

An aerial, black and white photograph of a curved road or bridge. A white bus is driving on the road, and several people are walking on the sidewalks. The road curves around a body of water, and there are trees and a rocky area on the left side. The overall scene is captured from a high angle, looking down at the road and the surrounding environment.

# Vontobel half-year 2019 results

**Zeno Staub**  
CEO  
July 25, 2019

**Martin Sieg Castagnola**  
CFO

# Cautionary statement regarding forward-looking statements and disclaimer

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This document may contain projections or other forward-looking statements related to Vontobel that are subject to known and unknown risks, uncertainties and other important factors. These projections and forward-looking statements reflect management's current views and estimates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Vontobel's future results may vary materially from the results expressed in, or implied by, the projections and forward-looking statements contained in this document. Potential risks and uncertainties include, in particular, factors such as general economic conditions and foreign exchange, share price and interest rate fluctuations as well as legal and regulatory developments. Vontobel has no obligation to update or alter its forward-looking statements based on new information, future events or other factors.

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**Picture on the front page:** Geneva, where Vontobel has been active since 1993.

With our Wealth and Asset Management businesses and our Financial Products offering, Geneva plays a decisive role in maintaining a strong Vontobel presence in the region and serves as an important hub for our global activities.

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## Overview

## Highlights

Half-year 2019 results

Strategy update

Outlook

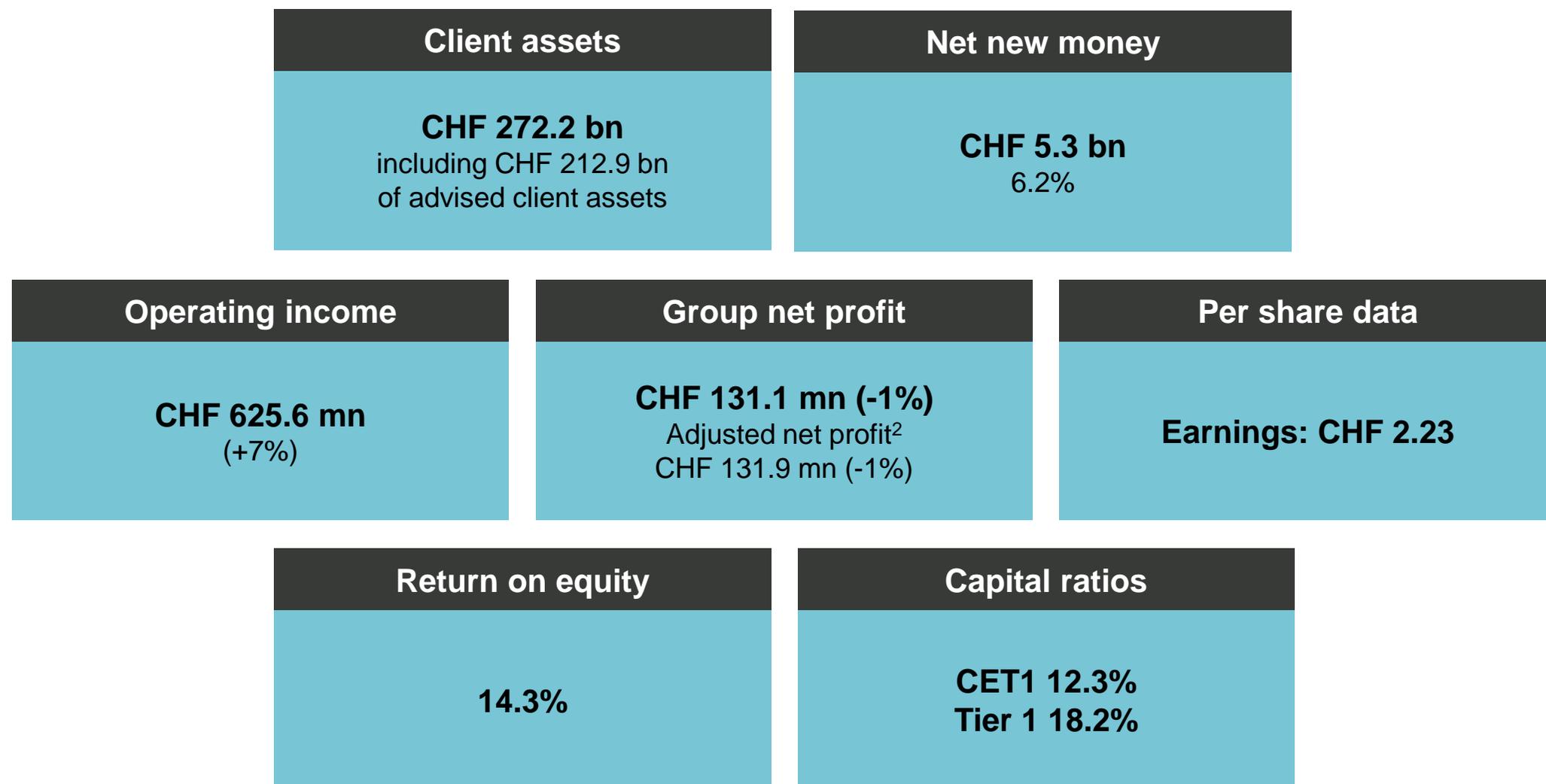
Questions and answers

# Solid performance: Specialist approach produces strong results – Vontobel

## Vontobel largely absorbs impact of low turnover environment

July 25, 2019

### Key figures<sup>1</sup> as of June 30, 2019



<sup>1</sup> Notenstein La Roche Privatbank AG consolidated as of July 2018

<sup>2</sup> In H1 2019 excluding integration costs of Notenstein La Roche (NLR) and the US-based private clients portfolio of Lombard Odier totaling CHF 6.9 million after tax and a special dividend from our participation in SIX Group AG of CHF 6.1 million after tax

# Highly resilient business model with strong asset-related earnings and growth

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## Clients continue to endorse our products and services

- Operating income grew by 7%, driven by contributions from Combined Wealth Management<sup>1</sup> and Asset Management
- NNM of CHF 5.3 billion (6.2%<sup>2</sup>) and strong investment performance resulted in AuM of CHF 186.0 billion

## Strong asset-linked business

- Asset-linked business generated 85% of pre-tax profit<sup>3</sup>, with both Asset Management and Wealth Management successfully defending their RoA despite a further shift towards fixed income in Asset Management and continued high liquidity levels in Wealth Management
- Growth momentum and development of margins both confirm our strong competitive position

## Executing with discipline in Financial Products

- Transaction-based business had a slow start to the year as market volumes were significantly lower than in the strong H1 2018
- Continued execution of long-term strategy, low risk appetite maintained – no scaling back of investments in the business

## Integration of acquisitions close to completion

- Lombard Odier US-based private clients portfolio fully integrated; Notenstein La Roche to be completed in H2 2019

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<sup>1</sup> Wealth Management segment and External Asset Managers business unit

<sup>2</sup> Annualized

<sup>3</sup> Excluding Corporate Center

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**Half-year 2019 results**

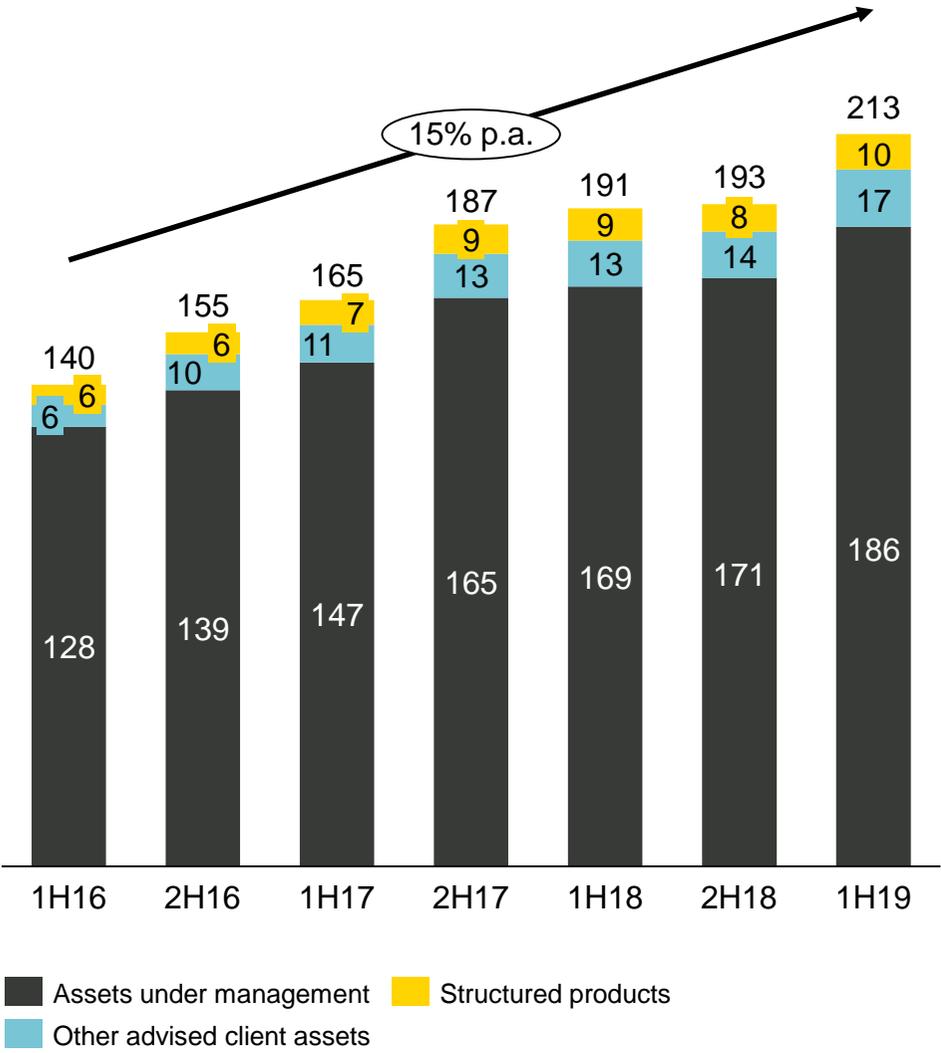
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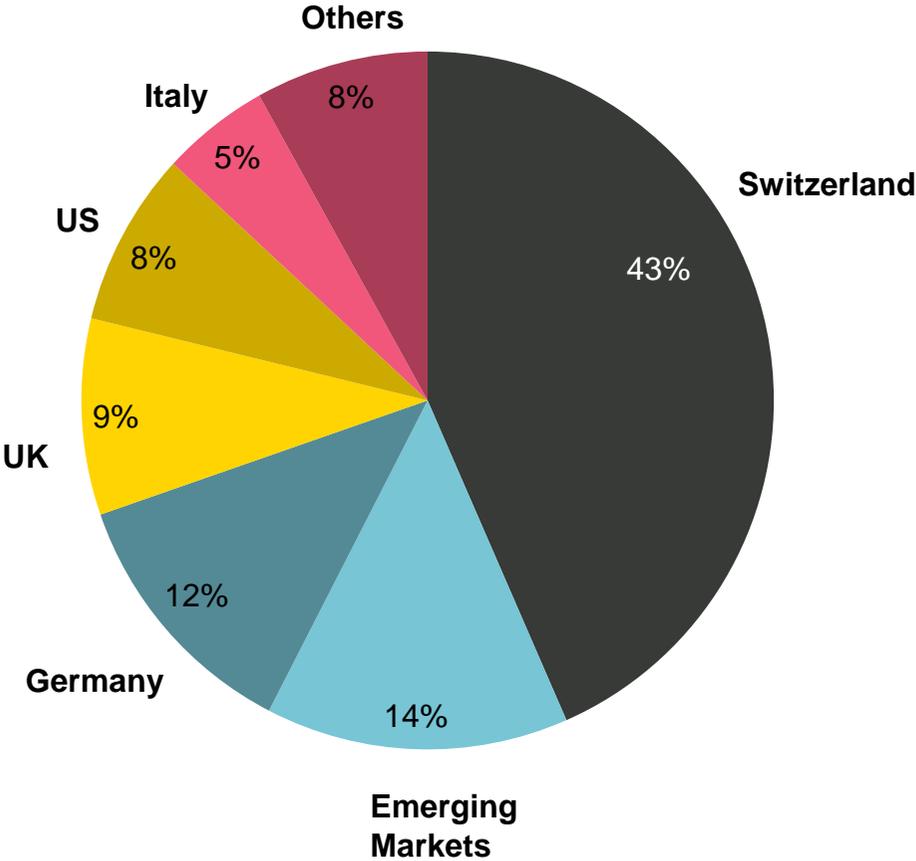
Questions and answers

# Advised client assets reach new high at CHF 212.9 billion driven by market performance and net new money

Advised client assets (CHF bn, end of period)



Advised client assets by client domicile (mid-2019)



# Vontobel grows operating income by 7% Group net profit down 1%

## Development of key figures

	30-06-19	30-06-18	Δ
Operating income (CHF mn)	625.6	583.3	+7%
Operating expense (CHF mn)	476.1	422.4	+13%
Profit before taxes (CHF mn)	149.6	160.9	-7%
Taxes (CHF mn)	18.4	28.2	-35%
Group net profit (CHF mn)	131.1	132.7	-1%
<i>excl. one-off impacts<sup>1</sup></i>	131.9	132.7	-1%
Cost/income ratio (%)	75.8	72.0	+3.8 pp
Basic earnings per share (CHF)	2.23	2.28	-2%
<i>excl. one-off impacts</i>	2.24	2.28	-2%
Return on equity (%)	14.3	15.1	-0.8 pp
CET1 capital / tier 1 capital (CHF mn)	924.9 / 1,372.8	1,174.7 / 1,622.1	-21% / -15%
Risk-weighted positions (CHF mn)	7,540.4	6,148.1	+23%
CET1 ratio / tier 1 capital ratio (%; Basel III fully applied)	12.3 / 18.2	19.1 / 26.4	-6.8pp / -8.2 pp
Average LCR (%; liquidity coverage ratio)	193	203	-10 pp
Leverage ratio	4.9	6.7	-1.8 pp

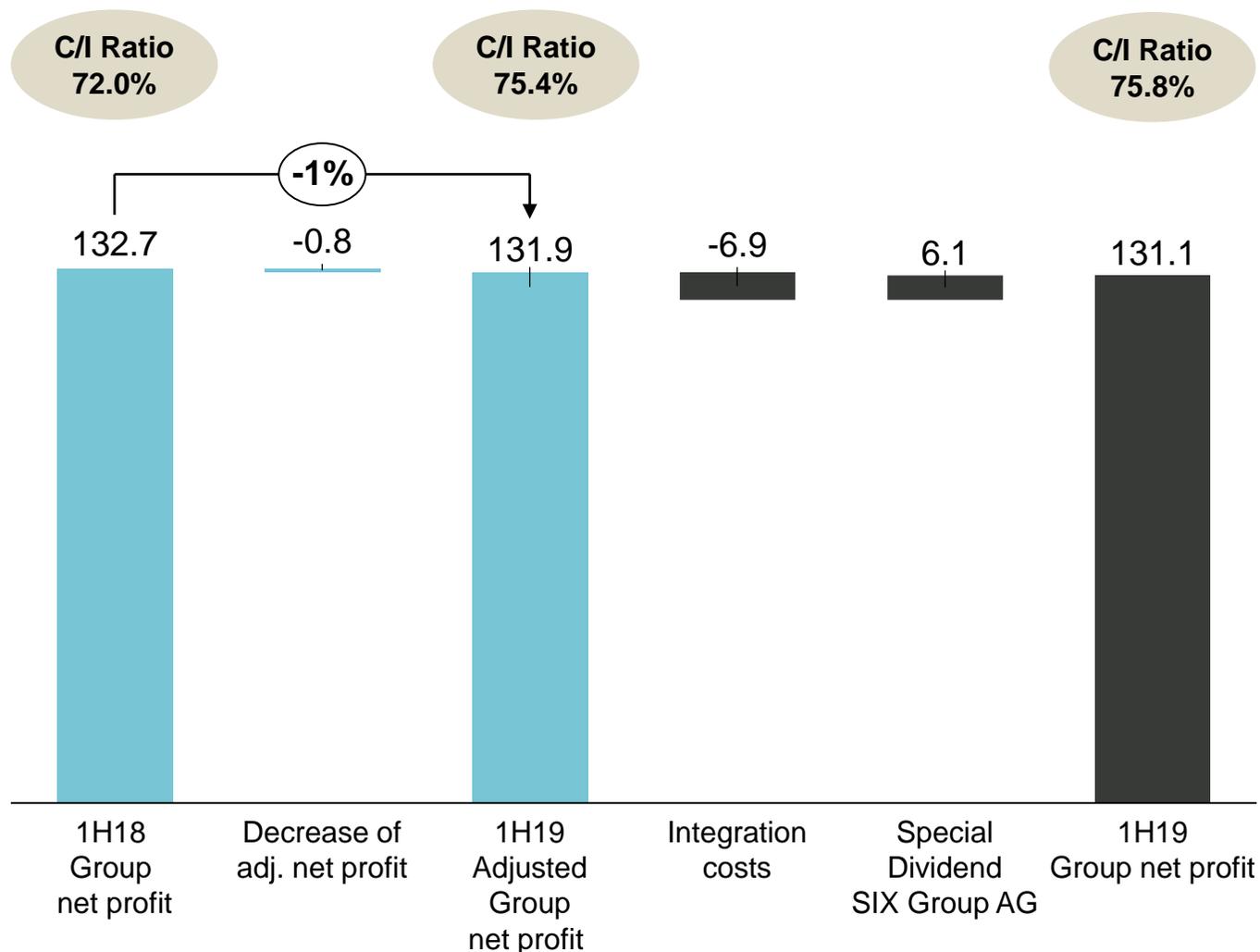
## Comments

- Operating income rose 7% on the back of an increased asset base. 66% of operating income stems from recurring fee and commission business.
- Operating expense increased by 13%, reflecting the cost of additional locations and increased FTEs.
- Tax rate decreased to 12.3% (from 17.5%), reflecting the positive impact of deferred tax assets in Germany and a US tax refund. Excluding these effects, the tax rate would be around 17%.
- Group net profit excluding minority interests of CHF 124.7 million (-2%), resulting in 2% lower EPS.
- Solid capital base with CET1 ratio of 12.3% and tier 1 capital ratio of 18.2%, negatively impacted by new IFRS 16 standard.

<sup>1</sup> One-off impacts in H1 2019 include integration costs of CHF 7.9 million (CHF 6.9 million after tax) and a special dividend of CHF 6.9 million from our participation in SIX Group AG (CHF 6.1 million after tax)

# Vontobel delivers solid net profit in a difficult market environment for transaction-based business

## Group net profit (CHF mn)

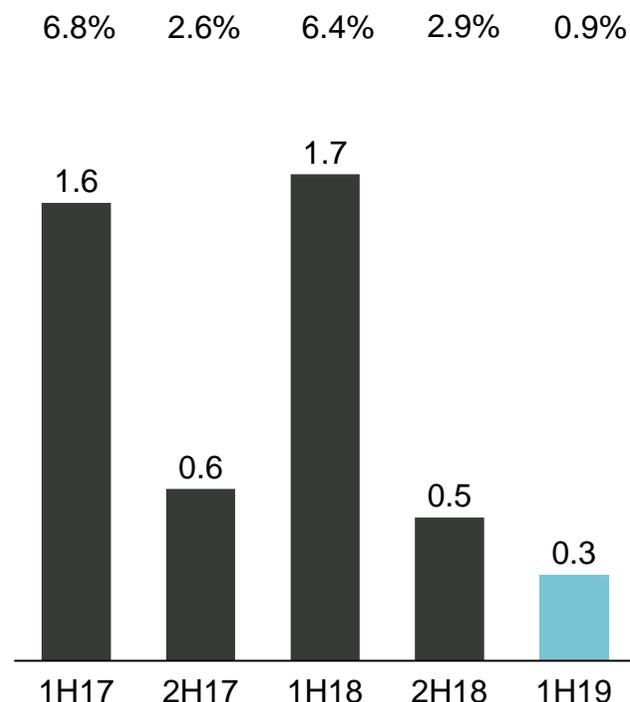


## Comments

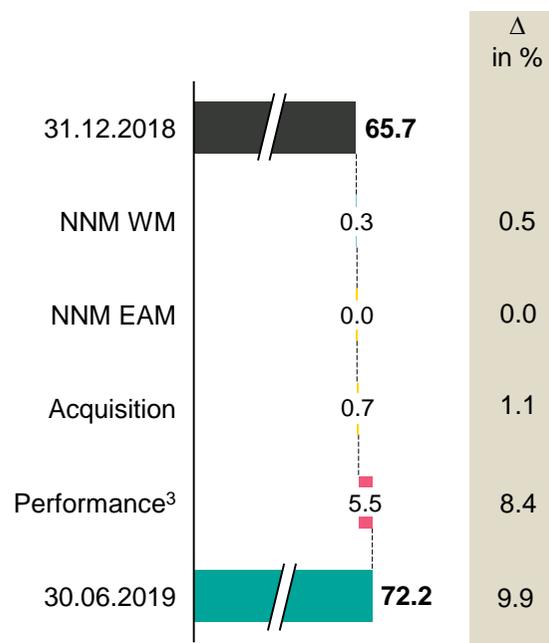
- Adjusted Group net profit was down 1% compared to H1 2018, same as on a reported basis.
- In H1 2019 Vontobel incurred total integration costs of CHF 7.9 million, or CHF 6.9 million after tax.
- Notenstein La Roche integration costs amounted to CHF 7.4 million (CHF 6.5 million after tax). In H2 2019 small additional costs will be incurred to finalize integration.
- The integration costs of the US-based private clients portfolio of Lombard Odier were CHF 0.5 million (CHF 0.4 million after tax).
- Through our participation in SIX Group AG we received a special dividend of CHF 6.9 million (CHF 6.1 million after tax).

# Combined Wealth Management<sup>1</sup> with good investment performance while absorbing flow effects from the integration

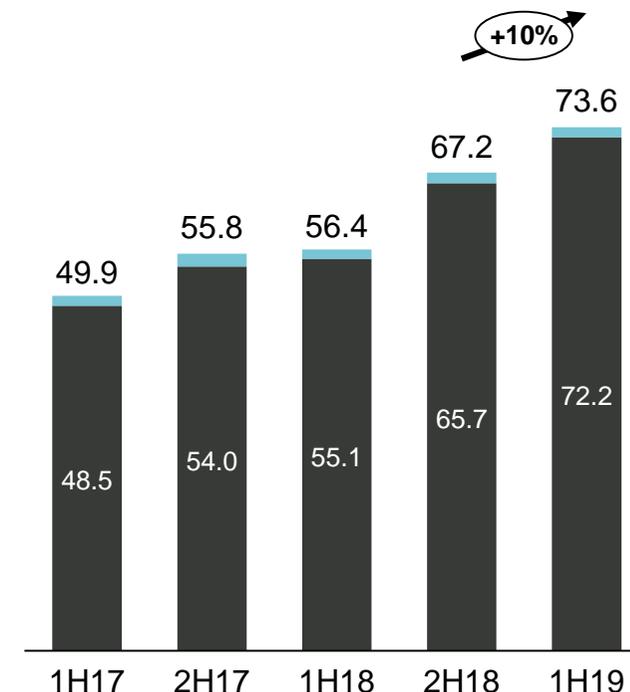
Net new money<sup>2</sup> (CHF bn)



Development of AuM (CHF bn)



Advised Client Assets



- EAM inflows were flat while Wealth Management contributed CHF 0.3 billion, reflecting the flow effects from the integration in both businesses
- We believe the underlying structural growth path is intact and are committed to our 4 to 6% net new money target for 2020

- AuM increased by 10% compared to end-2018, reflecting the positive impact of the acquisition of the US-based private clients portfolio of Lombard Odier, net new money and predominantly good investment performance

- Advised client assets reached a new high of CHF 73.6 billion

■ AuM  
■ Other advised client assets

<sup>1</sup> Wealth Management segment and External Asset Managers business unit

<sup>2</sup> Growth in AuM attributable to net new money is annualized

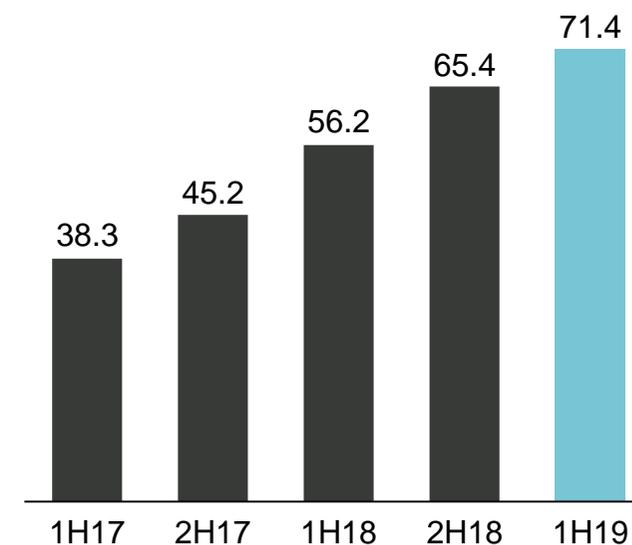
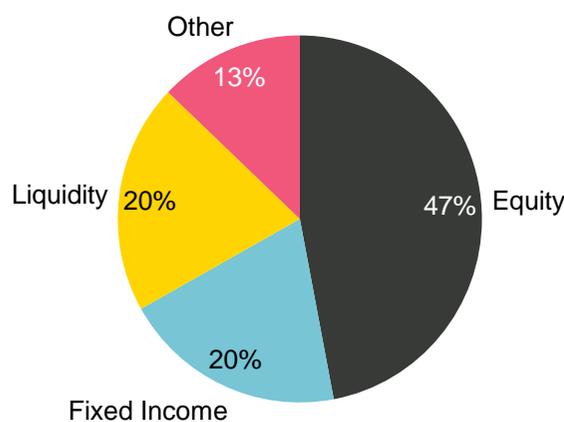
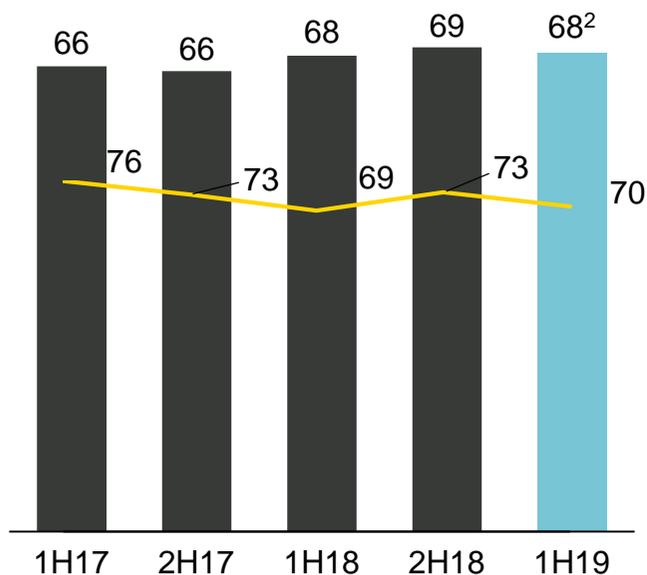
<sup>3</sup> FX performance (CHF -0.6 bn), market performance (CHF 6.1 bn)

# ... and increased profitability due to good revenue growth and focus on a lean and scalable business model

**Gross margin<sup>1</sup> on AuM (bps) and CIR (%)**

**Advised client asset split (%)**

**Profit before tax (CHF mn)**



- Margin remains stable at 68 bps, driven by strong demand from new clients for our specialized offering
- Large liquidity holdings are still a drag to our gross margin

- Cost / income ratio improved compared to H2 2018; at 70%, it is in line with our 2020 target.

- Accelerated growth of pre-tax profit of 27% yoy to CHF 71.4 million, supported by the acquisition of Notenstein La Roche and the consistent execution of our strategy

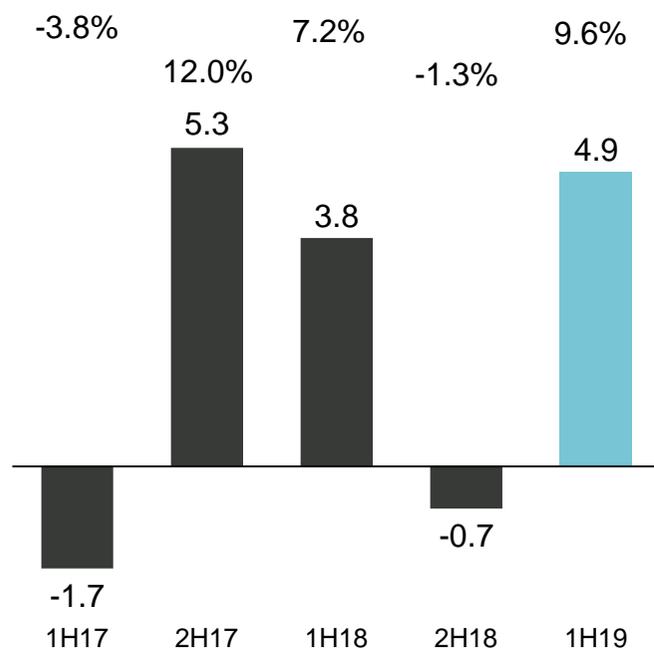
■ Gross margin on AuM (bps) — Cost/income ratio (%)

<sup>1</sup> Gross margin is calculated as operating income / average assets under management and is annualized

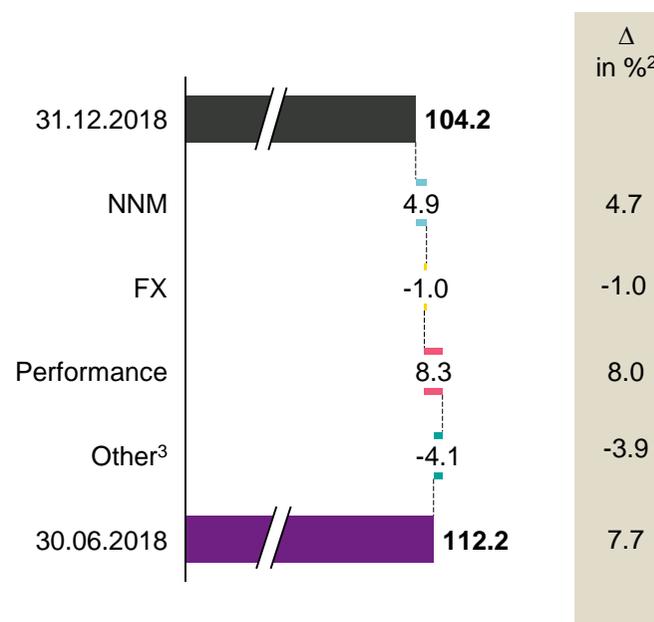
<sup>2</sup> Of which 53 bps are commission driven, including 42 bps from recurring fee income

# Asset Management with above-target inflows – leading to new record advised client assets ...

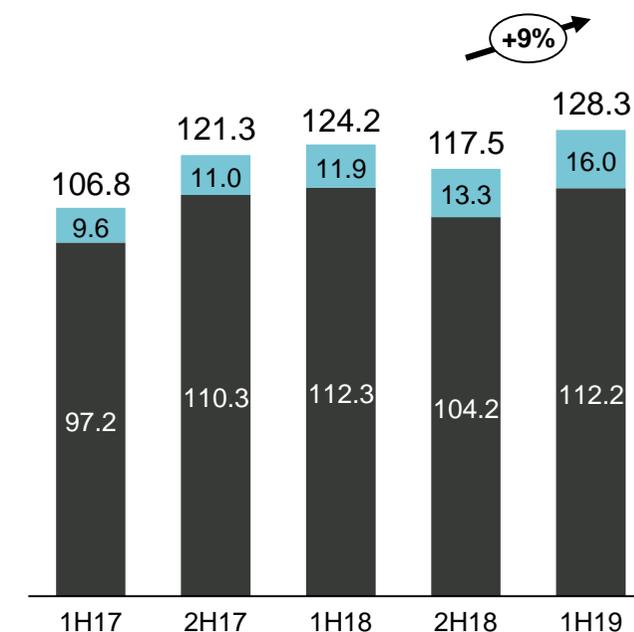
Net new money<sup>1</sup> (CHF bn)



Development of AuM<sup>2</sup> (CHF bn)



Advised client assets



- Strong net new money in H1 2019
- Strongest net inflows in Fixed Income including TwentyFour AM, Multi Asset and Sustainable & Thematic Investing
- Raiffeisen funds also contributed to net new money

- Asset growth was driven by strong performance and net new money
- Solution-related assets will be shown as other advised client assets in future to enhance transparency for investors
- Growth in AuM since end-2018 was 8% to CHF 112.2 billion

- Advised client assets have reached CHF 128.3 billion, an increase of 9% since end-2018

■ AuM  
■ Other advised client assets

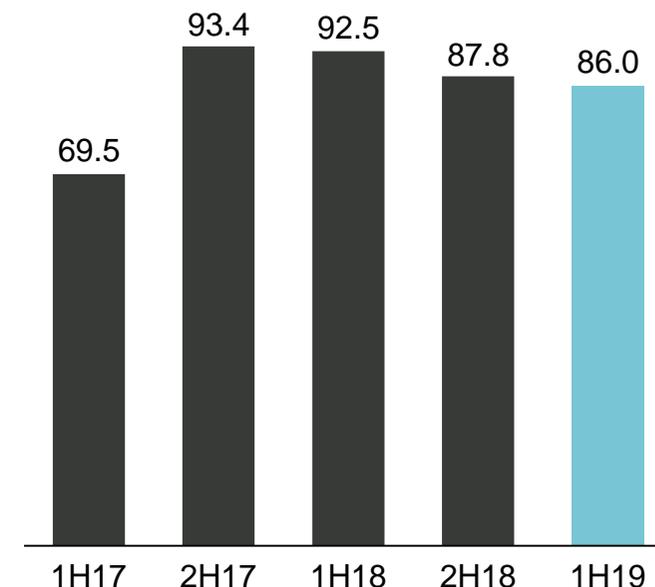
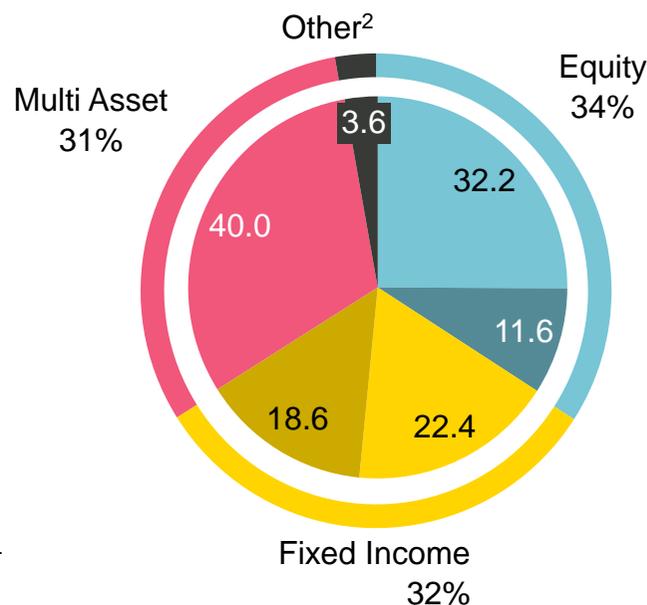
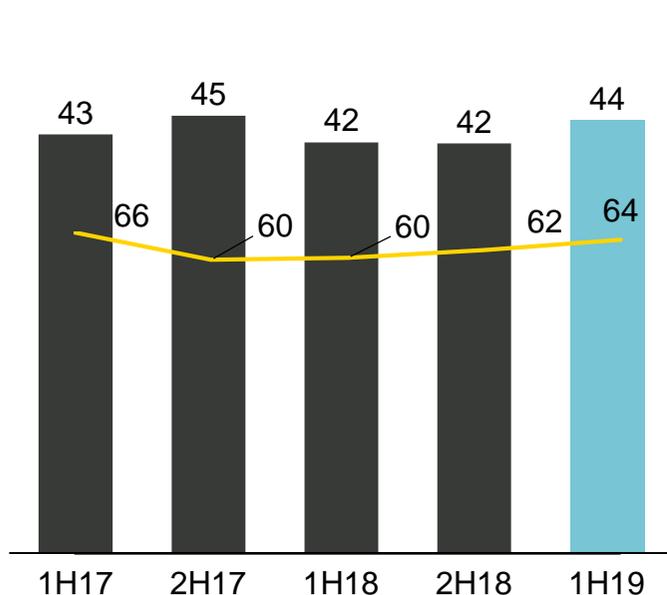
<sup>1</sup> Growth in AuM attributable to NNM is adjusted for double counting and annualized  
<sup>2</sup> Not adjusted for double counting  
<sup>3</sup> Solution-related assets now shown under other advised client assets, for example PLF business

# ... strong margin and solid pre-tax profit due to our balanced book of business

**Gross margin on AuM<sup>1</sup> (bps) and CIR (%)**

**Advised client asset split (%)**

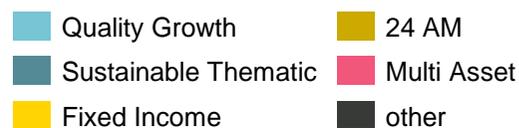
**Pre-tax profit (CHF mn)**



- Good gross margin of 44 bps reflects strong underlying business
- Reclassification of the PLF business as other client assets improved gross margin by 1.4 bps

- Fixed Income share of advised client assets has increased from 14% to 32% over the last 5 years

- Pre tax profit of CHF 86 million, 7% below strong H1 2018 results
- Results reflect the business expansion (FTEs +9% yoy) and good investment performance



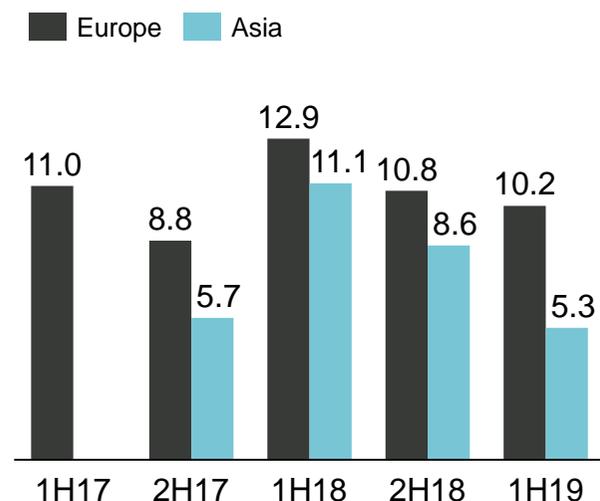
■ Gross margin on AuM (bps) — Cost/income ratio (%)

<sup>1</sup> Gross margin on AuM is calculated as operating income / average assets under management and is annualized

<sup>2</sup> Other contains the Private Label business and corrects for double counting of CHF 0.9 billion in the boutiques

# Financial Products impacted by lower demand in all markets

## Turnover<sup>1</sup> of listed and non-listed Vontobel products in Europe and Asia (CHF bn)



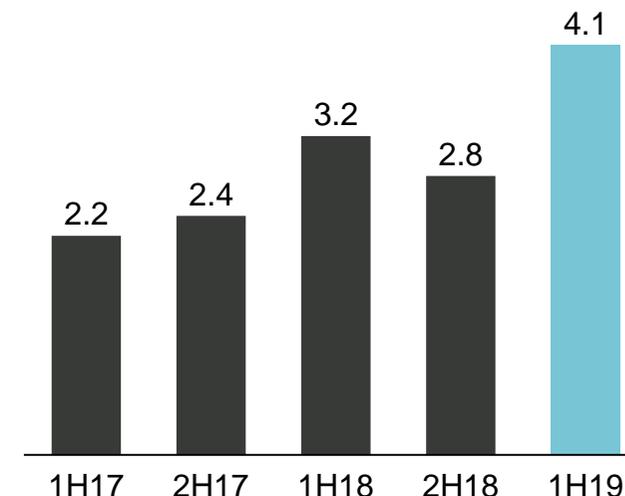
- Vontobel turnover in Europe was down 20% yoy, in line with the market
- Vontobel turnover in Asia was down significantly due to overall market development (-15%) as well as our increased focus on our margin after establishing a presence in the market in 2018.

## Market share of listed products in H1 2019

MARKETS	# Rank	TURNOVER	# TRADES
Switzerland <sup>2/3</sup>	#1	29.0%	39.7%
Germany <sup>2</sup>	#7	9.4%	8.5%
Nordics <sup>4/5</sup>	#5	7.5%	4.6%
Italy <sup>4</sup>	#4	13.8%	15.1%
France <sup>4</sup>	#5	7.0%	9.0%
Netherlands <sup>4</sup>	#5	5.1%	10.0%
<b>Europe</b>		<b>11.5%</b>	<b>9.0%</b>
<b>Hong Kong</b>	<b>#10</b>	<b>1.3%</b>	<b>2.7%</b>

- Vontobel Financial Products defended its market share in Europe and maintained market rankings
- While volumes on exchanges were down significantly, deritrade was able to capture additional flows on its platform

## Notional volume issued through Vontobel's digital channels (CHF bn)



### Distributors on deritrade

- 75 banks
- >550 external asset managers

### 2 collaboration agreements in place

- UBS Wealth Management
- Raiffeisen

### White Label partnerships in place

- Basler Kantonalbank

<sup>1</sup> Notional volume issued and traded of Vontobel structured products and warrants

<sup>2</sup> Investment and leverage products

<sup>3</sup> On exchange and on book

<sup>4</sup> Leverage products

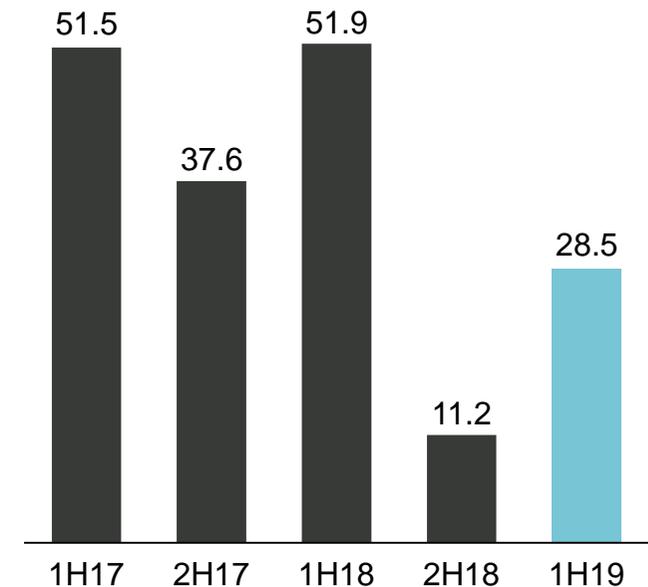
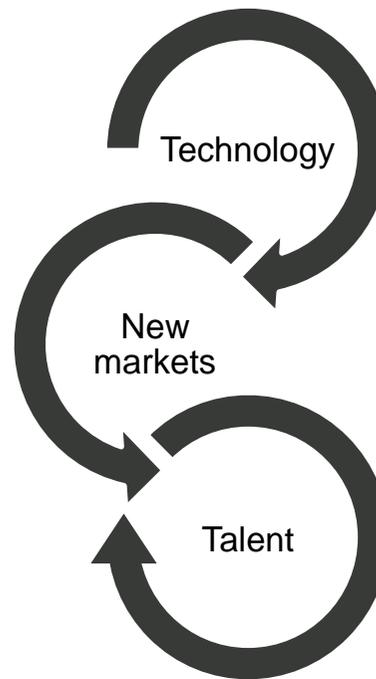
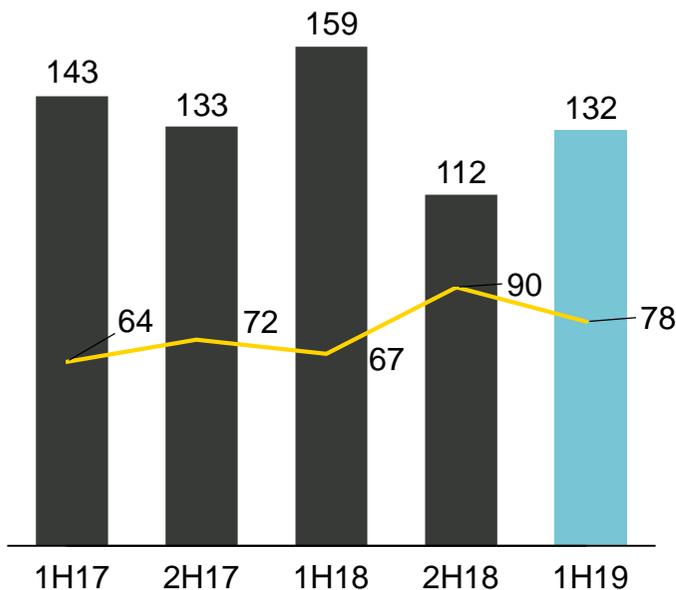
<sup>5</sup> Sweden and Finland (NGM and OMX)

# Financial Products results reflect sluggish market activity and ongoing investments

Operating income<sup>1</sup> (CHF mn) and CIR (%)

Investments

Pre-tax profit<sup>1</sup> (CHF mn)



- Structured products and derivatives are the largest revenue generators for Financial Products.
- Operating income was negatively impacted by the difficult environment for Brokerage and Corporate Finance.

- Pre-tax profit of CHF 28.5 million in H1 2019, a partial recovery from difficult H2 2018 but down by 45% compared to strong H1 2018.
- This effect was a combination of lower operating income due to lower volumes and a cost base that is adjusted over time.

■ Operating income (CHF mn) — Cost/income ratio (%)

<sup>1</sup> including Financial Products, Brokerage, Transaction Banking and Corporate Finance

# Acceleration in Asset Management and Combined Wealth Management – now jointly accounting for 85% of pre-tax profit<sup>1</sup>

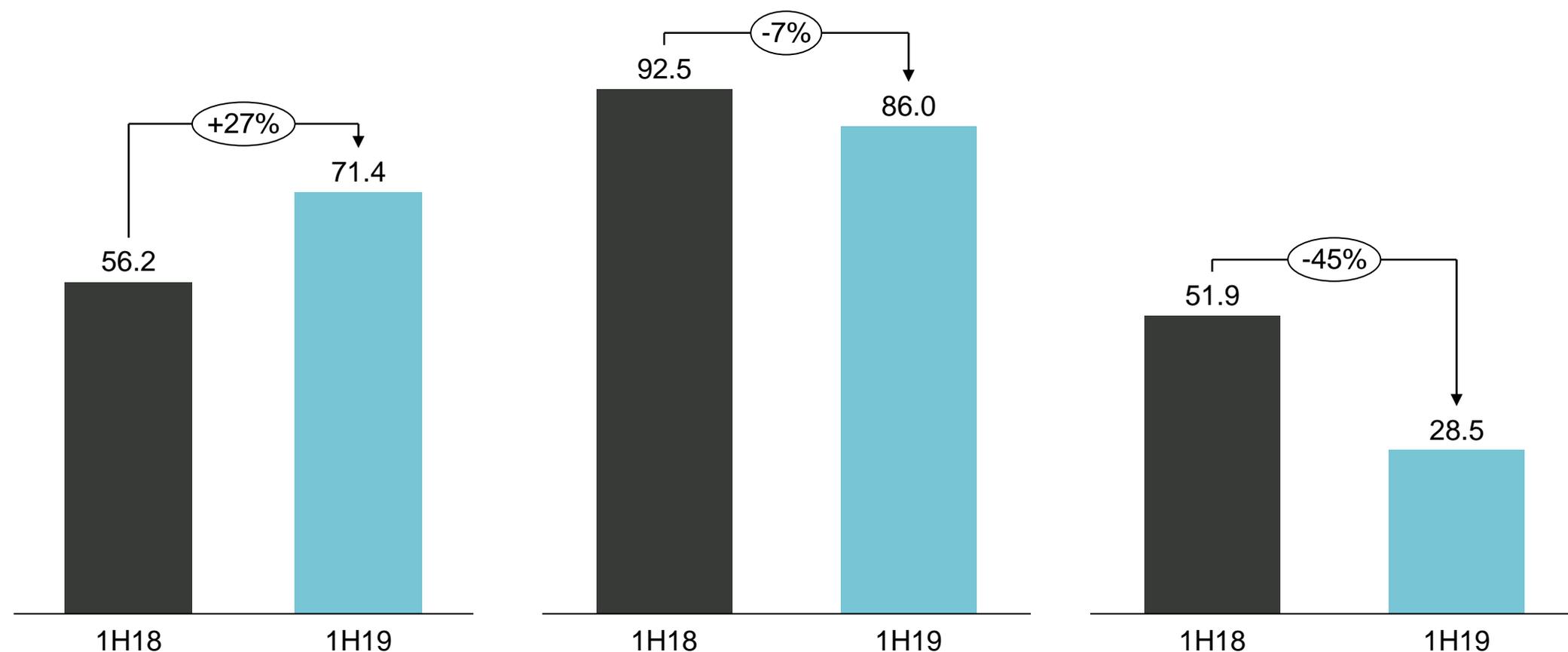
July 25, 2019

Pre-tax profit of core activities (IFRS, CHF mn)

Combined Wealth Management<sup>2</sup>

Asset Management

Financial Products



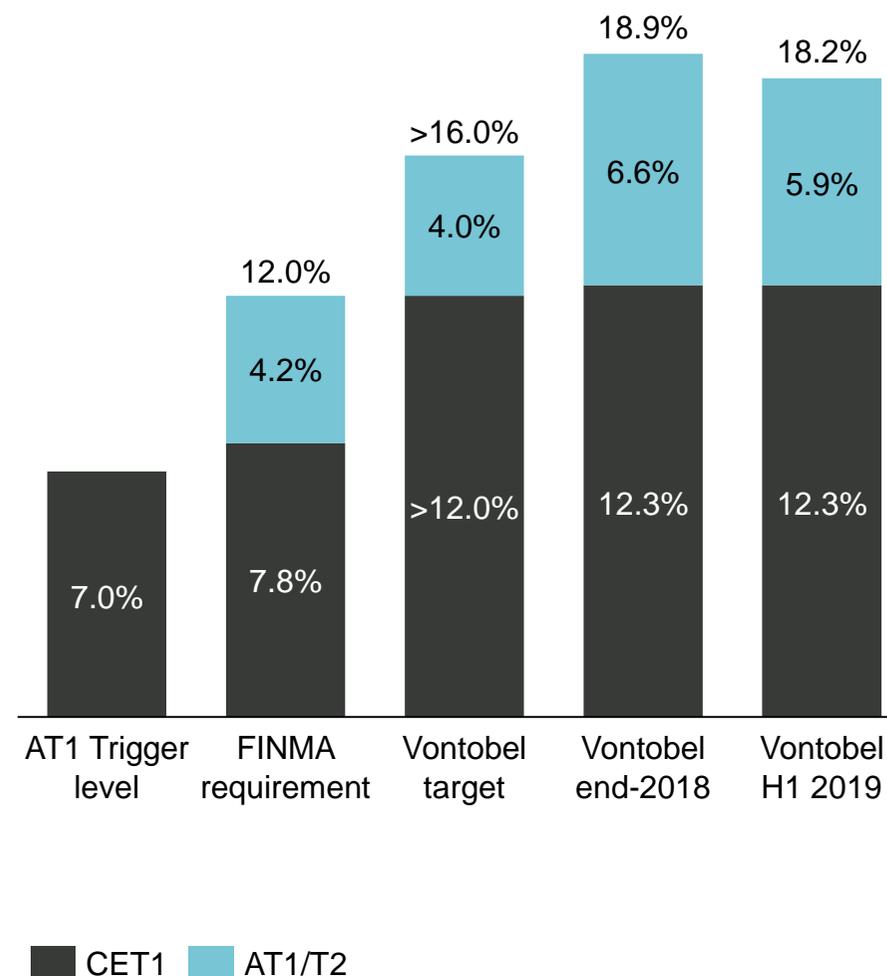
<sup>1</sup> Excluding Corporate Center

<sup>2</sup> Wealth Management segment and External Asset Managers business unit

# Higher capital ratios – capital structure improved by issuing additional Tier 1 bond

## Capital ratios

- CET1 ratio remained at 12.3%, unchanged from end-2018.
- The adoption of IFRS 16 on leases increased our balance sheet as all our office leases now have to be capitalized over the lease term. This also led to an increase in RWA by CHF 186 million. Without this effect, CET1 ratio would have been 12.6%.
- Total capital ratio was 18.2%, compared to 18.9% at end-2018. Excluding the IFRS 16 impact, the total capital ratio would have been 18.7%.
- In H1 2019, operating income grew by 9% compared to H2 2018 and risk-weighted assets by 8% since end-2018, excluding the impact of IFRS 16.



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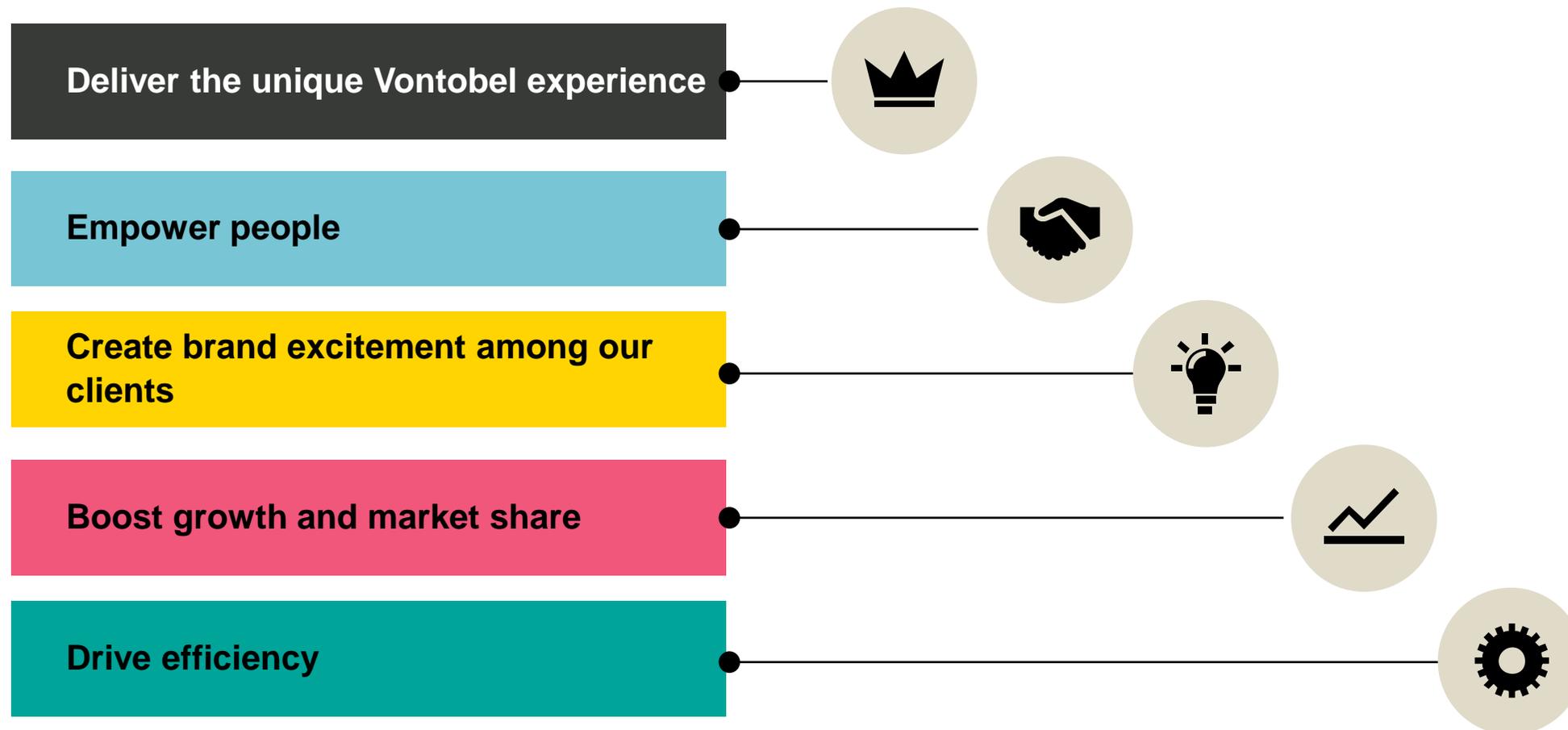
Half-year 2019 results

**Strategy update**

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# Strategy 2020: Progress on strategic priorities



# Our value proposition and service model drove margin stabilization and a shift in mix towards more recurring income ....

Value proposition



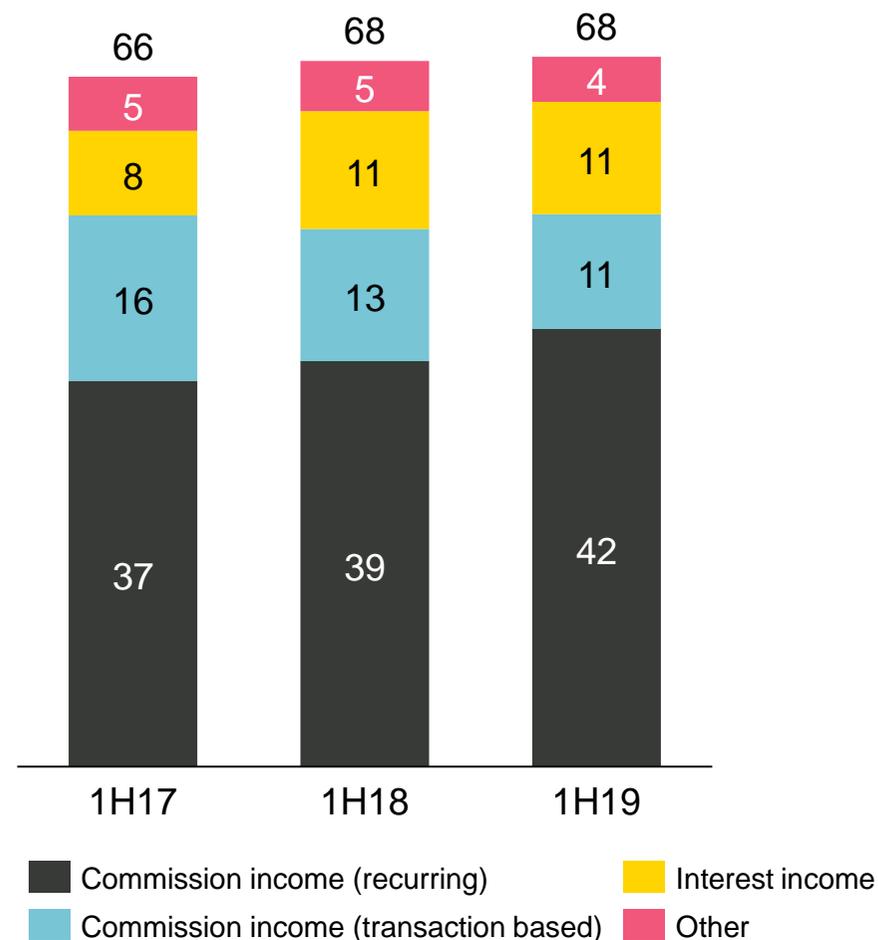
- Vontobel brand relaunched
- Build-out of investment capabilities
- Holistic client advisory process introduced, feeding into a modular product offering linked to value-based pricing
- Reworking of key customer journeys

Service model



- Academy for relationship managers
- Introduction of state-of-the-art specialist systems
- Service delivery supported by investment and wealth planning specialists

Composition of gross margin in Combined Wealth Management (in bps)



## ... and we continue to focus on our growth drivers

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### Growth Drivers



#### **1. Use strong momentum**

- Strong level of presence and brand power in Switzerland
- Strong employer brand enables attraction of best talents
- Drive growth across focus markets

#### **2. Expand current product shelf / markets**

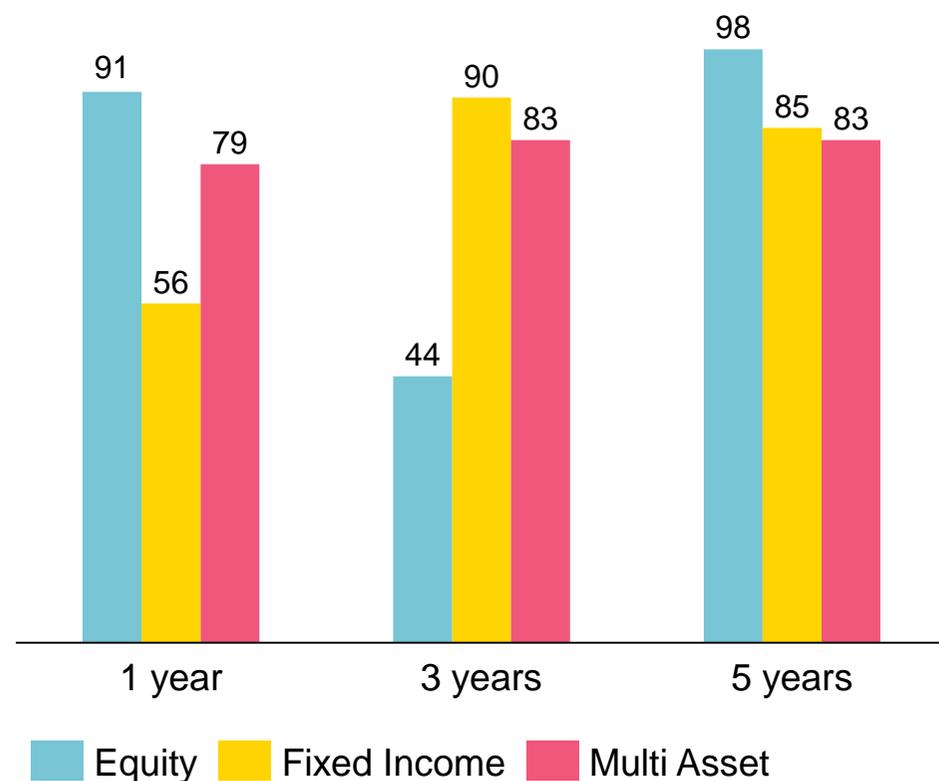
- Broaden competences in wealth services areas (pension products)
- Launch of thematic investment stories and products
- Continue to deploy advisory services to EAM and build EAM business in Asia

#### **3. Develop digital growth models**

- Launch of Volt, a fully automated discretionary investment solution with digital onboarding option for new clients and purely remote assistance
- Use digital distribution channels
- Digital Investment Solution Platform allows partners to offer their own digital wealth management to their clients

# High conviction boutique strategy and strong investment culture pay off in Asset Management

## Strong long-term track record: 1<sup>st</sup> and 2<sup>nd</sup> quartiles (% of AuM)



## Long standing track record based on a valid investment conviction

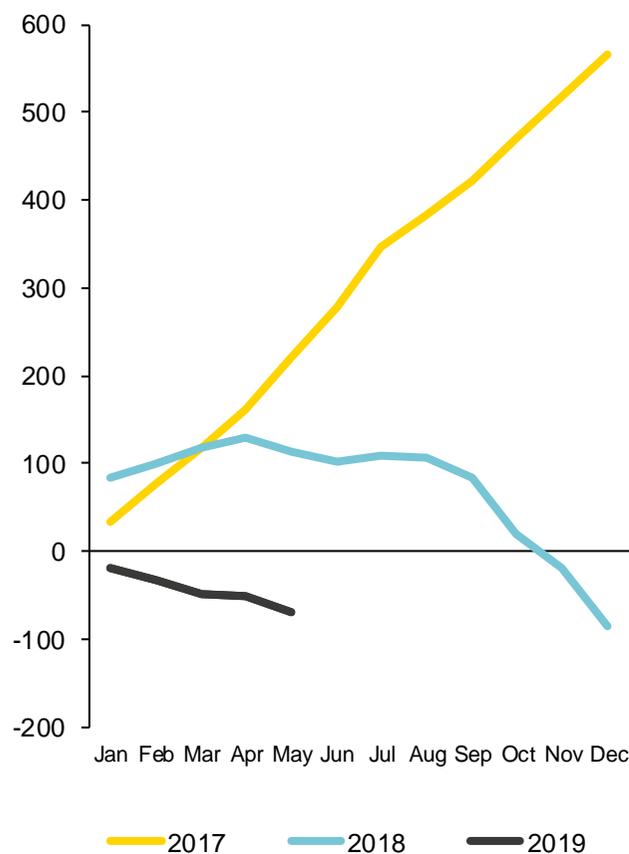
- 56% of our funds have received a 4 or 5 star Morningstar rating, compared to only 35% in the market
- On an asset-based view, Vontobel has 88% of 4 or 5 star ratings as all of our 13 mutual funds with client assets of more than CHF 1 bn fall into one of these two rating categories
- Vontobel is well established as an Emerging Markets expert and received several awards in this category<sup>1</sup> in 2018 and beginning of 2019
- TwentyFour Asset Management was awarded “Fixed Income Manager of the Year” at the European Pension Awards and “Specialist Group of the Year” by Investment Week’s Fund Manager Awards.
- QG has passed through the three years performance period with the same leadership team showing a strong commitment to process and philosophy with convincing investment results

<sup>1</sup> Based on Morningstar rated funds

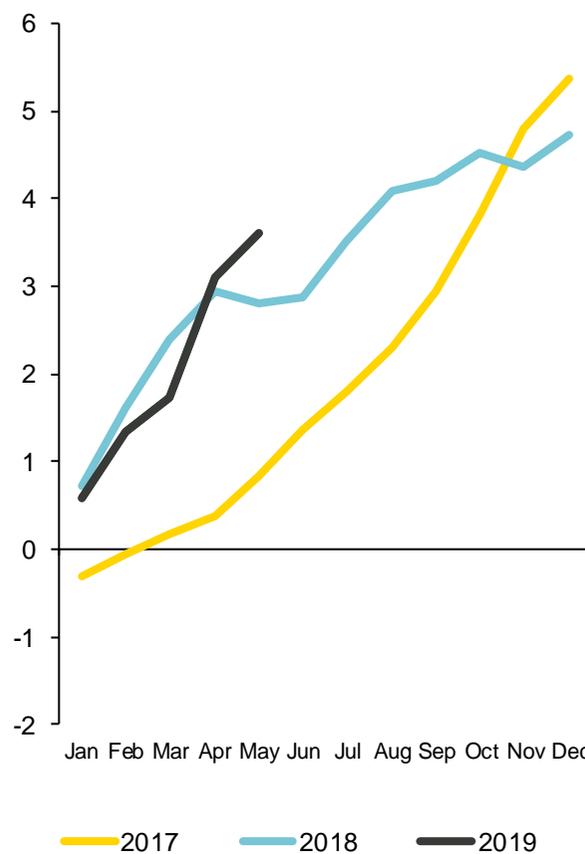
# Relative strength translates into strong net new money flows – distribution platform is a key driver of this success

## Cumulative flows in active funds<sup>1</sup> (CHF bn)

**Market:** Outflows across European and cross-border funds



**Vontobel:** Broad-based flows across different focus markets



## Strong distribution platform across different focus markets

Success factors:

- Consistent performance in our EM product ranges
- Innovation in EM corporate and Active Quant offerings
- Well diversified regional growth

Further strengthening of our distribution platform by:

- Expanding our client coverage in the US and Latin America
- Establishing an onshore presence in Japan
- Enhancing Global Banks coverage

<sup>1</sup> European and cross-border fund flows of 1363 active managers in Morningstar Categories only and excluding Money Market funds and Fund of Funds  
Source Market: Broadridge May 2019

# Financial Products: Continue on our current path and further leverage scalable platforms

## Markets

### Relative Market potential

CH



Europe



Asia



### We stick to a disciplined execution

Markets



Clients



Risk appetite



## Platforms

### Deritrade

- Deritrade turnover is increasing strongly while market volumes on the exchanges are decreasing



### Actively managed and thematic certificates

- More than 350 products issued
- Volume outstanding of over CHF 2 bn



### cosmofunding

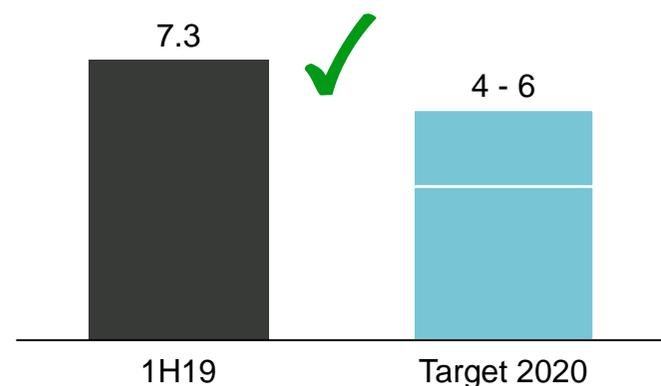
- Traded volume of CHF 1.1 bn since launch



# We are committed to our 2020 targets

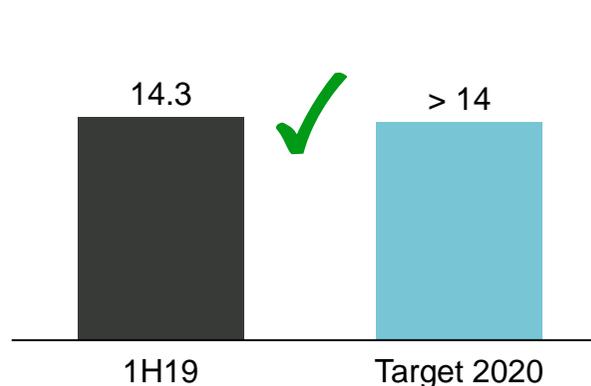
## Growth

Top-line growth (in %)



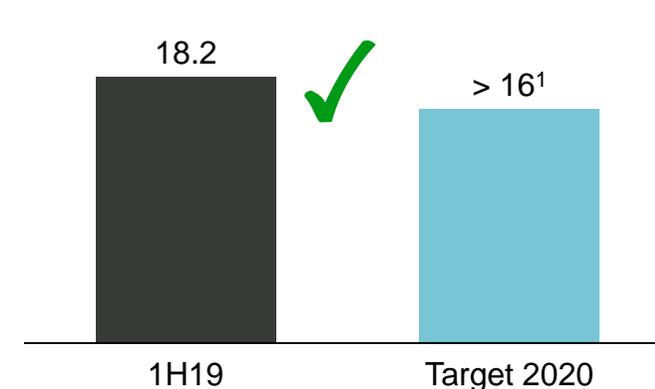
## Profitability

Return on equity (in %)

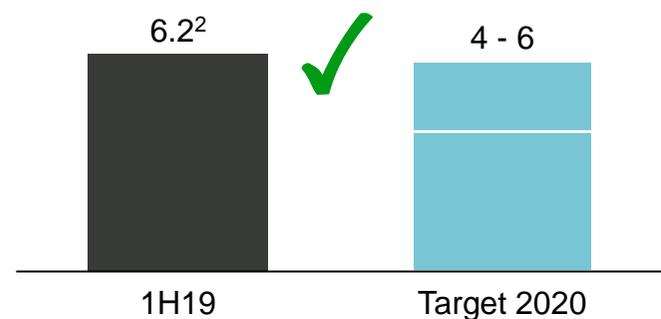


## Capital and payout

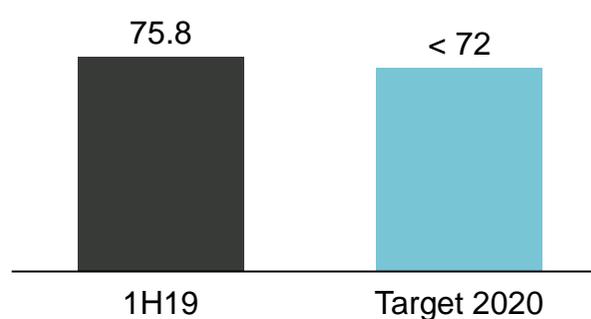
Total capital ratio (in %, end of period)



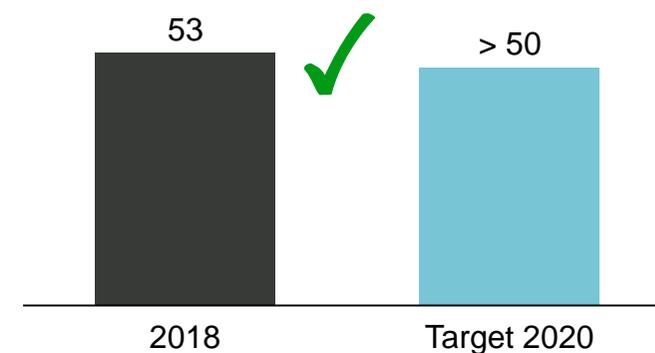
Net new money growth (in %)



Cost/income ratio (in %)



Payout ratio (in %)



<sup>1</sup> CET1 target of >12%

<sup>2</sup> Annualized

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# Low / negative interest rates are here to stay – could they drive structural growth in some areas?

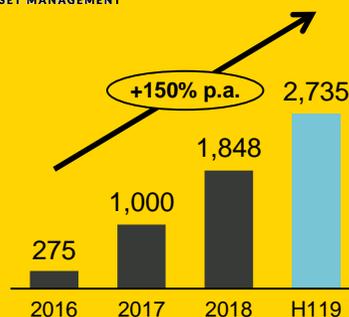
... balance sheet interest rate business

Income from interest is only 7%



... active wealth and asset managers

We have products:



Strategic income fund AuM in CHF million



... alternative financing platforms

We have platforms:

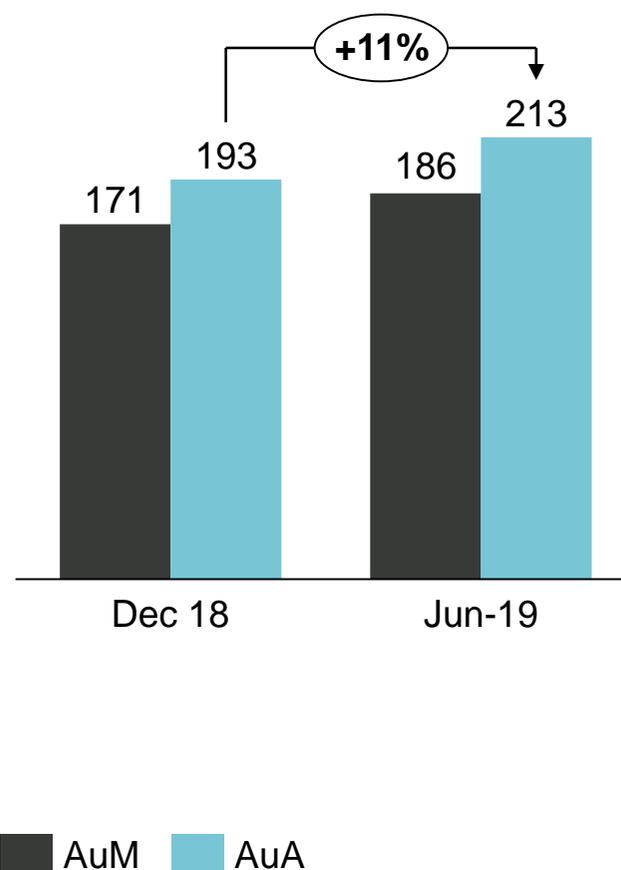


# Outlook

## A growing industry in a challenging environment

- Expansion of asset pools driven by generation of new wealth and long-term asset appreciation
- But: Increased volatility as well as political and economic uncertainty may negatively impact global asset pools – and therefore revenues – in the short term
- Shift in wealth through transfers from older generations to members of the next generation, who are more tech savvy and want digital solutions
- Operating environment remains demanding – continued low or even negative interest rates and subdued client activity

## Strong asset base



## Vontobel to focus on organic growth

- Complete integration process and move forward with broader and stronger shared platform
- Harness momentum in focus markets and build out distribution channels in markets with the largest and most promising asset pools such as US, Japan and other selected markets
- Continue to steer client assets through a very challenging investment environment
- Continuously enhance the client experience and push digital channels and offerings
- Invest in transforming platform and ecosystem strategies
- Committed to build from a strong base to transform change into opportunity

## Overview

Highlights

Half-year 2019 results

Strategy update

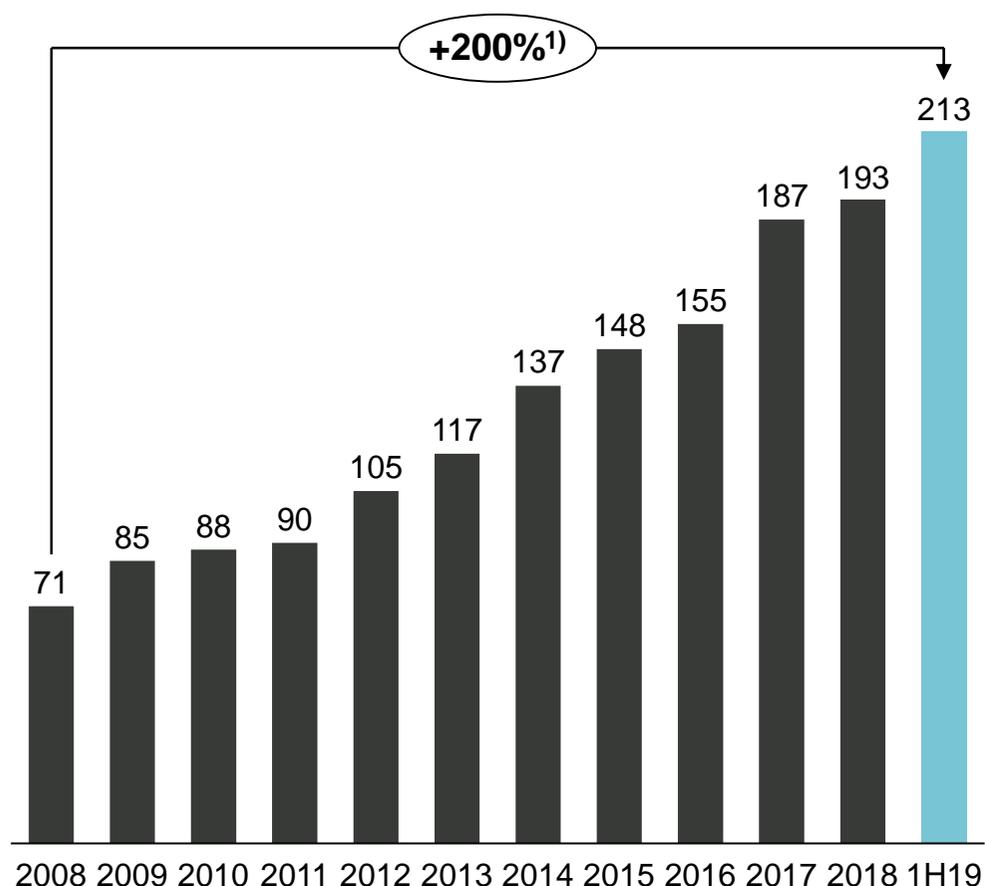
Outlook

**Questions and answers**

# Appendix

# Advised client assets have more than tripled since 2008 – demonstrating Vontobel's successful focus on its core capabilities

## Advised client assets (CHF bn, end of period)



## Vontobel's business model

- **Vontobel's core capabilities** are to protect and build wealth, to actively manage assets and to deliver tailor-made investment solutions
- **Advised client assets** are a key financial indicator to measure performance in Vontobel's core capabilities. They consist of:
  - Assets under management
  - Other advised client assets
  - Structured products outstanding
- Advised client assets have tripled since 2008 – demonstrating Vontobel's successful focus on its core capabilities
- Proportion of operating income from fee and commission income grew from 53% in 2009 to 66% in H1 2019 – this large share is typical for a **wealth and asset manager**
- Vontobel's client-centric business model enables it to tap into the growing **pool of global wealth**

<sup>1</sup> Corresponds to CAGR of 11%

# All core activities with ambitious targets for 2020

## WM with new ones since June 2018

### Combined Wealth Management<sup>1</sup>

NNM growth<sup>2</sup> (in %)



Gross margin on AuM (in bps)



Cost<sup>3</sup>/income ratio (in %)

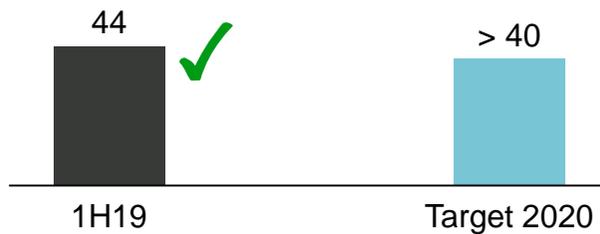


### Asset Management

NNM growth<sup>2</sup> (in %)



Gross margin on AuM (in bps)

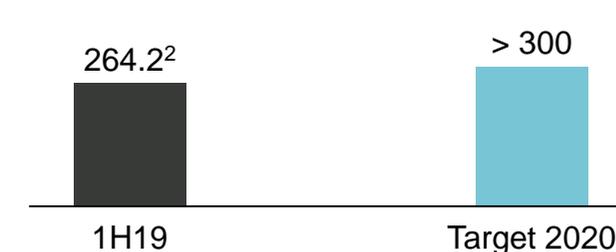


Cost<sup>3</sup>/income ratio (in %)



### Financial products

Operating income



Cost<sup>3</sup>/income ratio (in %)



Pre-tax ROAC<sup>4</sup> (in %)



<sup>1</sup> Wealth Management segment and External Asset Managers business unit

<sup>3</sup> Operating expense excl. provisions and losses

<sup>2</sup> Annualized

<sup>4</sup> Pre-tax return on allocated capital of RWA (according to BIS III, 8%)

# 92% of advised client assets stem from home and focus markets

## Advised client assets by client domicile as of mid-2019 (CHF bn)

	Home market	Focus markets					Other markets	Total
	SWITZERLAND	GERMANY	ITALY	UK	US	EMERGING MARKETS <sup>1</sup>		
Advised client assets	90.7	25.4	11.6	19.1	17.7	30.8	17.6	212.9
Combined Wealth Management	Full offering	Onshore Cross-border	Cross-border	Cross-border	Onshore <sup>2</sup> and EAM	Onshore Cross-border	Cross-border	73.6
Asset Management	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	125.5 <sup>3</sup>
Financial Products	FP, Brokerage, CF, TB	FP Brokerage	FP (cloud services)	Brokerage	Brokerage	FP	FP (cloud services), Brokerage	13.8
Breakdown								
Assets under mgmt.	79.7	18.8	11.6	19.1	17.7	24.0	15.1	186.0
Other adv. client assets	2.6	4.7	-	-	-	6.8	2.5	16.6
Structured products	8.4	1.9	-	-	-	-	-	10.3

<sup>1</sup> Asia Pacific Region, CEE, LATAM, Middle East and Africa

<sup>2</sup> Vontobel Swiss Wealth Advisors AG (SEC-registered investment advisor)

<sup>3</sup> Excluding advised client assets from Corporate Center (CHF 2.8 bn)

# Vontobel sets itself apart by providing an offering based on client-specific needs – an important driver of organic growth

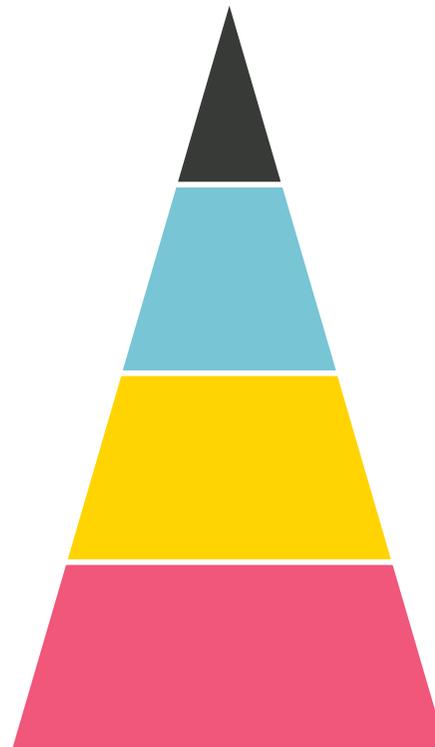
Clients are traditionally segmented by the industry according to their wealth ...

**Ultra-high-net-worth individuals**  
over USD 100 mn

**Upper high-net-worth individuals**  
between USD 20 mn and USD 100 mn

**Lower high-net-worth individuals**  
between USD 1 mn and USD 20 mn

**Affluents**  
between USD 250 k and USD 1 mn



... but Vontobel's offering is based on client-specific needs



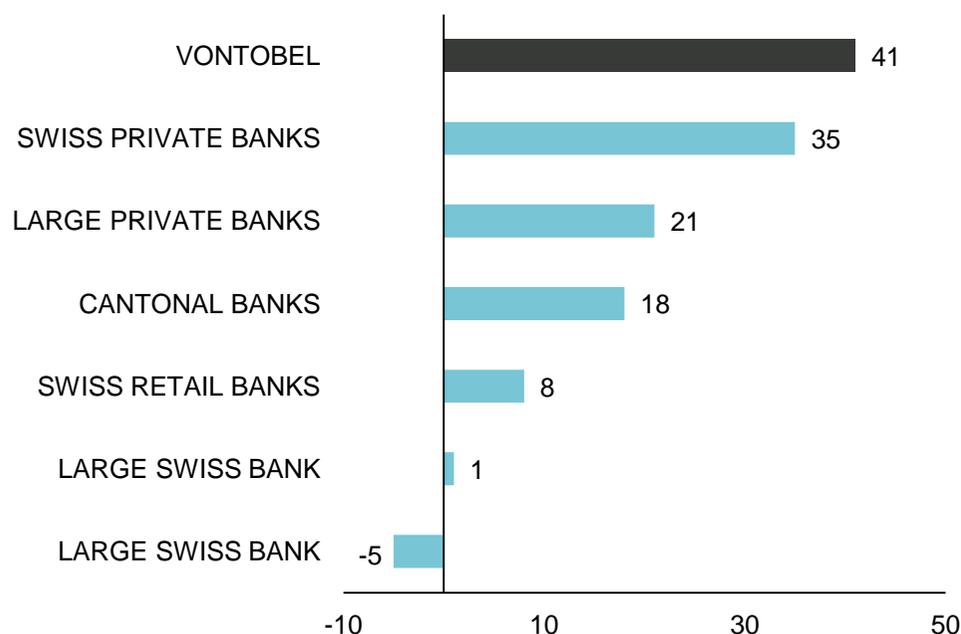
Source: 'Global Wealth 2017: Transforming the Client Experience' (BCG), Vontobel

# Clients and third parties reward us for our offerings

## Our clients recommend us

- Vontobel Wealth Management has the highest Net Promoter Score<sup>1</sup> among Swiss competitors – a strong sign of client satisfaction
- More than half of our clients are promoters of Vontobel and are thus willing to recommend us

Net Promoter Score (%)



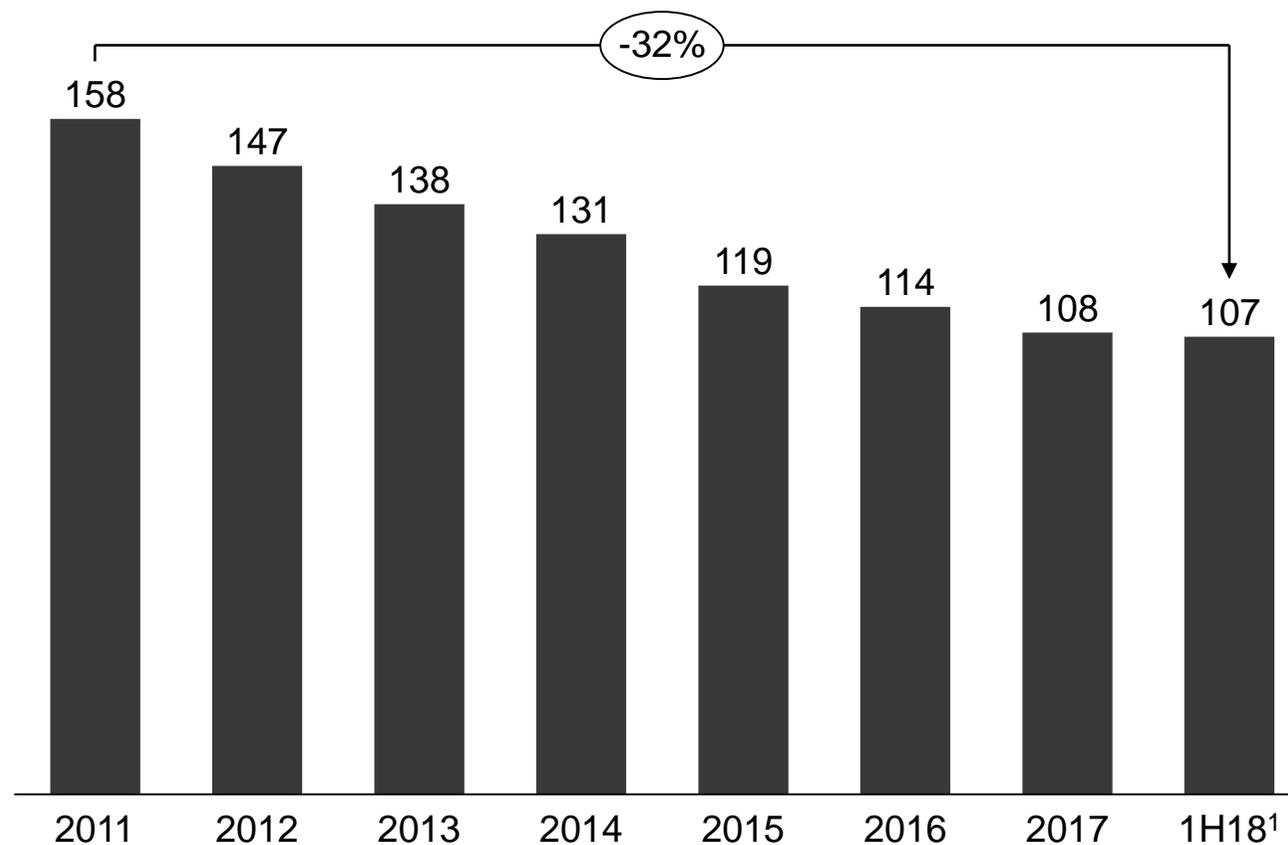
## Vontobel gains external recognition



<sup>1</sup> The Net Promoter Score measures the willingness of clients to recommend their private bank. It is calculated based on the question: How likely is it that you would recommend the company to a friend or colleague?  
 The scoring for this answer is based on a 0 to 10 scale (9 & 10 = promoter; response 0-6 = detractors)  
 Source: 'Swiss Private Banking Monitor 2016' (Kunz & Huber)

# Swiss market is fragmented and undergoing structural change – creating opportunities for Vontobel to accelerate growth

## Private banks in Switzerland



## Comments

- Number of Swiss private banks has decreased by more than 30% since 2011
- Structural change is expected to continue
- Industry change is allowing Vontobel to attract new clients from banks that are:
  - Focusing their business model
  - Selling their franchise
  - Closing their operations (“silent consolidation”)

<sup>1</sup> The transaction in 1H18 was Notenstein La Roche acquired by Vontobel  
Source: “Clarity on Performance of Swiss Private Banks” (KPMG, August 2018)

# Wealth Management clearly distinguishes itself from its competitors and attracts top-tier talent

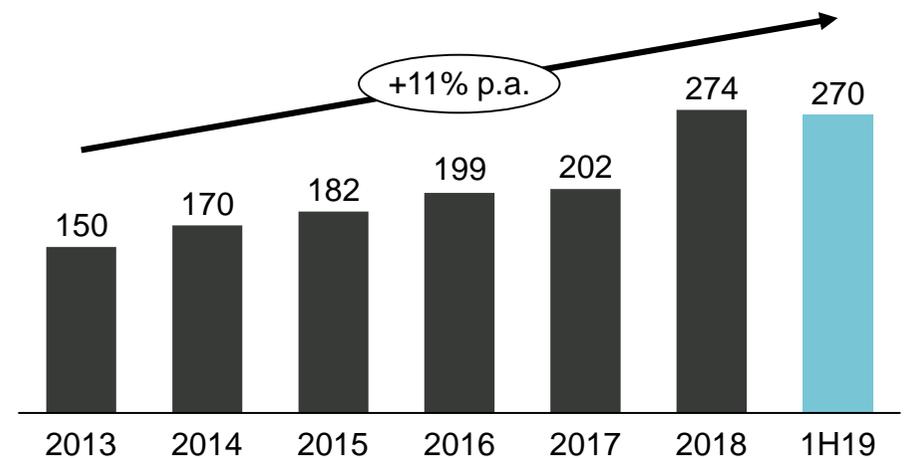
Our need-based segmentation, 3 $\alpha$ -Investment Philosophy<sup>®</sup> and value-based pricing set us apart



## Vontobel attracts top-tier talent

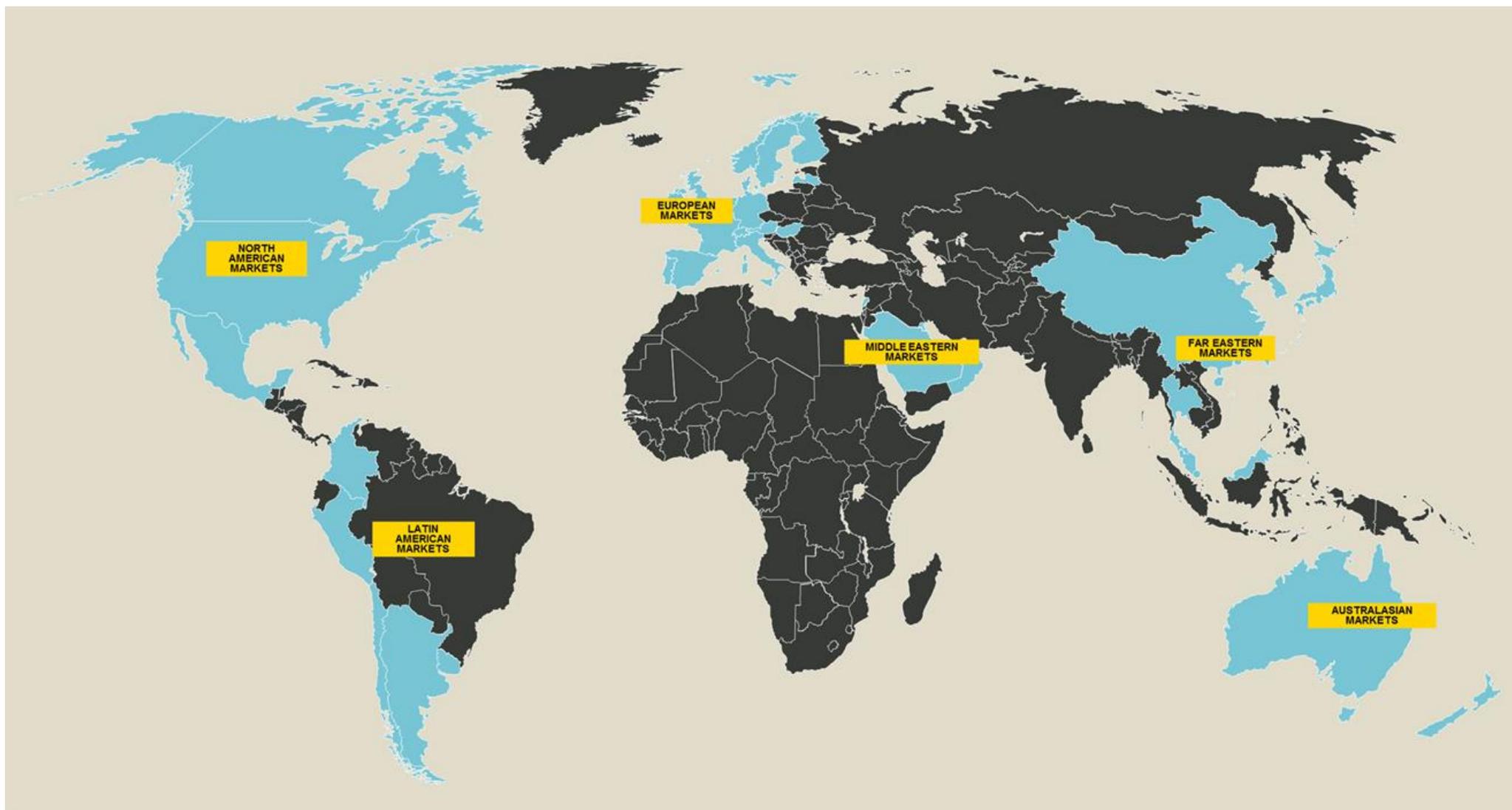
- Vontobel attracts and retains top talent
- Vontobel is a preferred employer given its:
  - Client-centric culture
  - Entrepreneurial environment
  - Outstanding product and service offering
  - Leading technology
  - Long-term stability
- Vontobel will continue to profit from the “silent consolidation” in the industry

Relationship managers (in FTEs)



# Vontobel Asset Management's client coverage

July 25, 2019



Locations: Zurich, Berne, Fort Lauderdale, Frankfurt, Geneva, Hong Kong, London, Lugano, Luxembourg, Madrid, Milan, Munich, New York, St. Gallen and Sydney

# Vontobel provides compelling asset management offering to financial institutions

## Vontobel's offering for asset management partners

- Distinctive offering for financial institutions focusing on core competencies such as client relationships and advisory, marketing, communication and distribution
- Vontobel offers flexible asset management services depending on client needs
- All-inclusive services range from asset allocation to management of mandates and mutual funds
- Specific services can be selected, such as research, portfolio advisory and sales support

## Partners across the globe rely on Vontobel's offering



# Leading offering and technology, well-balanced business model and cost leadership give Financial Products a competitive lead

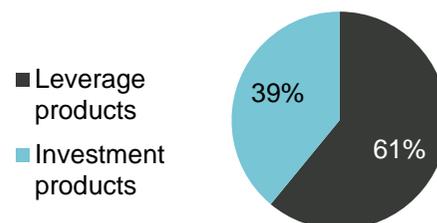
## Leading offering / technology

Vontobel products issued	> 600,000
Leading investment universe	> 4,500
Quotes in own products per day	> 2,000,000,000
Volume of securities traded	> CHF 150,000,000,000

## Well-balanced business model

- Vontobel sells volatility through leverage products and buys it through investment products
- Business is client-induced
- Risks have been reduced over time

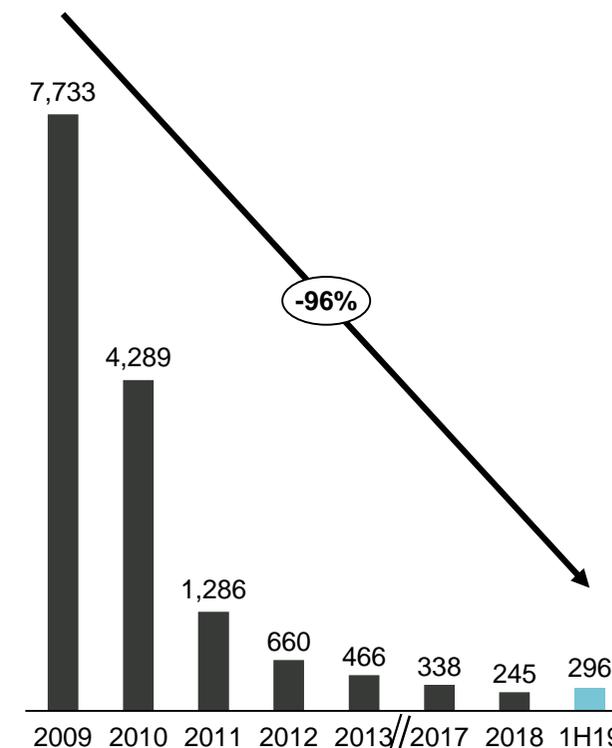
### Turnover in Vontobel products (2018)



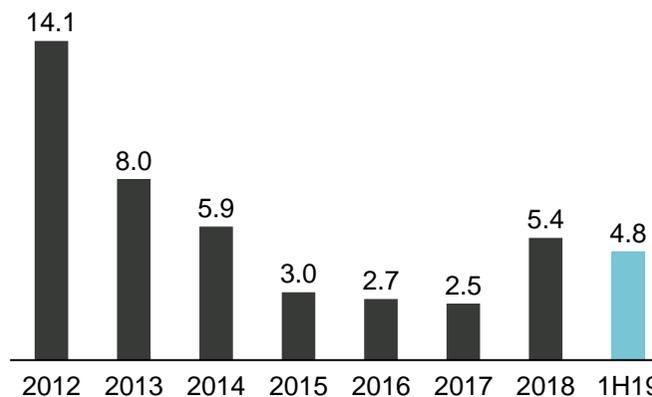
## Cost leadership

- Industry-leading average costs per product of CHF 245

### Cost per unit<sup>2</sup> (CHF)



### Average Value at Risk<sup>1</sup> (CHF mn)



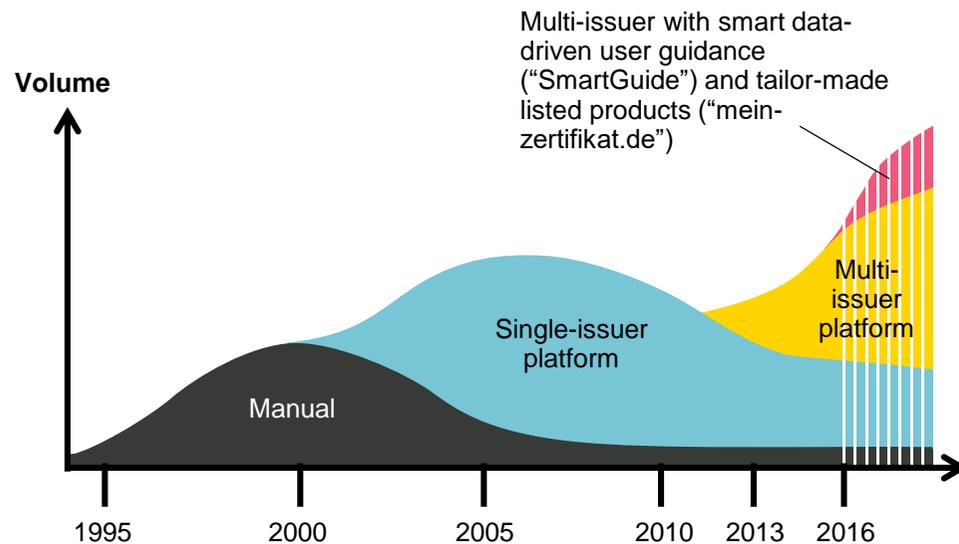
<sup>1</sup> Market risk; average Value at Risk 12 months; historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

<sup>2</sup> Calculated as total operating expense H1 2019 annualised of Financial Products business unit divided by number of products issued

# deritrade® MIP – the world’s 1st decision-making tool for designing and buying structured products using smart and crowd data Vontobel

July 25, 2019

## Innovation cycles

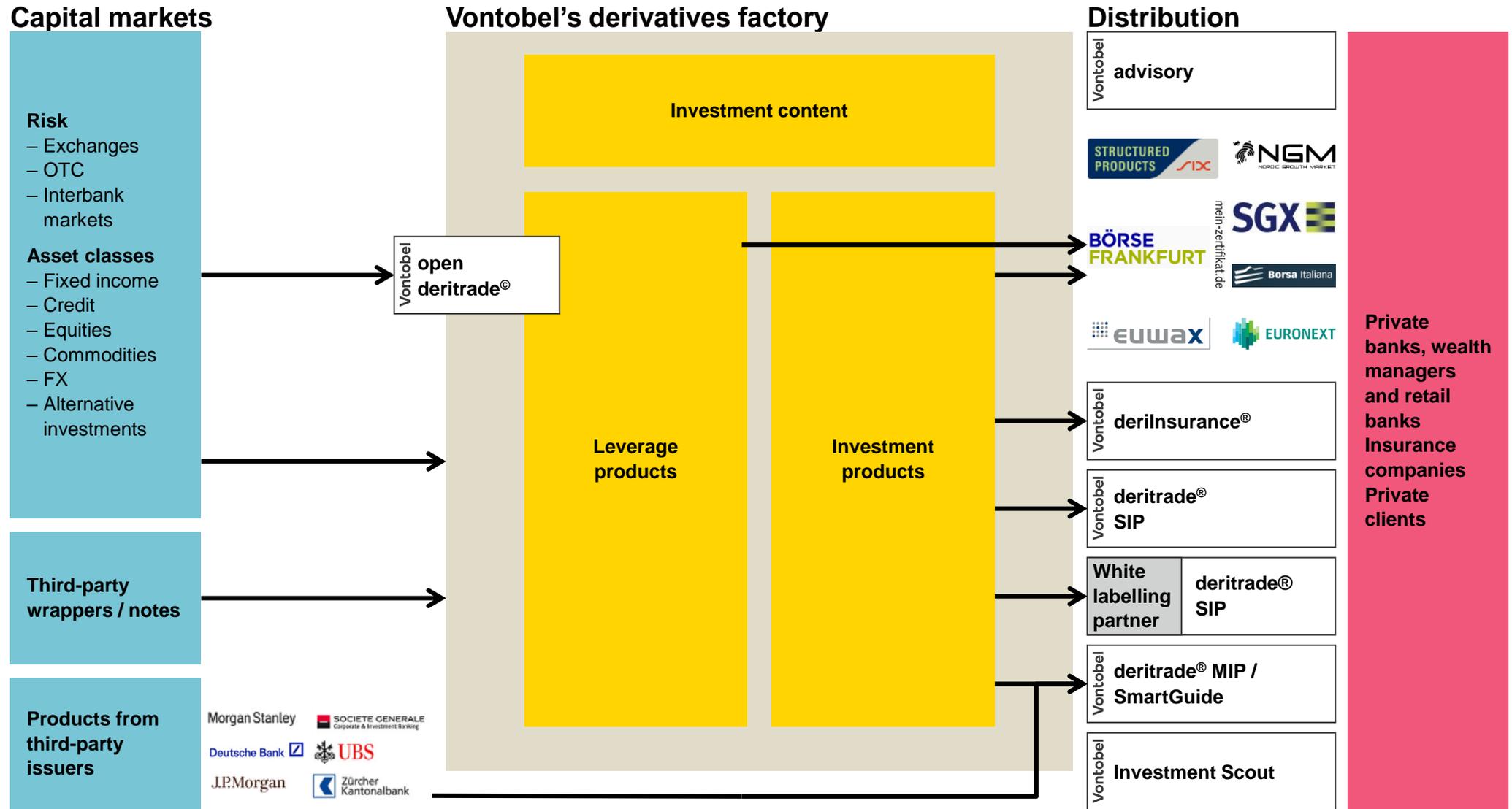


## Benefits of Vontobel’s multi-issuer platform

- deritrade® MIP provides full customization capabilities at best prices – bringing the Internet revolution to structured products and empowering the consumer
- Vontobel’s multi-issuer platform provides numerous benefits such as:
  - Best execution
  - Higher client returns
  - Increased market reach for issuers
  - Scalability and lower costs
- In addition, Vontobel is leveraging its smart and crowd data capabilities to support clients in their decision making (“SmartGuide”). SmartGuide suggests alternative products based on client preferences, e.g. products with similar characteristics or products with higher relative performance
- In 2016, Vontobel launched the innovative “mein-zertifikat” platform in Germany, enabling retail investors and financial intermediaries to create own tailor-made listed products.
- In 2017, Vontobel launched its unique “Investment Scout” app in Switzerland, which allows clients to create tailor-made products on their smartphones

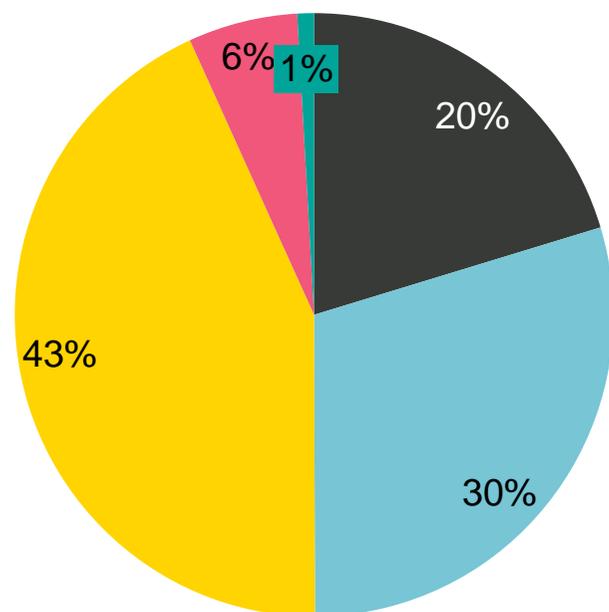
→ deritrade® has been upgraded to fully comply with new MiFID II regulatory requirements

# Vontobel Financial Products provides investment content and bespoke structured products through a well-balanced business model

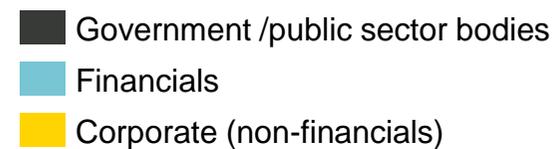
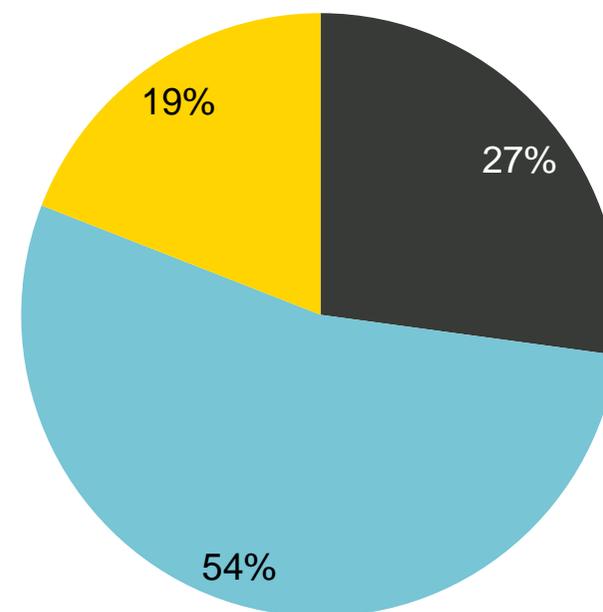


# High quality of bond portfolio maintained

Counterparty exposure by rating (mid-2019)



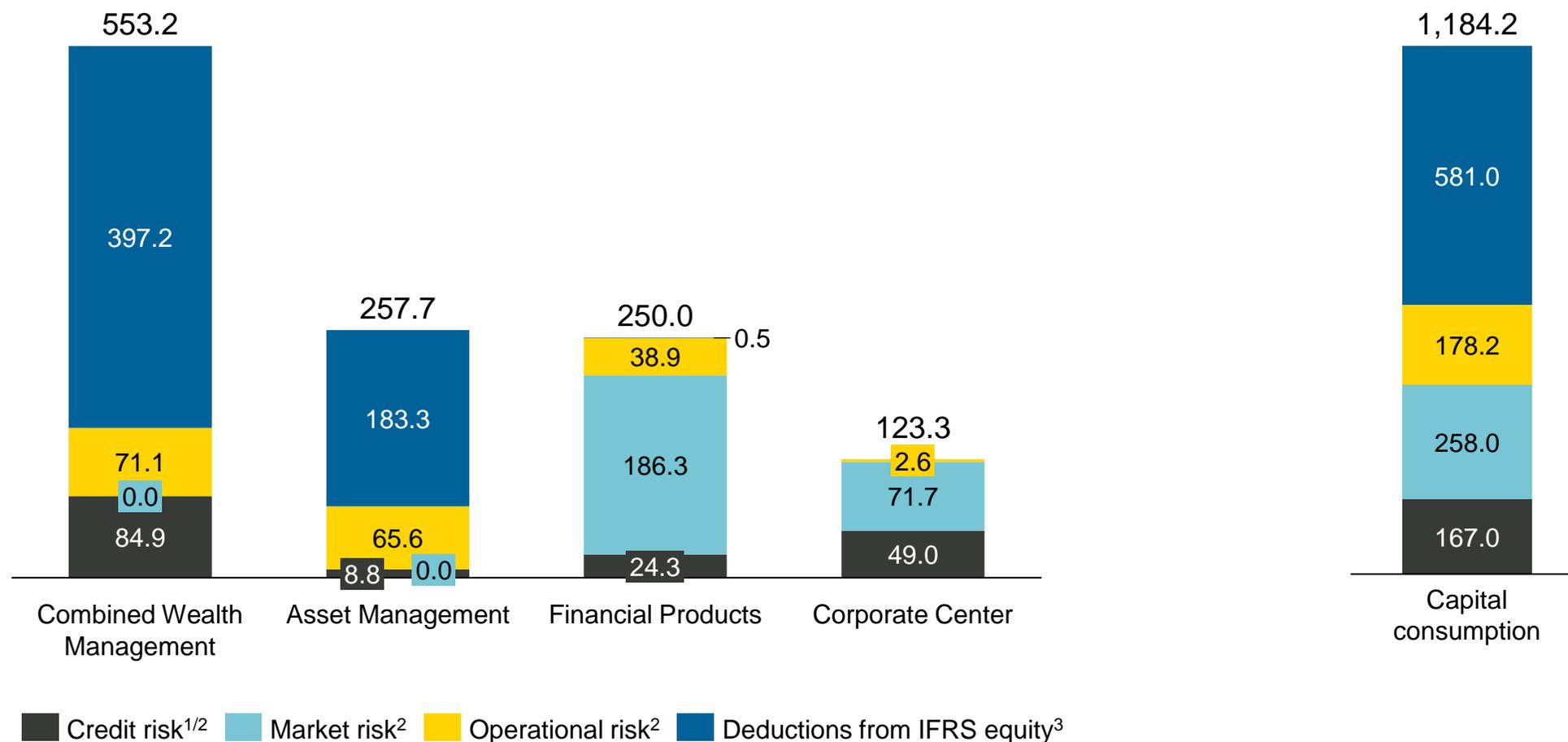
Counterparty exposure by sector (mid-2019)



Note: Total issuer risk from debt instruments amounts to CHF 7.7 bn

# Financial Products accounts for less than one-third of capital usage

## Capital consumption as of mid-2019 (CHF mn)



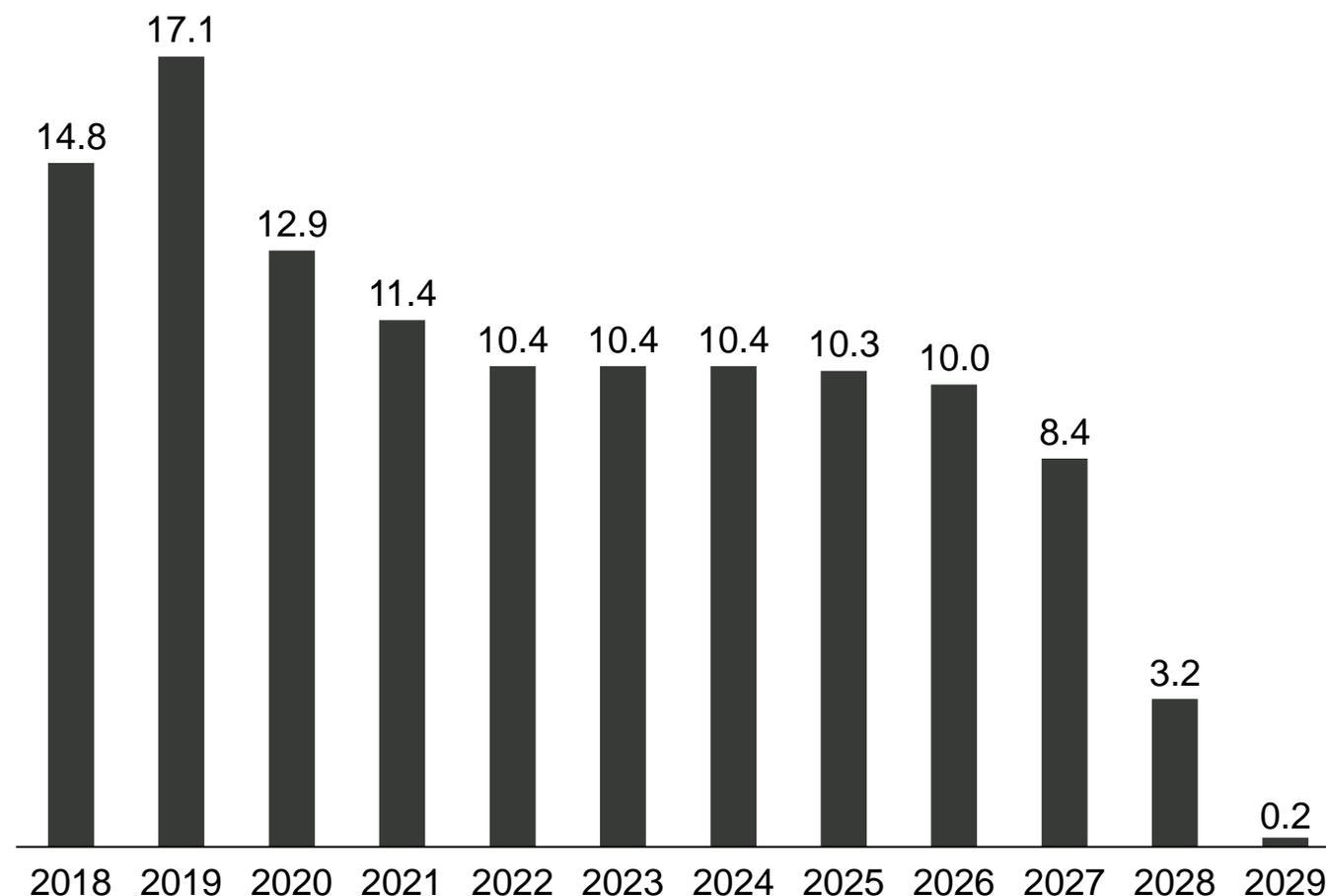
<sup>1</sup> Including non-counterparty related risks

<sup>2</sup> Reported figures are based on BIS capital requirements, i.e. RWA multiplied by 8%

<sup>3</sup> Goodwill, intangible assets and gains/losses due to change in own credit spread, other

# Amortization of intangibles from former acquisitions

## Amortization of intangibles from former acquisitions<sup>1</sup> (CHF mn)



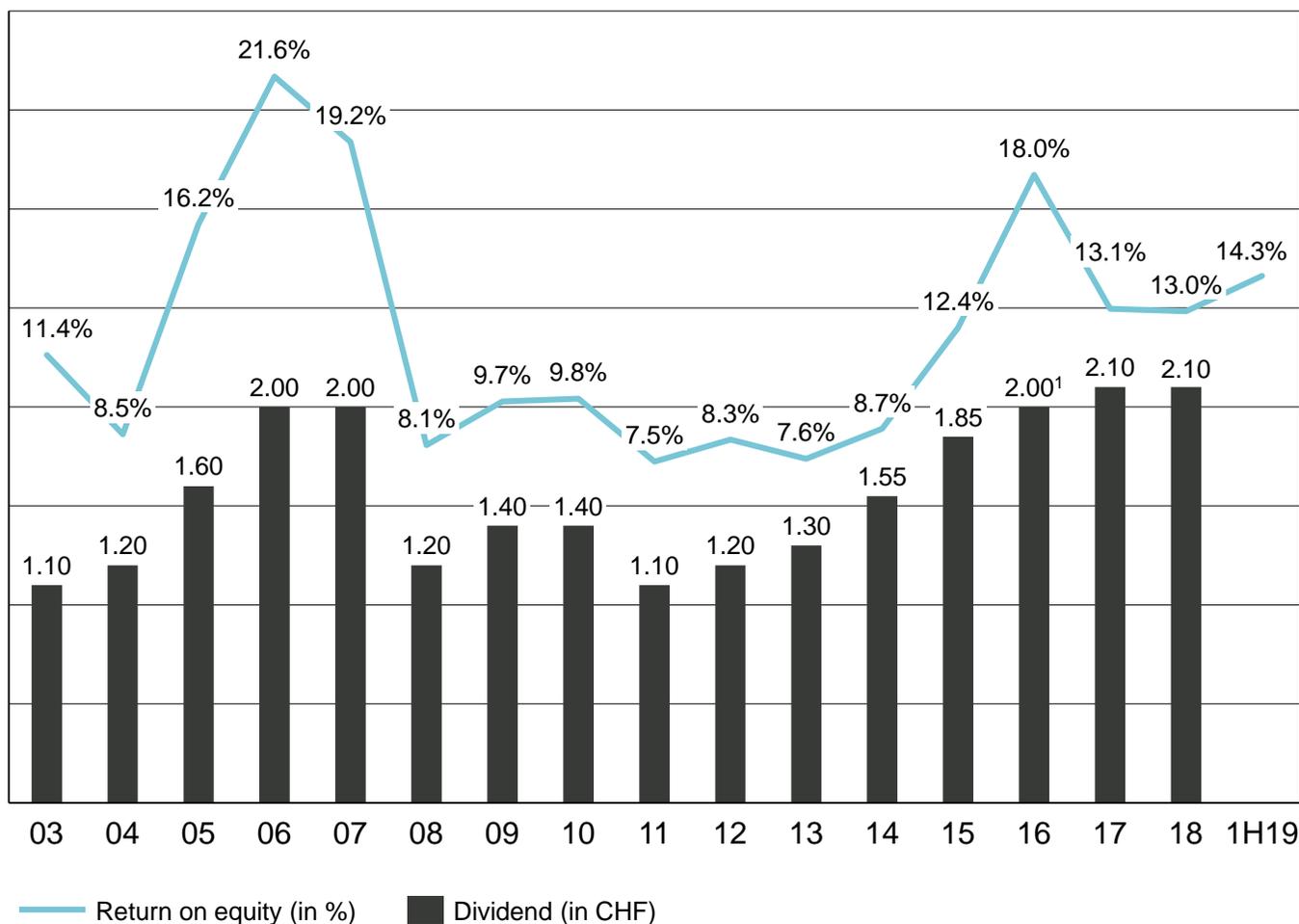
## Comments

- Amortization of intangibles includes these acquisitions:
  - Commerzbank Schweiz until September 2019
  - TwentyFour Asset Management until April 2020
  - Bank Finter until September 2025
  - Vescore (partly) until September 2021; remainder until June 2027
  - Eastern European client portfolio from Notenstein La Roche until November 2027
  - Notenstein La Roche until mid-2028; amortization amounted to CHF 2.3 mn in H2 2018 and is expected to be around CHF 4.7 mn in 2019
  - US-Portfolio of Lombard Odier CHF 0.5 mn in 2019 and CHF 0.7 mn in 2020 and until March 2029

<sup>1</sup> Including amortization of the US-portfolio of Lombard Odier as of April 2019

# Successful implementation of Vontobel's strategy has delivered attractive returns to shareholders for more than a decade

## Return on equity and dividends



## Comments

- Attractive business with average return on equity of 12.1% since 2003 – clearly above Vontobel's cost of equity
- Attractive dividend policy with a payout ratio of above 50%
- Increase in shareholders' equity of more than CHF 750 mn since 2003 without injection of fresh capital

<sup>1</sup> Of which special dividend of CHF 0.10

# Vontobel provides additional transparency on its wealth management activities

## Financial disclosure

Organizational set-up/ IFRS reporting	Core activities
Wealth Management	(Combined) Wealth Management
External Asset Managers <sup>1</sup>	
Asset Management	Asset Management
Financial Products <sup>1/2</sup>	Financial Products

## Comments

- Vontobel’s Combined Wealth Management activities consist of Wealth Management (WM) and the business with External Asset Managers (EAM)
- The EAM business is similar to WM in terms of its business model, stable income streams and risk profile
- To provide a comparable level of information on WM and EAM, Vontobel provides a high level of transparency about its EAM business
- The Combined Wealth Management business reported advised client assets of CHF 73.6 bn, a gross margin of 68 bps on assets under management and an NNM growth rate of 0.9%<sup>3</sup> in H1 2019

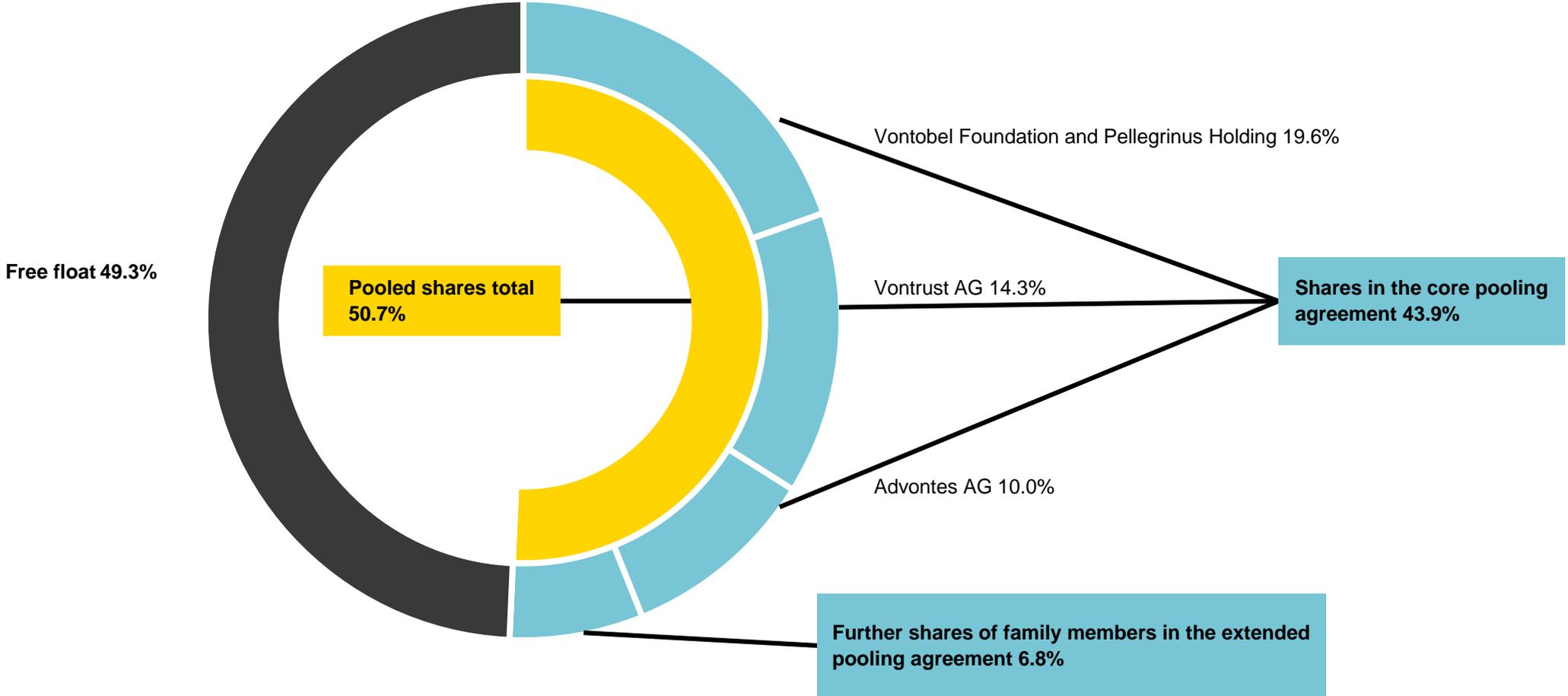
<sup>1</sup> Reported under the Investment Banking segment in financial statements

<sup>2</sup> Includes Brokerage, Corporate Finance and Transaction Banking

<sup>3</sup> Organic, excluding Notenstein La Roche

# Vontobel families hold more than 50% of share capital and are strongly committed to Vontobel

## Shareholder structure<sup>1</sup>



<sup>1</sup> Based on nominal share capital of CHF 56.875 mn of Vontobel Holding AG