

**Disclosure Report
June 2022
according to
FINMA Circular 16/1
"Disclosure - Banks"**

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Introduction

Vontobel is subject to the full disclosure requirements for capital adequacy according to the conditions defined in Circular 2016/1 "Disclosure - Banks" of the Swiss Financial Market Supervisory Authority (FINMA).

The group publishes the quantitative information according to the new circular¹ in a separate report in addition to the Annual Report. Most of the required qualitative information is disclosed in the Annual Report 2021 (AR 2021) of Vontobel under "Risk management and risk control" and "Capital" (AR 2021, page 137ff.). This specifically includes the description of the strategy, processes and organisation employed for managing credit risks and counterparty risks, market risks in the trading book and banking book as well as operational risks.

In section "3. Market risk" (AR 2021, page 138ff.), the methods and processes employed for measuring and limiting market risks are explained. For the trading book, Vontobel calculates regulatory capital requirements based on the standard approach for market risks.

The assumptions applied for determining interest rate risk are described in section "3.3 Market risks related to the balance sheet structure" (AR 2021, page 140ff.). This section also contains an explanation of the methods used in practice to hedge or reduce the risks related to changes in interest rates.

Section "4. Liquidity risk and refinancing" (AR 2021, page 143f.) describes the strategies and guidelines to manage liquidity risk under stressed conditions within the defined liquidity risk tolerance.

In section "5. Credit, counterparty and issuer risk" (AR 2021, page 145ff.), the risk practice and the practice in relation to collateral are explained. External ratings from Standard & Poor's, Moody's, Fitch and Fedafin are employed for determining the risk weighting of amounts due from banks and of the debt instruments in the banking book. The Standardised Approach (SA-BIS) is applied for calculating capital requirements for credit 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.

The basic indicator approach is used for calculating the capital adequacy for operational risks. Management and control of the operational risks are described in section "6. Operational risks" (AR 2021, page 148f.).

The section "Capital" (AR 2021, page 151ff.) describes the capital management principles, the legal parameters and the consolidation scope used for calculating the required capital as well as the approaches applied by Vontobel.

The "Compensation Report" has already been published as an integral part of the Annual Report 2021 (page 57ff.).

The reference of each disclosure table corresponds to the references in annex 1 and 2 of the FINMA Circular 16/1, which also correspond to the references made in BCBS "Revised Pillar 3 disclosure requirements" (published in January 2015).

In accordance with margin no. 14.2 of the revised Circular 2016/1 the following tables are not included due to their lack of relevance or applicability: LI1, LI2, PV1, CCyB1, LIQ2, CRB, CR4, CR5, CRE, CR6, CR7, CR8, CR9, CR10, CCR4, CCR5, CCR6, CCR7, CCR8, SECA, SEC1, SEC2, SEC3, SEC4, MRB, MR2, MR3, MR4.

1) FINMA Circular 16/1 latest update as of 31st October 2019 (in force as of 1st January 2020)

Table: KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		2022-06-30	2022-03-31	2021-12-31	2021-09-30	2021-06-30
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1'186'536		1'100'730		1'078'409
1a	Fully loaded ECL accounting model					
2	Tier 1	1'635'876		1'549'823		1'527'214
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	1'635'876		1'549'823		1'527'214
3a	Fully loaded ECL accounting model total capital					
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	6'414'472		6'617'303		7'452'815
4a	Minimum capital requirement	513'158		529'384		596'225
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	18.50%		16.63%		14.47%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	Tier 1 ratio (%)	25.50%		23.42%		20.49%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	25.50%		23.42%		20.49%
7a	Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%		2.5%		2.5%
9	Countercyclical buffer requirement (%)	0%		0%		0%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0%		0%		0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%		2.5%		2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.00%		12.13%		9.97%
Target capital ratios according to Annex 8 CAO (% of RWA)						
12a	Capital conservation buffer according to CAO, Annex 8 (%)	4%		4%		4%
12b	Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0%		0%		0%
12c	CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.8%		7.8%		7.8%
12d	T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.6%		9.6%		9.6%
12e	Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	12%		12%		12%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	32'915'965		31'935'628		33'620'709
14	Basel III leverage ratio (%)	4.97%		4.85%		4.54%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)					
Liquidity Coverage Ratio						
15	Total HQLA (3-month average)	12'339'764	11'180'044	9'562'662	8'985'612	8'749'075
16	Total net cash outflow (3-month average)	7'237'597	6'595'935	6'834'563	6'338'578	6'459'337
17	LCR (%)	170.50%	169.50%	139.92%	141.76%	135.45%
Net Stable Funding Ratio						
18	Total available stable funding	15'255'158		14'003'917		
19	Total required stable funding	11'916'335		12'276'790		
20	NSFR ratio	128.02%		114.07%		

Bank risk management approach (OVA)

The qualitative disclosures on the bank's strategy and how the board of directors and senior management assess and manage risks, enabling users to gain a clear understanding of the bank's risk tolerance and appetite in relation to its main activities and all significant risks, are published in the Annual Report in the section "Risk management and risk control" (AR 2021, page 137ff.).

The disclosures include in particular full details of the strategies, processes and organisation to monitor and manage credit and counterparty risks, market and liquidity risks in the trading and in the banking book as well as operational risks on an enterprise-wide level.

Table OV1 : Overview of risk weighted assets

Table for banks with full publication requirement

(in 1'000 CHF)		a	c
		RWA	Minimum Capital Requirement
		2022-06-30	2022-06-30
1	Credit risk (excluding counterparty credit risk CCR)	2'320'557	185'645
2	Of which standardised approach (SA)	1'717'905	137'432
3	Of which internal rating-based (F-IRB) approach		
4	Of which: supervisory slotting approach		
5	Of which: advanced internal ratings-based (A-IRB) approach		
6	Counterparty credit risk CCR	160'789	12'863
7	Of which standardised approach for counterparty credit risk (SA-CCR)	160'789	12'863
7a	Of which simplified standard approach (ASS-CCR)		
7b	Of which Current Exposure Method (CEM)		
8	Of which internal model method (IMM)		
9	Of which: other (CCR)		
10	Credit Valuation Adjustment (CVA)	42'457	3'397
11	Equity positions in banking book under market-based approach	27'193	2'175
12	Equity investments in funds – look-through approach		
13	Equity investments in funds – mandate-based approach	29'948	2'396
14	Equity investments in funds – fall-back approach	14'736	1'179
14a	Equity investments in funds – simplified approach		
15	Settlement risk	239	19
16	Securitisation exposures in banking book		
17	Of which IRB ratings-based approach (SEC-IRBA)		
18	Of which external ratings-based approach (SEC-ERBA)		
19	Of which standardised approach (SEC-SA)		
20	Market risk	1'258'231	100'658
21	Of which standardised approach (SA)	1'258'231	100'658
22	Of which: internal model approaches (IMA)		
23	Capital charge for switch between trading book and banking book		
24	Operational risk	2'560'324	204'826
25	Amounts below the thresholds for deduction (subject to 250% risk weight)		
26	Floor adjustment		
27	Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)	6'414'472	513'158

Liquidity risk: general information (LIQA)

The main characteristics and elements of liquidity risk management are fully described in the Annual Report in section "4. Liquidity risk and refinancing" (AR 2021, page 143f.).

Table LIQ1: Information on the liquidity (LCR)					
(in 1'000 CHF)		Unweighted values (monthly averages)	Weighted values (monthly averages)	Unweighted values (monthly averages)	Weighted values (monthly averages)
		2nd Quarter 2022	2nd Quarter 2022	1st Quarter 2022	1st Quarter 2022
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		12'339'764		11'180'044
B. Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	10'006'398	1'382'380	9'469'347	1'313'734
3	Stable deposits	0	0	0	0
4	Less stable deposits	10'006'398	1'382'380	9'469'347	1'313'734
5	Unsecured wholesale funding, of which:	8'379'963	6'171'687	8'517'497	6'366'765
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0
7	Non-operational deposits (all counterparties)	6'839'693	4'631'417	6'867'424	4'716'693
8	Unsecured debt	1'540'271	1'540'271	1'650'073	1'650'073
9	Secured wholesale funding		17'015		1'386
10	Additional requirements, of which:	2'642'338	966'781	2'641'646	1'172'787
11	Outflows related to derivative exposures and other collateral requirements	2'537'745	952'510	2'565'141	1'159'427
12	Outflows related to loss of funding on debt products	0	0	0	0
13	Credit and liquidity facilities	104'593	14'271	76'505	13'360
14	Other contractual funding obligations	187'000	187'000	33'333	33'333
15	Other contingent funding obligations	801'463	35'572	654'376	32'051
16	Total cash outflows		8'760'435		8'920'057
C. Cash inflows					
17	Secured lending (e.g. reverse repos)	37'437	37'437	27'658	27'658
18	Inflows from fully performing exposures	2'154'197	1'259'329	2'729'066	1'806'377
19	Other cash inflows	253'958	253'958	490'087	490'087
20	Total cash inflows	2'445'592	1'550'724	3'246'812	2'324'122
Total adjusted values					
21	Total HQLA		12'339'764		11'180'044
22	Total net cash outflows		7'237'597		6'595'935
23	Liquidity coverage ratio (in %)		170.50%		169.50%

Reporting date 30.06.2022

LIQ2 : Net Stable Funding Ratio (NSFR)						
(in 1'000 CHF)						
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	>= 1 year	
	Available stable funding (ASF) item					
1	Capital:	0	0	0	2'242'397	2'242'397
2	Regulatory capital (1)	0	0	0	2'242'397	2'242'397
3	Other capital instruments	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	10'151'625	0	94'060	127'772	9'348'889
5	Stable deposits	0	0	0	0	0
6	Less stable deposits	10'151'625	0	94'060	127'772	9'348'889
7	Wholesale funding:	6'781'131	0	0	0	1'754'573
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	6'781'131	0	0	0	1'754'573
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	2'705'357	3'903'505	1'741'873	1'861'544	1'909'300
12	NSFR derivative liabilities	0	629'341	519'108	563'627	0
13	All other liabilities and equity not included in the above categories	2'705'357	5'979'521	1'222'765	1'297'917	1'909'300
14	Total ASF	0	0	0	0	15'255'158
	Required stable funding (RSF) item	0	0	0	0	0
15	Total NSFR high-quality liquid assets (HQLA)	5'740'548	4'839'968	496'833	2'227'893	1'102'143
16	Deposits held at other financial institutions for operational purposes	428'511	0	0	0	214'255
17	Performing loans and securities:	1'969'387	5'304'730	1'895'355	5'358'650	7'547'257
18	Performing loans to financial institutions secured by Level 1 HQLA	0	2'263'744	0	0	226'374
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	993'030	218'416	23'252	28'409	221'752
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	592'333	1'979'741	1'239'945	1'218'165	2'941'450
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	0	0	0	0
22	Performing residential mortgages, of which:	13'916	71'050	117'938	1'399'556	1'023'985
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	8'893	69'334	112'842	1'335'446	963'575
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	370'107	771'780	514'220	2'712'521	3'133'696
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	2'584'698	119'430	14'969	2'802'860	3'027'623
27	Physical traded commodities, including gold	986'078	0	0	0	838'167
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0	0	0	132'119	112'301
29	NSFR derivative assets	0	0	0	534'256	0
30	NSFR derivative liabilities before deduction of variation margin posted	0	0	0	1'712'076	0
31	All other assets not included in the above categories	1'598'619	119'430	14'969	424'408	2'077'156
32	Off-balance sheet items	0	48'725	44'378	134'138	25'056
33	Total RSF	0	0	0	0	11'916'335
34	Net Stable Funding Ratio (%)	0	0	0	0	128%

(1) Regulatory capital before the application of capital deductions.