Press release concerning the Vontobel Group's 2012 results
06-02-2013

Vontobel increases client assets to CHF 150 billion – Group's net new money growth hits fresh high – net profit up 15% – convincing investment performance in wealth and asset management

- **As of 31 December 2012, Vontobel managed client assets totalling some CHF 150 billion, corresponding to an increase of 14%.**
- **The net inflow of new money in the 2012 financial year came to CHF 8.6 billion, a further increase year-on-year (2011: CHF 8.2 billion).**
- **Vontobel's net profit was up 15% to CHF 130.6 million – this despite very low trading volumes on the capital markets and significant caution on the part of private clients. The wealth and asset management businesses accounted for 67% of the Group's pre-tax profit.**
- **The performance of key asset management products was extremely pleasing in 2012, both in absolute terms and by peer group comparison. The Quality Growth product line followed on seamlessly from the successes of recent years, while the asset management mandates generated double-digit returns in some cases.**
- **As of the end of 2012, the Group's consolidated shareholders' equity had risen by 5% to CHF 1.6 billion. The disciplined risk appetite and clear focus of the business model are reflected in the very high BIS tier 1 capital ratio of 27.2%.**
- **The Board of Directors will propose to the General Meeting of Shareholders that the dividend be increased by CHF 0.10 to CHF 1.20.**

Although the global equity markets performed respectably last year, confidence in a lasting positive trend remained very fragile. Investors thus maintained an exceptionally cautious stance and cash holdings remained high, particularly in the case of private clients. In this environment shaped by uncertainty, Vontobel succeeded in increasing its net profit by 15% to CHF 130.6 mn in the 2012 financial year. Over the same period, the return on equity improved by one percentage point to 8.5%.

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Client assets at record high – strong inflows of new money – robust performance
Thanks to another record inflow of new money totalling CHF 8.6 bn, coupled with exceptionally robust investment performance, client assets reached around the CHF 150 bn mark for the first time. In addition to the strong showing in terms of client assets, Vontobel also achieved ambitious market share targets in the structured products business. It maintained its strong competitive position in Switzerland, and successfully expanded in Germany, where it now ranks eighth as targeted. "The above-average growth in new money of 10.5% shows the trust and confidence private and institutional clients alike have in Vontobel's investment expertise. Our tailored investment solutions are convincing because they demonstrably add value for our clients," said Vontobel CEO Zeno Staub commenting on the performance.

Profitability increased and efficiency enhanced
The clearly higher asset base had a positive impact on the Group's operating income in 2012, which was up 1% to CHF 775.0 mn. Net fee and commission income – by far the most important earnings component, accounting for 64% – rose by 9% to CHF 495.1 mn. Although the targets in terms of market share were met, trading income was down 7% to CHF 208.9 mn due to the lower stock market volumes. Thanks to disciplined cost management, Vontobel was also able to keep its operating expense steady year-on-year at CHF 618.7 mn, and thus improved its operating efficiency. The cost/income ratio moved in the right direction, coming in at 78.8% down from 80.0% in 2011.

Asset Management gaining in importance
At CHF 75.5 mn, Asset Management more than doubled its segment profit in 2012. The business unit acquired client assets totalling CHF 8.2 bn, in particular in the emerging markets and the US. The New York-based Quality Growth boutique again produced an excellent showing, delivering an exceptionally strong performance. Private Banking also posted an increase in client assets. However, at 8% the rise was much lower than at Asset Management (+30%). Private clients remained cautious, reflected in the doggedly high level of liquidity held at over 25%. This had a negative impact on operating income at Private Banking. Despite resolute cost reductions, the result was a lower segment profit of CHF 28.8 mn. Taken together, the wealth and asset management businesses now contribute 67% of the pre-tax profit. The subdued market activity also weighed on earnings at Investment Banking, and led to a drop in profit to CHF 68.6 mn.

Capital position remains solid – disciplined risk policy
As of 31 December 2012, Vontobel's shareholders' equity stood at CHF 1.6 bn, up 5% year-on-year. Despite this increase, the Group posted a higher return on equity in 2012 at 8.5%. There was a further improvement in the BIS tier 1 capital ratio, which reached an extremely solid level of 27.2%. Based on the Basel III rules applicable from 2013, it would be 24.9%.

Dividend proposal

At the General Meeting on 23 April 2013, the Board of Directors will propose to the shareholders of Vontobel Holding AG an increased dividend of CHF 1.20 (2011: CHF 1.10). This rise reflects the Board of Directors' confidence and trust in the strategy and the considerable potential Vontobel has.

Changes in the Board of Directors

The General Meeting will also vote on the appointment of two new members to the Board of Directors. After several years' service on the Board of Directors, both Prof. Dr. Ann-Kristin Achleitner and Dr. Philippe Cottier have decided for personal reasons not to stand for re-election. In Dominic Brenninkmeyer and Nicolas Oltramare, the Board of Directors will present two top-calibre candidates, who are entirely suitable both with a view to Vontobel's international focus and as regards the stringent requirements expected of the Board of Directors in terms of integrity and business track record. "As a representative and high-ranking manager of the Dutch entrepreneurial family, Dominic Brenninkmeyer, who was born and raised in the UK, has a wealth of management experience in various European countries as well as in the US. With his extensive professional background as a company founder and manager, Nicolas Oltramare, who comes from French-speaking Switzerland, is well versed in the financial industry and the business challenges involved. Thanks to the experience he has amassed in his professional career and through his entrepreneurial activities, he is an expert on the economic region of Asia. With the proposed election of these two candidates to the Board of Directors, our company is underscoring its professionalism and its essence as a family business with a strong family shareholder base," stressed Chairman Herbert J. Scheidt, adding: "On behalf of the Board of Directors, I would like to express my sincere thanks to both Ann-Kristin Achleitner and Philippe Cottier for their outstanding commitment and the excellent service they have given our company. Their broad experience and wise counsel have been and still are of enormous value to our Board. I am grateful that they will be maintaining close ties with us in the future as well. I will of course be honouring their services accordingly at the General Meeting on 23 April 2013."

Outlook for 2013

The political imponderables and the expansionary policies of the western central banks will contribute to shaping market developments in 2013. Against this backdrop, and coupled with the regulatory changes, we expect that the shifts in market share between the different providers will continue to increase. Having anticipated this development at an early stage, Vontobel is committed to its focused business model and is steadily moving ahead with its implementation. We have core competencies that set us apart, and combined with the clear values our company holds, these ensure added value for our clients and profitable growth. Other integral facets include our focus on defined target markets, and the scaling of our existing booking platform in Switzerland. Working from this basis, we want to continue to strengthen our foothold in the Asia-Pacific region in 2013.

The pleasing stock market trend at the beginning of the year has been clearly more broadly based than last year. There are increasing signs of the European debt problem easing somewhat. However, it is too soon to talk of a lasting turnaround. It remains difficult to give specific forecasts with regard to business performance over the short term. We are well placed to gradually achieve our medium-term targets even in a challenging environment. Should the easing on the financial markets continue, Vontobel is well positioned to profit directly from a further upswing.

The detailed documents relating to the 2012 results (presentation, press release, Annual Report) are available online at www.vontobel.com/ir.

Vontobel

Vontobel's mission is to protect and build the wealth our clients have entrusted to us over the long term. Specialising in active asset management and tailor-made investment solutions, we provide responsible and forward-looking advice. In doing so, we are committed to Swiss quality and performance standards. With their good name, our owner family has stood by these principles for generations. As of 31 December 2012, Vontobel held approximately CHF 150 bn of assets. Around 1,400 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

Contacts

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Key dates

2013 General Meeting of Shareholders: 23 April 2013
First-half results 2013: 31 July 2013

Presentation of the Vontobel Group's 2012 results

for the media and analysts – in German

Date and time:	6 February, 9.00 a.m. (CET)
Location:	Vontobel Group head office, Gotthardstrasse 43, Zurich
Speakers:	Dr. Zeno Staub, Vontobel CEO
	Dr. Martin Sieg, Vontobel CFO

Telephone conference for analysts – in English

Presentation and Q&A	6 February, 2.00 p.m. (CET)
Speakers:	Dr. Zeno Staub, Vontobel CEO
	Dr. Martin Sieg, Vontobel CFO

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 (0)203 059 58 62	UK
+1 (1)866 291 41 66	US

Please dial in 10 minutes before the start of the presentation and ask for "Vontobel Group's 2012 results".

Consolidated income statement

	31-12-12 CHF mns	31-12-11 CHF mns	Change to 31-12-11 CHF mns	in %
Interest income	**58.6**	66.8	(8.2)	(12)
Interest expense	**6.5**	6.6	(0.1)	(2)
Net interest income	**52.1**	60.2	(8.1)	(13)
Fee and commission income	**618.5**	570.6	47.9	8
Fee and commission expense	**123.4**	118.4	5.0	4
Net fee and commission income	**495.1**	452.2	42.9	9
Trading income	**208.9**	225.3	(16.4)	(7)
Other income	**18.9**	28.0	(9.1)	(33)
Total operating income	**775.0**	765.7	9.3	1
Personnel expense	**383.5**	373.1	10.4	3
General expense	**169.2**	178.9	(9.7)	(5)
Depreciation of property, equipment and intangible assets	**58.0**	60.2	(2.2)	(4)
Value adjustments, provisions and losses	**8.0**	6.6	1.4	21
Operating expense	**618.7**	618.8	(0.1)	(0)
Profit before taxes	**156.3**	146.9	9.4	6
Taxes	**25.7**	33.1	(7.4)	(22)
Group net profit	**130.6**	113.8	16.8	15
of which allocated to minority interests	**0.0**	0.1	(0.1)	(100)
of which allocated to shareholders of Vontobel Holding AG	**130.6**	113.7	16.9	15

Share information

Basic earnings per share (CHF)[1]	**2.05**	1.78	0.27	15
Diluted earnings per share (CHF)[1]	**2.02**	1.76	0.26	15

1 Basis: weighted average number of shares

Consolidated balance sheet

Assets	31-12-12 CHF mns	31-12-11 CHF mns	Change to 31-12-11 CHF mns	in %
Cash	**4,216.7**	2,999.6	1,217.1	41
Due from banks	**2,631.1**	2,417.4	213.7	9
Cash collateral for reverse-repurchase agreements	**1,769.0**	1,101.0	668.0	61
Trading portfolio assets	**1,667.2**	1,441.8	225.4	16
Positive replacement values	**92.1**	113.0	(20.9)	(18)
Other financial assets at fair value	**6,367.8**	6,946.8	(579.0)	(8)
Securities lent or delivered as collateral	**331.7**	631.0	(299.3)	(47)
Due from customers	**2,478.6**	1,370.4	1,108.2	81
Accrued income and prepaid expenses	**209.2**	221.1	(11.9)	(5)
Financial investments	**900.7**	1,040.3	(139.6)	(13)
Investments in associates	**0.5**	0.8	(0.3)	(38)
Property and equipment	**182.0**	198.7	(16.7)	(8)
Goodwill and other intangible assets	**132.4**	140.6	(8.2)	(6)
Current tax assets	**28.6**	15.5	13.1	85
Deferred tax assets	**7.3**	8.1	(0.8)	(10)
Other assets	**74.3**	45.7	28.6	63
Total assets	**21,089.2**	18,691.8	2,397.4	13

Liabilities and equity				
Due to banks	**2,817.6**	653.8	2,163.8	331
Trading portfolio liabilities	**1,064.1**	1,044.0	20.1	2
Negative replacement values	**483.8**	752.7	(268.9)	(36)
Other financial liabilities at fair value	**6,082.7**	6,802.7	(720.0)	(11)
Due to customers	**8,658.9**	7,538.7	1,120.2	15
Accrued expenses and deferred income	**279.8**	290.9	(11.1)	(4)
Current tax liabilities	**2.4**	12.4	(10.0)	(81)
Deferred tax liabilities	**54.7**	53.7	1.0	2
Provisions	**17.6**	12.4	5.2	42
Other liabilities	**54.0**	33.9	20.1	59
Total liabilities	**19,515.6**	17,195.2	2,320.4	13
Share capital	**65.0**	65.0	0.0	0
Capital reserve	**123.3**	176.5	(53.2)	(30)
Net gains/(losses) on available-for-sale financial investments	**58.5**	33.8	24.7	73
Currency translation adjustments	**(51.1)**	(49.1)	(2.0)	
Retained earnings	**1,428.2**	1,321.2	107.0	8
Treasury shares	**(50.3)**	(50.8)	0.5	
Shareholders' equity	**1,573.6**	1,496.6	77.0	5
Minority interests	**0.0**	0.0	0.0	
Total equity	**1,573.6**	1,496.6	77.0	5
Total liabilities and equity	**21,089.2**	18,691.8	2,397.4	13

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
31-12-12					
Net interest income	15.3	9.9	0.4	26.5	52.1
Other operating income	193.1	237.4	274.8	17.6[1]	722.9
Operating income	**208.4**	**247.3**	**275.2**	**44.1**	**775.0**
Personnel expense[2]	77.5	83.7	128.0	94.3	383.5
General expense	15.7	40.4	23.5	89.6	169.2
Services from/to other segment(s)	77.3	53.8	39.6	(170.7)	0.0
Depreciation of property, equipment and intangible assets	2.7	0.2	7.7	47.4	58.0
Value adjustments, provisions and losses	6.4	0.6	0.9	0.1	8.0
Operating expense	**179.6**	**178.7**	**199.7**	**60.7**	**618.7**
Segment profit before taxes	**28.8**	**68.6**	**75.5**	**(16.6)**	**156.3**
Taxes					25.7
Net profit					**130.6**
of which minority interests					0.0
Additional information					
Segment assets	1,379.7	9,779.2	143.5	9,786.8	21,089.2
Segment liabilities	5,189.9	10,289.7	492.0	3,544.0	19,515.6
Allocated equity according to BIS[3]	123.8	213.6	101.0	94.6	533.0
Client assets (CHF bns)	28.8	60.6	61.4	(1.2)	149.6
Net new money (CHF bns)	0.9	0.6	8.2	(1.1)	8.6
Capital expenditure	0.0	0.1	1.0	41.7	42.8
Employees (full time equivalents)	334.1	336.0	271.7	441.6	1,383.4

Bank Vontobel Österreich AG was removed from the Private Banking and Investment Banking business units in 2012 and is now reported under the Corporate Center.

1 The "other operating income" reported by the Corporate Center comprises a gain of CHF 4.2 mn on the sale of a commercial property in Salzburg.
2 Personnel expense includes a positive impact relating to past service costs in the amount of CHF 19.0 mn following the gradual reduction of the conversion rate for future pensions that will be paid by defined benefit pension plans in Switzerland. This positive impact was broken down according to the employer contributions made during the financial year and allocated to the business units (Private Banking: CHF 5.4 mn; Investment Banking: CHF 4.7 mn; Asset Management: CHF 3.7 mn; Corporate Center: CHF 5.2 mn).
3 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 132.4 mn from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 50.3 mn from core capital for treasury shares is not included in the figures above.

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