements or similar netting arrangements with its counterparties. These netting agreements include ISDA Master Netting Agreements, Global Master Securities Lending Agreements (GMSLA), Global Master Repo Agreements (GMRA) and derivatives market rules.

These netting agreements enable Vontobel to protect itself against loss in the event of a possible insolvency or other circumstances that result in a counterparty being unable to meet its obligations. In such cases, the netting agreements provide for the immediate net settlement of all financial instruments covered by the agreement. The right of set-off essentially only becomes enforceable following a default event or other circumstances not expected to arise in the normal course of business. The financial instruments covered by a netting agreement do therefore not meet the requirements for balance sheet offsetting, which is why the book values of the corresponding financial instruments are not offset on the balance sheet.

Financial assets

CHF MN	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL RECEIVED	UNSECURED AMOUNT
Positive replacement values	372.2	0.0	372.2	102.9	260.2	9.1
Receivables from securities financing transactions	1,255.4	0.0	1,255.4	0.0	1,253.1	2.3
Total 31.12.2020	**1,627.6**	**0.0**	**1,627.6**	**102.9**	**1,513.3**	**11.4**

Financial liabilities

CHF MN	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL PROVIDED	UNSECURED AMOUNT
Negative replacement values [1]	677.6	0.0	677.6	102.9	550.3	24.4
Payables from securities financing transactions	302.5	0.0	302.5	0.0	302.1	0.4
Total 31.12.2020	**980.1**	**0.0**	**980.1**	**102.9**	**852.4**	**24.8**

1 Negative replacement values in the amount of CHF 538.0 mn are not included in the table because the corresponding derivatives are not covered by a netting agreement.

Financial assets

CHF MN	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL RECEIVED	UNSECURED AMOUNT
Positive replacement values	155.3	0.0	155.3	80.8	68.9	5.6
Receivables from securities financing transactions	355.1	0.0	355.1	0.0	353.9	1.2
Total 31.12.2019	**510.4**	**0.0**	**510.4**	**80.8**	**422.8**	**6.8**

Financial liabilities

CHF MN	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL PROVIDED	UNSECURED AMOUNT
Negative replacement values [1]	400.9	0.0	400.9	80.8	302.9	17.2
Payables from securities financing transactions	218.7	0.0	218.7	0.0	218.7	0.0
Total 31.12.2019	**619.6**	**0.0**	**619.6**	**80.8**	**521.6**	**17.2**

1 Negative replacement values in the amount of CHF 327.5 mn are not included in the table because the corresponding derivatives are not covered by a netting agreement.

Off-balance sheet and other information

33 Off-balance sheet information

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Contingent liabilities				
Credit guarantees	238.8	337.2	–98.4	–29
Performance guarantees	2.7	7.2	–4.6	–63
Other contingent liabilities	96.3	95.0	1.3	1
Total	**337.7**	**439.4**	**–101.7**	**–23**
Irrevocable commitments				
Undrawn irrevocable credit facilities	108.3	330.7	–222.4	–67
of which payment obligation to client deposit protection	*20.1*	*22.2*	*–2.1*	*–10*

Of the aggregate sum of CHF 446.0 mn (previous year CHF 770.1 mn) comprising contingent liabilities and irrevocable commitments, a total of CHF 385.8 mn (previous year CHF 702.9 mn) is secured by recognized collateral and CHF 60.4 mn (previous year CHF 67.4 mn) are unsecured.

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Commitments for capital increases and capital contributions				
Other commitments for capital increases and capital contributions	0.2	0.2	0.0	0
Total	**0.2**	**0.2**	**0.0**	**0**
Fiduciary transactions				
Other fiduciary placements	1,476.8	2,572.4	–1,095.6	–43
Total	**1,476.8**	**2,572.4**	**–1,095.6**	**–43**

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. 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.

34 Hedge accounting

Cash flow hedges
Vontobel is exposed to volatility in future interest income (or cash flows) on secured loans (lombard loans), the majority of which bear short-term interest and are likely to be reinvested. Vontobel hedges part of this interest income using multi-year receiver interest rate swaps. The amount and the timing of future interest income is forecast, taking account of the contractual terms of the secured loans and other relevant factors. Hedges are limited to the interest rate that corresponds to the interest rate adjustment period for the variable side of interest rate swaps (LIBOR). The client-related risk premium is therefore not part of the hedge. The effectiveness of the hedge is tested prospectively using various interest rate scenarios. Hedge ineffectiveness can arise primarily due to differences between the term of the lombard loans and the interest rate adjustment periods for the variable side of the interest rate swaps. Interest rate swaps are only entered into on a collateralized basis, which is why changes in the creditworthiness of the counterparty do not, in principle, have any impact on the valuation of the hedging instruments.

The change in fair value of the effective portion of the interest rate swaps is recognized in other comprehensive income and is shown in the statement of equity in the column "Cash flow hedges", while the change in fair value of the ineffective portion of the interest rate swaps is recognized in trading income. When the hedged interest income affects profit or loss, the related income from hedges is transferred from shareholders' equity to net interest income.

Fair value hedges
Vontobel hedges part of the long-term mortgages against general interest rate risks using payer interest rate swaps with maturities that match the terms of the hedged mortgages as far as possible. The client-related risk premium is therefore not part of the hedge. The effectiveness of the hedge is tested prospectively using various interest rate scenarios. Hedge ineffectiveness can arise primarily due to any differences between the term of the hedged mortgages and the maturities of the hedging instruments on the one hand, and changes in the fair value of the variable side of the interest rates swaps on the other. Interest rate swaps are only entered into on a collateralized basis, which is why changes in the creditworthiness of the counterparty do not, in principle, have any impact on the valuation of the hedging instruments.

The change in the fair value of interest rate swaps is recognized in trading income. The change in the fair value of the hedged mortgages that is attributable to the hedged risk leads to an adjustment of the carrying amount of the corresponding mortgages and is also recognized in trading income. In the case of early termination of the hedge, the cumulative adjustment of the carrying amount of the corresponding mortgages is recognized in net interest income over their remaining term.

Hedges of net investments in foreign operations
Vontobel hedges part of the foreign currency risks related to its net investments in foreign operations. The spot components of foreign currency forwards with short maturities and the foreign currency components of due to customers on demand in the corresponding currency serve as hedging instruments in this context. In principle, there is no ineffectiveness since, on the one hand, the foreign exchange rate used for the currency translation of the net investments and for the valuation of hedging instruments is identical and, on the other hand, the foreign currency forwards are only entered into on a collateralized basis, which is why changes in the creditworthiness of the counterparty do not, in principle, have any impact on the valuation of the hedging instruments.

The change in fair value of the effective portion of the forwards and of the foreign currency components of financial liabilities is recognized in other comprehensive income and is shown in the statement of equity in the column "Currency translation adjustments", while the change in fair value of the ineffective and / or non-designated portion (interest component) of the forwards is recognized in trading income. If a realization event occurs (e.g. when control over a Group company is lost), the related income from hedges is transferred from shareholders' equity to the item "Other income" in the income statement.

Information on hedging instruments

CHF MN	31.12.2020	31.12.2019
Cash flow hedges		
Positive replacement values of interest rate swaps	0.0	0.4
Negative replacement values of interest rate swaps	0.0	0.0
Nominal value of interest rate swaps	17.7	135.6
Nominal value-weighted residual term of interest rate swaps (in years)	0.1	0.6
Fair value hedges		
Positive replacement values of interest rate swaps	-	-
Negative replacement values of interest rate swaps	7.2	5.6
Nominal value of interest rate swaps	173.3	88.3
Nominal value-weighted residual term of interest rate swaps (in years)	9.2	10.6
Hedges of net investments in foreign operations		
Positive replacement values of forwards	0.0	0.6
Negative replacement values of forwards	0.3	-
Nominal value of forwards	75.7	76.1
Due to customers	39.9	42.3

Effect of hedge accounting on the components of shareholders' equity "Cash flow hedges" and "Currency translation adjustments" (before taxes)[1]

	CASH FLOW HEDGES		CURRENCY TRANSLATION ADJUSTMENTS	
CHF MN	2020	2019	2020	2019
Balance at the beginning of the year	0.4	–1.5	4.8	3.1
Income during the reporting period	–0.4	1.9	2.6	1.7
Gains and losses transferred to the income statement	0.0	0.0	0.0	0.0
As at the balance sheet date	**0.0**	**0.4**	**7.5**	**4.8**

1 The two components of shareholders' equity are reported in the balance sheet item "Other components of shareholders' equity".

Effect of fair value hedge accounting on the carrying amount of mortgages

CHF MN	31.12.2020	31.12.2019
Cumulative adjustments	6.3	4.7

Ineffectiveness

CHF MN	2020	2019
Cash flow hedges	0.0	0.0
Fair value hedges	0.0	–0.5
Hedges of net investments in foreign operations	-	-

35 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.

As of 01.07.2020, assets in pooled investment vehicles (actively managed certificates, tracker certificates) are now counted as assets under management if the underlying of the certificate is managed on a discretionary basis or based on a predefined set of rules, either by Vontobel or a third party.

Client assets

	31.12.2020 CHF BN	31.12.2019 CHF BN	CHANGE TO 31.12.2019 CHF BN	IN %
Assets under management	219.6	198.9	20.7	10
Other advised client assets	20.4	16.5	3.9	24
Structured products and debt instruments outstanding	8.2	10.7	–2.5	–23
Total advised client assets	**248.2**	**226.1**	**22.1**	**10**
Custody assets	64.0	62.3	1.7	3
Total client assets	**312.2**	**288.4**	**23.8**	**8**

Assets under management

	31.12.2020 CHF BN	31.12.2019 CHF BN	CHANGE TO 31.12.2019 CHF BN	IN %
Assets in self-managed collective investment instruments	60.6	59.6	1.0	2
Assets with management mandate	86.7	71.0	15.7	22
Other assets under management	72.4	68.2	4.2	6
Total assets under management	**219.6**	**198.9**	**20.7**	**10**
of which double counts	*6.7*	*5.1*	*1.6*	*31*

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	2020	2019
Total assets under management (incl. double counts) at the beginning of the period	198.9	171.1
Change attributable to net new money	14.8	11.7
Change attributable to market value	4.0	20.5
Change attributable to other effects [1]	2.0	–4.5
Total assets under management (incl. double counts) at the balance sheet date	**219.6**	**198.9**

1 2019: Acquisition US-based private clients portfolio from Lombard Odier in April 2019 and 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), Management Buy-out Real Estate and sale of Fund of Hedge Fund business
2020: Reclassification of strategic certificates with a discretionary or predefined set of rules for the management of the underlying index or portfolio (underlying asset) as assets under management as of 01.07.2020 (value as of 31.12.2020: CHF 2.6 bn).

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 (FINMA Circular 20 / 01). 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 as well as strategic certificates (actively managed certificates, tracker certificates) 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”. 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.

In the case of assets under discretionary management, the client delegates portfolio investment activities to a Vontobel company. Assets under discretionary management comprise client assets where Vontobel decides how the funds are to be invested based on a prior structured analysis of the client’s risk appetite and risk capacity. The information relates to assets deposited with Group companies as well as with third parties for which Vontobel exercises a management mandate.

With assets under non-discretionary management with account and portfolio management, it is assumed that the client himself follows developments in the international capital markets and takes investment decisions. The client requires an account for the settlement of transactions and a custody account for the safekeeping of securities. The client is not actively offered advice.

Other advised client assets

Other advised client assets include the assets of clients with special relationships that cannot be reported either as assets under management or custody assets. In addition, assets in self-managed collective investment vehicles without discretionary portfolio management or without individual sales are also classed as other client assets.

36 Collective investment instruments

As an active asset manager, Vontobel manages a wide range of collective investment instruments. Vontobel's investment funds are classed as structured entities according to IFRS 12. Since Vontobel – as agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of its proprietary investment funds are treated as financial instruments. There are no contractual or constructive obligations to provide financial or other forms of support for the investment funds.

Under the terms of the relevant investment regulations, Vontobel manages the fund assets on behalf of the investors who invested capital in the respective investment funds. Vontobel also performs various administrative functions for the investment funds. Vontobel receives fees for providing these services; the level of fees is in line with normal market rates. As of December 31, 2020, the volume of assets in Vontobel investment funds totalled CHF 65.2 bn (previous year CHF 57.2 bn). In the financial year 2020, Vontobel generated gross income of CHF 473.3 mn (previous year CHF 420.0 mn) from the provision of services to these investment funds.

The following table shows the book value of the shares of these investment funds held by Vontobel. The book value corresponds to the maximum potential loss.

CHF MN	TRADING PORTFOLIO ASSETS	OTHER FINANCIAL ASSETS AT FAIR VALUE	TOTAL
Book value as of 31.12.2019	3.9	23.2	27.1
Book value as of 31.12.2020	**3.7**	**25.1**	**28.8**

37 Employee benefit plans

In Switzerland, Vontobel insures its employees against the financial consequences of old age, disability and death primarily through two autonomous occupational pension funds (basic fund and supplementary fund). It also operates an employee welfare fund.

The Board of Trustees is the most senior governing body of the pension funds and is composed of employee and employer representatives. Pension benefits are funded through employer and employee contributions, which amount to between 3.0% and 18.5% or between 1.5% and 16.0% of the insured salary, depending on the age group. Upon reaching the ordinary retirement age of 64 years for women or 65 years for men, the pension funds give the insured the choice between receiving a lifelong pension and drawing part or all of their pension benefits in the form of a lump-sum payment. The annual pension is calculated on the basis of the pension assets available at the retirement date, multiplied by the applicable conversion rate. Depending on the year in which the insured was born and on the pension fund, the conversion rate at the ordinary retirement age is between 5.5% and 6.2%. The insured can take early retirement from the age of 58. Disability pensions and pensions for surviving spouses are defined as a percentage of the insured salary. The benefits and contributions are set out in the pension fund regulations, with the minimum benefits being prescribed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). In the event of a funding deficit according to the BVG, the employer can be required to pay contributions towards the restructuring of the pension fund. At the end of 2020, both pension funds had a funded status – as defined by the BVG – of over 100%.

The Board of Trustees of each pension fund is responsible for investing its assets. The investment strategy is defined in such a way as to enable pension benefits to be paid when they fall due.

The Swiss pension funds were set up according to the Swiss method of defined contributions but are classed as defined benefit plans under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company.

In the case of defined benefit plans, the pension obligations and expenses are determined by actuarial appraisals prepared by outside experts according to the projected unit credit method. The appropriate calculations are performed on an annual basis. The net amount recognized in the balance sheet corresponds to the funding surplus or funding deficit of the defined benefit pension plans, taking account of any possible restrictions on the amount of a surplus that can be recognized as an asset (asset ceiling). The net interest based on the net liability or net asset of the defined benefit pension plans, the current and (due to plan amendments or plan curtailments) past service costs, the administration costs (excluding asset management costs) and the gains and losses arising from plan settlements are recorded in personnel expense. Actuarial gains and losses on pension liabilities as well as the return on plan assets and changes due to the asset ceiling (following the deduction of the sums recorded in net interest) are recognized in other comprehensive income.

The most recent actuarial calculation according to IAS 19 was carried out for these pension plans by independent experts as of 1 May 2020. There were no plan amendments in the year under review. Past service costs in the previous year include the impact of changes to pension fund regulations in Switzerland concerning early retirement, effective January 1, 2020, in the amount of CHF 0.5 mn. There were no plan settlements and plan curtailments in the year under review or in the previous year.

Vontobel has foreign pension plans in the Australia, Dubai, France, Hong Kong, Italy, Luxembourg, Singapore, Spain, UK and the US that are classed as defined contribution plans under IAS 19. Vontobel has individual pension commitments in Germany, for which the corresponding provisions have been recognized.

No actuarial calculations are required in order to record defined contribution plans in the balance sheet. The contributions to these types of pension plans are recorded in the income statement when the employees render the corresponding services, which is generally in the year in which the contributions are paid.

Defined benefit pension plans in Switzerland

CHF MN	PENSION OBLIGATIONS	PLAN ASSETS	ASSET CEILING	TOTAL
Total at 01.01.2020	**–1,375.5**	**1,339.8**	**0.0**	**–35.8**
Current service cost	–47.3			–47.3
Past service cost	0.0			0.0
Gain/losses on settlement	0.0	0.0		0.0
Interest income/(interest expense)	0.0	0.0	-	0.0
Administration cost	–0.7			–0.7
Others	0.0	0.0		0.0
Total cost recognized in personnel expense	**–48.0**	**0.0**	**-**	**–48.0**
Actuarial gains/losses on obligations				
of which changes in financial assumptions	–24.2			–24.2
of which changes in demographic assumptions	48.1			48.1
of which experience adjustments	–25.4			–25.4
Return on plan assets excluding interest income		6.5		6.5
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**–1.4**	**6.5**	**-**	**5.1**
Employee contributions	–25.5	25.5		-
Employer contributions		35.5		35.5
Benefits paid resp. deposited	19.5	–19.5		-
Business combination	0.0	0.0		0.0
Others	0.0	0.0		0.0
Total at 31.12.2020	**–1,430.7**	**1,387.7**	**0.0**	**–43.0**
of which active members	*–1,043.1*			
of which pensioners	*–387.7*			
of which reported in Other assets				*0.0*
of which reported in Other liabilities				*–43.0*

The component of personnel expense comprising pension and other employee benefit plans totalled CHF 52.6 mn, consisting of CHF 48.0 mn for defined benefit pension plans and CHF 4.6 mn for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

CHF MN	PENSION OBLIGATIONS	PLAN ASSETS	ASSET CEILING	TOTAL
Total at 01.01.2019	**–1,268.7**	**1,250.0**	**0.0**	**–18.7**
Current service cost	–44.0			–44.0
Past service cost	–0.5			–0.5
Gain / losses on settlement	0.0	0.0		0.0
Interest income / (interest expense)	–2.9	3.1	-	0.2
Administration cost	–0.5			–0.5
Others	0.0	0.0		0.0
Total cost recognized in personnel expense	**–48.0**	**3.1**	**-**	**–44.9**
Actuarial gains / losses on obligations				
of which changes in financial assumptions	–117.2			–117.2
of which changes in demographic assumptions	0.0			0.0
of which experience adjustments	–19.6			–19.6
Return on plan assets excluding interest income		125.1		125.1
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**–136.8**	**125.1**	**-**	**–11.7**
Employee contributions	–27.1	27.1		-
Employer contributions		39.6		39.6
Benefits paid resp. deposited	105.1	–105.1		-
Business combination	0.0	0.0		0.0
Others	0.0	0.0		0.0
Total at 31.12.2019	**–1,375.5**	**1,339.8**	**0.0**	**–35.8**
of which active members	*–1,027.4*			
of which pensioners	*–348.1*			
of which reported in Other assets				*0.0*
of which reported in Other liabilities				*–35.8*

The component of personnel expense comprising pension and other employee benefit plans totalled CHF 49.4 mn, consisting of CHF 44.9 mn for defined benefit pension plans and CHF 4.5 mn for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

Composition of plan assets

CHF MN	31.12.2020	31.12.2019
Quoted market price		
Cash and cash equivalents	43.5	45.1
Equity instruments	587.6	546.5
Debt instruments	471.9	453.1
Real estate	142.8	140.8
Derivatives	–0.7	0.5
Commodities	66.9	62.8
Others	0.0	0.0
Total fair value	**1,312.2**	**1,248.7**
Non-quoted market price		
Debt instruments	9.8	9.8
Real estate	55.4	54.6
Others	10.4	26.6
Total fair value	**75.5**	**91.0**
Total plan assets at fair value	**1,387.7**	**1,339.7**
of which registered shares of Vontobel Holding AG	*0.0*	*0.0*
of which debt instruments of Vontobel	*0.0*	*0.0*
of which credit balances with Vontobel companies	*40.0*	*44.4*
of which securities lent to Vontobel	*0.0*	*0.0*

Maturity profile of defined benefit obligation

IN YEARS	31.12.2020	31.12.2019
Weighted average duration of defined benefit obligation	11.0	12.8

Actuarial assumptions

Demographic assumptions (e.g. probability of death, disability or termination) are based on the BVG 2020 actuarial tables (cohort life tables), which draw on observations of large insurance portfolios in Switzerland over a period of several years, and are adapted to reflect conditions specific to Vontobel or empirical values where necessary. The increase in mortality is calculated using the CMI Model. A long-term rate of change (LTR) of 1.25% is assumed in this context.

The discount rate is used to determine the present value of pension obligations and is based on the yields on high-quality corporate bonds in Swiss francs. A yield curve is calculated using the yields on this type of corporate bond. The individual pension obligations are discounted using the interest rate on the yield curve that applies to their duration.

In the following table, the item “Discount rate” shows the constant interest rate that would result in the same present value of pension obligations as if a discount were applied using the interest rates on the yield curve.

Actuarial assumptions

IN %	2020	2019
Discount rate	0.2	0.2
Expected rate of salary increases	1.0	1.0
Expected rate of pension increases	0.0	0.0

Estimated contributions to defined benefit pension plans in the following year

CHF MN	2020	2019
Employer contributions	35.5	35.3
Employee contributions	25.3	24.8

Plan-specific sensitivities

The following overview shows the impacts of an isolated change in the main actuarial assumptions on the present value of pension obligations as of December 31, 2020 and December 31, 2019. The discount rate was reduced/increased by 0.25 percentage points and the expected rate of salary increases was reduced/increased by 0.5 percentage points. The sensitivity relating to mortality was calculated using a method where mortality was reduced or increased by a set factor so that life expectancy for most age categories was increased or reduced by approximately one year. The sensitivity analyses were produced in the same way as in the previous year.

Plan-specific sensitivities

CHF MN	DEFINED BENEFIT OBLIGATION 31.12.2020	DEFINED BENEFIT OBLIGATION 31.12.2019
Current actuarial assumptions	1,430.7	1,375.5
Discount rate		
Reduction of 25 basis points	1,472.2	1,421.7
Increase of 25 basis points	1,392.0	1,332.2
Salary increases		
Reduction of 50 basis points	1,421.3	1,365.1
Increase of 50 basis points	1,440.0	1,385.8
Life expectancy		
Reduction in longevity by one year	1,400.1	1,346.8
Increase in longevity by one additional year	1,461.1	1,403.8

38 Other employee benefits payable in the long term

Other employee benefits payable in the long term exist in the form of long service awards and sabbatical leaves. Analogously to the defined benefit pension plans, actuarial calculations have been performed and an accrued expense recognized for these benefits.

CHF MN	31.12.2020	31.12.2019
Accrued expense for long service awards and sabbatical leaves	2.0	2.2

39 Employee share-based benefit program and other deferred compensation

Under the current share participation plan, which was introduced in spring 2004, employees can opt to receive 25% of their bonus in the form of bonus shares of Vontobel Holding AG at preferential terms. For bonus amounts exceeding CHF 100,000, it is mandatory for employees to take 25% of the bonus in the form of shares. Employees who exercise roles that are defined by the Board of Directors as special positions are required to take 33% of their bonus in the form of shares. In the case of members of the Executive Committee, this mandatory portion increases to 50% of their total bonus. These shares are awarded at a price corresponding to 80% of the relevant market price. The relevant market price is the average of the closing prices in the month of December of the year for which the bonus is paid. The bonus shares are blocked for three years and cannot be disposed of during that period. The fair value of bonus shares at grant date is charged as personnel expense. Employees who receive bonus shares automatically participate in the performance shares program. The right to receive performance shares depends on the performance of the business over the last three years, hence the name "performance shares", as well as on the number of bonus shares received.

The company's average return on equity (ROE) and the average risk profile (BIS total capital ratio) are taken into account when determining its performance. A third requirement when receiving performance shares is that they are only paid to employees who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. On the balance sheet date, the expense relating to the performance share program is estimated for the entire vesting period and charged to personnel expense on a pro rata temporis basis. When determining the expense, the estimates for the return on equity, the BIS total capital ratio and the probability that employees will leave the company are updated, while the relevant share price is fixed at the time when the rights to receive performance shares are granted and is not adjusted during the vesting period. It corresponds to the fair value of the Vontobel Holding AG share at this time, less the present value of the dividends expected during the vesting period.

Blocked shares

	EMPLOYEES		MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	
NUMBER	2020	2019	2020	2019
Holdings of blocked shares at the beginning of the year	1,077,396	1,045,660	488,094	498,315
Allotted shares and transfers (addition)	414,496	448,299	137,275	171,643
Shares for which the holding period has lapsed	–307,182	–317,992	–164,653	–181,526
Shares of employees / members who have left the Group and transfers (reduction)	–96,480	–98,571	–47,520	–338
Holdings of blocked shares as at the balance sheet date	**1,088,230**	**1,077,396**	**413,196**	**488,094**
Charged as personnel expense in the year under review (CHF mn)	–1.0	0.5	–0.2	0.2
Charged as personnel expense in the preceding year (CHF mn)	27.5	24.2	9.3	9.2
Average price of shares upon allotment (CHF)	64.00	55.20	66.10	54.79
Fair value of blocked shares as at the balance sheet date (CHF mn)	76.4	74.5	29.0	33.8

Deferred compensation outstanding

Right to receive performance shares

Vontobel's compensation concept focuses on the achievement of sustained success. The awarding of performance shares is a long-term component of this compensation system. The number of shares allocated in the year under review is calculated on the basis of the number of bonus shares received for the financial year 2016 as well as the performance of the business in the years 2017 to 2019, measured in terms of the average return on equity (ROE) and the average risk profile (BIS total capital ratio). The cost per allocated share recorded as share-based compensation was CHF 48.70. The market price was CHF 64.00 on the allocation date in March 2020 and was CHF 70.20 as at the balance sheet date.

In view of expectations regarding the performance of the business (ROE and BIS total capital ratio), the calculation of the number of rights is based on the assumption that between 113% and 132% (previous year between 111% and 115%) of the original number of bonus shares will be allocated as performance shares to eligible employees in connection with the individual programs.

If the ROE in 2021 and 2022 is 3 percentage points higher (lower) than expected due to an improvement (deterioration) in the performance of the business, between 113% and 152% (104% and 132%) of the original number of bonus shares will be granted as performance shares to eligible employees in connection with the individual programs. If the BIS total capital ratio in 2021 and 2022 is 2 percentage points higher (lower) than expected, these factors would be between 113% and 135% (110% and 132%). Further information is available at: www.vontobel.com/compensation-report. As a result, a reasonably possible deviation from the expected values would not have a significant impact on Vontobel's future personnel expense.

Performance shares

	EMPLOYEES		CHAIRMAN OF THE BOARD OF DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE	
NUMBER	2020	2019	2020	2019
Holdings of rights at the beginning of the year	1,217,349	1,265,004	428,593	470,864
Allotted rights and transfers (addition)	414,496	448,299	105,633	133,498
Recorded performance shares	–357,333	–396,716	–141,893	–179,887
Forfeited rights and transfers (reduction)	–102,515	–118,019	–53,698	0
Change of rights due to modified parameters	133,751	18,781	30,714	4,118
Holdings of rights as at the balance sheet date	**1,305,748**	**1,217,349**	**369,349**	**428,593**
CHF MN				
Personnel expense recorded over the vesting period for recorded performance shares	17.4	15.7	6.9	7.1
Market value of recorded performance shares on the allocation date	21.6	21.9	8.6	9.9
Charged as personnel expense in the year under review	22.0	17.0	5.3	7.3
Cumulative charge to personnel expense for outstanding rights to performance shares as at the balance sheet date	36.3	32.9	10.6	12.2
Estimated personnel expense for the remaining vesting periods including future terminations	26.6	22.4	6.8	7.4
Estimated personnel expense for the remaining vesting periods excluding future terminations	30.5	26.0	7.8	8.6
Other deferred compensation as at the balance sheet date				
In cash	11.1	8.0	0.0	0.0
Share-based compensation benefits	0.0	0.0	0.0	0.0

40 Compensation of governing bodies

The governing bodies of Vontobel comprise the members of the Board of Directors of Vontobel Holding AG and the members of the Executive Committee. Additional information about the current members of governing bodies can be found in the Corporate Governance section of this annual report. The compensation paid to this group of people is listed below. Further information can be found in the Vontobel Compensation Report commencing on page 51.

Compensation is recognized in the financial year in which it is accrued. It is thus reported according to the accrual principle, irrespective of cash flows. This does not include expense related to performance shares and other deferred compensation, which is recorded during the vesting period. However, once the vesting conditions have been met, the allocation of shares is shown at the point in time when the performance shares are transferred to employees.

Compensation of the members of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG for the financial year

	2020	2019	CHANGE TO 2019	
	CHF MN	CHF MN	CHF MN	IN %
Short-term employee benefits	2.6	2.6	0.0	0
Post-employment benefits	0.0	0.1	–0.1	–100
Other long-term benefits	0.0	0.0	0.0	
Termination benefits	0.0	0.0	0.0	
Equity compensation benefits [1,2]	1.7	1.7	0.0	0
Total mandate-related compensation for the financial year [3]	**4.3**	**4.4**	**–0.1**	**–2**
Compensation for additional services	0.0	0.0	0.0	
Total compensation for the financial year [4]	**4.3**	**4.4**	**–0.1**	**–2**

1 The members of the Board of Directors received a total of 31,443 (previous year 32,222) shares of Vontobel Holding AG as part of their compensation for the year under review. None of those shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
2 The cost of the performance shares is not included in the calculation of share-based compensation during the vesting period of the shares.
3 Excluding flat rate compensation for expenses and employer contribution to AHV / IV / ALV
4 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the following table "Allocation of shares from the long-term employee share-based benefit program".

Allocation of shares from the long-term employee share-based benefit program

	31.12.2020	31.12.2019	CHANGE TO 31.12.2019	
	NUMBER	NUMBER	NUMBER	IN %
Number of performance shares allotted to Herbert J. Scheidt [1]	0	9,304	–9,304	–100

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table "Compensation for the financial year". Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 0.0 mn (previous year CHF 0.4 mn) and was included on a pro rata basis over the vesting period.

Compensation of the members of the Executive Committee for the financial year

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	 IN %
Base salary	5.3	4.3	1.0	23
Other short-term employee benefits[1]	1.6	0.0	1.6	
Cash component of bonus[2]	6.4	6.9	–0.5	–7
Post-employment benefits	1.0	0.8	0.2	25
Other long-term benefits	0.0	0.0	0.0	
Termination benefits	0.0	0.0	0.0	
Equity compensation benefits bonus shares[2,3]	3.1	5.1	–2.0	–39
Total contract-related compensation for the financial year[4]	**17.4**	**17.1**	**0.3**	**2**
Compensation for additional services	0.0	0.0	0.0	
Total compensation for the financial year[5]	**17.4**	**17.1**	**0.3**	**2**
Number of persons receiving compensation	8	6	2	33

1 Other short-term employee benefits comprise claim payments, family allowance payments and preferential interest rates for mortgages.
2 Financial year 2020: Subject to the approval of the General Meeting of Shareholders 2021; Performance-related Compensation for one Member of the Executive Committee entirely in cash.
3 A total of 56,335 (previous year 96,555) Vontobel Holding AG shares were allocated to members of the Executive Committee. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 Excluding flat rate compensation for expenses and employer contribution to AHV / IV / ALV.
5 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the "Allocation of shares from the long-term employee share-based benefit program" table below.

Allocation of shares from the long-term employee share-based benefit program

	31.12.2020 CHF MN OR NUMBER	31.12.2019 CHF MN OR NUMBER	CHANGE TO 31.12.2019 CHF MN OR NUMBER	 IN %
Market value of performance shares at the date on which they were allotted in CHF mn[1]	9.2	9.1	0.1	1
Number of performance shares allotted	143,174	164,919	–21,745	–13
Total number of persons receiving compensation	**6**	**6**	**0**	**0**
Thereof market value of performance shares to former members of the Executive Committee at the date on which they were allotted in CHF mn	*1.7*			
Thereof number of performance shares allotted to former members of the Executive Committee	*26,391*			
Thereof total number of persons receiving compensation (former members of the Executive Committee)	*1*			

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table "Compensation for the financial year". Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 7.0 mn (previous year CHF 6.5 mn) and was included on a pro rata basis over the vesting period.

41 Loans to members of governing bodies, major shareholders and related parties

Loans to members of Vontobel's governing bodies and to significant shareholders and the persons and companies related to them may only be granted in accordance with the generally recognized principles of the banking industry. Governing body members are generally treated like employees, and that particularly in regard to lending terms. Governing body loans must be approved by the Board of Directors of Vontobel Holding AG in addition to the levels of authority applicable to employees.

As of December 31, 2020, margin calls fully secured against collateral, guarantees, loans and credits to and the promis of payment in favour of the members of Vontobel's governing bodies or related parties and significant shareholders totalled CHF 2.7 mn (previous year CHF 5.3 mn) were outstanding. No loans to former members of the Board of Directors or the members of the Executive Committee were outstanding that were not granted according to standard terms and conditions.

Vontobel has granted mortgage loans to members of its governing bodies and to employees since 1 October 2016. It provides mortgage loans to them at a preferential interest rate of up to 1% below the usual interest rate up to a maximum loan amount of CHF 1 million per borrower. In addition, as part of a transitional arrangement, Vontobel provides the same terms and conditions in the case of existing mortgage loans of members of its governing bodies and employees from selected third-party banks until maturity. Vontobel does not assume any credit risks or other obligations in this context.

The members of the Board of Directors and the Executive Committee conduct usual banking transactions with Vontobel at the same conditions as employees.

42 Transactions with related persons

Companies and persons are deemed related if one side is able to control the other or exert a substantial influence on the other's financial or operational decisions.

Transactions with related companies and persons

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	CHANGE TO 31.12.2019 IN %
Receivables	2.7	2.0	0.7	33
Liabilities	129.9	177.2	–47.3	–27

Reported liabilities consist of current account balances of related companies / persons as well as liabilities from financial hedging transactions. Transactions with related persons are essentially carried out according to standard terms and conditions.

Vontobel Foundation and other members of the shareholder pool
The Vontobel Foundation conducts business with Bank Vontobel AG at preferential terms.

Pension funds of Vontobel
The assets of these pension funds are managed by Vontobel Asset Management AG.

43 Significant foreign currency rates

For the significant currencies, the following rates were used:

	YEAR END RATES		AVERAGE RATES	
	31.12.2020	31.12.2019	2020	2019
1 EUR	1.08156	1.08697	1.07175	1.11229
1 GBP	1.20832	1.28282	1.21197	1.27067
1 USD	0.88395	0.96835	0.93665	0.99238

44 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 year 2020 financial statements and would therefore need to be disclosed.

45 Dividend payment

The Board of Directors will propose the payment of a dividend of CHF 2.25 per registered share with a par value of CHF 1.00 to the General Meeting of Shareholders of Vontobel Holding AG on April 20, 2021. This corresponds to a total payment of CHF 127.1 mn.[1]

1 Shares entitled to a dividend as of 31.12.2020

46 Authorization of the consolidated accounts

The Board of Directors discussed and approved the present annual report during the board meeting on February 4, 2021. It will be submitted for approval at the General Meeting on April 20, 2021.

Segment reporting

47 Segment reporting principles

Segment reporting reflects the organizational structure of Vontobel as well as internal reporting to the Executive Committee – Vontobel's chief operating decision maker. This reporting forms the basis for the assessment of the financial performance of the segments and the allocation of resources to the segments.

Vontobel comprises four Client Units and seven Centers of Excellence. The Client Units serve the following client groups and client needs:

– The Asset Management Client Unit focuses primarily on institutional clients such as pension funds, insurance companies and sovereign wealth funds, as well as third-party banks in the wholesale fund business.
– The Platforms & Services Client Unit focuses on external asset managers, banks and other financial intermediaries.
– The Wealth Management Client Unit serves wealthy private clients (including UHNWIs), entrepreneurs and decision-makers from the SME segment.
– The Digital Investing Client Unit bundles investment solutions for private investors, either directly or via ecosystems, and it also concentrates on the end-clients business with structured products.

All activities that are not directly related to client contact are bundled within the Centers of Excellence Investments, Structured Solutions & Treasury, Technology & Services, Marketing & Analytics, Finance & Risk, Human Resources and Legal & Compliance.

Direct costs are allocated to the Client Units and Centers of Excellence. Services provided between the individual units are not subject to charges. Income taxes are managed at Group level and are therefore not assigned to the Client Units and Centers of Excellence.

The Client Units represent the operating and reportable segments according to IFRS 8. Centers of Excellence and reclassifications are shown in the column "Centers of Excellence / Reconciliation". Segment reporting is basically subject to the same accounting principles as the consolidated financial statements.

Segment reporting

CHF MN	ASSET MANAGEMENT	PLATFORMS & SERVICES	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIATION	2020 TOTAL
Net interest income after credit losses	1.2	8.3	58.5	–0.8	5.8	73.0
Net fee and commission income	511.9	82.8	332.6	7.1	–98.6	835.8
Trading income and other operating income	1.6	61.2	32.4	177.1	84.4	356.7
Total operating income	**514.6**	**152.3**	**423.6**	**183.5**	**–8.5**	**1,265.5**
Personnel expense	78.7	37.7	158.7	5.1	359.8	640.0
General expense	16.6	4.6	11.8	1.9	164.9	199.8
Depreciation of property, equipment (incl. software) and intangible assets	4.1	0.8	7.1	0.0	86.6	98.6
Provisions and losses	0.1	1.1	0.8	0.0	4.1	6.2
Total operating expense	**99.4**	**44.2**	**178.4**	**7.0**	**615.5**	**944.5**
Profit before taxes	**415.2**	**108.0**	**245.2**	**176.5**	**–623.9**	**321.0**
Taxes						61.6
Group net profit						**259.4**
of which minority interests						*16.8*
Additional information						
Client assets (CHF bn)	154.4	81.6	64.7	0.8	10.7	312.2
Net new money (CHF bn)	9.5	1.1	3.8	0.1	0.3	14.8
Employees (full-time equivalents)	175.8	117.8	513.9	18.0	1,189.7	2,015.1

Information on regions[1]

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES[2]	CONSOLIDATION	2020 TOTAL
Operating income related to external customers	736.3	322.2	100.1	106.9		1,265.5
Assets	22,454.6	3,437.7	114.5	9,543.7	–4,128.1	31,422.4
Property, equipment and intangible assets	817.6	81.1	5.8	2.7		907.2
Additions to property, equipment (incl. software) and intangible assets[3]	79.8	5.5	0.1	0.2		85.6

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation

Segment reporting

CHF MN	ASSET MANAGEMENT	PLATFORMS & SERVICES	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIATION	2019 TOTAL
Net interest income after credit losses	3.3	13.9	65.4	3.8	–0.1	86.3
Net fee and commission income	505.2	63.6	325.2	1.1	–37.8	857.3
Trading income and other operating income	1.3	73.4	38.6	156.0	48.9	318.3
Total operating income	**509.8**	**150.9**	**429.2**	**160.9**	**11.0**	**1,261.9**
Personnel expense	79.7	38.9	149.0	3.2	366.5	637.2
General expense	21.7	6.3	13.4	0.5	174.3	216.3
Depreciation of property, equipment (incl. software) and intangible assets	4.1	0.8	8.7	0.0	86.5	100.1
Provisions and losses	0.0	0.1	0.6	0.0	0.8	1.6
Total operating expense	**105.5**	**46.1**	**171.8**	**3.7**	**628.1**	**955.2**
Profit before taxes	**404.3**	**104.8**	**257.5**	**157.2**	**–617.0**	**306.7**
Taxes						41.6
Group net profit						**265.1**
of which minority interests						*14.1*
Additional information						
Client assets (CHF bn)	137.2	77.9	61.3	0.0	12.0	288.4
Net new money (CHF bn)	11.0	0.5	0.1	0.0	0.1	11.7
Employees (full-time equivalents)	158.4	131.5	509.6	6.0	1,176.1	1,981.6

Information on regions[1]

CHF MN	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES[2]	CONSOLIDATION	2019 TOTAL
Operating income related to external customers	696.0	327.1	108.4	130.4		1,261.9
Assets	16,054.6	2,683.6	119.0	10,487.4	–3,104.3	26,240.3
Property, equipment and intangible assets	828.3	86.2	8.5	4.6		927.6
Additions to property, equipment (incl. software) and intangible assets[3]	84.7	4.1	0.4	3.9		93.1

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation

Fully consolidated and associated companies

Major subsidiaries

	REGISTERED OFFICE	BUSINESS ACTIVITY	CURRENCY	PAID-UP SHARE CAPITAL MN	SHARE OF VOTES AND CAPITAL IN %
Vontobel Holding AG	Zurich	Holding	CHF	56.9	Parent company
Vontobel Beteiligungen AG	Zurich	Holding	CHF	10.0	100
Bank Vontobel AG	Zurich	Bank	CHF	149.0	100
Bank Vontobel Europe AG	Munich	Bank	EUR	40.5	100
Vontobel Swiss Wealth Advisors AG	Zurich	Wealth management	CHF	0.5	100
Vontobel Wealth Management (Hong Kong) Ltd.	Hong Kong	Wealth management	HKD	280.0	100
Vontobel Wealth Management Società di Intermediazione Mobiliare S.p.A.	Milan	Wealth management	EUR	5.0	100
Vontobel Fonds Services AG	Zurich	Fund management	CHF	4.0	100
Vontobel Asset Management AG	Zurich	Portfolio management	CHF	20.0	100
Vontobel Asset Management S.A.	Luxembourg	Fund & Portfolio management	EUR	2.6	100
Vontobel Asset Management UK Holdings Ltd.	London	Holding	GBP	26.0	100
TwentyFour Asset Management LLP	London	Portfolio management	GBP	2.5	60
Vontobel Asset Management, Inc.	New York	Portfolio management	USD	6.8	100
Vontobel Asset Management Asia Pacific Limited	Hong Kong	Financial Advisor	HKD	7.0	100
Vontobel Asset Management Pte. Ltd.	Singapore	Holding	SGD	0.3	100
Vontobel Asset Management Australia Pty. Ltd.	Sydney	Portfolio management	AUD	1.0	100
Vontobel Securities AG	Zurich	Brokerage	CHF	2.0	100
Vontobel Financial Products GmbH	Frankfurt	Issues	EUR	0.05	100
Vontobel Financial Products Ltd.	Dubai	Issues	USD	2.0	100
Vontobel Pte. Ltd.	Singapore	Services for EAMs / Distribution deritrade® / Financial Advisor	SGD	0.3	100
Vontobel Limited	Hong Kong	Brokerage	HKD	25.0	100

The share of voting rights held corresponds to the equity interest held.
Only the shares of Vontobel Holding AG are listed on the Swiss Exchange (SIX). Please see pages 10 and 235 for more detailed information.
In the case of regulated subsidiaries, part of the capital is not available for dividends or transfers due to regulatory requirements (e.g. Basel III). These restrictions do not have any material impact on Vontobel's activities.

Associated companies

	REGISTERED OFFICE	BUSINESS ACTIVITY	CURRENCY	PAID-UP SHARE CAPITAL MN	SHARE OF VOTES IN %	CAPITAL IN %
Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	14.5	16.2
Yapeal AG	Zurich	Digital financial service provider	CHF	0.5	2.4	19.6

Changes in the scope of consolidation

Companies fully consolidated for the first time
None.

Changes within the scope of consolidation
Vontobel AM Fixed Income (US) LLC was merged per end of October 2020 with Vontobel Asset Management Inc., New York.

Main differences between IFRS and Swiss GAAP

Vontobel's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The main differences between IFRS and Swiss GAAP (Banking Ordinance, FINMA Accounting Ordinance and FINMA Circular 20/01) that are of relevance to Vontobel are as follows:

Financial investments
The financial instruments included in financial investments are carried at fair value under IFRS. In the case of equity instruments, dividends are recognized in the income statement and all other income components are recognized through other comprehensive income. Realized gains are not transferred to the income statement. In the case of interest rate instruments, changes in fair value are recognized through other comprehensive income. The change in expected credit losses is shown in the income statement, with the offsetting entry made in other comprehensive income. If an interest rate instrument is sold, the expected credit losses and cumulative changes in fair value are transferred from other comprehensive income to the income statement. Interest is accrued in the period in which it is earned using the effective interest method and recognized in the income statement. Under Swiss GAAP, equity instruments are classed as participations and are recognized at cost less economically necessary valuation adjustments. Debt instruments are valued according to the lower of cost or market principle. Interest income and dividend income, changes in the carrying amount and realized gains and losses are recognized through profit or loss.

Other financial liabilities measured at fair value through profit and loss (Fair Value Option)
Under IFRS, Vontobel applies the fair value option for issued products. They are carried at fair value in the balance sheet, and income is recognized in the income statement on an ongoing basis. The impact of the change in own credit risk of financial liabilities, for which the fair value option is applied, is generally recorded in other comprehensive income. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, the corresponding impact is recorded in profit or loss. This is the case at Vontobel. Under Swiss GAAP, the fair value option can also be applied for these positions. Under Swiss GAAP, changes in fair value due to a change in the Group's own credit risk are not recorded in the income statement.

Goodwill
IFRS stipulates that goodwill cannot be amortized and must, instead, be tested for impairment at least once annually. Under Swiss GAAP, goodwill is amortized on a straight-line basis over five years. In justified cases, the amortization period can be a maximum of 10 years.

Fair value hedges
Vontobel uses interest rate swaps to hedge the fair value of mortgages (see note 34). Under IFRS, the change in fair value of interest rate swaps is recognized in the income statement. The change in the fair value of hedged mortgages due to the hedged risk leads to an adjustment in the carrying amount of the corresponding mortgages and is also recognized in the income statement. Under Swiss GAAP, the change in fair value of the effective portion of interest rate swaps is recognized in the compensation account. The carrying amount of the hedged mortgages is not adjusted.

Leases
Under IFRS, at the lease commencement date, Vontobel, as lessee, recognizes a lease liability corresponding to the present value of lease payments over the lease term. At the same time, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and costs for any reinstatement obligations, is capitalized.

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. 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.

Under Swiss GAAP, operating lease expenses are charged to the income statement in the period in which they are incurred.

Pension funds
Under IFRS, pension obligations and pension expenses are determined based on the projected unit credit method (see note 37).

Under Swiss GAAP, pension obligations and pension expenses are determined based on the financial statements of the pension plan in accordance with Swiss GAAP FER 26. A pension asset is recorded if a statutory overfunding of a pension plan leads to a future economic benefit. A pension obligation is recorded if a statutory underfunding of a pension plan leads to a future economic obligation. Employer contributions as well as changes in the value of the pension assets or obligations are recognized as pension expenses.

Extraordinary profit
Under IFRS, all items of income and expense are allocated to ordinary operating activities. Under Swiss GAAP, items of income and expense are classified as extraordinary if they are not recurring and are not related to operating activities.

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2021

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Vontobel Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, consolidated statement of comprehensive income, statement of equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements (pages 120 to 207), including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 112 to 207) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Fair value of financial instruments

Area of focus	Fair value is defined as the amount 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. Fair values can be based on quoted prices in active markets (level 1) or on a valuation model where significant input parameters can be observed directly or indirectly in the market (level 2), or on a valuation model where significant input parameters cannot be observed in the market (level 3). Valuations based on models are influenced to a significant extent by the assumptions applied, including interest rates, forward rates and swap rates, spread curves, volatility and estimates of future cash flows. The determination of these assumptions involves the exercise of significant judgment. In its consolidated balance sheet as of 31 December 2020, Vontobel Holding AG reports total financial assets at fair value of CHF 15.0 bn and financial liabilities at fair value of CHF 12.3 bn. In view of the inherent exercise of judgment involved in the determination of these assumptions and the significance of these balance sheet items in the consolidated financial statements of Vontobel Holding AG, their valuation is of particular importance from an audit perspective. The corresponding accounting principles applied are explained by Vontobel Holding AG on pages 121 to 122 and 168 to 174 of the annual report. Please also refer to notes 12, 14 and 30 of the notes to the consolidated financial statements.
Our audit response	Our audit procedures included an evaluation of the design and the operational effectiveness of relevant key controls over the calculation of fair value. In particular, they comprised the approval processes for products and valuation models, as well as the independent price verification. Using comparisons with third-party sources, we tested the fair values that were directly available in an active market. Furthermore, we performed procedures to evaluate the assumptions used and tested the valuation of financial instruments using independent valuation models. Based on a sample we reperformed the valuation of financial instruments. Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.

Goodwill and other intangible assets

Area of focus	Vontobel Holding AG accounts for business combinations using the acquisition method, whereby the net assets of the acquired business are measured at the fair value of the consideration at the acquisition date. If the fair value of the consideration exceeds the fair value of the net assets acquired, goodwill is recognized and assigned to one or more cash-generating units. Goodwill is tested annually for impairment or more frequently if indicators of impairment are present. The valuation of net assets acquired that is carried out in connection with the acquisition of a subsidiary, the allocation of goodwill acquired to cash-generating units, and the recoverable value that is determined as part of the impairment test, are influenced to a significant extent by the assumptions that are used, the determination of which involves the exercise of significant judgment. The client relationships and brands acquired during business combinations are recognized as other intangible assets and depreciated over their estimated useful life. If events or circumstances indicate that the carrying amount may be impaired, an impairment test is carried out. The fair values of these intangible assets are determined on the basis of valuation methods that use various input parameters that cannot be observed. The determination of these input parameters and the estimation of useful life involve the exercise of significant judgment. In its consolidated balance sheet as of 31 December 2020, Vontobel Holding AG reports goodwill totaling CHF 483.5 mn and other intangible assets totaling CHF 73.2 mn. Due to the judgment that goes into the identification and the valuation of goodwill and other intangible assets this is an area of particular importance from an audit perspective. The corresponding accounting principles applied are explained by Vontobel Holding AG on pages 120, 121 and 124 of the annual report. Please also refer to note 19 of the notes to the consolidated financial statements.
Our audit response	During the course of our audit, we examined the valuation model used for the goodwill impairment test as well as significant assumptions. In particular, they comprised valuation multipliers related to assets under management. We assessed these assumptions on the basis of current market conditions. Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill and other intangible assets.

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Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)	Philipp Müller (Qualified Signature)
Prof. Dr. Andreas Blumer	Philipp Müller
Licensed audit expert (Auditor in charge)	Licensed audit expert

Vontobel Holding AG

Additional information

Review of business activities

Vontobel Holding AG, which is headquartered in Zurich, generated a net profit of CHF 146.7 million in the financial year 2020, compared to CHF 112.3 million in the previous year. This 31 % increase was partly attributable to higher dividend income from participations, which rose by 7% from CHF 147.1 million in 2019 to CHF 157.7 million. The holding company's income mainly stems from prior-year profits, i.e. dividends distributed by its operational subsidiaries in Switzerland and abroad. Operating income subsequently increased by 8 % to CHF 188.9 million in 2020.

The result was positively impacted by the reversal of impairments at several subsidiaries totaling CHF 14.1 million, as well as a reduction in impairments on participations from CHF 7.4 million to CHF 3.4 million.

Financial expense was almost stable at CHF 13.0 million (2019: CHF 13.1 million). It includes the interest charges from the CHF 450 million Additional Tier 1 bond with a coupon of 2.625 % issued by Vontobel Holding AG in June 2018 to partially finance the acquisition of Notenstein La Roche Privatbank AG.

The Board of Directors of Vontobel Holding AG will propose the distribution of a dividend of CHF 2.25 per registered share, unchanged from the previous year, to the General Meeting of Shareholders of April 20, 2021. As of December 31, 2020, the company's share capital totaled CHF 56.875 million, consisting of 56,875,000 registered shares with a par value of CHF 1.00 each. Of this total, 56,510,701 shares were entitled to a dividend as of the balance sheet date.

Key figures

Key figures

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	IN %
Net profit	146.7	112.3	34.4	31
Net profit per registered share in CHF[1]	2.60	2.00	0.60	30
Dividend in percent of share capital[2]	225	225		
Dividend per registered share in CHF[2]	2.25	2.25	0.00	0
Shareholders' equity (before distribution of profits) at balance sheet date	1,114.0	1,075.9	38.1	4
Shareholders' equity per registered share in CHF at balance sheet date[1]	19.71	19.14	0.57	3
Average return on equity in %	14.2	11.1		
Operating income	188.9	174.8	14.1	8
Dividend income from participations	157.7	147.1	10.6	7
Personnel and general expense	37.6	38.0	–0.4	–1
Depreciation and valuation adjustments	–10.1	8.9	–19.0	–213
Financial expense	13.0	13.1	–0.1	–1
Operating income before taxes	148.7	115.5	33.2	29

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Total assets	1,841.9	1,798.5	43.4	2
Share capital	56.9	56.9	0.0	0
Debt issued	450.0	450.0	0.0	0
Participations	1,741.3	1,719.3	22.0	1

1 Basis: dividend-bearing shares as per end of year
2 Financial year 2020: As per the proposal submitted to the General Meeting

Income statement

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	CHANGE TO 2019 IN %
Dividend income from participations	157.7	147.1	10.6	7
Securities income, fee and commission income and trading income	31.1	27.6	3.5	13
Other ordinary income	0.0	0.1	–0.1	–100
Gains on the sale of financial investments	0.1	0.0	0.1	
Operating income	**188.9**	**174.8**	**14.1**	**8**
Securities and fee and commission expense	0.2	0.2	0.0	0
Other ordinary expense	0.9	3.2	–2.3	–72
Operating expense	**1.1**	**3.4**	**–2.3**	**–68**
Net operating income	**187.8**	**171.4**	**16.4**	**10**
Personnel costs	7.4	7.1	0.3	4
Employee benefits and pension fund	0.7	0.8	–0.1	–13
Personnel expense	**8.1**	**7.9**	**0.2**	**3**
Occupancy expense, furniture and equipment	0.3	0.3	0.0	0
PR, marketing, annual report, consulting and audit fees	27.6	28.2	–0.6	–2
Other business and office expenses	1.6	1.6	0.0	0
General expense	**29.5**	**30.1**	**–0.6**	**–2**
Operating income before financial income, taxes, depreciation and valuation adjustments	**150.2**	**133.4**	**16.8**	**13**
Depreciation of property and equipment	0.6	0.6	0.0	0
Impairments on participations	3.4	7.4	–4.0	–54
Reversal of impairments on participations	14.1	0.0	14.1	
Impairments, other	0.0	0.9	–0.9	–100
Depreciation and valuation adjustments	**–10.1**	**8.9**	**–19.0**	**–213**
Operating income before financial income and taxes	**160.3**	**124.5**	**35.8**	**29**

	2020 CHF MN	2019 CHF MN	CHANGE TO 2019 CHF MN	 IN %
Operating income before financial income and taxes	**160.3**	**124.5**	**35.8**	**29**
Interest income	1.3	1.6	–0.3	–19
Interest income, Group companies	*1.3*	*1.5*	*–0.2*	*–13*
Interest income, other	*0.0*	*0.1*	*–0.1*	*–100*
Foreign exchange income	0.1	2.5	–2.4	–96
Financial income	**1.4**	**4.1**	**–2.7**	**–66**
Interest expense	13.0	13.1	–0.1	–1
Interest expense, Group companies	*1.2*	*1.3*	*–0.1*	*–8*
Interest expense, debt issued	*11.8*	*11.8*	*0.0*	*0*
Financial expense	**13.0**	**13.1**	**–0.1**	**–1**
Operating income before taxes	**148.7**	**115.5**	**33.2**	**29**
Ordinary income before taxes	**148.7**	**115.5**	**33.2**	**29**
Extraordinary / one-off expense or expense unrelated to the reporting period	0.2	0.1	0.1	100
Extraordinary / one-off income or income unrelated to the reporting period	0.0	0.2	–0.2	–100
Extraordinary / one-off income and income unrelated to the reporting period	**–0.2**	**0.1**	**–0.3**	**–300**
Net profit for the year before taxes	**148.5**	**115.6**	**32.9**	**28**
Direct taxes	**1.8**	**3.3**	**–1.5**	**–45**
Net profit for the year	**146.7**	**112.3**	**34.4**	**31**

Balance sheet

Assets

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Current assets				
Total cash and short-term holdings of assets with a market price	0.5	1.4	–0.9	–64
Current accounts banks, Group companies	*0.5*	*1.4*	*–0.9*	*–64*
Other short-term receivables	49.7	23.5	26.2	111
Due from Group companies, other	*0.0*	*0.1*	*–0.1*	*–100*
Other short-term receivables	*49.7*	*23.4*	*26.3*	*112*
Accrued income and prepaid expenses	2.3	3.2	–0.9	–28
Total current assets	**52.5**	**28.1**	**24.4**	**87**
Non-current assets				
Financial assets, Group companies	46.9	49.3	–2.4	–5
Participations	1,741.3	1,719.3	22.0	1
Total fixed assets	1.2	1.8	–0.6	–33
Total intangible assets	0.0	0.0	0.0	
Total non-current assets	**1,789.4**	**1,770.4**	**19.0**	**1**
Total assets	**1,841.9**	**1,798.5**	**43.4**	**2**
of which subordinated assets due from Group companies	*4.0*	*4.0*	*0.0*	*0*

Liabilities and Shareholders' equity

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Liabilities				
Current liabilities				
Short-term interest-bearing liabilities	244.9	240.8	4.1	2
Due to banks, Group companies	*244.9*	*240.8*	*4.1*	*2*
Due to banks	*0.0*	*0.0*	*0.0*	
Other short-term liabilities	4.6	4.4	0.2	5
Accrued expenses and deferred income	3.4	2.4	1.0	42
Total current liabilities	**252.9**	**247.6**	**5.3**	**2**
Long-term liabilities				
Long-term interest-bearing liabilities	450.0	450.0	0.0	0
Debt issued	*450.0*	*450.0*	*0.0*	*0*
Provisions	25.0	25.0	0.0	0
Total long-term liabilities	**475.0**	**475.0**	**0.0**	**0**
Total liabilities	**727.9**	**722.6**	**5.3**	**1**
Shareholders' equity				
Share capital	56.9	56.9	0.0	0
Statutory capital reserve	0.8	0.8	0.0	0
Reserves from capital contributions	*0.8*	*0.8*	*0.0*	*0*
Statutory retained earnings	74.8	74.6	0.2	0
General statutory retained earnings	*32.2*	*32.2*	*0.0*	*0*
Reserves for treasury shares	*42.6*	*42.4*	*0.2*	*0*
Voluntary retained earnings	1,005.1	985.7	19.4	2
Retained earnings approved by resolution	*7.4*	*7.6*	*–0.2*	*–3*
Retained earnings brought forward	*851.0*	*865.8*	*–14.8*	*–2*
Net profit for the year	*146.7*	*112.3*	*34.4*	*31*
Own shares of capital	–23.6	–42.1	18.5	
Total shareholders' equity	**1,114.0**	**1,075.9**	**38.1**	**4**
Total liabilities and shareholders' equity	**1,841.9**	**1,798.5**	**43.4**	**2**

Notes to the financial statements

Name, legal form and domicile of the company
Vontobel Holding AG, Zurich

The nominal capital amounts to CHF 56.875 mn, consisting of 56.875 mn registered shares with a par value of CHF 1.00 each (previous year: nominal capital of CHF 56.875 mn, 56.875 mn registered shares).

Easing of requirements for the notes to the separate financial statements of Vontobel Holding AG
Vontobel prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). Consequently, Vontobel Holding AG is exempt from numerous disclosure requirements in the statutory separate financial statements.

Applied accounting principles

General principles
The accounting principles are based on the requirements set out in the Swiss Code of Obligations.

Transactions concluded as of the balance sheet date are recorded on a daily basis. Spot transactions concluded but not yet settled as of the balance sheet date are recognized according to the trade date principle. To ensure that the principle of substance over form is applied, all expenses and income are recognized on an accrual basis up to the balance sheet date.

In valuations, the more prudent of two available values is always taken into account. Valuations are performed based on the assumption that the company will continue to operate as a going concern.

In principle, the offsetting of assets and liabilities or of expense and income is not carried out (except in the case of transactions of the same type with the same counterparty, the same maturity and the same currency that cannot lead to a counterparty risk).

Foreign currency transactions during the year are converted at the applicable exchange rate on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated at the closing exchange rates, and unrealized exchange differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated at the historical exchange rate.

Other principles
Securities in current assets are valued at the current market value.

The item “Other short-term receivables” includes all receivables from Vontobel companies and third parties. It is valued at nominal value less any valuation adjustments for identified risks.

The item “Non-current assets” includes all participations, property and equipment, and intangible assets, as well as financial assets with a residual term of over one year. Property and equipment as well as intangible assets are valued at acquisition costs less any depreciation. They are depreciated on a straight-line basis over their estimated useful life. Financial assets are valued at nominal value less any valuation adjustments for identified risks. Participations are valued according to the individual valuation principle. The value of participations is determined based in particular on calculations of the net asset value and income value, while also taking account of fluctuations in exchange rates. If the calculated value is lower than the previously stated value, an impairment is recognized in the income statement. A reversal of the impairment up to the acquisition cost is also recognized in the income statement.

The item “Short-term liabilities” includes all liabilities on demand and fixed-term liabilities at Swiss and foreign banks and non-banks. The items “Accrued income and deferred expenses” and “Accrued expenses and deferred income” include all assets and liabilities resulting from the accrual of interest and other income and expenses. Amounts not due for payment until the following year, such as taxes, performance-based compensation components or audit fees, are charged to the year in which they originated in accordance with the accrual principle.

“Long-term liabilities” includes liabilities with a residual term of over one year, debt instruments issued and provisions. Debt instruments issued are recognized at nominal value. Any premiums / discounts are recorded in “Other liabilities” / “Other assets” and are released through profit or loss by the final maturity or the first possible redemption date.

The company’s nominal share capital is recognized in “Share capital”. The item “Statutory capital reserves” comprises capital paid in by shareholders as well as premiums. The item “Statutory retained earnings” includes capital generated by the company and that is increased annually in accordance with legislative and regulatory requirements. The item “Reserves for treasury shares” corresponds to the registered shares of Vontobel Holding AG held by subsidiaries, which are valued at the acquisition price. In the item "Own shares of capital", registered shares held by Vontobel Holding AG as treasury shares are deducted from shareholders' equity at the acquisition price. Income from the sale of treasury shares is recognized in the income statement.

The expense for shares of Vontobel Holding AG that are allotted to employees as part of the annual bonus (bonus shares) are charged to personnel expense in the year in which the relevant performance was delivered. The expense for shares of Vontobel Holding AG that are allotted to employees as part of the long-term share participation plan (performance shares) are charged to personnel expense on a pro rata temporis basis over the vesting period. Liabilities arising from shares that have not yet been allotted are recognized at market value in the item "Other short-term liabilities". Refer to the Compensation Report, page 59ff. for further information regarding the share participation plan.

Net release of hidden reserves and replacement reserves
No significant amount of hidden reserves was released. There are no replacement reserves.

Due from and to governing bodies

	31.12.2020	31.12.2019	CHANGE TO 31.12.2019	
	CHF MN	CHF MN	CHF MN	IN %
Due from governing bodies	0.0	0.0	0.0	
Due to governing bodies	2.3	2.7	–0.4	–15

For information on compensation awarded to members of the Board of Directors and the Executive Committee as well as their shareholdings, refer to the Compensation Report, page 51ff.
For information on loans to governing bodies, refer to the consolidated financial statements, note 41.

Direct taxes

	2020	2019	CHANGE TO 2019	
	CHF MN	CHF MN	CHF MN	IN %
Income tax	1.6	2.8	–1.2	–43
Tax on capital	0.2	0.5	–0.3	–60
Total	**1.8**	**3.3**	**–1.5**	**–45**
Status of tax assessment	2018	2014		

Debt issued

Please also refer to note 24 of the Notes to the consolidated financial statements.

Collateral provided for liabilities of third parties and contingent liabilities

	31.12.2020 CHF MN	31.12.2019 CHF MN	CHANGE TO 31.12.2019 CHF MN	IN %
Guarantees	0.0	0.0	0.0	
Pledges	0.0	0.0	0.0	
Collateral assignments	0.0	0.0	0.0	
Guarantee commitments	9,084.5	9,487.9	–403.4	–4
Total	**9,084.5**	**9,487.9**	**–403.4**	**–4**
of which guarantee commitments for Group companies	*9,015.9*	*9,418.6*	*–402.7*	*–4*

Guarantee commitments mainly encompass guarantees for certificates issued as well as letters of comfort and a capital support agreement in favour of Group companies.
The company forms part of Vontobel's Swiss value added tax (VAT) group and has a joint liability to the tax authorities for the VAT liabilities of the entire group.

Assets used as collateral for own liabilities and assets to which title has been reserved
As of 31.12.2020, assets totalling CHF 0.5 mn (31.12.2019: CHF 2.0 mn) were used as collateral to secure own liabilities to subsidiaries.

Liabilities under employee benefit schemes
Insurance contributions that have not yet been settled totalled CHF 0.0 mn as of 31.12.2020 (31.12.2019: CHF 0.0 mn).

Vontobel Holding AG did not draw any credits from employee benefit schemes.

Participations
For information on the principal participations, refer to the consolidated financial statements on page 204.

Major shareholders and participations held by governing bodies
For information on shareholders pursuant to Art. 663c of the Swiss Code of Obligations, refer to Corporate Governance on page 29 and the Compensation Report, page 51ff.

Participation rights and options
For information on allotted participation rights from the share participation plan, refer to the Compensation Report, page 51ff. and page 194ff. of the consolidated financial statements.

Full-time equivalents
In the year under review, the annual average number of full-time positions was 11.6 FTEs (full-time equivalents), previous year under 10 FTEs. For further information, refer to the Sustainability Report, page 81ff.

Acquisition, sale and holdings of treasury shares
For information on the acquisition, sale and holdings of treasury shares, including transactions and holdings in the case of subsidiaries, refer to the consolidated financial statements, note 27.

No repurchase agreements for registered shares of Vontobel Holding AG were in place as of the balance sheet date (previous year: 0 registered shares).

Amount of the authorized or conditional capital increase
See the consolidated financial statements, note 27.

Further details
See the consolidated financial statements, pages 111 to 207.

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 year 2020 financial statements and would therefore need to be disclosed.

Proposal of the Board of Directors

The Board of Directors proposes that the following amount available to the General Meeting of Shareholders be appropriated as follows:

CHF MN	
Net profit for the year	146.7
Retained earnings prior year	851.0
Retained earnings	**997.7**
Retained earnings approved by resolution	7.4
Reserves from capital contributions	0.8
General statutory reserves [1]	20.8
Distributable statutory reserves	**21.6**
Own shares of capital [2]	–23.6
At the disposal of the General Meeting of Shareholders	**1,003.1**
Total dividend [3]	**127.1**
Allocation to general statutory retained earnings	0.0
Allocation to retained earnings by resolution	0.0
Carried forward to the new accounting period	876.0
At the disposal of the General Meeting of Shareholders	**1,003.1**

1 Eligible general statutory reserves that exceed the statutory minimum requirement (Art. 671 para. 3 and para. 4 of the Swiss Code of Obligations)
2 Restriction on the distribution of dividends equivalent to the cost of acquiring own shares (Art. 959a Abs. 2 Ziff. 3 lit. e of the Swiss Code of Obligations)
3 Depends on the number of dividend-entitled shares, max. 56.875 million, as of December 31, 2020. The treasury shares held by Vontobel Holding AG at the time of the distribution of the dividend are not entitled to a dividend.

Dividend payment

If the proposal is approved, the dividend will be distributed as follows:

DIVIDEND PER REGISTERED SHARE WITH A PAR VALUE OF CHF 1.00 (IN CHF)	2.25
Coupon no.	21
Ex-dividend date	April 22, 2021
Record date	April 23, 2021
Payment date	April 26, 2021

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Vontobel Holding AG, which comprise the balance sheet, income statement and notes (pages 29, 67, 75, 163, 165, 194, 195, 204 and 222 to 224), for the year ended 31 December 2020.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each

matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of participations

Area of focus	Vontobel Holding AG values participations individually at the lower of historical cost or at its impaired value. In subsequent valuations, impairments are recognized for any loss in value. Vontobel Holding AG identifies impairment by comparing the carrying amount of the participation with the recoverable amount, which is calculated based on the net asset value or income value. This calculation is based on assumptions (e.g. future income streams, discount rates), the determination of which involves the exercise of significant judgment. In its financial statements as of 31 December 2020, Vontobel Holding AG reports the carrying amount of participations of CHF 1.7 bn, corresponding to 94.5% of total assets. In view of the inherent judgment involved in the determination of these assumptions and the significance of the balance sheet item in the financial statements of Vontobel Holding AG, the valuation of participations is of particular importance from an audit perspective. The accounting principles applied are explained by Vontobel Holding AG on page 222 of the annual report.
Our audit response	We assessed the valuation methods used and analyzed the calculations made by management. We did so with a focus on the assumptions made by the company in the context of the valuations and thus evaluated management’s assessment of impairment. Furthermore, we assessed the presentation and disclosures in the financial statements as of 31 December 2020. Our audit procedures did not lead to any reservations concerning the valuation of participations.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

Building a better working world

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)	Philipp Müller (Qualified Signature)
Prof. Dr. Andreas Blumer Licensed audit expert (Auditor in charge)	Philipp Müller Licensed audit expert

Vontobel Advisory Council: Sparring partners and ambassadors for Vontobel

The Vontobel Advisory Council is a group of individuals with a business or political background from Switzerland and Vontobel's focus markets who are selected to act as sparring partners to the Executive Committee and as ambassadors for Vontobel. Their external expertise and experience is to be put to targeted use to identify trends and to discuss Vontobel's further development.

The Vontobel Advisory Council, which meets twice annually, currently has the following members:

Felix Happel
Chairman of the Board of Directors of Porterhouse Group AG, Lucerne, a European holding company that combines innovative firms with unique selling propositions. Porterhouse uses its own funds to acquire majority stakes in small and medium-sized companies and supports their long-term development.

Nicolas Oltramare
was a member of the Board of Directors of the Vontobel Holding and Bank Vontobel AG from 2013 to 2018. He was also a member of the Nomination & Compensation Comittee from 2013 to 2015 and a member of the Risk & Audit Comittee from 2015 to 2018. Nicolas Oltramare is a Swiss entrepreneur with broad experience in private equity in Europe and Asia, with a broad network in these regions. In addition, Nicolas Oltramare provides advice to a large number of family offices and is a member of various Swiss charitable foundations.

The Rt Hon. **Lord Patten** of Barnes CH
whose long career includes posts as European Commissioner and as the last Governor of Hong Kong, who transferred sovereignty over the former British crown colony to the People's Republic of China in 1997. Following his active political life, Lord Patten served as Chancellor of Newcastle University, among other roles, and has been Chancellor of the University of Oxford since 2003.

Carlo Pesenti
who has served as Chief Operating Officer of Italmobiliare SpA since 2014. Italmobiliare, a leading Italian holding company with a history spanning more than 150 years manages holdings in a large number of industrial, media and private equity firms. Carlo Pesenti is a member of the governing bodies of numerous companies and has a seat on the Board of the Italian newspaper Il Sole 24 Ore.

Vittorio Volpi
who has more than 50 years of experience in management positions across a wide variety of businesses within the international finance industry, including serving as President of UBS in Italy and as Chairman of UBS Japan for many years. Today, Vittorio Volpi is Chairman of a range of companies and consultancies in Europe.

Glossary of non-IFRS performance measures and abbreviations

The Executive Committee of Vontobel believes that the alternative performance indicators (non-IFRS performance indicators) contained in this document provide readers of the financial statements with valuable and more detailed information about elements of performance that the managers of these businesses can influence most directly or that are relevant when assessing Vontobel's performance. They also reflect an important aspect of the definition of operational targets and are monitored by Vontobel's management. Nevertheless, the alternative performance indicators in this document are no substitute for IFRS key figures and readers should also take account of IFRS key figures.

KEY FIGURES / ABBREVIATION	DEFINITION / REFERENCE
Adjusted profit before taxes	See table on page 24
Advised client assets	See note 35
Assets under management	See note 35
AT1	Additional Tier 1 bond – see note 24
Basel III leverage ratio	See chapter "Capital"
BIS	Bank for International Settlements
Capital required	See chapter "Capital"
CEO	Chief Executive Officer
CET1	Common Equity Tier 1; see chapter "Capital"
CET1 capital	Common Equity Tier 1 (CET1) – capital; see chapter "Capital"
CFO / CRO	Chief Financial Officer / Chief Risk Officer
Client assets	See note 35
Client deposits	Due to customers
Cost / income ratio	Ratio of total operating expense (excl. provisions and losses) to total operating income
Cost of capital	Costs used for the imputed return on equity
Custody assets	See note 35
EAM	External Asset Manager
Earnings per share	Basic earnings per share based on the weighted average number of shares
Equity ratio	Ratio of shareholders' equity to total liabilities and equity
FINMA	Swiss Financial Market Supervisory Authority

KEY FIGURES / ABBREVIATION	DEFINITION / REFERENCE
GAAP	Generally Accepted Accounting Principles
GRI	Global Reporting Initiative
Gross margin	Ratio of total operating income to average assets under management (based on average values for individual months)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Liquidity Coverage Ratio	See chapter “Risk management and risk control”
MiFID / MiFID II	Markets in Financial Instruments Directive II
Net new money / Net inflows or outflows of new money	See note 35
Net profit	Group net profit
OTC	Over-the-counter
Other advised client assets	See note 35
Payout ratio	Proportion of group net profit attributable to the shareholders of Vontobel Holding AG that is distributed to shareholders in the form of dividend payments
Pre-tax profit	Profit before taxes
Price / book value per share	Share price at the balance sheet date in relation to shareholders' equity per registered share outstanding
Price / earnings per share	Share price at the balance sheet date in relation to earnings per registered share outstanding at the balance sheet date
Return on equity	Group net profit as a percentage of average shareholders' equity based on monthly figures, excluding minority interests
Risk weighted positions	See chapter “Capital”
ROE	Return on equity
SNB	Swiss National Bank
Tax rate	Total of current and deferred income taxes as a percentage of the profit before taxes
Tier 1 capital	See chapter “Capital”
Tier 1 capital ratio	See chapter “Capital”
Total capital ratio	See chapter “Capital”
Value at Risk	See chapter “Risk management and risk control”

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

April 20, 2021
Annual General Meeting 2021

July 27, 2021
Publication of half-year results 2021

November 3, 2021
Trading update 9M 2021

February 10, 2022
Publication annual results 2021

April 6, 2022
Annual General Meeting 2022

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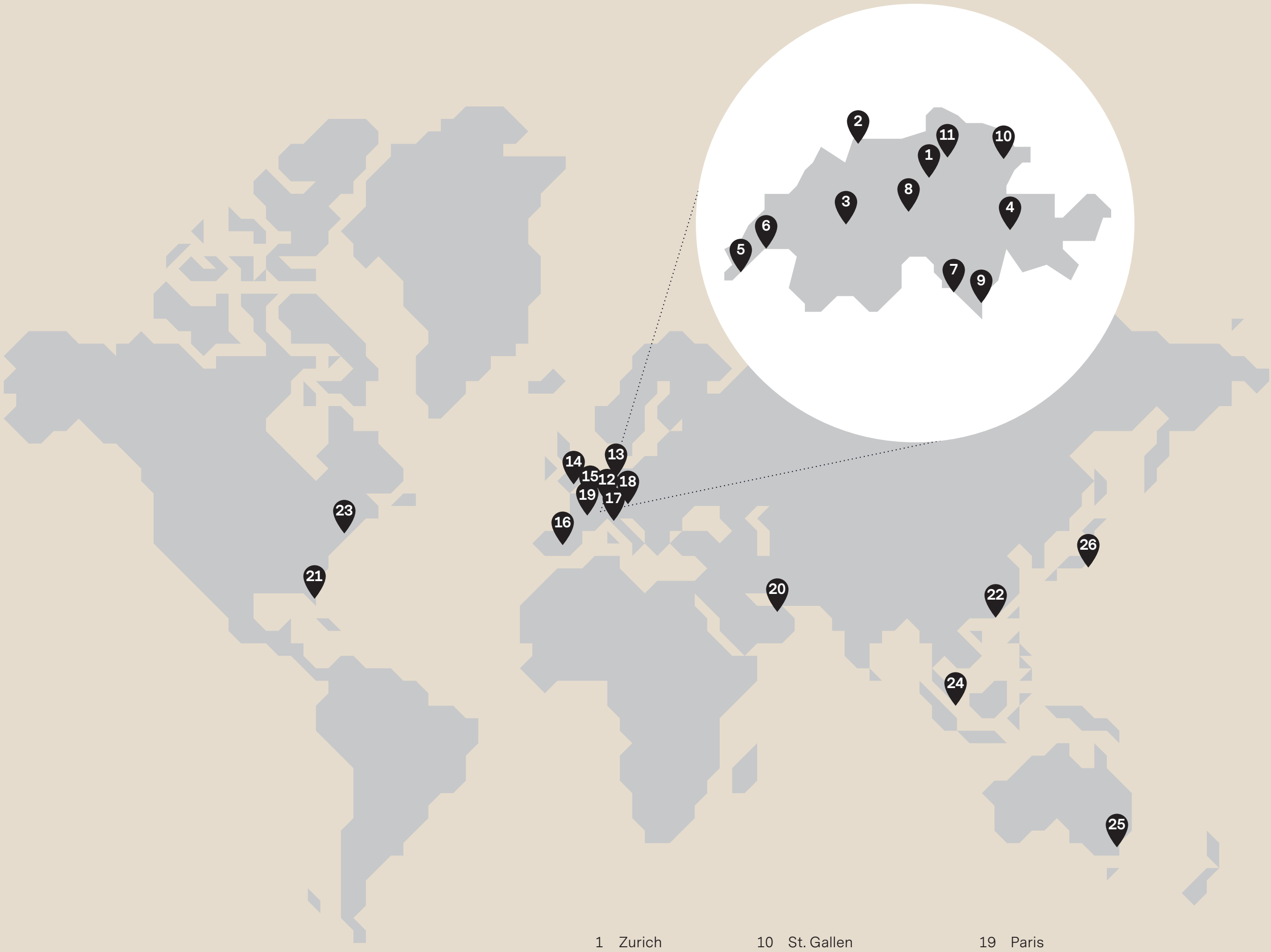
Our locations

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 26 offices, we service our clients.

Find an overview of all our offices on vontobel.com



1 Zurich
2 Basel
3 Bern
4 Chur
5 Geneva
6 Lausanne
7 Locarno
8 Lucerne
9 Lugano
10 St. Gallen
11 Winterthur
12 Frankfurt am Main
13 Hamburg
14 London
15 Luxembourg
16 Madrid
17 Milan
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