

Press release / 27 July 2017



## Vontobel delivers a solid result in the first half of 2017 and remains well on track

- Adjusted net profit rose by 7% to CHF 106.1 million despite significant investment in future growth.
- At 12.9%, the return on equity clearly exceeded the cost of capital and the target return of 10%.
- The cost-income ratio of 76.1% underscores Vontobel's operational efficiency.
- Vontobel's common equity tier 1 ratio (CET1) of 19.3% is solid and substantially higher than the regulatory minimum requirement.
- The main earnings driver Asset Management posted a pre-tax profit of CHF 69.5 million.
- In Asset Management, 79% of the assets under management performed above benchmark, with the Quality Growth investment boutique posting exceptionally strong performance across all investment strategies.
- The partnership with Raiffeisen in the investment business made a positive contribution to net new money.
- Wealth Management posted strong growth of 6.8% in net new money.
- Wealth Management's pre-tax profit rose by some 12% to CHF 38.4 million.
- Financial Products increased the turnover in its own products by an impressive 50% to CHF 13.0 billion.
- The pre-tax profit of Financial Products stood at CHF 51.5 million, up from the CHF 30.0 million posted in the same period last year.
- Vontobel expects a solid result for 2017 overall.
- Our commitment to active asset management remains unchanged.
- Vontobel will hold an investor day on 31 August 2017, where it will present its new medium-term targets for the period through to 2020.

Vontobel delivered another solid result in the first half of 2017. Adjusted for the non-recurrence of the last Helvetia dividend of CHF 7.0 million after taxes that was received in 2016, as well as the costs of CHF 4.6 million for the integration of Vescore in 2017, net profit increased by 7% to CHF 106.1 million (CHF 98.7 million). Given the significant investments aimed at bolstering growth that were also made in new markets, talents, technology and the company brand, this steady showing underscores Vontobel's earnings power.

Asset Management was once again the main earnings driver, posting a pre-tax profit of CHF 69.5 million (CHF 85.3 million). Wealth Management generated increased income despite negative factors such as the general pressure on margins in the industry, the impact of negative interest rates, and the passive behaviour of investors. Wealth Management's pre-tax profit rose to CHF 38.4 million in the first half of 2017 (CHF 34.2 million). Financial Products grew its pre-tax profit by an impressive 72% to CHF 51.5 million (CHF 30.0 million). Vontobel's cost-income ratio of 76.1% underscores its operational efficiency.

VONTobel

Inflows of new money and the positive performance of client assets – which reached a record CHF 207.7 billion at the end of the first half of 2017 (end of June 2016: CHF 179.3 billion) – form the basis for Vontobel's good organic growth. The net inflow of new money at Group level was positive in the first half of 2017 at CHF 0.3 billion. Meanwhile in the second quarter it was clearly positive at CHF 2.1 billion. We are attracting steady net inflows of new money in Wealth Management as well as in the Asset Management boutiques Fixed Income, TwentyFour Asset Management, Sustainable Investing and Multi Asset Class.

Vontobel's strong organic growth continues to be underpinned by a solid BIS common equity tier 1 (CET1) ratio of 19.3%, which is substantially higher than the regulatory minimum requirement. The robust capital position also creates room to manoeuvre with regard to possible accretive acquisitions to complement organic growth. The return on equity was 12.9% in the first half of 2017, significantly exceeding the cost of capital and Vontobel's own target return of over 10%.

"Vontobel produced another solid result in the first half of 2017. We remain well on track, as our business performance shows. With our business model centred on client benefits and our clear strategy as an internationally active specialist in wealth management, asset management and the financial products area, we are also well positioned in uncertain markets increasingly influenced by political factors. We still anticipate that we will achieve a solid result for 2017, and have also set our course for profitable growth going forward, not least with our new ambitious targets for 2020. In this regard, we will above all continue to focus on organic growth, and on investing in the future. This also includes the investments in sharpening our corporate brand, and the new visual presence will be unveiled in mid-September," said Vontobel CEO Zeno Staub.

Vontobel will present its new targets for 2020 on 31 August, these having been drawn up in a strategic planning process based on a three-year cycle. The ambitious targets set for the 2014-2017 planning period were already reached in 2016. Parallel to this strategic planning, Vontobel undertook a professional process in 2017 to rework and reaffirm its corporate values and sharpen its positioning. Vontobel will present information on the substantive results and their implementation in a refined corporate design on 18 September 2017. In times when political imponderables and globalization are holding sway, and when digitalization means the financial industry and client behaviour are subject to rapid change, it is of particular importance that companies make it clear what they stand for, what they expect of themselves, and what clients and investors can expect of them.

## **Steady growth in Wealth Management**

In the first half of 2017, Wealth Management continued to achieve organic growth that exceeded both the benchmark and target range. This growth was driven above all by Wealth Management clients in the home market of Switzerland, the emerging markets and Italy. In total, clients entrusted CHF 1.6 billion of new money to Wealth Management, corresponding to an annualized growth rate of 6.8%. As at 30 June 2017, Wealth Management had around CHF 50 billion of client assets. Vontobel believes that this positive trend is also attributable to the above-average performance achieved by its portfolio management mandates – especially the Focus Mandate Switzerland, which has generated a cumulative excess return of 49.4% since its launch in 2012.

This continued positive trend confirms that Wealth Management is pursuing the right strategy. Vontobel will strive to expand further in Wealth Management going forward, with the focus essentially being on generating growth organically. The dialogue with clients is to be intensified further based on the new requirements resulting from MiFID II, which have been comprehensively implemented at Vontobel. As regards services for external asset managers, Vontobel will continue to expand its business in Asia and also in the US, where an additional location – New York – was opened in 2017. However, Vontobel also continues to see opportunities to support organic growth on a targeted basis through value-creating acquisitions.

## **Asset Management maintaining good performance**

Asset Management is continuing to enjoy the positive impact of the diversification strategy pursued in recent years, even in challenging markets. In the Quality Growth boutique, which remains highly profitable, Vontobel grew its assets under management to CHF 33.8 billion. The recently strengthened team led by CIO Matthew Benkendorf is working very successfully with an investment process that has proved effective for many years. All the strategies in the Quality Growth boutique generated a significant outperformance in the first half of the year, this also being attributable to the waning of the Trump effect from the final quarter of 2016. In the second quarter, emerging markets strategies also increased in popularity again among Vontobel's international investors. Vontobel has excellent capabilities in these investment categories, both in the area of fixed income and equities. There were also positive developments in the partnership with Raiffeisen in the investment business, which resulted in notable inflows of assets. Asset Management will continue to focus on performance and diversification in the second half of 2017. Vontobel is now also operating in the US through its successful London-based fixed-income boutique TwentyFour Asset Management. Although it is also unable to entirely distance itself from the persisting general pressure on margins in asset management, Vontobel is countering this with quality. Contrary to the current fashion of passive portfolio management, as a specialized high-conviction asset manager, Vontobel is convinced that following your own mind adds value and firmly believes in active portfolio management.

## Financial Products bolsters leading position

Financial Products strengthened its position in Europe further in the first half of the year, expanding its leadership in terms of both innovation and costs in the structured products area. For example, the launch of the Vontobel Investment Scout app in spring 2017 means that private investors in Switzerland can now for the first time create their own bespoke investment products on their smartphones and iPads at the touch of a button. The app is part of Vontobel's strategy of creating growth through constant innovation. Measured in terms of SIX trading volumes, Vontobel ranks second in its home market of Switzerland, and is one of the leading providers in Europe with a market share in excess of 10%. It opened up further growth potential in the first half of 2017 by entering the French and Dutch markets. Financial Products successfully expanded its market share in Italy, the Nordics and Germany. Vontobel launched the 'mein-zertifikat.de' platform in Germany in summer 2016, and this was strengthened further in 2017 with the addition of new cooperation partners.

Over the course of this year, Financial Products will expand its footprint in Asia by establishing a presence in Hong Kong, and Vontobel will thus be consistently pursuing its organic growth strategy on the basis of innovation and international expansion.

Corporate Finance also enjoyed a pleasing performance in the first half of the year, delivering capital market support to a wide range of companies.

### Press kit Vontobel half-year results 2017

#### **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 families have stood by these principles for generations. As of end of June 2017, Vontobel held around CHF 208 billion of client assets. Around 1,700 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)

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### **Presentation of Vontobel's 2017 half-year results**

**Half-year results press conference followed by Q&A for analysts, investors and the media in English**



Date:	27 July 2017
Time:	09.30 a.m. (CET)
Speakers:	Zeno Staub, CEO of Vontobel Martin Sieg Castagnola, CFO of Vontobel
Location:	Vontobel headquarters, Gotthardstrasse 43, Zurich
Participation by telephone:	+41 58 310 50 00      Continental Europe +44 203 059 58 62      UK +1 (1) 631 570 56 13      US

Please dial in by no later than 09.20 a.m. and ask for "Vontobel results".

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](http://www.vontobel.com/ir)

# Vontobel at a glance

Ratios	30-06-17	30-06-16	31-12-16
(6 months)			
Return on shareholders' equity (ROE) (%) <sup>1</sup>	<b>12.9</b>	14.4	21.6
Cost <sup>2</sup> /income ratio (%)	<b>76.1</b>	72.9	64.1
Equity ratio (%)	<b>7.2</b>	7.7	7.8
Basel III leverage ratio (%)	<b>5.1</b>	5.3	5.2

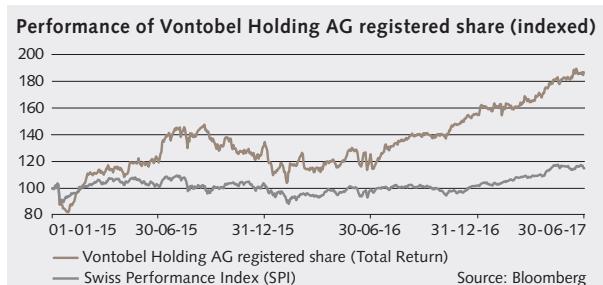
<sup>1</sup> Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests

<sup>2</sup> Operating expense, excl. valuation adjustments, provisions and losses

Share data	30-06-17	30-06-16	31-12-16
(6 months)			
Basic earnings per share (CHF) <sup>1</sup>	<b>1.78</b>	1.87	2.85
Diluted earnings per share (CHF) <sup>1</sup>	<b>1.75</b>	1.84	2.75
Equity per share outstanding at balance sheet date (CHF)	<b>27.31</b>	25.50	27.65
Price/book value per share	<b>2.3</b>	1.6	1.9
Price/earnings <sup>2</sup> per share	<b>17.5</b>	11.2	9.4
Share price at balance sheet date (CHF)	<b>62.30</b>	42.05	53.45
High (CHF)	<b>63.45</b>	49.00	54.15
Low (CHF)	<b>53.25</b>	36.90	38.85
Market capitalization nominal capital (CHF mn)	<b>3,543.3</b>	2,391.6	3,040.0
Market capitalization less treasury shares (CHF mn)	<b>3,458.0</b>	2,325.8	2,927.4
Undiluted weighted average number of shares	<b>55,357,315</b>	55,140,244	55,024,282

<sup>1</sup> Basis: weighted average number of shares

<sup>2</sup> Annualized



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	30-06-17	30-06-16	31-12-16
CET1 capital ratio (%)	<b>19.3</b>	18.3	19.0
CET1 capital (CHF mn)	<b>1,088.4</b>	976.8	1,018.4
Risk weighted positions (CHF mn)	<b>5,636.0</b>	5,348.0	5,360.8

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

Risk ratio	30-06-17	30-06-16	31-12-16
CHF mn			
Average Value at Risk market risk	<b>2.5</b>	2.8	2.7

Average Value at Risk 6 months for positions in the Financial Products business unit of the Investment Banking division. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

Rating	30-06-17	30-06-16	31-12-16
Moody's Rating Bank Vontobel AG (long-term deposit rating)	<b>Aa3</b>	Aa3	Aa3

<b>Income statement</b>				
	<b>30-06-17</b> <b>CHF mn</b>	<b>30-06-16</b> <b>CHF mn</b>	<b>31-12-16</b> <b>CHF mn</b>	<b>Change in % to</b> <b>30-06-16</b>
(6 months)				
Total operating income	<b>517.5</b>	496.8	584.3	4
Operating expense	<b>395.0</b>	367.1	392.7	8
Group net profit	<b>101.5</b>	105.7	158.7	(4)
of which allocated to minority interests	<b>2.8</b>	2.4	2.2	17
of which allocated to the shareholders of Vontobel Holding AG	<b>98.7</b>	103.3	156.5	(4)

<b>Segments (profit before taxes)</b>				
	<b>30-06-17</b> <b>CHF mn</b>	<b>30-06-16</b> <b>CHF mn</b>	<b>31-12-16</b> <b>CHF mn</b>	<b>Change in % to</b> <b>30-06-16</b>
(6 months)				
Private Banking	<b>27.1</b>	26.6	20.6	2
Asset Management	<b>69.5</b>	85.3	78.2	(19)
Investment Banking	<b>62.8</b>	37.6	47.0	67
Corporate Center	<b>(36.9)</b>	(19.8)	45.8	

<b>Balance sheet</b>				
	<b>30-06-17</b> <b>CHF mn</b>	<b>30-06-16</b> <b>CHF mn</b>	<b>31-12-16</b> <b>CHF mn</b>	<b>Change in % to</b> <b>31-12-16</b>
Total assets	<b>21,166.1</b>	18,389.9	19,393.9	9
Shareholders' equity (excl. minority interests)	<b>1,515.7</b>	1,410.4	1,514.1	0
Loans	<b>2,925.2</b>	2,359.2	2,601.9	12
Due to customers	<b>9,638.0</b>	8,720.1	9,058.5	6

<b>Client assets</b>				
	<b>30-06-17</b> <b>CHF bn</b>	<b>30-06-16</b> <b>CHF bn</b>	<b>31-12-16</b> <b>CHF bn</b>	<b>Change in % to</b> <b>31-12-16</b>
Assets under management	<b>146.5</b>	127.8	138.5	6
of which under discretionary management	<b>95.1</b>	84.9	90.2	5
of which under non-discretionary management	<b>51.4</b>	42.9	48.3	6
Other advised client assets	<b>11.0</b>	6.4	10.4	6
Structured products outstanding	<b>7.2</b>	5.9	6.4	13
Total advised client assets	<b>164.7</b>	140.1	155.3	6
Custody assets	<b>43.0</b>	39.2	40.1	7
Total client assets	<b>207.7</b>	179.3	195.4	6

<b>Net new money</b>				
	<b>30-06-17</b>	<b>30-06-16</b>	<b>31-12-16</b>	
CHF bn (6 months)				
Net new money	<b>0.3</b>	(8.7)	(1.9)	

<b>Headcount (full-time equivalents)</b>				
	<b>30-06-17</b>	<b>30-06-16</b>	<b>31-12-16</b>	<b>Change in % to</b> <b>31-12-16</b>
Number of employees Switzerland	<b>1,315.5</b>	1,201.3	1,347.0	(2)
Number of employees abroad	<b>327.4</b>	293.1	327.4	0
Total number of employees	<b>1,642.9</b>	1,494.4	1,674.4	(2)