

Press release concerning the Vontobel Group's first-half 2009 results
12-08-09



VONTOBEL

Vontobel Group reports net profit of CHF 62.4 million for first half of 2009

The Vontobel Group generated a net profit of CHF 62.4 mn in the first half of 2009, against the backdrop of the continued global financial and economic crisis. The significant improvement in the result compared to the second half of 2008 confirms that its measures to improve cost structures are working and that the Vontobel Group's business model is enabling it to compete successfully in the market, even in turbulent times. All its business units were profitable.

A sustained net inflow of new money totalling CHF 0.8 bn was recorded in the first half of 2009. However, the acquisition of new assets slowed due to investor uncertainty and the marked deterioration in the economic environment. New money from private clients totalled CHF 0.6 bn, while the institutional business generated an inflow of CHF 0.2 bn. In total, assets under management grew by 4% to CHF 65.0 bn.

The Vontobel Group succeeded in maintaining its very solid financial position with shareholders' equity of CHF 1.4 bn. Its BIS tier 1 capital ratio of 21% was several times higher than the regulatory requirement. The annualized return on equity was 9.1% in the first half of 2009.

The acquisition of Commerzbank (Schweiz) AG represents another step forward in the execution of the Vontobel Group's growth strategy. This will enable it to realize further benefits from its investments in its own infrastructure in recent years.

"The Vontobel Group anticipated the changes in its operating environment at an early stage. We have succeeded in significantly improving our profitability and efficiency compared to the second half of 2008 despite the extremely challenging economic conditions. At the same time, we are continuing to pursue our growth strategy in a targeted manner. The acquisition of Commerzbank (Schweiz) AG will allow us to substantially increase our asset and income base in Private Banking," said Herbert J. Scheidt, CEO of the Vontobel Group, as he commented on developments in recent months.

Committed to a high level of liquidity and security

Vontobel generated CHF 355.6 mn of income in the first half of 2009. This represents a 24% decrease compared to the first half of 2008 and a 23% increase in income compared to the second half of 2008. The turmoil in the financial markets led to a significant reduction in the

volume of assets under management compared to the previous year, as well as a decrease in fee and commission income. However, trading - which includes Vontobel's key derivatives business - benefited from the normalization of the bond market and the subsequent narrowing of credit spreads, as well as improved market conditions. In the interest business, low interest rates led to a decline in income. At the same time, Vontobel consciously focused on maintaining a high level of liquidity and security rather than on the generation of additional interest income.

Rigorous cost management improves profitability and efficiency

In view of the market-driven decline in assets under management and lower business volumes, the Vontobel Group launched a comprehensive cost reduction programme in spring 2008 with the aim of lowering costs by at least CHF 40 – 50 mn by the end of 2010. These cost saving measures had the desired effect. In the first half of 2009, operating expense decreased by CHF 41.5 mn or 13% to CHF 285.1 mn, reflecting reductions in both general and personnel expense. The rollout of the new Avaloq IT platform also allowed for the implementation of more streamlined and efficient structures and processes in the area of IT/Operations. Bank Vontobel Geneva was migrated to the new platform and its operations were integrated into Bank Vontobel Zurich in mid-2009. These enhancements entailed an adjustment of headcount, which decreased by 2% to 1,288 full-time equivalents. Vontobel also succeeded in reducing personnel expense compared to the previous year by linking variable compensation to the company's financial performance. "Our measures to enhance efficiency partly offset the decline in income. The net profit of CHF 62.4 mn confirms that as a mid-sized financial institution, Vontobel benefits from a high level of flexibility and is well positioned to navigate the current challenging environment," stated the CFO Dr. Martin Sieg. At 77.6%, the cost/income ratio decreased compared to the second half of 2008 (98.2%) but rose compared to the same period of the previous year (69.7%).

Sustained inflow of new money despite economic downturn

The conduct of most private and institutional investors remained cautious in view of the difficult market conditions. Asset gathering was also hampered by the economic downturn and the subsequent repatriation of assets. As a result, the Group's inflow of new money slowed to CHF 0.8 bn. New assets from private clients totalling CHF 0.6 bn were acquired mainly in the core markets of Switzerland and German-speaking Europe, as well as in Central and Eastern Europe. The institutional business generated an inflow of CHF 0.2 bn. While the mandates business and Institutional Sales acquired new client assets, industry-driven outflows were recorded in the investment fund and hedge fund businesses. However, Vontobel succeeded in stopping these outflows in the second quarter of 2009. Assets under management grew by 4% to CHF 65.0 bn due to a forward-looking investment strategy.

Private Banking enhances existing market strategy and increases its momentum

Private Banking recorded a 17% decrease in operating income to CHF 99.1 mn, reflecting a market-driven decline in the asset base compared to the first half of 2008, the continued trend towards increased liquidity positions combined with a lower interest rate margin, and reduced levels of client activity. Operating expense rose by 1% to CHF 89.2 mn as a result of higher valuation adjustments. Personnel expense and general expense decreased by around 10%. Pre-tax

profit declined by 69% to CHF 9.9 mn. Assets under management grew by 7% to CHF 24.5 bn compared to the end of 2008.

Acquisition of Commerzbank Schweiz will strengthen asset and income base

The acquisition of Commerzbank (Schweiz) AG will enable the Vontobel Group to strengthen its market presence in Switzerland and to broaden its international client base in Western and Eastern Europe as well as Latin America. It will continue to pursue its organic growth initiatives in a targeted manner, particularly in Germany. In spring 2009, Bank Vontobel Europe AG, which is headquartered in Munich, was granted a full banking licence by the German Federal Financial Supervisory Authority (BaFin). In addition, Vontobel will extend its operations in Milan as part of its international expansion.

Active investment strategy in Asset Management proves effective

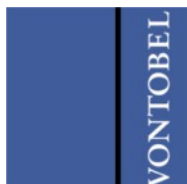
In a very challenging environment for institutional asset managers, Asset Management reported a pre-tax profit of CHF 17.4 mn. The investor preference for liquid and low-risk products curbed income growth. The 37% reduction in operating income to CHF 83.6 mn also reflected the lower asset base, which decreased by an average of 21% compared to the first half of 2008, as well as the absence of performance fees. Thanks to strict cost management, operating expense was reduced by 20% to CHF 66.2 mn. Client and fund assets totalled CHF 33.7 bn as of 30 June 2009.

The products offered by Asset Management achieved a largely positive performance in the first half of 2009. In particular, the Global Change Investing product line, which comprises sustainable investments, generated positive excess returns relative to its benchmark. This demonstrates Vontobel's expertise as an active asset manager, which is likely to be sought increasingly by clients once the volume of investment activities increases.

Investment Banking back on track

Following the extremely turbulent second half of 2008, Investment Banking is now back on track thanks to the stabilization of the markets and the normalization of the bond market. Income in Investment Banking decreased by 25% to CHF 160.1 mn compared to the first half of 2008 but almost doubled compared to the second half of 2008 (CHF 86.5 mn). The structured products and derivatives business accounted for around three-quarters of operating income. Strict cost management was reflected by the significant reduction in personnel and general expense. Operating expense decreased by 13% to CHF 104.3 mn. Pre-tax profit declined by 40% to CHF 55.8 mn compared to the first half of 2008. Thanks to its continued market presence, its commitment to market-oriented pricing even in turbulent times, and the withdrawal of several competitors from the market, the Vontobel Group succeeded in significantly growing its market share from 19% to 30%.

"The Vontobel Group has successfully navigated the challenges of the global financial and economic crisis. Thanks to our sound corporate philosophy, which is founded on trust, and our risk policy, which focuses on the generation of long-term earnings, we have preserved our ability to respond actively to market developments. As we begin to see the first signs of a recovery in



the financial markets, Vontobel is entering the future with a solid business foundation," stated CEO Herbert J. Scheidt.

Against the backdrop of the continued challenging environment, the Vontobel Group expects the markets to be volatile in the coming months. It also anticipates that the enormous packages of monetary and fiscal policy measures will start to bear fruit and will begin to stabilize the global economy in 2010.

The documents relating to the first-half 2009 results (presentation, press release, Half-Year Report) will be available from 7.00 a.m. at: www.vontobel.com/ir

Vontobel Group

The Vontobel Group is an internationally-oriented Swiss private bank. The family-owned bank was first established in Zurich in 1924. Vontobel specializes in wealth management for private clients and asset management for institutional investors, as well as in investment banking. As of 30 June 2009, the Group held over CHF 100 bn of assets. Around 1,300 employees worldwide provide first-rate, customized services for clients with an international focus. The registered shares of Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families and the Vontobel Foundation hold the majority of shares and votes in the company. www.vontobel.com

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Presentation of the Vontobel Group's first-half 2009 results:

Media conference (German): 12 August 2009, 09.30 a.m. (CET)
Location: Vontobel Group Head Office, Gotthardstrasse 43, Zurich
Speakers: Herbert J. Scheidt, CEO of the Vontobel Group
Dr. Martin Sieg, CFO of the Vontobel Group

Analyst telephone conference (English): 12 August, 11.00 a.m. (CET)
Speakers: Herbert J. Scheidt, CEO of the Vontobel Group
Dr. Martin Sieg, CFO of the Vontobel Group

Please call one of the following telephone numbers to listen to the presentation and to take part in the question and answer session:

+41 (0)91 610 56 00	Continental Europe
+44 207 107 06 11	UK
+1 866 291 41 66	US

Please dial in 10 minutes before the start of the presentation and ask for 'Vontobel Half-Year Results'.

Consolidated income statement

	6 months ending 30-06-09 CHF mns	6 months ending 30-06-08 CHF mns	6 months ending 31-12-08 CHF mns	Change to 30-06-08 CHF mns in %	
Interest income	35.5	75.2	63.9	(39.7)	(53)
Interest expense	8.9	32.2	30.8	(23.3)	(72)
Net interest income	26.6	43.0	33.1	(16.4)	(38)
Fee and commission income	247.4	326.3	289.0	(78.9)	(24)
Fee and commission expense	50.3	60.2	52.6	(9.9)	(16)
Net fee and commission income	197.1	266.1	236.4	(69.0)	(26)
Trading income	128.6	135.5	15.3	(6.9)	(5)
Other income	3.3	21.8	4.8	(18.5)	(85)
Total operating income	355.6	466.4	289.6	(110.8)	(24)
Personnel expense ¹	157.5	191.7	166.1	(34.2)	(18)
General expense ¹	87.7	108.5	90.0	(20.8)	(19)
Depreciation of property, equipment and intangible assets	30.9	25.0	28.2	5.9	24
Value adjustments, provisions and losses	9.0	1.4	7.8	7.6	543
Operating expense	285.1	326.6	292.1	(41.5)	(13)
Profit before taxes	70.5	139.8	(2.5)	(69.3)	(50)
Taxes	8.1	24.5	(0.2)	(16.4)	(67)
Group net profit	62.4	115.3	(2.3)	(52.9)	(46)
of which allocated to minority interests	(0.6)	0.6	(0.4)	(1.2)	(200)
of which allocated to shareholders of Vontobel Holding AG	63.0	114.7	(1.9)	(51.7)	(45)

Share information

Basic earnings per share (CHF) ²	0.99	1.81	(0.03)	(0.82)	(45)
Diluted earnings per share (CHF) ²	0.97	1.79	(0.03)	(0.82)	(46)

1 Altered composition of personnel and general expense. The figures as of 30-06-08 have been adjusted accordingly.

2 Basis: weighted average number of shares, calculated for 6 months

Consolidated balance sheet

	30-06-09 CHF mns	30-06-08 CHF mns	31-12-08 CHF mns	Change to 31-12-08 CHF mns	in %
Assets					
Cash	1,116.4	54.1	1,504.8	(388.4)	(26)
Money market paper	0.0	10.1	5.4	(5.4)	(100)
Due from banks	2,222.7	3,690.0	1,997.2	225.5	11
Cash collateral for reverse-repurchase agreements	300.0	1,200.0	145.0	155.0	107
Trading portfolio assets	1,239.4	1,960.7	1,508.7	(269.3)	(18)
Positive replacement values	280.4	431.3	374.2	(93.8)	(25)
Other financial assets at fair value	8,066.1	7,519.6	8,189.2	(123.1)	(2)
Securities lent or delivered as collateral	506.0	2,232.6	151.5	354.5	234
Due from customers	1,291.7	918.2	666.0	625.7	94
Accrued income and prepaid expenses	156.1	145.2	149.5	6.6	4
Financial investments	1,049.3	488.5	424.5	624.8	147
Investments in associates	0.6	1.4	0.9	(0.3)	(33)
Property and equipment	221.7	216.9	226.4	(4.7)	(2)
Goodwill and other intangible assets	111.6	119.4	115.5	(3.9)	(3)
Current tax assets	11.9	12.8	11.3	0.6	5
Deferred tax assets	2.0	12.7	4.4	(2.4)	(55)
Other assets	85.7	72.4	57.3	28.4	50
Total assets	16,661.6	19,085.9	15,531.8	1,129.8	7
Liabilities and equity					
Money market liabilities	0.0	0.2	1.0	(1.0)	(100)
Due to banks	878.7	2,425.5	472.5	406.2	86
Cash collateral for repurchase agreements	0.0	900.0	0.0	0.0	
Trading portfolio liabilities	1,248.9	1,641.8	1,035.2	213.7	21
Negative replacement values	397.2	978.7	872.1	(474.9)	(54)
Other financial liabilities at fair value	8,129.0	8,297.0	7,692.9	436.1	6
Due to customers	4,257.2	2,713.7	3,594.2	663.0	18
Accrued expenses and deferred income	175.9	356.8	290.4	(114.5)	(39)
Issued debt instruments	25.0	49.0	49.0	(24.0)	(49)
Current tax liabilities	17.0	29.2	22.0	(5.0)	(23)
Deferred tax liabilities	49.8	59.5	49.0	0.8	2
Provisions	8.0	5.0	6.1	1.9	31
Liability to purchase minority interests	0.0	93.0	0.0	0.0	
Other liabilities	66.6	96.9	76.8	(10.2)	(13)
Total liabilities	15,253.3	17,646.3	14,161.2	1,092.1	8
Share capital	65.0	65.0	65.0	0.0	0
Capital reserve	173.6	257.8	198.4	(24.8)	(13)
Net gains/(losses) on available-for-sale financial instruments	36.5	67.1	15.9	20.6	130
Currency translation adjustments	(7.1)	(3.7)	(10.7)	3.6	
Retained earnings	1,164.5	1,180.7	1,178.9	(14.4)	(1)
Shareholders' equity classified as a liability to purchase minority interests	(0.1)	(94.0)	(0.1)	0.0	0
Treasury shares	(24.2)	(50.8)	(77.5)	53.3	
Shareholders' equity	1,408.2	1,422.1	1,369.9	38.3	3
Minority interests	0.1	17.5	0.7	(0.6)	(86)
Total equity	1,408.3	1,439.6	1,370.6	37.7	3
Total liabilities and equity	16,661.6	19,085.9	15,531.8	1,129.8	7

Segment reporting

Business segment reporting	Private Banking CHF mns	Investment Banking CHF mns	Asset Management CHF mns	Corporate Center CHF mns	Total Group CHF mns
6 months ending 30-06-09					
Operating income	99.1	160.1	83.6	12.8	355.6
Personnel expense	35.7	52.1	33.0	36.7	157.5
General expense	8.9	19.5	10.5	48.8	87.7
Services from/to other segment(s)	37.4	29.9	18.3	(85.6)	0.0
Depreciation of property, equipment and intangible assets	0.2	1.2	4.3	25.2	30.9
Value adjustments, provisions and losses	7.0	1.6	0.1	0.3	9.0
Operating expense	89.2	104.3	66.2	25.4	285.1
Segment profit before taxes	9.9	55.8	17.4	(12.6)	70.5
Taxes					8.1
Group net profit					62.4
of which minority interests					(0.6)
Additional information					
Segment assets	844.8	11,451.2	280.5	4,085.1	16,661.6
Segment liabilities	2,918.5	11,067.6	696.6	570.6	15,253.3
Allocated equity according to BIS ¹	86.8	331.4	122.9	122.5	663.6
Assets under management (CHF bns)	24.5	6.9	33.7	(0.1)	65.0
Net new money (CHF bns)	0.6	0.2	0.0	n.a.	0.8
Custody assets (CHF bns)		36.0			36.0
Interest income included in operating income	8.9	3.4	1.0	13.3	26.6
Capital expenditure	0.1	0.1	0.4	20.7	21.3
Employees (full time equivalents)	293.1	341.6	284.1	369.5	1,288.3

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 111.6 mn from core capital for intangible assets has been included in the figures above of the segments Private Banking, Asset Management and Corporate Center. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 24.2 mn from core capital for Treasury shares is not included in the figures above.