

Vontobel achieves good result for first half of 2020

- **Positioning as pure-play investment manager confirmed and implementation of organizational changes largely completed**
- **Growth in net new money of CHF 7.4 billion or 7.5% on an annualized basis significantly exceeds ambitious target range of 4–6%**
- **Solid development of margins and stable outlook for second half of 2020 despite COVID-19 underscores client focus and large proportion of recurring commission income**
- **Pre-tax profit increased 4% to CHF 156.1 million, or 6% on an adjusted basis**
- **Advised client assets of CHF 218.6 billion recovered well after declining due to corona**
- **Operating income of CHF 623.0 million, stable year on year, with significantly improved income quality**
- **Cost/income ratio of 75% improved year on year**
- **Good return on equity of 13.4%**
- **Secure capital position: Tier 1 capital ratio increased to 20.2%**
- **Ambitious capital market targets extended to 2022**
- **Asset Management is driver of growth with very good income quality: Gross margin of 42 basis points; 4% increase in operating income**
- **Wealth Management increases gross margin to 75 basis points and grows income by 2%**
- **With its business model as a pure-play, client-centric investment manager without a corporate lending business, Vontobel is secure and well positioned to navigate the anticipated recession**

Vontobel achieved a good result for the first half of 2020 despite the impacts of the corona pandemic on the global economy and on international markets, which experienced unprecedented price volatility. The solid quality of its income reflects the further evolution of its business model at the end of last year to become a globally active investment manager that builds on long-term growth in income from recurring commission and whose risk profile is not focused on short-term transaction-based income. In the first half of 2020, more than 80% of its business was generated through the provision of advisory and wealth and asset management services. Vontobel successfully compensated for income from discontinued activities in connection with the implementation of its realignment as well as the non-recurrence of the special dividend from SIX. As a result, there was a further significant increase in income quality. With its business model, Vontobel – which does not issue loans to corporate clients and consciously avoids leveraging its Wealth Management business through financing – is also securely and very solidly positioned to operate in an economic environment affected by a general recession. Growth was driven once again by Asset Management clients. Vontobel recorded renewed growth as a result of its investment solutions – thus countering the global trend.

Confidence in the quality of Vontobel's investment solutions is also reflected by its net inflow of new money. With their strong demand for investment products, institutional clients in particular demonstrated their trust in Vontobel's long-established and stable investment processes and investment expertise. Overall, Vontobel generated growth in net new money of CHF 7.4 billion or 7.5% on an annualized basis in this difficult market environment, exceeding its ambitious target range of 4–6%. Advised client assets were down significantly at the end of March compared to the level at the start of the year due to the market collapse resulting from the corona crisis but they recovered during the remainder of the first half of 2020. As of June 30, 2020, advised client assets totaled CHF 218.6 billion, coming close to the level at the start of the year (CHF 226.1 billion).

In total, Vontobel grew its pre-tax profit by 4% to CHF 156.1 million (first half of 2019: CHF 149.6 million). Adjusted for one-off items, pre-tax profit increased by 6% compared to the prior-year period. One-off items in the first half-year 2020 include CHF 4.1 million of costs for the realization of synergies from the realignment announced in December 2019. For the first half of 2020, profit after tax totaled CHF 129.2 million, down slightly compared to the prior-year period (CHF 131.1 million). One of the main

factors was a 46% increase in tax expense year on year. Unlike in the prior year, it was not possible to benefit from notable deferred tax assets in 2020. Operating income of CHF 623.0 million was almost unchanged compared to the figure for the first half of 2019. Vontobel benefited from its client-centric business model that is strongly diversified in terms of the focus on individual client groups.

As a globally active investment manager with a long-term perspective, Vontobel is generating increasing income and intentionally avoids taking a short-term approach to markets, in line with its risk profile. It supports institutional clients with its broad-based and rapidly growing investment boutiques as well as its powerful platforms. Private clients are served by investment experts around the globe – in Vontobel's Swiss home market and in Europe, North America and Asia – as well as via digital communications and wealth and asset management channels, which Vontobel has further expanded.

Good profitability

Despite the difficult business environment, Vontobel generated good profitability again in the first half of 2020. The cost/income ratio of 75% was above the target ratio of less than 72% but improved slightly compared to the prior-year period. Vontobel has always emphasized that it would not forgo long-term opportunities for growth in order to achieve short-term cost savings. In the first half of 2020, the company therefore made further targeted investments in growth – and consequently in talent and technologies – while systematically managing costs. The return on equity was 13.4%. Its mid-term target is to achieve a return on equity of at least 14%.

Vontobel has a secure capital position with a CET1 capital ratio of 13.8% and a Tier 1 capital ratio of 20.2%. Both ratios substantially exceed the regulatory minimum requirements defined by FINMA of 7.8% for the CET1 capital ratio and 12% for the total capital ratio.

Ambitious capital market targets extended to 2022

Vontobel wants to continue achieving growth with its clients in the future and, as a globally active investment manager, therefore aims to seize the opportunities created by changing client expectations and markets. Consequently, the investment manager will make further entrepreneurial investments in knowledge and technology. In this context, it had previously set itself ambitious targets that it will now pursue in the period up to 2022. In specific terms, this means that Vontobel wants to grow its business by a total of 4–6% annually despite the general deterioration in the operating environment due to corona. In the future, the company will continue to target ambitious annual growth in net new money in the range of 4–6%. Its goal of investing in opportunities for growth and of generating a return on equity of at least 14% remain unchanged. It aims to achieve a cost/income ratio of less than 72%. With a BIS common equity tier 1 ratio (CET1 ratio) of over 12% and a BIS total capital ratio of more than 16%, Vontobel will remain a symbol of security and stability. Shareholders should also continue to participate in Vontobel's earnings with a target payout ratio of at least 50%, like before. Vontobel will present its 2022 targets and, in particular, its mid-term strategic priorities at a virtual Investor Day in September 2020.

Growth strategy as active investment manager confirmed

"2020 has so far been an extraordinary year. Our unlimited client focus and our collaborative way of working, which are also reflected in our new organizational set-up, were of key importance in enabling us to successfully navigate the challenging first six months of the year," stated Zeno Staub, CEO of Vontobel. "During the market crisis, our clients were able to place their trust in our stable investment processes, which have proved effective over many years, and in the broad expertise of our around 300 investment specialists around the world. This is also demonstrated by the numerous awards received by Vontobel in recent months. Especially in markets that are not moving in the same direction, the long-term client benefits of active investment management – which makes targeted use of opportunities rather than investing in the average, like with passively managed products – are clearly visible," he added.

Vontobel believes that the fallout from the pandemic will continue to impact on markets and its business in the second half of the year and beyond. Low interest rates and geopolitical challenges will continue to affect the operating environment in the future. It will also be influenced by the general impacts of a global recession, which now appears inevitable. There is also the prospect of a second wave of the pandemic, which could lead to a further escalation of all scenarios. In contrast, there have been unprecedented interventions by politicians and the central banks, which have mitigated the impacts of the crisis. "Despite the difficult environment, we remain confident about the future development of Vontobel. With our business model as a pure-play investment manager, we are well positioned if a recession occurs. We don't engage in business with corporate clients and we adopt a very conservative approach to financing for private clients. Against this backdrop, we don't see any need for valuation adjustments. We are focusing on recurring income from our client business with stable margins. We remain committed to our targets for the current year and we want to continue to deliver growth in this challenging market environment, as demonstrated by the ambitious targets that we will now pursue in the period up to 2022. Vontobel wants to continue to grow by 4–6% annually in the future. To achieve this, we will invest further in new opportunities and smartly manage our costs. Finally, the record-low interest rates that will continue to confront investors around the world for the foreseeable future show that investing is the new form of saving. We view these developments as confirmation of the validity of our strategy as an active investment manager," stated Zeno Staub.

Asset Management is driver of growth with good income quality

In the first half of 2020, Vontobel steadily continued on its growth path in the international business with Asset Management clients. In Switzerland, Vontobel is now one of the six largest asset managers and is one of the leading Swiss providers of sustainable investment solutions. In Europe, Vontobel ranks second among active mutual fund managers with its investment solutions, measured in terms of net new money. Vontobel is also one of the leading experts in the area of emerging markets for related products.

Vontobel had CHF 32.3 billion of sustainable assets under management as of June 30, 2020. Since 2013, it has grown its sustainable asset base by 36% each year. In the first half of 2020 alone, Vontobel attracted CHF 2.8 billion of net new money in this asset class. Today, almost 17 % of its total assets under management are invested according to sustainable criteria. In June 2020, Vontobel was named “Best Swiss Asset Management Company” by the Geneva Forum for Sustainable Investment (GFSI). Sustainable Equities was one of the asset classes that attracted strong inflows of assets in the first half of the year. In addition, multi asset solutions continued to prove popular. Contrary to the global trend, the Fixed Income boutique in particular, including TwentyFour Asset Management, generated growth.

The expanded global sales network also had a positive impact on the growth of net new money, which totaled 11.5% on an annualized basis in the first half of 2020, significantly exceeding our target range of 4–6%. In addition, Vontobel’s clear focus as a high-conviction asset manager resulted in very good quality income despite the industry-wide pressure on margins. Asset Management generated an excellent gross margin of 42 basis points, which was only marginally lower than in the prior-year period (44 basis points) in spite of strong competition. Operating income rose by 4% to CHF 248.5 million compared to the prior-year period.

In the future, Asset Management will continue to pursue strong organic growth through its client focus and quality. It will make further targeted investments in the expansion of its global sales organization with a particular emphasis on the US and Asia.

Platforms & Services – the second area serving institutional clients – also achieved a positive performance. It provides services for financial intermediaries – especially External Asset Managers (EAM) as well as banks – and offers its expertise in structured solutions. In geographical terms, it focuses on Switzerland, Germany and the Asian markets of Hong Kong and Singapore. In all these focus markets, Vontobel partners with its institutional clients in its role as a structured products specialist. More than 100 banks, 500 EAMs and 5,500 users today execute transactions via “deritrade”, the multi issuer platform for structured products. In the year to date, more than 26,700 structured products have been issued via platforms for Vontobel clients, who have thus invested over CHF 6 billion.

Vontobel serves EAMs in Switzerland and Singapore directly. In addition to structured products and custody and execution solutions, Vontobel provides investment advisory services to EAMs based on its entire global investment expertise. The gross margin reached 56 basis points. At CHF 0.4 billion or 4.8% on an annualized basis, growth in net new money was within the target range of 4–6% in the first half of 2020.

Due to the reluctance to invest among international financial intermediaries, which had a negative impact on structured product volumes in the second quarter of 2020, operating income within this Client Unit declined by 5% to CHF 73.4 million compared to the prior-year period.

Platforms & Services has set itself the goal of achieving growth rates of at least 10% in the future.

Wealth Management increases profitability

Vontobel is also focusing on growth in its business with private clients, who can benefit from the personal advisory services offered by Wealth Management as well as from digital solutions such as “Volt” and “derinet”.

Wealth Management therefore continued to strengthen its client advisory team on a targeted basis in the first half of 2020. Locations such as Zurich, Basel, Chur, Geneva and Hamburg were further expanded. In 2020, Vontobel established a new advisory office for Wealth Management in Milan to serve new Italian clients. At the same time, it decided that in locations where the expansion of teams is not feasible, resources will be bundled in other locations to ensure reliable, high-quality client services. In addition, the investment manager invested in new digital services in this client area.

Profitability in Wealth Management continued to develop positively, with operating income increasing by 2% year on year to CHF 215.5 million (CHF 210.8 million). Despite the competitive environment, Vontobel maintained its gross margin in Wealth Management at a good level of 75 basis points (first half of 2019: 74 basis points). These positive income figures reflect its consistent client focus as well as its competence-driven product offering. Advised client assets totaled CHF 57.8 billion (end 2019: CHF 61.3 billion). Health-related measures and travel restrictions that were necessary due to the corona crisis significantly hampered the acquisition of new money from private clients, and this also impacted on growth in net new money. Total net new money in Wealth Management was CHF 0.3 billion, corresponding to an annualized growth rate of 1%, below its defined target range.

Even if the ongoing pandemic will have a negative effect on Vontobel’s direct contact with clients and consequently on the

willingness to invest within Wealth Management for the foreseeable future, Vontobel has identified opportunities for growth in the business with ultra-high-net-worth individuals (UHNWIs) as well as with Swiss SME leaders. In addition, Vontobel will continue to invest in new relationship managers to selectively strengthen the team.

Strong client demand via digital channels

Clients who only make use of our digital offerings and work with our products via stock markets and partners have also benefited from our powerful and reliable technology during the corona pandemic. This is demonstrated, among other things, by the Swiss Derivative Awards 2020, which was recently presented to Vontobel in recognition of its excellent services for investors. Private investors can access Vontobel's entire range of derivatives products – i.e. structured investment solutions and warrants – via the “derinet” platform. Vontobel ranks as one of the leading providers of derivatives products in its Swiss home market and its international focus markets of Asia, Europe and the Nordics. In the current year, Vontobel was once again able to further strengthen its position – especially in Switzerland and in European focus markets. The increased client demand for warrants during the corona crisis is reflected by the 4% rise in operating income to CHF 89.2 million compared to the prior-year period (CHF 85.7 million). The high level of interest in warrants among private investors can be expected to persist in markets with continued volatility. Vontobel is convinced of the opportunities that exist in this area and will therefore continue to expand its platforms and develop further innovations that address the needs of its clients.

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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 active investment manager with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We harness the power of technology to deliver a high-quality, individual client experience and to deploy our investment expertise across multiple platforms and ecosystems. We empower our employees to take ownership of their work and bring opportunities to life. We do so based on the conviction that successful investing begins with the assumption of personal responsibility. We continuously scrutinize our achievements as we strive to exceed the 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 as an obligation to also assume our social responsibility. As of June 30, 2020, Vontobel held CHF 280.2 billion of total client assets. Around the world and in our home market, we serve our clients from 26 locations.

Legal information

This document is provided purely for informational purposes and is expressly not directed at persons whose nationality or place of residence prohibits access to such information on account of existing legislation. The information and views contained in it do not constitute a request, offer, or recommendation to use a service, to buy or sell investment instruments, or to conduct other transactions. Forward-looking statements, by their nature, involve general and specific risks and uncertainties. It should be noted that there is a risk that forecasts, predictions, projections, and results described or implied in forward-looking statements may not prove to be correct.

Ratios

	H1 2020	H1 2019	H2 2019
Return on shareholders' equity (ROE) (%) ¹	13.4	14.3	14.2
Cost/income ratio (%)	74.7	75.8	75.3
Equity ratio (%)	6.1	6.3	6.9
Basel III leverage ratio (%)	4.8	4.9	5.2

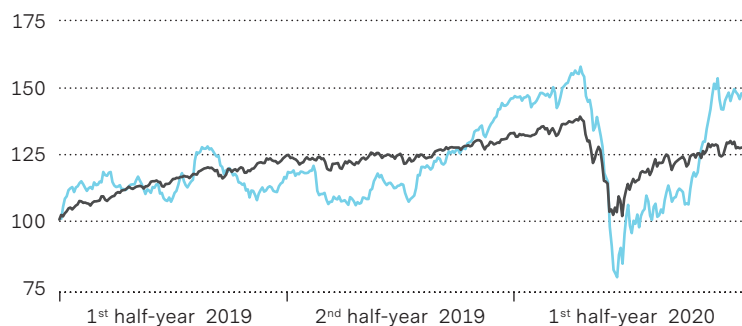
¹ Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests

Share data

	H1 2020	H1 2019	H2 2019
Basic earnings per share (CHF) ¹	2.18	2.23	2.26
Diluted earnings per share (CHF) ¹	2.14	2.19	2.20
Equity per share outstanding at balance sheet date (CHF)	31.31	30.78	32.71
Price/book value per share	2.1	1.8	2.1
Price/earnings ² per share	15.3	12.2	15.3
Share price at balance sheet date (CHF)	66.45	54.30	69.15
High (CHF)	74.90	61.10	69.70
Low (CHF)	36.12	49.72	49.96
Market capitalization nominal capital (CHF mn)	3,779.3	3,088.3	3,932.9
Market capitalization less treasury shares (CHF mn)	3,725.6	3,054.6	3,833.2
Undiluted weighted average number of shares	55,897,367	55,970,190	55,901,396

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

	30.06.2020	30.06.2019	31.12.2019
CET1 capital ratio (%)	13.8	12.3	13.5
CET1 capital (CHF mn)	972.3	924.9	949.4
Tier 1 capital ratio (%)	20.2	18.2	19.9
Tier 1 capital (CHF mn)	1,420.7	1,372.8	1,397.5
Risk weighted positions (CHF mn)	7,037.7	7,540.4	7,039.3

Risk ratio

CHF MN	H1 2020	H1 2019	H2 2019
Average Value at Risk market risk	11.4	6.1	6.3

Average Value at Risk 6 months for positions of Vontobel. Historical simulation of Value at Risk; 99 % confidence level; 1-day holding period; 4-year historical observation period

Rating

	30.06.2020	30.06.2019	31.12.2019
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3

Operating income by Client Unit

	H1 2020 CHF MN	H1 2019 CHF MN	H2 2019 CHF MN	CHANGE IN % TO H1 2019
Asset Management	248.5	238.1	271.6	4
Platforms & Services	73.4	77.1	73.8	-5
Wealth Management	215.5	210.8	218.5	2
Digital Investing	89.2	85.7	75.2	4

Consolidated income statement

	H1 2020 CHF MN	H1 2019 CHF MN	H2 2019 CHF MN	CHANGE IN % TO H1 2019
Operating income	623.0	625.6	636.2	0
Operating expense	466.9	476.1	479.1	-2
Group net profit	129.2	131.1	134.0	-1
<i>of which allocated to minority interests</i>	7.5	6.4	7.6	17
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	121.6	124.7	126.3	-2

Consolidated balance sheet

	30.06.2020 CHF MN	30.06.2019 CHF MN	31.12.2019 CHF MN	CHANGE IN % TO 31.12.2019
Total assets	28,596.6	27,364.7	26,240.3	9
Shareholders' equity (excl. minority interests)	1,755.4	1,731.3	1,813.3	-3
Loans	5,385.9	5,136.3	5,046.2	7
Due to customers	12,244.2	11,304.1	10,506.4	17

Client assets

	30.06.2020 CHF BN	30.06.2019 CHF BN	31.12.2019 CHF BN	CHANGE IN % TO 31.12.2019
Assets under management	193.4	186.0	198.9	-3
<i>of which under discretionary management</i>	131.2	120.0	130.6	0
<i>of which under non-discretionary management</i>	62.2	66.0	68.2	-9
Other advised client assets	15.4	16.6	16.5	-7
Structured products and debt instruments outstanding	9.8	10.3	10.7	-8
Total advised client assets	218.6	212.9	226.1	-3
Custody assets	61.5	59.2	62.3	-1
Total client assets	280.2	272.2	288.4	-3

Net new money

	H1 2020 CHF BN	H1 2019 CHF BN	H2 2019 CHF BN
Net new money	7.4	5.3	6.4

Personnel (full-time equivalents)

	30.06.2020	30.06.2019	31.12.2019	CHANGE IN % TO 31.12.2019
Number of employees Switzerland	1,636.6	1,666.1	1,636.8	-0
Number of employees abroad	360.4	334.6	344.8	5
Total number of employees	1,997.0	2,000.7	1,981.6	1