

## Speech held at the 40<sup>th</sup> Ordinary General Meeting of Shareholders

Presentation of 2022 financial results by  
Dr. Zeno Staub, Chief Executive Officer

Check against delivery.



**Dear Shareholders**  
**Dear Members of the Board of Directors**

**I am very pleased to be able to speak to you about the performance of your company last year. I will also talk to you about our longer-term ambitions.**

**To describe our performance in a few words, I can state that Vontobel delivered a satisfactory result for the last financial year in an exceptionally challenging environment, and we took important steps to pave the way for the future success of the company.**

When we presented our 2021 financial results more than a year ago, in early February 2022, we were looking back on the best year in the history of Vontobel. However, everything changed on February 24, 2022. As Andreas E. F. Utermann explained in his speech, Russia's invasion of Ukraine altered the world beyond recognition—for our clients, our shareholders and also for Vontobel. A massive increase in geopolitical rivalry, the reversal of decades of expansionary monetary policy, double-digit rates of inflation and the risk of recession all occurred simultaneously. Together, these developments have created an uncertain environment for everyone—including market participants. 2022 was also one of the most difficult years that financial markets have experienced—at least since the start of the global financial crisis.

In this challenging operating environment, we maintained our **long-term focus on delivering investment solutions for our clients, and therefore primarily on the generation of recurring income**, and we consciously refrained from engaging in short-term market trends, in line with our conservative risk profile.

Vontobel continued to invest in new talent with new capabilities as well as in future technologies in 2022. We also strengthened our commitment to markets where it will be possible to generate further growth in the future. These measures are all aligned with our **ambitions that place our clients at the center of all that we do** by delivering future-proof investment solutions as well as a best-in-class client experience. We are clearly positioned as an investment partner to our clients. We are recognized for our global investment expertise, and we do not use the lending business as a strategic growth lever. In 2022, we once again took targeted steps to expand our range of investment opportunities. In concrete terms, we drove forward our initiative for ultra-high-net-worth individuals (UHNWIs) and expanded our business with Global Banks.

The acquisition of UBS Swiss Financial Advisers AG (SFA)—UBS' wealth management business for North American clients—that closed in August 2022 and is part of Vontobel's long-term growth strategy in the US is progressing as planned. Vontobel is today the largest Swiss-domiciled wealth manager for US clients seeking an account in Switzerland for diversification purposes.

#### Milestones in 2022

- Further investments in talent, technology and markets
- Expansion of business with Global Banks
- Acquisition of UBS Swiss Financial Advisers

#### Let's now turn to our key figures for 2022

In 2022, Vontobel generated a satisfactory **return on equity** of 11.2 percent—although it was below our own targets. Vontobel has maintained its very solid **capital position** that exceeds all regulatory minimum requirements as well as our own mid-term targets. At the end of 2022, the common equity tier 1 (CET1) capital ratio remained strong at 16.7 percent despite the acquisition of UBS Swiss Financial Advisers (SFA), which was fully funded with cash from Vontobel's balance sheet. The CET1 ratio was thus slightly higher than the figure of 16.6 percent at the end of 2021.

**11.2 percent**  
Return on equity

**16.7 percent**  
CET1 capital ratio

Vontobel generated **operating income** of CHF 1.285 billion in 2022. That represents a decrease of 16 percent compared to the record year 2021 (CHF 1.536 billion) but is slightly higher than in 2020 (CHF 1.266 billion). Around two-thirds of operating income is generated from the **commission business**, of which 90 percent comprises recurring income. As a globally active investment firm, we differ from many other institutions that are active predominantly in the lending business—be it for commercial or private clients—and who were able to benefit significantly from the general rise in interest rates. We have always taken a very conservative approach to financing for our private clients and are not exposed to any credit risks from the corporate clients business. This is why **net interest income** accounts for only 8 percent of Vontobel's income. The **trading business**, which normalized compared to the very high level in the previous year, contributed 26 percent of operating income.

**CHF 1.285 billion**  
Operating income

#### Let me say a few words about costs

As an investment firm with a long-term focus, Vontobel is systematically pursuing the implementation of its mid-term strategy. It is also managing its costs with a long-term view. In 2022, we made further investments in strategic projects, but also implemented measures to contain costs in response to deteriorating market conditions. We therefore carried out a critical review of our entire business portfolio and took measures to streamline it, including our decision to exit our business with end clients in Hong Kong. By adopting a sharper focus and leaner positioning, we will be able to generate additional gross cost reductions of CHF 65 million by the end of 2023.

Considering the harsh market environment, Vontobel generated a satisfactory **Group net profit** of CHF 230 million in 2022 after generating a record profit of CHF 384 million in 2021. All areas of Vontobel—i.e. the business with wealth management and asset management clients, as well as clients who access our investment expertise primarily via our digital channels—made positive contributions to our result.

**CHF 230 million**  
Group net profit

Price losses in the markets also impacted **assets under management (AuM)**. Therefore, assets under management declined by 16 percent to CHF 204 billion. This reduction was primarily due to the market environment.

**CHF 204 billion**  
Assets under management

Despite significant changes in the investment landscape, the Wealth Management business continued to perform well. Clients from all focus markets entrusted us with net new assets of CHF 5.4 billion.

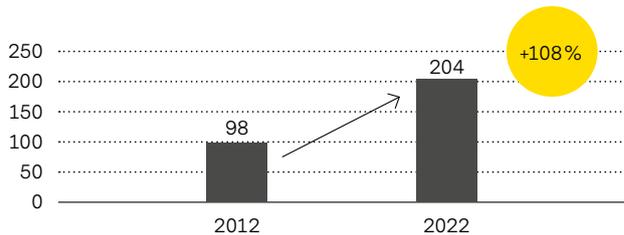
However, asset management clients stayed on the sidelines rather than reinvesting or making new investments in a series of asset classes. This trend mainly impacted active asset managers such as Vontobel. As a result, Vontobel recorded net outflows of CHF 10.6 billion.

The positive overall development of net new money in Wealth Management did not compensate for the outflows in Asset Management. As a result, Vontobel ended the year with **net new money** of CHF -5.2 billion.

**CHF -5.2 billion**  
Net new money

Viewed over the long term, however, client assets have grown strongly. Over the last decade, our volume of assets under management has more than doubled from CHF 98 billion to CHF 204 billion, corresponding to an average annual growth rate of 8 percent.

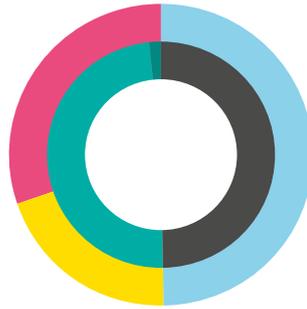
**Assets under Management (CHF B)**



We place a strong focus on **investment solutions that incorporate ESG criteria**, which now account for 53 percent of assets under management. Vontobel today ranks as one of the leading providers of sustainable investment solutions in Switzerland. To ensure we communicate transparently and provide reliable information, we formulated our Investment Principles in 2022.

**Investment solutions that incorporate ESG criteria**

In B CHF



**Vontobel Categories**

- 53.7 Integrated ESG Risks
- 21.5 Promote ESG
- 32.4 Sustainable

**SFDR Categories**

- 53.7 Article 6 (Consider ESG risks)
- 52.3 Article 8 (Promote ESG characteristics)
- 1.6 Article 9 (Sustainable investment objective)

IN B CHF	2022
Sustainable	32.4
Promote ESG	21.5
Integrated ESG Risks	53.7
<b>Total</b>	<b>107.6</b>

IN % OF AUM	
Sustainable	15.9
Promote ESG	10.5
Integrated ESG Risks	26.3
<b>Total</b>	<b>52.6</b>

Despite the targeted international expansion of our business, Switzerland remains our most important market. 44 percent of our client assets under management were entrusted to Vontobel by clients in our home market. Switzerland is also Vontobel's main production hub, from where we export our own expertise and products to our focus markets. In doing so, we are committed to delivering the highest standard of quality and to achieving a high level of efficiency—harnessing the power of digitalization to support us.

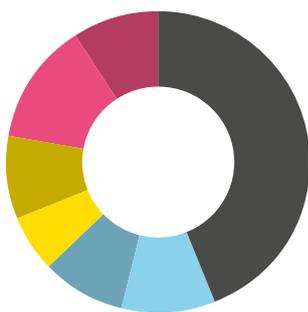
Today, 56 percent of assets under management originate from international markets.

We will continue to pursue an active strategy to enable us to achieve growth outside as well as within Switzerland. With our positioning in our focus markets, Vontobel now has access to more than 80 percent of global wealth that requires professional investment management. In the future, we will place an even stronger focus on large, established markets.

Those markets include the US, the world's largest asset and wealth management market. Another focus market is the UK, which is still the largest asset management market in the EMEA region, even after Brexit. Other focus markets are Germany, where Vontobel is continuing to generate profitable growth in the business with private and institutional clients, as well as Italy. In the future, Vontobel also wants to expand its activities in established markets in the Asia Pacific region—primarily Japan and Australia—as well as in selected countries in Latin America, especially in the business with asset management clients.

**Broadly diversified asset base**

December 31, 2022



- 44% Switzerland
- 10% Germany
- 9% UK
- 6% Italy
- 9% North America
- 13% APAC, LATAM, MEA
- 9% Other markets

**I would now like to say a few words about the sanctions against Russia**

Shortly after the Russian invasion of Ukraine, Switzerland decided to adopt European Union sanctions against Russia. At Vontobel, we fully support the decision by the Confederation and are complying fully with these requirements as well as other international resolutions on sanctions.

As you know, we are an internationally active investment firm that focuses on wealth and asset management, and we do not operate in the area of corporate banking. Vontobel does not have any branches in Russia. Further, we take a very conservative approach when providing financing for our private clients.

As a result, we also decided last year to terminate our business with clients who reside in Russia. Even if the proportion of assets under management entrusted to us by this client group is only very small in relation to our total volume of assets under management, this business decision has led to outflows of assets in Wealth Management as we deal with the relevant client relationships.

**So where do we now stand in terms of the 2022 Ambitions that we set ourselves in 2020?**

Our performance last year confirmed that Vontobel has the right strategic focus and business model, and the right geographical footprint, risk appetite, values and convictions.

In a challenging environment in 2022, we exceeded our mid-term targets in terms of our capital strength and dividend payout. However, the development of operating income and of net new money, as well as the return on equity and operating efficiency, fell short of our ambitions.

**Priorities for 2020 to 2022 delivered—strategy and ambitious targets for 2023 to 2024 confirmed**

With our capital-light strategy and conservative risk profile, Vontobel remains well on track to generate growth organically and through acquisitions, even in a “new world”. We have used the last two years effectively to take a decisive step towards Lighthouse Ambition 2030.

**Lighthouse Ambition 2030**

“In 2030, Vontobel wants to be recognized as one of the leading and most trusted global investment firms.”

Building on these strategic priorities, the Board of Directors and the Executive Committee have extended the ambitious **through-the-cycle targets for growth, profitability, capital and dividends to 2024**.

In specific terms, this means Vontobel wants to:

- Outgrow the market in all core activities with top-line growth and net new money growth of 4–6 percent per annum
- Generate a return on equity of more than 14 percent, clearly exceeding the cost of capital, and achieve a cost/income ratio of less than 72 percent
- Maintain a very strong capital position with a CET1 capital ratio of more than 12 percent and a total capital ratio of more than 16 percent
- And, crucially for you, our shareholders: Distribute profits not used for organic growth and M&A to shareholders, with a target payout ratio of more than 50 percent for shareholders

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#### **Targets 2023–2024**

##### **Top-line growth**

Operating income 4–6%

##### **Net new money generation**

Net new money growth 4–6%

##### **Earnings power**

Return on equity (ROE) >14%

##### **Efficiency**

Cost / income ratio <72%

##### **Capital strength**

BIS CET1 capital ratio >12%

BIS total capital ratio >16%

##### **Dividend**

Payout ratio >50%

#### **As a final point, I would like to take a look at developments in the current year**

We will pursue our ambitious growth and profit targets and priorities in 2023 with an emphasis on capital-light growth. In doing so, we will place a particular emphasis on business that generates recurring income and is in line with our conservative risk profile—in other words, business that does not entail major balance sheet risks.

We will be mindful of costs and maintain an entrepreneurial approach, while ensuring that we don't miss out on long-term opportunities. We carefully navigated the exceptional environment of 2022 and will remain on course in 2023.

It is traditional for us to provide an update at the end of April regarding the performance of the business in the first three months of the year. As previously announced, we will therefore inform you about developments during the first quarter of 2023 on April 21.

**That brings me to the end of my speech. Thank you for your attention, Ladies and Gentlemen. On behalf of the Executive Committee and all Vontobel employees, I want to thank you for your trust in Vontobel. I will now hand you over to our Chairman, Andreas E. F. Utermann.**

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We measure performance using alternative financial indicators that are not defined in the International Financial Reporting Standards (IFRS). Details can be found in the glossary of the annual report in the corresponding section.