

**Disclosure Report
June 2021
according to
FINMA Circular 16/1
"Disclosure - Banks"**

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Introduction

Vontobel is subject to the full disclosure requirements for capital adequacy according to the conditions defined in Circular 2016/1 "Disclosure - Banks" of the Swiss Financial Market Supervisory Authority (FINMA).

The group publishes the quantitative information according to the circular¹ in a separate report in addition to the Annual Report. Most of the required qualitative information is disclosed in the Annual Report 2020 (AR 2020) of Vontobel under "Risk management and risk control" and "Capital" (AR 2020, page 127ff.). This specifically includes the description of the strategy, processes and organisation employed for managing credit risks and counterparty risks, market risks in the trading book and banking book as well as operational risks.

In section "3. Market risk" (AR 2020, page 128ff.), the methods and processes employed for measuring and limiting market risks are explained. For the trading book, Vontobel calculates regulatory capital requirements based on the standard approach for market risks.

The assumptions applied for determining interest rate risk are described in section "3.3 Market risks related to the balance sheet structure" (AR 2020, page 130ff.). This section also contains an explanation of the methods used in practice to hedge or reduce the risks related to changes in interest rates.

Section "4. Liquidity risk and refinancing" (AR 2020, page 133f.) describes the strategies and guidelines to manage liquidity risk under stressed conditions within the defined liquidity risk tolerance.

In section "5. Credit, counterparty and issuer risk" (AR 2020, page 134ff.), the risk practice and the practice in relation to collateral are explained. External ratings from Standard & Poor's, Moody's, Fitch and Fedafin are employed for determining the risk weighting of amounts due from banks and of the debt instruments in the banking book. The Standardised Approach (SA-BIS) is applied for calculating capital requirements for credit risks. As part of the reduction of credit risks (risk mitigation), the comprehensive approach with standard haircuts defined by the supervisory authorities is applied for the recognition of collateral.

The basic indicator approach is used for calculating the capital adequacy for operational risks. Management and control of the operational risks are described in section "6. Operational risks" (AR 2020, page 138f.).

The section "Capital" (AR 2020, page 140ff.) describes the capital management principles, the legal parameters and the consolidation scope used for calculating the required capital as well as the approaches applied by Vontobel.

The "Compensation Report" has already been published as an integral part of the Annual Report 2020 (page 52ff.).

The reference of each disclosure table corresponds to the references in annex 1 and 2 of the FINMA Circular 16/1, which also correspond to the references made in BCBS "Revised Pillar 3 disclosure requirements" (published in January 2015).

In accordance with margin no. 14.2 of the revised Circular 2016/1 the following tables are not included due to their lack of relevance or applicability: LI1, LI2, PV1, CCyB1, LIQ2, CRB, CR4, CR5, CRE, CR6, CR7, CR8, CR9, CR10, CCR4, CCR5, CCR6, CCR7, CCR8, SECA, SEC1, SEC2, SEC3, SEC4, MRB, MR2, MR3, MR4.

1) FINMA Circular 16/1 latest update as of 31st October 2019 (in force as of 1st January 2020)

Table: KM1: Key metrics		
(in 1'000 CHF)		a
		30.06.2021
Available capital (amounts)		
1	Common Equity Tier 1 (CET1)	1'078'409
1a	Fully loaded ECL accounting model	
2	Tier 1	1'527'214
2a	Fully loaded ECL accounting model Tier 1	
3	Total capital	1'527'214
3a	Fully loaded ECL accounting model total capital	
Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	7'452'815
4a	Minimum capital requirement	596'225
Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	14.47%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	
6	Tier 1 ratio (%)	20.49%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	
7	Total capital ratio (%)	20.49%
7a	Fully loaded ECL accounting model total capital ratio (%)	
Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%
9	Countercyclical buffer requirement (%)	0%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	9.97%
Target capital ratios according to Annex 8 CAO (% of RWA)		
12a	Capital conservation buffer according to CAO, Annex 8 (%)	4%
12b	Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0%
12c	CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.8%
12d	T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.6%
12e	Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	12%
Basel III leverage ratio		
13	Total Basel III leverage ratio exposure measure	33'620'709
14	Basel III leverage ratio (%)	4.542%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	
Liquidity Coverage Ratio (First Half-Year)		
15	Total HQLA (6-month average)	8'563'808
16	Total net cash outflow (6-month average)	6'195'724
17	LCR ratio (%)	138.221%

Bank risk management approach (OVA)

The qualitative disclosures on the bank's strategy and how the board of directors and senior management assess and manage risks, enabling users to gain a clear understanding of the bank's risk tolerance and appetite in relation to its main activities and all significant risks, are published in the Annual Report in the section "Risk management and risk control" (AR 2020, page 127f.).

The disclosures include in particular full details of the strategies, processes and organisation to monitor and manage credit and counterparty risks, market and liquidity risks in the trading and in the banking book as well as operational risks on an enterprise-wide level.

Table OV1 : Overview of risk weighted assets

Table for banks with full publication requirement

(in 1'000 CHF)		a	c
		RWA	Minimum Capital Requirement
		30.06.2021	30.06.2021
1	Credit risk (excluding counterparty credit risk CCR)	3'098'471	247'878
2	Of which standardised approach (SA)	3'098'471	247'878
3	Of which internal rating-based (F-IRB) approach		
4	Of which: supervisory slotting approach		
5	Of which: advanced internal ratings-based (A-IRB) approach		
6	Counterparty credit risk CCR	195'678	15'654
7	Of which standardised approach for counterparty credit risk (SA-CCR)	185'790	14'863
7a	Of which simplified standard approach (ASS-CCR)		
7b	Of which Current Exposure Method (CEM)		
8	Of which internal model method (IMM)		
9	Of which: other (CCR)	9'887	791
10	Credit Valuation Adjustment (CVA)	109'963	8'797
11	Equity positions in banking book under market-based approach	68'614	5'489
12	Equity investments in funds – look-through approach		
13	Equity investments in funds – mandate-based approach	44'130	3'530
14	Equity investments in funds – fall-back approach	3'723	298
14a	Equity investments in funds – simplified approach		
15	Settlement risk	3'600	288
16	Securitisation exposures in banking book		
17	Of which IRB ratings-based approach (SEC-IRBA)		
18	Of which external ratings-based approach (SEC-ERBA)		
19	Of which standardised approach (SEC-SA)		
20	Market risk	1'640'324	131'226
21	Of which standardised approach (SA)	1'640'324	131'226
22	Of which: internal model approaches (IMA)	0	0
23	Capital charge for switch between trading book and banking book		
24	Operational risk	2'288'312	183'065
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0
26	Floor adjustment		
27	Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)	7'452'815	596'225

Liquidity risk: general information (LIQA)

The main characteristics and elements of liquidity risk management are fully described in the Annual Report in section "4. Liquidity risk and refinancing" (AR 2021, page 143f.).

Historically Vontobel has not included non-cash collateral in the Liquidity Coverage Ratio (LCR) calculation.

In the fourth quarter of 2021, the methodology used to take account of non-cash collateral was adjusted. To ensure consistency, the figures for the other quarters were adapted accordingly, with certain parameters being estimated.

For this reason the table LIQ1 (LCR) is presented in two versions:

- Name: "Table LIQ1: Information on the liquidity (LCR)", based on adjusted methodology
- Name: "Table LIQ1: Information on the liquidity (LCR) according to old methodology", based on old methodology

The Net Stable Funding Ratio (NSFR) published in the annual report 2021 and in table LIQ2 for the first time as of 31 December 2021 does not require any updates.

For further specific information please contact investor relations (investorrelations@vontobel.com).

Table LIQ1: Information on the liquidity (LCR)					
(in '000 CHF)		Unweighted values (monthly averages)	Weighted values (monthly averages)	Unweighted values (monthly averages)	Weighted values (monthly averages)
		2nd Quarter 2021	2nd Quarter 2021	1st Quarter 2021	1st Quarter 2021
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		8'749'075		8'378'541
B. Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	8'799'173	1'201'359	8'444'547	1'149'686
3	Stable deposits	0	0	0	0
4	Less stable deposits	8'799'173	1'201'359	8'444'547	1'149'686
5	Unsecured wholesale funding, of which:	8'565'496	6'594'806	7'681'056	5'825'484
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0
7	Non-operational deposits (all counterparties)	6'853'665	4'882'974	6'184'182	4'328'610
8	Unsecured debt	1'711'832	1'711'832	1'496'874	1'496'874
9	Secured wholesale funding		0		0
10	Additional requirements, of which:	1'687'884	1'054'744	1'569'482	968'377
11	Outflows related to derivative exposures and other collateral requirements	1'613'818	1'041'990	1'549'370	954'722
12	Outflows related to loss of funding on debt products	0	0	0	0
13	Credit and liquidity facilities	74'066	12'754	56'100	13'655
14	Other contractual funding obligations	0	0	0	0
15	Other contingent funding obligations	809'384	40'469	900'828	45'041
16	Total cash outflows		8'891'377		7'988'588
C. Cash inflows					
17	Secured lending (e.g. reverse repos)	976'840	0	724'635	0
18	Inflows from fully performing exposures	2'986'763	1'871'772	2'604'272	1'663'612
19	Other cash inflows	560'268	560'268	392'866	392'866
20	Total cash inflows	4'523'872	2'432'041	3'721'772	2'056'478
Total adjusted values					
21	Total HQLA		8'749'075		8'378'541
22	Total net cash outflows		6'459'337		5'932'110
23	Liquidity coverage ratio (in %)		135.45%		141.24%

Table LIQ1: Information on the liquidity (LCR) according to old methodology

(in '000 CHF)		Unweighted values (monthly averages)	Weighted values (monthly averages)	Unweighted values (monthly averages)	Weighted values (monthly averages)
		2nd Quarter 2021	2nd Quarter 2021	1st Quarter 2021	1st Quarter 2021
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		8'307'602		8'216'694
B. Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	8'799'173	1'201'359	8'444'547	1'149'686
3	Stable deposits	0	0	0	0
4	Less stable deposits	8'799'173	1'201'359	8'444'547	1'149'686
5	Unsecured wholesale funding, of which:	8'565'496	6'594'806	7'681'056	5'825'484
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0
7	Non-operational deposits (all counterparties)	6'853'665	4'882'974	6'184'182	4'328'610
8	Unsecured debt	1'711'832	1'711'832	1'496'874	1'496'874
9	Secured wholesale funding		465'348		890'997
10	Additional requirements, of which:	501'662	318'318	445'456	246'009
11	Outflows related to derivative exposures and other collateral requirements	427'596	305'565	389'356	232'354
12	Outflows related to loss of funding on debt products	0	0	0	0
13	Credit and liquidity facilities	74'066	12'754	56'100	13'655
14	Other contractual funding obligations	0	0	0	0
15	Other contingent funding obligations	809'384	40'469	900'828	45'041
16	Total cash outflows		8'620'300		8'157'217
C. Cash inflows					
17	Secured lending (e.g. reverse repos)	1'857'964	1'857'964	1'845'482	1'845'482
18	Inflows from fully performing exposures	2'986'763	1'871'772	2'604'272	1'663'612
19	Other cash inflows	560'268	560'268	392'866	392'866
20	Total cash inflows	5'404'996	4'290'004	4'842'619	3'901'960
Total adjusted values					
21	Total HQLA		8'307'602		8'216'694
22	Total net cash outflows		4'330'295		4'255'257
23	Liquidity coverage ratio (in %)		191.85%		193.10%