



NEW GENERATION Maja Baumann and Björn Wettergren have represented the family that owns Vontobel on the bank's Board of Directors since spring 2016.

„The spirit of Vontobel lives on”

Vontobel For the first time, the successors of the family that owns Vontobel talk about its future, the battle for independence and the opportunities of cooperation with Raiffeisen.

von ERIK NOLMANS

Foto: Vera Hartmann für BILANZ

Ms Baumann, your grandfather, Hans Vontobel, died one year ago, in January 2016, at the age of 99. He was the bank's doyen and Honorary Chairman, and a tireless champion of its independence. Did his death leave behind a hole at the bank?

Maja Baumann: He is still here, in a way. His presence can still be felt, even today.

How do you mean?

Baumann: In his final days, he wasn't as big and strong as he used to be. He spent most of his time in a wheelchair. But he was always a strong presence. Today, all our employees carry part of him around with them - in the values that he imparted and left behind at the company.

What values are they?

Baumann: Mainly a huge sense of responsibility to the company. That's how the Vontobel spirit lives on.

Were you close to your grandfather?

Baumann: Yes. We lived in the same home.

Several generations under one roof?

Baumann: Under the same roof all right (laughs), but each in their own individual apartment.

Before his death, did he exact any final vows from his heirs? For example, to defend the bank's independence at any cost?

Baumann: There was no need for that. All of us knew how his mind worked and we took that to heart. The bank's independence was always one of his key concerns, just as it is ours.

Mr Wettergren, Hans Vontobel was your great-uncle. How would you describe your relationship with him?

Björn Wettergren: We, too, were very close, from my earliest childhood. Our family used to live in the same building as everyone else too. Our great-grandfather bought the house originally. We didn't just meet for socializing and family get-togethers; we talked business a lot too. After all, I worked at the company for five years after I graduated. I spent lots of time on the green couch in his office during those years particularly. We also talked a lot about Vontobel.

The new people in power at the bank

Maja Baumann (39) is the granddaughter of the deceased Hans Vontobel. As a lawyer she earned her spurs with the commercial law firm Lenz & Staehelin, among others. She has been a partner at the Zurich law firm Reber since 2014. Björn Wettergren (35) is the grandson of Ruth de la Cour, the deceased sister of Hans Vontobel. Since 2012 he has been a partner at Etventure in Berlin and Zurich, a firm dedicated to digital transformation. Baumann and Wettergren represent the two branches of the family that owns Vontobel on the Board of Directors.

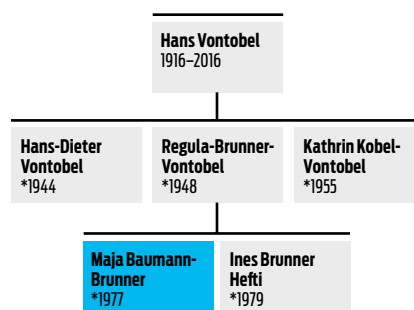
You were a regular project manager and portfolio manager. How did you, as a member of the founding family, feel working as an employee?

Wettergren: I initially thought that nobody would recognize that I was a family member because my last name is different. I was obviously still a bit naive in my younger days (laughs). But it was never really an issue or a problem. Later, I left the bank because I wanted to show that I could achieve something outside Vontobel.

And you set up your own company that focuses on digital transformation.

Three generations – one bank

Family tree of Hans Vontobel's branch of the family



Source: Teledata / own research

Wettergren: Exactly. The company, Etventure, has done very well.

Baumann: I wanted to prove myself outside the bank too. I think that's very important for your credibility inside the bank, but it's even more important for yourself.

Wettergren: In the run-up to the election to the Board of Directors, we had to go through the same strict assessment procedure as all the other Board of Directors members. That was an important issue, not only from a corporate governance point of view for the company, but also for us from our personal perspectives.

You joined the BoD one year ago.

Is this just a transitional period in preparation for something bigger? Is a family member destined to take the chairmanship at some point?

Baumann: We already have a Chairman of the Board of Directors, and a very good one at that. No, there are no such plans.

The shareholder pool was reorganized in November. Did that strengthen or weaken the family's position?

Baumann: It definitely strengthened it.

Why is that? The pool agreement used to cover around 62 percent of the shares. Now, only 50.7 percent of the shares are pooled.

Baumann: Actually, the pool agreement now covers even more shares than before. Strictly speaking, barely 46 percent of the shares were pooled. The remaining shares could have been sold at any time. Today, the structures are far more compact, stable and professional.

In what way?

Baumann: The basic idea was to integrate the shares into professionally run companies more tightly than before while instituting clear agreements that fostered stability within the pool. Since the family shareholders are invested through companies and not as individuals, we're less dependent on specific people. That guarantees cohesion even if individual family members want to leave the pool. The solution shouldn't be a gilded cage for family members. Furthermore, the pool has been organized so the family can keep growing without destabilizing the underlying structure. ►

„We'd notice if management was only protecting its own interests.” Maja Baumann

► **Wettergren:** The solution provides stability for a long time to come. The earliest possible termination date is the end of 2026. The old contract could have been terminated at the end of 2018.

Baumann: It's worth noting that 2026 was the longest term that was legally possible for this kind of pool agreement. The fact that we chose the maximum duration should be another clear sign to everyone about the depth of the family's commitment.

Does the commitment include protecting the bank from a merger or acquisition? Does that principle still hold true?

Wettergren: We reject any kind of transformative transaction. Particularly since we're convinced that it wouldn't add value for the company.

So why do you reject a merger?

Vontobel is a relatively small player with around 144 billion Swiss francs in assets under management.

Experts say these kinds of banks are in a "dead zone" - an area where they won't survive over the long term.

Baumann: We bring high quality to niche markets. We are specialists. The company's strategy is to grow organically above all else. You can see in various business areas - take Private Banking, for example - that we're growing steadily and more quickly than the competition.

Wettergren: The beautiful thing about this strategy is that we are free to supplement it inorganically - that is, through acquisitions - if a good deal presents itself. But we don't have to do so.

At what size would you call a deal "transformative"? What types of banks do you want to take over?

Wettergren: We haven't set any specific thresholds or absolute numbers. It has to be a good fit along a variety of dimensions, including the culture. And it has to be digestible.

You both sound like CEO Zeno Staub, who argues along nearly the same lines. But doesn't rejecting a merger primarily further management's interests since a merger would threaten its position of power?

Baumann: No. I've handled M&A deals for years as a lawyer. I know how the mechanisms work. We'd notice if management was only protecting its own interests. I'm convinced that our management puts the company's interests first. They care more about Vontobel than their own egos, no question.

Vontobel is relatively small, particularly in private banking, with only 43 billion Swiss francs in client assets.

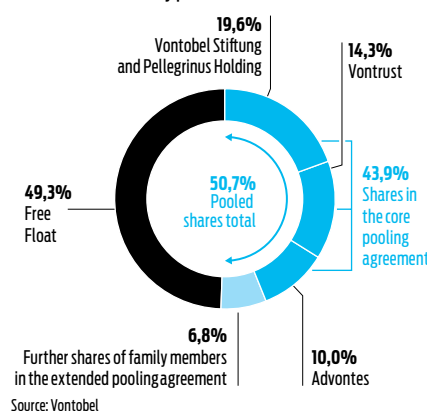
Wouldn't a merger with Notenstein bank be a perfect match? Vontobel does, after all, have a very close relationship with Raiffeisen, which owns Notenstein.

Baumann: I wasn't aware that Notenstein was for sale.

Well, if the bank was for sale, would Vontobel be interested?

New owner structure

The core of the family pool has been reinforced.



Baumann: We're talking in "ifs" and "woulds" right now. I'd rather not speculate any further.

After a long crisis, the Raiffeisen relationship now seems to be going through something akin to a second honeymoon. Since Pierin Vincenz handed over the reins at Raiffeisen to Patrik Gisel, the fronts have evidently softened again.

Baumann: Operationally, the two banks have always worked well together. It continues to be an attractive, promising situation for both sides. We're very satisfied with the relationship.

What's the way forward strategically?

Where should the bank be in ten years?

Baumann: Our business has three pillars: Private Banking, Asset Management and Investment Banking. We want these pillars to continue growing. Also, we still believe in the benefits of our business model in which the business areas work closely together.

Other banks - say, Credit Suisse - are backing further and further away from this type of integrated solution. They are cutting back Investment Banking in particular.

Baumann: Vontobel is Vontobel, not Credit Suisse. If you'll recall, we've never been standard investment bankers. We're very strong and extremely innovative in structured products. We also provide corporate finance and brokerage activities. But Vontobel doesn't do the kind of Investment Banking that you're talking about, where the focus is on trading.

The majority of the shares are in the family pool. The remaining 49 percent are traded freely on the stock exchange. Are there any plans to make the bank private?

Wettergren: No, there are not.

If you were a privately held company, you wouldn't have to worry about hitting quarterly targets or meeting analysts' expectations.

Baumann: The stock exchange provides transparency and forces us to engage in good corporate governance. That's clearly a strength. At the same time, the stable anchor shareholder gives the bank the freedom to calmly pursue its strategy and build up a sustainable, enduring business. The system fits perfectly, in other words.