

Press release / 27 July 2015

VONTOBEL

**Vontobel attracts strong inflow of new money of CHF 6.4 billion – growth and enhanced efficiency result in 33% rise in net profit and a return on equity of 13.6% – 52% increase in earnings per share – strong capital position after acquisition of majority stake in TwentyFour Asset Management and share buyback**

- Vontobel's clear client focus and targeted investments in organic growth were rewarded with an extremely pleasing net inflow of new money. In the first half of 2015, significant net new money of CHF 6.4 billion was attracted, corresponding to annualized growth of 10.3%.
- The cost/income ratio was improved to 75.7%, reflecting the successful execution of Vontobel's growth strategy as well as operating leverage. Net profit for the first half of 2015 was strong at CHF 97.8 million.
- Advised client assets reached a new record level of CHF 142.2 billion, an increase of 15% compared to 30 June 2014 and of 4% compared to the end of 2014.
- Financial Products generated a 32% increase in turnover on stock markets in Switzerland, Germany and Scandinavia compared to the first half of the previous year. deritrade® MIP is now already being used by more than 30 banks as a platform for the structured products business.
- Vontobel has strengthened its position in its UK focus market with the successful completion of the acquisition of a majority stake in TwentyFour Asset Management. The Fixed Income boutique is currently achieving strong organic growth and has CHF 18.3 billion of assets under management, an increase of +71% since the start of the year.
- The BIS common equity tier 1 ratio (CET1 ratio) remained extremely solid after the acquisition of the majority stake in TwentyFour Asset Management and the share buyback of the 12.5% Raiffeisen shareholding out of own equity and, at 19.2%, significantly exceeds the regulatory minimum requirement.

### **Strengthening of position in focus markets**

In a difficult operating environment, Vontobel once again delivered a convincing performance in its role as a renowned wealth and asset manager with a strong client focus. Thanks to its balanced income base, it successfully mastered the major challenges in this period. "With our proven service and product excellence, we were able to consolidate our market position as the 'Most Trusted Global Investment Advisor' in all our focus markets and have achieved strong operating results. Our impressive inflow of net new money confirms the merits of our client-focused strategy," explained Zeno Staub, CEO of Vontobel. Driven by impressive net new money of CHF 6.4 billion, good investment performance and the successful completion of the acquisition, advised client assets reached a new record level of CHF 142.2 billion. Financial Products also succeeded in further expanding its market position in the structured products and derivatives business. As a result of good income growth as well as rigorous cost discipline – and despite considerable foreign exchange headwinds – Vontobel generated a pleasing net profit of CHF 97.8 million in the first half of 2015, an increase of 33% compared to the same period of the previous year. Earnings per share rose by 52% and the resulting return on equity was an impressive 13.6%. The acquisition of the majority stake in the UK boutique TwentyFour Asset Management was successfully completed at the end of April and already made a positive contribution to Vontobel's results for two months in the first half of the year.

### **Systematic implementation of existing strategy in Wealth Management**

In this eventful period – with low interest rates and a high level of nervousness in the financial markets – our focus on delivering first-class advice and active asset management proved more successful than ever. As a result, Vontobel Private Banking was named the 'Best Private Bank in Switzerland' by the Swiss business magazine 'Bilanz' for the second consecutive year. By offering attractive investment solutions in the low interest rate environment, Private Banking demonstrated its ability to protect and build assets.

Despite the adverse impact of negative interest rates on the result, Vontobel maintained the gross margin in Wealth Management in the first half of the year. This reflected an upturn in trading activities, increased lending volumes and investment advisory initiatives, as well as the newly launched Vontobel pension mandates in the areas of vested benefits, management pensions and private ('Pillar 3') pension provision. A pleasing investment performance was also achieved in the mandates managed by Vontobel. We attracted pleasing net new money from clients in Private Banking and from External Asset Managers (EAMs) of CHF 1.1 billion in the first half of 2015, mainly driven by inflows from Switzerland, Germany, the US, and emerging markets. This result confirms that our growth strategy is bearing fruit. As a result, advised client assets grew to almost CHF 40 billion. In view of the challenging operating environment, our profit after taxes of CHF 33.7 million represents a respectable result.

### **Growth in Asset Management driven by broader-based business with five boutiques**

Asset Management continued the remarkable growth it has achieved in recent years thanks to its successful multi-boutique model and strong investment performance, thus delivering on its commitment to create value for clients in its role as an active investment advisor. True to this strategy, the competencies of the individual boutiques have been selectively expanded and diversified in recent years. The focus in the current period was on strengthening the Fixed Income boutique through the acquisition of a majority stake in TwentyFour Asset Management – with innovative solutions and a strong growth position in the UK focus market. As of 30 June 2015, TwentyFour Asset Management managed CHF 6.5 billion of client assets. In addition, the boutique succeeded in securing a GBP 250 million mandate from UK Mortgages Ltd in July. The Fixed Income boutique has over CHF 18 billion of assets under management at present, representing an increase of 71% since the start of the year. The successful execution of this strategy resulted, among other things, in 11 prestigious Swiss and international awards.

In the first half of 2015, advised client assets reached a record CHF 95.8 billion. The boutiques generated impressive net new money of CHF 5.2 billion, with the Quality Growth boutique domiciled in the US contributing around half of this sum. As a result of its high-quality product offering, Asset Management was able to maintain its gross margin at over 50 basis points. Overall, the division achieved a 54% increase in pre-tax profit to CHF 67.9 million.

### **Successful expansion of Financial Products in Europe and Asia**

Vontobel Financial Products further strengthened its reputation as a first-class provider of customized investment solutions for financial intermediaries and other clients. It expanded its position in Switzerland and Germany and successfully established itself in the rapidly growing market for leverage products in Scandinavia within a very short period of time, gaining a market share of 18.4%. With its leading technology, Financial Products will continue its international expansion with a particular focus on Europe and Asia.

Vontobel continued to expand the deritrade® Multi Issuer Platform – its marketplace for structured products. In Switzerland, 31 banks and more than 300 asset managers now use the platform for the benefit of their clients who purchased almost CHF 1 billion of structured products on deritrade® in the first half of 2015. In Asia, we are working to successfully establish the platform business and have already attracted seven renowned distributors and four major issuers in the region.

Vontobel Financial Products received three Swiss Derivative Awards and Vontobel Brokerage was named the best broker for Swiss equities for the fifth consecutive year by the internationally renowned Extel Survey, confirming the strong position in the market. Financial Products increased its pre-tax profit by 41% to CHF 38.4 million reflecting its outstanding service level.

## Doubling of business in Asia by 2020

Vontobel will place a particular focus on emerging markets in Asia Pacific and will strive to at least double its current business volume in the region by 2020. This shall be achieved by pursuing the proven niche strategy – without cost-intensive local booking centres of its own – in all three divisions. "With these growth plans, we are demonstrating the strategic importance of the Asia Pacific growth region for our business," stated Herbert J. Scheidt, Chairman of the Board of Directors, as he commented on Vontobel's increased expansion plans.

## Outlook: Vontobel pursues its existing growth strategy

Vontobel's strong results for the first half of 2015 confirm the merits of the business strategy that it is systematically pursuing, and show that its confidence in its ability to realize its ambitious Group targets for 2017 is justified. With its unique business model that is based on clear competencies and focuses on clients in its Swiss home market and in defined international focus markets, Vontobel is very well positioned to continue participating in growing global wealth in the medium term.

Vontobel has had a good start to the second half of 2015. However, traditionally weaker trading volumes in July, August and December will have an impact in this period.

### Vontobel

Vontobel's mission is to protect and build the wealth our clients have entrusted to us over the long term. Specializing 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 30 June 2015, Vontobel held CHF 181 billion of client assets. Over 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](http://www.vontobel.com)

### Contacts

Media Relations:	Rebeca Garcia	+41 (0)58 283 76 69
Investor Relations:	Michel Roserens	+41 (0)58 283 76 97

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**Presentation of half-year 2015 results followed by Q&A for analysts, investors and the media in English**



Date: 27 July 2015  
Time: 9.30 a.m. (CET)  
Speakers: Dr. Zeno Staub, CEO of Vontobel  
Dr. Martin Sieg Castagnola, CFO of Vontobel  
  
Location: Vontobel head office, Gotthardstrasse 43, Zurich  
  
Participation by telephone:  
+41 (0)58 310 50 00      Continental Europe  
+44 (0)203 059 58 62      UK  
+1 (1)631 570 56 13      US

Please dial in by no later than 9.20 a.m. and ask for 'Vontobel's half-year results 2015'.

A video recording of the results press conference will be available on the Internet to replay from 2.00 p.m. on the same day at: [www.vontobel.com/ir](http://www.vontobel.com/ir)

# Consolidated income statement

	6 months ending 30-06-15 CHF mn	6 months ending 30-06-14 CHF mn	6 months ending 31-12-14 CHF mn	Change to 30-06-14 CHF mn	in %
Interest income	<b>33.8</b>	31.1	23.0	2.7	9
Interest expense	<b>3.8</b>	1.8	1.7	2.0	111
<b>Net interest income</b>	<b>30.0</b>	29.3	21.3	0.7	2
Fee and commission income	<b>442.6</b>	377.7	407.3	64.9	17
Fee and commission expense	<b>90.5</b>	75.8	80.9	14.7	19
<b>Net fee and commission income</b>	<b>352.1</b>	301.9	326.4	50.2	17
<b>Trading income</b>	<b>123.0</b>	101.6	104.6	21.4	21
<b>Other income</b>	<b>2.5</b>	4.5	(5.2)	(2.0)	(44)
<b>Total operating income</b>	<b>507.6</b>	437.3	447.1	70.3	16
Personnel expense	<b>268.6</b>	234.3	249.7	34.3	15
General expense	<b>84.3</b>	82.7	81.3	1.6	2
Depreciation of property, equipment and intangible assets	<b>31.1</b>	30.2	31.7	0.9	3
Valuation adjustments, provisions and losses	<b>0.5</b>	1.3	0.4	(0.8)	(62)
<b>Operating expense</b>	<b>384.5</b>	348.5	363.1	36.0	10
<b>Profit before taxes</b>	<b>123.1</b>	88.8	84.0	34.3	39
Taxes	<b>25.3</b>	15.3	23.0	10.0	65
<b>Group net profit</b>	<b>97.8</b>	73.5	61.0	24.3	33
of which allocated to minority interests	<b>0.4</b>	0.0	0.0	0.4	
of which allocated to shareholders of Vontobel Holding AG	<b>97.4</b>	73.5	61.0	23.9	33
<b>Share information</b>					
Basic earnings per share (CHF) <sup>1</sup>	<b>1.76</b>	1.16	1.08	0.60	52
Diluted earnings per share (CHF) <sup>1</sup>	<b>1.72</b>	1.14	1.05	0.58	51

1 Basis: weighted average number of shares

# Consolidated balance sheet

Assets	30-06-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Cash	<b>4,437.1</b>	3,275.2	1,161.9	35
Due from banks	<b>766.5</b>	878.1	(111.6)	(13)
Cash collateral for reverse-repurchase agreements	<b>1,469.8</b>	1,387.4	82.4	6
Trading portfolio assets	<b>1,804.4</b>	2,049.4	(245.0)	(12)
Positive replacement values	<b>179.8</b>	181.7	(1.9)	(1)
Other financial assets at fair value	<b>3,349.8</b>	6,156.5	(2,806.7)	(46)
Securities lent or delivered as collateral	<b>204.1</b>	161.1	43.0	27
Loans	<b>2,138.0</b>	2,116.2	21.8	1
Accrued income and prepaid expenses	<b>156.3</b>	183.1	(26.8)	(15)
Financial investments	<b>1,927.5</b>	1,623.8	303.7	19
Investments in associates	<b>0.4</b>	0.5	(0.1)	(20)
Property and equipment	<b>173.3</b>	185.3	(12.0)	(6)
Goodwill and other intangible assets	<b>209.1</b>	116.2	92.9	80
Current tax assets	<b>15.6</b>	15.0	0.6	4
Deferred tax assets	<b>13.2</b>	12.3	0.9	7
Other assets	<b>497.0</b>	131.0	366.0	279
<b>Total assets</b>	<b>17,341.9</b>	18,472.8	(1,130.9)	(6)
Liabilities and equity				
Due to banks	<b>267.0</b>	333.9	(66.9)	(20)
Trading portfolio liabilities	<b>120.4</b>	97.2	23.2	24
Negative replacement values	<b>573.1</b>	614.7	(41.6)	(7)
Other financial liabilities at fair value	<b>5,844.9</b>	6,420.9	(576.0)	(9)
Due to customers	<b>8,085.0</b>	8,960.6	(875.6)	(10)
Accrued expenses and deferred income	<b>276.8</b>	341.9	(65.1)	(19)
Current tax liabilities	<b>6.1</b>	9.3	(3.2)	(34)
Deferred tax liabilities	<b>49.2</b>	48.1	1.1	2
Provisions	<b>16.1</b>	22.1	(6.0)	(27)
Other liabilities	<b>707.5</b>	212.6	494.9	233
<b>Total liabilities</b>	<b>15,946.1</b>	17,061.3	(1,115.2)	(7)
Share capital	<b>65.0</b>	65.0	0.0	0
Treasury shares	<b>(318.2)</b>	(337.0)	18.8	
Capital reserve	<b>92.6</b>	135.1	(42.5)	(31)
Retained earnings	<b>1,492.6</b>	1,480.9	11.7	1
Other components of shareholders' equity	<b>63.8</b>	67.5	(3.7)	(5)
<b>Shareholders' equity</b>	<b>1,395.8</b>	1,411.5	(15.7)	(1)
Minority interests	<b>0.0</b>	0.0	0.0	
<b>Total equity</b>	<b>1,395.8</b>	1,411.5	(15.7)	(1)
<b>Total liabilities and equity</b>	<b>17,341.9</b>	18,472.8	(1,130.9)	(6)

# Segment reporting

Segment reporting	Private Banking CHF mn	Asset Management CHF mn	Investment Banking CHF mn	Corporate Center CHF mn	Total Group CHF mn
<b>6 months ending 30-06-15</b>					
Net interest income	7.1	0.0	0.8	22.1	30.0
Other operating income	111.9	220.4	141.1	4.2	477.6
<b>Operating income</b>	<b>119.0</b>	<b>220.4</b>	<b>141.9</b>	<b>26.3</b>	<b>507.6</b>
Personnel expense	47.5	110.6	51.4	59.1	268.6
General expense	5.7	15.6	19.6	43.4	84.3
Services from/to other segment(s)	37.9	22.7	22.0	(82.6)	0.0
Depreciation of property, equipment and intangible assets	1.3	3.5	2.2	24.1	31.1
Valuation adjustments, provisions and losses	1.1	0.1	0.1	(0.8)	0.5
<b>Operating expense</b>	<b>93.5</b>	<b>152.5</b>	<b>95.3</b>	<b>43.2</b>	<b>384.5</b>
<b>Segment profit before taxes</b>	<b>25.5</b>	<b>67.9</b>	<b>46.6</b>	<b>(16.9)</b>	<b>123.1</b>
Taxes					25.3
<b>Net profit</b>					<b>97.8</b>
of which minority interests					0.4
<b>Additional information</b>					
Segment assets	1,983.2	327.5	5,962.1	9,069.1	17,341.9
Segment liabilities	5,873.2	787.1	8,422.7	863.1	15,946.1
Allocated equity according to BIS <sup>1</sup>	134.2	204.3	173.5	96.1	608.1
Client assets (CHF bn)	32.5	95.8	55.7	(3.2)	180.8
Net new money (CHF bn)	0.7	5.2	0.5	0.0	6.4
Capital expenditure	0.0	0.0	0.0	14.5	14.5
Employees (full-time equivalents)	332.3	301.9	344.8	431.3	1,410.3

<sup>1</sup> 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 209.1 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 318.2 mn from core capital for treasury shares is not included in the figures above.

Vontobel Holding AG  
Gotthardstrasse 43  
CH-8022 Zurich  
Telephone +41 (0)58 283 59 00  
[www.vontobel.com](http://www.vontobel.com)

Bank Vontobel AG, Zurich/Basel/Berne/Geneva/Lucerne; Vontobel Asset Management AG, Zurich; Vontobel Swiss Wealth Advisors AG, Zurich/Geneva/Dallas; Vontobel Fonds Services AG, Zurich; Vontobel Securities AG, Zurich/New York; Vontobel Asset Management Australia Pty Ltd., Sydney; Vontobel Asset Management Asia Pacific Ltd., Hong Kong; Vontobel Wealth Management (Hong Kong) Ltd., Hong Kong; Bank Vontobel Europe AG, Munich/Cologne/Frankfurt/Hamburg/London; Vontobel Financial Products GmbH, Frankfurt; TwentyFour Asset Management LLP, London; Bank Vontobel (Liechtenstein) AG, Vaduz; Vontobel Asset Management S.A., Luxembourg/London/Madrid/Milan/Vienna; Vontobel Financial Products (Asia Pacific) Pte. Ltd., Singapore; Vontobel Financial Products Ltd., Dubai; Vontobel Asset Management, Inc., New York