

Vontobel half-year 2019 results: A respectable result due to growth and strong profitability

- **Generation of stable net profit of CHF 131.1 million**
- **Growth in advised client assets to CHF 212.9 billion**
- **Strong growth in net new money in Asset Management of 9.6%**
- **Asset Management is main earnings driver with pre-tax profit of CHF 86.0 million**
- **High profitability in Combined Wealth Management; 27% increase in pre-tax profit to CHF 71.4 million**
- **Advised client assets in Combined Wealth Management reach new record level at CHF 73.6 billion**
- **Integration of Notenstein La Roche largely completed**
- **Financial Products defends market share in difficult markets**
- **Ambitious 2020 growth and profitability targets confirmed**
- **Continued investments in strategic projects while simultaneously ensuring differentiated cost management approach**

Vontobel generated a respectable result for the first half of 2019 despite the continued challenging operating environment. The result primarily reflects the high level of profitability in Combined Wealth Management as well as strong growth in Asset Management. The ongoing achievement of organic growth and Vontobel's strong ability to attract new employees show that it is on the right track. The investments that it made in the past are paying off. With its high-quality offering and innovations such as the new digital active wealth management solution 'Volt', as well as the international expansion of the business, Vontobel created new opportunities for growth in the first half of 2019.

Vontobel's net profit of CHF 131.1 million for the first half of 2019 was virtually at the same level (-1%) as the result for the exceptionally strong first half of 2018 (CHF 132.7 million). Adjusted for integration costs as well as a special dividend on Vontobel's participation in SIX Group AG, net profit totaled CHF 131.9 million. The result reflects the solid development of margins as well as a good profit contribution from Asset Management and Wealth Management, which accounted for around 85% of the pre-tax profit generated by the divisions.

In an environment characterized by continued low transaction volumes, Vontobel once again achieved good profitability in the first half of 2019, with a cost/income ratio of 75.8%. The return on equity was 14.3% (15.1%). Vontobel has set itself the target of generating a cost/income ratio of less than 72% and a return on equity of more than 14% by 2020.

Vontobel saw pleasing growth in advised client assets, which rose to CHF 212.9 billion (end-2018: CHF 192.6 billion). The net inflow of new money at Group level – which was substantially driven by asset management strategies – totaled CHF 5.3 billion, compared to CHF 5.1 billion in the first half of 2018. The good performance of investment solutions offered by Asset Management and Wealth Management, most of which outperformed their respective benchmarks, also had a positive impact.

Robust capital position

While pursuing its growth path, Vontobel can continue to build on a robust capital position that significantly exceeds regulatory requirements. The BIS common equity tier 1 ratio (CET1 ratio) was 12.3% at the end of June 2019 and the BIS total capital ratio was 18.2%. Vontobel's return on equity of 14.3% far exceeds its cost of capital and is slightly above its own target return of at least 14%.

Ambitious 2020 growth and profitability targets confirmed

"The result for the first six months of the year shows that Vontobel remains on course and is moving ahead with the targeted implementation of its strategic priorities. Our organic growth underscores our clients' satisfaction with our service and offerings. We are committed to our ambitious 2020 targets, although we expect the environment to remain challenging in the second half of the year. There are no signs of a change in operating conditions. The coming months will also be characterized by low

interest rates, geopolitical uncertainty, a slowing economy and global pressure on margins. Despite these challenges, we will continue to invest in our strategic projects and pursue our differentiated and well-considered cost management efforts. Our focus is on capturing opportunities for growth and we are following an approach based on quality, specialization and innovation," stated Zeno Staub, CEO of Vontobel.

Asset Management achieves strong growth

Asset Management was once again Vontobel's main earnings driver in a market environment that remains highly competitive. At 9.6%, its net new money growth significantly exceeded the ambitious 4-6% target range. Strong inflows were recorded primarily by the Fixed Income Boutique, including TwentyFour Asset Management, as well as in Vescore and Sustainable & Thematic Investing. Advised client assets rose to CHF 128.3 billion in the first half of 2019, compared to CHF 117.5 billion at the end of 2018. This sustained growth as well as the good earnings quality confirm the merits of Vontobel's strategy of clearly positioning itself as a high-conviction asset manager. Despite the general pressure on margins in the industry, Vontobel maintained its gross margin at above the level of the prior year. Pre-tax profit totaled CHF 86.0 million (CHF 92.5 million). Overall, the good result reflects Asset Management's successful diversification strategy in recent years, the strengthened global distribution network and the clear focus on client-oriented actively managed solutions, as well as good investment performance.

Vontobel Asset Management today ranks among the top 10 providers of actively managed retail investment funds in Europe, measured in terms of net new money. In Switzerland, Vontobel is now one of the six largest asset managers, and it ranks third in the area of sustainable investment solutions in the Swiss market. Vontobel Asset Management is committed to achieving its growth targets and will invest further in the quality of its products as well as in its global platforms. In addition, it will continue to expand its international distribution network and is therefore planning to open a new Asset Management location in Japan and to extend its distribution channels in the US.

Combined Wealth Management generates strong profitability

A systematic client focus, the competency-driven product offering and especially also the economies of scale generated due to the broadening of the business base, as well as improved efficiency, had a positive impact on the performance of Combined Wealth Management, which grew its pre-tax profit by 27% to CHF 71.4 million. At 70.0%, the cost/income ratio was slightly higher than the figure of 69.1% in the previous year. The gross margin in Combined Wealth Management was stable at 68 basis points. Despite the outflows in connection with changes to the team in Basel, advised client assets in Combined Wealth Management reached a new record level of CHF 73.6 billion (end-2018: CHF 67.2 billion). Net new money totaled CHF 0.3 billion. Going forward, Vontobel Wealth Management will continue to place a particular emphasis on the quality of earnings without losing sight of its growth targets. With seven new locations in Switzerland and around 100 new relationship managers who are now part of Vontobel following the acquisition of Notenstein La Roche Privatbank, Vontobel has decisively strengthened its basis for future growth in its Swiss home market. The integration is at an advanced stage and will be fully completed in 2019. In spring 2019, Vontobel successfully completed the acquisition of the US-based private clients portfolio from Lombard Odier.

Following the completion of the transactions, Vontobel is now focusing on harnessing the new opportunities they bring and on deepening the business with existing clients as well as acquiring new clients. The quality of its products and advice should enable it to gain further market share and to realize its 2020 target of 4-6% growth.

Innovative digital wealth management solutions such as 'Volt' – which has been available to Vontobel clients since June 2019 – should also contribute to the realization of these goals over the medium term. Vontobel is additionally making Volt's underlying Digital Investment Solution Platform and the related investment and technology expertise available to other financial services providers who want a comprehensive Swiss alternative. In spring 2020, Raiffeisen Switzerland will become the first partner to offer its own digital wealth management solution for Swiss retail clients based on Vontobel's Digital Investment Solution Platform. With 'Volt' and the Digital Investment Solution Platform, Vontobel has opened up new prospects for growth in its Swiss home market as well as its focus markets.

Financial Products defends market position in difficult markets

Vontobel Financial Products was once again affected by the general mood of caution among investors as well as the trend towards lower-margin products, especially compared to the strong first half of 2018. Although the demand for products remained weak and despite fiercer competition, Vontobel Financial Products defended its market share. Vontobel is today one of the leading providers of investment and leverage products with a market share of 11.5% in Europe and 29% in its Swiss home market, measured in terms of exchange-traded volumes in the target segment. Its strong position mainly reflects the quality of its products, its good service and its high level of innovation in the area of product development. In addition, Vontobel expanded and scaled up its own platforms on a targeted basis during the first six months of the year, through initiatives such as its market debut in Denmark and the expansion of its product offering in Hong Kong. Deritrade, the successful multi issuer platform for wealth managers and banks, recorded an increase in turnover in the first half of the year while stock market volumes declined. cosmofunding, the digital platform for private placements and loans for Swiss companies and public-sector bodies, was also a

source of positive developments. Since it was launched in October 2018, around CHF 1.1 billion was issued in the form of private placements and loans via this innovative digital platform.

Compared to the very strong first half of 2018 (CHF 51.9 million), pre-tax profit in this business decreased to CHF 28.5 million in the first six months of 2019. Vontobel will continue to develop its Financial Products business even in difficult markets based on an unchanged risk profile and active cost management.

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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 employees 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, 2019, Vontobel held CHF 272.2 billion of total client assets. Around the world and in our home market, we serve our clients from 27 locations.

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Ratios

(6 MONTHS)	30.06.2019	30.06.2018	31.12.2018
Return on shareholders' equity (ROE) (%) ¹	14.3	15.1	11.0
Cost ² /income ratio (%)	75.8	72.0	81.0
Equity ratio (%)	6.3	7.0	6.5
Basel III leverage ratio (%)	4.9	6.7	4.9

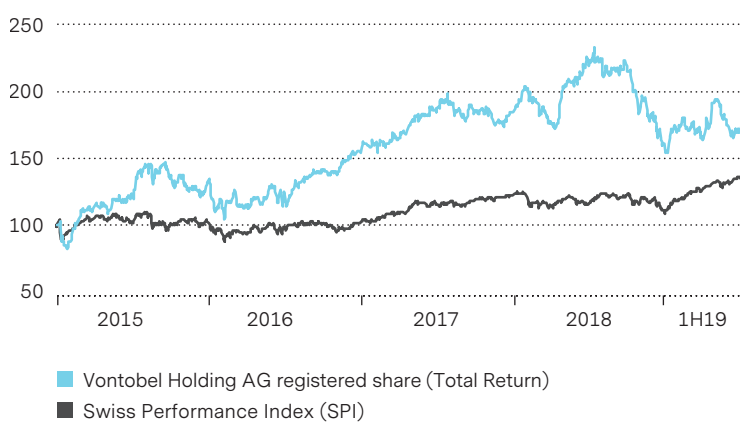
1 Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests
2 Operating expense, excl. provisions and losses

Share data

(6 MONTHS)	30.06.2019	30.06.2018	31.12.2018
Basic earnings per share (CHF) ¹	2.23	2.28	1.68
Diluted earnings per share (CHF) ¹	2.19	2.24	1.64
Equity per share outstanding at balance sheet date (CHF)	30.78	29.95	30.81
Price/book value per share	1.8	2.4	1.6
Price/earnings ² per share	12.2	15.8	15.1
Share price at balance sheet date (CHF)	54.30	71.95	50.40
High (CHF)	61.10	72.95	76.05
Low (CHF)	49.72	57.00	49.60
Market capitalization nominal capital (CHF mn)	3,088.3	4,092.2	2,866.5
Market capitalization less treasury shares (CHF mn)	3,054.6	4,033.3	2,786.3
Undiluted weighted average number of shares	55,970,190	55,919,730	55,769,779

1 Basis: weighted average number of shares
2 Annualized

Performance of Vontobel Holding AG registered 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

	30.06.2019	30.06.2018	31.12.2018
CET1 capital ratio (%)	12.3	19.1	12.3
CET1 capital (CHF mn)	924.9	1,174.7	835.1
Tier 1 capital ratio (%)	18.2	26.4	18.9
Tier 1 capital (CHF mn)	1,372.8	1,622.1	1,282.7
Risk weighted positions (CHF mn)	7,540.4	6,148.1	6,801.1

Risk ratio

CHF MN	30.06.2019	30.06.2018	31.12.2018
Average Value at Risk market risk	4.8	4.6	6.1

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

	30.06.2019	30.06.2018	31.12.2018
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3

Consolidated income statement

(6 MONTHS)	30.06.2019 CHF MN	30.06.2018 CHF MN	31.12.2018 CHF MN	CHANGE IN % TO 30.06.2018
Operating income	625.6	583.3	574.5	7
Operating expense	476.1	422.4	459.2	13
Group net profit	131.1	132.7	99.5	-1
<i>of which allocated to minority interests</i>	6.4	4.9	6.6	31
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	124.7	127.7	93.0	-2

Segment profits before taxes

(6 MONTHS)	30.06.2019 CHF MN	30.06.2018 CHF MN	31.12.2018 CHF MN	CHANGE IN % TO 30.06.2018
Wealth Management	55.0	42.4	50.6	30
Asset Management	86.0	92.5	87.8	-7
Investment Banking	44.9	65.7	26.0	-32
Corporate Center	-36.3	-39.8	-48.9	

Consolidated balance sheet

	30.06.2019 CHF MN	30.06.2018 CHF MN	31.12.2018 CHF MN	CHANGE IN % TO 31.12.2018
Total assets	27,364.7	23,981.9	26,037.3	5
Shareholders' equity (excl. minority interests)	1,731.3	1,678.8	1,703.5	2
Loans	5,136.3	4,301.9	4,904.6	5
Due to customers	11,304.1	9,789.3	12,649.2	-11

Client assets¹

	30.06.2019 CHF BN	30.06.2018 CHF BN	31.12.2018 CHF BN	CHANGE IN % TO 31.12.2018
Assets under management	186.0	168.6	171.1	9
<i>of which under discretionary management</i>	120.0	108.6	107.3	12
<i>of which under non-discretionary management</i>	66.0	60.0	63.8	3
Other advised client assets	16.6	13.4	13.5	23
Structured products and debt instruments outstanding	10.3	9.3	7.9	30
Total advised client assets	212.9	191.2	192.6	11
Custody assets	59.2	62.3	54.7	8
Total client assets	272.2	253.6	247.3	10

Net new money¹

CHF BN (6 MONTHS)	30.06.2019	30.06.2018	31.12.2018
Net new money	5.3	5.1	-0.1

Headcount (full-time equivalents)

	30.06.2019	30.06.2018	31.12.2018	CHANGE IN % TO 31.12.2018
Number of employees Switzerland	1,666.1	1,370.8	1,662.2	0
Number of employees abroad	334.6	324.4	333.5	0
Total number of employees	2,000.7	1,695.2	1,995.7	0

¹ Definition see note 14