

Vontobel achieves a good result in 2020

- **Very good net new money of CHF 14.8 billion**
- **Growth in net new money of 7.4%, significantly exceeding target range**
- **Advised client assets up by 10% to CHF 248.2 billion**
- **Robust gross margins in all businesses – despite general pressure on margins – underscore client focus and product quality**
- **Pre-tax profit grew by 5% to CHF 321.0 million**
- **Stable operating income of CHF 1,266 million, with good earnings quality**
- **Business model is focused on recurring income**
- **Improvement in cost/income ratio to 74.1% compared to previous year**
- **Good return on equity of 13.3% generated on the basis of 4% higher shareholders' equity**
- **Robust capital position: Tier 1 capital ratio of 19.8%, far exceeding capital requirements**
- **Forward-looking changes to the Board of Directors**
- **Good start to 2021**

Vontobel achieved further growth in 2020 and delivered another good result. The strong demand for Vontobel's investment products in an environment marked by an increasing global need for investments was once again one of the main drivers of this growth. 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%. 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).

Alongside the international, client-centric distribution of products and services, this growth was driven primarily by Vontobel's high level of investment expertise. The high quality of Vontobel's investment products 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 will continue to invest in its global investment expertise in the future – and thus also in the creation of value for its clients. Steps taken in 2020 include the hiring of a China A-Shares research team in Hong Kong, thus building new investment expertise as part of Vontobel's growth strategy for Asia. Vontobel also further expanded its fixed income knowhow and appointed additional specialists to make its investment teams more international.

The growth achieved in 2020 is reflected by Vontobel's pre-tax profit, which rose by 5% from CHF 306.7 million to CHF 321.0 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. Excluding exceptional items and currency effects, the growth in pre-tax profit would have been 14%. 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 the 2019 result included tax relief in various countries. Operating income was stable at CHF 1,266 million compared to 2019 (CHF 1,262 million). Vontobel already took targeted steps several years ago to focus its business model on recurring income. As a result, Vontobel is primarily growing in line with the continued investment success of its clients. Reflecting Vontobel's conservative risk profile, loans are not used as a strategic growth lever in the business with wealth management clients. Vontobel's clear strategic focus on investment expertise and on delivering benefits for its clients means that it generates 80% of its operating income from advisory and wealth and asset management services. This strategic focus also means that the investment firm is not active in the field of corporate lending. Unlike other providers, it is therefore also not exposed to the risk of defaults on corporate loans due to the corona crisis.

As a result of its rigorous cost management, Vontobel improved its cost/income ratio 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% for 2020 was not met. Based on a 4% higher capital base, Vontobel generated a return on equity of 13.3%, which represents a good result overall, although it was slightly below Vontobel's own ambitious target of at least 14%. Vontobel has always emphasized that securing long-term growth opportunities takes precedence over the short-term optimization of costs. However, Vontobel will actively manage costs in the future with a view to achieving its own self-imposed targets.

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 or Total capital ratio of 19.8% (end-2019: 19.9%). The capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8% for the CET1 capital ratio, 9.6% for the Tier 1 capital ratio and 12% for the Total capital ratio.

A good start to 2021

“Over the last almost 20 years, Vontobel has achieved more than a ten-fold increase in pre-tax profit, which also grew last year. The very good net inflow of new money and the continued rise in profits confirm that we are pursuing the right strategy as a focused, pure-play investment firm. The first few weeks of 2021 show that Vontobel is well on track this year as it works towards its challenging targets, which were extended to 2022, and its Ambition 2030. With our clear positioning as a client-centric, active investment manager that harnesses technology to deliver modern client service and to generate above-average performance, we are well positioned for the changes in our industry. The acceleration of digitization as a result of the pandemic will lead to the stronger segmentation of the financial sector into large discounters and powerful, high-margin specialist businesses offering specific client services – ultimately driving forward the consolidation process. In 2021, Vontobel will once again seize the opportunities that arise, maintaining its focus on generating organic growth while preserving its solid capital base,” stated Zeno Staub, CEO Vontobel.

Vontobel anticipates that 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, from the investment firm’s perspective it will be even more crucial to identify relevant risks and to seize the right opportunities.

Attractive dividend proposed

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, shareholders have benefited from dividend payouts and share repurchases of around CHF 1.3 billion over the last decade.

Changes to the Board of Directors

Frank Schnewlin celebrated his 70th birthday in January 2021 and, after many years as a Vontobel Board member, he has decided to step down from the Board of Directors of Vontobel Holding AG and of Bank Vontobel AG at the General Meeting of Shareholders of April 20, 2021. The Board of Directors has benefited from his vast entrepreneurial experience and his extensive knowledge of international financial markets since 2009. Having served as Vice-Chairman since 2012, he has also supported the Board of Directors in many challenging situations. Due to his considerable expertise – particularly of risk and capital planning topics – Frank Schnewlin also served as Chairman of the Risk and Audit Committee from 2009 to 2019. In this role, he always challenged the status quo and further evolved Vontobel’s risk management.

Herbert J. Scheidt, Chairman of the Board of Directors of Vontobel, stated: “Frank Schnewlin worked closely alongside me for many years as Vice-Chairman of the Board of Directors and as Chairman of the Risk and Audit Committee – providing me with outstanding support thanks to his vast knowledge of financial markets and risk management. Acting with foresight, he handed over the role of Chairman of the Risk and Audit Committee to David Cole in 2019 and worked closely with him to ensure a smooth transition. We owe Frank Schnewlin considerable thanks and we wish him all the very best for this new phase in his life.”

The Board of Directors will propose to the General Meeting of Shareholders of April 20, 2021, that Andreas Utermann and Dr Michael Halbherr be newly elected to the Board of Directors of Vontobel Holding AG and of Bank Vontobel AG.

Andreas Utermann joined Allianz in 2002, where he initially shaped the development of a global multi-boutique organization in Asset Management. From 2012, he successfully managed Allianz Global Investors – a global investment company – for eight years, serving first as Co-Head and Global Chief Investment Officer and later as CEO from 2016 to 2019. Prior to that, he spent 12 years in various functions at Merrill Lynch Investment Managers. Andreas Utermann holds a Bachelor of Science from the London School of Economics and Political Science and a Master of Arts in Economics from the Katholieke Universiteit Leuven. It is intended that Andreas Utermann will be proposed for election as the Chairman of the Board of Directors of Vontobel Holding AG and of Bank Vontobel AG at the General Meeting of Shareholders 2022.

Michael Halbherr focuses primarily on promising technology start-ups in his roles as a Board member, entrepreneur and investor. He served as CEO of the HERE (card services) division of Nokia Corporation and part of Nokia’s Executive Board until 2014. Prior to that, he built up the Berlin-based start-up gate5 – a pioneer in the area of mobile location-based services – in his role as CEO and he successfully sold the business to Nokia in 2006. Michael Halbherr has also held management positions in various companies, including Boston Consulting Group. He began his career as a postdoctoral researcher at the Massachusetts Institute of Technology and he holds a PhD in Electrical Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

Herbert J. Scheidt, Chairman of the Board of Directors of Vontobel, stated: “We are very pleased that Andreas Utermann and Michael Halbherr have agreed to stand for election to the Board of Directors. The skills profiles of both individuals represent an excellent fit for Vontobel, with our long-term strategic focus as a client-centric investment firm that has defined investment expertise and technology as key competencies driving its future success. Andreas Utermann has extensive global business experience and deep investment and financial knowledge, which he acquired in his various management positions in the asset management industry. Michael Halbherr is a recognized expert with proven leadership experience in the areas of technology and innovation. These two individuals who are being proposed for election as new members of the Board of Directors will support the Board of Directors with their valuable expertise and their long and diverse management experience – thus further strengthening Vontobel’s leadership role in the area of investing and in fostering data-driven innovation.”

Business with asset management clients remains strongest driver of earnings

The business with institutional clients in the Asset Management and Platforms & Services units delivered another positive performance 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 its Swiss home market, it ranks as one of the four largest asset managers. 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. 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 net new money in Asset Management. Vontobel is also considered to be one of the leading emerging markets specialists.

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, once again representing a good result relative 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.

Vontobel will continue on its growth path in Asset Management with a particular focus on the Asian and North American markets, as well as the Global Banks client segment. 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.

Platforms & Services, the second area of business serving 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. Vontobel supports financial intermediaries such as External Asset Managers (EAMs) and banks with 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 stable gross margin of 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 net new money to Vontobel, which corresponds to strong growth 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 the third quarter of 2020. In 2020, our wealth management clients benefited from good performance relative to the market and the competition. Vontobel continued to place a particular emphasis on deepening existing client relationships in 2020. In addition, it further strengthened and expanded its advisory teams during the year. This included the opening of a new advisory center in Milan for Italian wealth management clients. Its pensions knowhow was also further enhanced with a new team of specialists.

Despite the general pressure on margins, negative interest rates and the large amount of cash that clients continue to hold, Vontobel 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. The investment firm anticipates 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 increased 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.

The 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 previous investments in its technical systems. In the 'corona year' 2020, when trading activity reached a record level, the stability of its systems and the resulting security of transactions at all times was an important competitive factor. Vontobel was also available to its digital investing clients at all times with a full service offering. This is reflected by the awards that Vontobel received in 2020. The investment firm was named overall winner

in the ZertifikateAwards in Germany. In the Italian Certificate Journal awards, Vontobel took first and second place in the two most important categories: "Certificate of the Year" and "Best Issuer". In Switzerland, Vontobel received a total of four awards in the Swiss Derivatives Awards 2020 – including the Top Service Award.

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, approximately 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% in 2020 to CHF 183.5 million compared to 2019 (CHF 160.9 million).

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Vontobel

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 get our clients ahead. As a globally active investment manager with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We harness the power of technology to deliver a high-quality, individual client experience and to deploy our investment expertise across multiple platforms and ecosystems. We empower our employees to take ownership of their work and bring opportunities to life. We do so based on the conviction that successful investing begins with the assumption of personal responsibility. We continuously scrutinize our achievements as we strive to exceed the expectations of our clients. The registered shares of the Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families' close ties to the company guarantee our entrepreneurial independence. We consider the resulting freedom as an obligation to also assume our social responsibility. As of December 31, 2020, Vontobel held CHF 312.2 billion of total client assets. Around the world and in our home market, we serve our clients from 26 locations.

Legal information

This press release is provided purely for informational purposes and is expressly not directed at persons whose nationality or place of residence prohibits access to such information on account of existing legislation. 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. Forward-looking statements, by their nature, involve general and specific risks and uncertainties. It should be noted that there is a risk that forecasts, predictions, projections, and results described or implied in forward-looking statements may not prove to be correct.

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)



■ Vontobel Holding AG registered share (Total Return)

■ Swiss Performance Index (SPI)

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
<i>of which allocated to minority interests</i>	16.8	14.1	11.5	6.6	4.6
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	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
<i>of which under discretionary management</i>	146.9	130.6	107.3	107.1	90.2
<i>of which under non-discretionary management</i>	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