



Vontobel half-year 2020 results

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July 28, 2020

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A glossary of non-IFRS performance indicators and abbreviations is provided in the half-year report on pages 51 – 52.

Image on cover page: St. Gallen and the entire region embody the qualities that make Switzerland strong and distinctive: successful entrepreneurship and excellent education. Through its presence in this city that lies close to the border of three countries, Vontobel has ties to the St. Gallen-based Bank Wegelin – the oldest in Switzerland – which later became Notenstein La Roche Privatbank AG and was subsequently acquired by Vontobel. With its investment solutions, the globally active investment manager Vontobel serves both individual wealth management clients and institutional investors in St. Gallen and across the region.

Overview

Highlights

Strategic levers

Financial results for first half of 2020

Outlook

Questions and answers

Good performance in challenging times

July 28, 2020

Key figures as of June 30, 2020

Advised client assets

CHF 218.6 bn
of which CHF 193.4 bn
assets under management

Net new money

CHF 7.4 bn
(7.5%¹)

Operating income

CHF 623.0 mn
(flat or +1% adjusted²)

Group net profit

CHF 129.2 mn (-1%)
Profit before tax
CHF 156.1 mn (+4% or +6% adj.²)

Earnings per share

CHF 2.18
(-2%)

Return on equity

13.4%

Capital ratios

CET1 13.8%
Tier 1 20.2%

¹ Annualized, in % of AuM at the beginning of the period

² In H1 2019 excluding integration costs for Notenstein La Roche (NLR) of CHF 7.9 million and a special dividend from our participation in SIX Group AG of CHF 6.9 million; in H1 2020 excluding implementation costs of CHF 4.1 million related to Vontobel's realignment as a fully client-centric investment manager

Investment focus and strong technology infrastructure pay off

July 28, 2020

Fully client-centric investment manager

- Strategic realignment announced in December 2019 implemented
- Performance of business confirms strategic direction

Resilient while navigating corona crisis

- Continuous support for clients throughout lockdown, weathered extreme market dislocation, demonstrated resilience and robustness
- Reaping the rewards of continuous and consistent investments in technology over the last decade: all workstations globally run on Swiss private cloud, active use of digital client onboarding

Net new money RoA

- Strong net new money - positive flows across all asset classes
- Good Return on Assets (RoA) with a large proportion of stable recurring commission income

Operating income

- Recurring revenues up slightly due to higher average AuM
- Transaction-based revenues positively impacted by market volatility; business model focus is on recurring asset-linked revenues

Risk

- No credit losses / no exposure to corporate lending
- RWA in line with end-December 2019 despite increased regulatory requirements

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Strategic levers

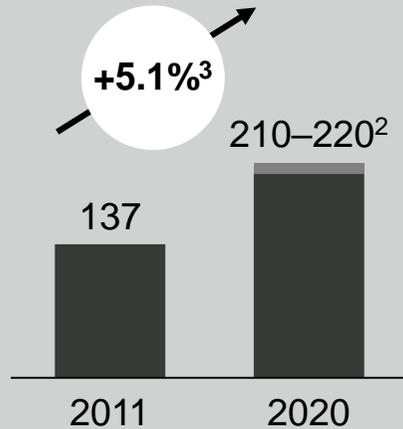
Financial results for first half of 2020

Outlook

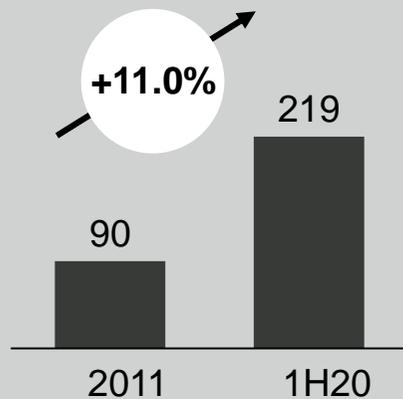
Questions and answers

Vontobel has delivered consistently high growth over the last 10 years

Global wealth¹ AuM (USD tn, CAGR)



Vontobel advised client assets (CHF bn, CAGR)



Move to a pure-play investment manager based on 4 strategic levers to drive further value creation

Client-centric



Investment-led



Technology-enabled



Powered by people

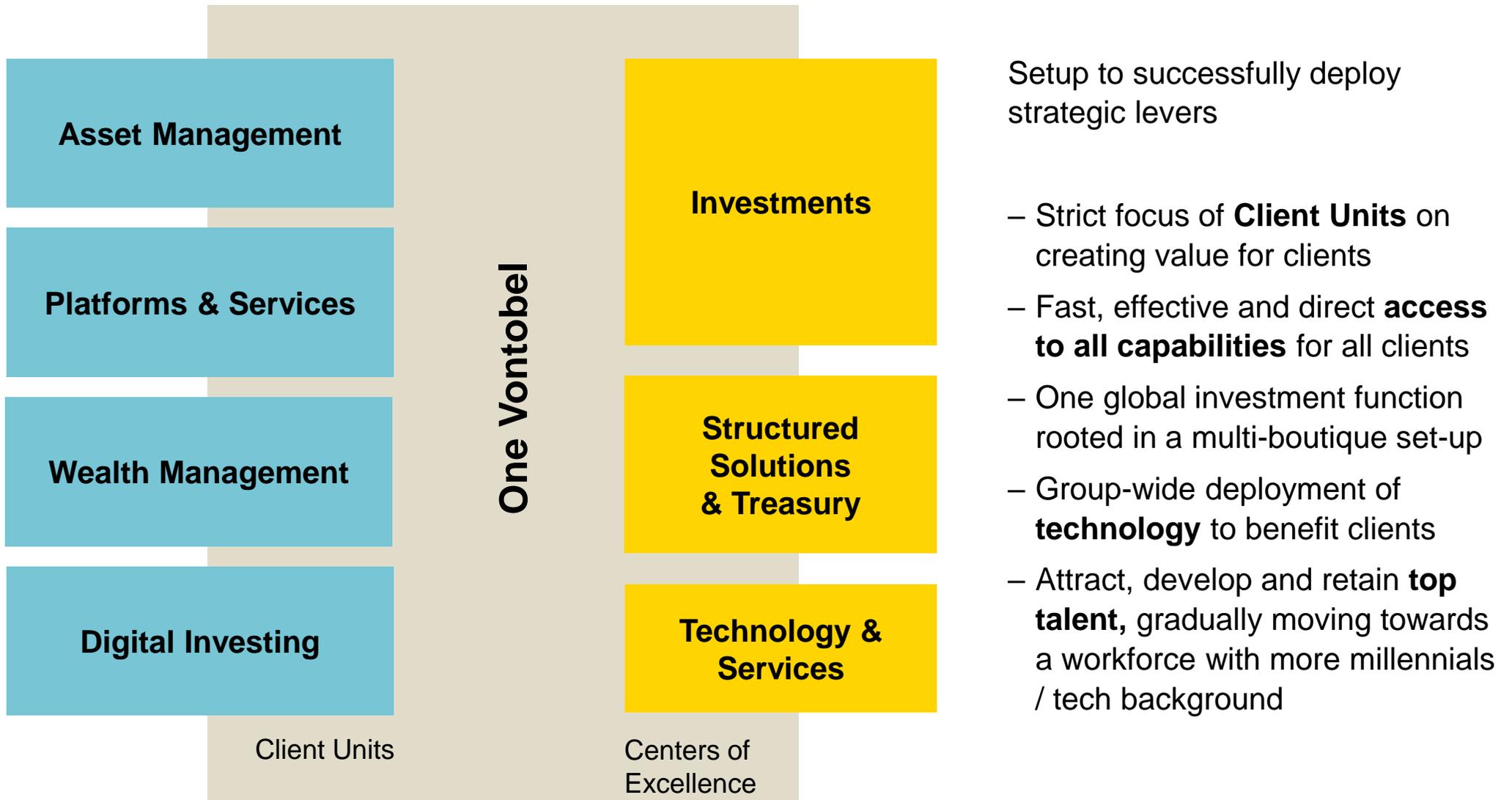


¹ Source: BCG: Global Wealth 2020 – The Future of Wealth Management – A CEO Agenda

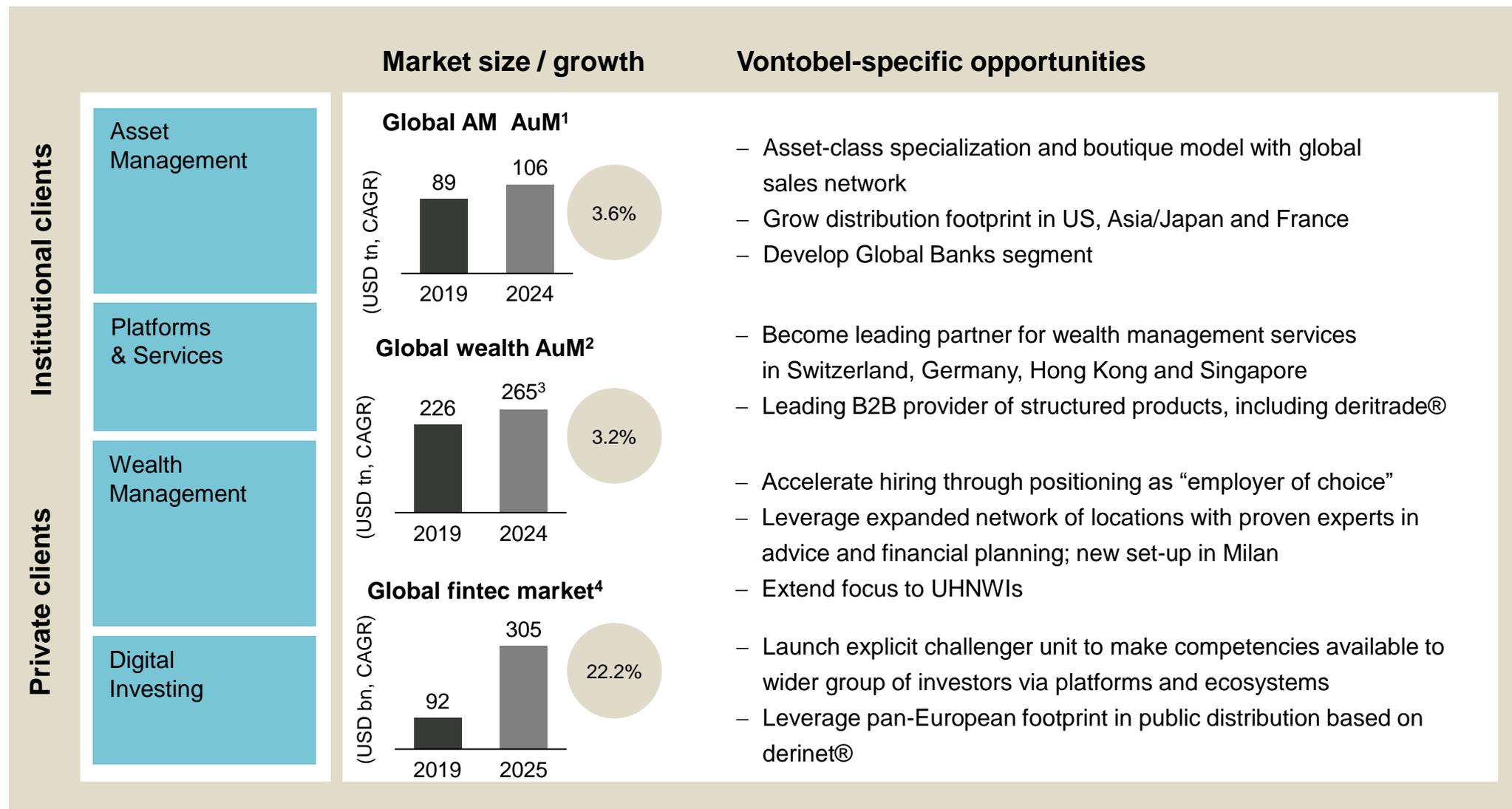
² Range of projected global wealth development between “quick rebound” and “lasting damage” scenarios

³ Growth is calculated on the medium scenario; in CHF, growth corresponds to 5.2% p.a.

New way of working to realize the full potential of strategic levers and further accelerate growth



Client Units are focused on seizing attractive growth opportunities in significant asset and fee pools



¹ Source: BCG: Global Asset Management 2020 – Protect, adapt, and innovate

² Source: BCG: Global Wealth 2020 – The Future of Wealth Management – A CEO Agenda

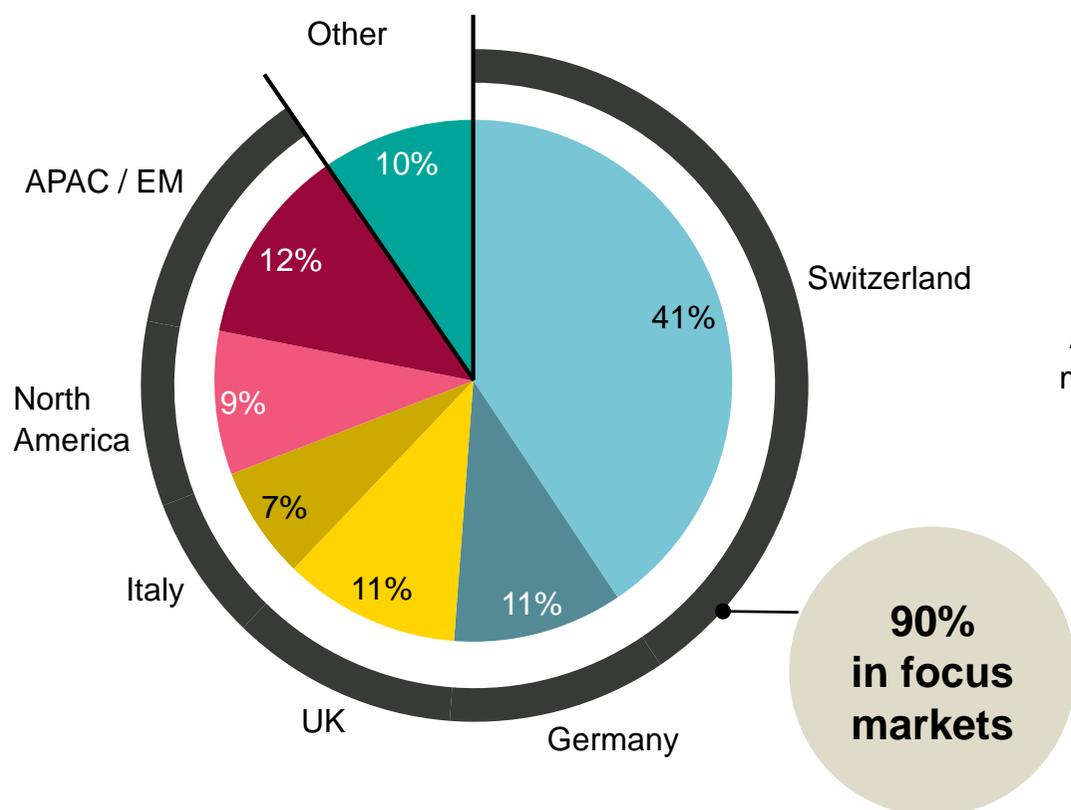
³ Based on middle scenario of slow recovery

⁴ Source: Market Data Forecast, market reports: Fintec Market ID:8751

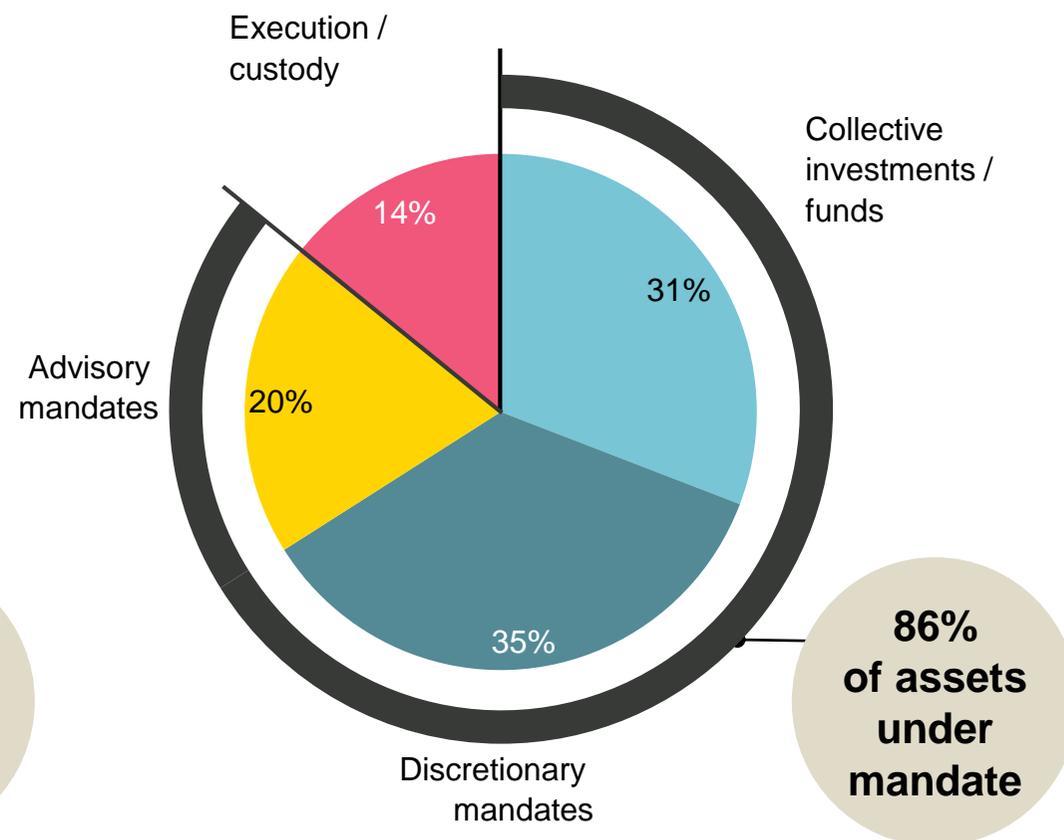
Current business mix is well diversified and resilient

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Assets under management by client domicile (June 30, 2020)

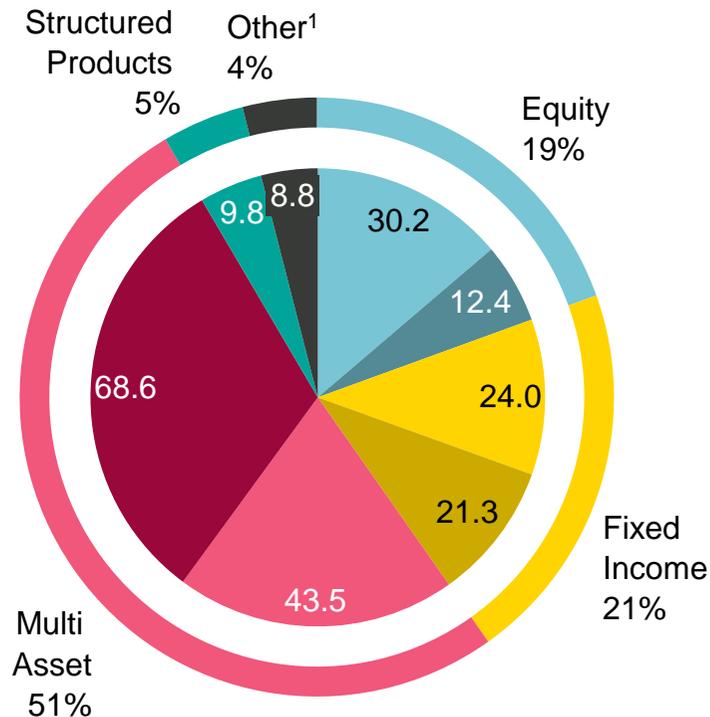


Assets under management by mandate type (June 30, 2020)



Vontobel's investment offering with proven processes and conviction

Advised client assets by asset class (CHF bn; June 30, 2020)



Focus and expertise in investments

- Each boutique draws on specialized investment talent, a strong performance culture and robust risk management
- Our convictions are the result of our relentless in-depth analysis and ingenuity
- Around 300 investment managers around the globe - in Zurich, New York, London and Asia
- Top 2 in European cross-border fund flows in first half of 2020²
- Largest issuer of structured products in Switzerland with growing European and Asian footprint
- Growing market shares in all European and Asian markets²

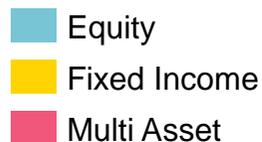
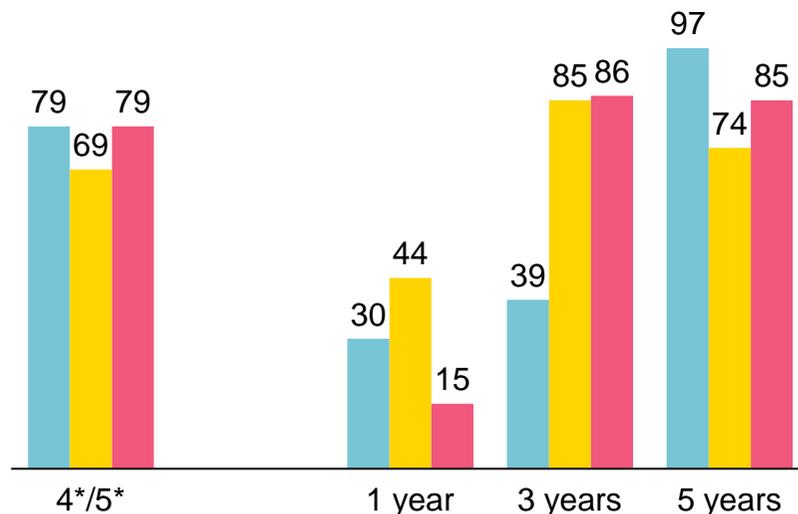
¹ Other includes AuM and other advised client assets not managed by Investments and corrects for double counts of CHF 1.3 bn in the boutiques

² See page 34 in the appendix

Excellence through the cycle

Track record in funds

(% of 4* & 5* rating, % of 1st and 2nd quartiles¹)



Longstanding track record based on a proven investment process

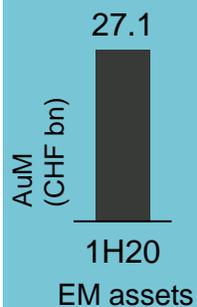
- Strong medium- to long-term performance
- YTD performance of selected high-conviction portfolios lagging as corona-induced liquidity squeeze did not properly recognize quality
- Vontobel has managed several market dislocations in the past and is well positioned for the future with a strong long-term approach
- Client trust in Vontobel's investment approach and capabilities is reflected by significant inflows – positive in both Q1 2020 and Q2 2020

¹ Based on Morningstar rated funds; asset weighted

Continued strong traction in growth areas

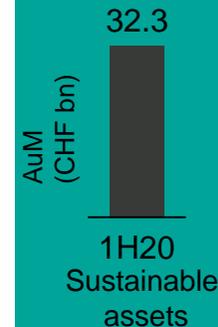
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Emerging Markets – a specialist approach



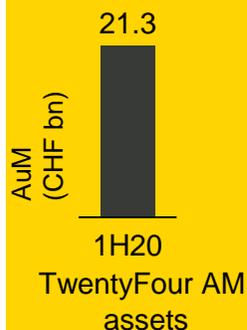
- **Driver:** 59% of GDP¹ already generated in Emerging Markets and the proportion is growing; avg. allocation to EM assets is far lower
- Good performance, won 40 awards in 2019
- NNM CHF 0.5 bn in H1 2020

ESG – one of the leaders in Switzerland



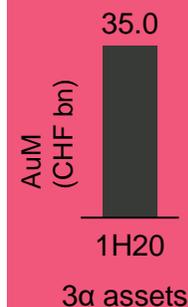
- **Driver:** Global sustainably managed assets grew by 15% p.a. since 2011, led by European investors; US and Asian institutions starting to accelerate²
- Leading Swiss Sustainable Asset Manager³
- Strong NNM CHF 2.8 bn in H1 2020

Fixed Income – now even more than ever!



- **Driver:** Interest rates are lower forever?!
- Strategic income fund provides an alternative to low / negative interest rates
- Strong NNM CHF 2.6 bn in H1 2020

Multi Asset – 3α Offerings



- **Driver:** Decreasing expected returns and increasing complexity
- 3α-Managed Solutions Funds achieved good three year track record
- More than 60% of AuM in Wealth Management are invested in proprietary 3α offerings

Assets in the different categories are not mutually exclusive. Certain Vontobel strategies belong to more than one category.

¹ IMF, based on PPP-adjusted USD

² BCG, World Economic Forum report

³ Awarded “Best Sustainable Asset Manager” by Geneva Forum for Sustainable Investments (GFSI)

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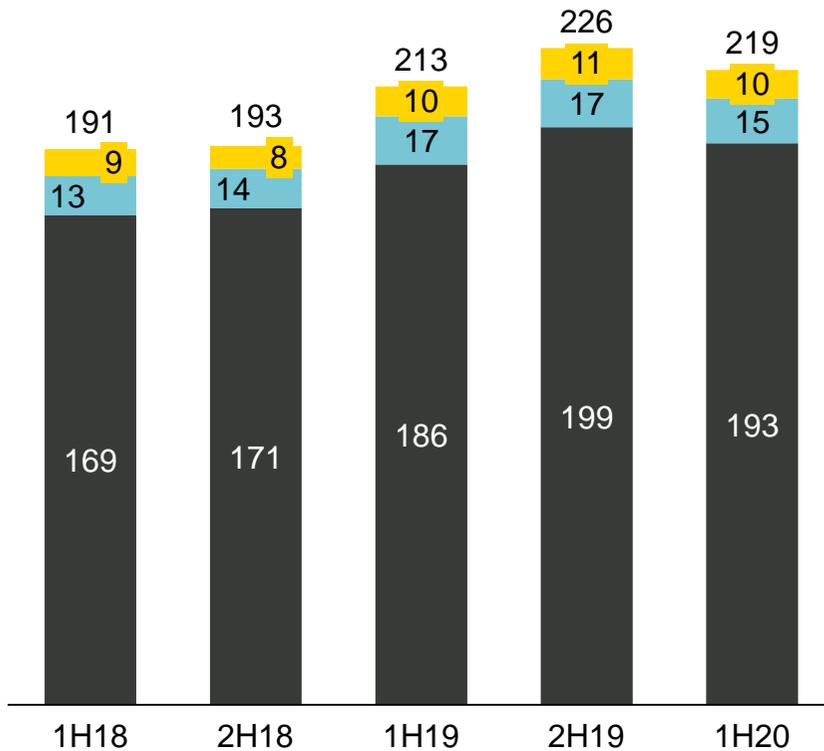
Outlook

Questions and answers

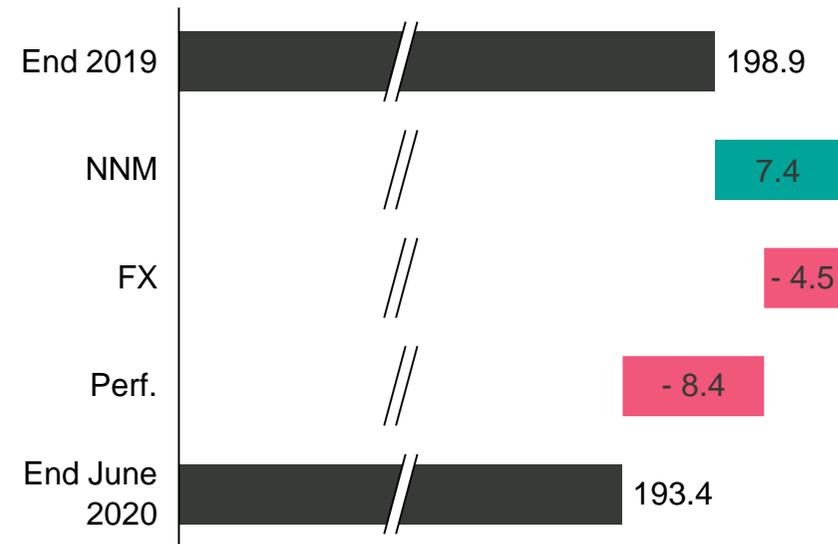
Advised client assets at CHF 218.6 billion

Corona impact partially offset by strong net new money

Advised client assets
(CHF bn, end of period)



AuM development
(CHF bn)

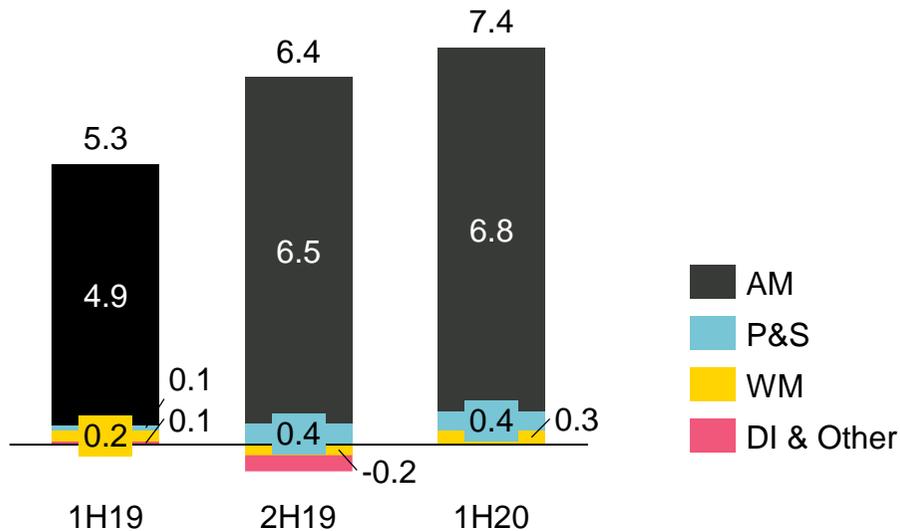


- Assets under management
- Other advised client assets
- Structured products

Relative strength translates into strong net new money flows

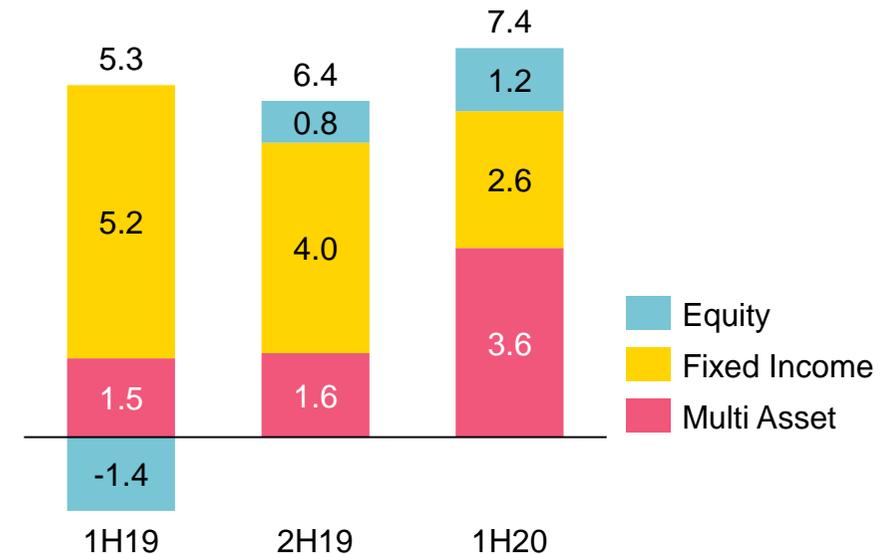
Vontobel ranks in top 2 in European cross-border fund flows

Strong flows of institutional clients (CHF bn)



- Asset Management with annualized growth of over 11%
- Platforms & Services generated annualized growth in net new money of 4.8%
- Interaction with private clients was more hampered by corona pandemic than with institutional clients

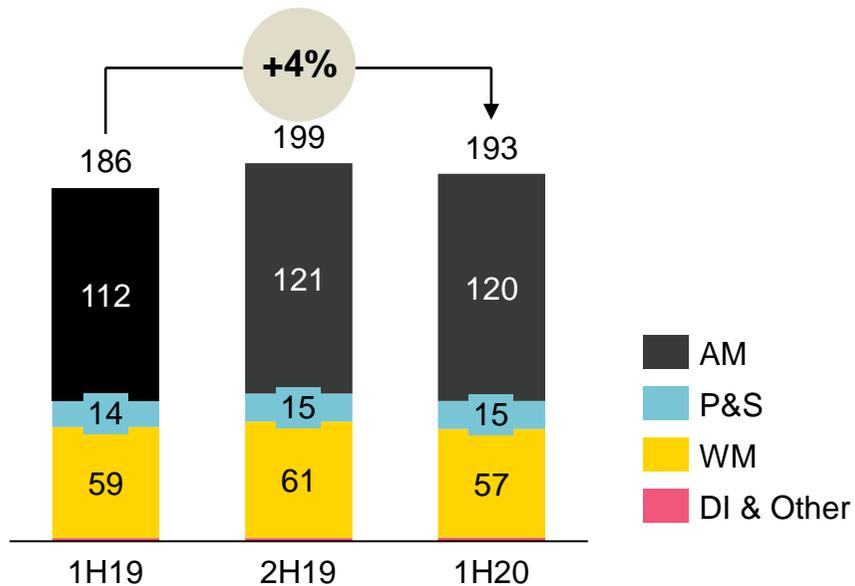
All asset classes with good inflows (CHF bn)



- Net new money was well diversified with all asset classes recording positive flows
- Fixed Income continued to attract very good inflows, despite market flows being hit hard during the corona crisis

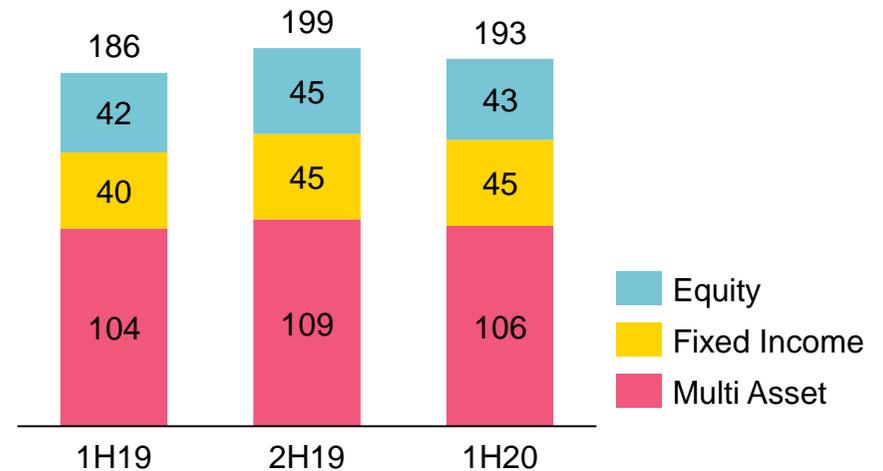
Assets under management recovered after lows in March – average AuM above first-half and close to second-half of 2019

Assets under management by Client Unit (CHF bn)



- Strong net new money partially offset negative impact of foreign exchange rates as well as negative market performance
- Average assets under management in H1 2020 at CHF 191 billion, far exceeding H1 2019 (CHF 180 billion), reflected by 7% growth in advisory and management fees
- AuM end-H1 2020 were slightly higher than average in H2 2019 of CHF 192 billion

Assets under management by asset class (CHF bn)

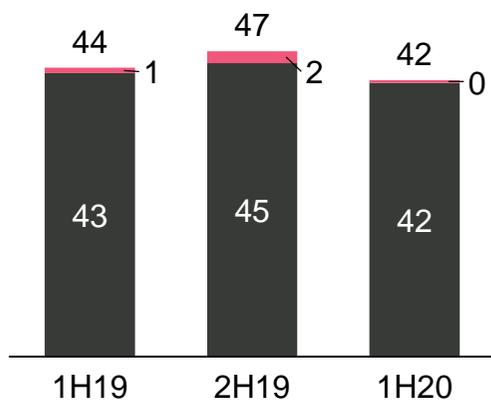


- Negative market impact on all asset classes in March with Emerging Markets hit hardest
- Recovery started in April but AuM were not back to end-2019 levels in all asset classes

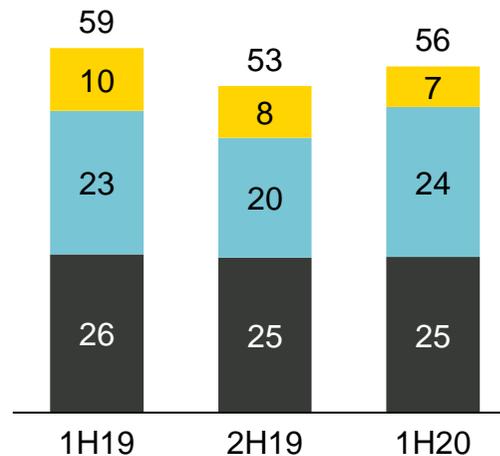
RoA across Client Units reflects quality of our offerings with a large recurring commission-based component

July 28, 2020

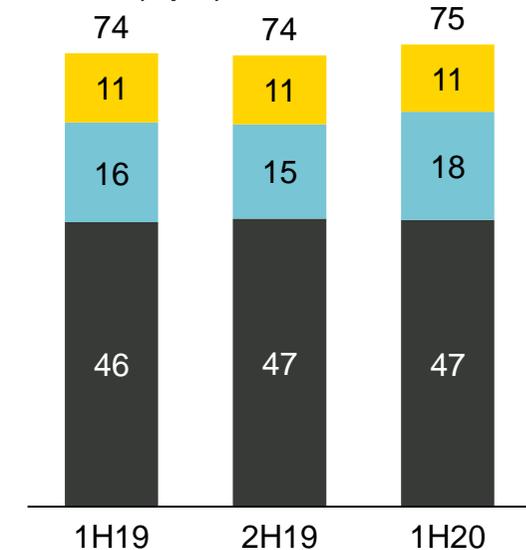
Asset Management RoA¹ (bps)



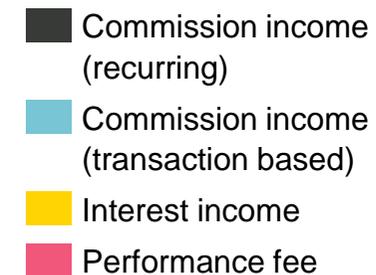
Platforms & Services – EAM RoA¹ (bps)



Wealth Management RoA¹ (bps)



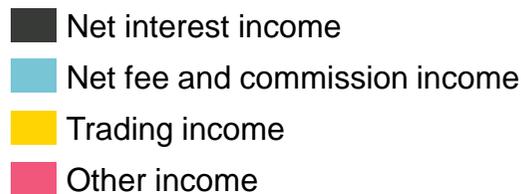
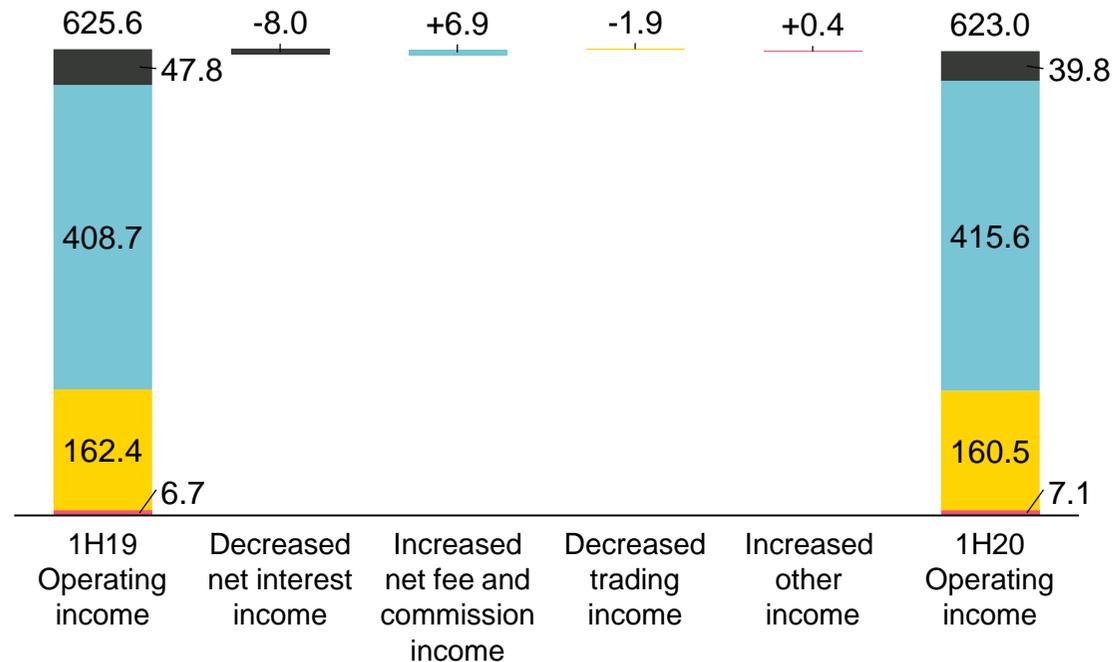
- Recurring commission income was very stable in all asset-linked businesses; in Asset Management, the asset mix had a minor impact of 1bp, as it shifted slightly from higher-margin equity to lower-margin fixed income products
- Transaction-based income increased in the business with EAM clients and Wealth Management clients and compensated for lower interest income due to lower USD interest rates
- Good performance fees in 2019 could not be replicated in corona environment in H1 2020



¹ RoA annualized

Large proportion of asset-linked revenues confirms focus on stability

Operating income (CHF mn)

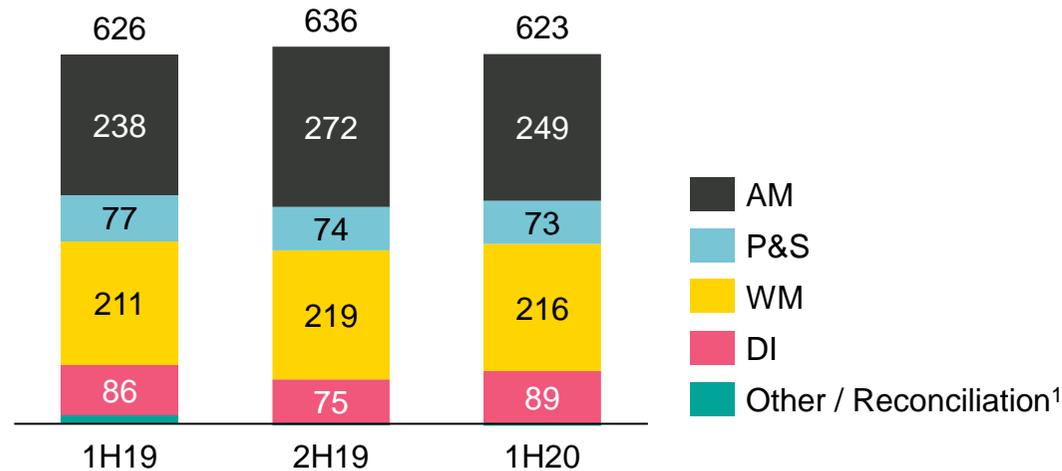


Comments

- Operating income was flat. On an adjusted basis, i.e. excluding the one-off SIX dividend in 2019, operating income increased by 1%.
- Revenues of divested businesses were fully compensated; excluding those revenues, operating income increased by 2% on an adjusted basis.
- Commission income, representing the largest income component at 67% of total operating income, was up by 2%.
- 89% of commission income is recurring.
- In H1 2020 interest income represented only 6% of total operating income. Interest income decreased by CHF 8 million, reflecting the one-off SIX dividend of CHF 6.9 million in H1 2019 and the lower USD interest environment.
- Trading income was down 1% as higher volumes could not fully compensate increased hedging costs to maintain cautious risk appetite.

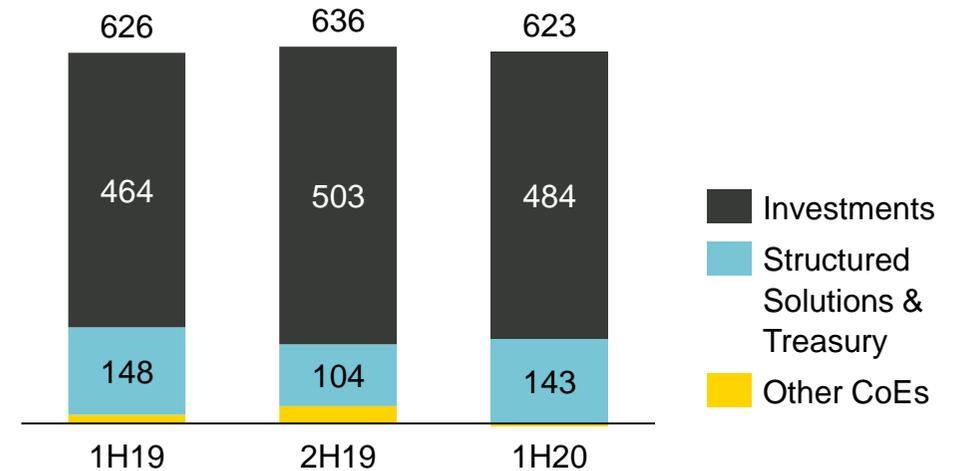
Operating income generated by institutional and private clients increased

... by client units (CHF mn)



- Higher average asset base compared to H1 2019 and good RoA led to higher revenues in Asset Management and Wealth Management.
- Digital Investing benefited from high demand in leverage products² while Platforms & Services felt risk awareness of clients related to structured investment products.

... by centers of excellence (CHF mn)



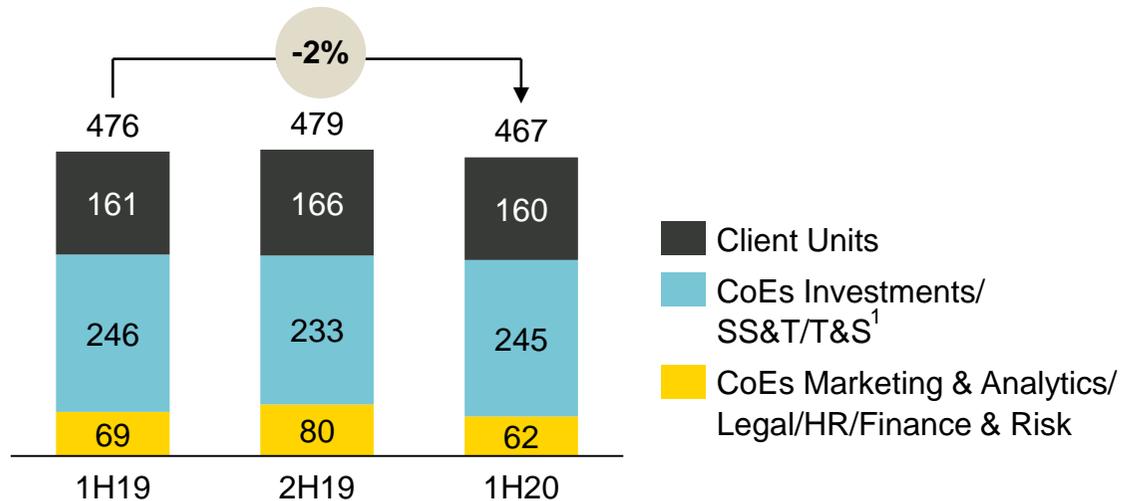
- Investments generated higher operating income in H1 2020 compared to the same period last year.
- Operating income in Structured Solutions and Treasury was slightly down despite good trading volumes in leverage products and was negatively impacted by lower demand in structured investment products and increased hedging costs.

¹ Other / Reconciliation contains treasury revenues in Structured Solutions and Treasury, transactional costs in Technology and Services not allocated to the client units and revenues of divested businesses. The SIX dividend received in H1 2019 falls also in this category

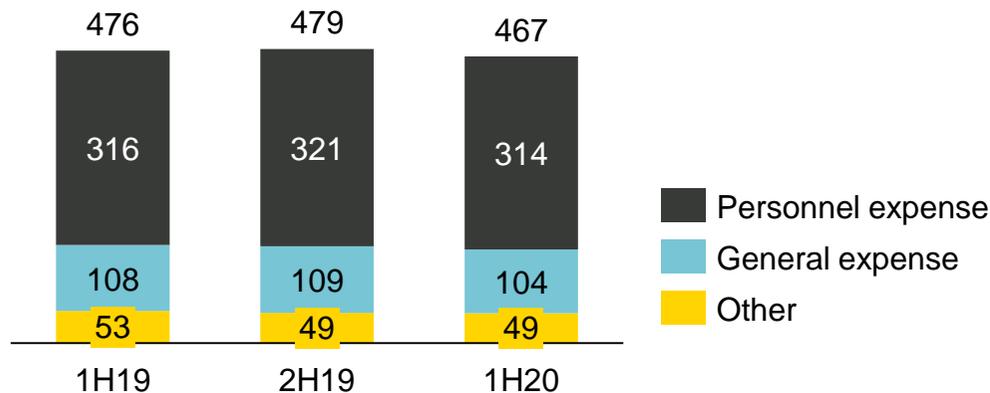
² Nearly all leverage products of Vontobel are sold through public distribution and are shown in Digital Investing, while structured investment products are to a large degree sold via intermediaries and shown in Platforms and Services

Operating expense down by 2%

... by focus (CHF mn)



... by cost category (CHF mn)



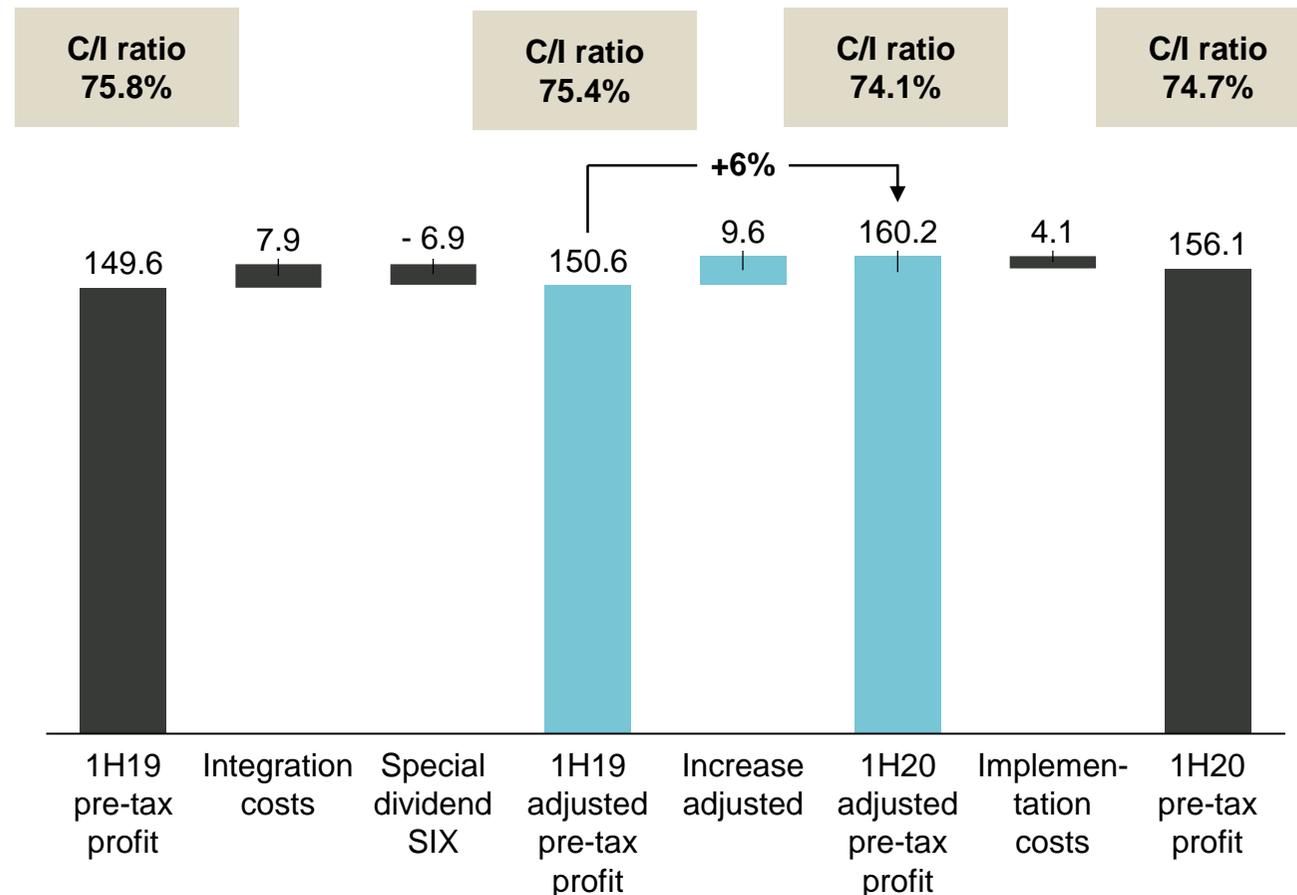
Comments

- Operating expense was down 2%, driven by lower direct expenses in Client Units and Centers of Excellence.
- From a cost category perspective, lower operating expense was driven by reduced general expense and depreciation. Marketing and representation as well as travel costs were significantly lower during the corona lockdown while technology costs rose slightly.
- Personnel expense was down 1% in line with average FTE despite implementation costs recognized in H1 2020.

¹ CoE = Center of Excellence; SS&T = CoE Structured Solutions & Treasury; T&S = CoE Technology & Services

Adjusted pre-tax profit increases 6%

Pre-tax profit (CHF mn)



Comments

- Cost/income ratio improved slightly driven by lower expenses.
- Trade off between growth ambitions and cost efficiency remains a challenge.
- Implementation of new strategic set-up led to costs in different business areas. Synergies are captured mainly in Marketing & Analytics.
- Currencies had a negative impact of around 6% on pre-tax profit as the Swiss Franc strengthened against all major currencies; on a constant currency basis, pre-tax profit was up 10% or 12% on an adjusted basis.

Good performance translates into solid net profit despite higher taxes

Group net profit (CHF mn)

	H1 2020	H1 2019	Δ
Operating income	623.0	625.6	0%
<i>excl. one-offs¹</i>	623.0	618.7	+1%
Operating expense	466.9	476.1	-2%
<i>excl. one-offs¹</i>	462.8	468.2	-1%
Profit before tax	156.1	149.6	+4%
<i>excl. one-offs¹</i>	160.2	150.6	+6%
Taxes	26.9	18.4	+46%
Group net profit	129.2	131.1	-1%
Group net profit excluding minority interest	121.6	124.7	-2%
Basic earnings per share (CHF)	2.18	2.23	-2%
<i>excl. one-offs</i>	2.24	2.24	0%
Return on equity (%)	13.4	14.3	-0.9pp

Comments

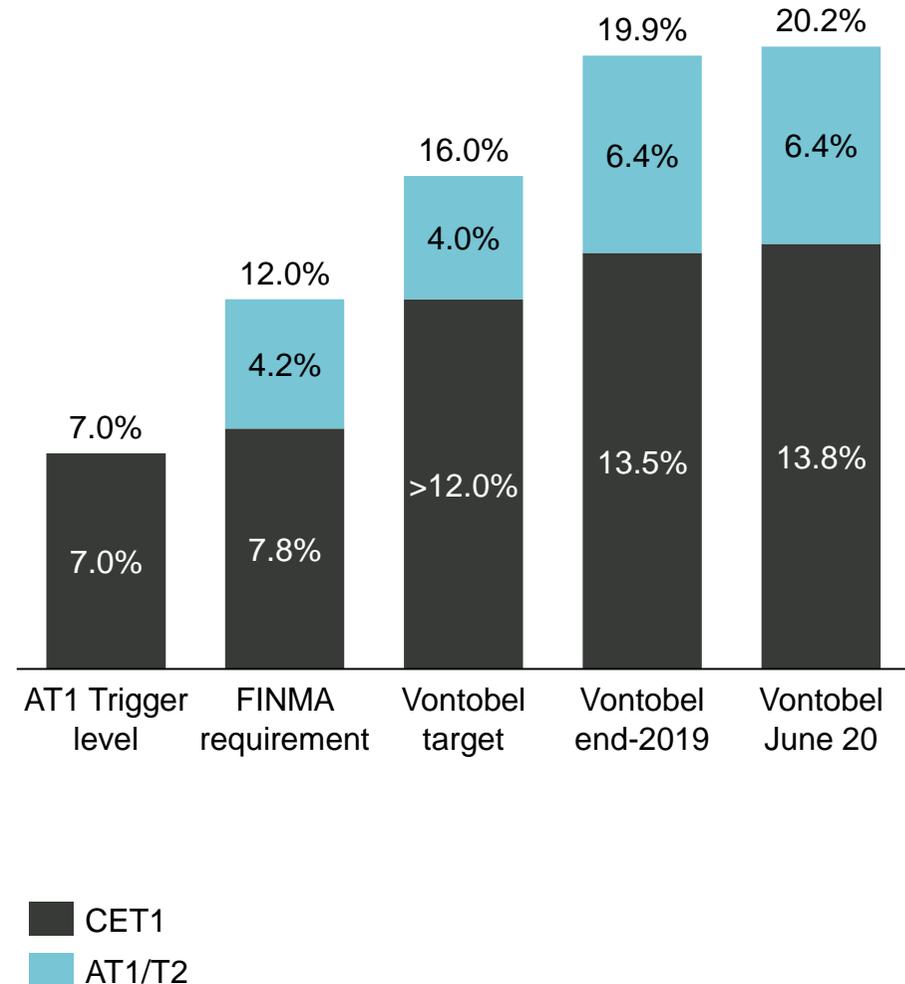
- Group net profit declined by 1% to CHF 129.2 million.
- Taxes were 46% higher in H1 2020. In H1 2019, Vontobel benefited from deferred tax assets in Germany and a US tax refund. These and other positive effects helped drive the H1 2019 tax rate down to 12.3%. In H1 2020, it remained within the expected range at 17.3%.
- Group net profit excluding minority interest was CHF 121.6 million (-2%); EPS were CHF 2.18 (-2%) or flat on an adjusted basis.
- Return on equity decreased to 13.4% in H1 2020 compared to 14.3% in H1 2019.

¹ One-off impacts in H1 2019 include integration costs of CHF 7.9 million and a special dividend of SIX Group AG of CHF 6.9 million as well; in H1 2020 it includes implementation costs of CHF 4.1 million

Further improvement in capital ratios reflects solid financial base

Capital ratios

- CET1 ratio increased to a very solid 13.8%
- Total Capital Ratio was 20.2%, compared to 19.9% at end-2019
- In H1 2020, risk-weighted assets were flat compared to end-2019 despite increased regulatory requirements (SA-CCR inflated RWA by 2%)
- Average LCR (Liquidity Coverage Ratio) is 186.3%, far exceeding FINMA requirement of 100%
- Leverage ratio is 4.8%



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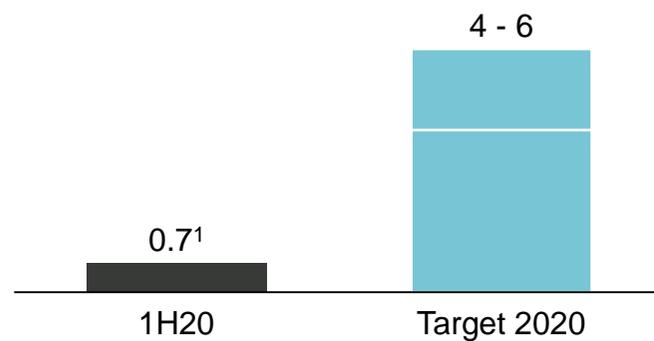
Outlook

Questions and answers

We are in line with our 2020 targets for net new money, capital and the payout ratio

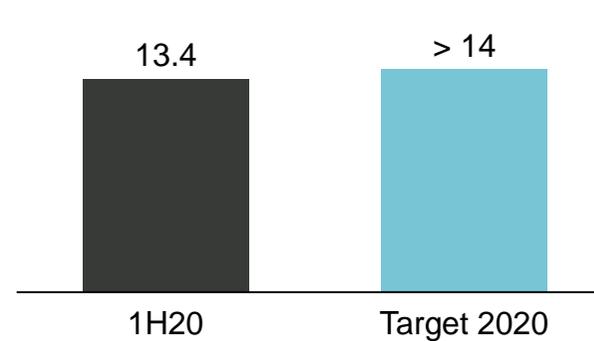
Growth

Top-line growth (in %)



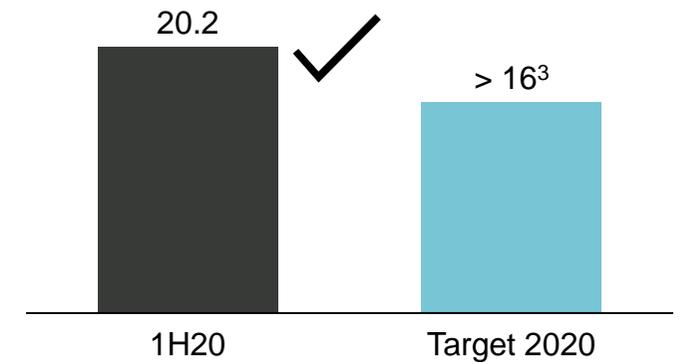
Profitability

Return on equity (in %)

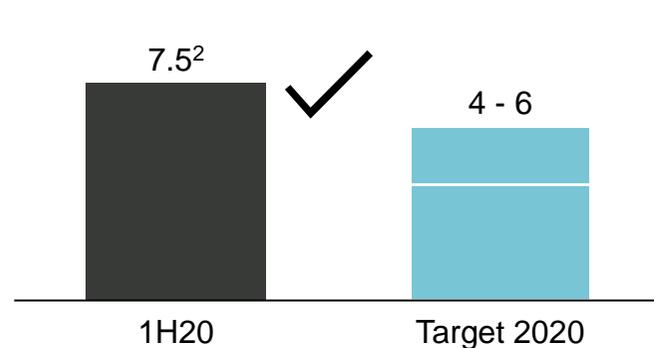


Capital and payout

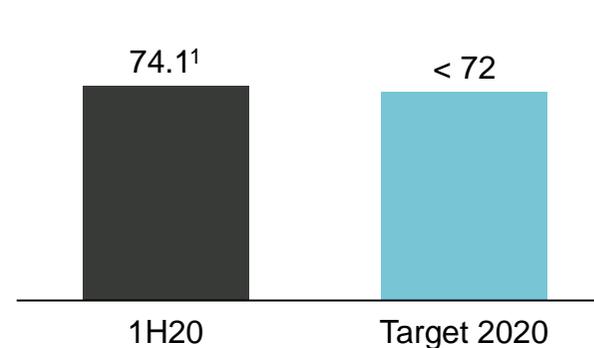
Total capital ratio (in %, end of period)



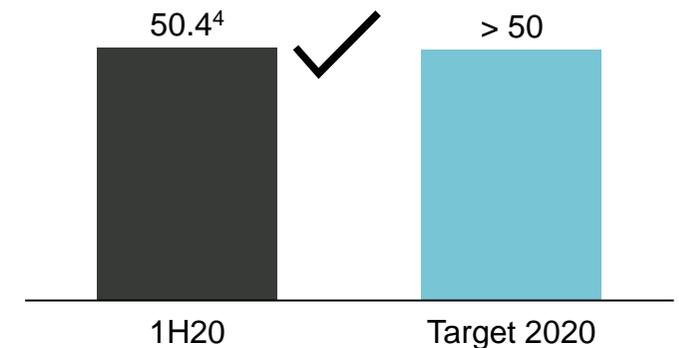
Net new money growth (in %)



Cost/income ratio (in %)



Payout ratio (in %)



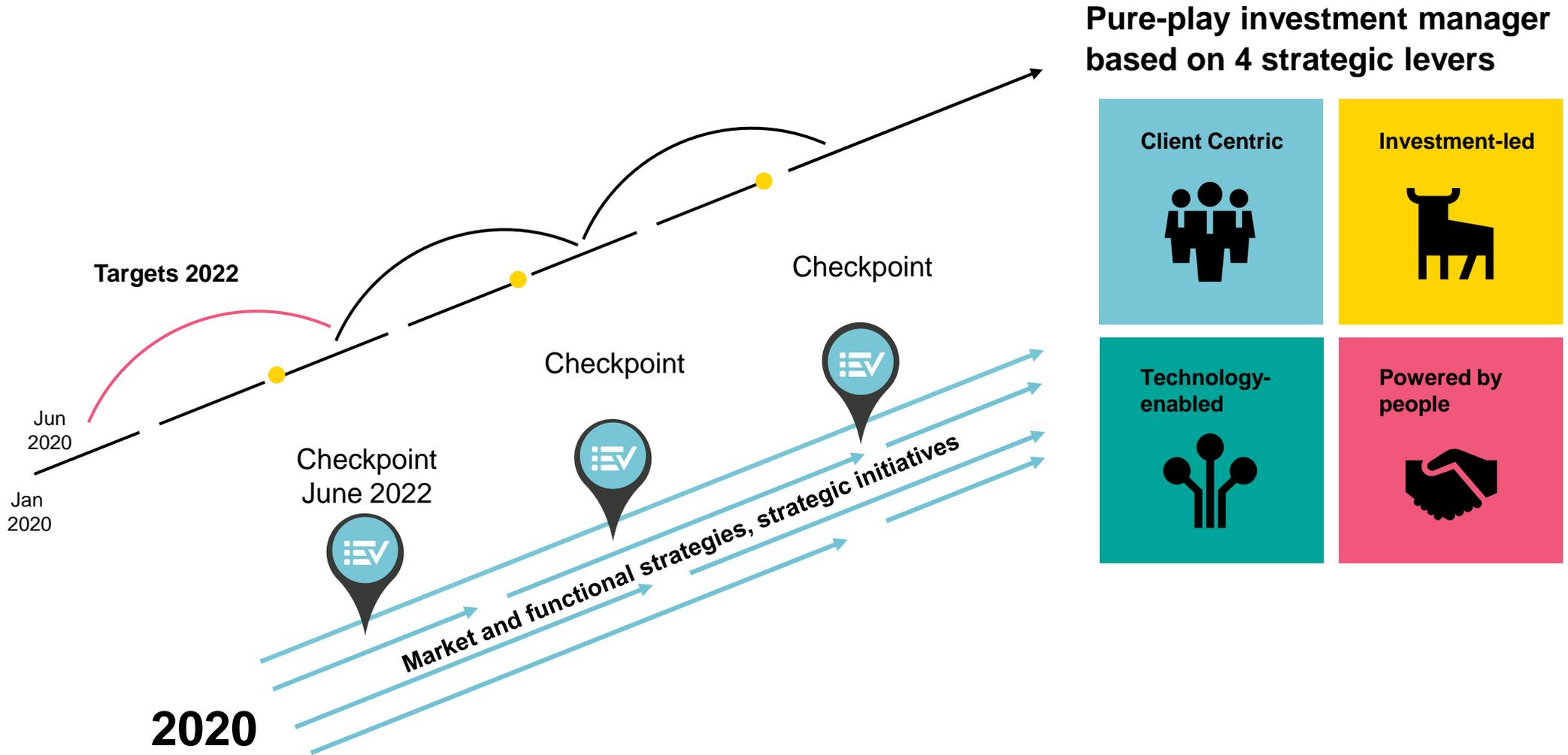
¹ Adjusted

² Annualized

³ CET1 target of >12%

⁴ Based on dividend of CHF 2.25 paid out in 2020

Future business planning is focused on strategy execution based on 2-year planning cycles



Ambitious growth targets extended to 2022 despite uncertain and challenging times

Growth

Top-line growth

4–6%

Net new money

4–6%

Profitability

RoE

>14%

CIR

<72%

Capital and payout

CET1 capital

>12%

Total capital

>16%

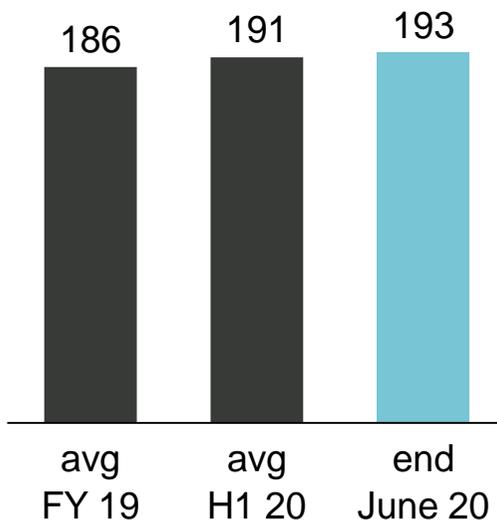
Payout

>50%

Committed to building on strong foundations to transform change into opportunities

Strong asset base with stable margin outlook

AuM (in CHF billion)



Investment-led and technology-enabled

- Anticipating growing demand for professional investment solutions and for individually tailored expert investment advice across all Client Units
- Targeted use of technology solutions to profit from significant changes in the way clients select and interact with financial services providers

Increased client focus will deliver growth

- Complement well-established asset-class specialization with increased regional sales focus and local footprint in Asset Management.
- Serve Global Bank clients worldwide on a coordinated basis.
- Extend focus to new client groups, accelerate hiring and leverage proven experts in Wealth Management.
- Become leading partner for wealth management services in Switzerland, Germany, Hong Kong and Singapore.
- Make competencies available to a wider group of investors via platforms and ecosystems.

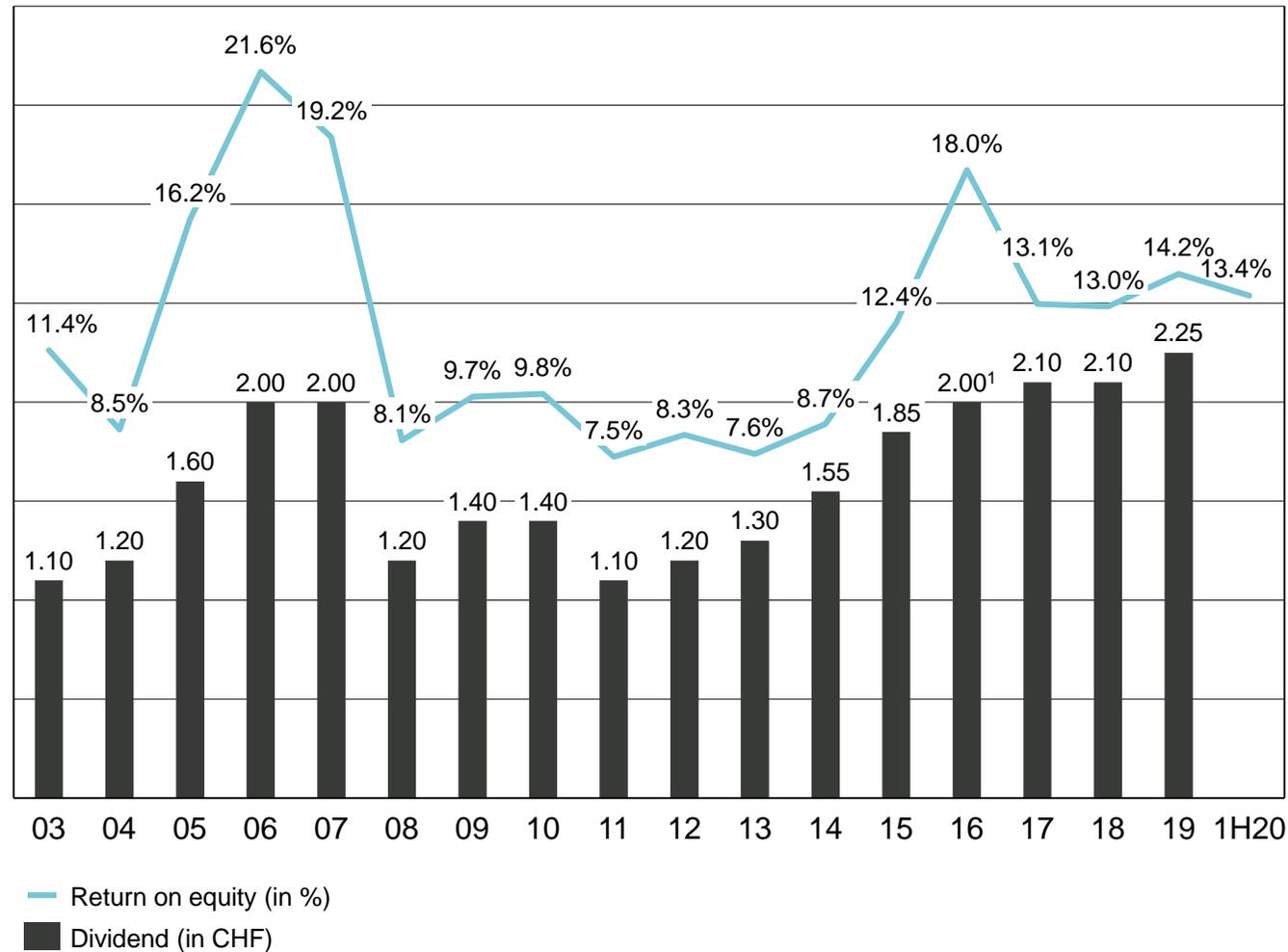
A silver laptop is open and centered in the frame. The screen is white and displays the text "Q&A" in a large, bold, black serif font. The laptop is set against a dark, textured grey background that looks like a concrete wall. The laptop's keyboard and trackpad are visible below the screen.

Q&A

Appendix

Successful implementation of Vontobel's strategy has delivered attractive returns to shareholders for more than a decade

Return on equity and dividends



Comments

- Attractive business with average return on equity of 12.1% since 2003 – clearly above Vontobel's cost of capital
- Attractive dividend policy with a payout ratio of above 50%
- Increase in shareholders' equity of CHF 800 mn since 2003 without injection of fresh capital

¹ Of which special dividend of CHF 0.10

Technology and data as key success factors going forward

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People

- Critical mass and depth to attract tech talent
- Continued investments in full stack, artificial intelligence and cloud skills
- Offer working environment with bridge to tech culture



One speed end-to-end thinking

- Technology area shifts to one-speed-delivery organization, interacting with client groups on a peer-to-peer basis, interconnected by one agile way of working
- 93% of employees are already on one global platform
- Clients get faster and better access to new functionalities on an ongoing basis



Client journey and intelligence

- The set-up with dedicated Client Units and a shared Marketing and Technology & Services function allows us to learn more about our clients and upgrade our value proposition by delivering a relevant contextual and customized client experience



Ecosystems

- Starting with the client's perspective, we think and act in ecosystems; for some clients, we are orchestrators; for others, we act as partners or suppliers/enablers



Modern Technologies

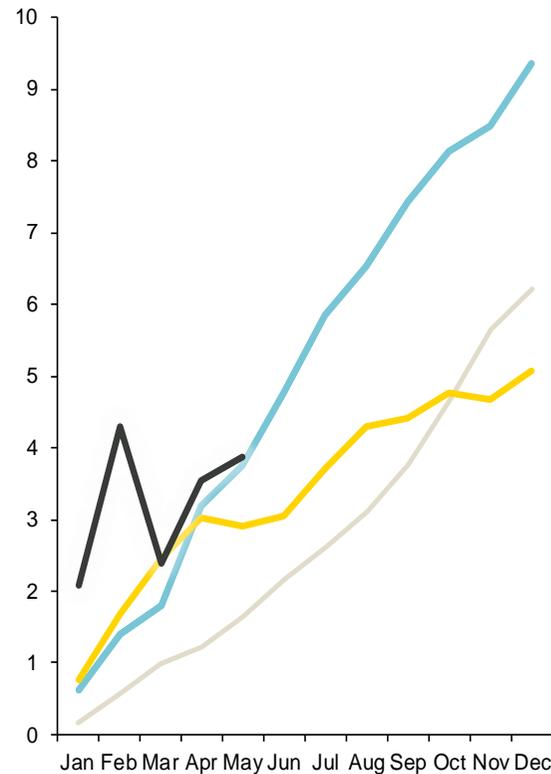
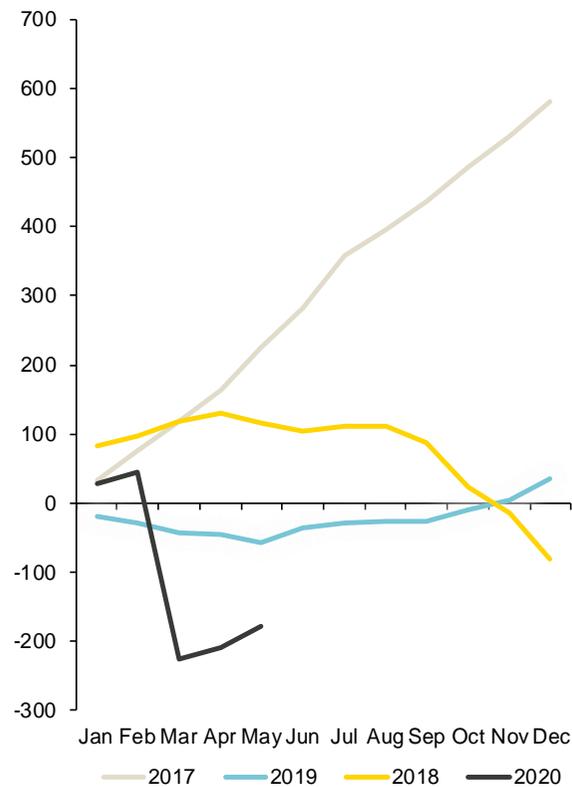
- Big data, artificial intelligence as well as cloud services are key
- Cloud strategy that fully respects data protection standards
- First-class cyber security

Relative strength reflected in strong net new money flows and increased market share in structured products

Cumulative flows in active funds¹ (CHF bn)

Market: Flows across European and cross-border funds

Vontobel: Broad-based flows across different focus markets



Market share of listed structured products

MARKETS	Rank	1H20	1H19 ⁶
Switzerland ^{2/3}	1	34.7%	28.9%
Germany ²	6	7.7%	6.3%
Sweden ^{4/5}	3	10.4%	7.4%
Finland ^{4/5}	2	8.9%	8.7%
Denmark	3	9.7%	3.5%
Italy ⁴	2	17.5%	14.9%
France ⁴	3	11.7%	7.0%
Netherlands ⁴	4	8.0%	5.1%
Hong Kong	12	1.6%	1.3%

¹ European and cross-border fund flows of 1489 active managers in Morningstar categories only and excluding Money Market funds and Fund of Funds; Source Market: Broadridge May 2020

² Investment and leverage products

³ On exchange and on book

⁴ Leverage products

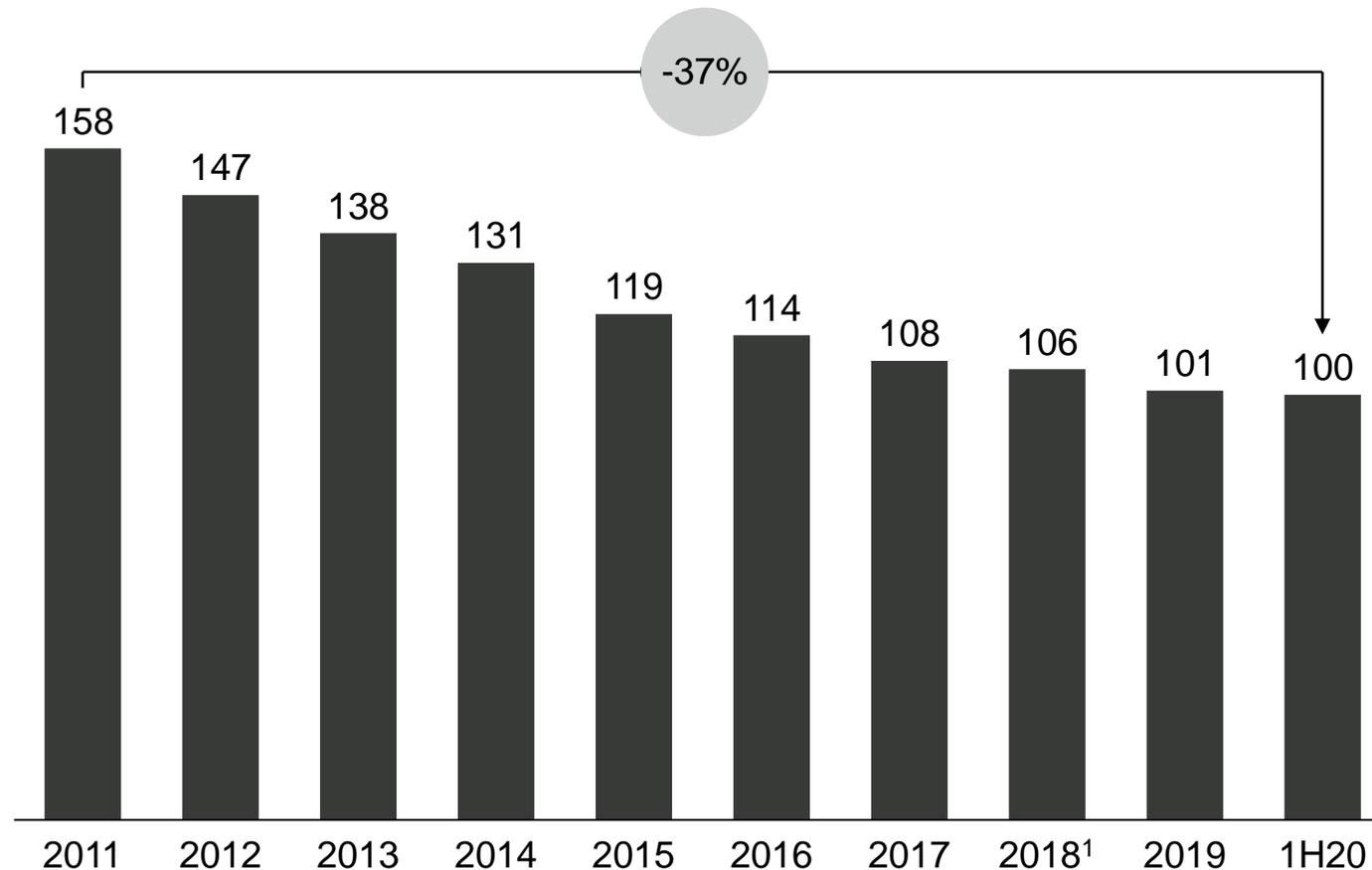
⁵ NGM and OMX

⁶ Data sources have changed in some markets leading to different market share in H1 2019 compared to previously published figures

Swiss market is fragmented and undergoing structural change – creating opportunities for Vontobel to accelerate growth

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Private banks in Switzerland



Comments

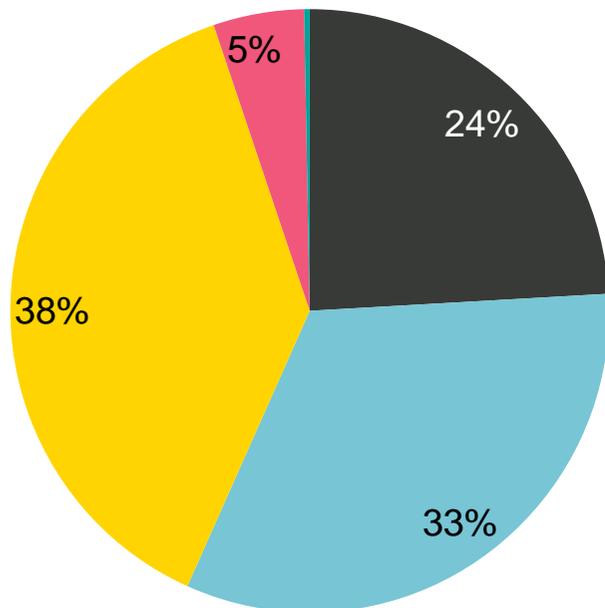
- Number of Swiss private banks has decreased by more than 30% since 2011
- Structural change is expected to continue
- Industry change is allowing Vontobel to attract new clients from banks that are:
 - Focusing their business model
 - Selling their franchise
 - Closing their operations (“silent consolidation”)

¹ One transaction in 2018 was the acquisition of Notenstein La Roche by Vontobel
Source: Clarity on Performance of Swiss Private Banks (KPMG, August 2019)

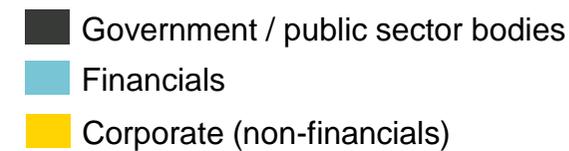
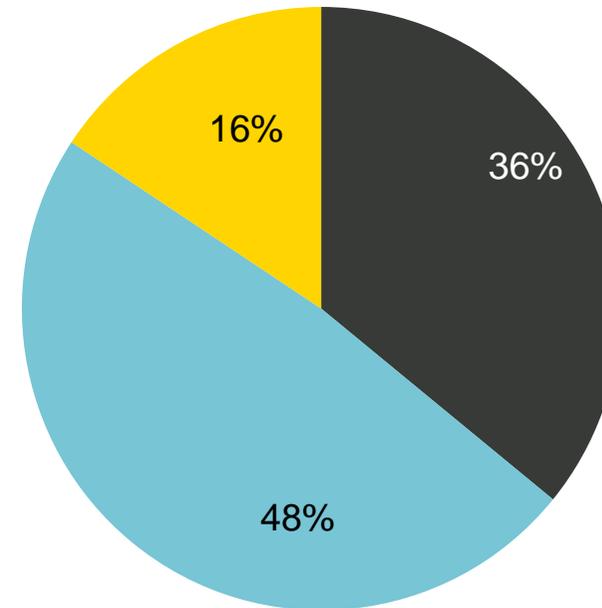
High quality of bond portfolio maintained

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Counterparty exposure by rating (end June 2020)



Counterparty exposure by sector (end June 2020)



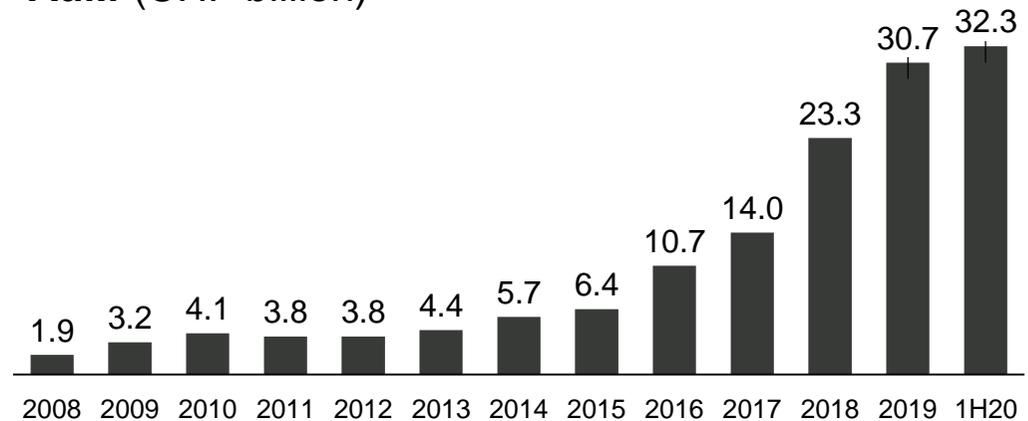
Note: Total issuer risk from debt instruments amounts to CHF 8.0 bn

Strong track record in ESG investing and expertise across the firm

Pioneer in ESG investing

- Own ESG research team for more than 20 years; today, more than 40 investment experts focus on ESG investment strategies in research and fund management
- Managed ESG strategies across different asset classes and approaches since 1998
- Signatory of PRI since 2010; in 2019, achieved above-benchmark scores in all 7 modules of the PRI reporting
- In 2019, formalized a Group-wide Sustainable Investing Policy
- 19 awards for Vontobel sustainable funds in 2019, including two Swiss sustainable fund awards for Swiss and Emerging Markets Equities
- Named Best Swiss Asset Management Company by Geneva Forum for Sustainable Investments

One of the leading ESG managers in Switzerland AuM (CHF billion)



Product range

26 strategies/funds with sustainability criteria also offering customized solutions

Clean Technology fund with innovative tool to measure impact

Structured products based on underlyings screened according to sustainability criteria

Sustainable investment themes such as impact for good, water, diversity

Sustainability memberships and ratings

January 2020



UN Global Compact: Vontobel is committed to aligning its business activities and strategies with ten universally recognized principles on human rights, labor standards, environmental protection, and the fight against corruption in accordance with the UN Global Compact.



Principles for Responsible Investments (PRI): Vontobel is a signatory and has committed to implementing six principles for integrating sustainability into investment processes.



Swiss Sustainable Finance (SSF): As a founding member, Vontobel contributes to strengthening Switzerland's position in the international market for sustainable financial transactions.



CDP (formerly the Carbon Disclosure Project): Vontobel is a signatory to the CDP and its programs on climate change, water and forests.



Climate Foundation Switzerland: As an original member of this foundation, Vontobel finances projects for improving the energy efficiency of small to mid-sized businesses.



The sustainability rating agency **ISS ESG** has awarded Vontobel "Prime" status – placing it in the top sixth percentile in the reference universe of 44 asset managers worldwide.



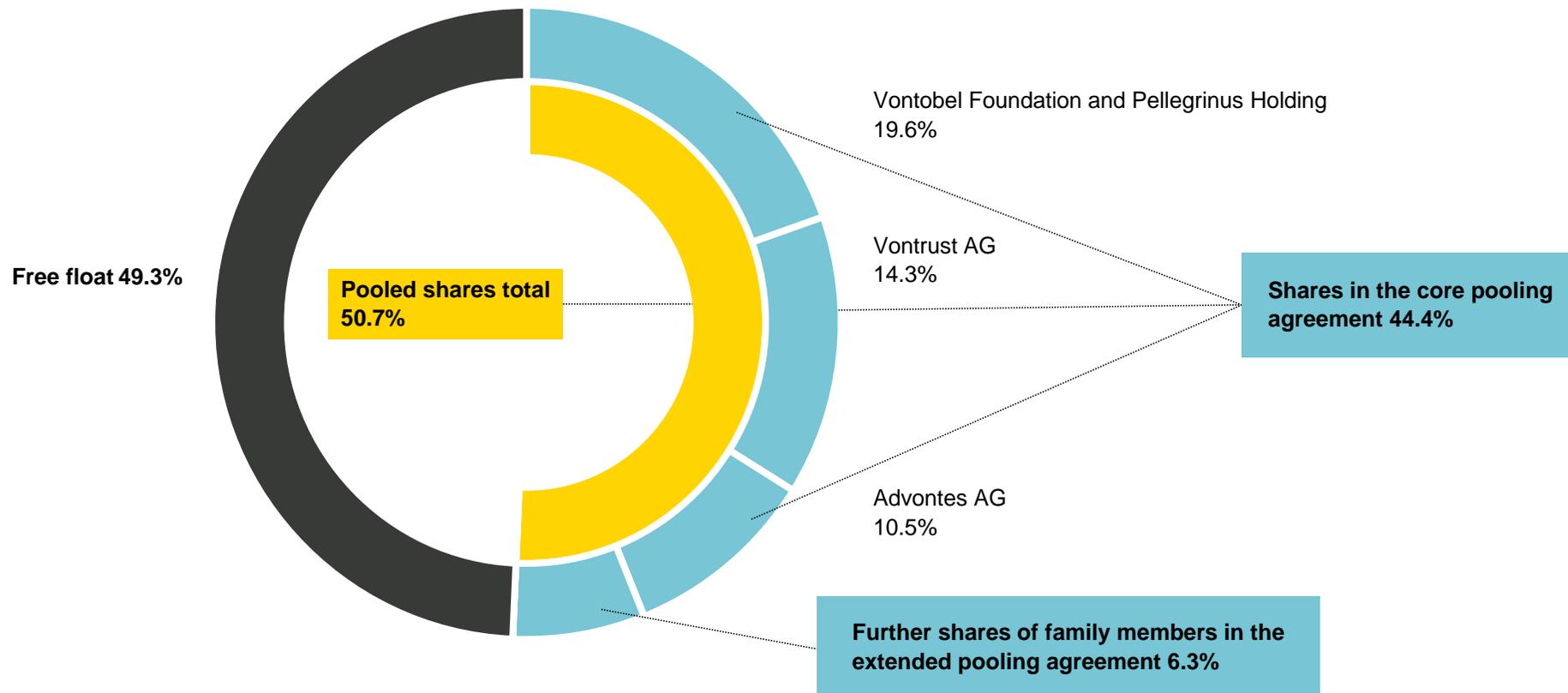
The leading rating agencies **Sustainalytics** and **MSCI** have also assigned Vontobel an above-average sustainability rating.



Vontobel is a member of the **Corporate Support Group** formed by the **ICRC** (International Committee of the Red Cross) and a select group of Swiss enterprises.

Vontobel families hold more than 50% of share capital and are strongly committed to Vontobel

Shareholder structure¹



¹ Based on nominal share capital of CHF 56.875 mn of Vontobel Holding AG