

2017 financial results: Vontobel delivers robust net profit and remains on course for growth

- **2017 results confirm effectiveness of growth strategy pursued in recent years.**
- **IFRS net profit totals CHF 209.0 million.**
- **On an adjusted basis, the result is CHF 217.9 million, an increase of 12% year on year.**
- **9% increase in adjusted operating income reflects continuous organic growth across all businesses.**
- **Client assets grew 26%, reaching a new record level of CHF 246.5 billion.**
- **CHF 5.9 billion of net new money was entrusted to Vontobel.**
- **Combined Wealth Management achieved growth in net new money of 4.7%, within the defined target range of 4-6%.**
- **Net inflow of new money in Asset Management accelerated in the second half of the year, reaching CHF 3.6 billion for the full year 2017.**
- **Asset Management was once again the main earnings driver. Successful diversification and strong performance quality bear fruit.**
- **Financial Products continues to expand its strong international position by entering new markets and launching innovative solutions.**
- **Return on equity of 13.1% exceeds target return.**
- **At 18.4%, solid common equity tier 1 (CET1) ratio significantly exceeds regulatory requirements.**
- **Ordinary dividend to increase by 11% to CHF 2.10.**
- **Vontobel is seeking to further strengthen its already robust profitability in the current financial year.**
- **Vontobel expects the US tax reform to result in a reduction of 2-3 percentage points in its tax rate for 2018, if all other factors remain unchanged.**

Vontobel remained on track in 2017 and achieved further growth across all businesses in Switzerland and in its target markets. Adjusted net profit, excluding acquisition costs and a one-off tax impact due to the US tax reform, totaled CHF 217.9 million, exceeding the adjusted net profit for the previous year by 12%. This result was once again driven by strong growth, which was achieved while making significant investments in new markets, talent, technology and the Vontobel brand. Advised client assets reached a new record level of CHF 186.6 billion (CHF 155.3 billion). This corresponds to an average annual increase of 12.5% over the last four years. The net inflow of new money at Group level was CHF 5.9 billion, reflecting contributions from all areas. Irrespective of the targeted international expansion of the business, Switzerland remains Vontobel's most important market, accounting for 40% of advised client assets. Switzerland is also Vontobel's main production center from where it exports its own expertise and products to its target markets – ensuring the highest quality and a high level of efficiency as it makes use of digital channels.

“Our robust 2017 result once again highlights our successful business model as a globally active Swiss financial expert with a focus on Wealth Management, Asset Management and Financial Products. We master what we do and we only do what we master. Our attention is always focused on our clients. We offer them a seamless Vontobel-specific client experience – across all our markets and with all our services – whether we are engaging with them in person or via digital channels. With this clear identity, we are securing a competitive advantage in an environment characterized by ever fiercer competition and in which products are becoming increasingly interchangeable. In 2018, we will continue to invest in our relationship with existing and new clients – thus investing in growth,” stated Zeno Staub, CEO of Vontobel.

Vontobel expects the market environment to remain challenging in 2018 and anticipates that margins will remain under pressure. Despite this, it aims to further strengthen its already robust profitability in the current financial year. In addition, the US tax reform will have a positive impact, with Vontobel expecting a reduction in its tax rate of 2-3 percentage points, if all other factors remain unchanged.

Based on the very solid financial result for 2017, which represents another satisfactory performance compared to the prior year, the Board of Directors will propose a CHF 0.20 increase in the ordinary dividend to CHF 2.10 per share to the General Meeting of Shareholders. With the proposal for a higher ordinary dividend, Vontobel is underscoring its confidence in its future.

Nicolas Oltramare, who has served as a member of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG for five years, will not stand for re-election at the General Meeting of Shareholders on April 18, 2018. Since 2013, the Board of Directors has benefited, in particular, from his wide-ranging experience due to his entrepreneurial activities as well as from his in-depth knowledge of the Asian market. After the General Meeting of Shareholders on April 18, 2018, Nicolas Oltramare will bring this knowledge to bear as a member of the Vontobel Advisory Council, a group of selected business and political figures from Switzerland and the focus markets acting as a sparring partner to the Group Executive Management and performing an ambassadorial role for Vontobel as a whole. The Board of Directors will propose to the General Meeting of Shareholders on April 18, 2018 that Stefan Loacker be newly elected to the Board of Directors of Vontobel Holding AG and Bank Vontobel AG. Stefan Loacker is, among other things, a member of the Board of Directors of Helvetia Group. It is intended that he will further strengthen the Board of Directors with his financial expertise and his international leadership experience at executive management level.

Asset Management generates strong net new money

Asset Management remains Vontobel's strongest earnings driver, achieving its most profitable six-month period ever in the second half of 2017. For the full year 2017, pre-tax profit totaled CHF 162.8 million. Vontobel has successfully pursued its diversification strategy, delivering disproportionately strong growth in Fixed Income and Quantitative Investments – businesses that traditionally generate lower margins than equities. Asset Management once again achieved a pleasing gross margin of 44 basis points. In total, Asset Management grew its assets under management to CHF 110.3 billion, an increase of 20% compared to the previous year. One driver of this growth was the CHF 3.6 billion net inflow of new money, which remained positive from the second quarter and has since even exceeded the target range of 4-6%. In particular, the Fixed Income boutiques – including TwentyFour Asset Management, whose products have also been distributed in the US since 2017 – produced strong net inflows of new money. The Vescore and Sustainable & Thematic Investing boutiques also posted very pleasing net inflows of new money. The Quantitative Investment boutique Vescore, whose integration was successfully completed in the year under review, already made a positive contribution to the result in 2017. Very good performance as well as currency effects also had a positive impact on overall assets under management. During the year under review, 73% of Asset Management products outperformed their benchmark. This successful result confirms that as a high-conviction active asset manager, Vontobel can create real added value compared to purely passive offerings. In Asset Management, Vontobel will continue to focus on achieving organic growth through performance and service quality as well as diversification. In addition, it will invest selectively in technology that will provide even stronger support for active portfolio management.

Combined Wealth Management with 34% growth in pre-tax profit

Wealth Management and the External Asset Managers (EAM) business, which are grouped within Combined Wealth Management (CWM), also achieved a pleasing performance. Pre-tax profit in Combined Wealth Management grew by 34% to CHF 83.5 million (CHF 62.5 million) in the year under review. This good result is mainly attributable to continued investments in the Wealth Management business and the growth that has subsequently been achieved. Vontobel was also able to maintain a margin of 66 basis points – contrary to the general trend in recent years – and the margin in the second half of 2017 was even higher than in the same period of 2016. The growth achieved in previous years continued in 2017 and CWM attracted CHF 2.2 billion of net new money, corresponding to growth of 4.7%, within the target range of 4-6%. Vontobel attracted CHF 2.6 billion of net new money in higher-margin products in Wealth Management, i.e. portfolio management mandates and advisory mandates, also exceeding the target range of 4-6%. Outflows were recorded in lower-margin products, i.e., securities trading and custody. The acquisition of the Eastern European client portfolio of Notenstein La Roche generated additional growth momentum, providing Vontobel with around CHF 2 billion of assets under management. In addition, Vontobel now also has a team in New York to serve US clients. As part of the strategy to focus on Switzerland as a production center, Vontobel initiated the sale of its Liechtenstein subsidiary to a renowned local private bank at the end of 2017. Advised client assets in CWM totaled CHF 54.0 billion (CHF 46.8 billion) at the end of 2017, reaching a new record level.

This positive development already reflects the high level of satisfaction among Vontobel's clients. In the coming years, the Vontobel-specific client experience will be further expanded. In particular, the advisory and product offering will be aligned even more closely with the needs and expectations of clients and a more transparent and flexible pricing model will be implemented based on the services provided. This measure should help to generate additional growth. In this context, targeted measures will be taken to harness the potential of digitalization. Vontobel already offers clients a leading wealth management app and digital

platforms with smart data to ensure an in-depth decision-making process. In addition, Vontobel will continue to invest in new talent.

Financial Products achieves growth through international expansion and innovation

With a 29% increase in pre-tax profit to CHF 89.1 million (CHF 69.3 million), Financial Products confirmed the international growth potential of the investment and leverage products business. Financial Products has systematically grown its client business through international expansion and innovation. Its market entry in France and the Netherlands in the first half of 2017 was followed by its successful debut in Hong Kong in the second half of the year. Hong Kong is the world's largest market for leverage products. Only two months after entering this market, the business in Asia was already generating a positive profit contribution. Vontobel is one of the world's leading providers of investment and leverage products, with a market share of 10.4% in Europe and 27.0% in its Swiss home market, measured in terms of the exchange-traded volume in the target segment. The aim is to now further expand its position in the various markets through innovation. Vontobel's innovative strength and state-of-the-art digital ecosystem allow it to rapidly enter new markets and serve new target groups. In 2016, Vontobel became the first provider to initiate the transition from a supplier's market to a buyer's market for structured products in Germany with the launch of "mein-zertifikat.de". This was followed in 2017 by the launch of the "Investment Scout" app, which allows private investors in Switzerland to select a structured product tailored to their individual preferences and have it issued immediately via their smartphone for the first time. After Vontobel became the first provider to launch a tracker certificate on bitcoin for Swiss and German investors in 2016 – thus making it a bankable asset – it launched the world's first short mini future on bitcoin on the market in November 2017. Vontobel wants to continue pursuing this path and will use new opportunities for growth and strengthen its cost leadership through digitization and increased economies of scale.

Robust capital position provides solid basis for our business

At 18.4% at the end of 2017, Vontobel's robust BIS common equity tier 1 (CET1) ratio continues to substantially exceed the regulatory minimum requirement. The return on equity was 13.1% for 2017 and was thus significantly higher than the cost of capital and our own target return of over 12%.

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Vontobel

At Vontobel, we actively shape the future. We create and pursue opportunities with determination. We master what we do – and we only do what we master. This is how we get our clients ahead. As a globally operating financial expert with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We empower our colleagues to take ownership of their work and bring opportunities to life. Because we are convinced that successful investing starts with assuming personal responsibility. We relentlessly question the achieved, striving to exceed the goals and expectations of our clients. The registered shares of the Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families' close ties to the company guarantee our entrepreneurial independence. We consider the resulting freedom an obligation to assume social responsibility as well. As of December 31, 2017, Vontobel held around CHF 247 billion of client assets. Throughout our 21 offices worldwide more than 1,700 employees service our clients.

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Key dates

General Meeting of Shareholders 2018 April 18, 2018
Half-year results 2018 July 27, 2018

Presentation of Vontobel's 2017 results

Results media conference followed by Q&A for investors, analysts and the media in English.

Date February 13, 2018
Time 09.30 a.m. (CET)
Speakers Zeno Staub, CEO of Vontobel
Martin Sieg Castagnola, CFO of Vontobel
Location Vontobel head office, Gotthardstrasse 43, Zurich
Participation by telephone +41 58 310 50 00 -> Continental Europe
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Please dial in by no later than 09.20 a.m. and ask for 'Vontobel results 2017'.
A video recording of the results press conference will be available on the
Internet to replay on the same day at: www.vontobel.com/ir

Vontobel at a glance

Ratios

	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Return on shareholders' equity (ROE) (%) ¹	13.1	18.0	12.4	8.7	7.6
Cost ² /income ratio (%)	75.3	68.2	77.0	80.3	80.8
Equity ratio (%)	7.1	7.8	8.1	7.6	8.3
Basel III leverage ratio (%)	4.7	5.2	5.1	6.0	n/a

1 Group net profit as a percentage of average equity based on monthly figures, both without minority interests

2 Operating expense, excl. valuation adjustments, provisions and losses

Share data

	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Basic earnings per share (CHF) ¹	3.65	4.72	3.20	2.24	1.92
Diluted earnings per share (CHF) ¹	3.56	4.59	3.11	2.19	1.89
Equity per share outstanding at balance sheet date (CHF)	29.31	27.65	26.02	25.65	25.67
Dividend per share (CHF) ^{2,3}	2.10	2.00	1.85	1.55	1.30
Price/book value per share	2.1	1.9	1.8	1.5	1.4
Price/earnings per share	16.8	11.3	14.8	16.7	19.3
Share price at balance sheet date (CHF)	61.50	53.45	47.50	37.50	36.95
High (CHF)	66.35	54.15	53.45	37.50	37.20
Low (CHF)	53.25	36.90	30.25	30.10	27.25
Market capitalization nominal capital (CHF mn)	3,497.8	3,040.0	2,701.6	2,437.5	2,401.8
Market capitalization less treasury shares (CHF mn)	3,400.1	2,927.4	2,601.7	2,063.6	2,340.1
Undiluted weighted average number of shares	55,376,259	55,082,263	55,375,938	60,042,271	63,726,002

1 Basis: weighted average number of shares

2 Financial year 2017: As per proposal submitted to the General Meeting

3 Financial year 2016: Consisting of an ordinary dividend of CHF 1.90 and a special dividend of CHF 0.10

Performance of Vontobel Holding AG registerde share (indexed)



Source: Bloomberg

Share information

Stock exchange listing	SIX Swiss Exchange
ISIN	CH001 233 554 0
Security number	1 233 554
Par value	CHF 1.00
Bloomberg	VONN SW
Reuters	VONTZn.S
Telekurs	VONN

BIS capital ratios

	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
CET1 capital ratio (%)	18.4	19.0	17.9	21.3	25.5
CET1 capital (CHF mn)	1,098.6	1,018.4	895.1	1,117.3	1,348.2
Risk weighted positions (CHF mn)	5,955.6	5,360.8	5,001.9	5,236.1	5,294.1

At present, Vontobel's equity consists exclusively of Common Equity Tier 1 capital. From 2013, calculations are based on the fully applied Basel III framework.

Risk ratio

CHF MN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Average Value at Risk market risk	2.5	2.7	3.0	5.9	8.0

Average Value at Risk 12 months for positions in the Financial Products division of the Investment Banking business unit. Historical simulation Value at Risk; 99 % confidence level; 1-day holding period; 4-year historical observation period.

Rating

	31.12.2017	31.12.2016	31.12.2015
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3

Consolidated income statement

CHF MN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Operating income	1,060.3	1,081.1	988.6	884.4	849.3
Operating expense	801.0	759.8	764.7	711.6	695.9
Group net profit	209.0	264.4	180.1	134.5	122.3
<i>of which allocated to minority interests</i>	6.6	4.6	2.9	0.0	0.0
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	202.4	259.8	177.2	134.5	122.3

Segment profits before taxes

CHF MN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Wealth Management	60.5	47.2	46.1	57.1	59.4
Asset Management	162.8	163.5	138.5	108.2	103.3
Investment Banking	112.1	84.6	77.0	66.1	56.6
Corporate Center	-76.1	26.0	-37.7	-58.6	-65.9

Consolidated balance sheet

CHF MN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Total assets	22,903.7	19,393.9	17,604.8	18,472.8	19,643.2
Shareholders' equity (excl. minority interests)	1,620.5	1,514.1	1,425.2	1,411.5	1,626.0
Loans	3,310.5	2,601.9	2,365.1	2,116.2	1,839.7
Due to customers	9,758.2	9,058.5	8,775.8	8,960.6	9,303.8

Client assets

CHF BN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Assets under management	165.3	138.5	136.3	123.8	109.6
<i>of which under discretionary management</i>	107.1	90.2	93.9	82.3	70.6
<i>of which under non-discretionary management</i>	58.2	48.3	42.4	41.5	39.0
Other advised client assets	12.8	10.4	6.0	6.6	-
Structured products outstanding	8.5	6.4	5.5	6.5	7.0
Total advised client assets	186.6	155.3	147.8	136.9	116.6
Custody assets	59.9	40.1	39.4	53.8	46.5
Total client assets	246.5	195.4	187.2	190.7	163.1

Net new money

CHF BN	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Net new money	5.9	-10.6	8.0	6.2	9.1

Personnel (full-time equivalents)

	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Number of employees Switzerland	1,353.8	1,347.0	1,201.2	1,135.5	1,097.2
Number of employees abroad	334.4	327.4	292.7	242.1	240.6
Total number of employees	1,688.2	1,674.4	1,493.9	1,377.6	1,337.8