

Vontobel half-year 2018 results: Investments in the future impact positively on profit and growth

- **Group net profit increased by 31% to CHF 132.7 million**
- **Operating income rose by 13%. Record assets under management of CHF 168.6 billion**
- **Strong inflow of new money totaling CHF 5.1 billion**
- **Integration of Notenstein La Roche is progressing as planned**
- **Higher profitability targets in Combined Wealth Management while target growth rates remain unchanged**
- **Combined Wealth Management pre-tax profit increased by 46% to CHF 56.2 million. Net new money growth of 6.4%**
- **Asset Management is main earnings driver with pre-tax profit of CHF 92.5 million and net new money growth of 7.2%**
- **Financial Products grows market share in Europe and Asia and moves ahead with platform strategy and international expansion**
- **Vontobel increases 2020 profitability targets: Cost/income ratio to improve to less than 72% (previously: 75%) and return on equity to exceed 14% (previously 12%)**
- **Vontobel aims to further increase already solid profitability in current financial year compared to 2017**

Vontobel remains on track and performed successfully in the first half of 2018, delivering a good financial result. It also took important steps to set the future course of the business – such as its acquisition of Notenstein La Roche Privatbank AG, which ideally complements Vontobel's above-average organic growth in Wealth Management. At the same time, the acquisition creates a broader basis for future growth. Vontobel's focus is still on achieving strong growth using its own resources. It therefore continued to invest selectively in new talents and technology across all its divisions in the first six months of 2018.

Group net profit grew by 31% in the first six months of 2018 to CHF 132.7 million (first half of 2017: CHF 101.5 million). Earnings per share rose by 28% to CHF 2.28 (first half of 2017: CHF 1.78). In a highly competitive operating environment, Asset Management was once again Vontobel's strongest earnings driver with pre-tax income of CHF 92.5 million (first half of 2017: CHF 69.5 million). Combined Wealth Management – comprising Wealth Management and the External Asset Managers business – continued the positive trend seen in recent years, displaying strong profit momentum. In the first half of 2018, pre-tax profit grew by 46% to CHF 56.2 million compared to the first half of 2017 (CHF 38.4 million). Financial Products generated another very solid pre-tax profit of CHF 51.9 million (first half of 2017: CHF 51.5 million).

Vontobel's good financial result in the first half of 2018 is not only characterized by strong profit growth but is also supported by a solid net inflow of new money. All divisions contributed to this result. Asset Management was the strongest contributor, as it benefited from the growth in Fixed Income products. Combined Wealth Management also experienced a dynamic net inflow of new money in the first six months of the year. This pleasing result was driven in particular by strong growth in its Swiss home market as well as in Latin America and Italy. In total, Vontobel generated a net inflow of new money of CHF 5.1 billion in the first half of 2018. Client assets reached a new record level of CHF 253.6 billion, compared to CHF 246.5 billion at the end of 2017.

Capital base remains strong

Vontobel will continue to have a solid capital position that significantly exceeds regulatory minimum requirements, even after the acquisition of Notenstein La Roche Privatbank AG. The purchase of Notenstein La Roche Privatbank AG was funded by Vontobel using own equity and through the successful placement of a CHF 450 million Additional Tier 1 (AT1) bond. This financing structure ensures Vontobel has the flexibility to fund further growth in the future. At the same time, it maintained the stable voting structure of its shareholder base, which is not impacted by the AT1 bond. At June 30, 2018, the BIS common equity tier 1 ratio (CET1 ratio) was 19.1% and the BIS total capital ratio was 26.4%. Since the Notenstein La Roche transaction was completed on July 2, 2018 – i.e. two days after the balance sheet date – the BIS CET1 ratio is expected to reach around 12% and the total capital ratio is expected to be around 18% at the end of 2018. Vontobel's return on equity was 15.1% in the first half of 2018. It thus significantly exceeds its cost of capital and its own target return of over 12%.

Targeting a further increase in already solid profitability

In connection with the acquisition of Notenstein La Roche Privatbank AG and the subsequent increase in the client base and its basis for growth, Vontobel has raised the profitability targets for Wealth Management. The target cost/income ratio has been adjusted from 75% to 70% and the target gross margin has increased from 65 basis points to 68 basis points. The target growth rates remain unchanged. At the same time, the 2020 profit targets that apply to Vontobel as a whole have increased. It aims to achieve a cost/income ratio of less than 72% (previously 75%) and a return on equity of more than 14% (previously 12%).

“Vontobel is well positioned for the future and remains on course for growth. We want to deepen our existing client relationships and to attract new clients – leveraging our strong brand that reflects our client-centricity. In view of geopolitical risks and global challenges relating to trade policy, as well as the uncertainty prompted by the monetary policies of central banks, Vontobel expects to be faced with a relatively difficult market environment in the second half of 2018 that will require a prudent approach. Nevertheless, we aim to further increase our already solid profitability in the current financial year compared to 2017,” stated Zeno Staub, CEO of Vontobel.

Looking to the future, seizing opportunities

Vontobel sees change as a source of opportunity and harnesses new technologies to allow it to continuously offer clients new services in a digital world – combining user-friendly design with optimal efficiency.

In Financial Products, clients benefit from Vontobel's cost leadership in the area of structured products. With *deritrade*®, Vontobel has created a digital ecosystem that allows the company to bring innovative offerings to new groups of clients. For example, the multi issuer platform “mein-zertifikat” in Germany has now also been rolled out in Austria. The “Investment Scout” app that was launched in Switzerland in 2017 will be introduced to the German market in the course of 2018. The “mein-zertifikat” platform and Investment Scout app both enable private investors to select structured products, tailor them to their specific requirements and issue them. In spring 2018, Vontobel became the first bank in Switzerland to offer “white labelling” products – allowing institutional clients to make use of Vontobel's product expertise under their own name to create a broader client offering. In 2017, Vontobel made its debut as a market participant in Hong Kong – the world's largest market for leverage products. After just a few months, Vontobel already ranks as one of the fastest-growing and, at the same time, profitable providers, with more than 500 warrants. This was achieved thanks to its globally integrated, efficient and fully digital processes. In the second half of 2018, Vontobel Financial Products will also launch its products in the Danish market as part of its regional expansion.

Mirroring the success story in Financial Products, Vontobel is this year building a digital platform for Wealth Management. This platform will enable it to create even more customized and interactive processes and to offer new services – all for the benefit of its clients – thus also allowing it to target new groups of clients. Vontobel believes that the power of digitization is a decisive factor that allows it to deliver an even more specific and relevant client experience. At the same time, it is expanding its teams of relationship managers and has succeeded in hiring a number of experienced relationship managers – especially in Switzerland, Germany and the US. In the coming months, Wealth Management will, however, mainly focus its attention on the integration of Notenstein La Roche Privatbank AG. Following the legal completion of the transaction on July 2, 2018, the merger of Bank Vontobel AG with Notenstein La Roche Privatbank AG and its migration to Vontobel systems is due to be completed by the end of the third quarter of 2018.

As a high-conviction active asset manager, Vontobel Asset Management offers its clients investment solutions that are distinctly different and don't follow the general trend. Its robust and proven portfolio management processes and its conviction that it can outperform the market over the cycle are factors that clearly set its solutions apart. In Asset Management, Vontobel is also actively considering the opportunities created by technology in order to further expand its existing strengths and deepen the client experience. Looking ahead, Vontobel Asset Management will further strengthen its successful internationally diversified boutique structure through measures including the expansion of its global sales organization. A series of experienced specialists already joined its portfolio management and sales teams during the period under review.

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Presentation of Vontobel's 2018 half-year results

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

Date	July 27, 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 +44 (0) 207 107 0613 (UK)-> UK +1 (1)631 570 56 13 -> USA

Please dial in by no later than 09.20 a.m. and ask for 'Vontobel half-year results 2018'. A webcast of the results press conference will be available on the Internet to replay on the same day at: <https://www.vontobel.com/ir>.

Webcast

The webcast will be available on Friday, July 27, 2018 on Vontobel's website: <https://www.vontobel.com/ir>.

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 June 30, 2018, Vontobel held around CHF 254 billion of client assets. Throughout our 26 offices worldwide more than 1,700 employees service our clients.

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Ratios

(6 MONTHS)	30.06.2018	30.06.2017	31.12.2017
Return on shareholders' equity (ROE) (%) ¹	15.1	12.9	13.2
Cost ² / income ratio (%)	72.0	76.1	74.6
Equity ratio (%)	7.0	7.2	7.1
Basel III leverage ratio (%)	6.7	5.1	4.7

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

² Operating expense, excl. provisions and losses

Share data

(6 MONTHS)	30.06.2018	30.06.2017	31.12.2017
Basic earnings per share (CHF) ¹	2.28	1.78	1.87
Diluted earnings per share (CHF) ¹	2.24	1.75	1.81
Equity per share outstanding at balance sheet date (CHF)	29.95	27.31	29.31
Price / book value per share	2.4	2.3	2.1
Price / earnings ² per share	15.8	17.5	16.4
Share price at balance sheet date (CHF)	71.95	62.30	61.50
High (CHF)	72.95	63.45	66.35
Low (CHF)	57.00	53.25	57.25
Market capitalization nominal capital (CHF mn)	4,092.2	3,543.3	3,497.8
Market capitalization less treasury shares (CHF mn)	4,033.3	3,458.0	3,400.1
Undiluted weighted average number of shares	55,919,730	55,357,315	55,376,259

¹ Basis: weighted average number of shares

² Annualized

Performance of Vontobel Holding AG registered share (indexed)



■ Vontobel Holding AG registered share (Total Return)

■ Swiss Performance Index (SPI)

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

	30.06.2018	30.06.2017	31.12.2017
CET1 capital ratio (%)	19.1	19.3	18.4
CET1 capital (CHF mn)	1,174.7	1,088.4	1,098.6
Tier 1 capital ratio (%)	26.4	19.3	18.4
Tier 1 capital (CHF mn)	1,622.1	1,088.4	1,098.6
Risk weighted positions (CHF mn)	6,148.1	5,636.0	5,955.6

Risk ratio

CHF MN	30.06.2018	30.06.2017	31.12.2017
Average Value at Risk market risk	4.6	2.5	2.5

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

Rating

	30.06.2018	30.06.2017	31.12.2017
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3

Consolidated income statement

(6 MONTHS)	30.06.2018 CHF MN	30.06.2017 CHF MN	31.12.2017 CHF MN	CHANGE IN % TO 30.06.2017
Operating income	583.3	517.5	542.6	13
Operating expense	422.4	395.0	405.8	7
Group net profit	132.7	101.5	107.5	31
<i>of which allocated to minority interests</i>	4.9	2.8	3.8	75
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	127.7	98.7	103.7	29

Segment profits before taxes

(6 MONTHS)	30.06.2018 CHF MN	30.06.2017 CHF MN	31.12.2017 CHF MN	CHANGE IN % TO 30.06.2017
Wealth Management	42.4	27.1	33.4	56
Asset Management	92.5	69.5	93.4	33
Investment Banking	65.7	62.8	49.3	5
Corporate Center	-39.8	-36.9	-39.2	

Consolidated balance sheet

	30.06.2018 CHF MN	30.06.2017 CHF MN	31.12.2017 CHF MN	CHANGE IN % TO 31.12.2017
Total assets	23,981.9	21,166.1	22,903.7	5
Shareholders' equity (excl. minority interests)	1,678.8	1,515.7	1,620.5	4
Loans	4,301.9	2,925.2	3,310.5	30
Due to customers	9,789.3	9,638.0	9,758.2	0

Client assets

	30.06.2018 CHF BN	30.06.2017 CHF BN	31.12.2017 CHF BN	CHANGE IN % TO 31.12.2017
Assets under management	168.6	146.5	165.3	2
<i>of which under discretionary management</i>	108.6	95.1	107.1	1
<i>of which under non-discretionary management</i>	60.0	51.4	58.2	3
Other advised client assets	13.4	11.0	12.8	5
Structured products outstanding	9.3	7.2	8.5	9
Total advised client assets	191.2	164.7	186.6	2
Custody assets	62.3	43.0	59.9	4
Total client assets	253.6	207.7	246.5	3

Net new money

CHF BN (6 MONTHS)	30.06.2018	30.06.2017	31.12.2017
Net new money	5.1	0.3	5.6

Headcount (full-time equivalents)

	30.06.2018	30.06.2017	31.12.2017	CHANGE IN % TO 31.12.2017
Number of employees Switzerland	1,370.8	1,315.5	1,353.8	1
Number of employees abroad	324.4	327.4	334.4	-3
Total number of employees	1,695.2	1,642.9	1,688.2	0