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Disclosure Report December 2022 according to FINMA Circular 16/1 "Disclosure - Banks"

Date of publication: 30 April 2023

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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 new circular[1] in a separate report in addition to the Annual Report. Most of the required qualitative information is disclosed in the Annual Report 2022 (AR 2022) of Vontobel under "Risk management and risk control" and "Capital" (AR 2022, page 141ff.). 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 2022, page 142ff.), 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 2022, page 144ff.). 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 2022, page 147ff.) 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 2022, page 149ff.), 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 2022, page 152ff.).

The section "Capital" (AR 2022, page 155ff.) 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 2022 (page 57ff.).

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.

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1) FINMA Circular 16/1 latest update as of 8th December 2021

Table: KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	1'052'691		1'186'536		1'100'730
1a	Fully loaded ECL accounting model					
2	Tier 1	1'502'279		1'635'876		1'549'823
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	1'502'279		1'635'876		1'549'823
3a	Fully loaded ECL accounting model total capital					
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	6'304'060		6'414'472		6'617'303
4a	Minimum capital requirement	504'325		513'158		529'384
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.70%		18.50%		16.63%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	Tier 1 ratio (%)	23.83%		25.50%		23.42%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	23.83%		25.50%		23.42%
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%		2.5%		2.5%
9	Countercyclical buffer requirement (%)	0.0%		0%		0%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0%		0%		0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%		2.5%		2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	12.20%		14.00%		12.13%
Target capital ratios according to Annex 8 CAO (% of RWA)						
12a	Capital conservation buffer according to CAO, Annex 8 (%)	4%		4%		4%
12b	Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.2%		0.0%		0.0%
12c	CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	8.0%		7.8%		7.8%
12d	T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.8%		9.6%		9.6%
12e	Total capital target according to CAO, Annex 8 + contercyclical buffer according to CAO, Art. 44 and 44a	12.2%		12.0%		12%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	30'025'805		32'915'965		31'935'628
14	Basel III leverage ratio (%)	5.00%		4.97%		4.85%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)					
Liquidity Coverage Ratio						
15	Total HQLA (3-month average)	10'180'394	11'777'414	12'339'764	11'180'044	9'562'662
16	Total net cash outflow (3-month average)	6'202'652	6'868'191	7'237'597	6'595'935	6'834'563
17	LCR (%)	164.13%	171.48%	170.50%	169.50%	139.92%
Net Stable Funding Ratio						
18	Total available stable funding	15'009'139		15'255'158		14'003'917
19	Total required stable funding	12'390'046		11'916'335		12'276'790
20	NSFR ratio	121.14%		128.02%		114.07%

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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 2022, page 141ff.).

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.

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Table OV1 : Overview of risk weighted assets

Table for banks with full publication requirement

(in 1'000 CHF)		a	c
		RWA	Minimum Capital Requirement
		2022-12-31	2022-12-31
1	**Credit risk (excluding counterparty credit risk CCR)**	2'183'871	174'710
2	Of which standardised approach (SA)	1'612'257	128'981
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**	156'918	12'553
7	Of which standardised approach for counterparty credit risk (SA-CCR)	156'918	12'553
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)		
10	**Credit Valuation Adjustment (CVA)**	44'911	3'593
11	**Equity positions in banking book under market-based approach**	27'187	2'175
12	**Equity investments in funds – look-through approach**		
13	**Equity investments in funds – mandate-based approach**	15'372	1'230
14	**Equity investments in funds – fall-back approach**	13'812	1'105
14a	**Equity investments in funds – simplified approach**		
15	**Settlement risk**	154	12
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**	1'279'987	102'399
21	Of which standardised approach (SA)	1'279'987	102'399
22	Of which: internal model approaches (IMA)		
23	**Capital charge for switch between trading book and banking book**		
24	**Operational risk**	2'581'847	206'548
25	**Amounts below the thresholds for deduction (subject to 250% risk weight)**		
26	**Floor adjustment**		
27	**Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)**	6'304'060	504'325

Explanations of differences between accounting and regulatory exposure amounts (LIA)

Position values used for regulatory calculations are consistent with book values according to the financial statements prepared in compliance with International Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The accounting principles applied by Vontobel are fully described in the Annual Report in the "Notes to the consolidated financial statements" (AR 2022, page 136ff.).

In accordance with guidelines for prudential valuation Vontobel uses systems and checks to ensure that estimates are conservative and reliable.

Valuation methodologies
As stated in the appendix to the Annual Report in the section describing the application of the fair value concept of IFRS, the financial instruments are valued mark-to-market if the value can be derived from traded/exchanged prices at active markets. In principle for all equities, traded investment funds and exchanged traded derivatives closing or settlement prices are used. For liquid interest rate products, foreign currencies and precious metals, commonly accepted prices are applied. For non-traded investment funds the published net asset values are being used. The fair value-determination of the products issued by Vontobel, OTC derivatives or interest rate products with insufficient liquidity is being done according to the mark-to-model approach with recognised valuation models. Whilst mark-to-market priced products are attributed to level 1 positions in the IFRS valuation hierarchy, the mark-to-model priced products are being classified in level 2 with a few exceptions.

Independent valuation controls
The organisational unit Transaction Banking provides price verifications for mark-to-market priced financial instruments. The unit Primary Risk Control ensures the plausibility process for mark-to-model priced financial instruments. First and foremost the applied input parameters are being verified by comparing with up-to-date market data. Further the categorisation of parameters and model attribution are being done. Finally, a comprehensive independent revaluation of all mark-to-model positions is being done and compared with the trading valuation. In case of any deviations bigger than the defined threshold adjustments with P&L impact are being initiated. Further controls are in place as part of the new product implementation process as well as for the verification of valuation models in use.

Valuation adjustments
According to the appendix of the Annual Report general valuation adjustments of products issued by Vontobel are being done in order to consider model, parameter insecurity and early redemption risks. Main elements are the position value and the maturity as well as a specific mark up for the various instrument classes. The matrix of these mark ups as well as the sum of valuation reserves per instrument class are being reported internally on a monthly basis.

Table CC1 : Composition of eligible regulatory capital / Presentation of eligible regulatory capital			
(in 1'000 CHF)		Net amounts (after consideration of the transitional provisions)	References to table 2
		2022-12-31	
Common Equity Tier 1 (CET1)			
1	Issued fully paid-up capital, fully eligible	56'875	5
2	Retained earnings reserve, incl. Reserves for general banking risks(3) / Retained earning - loss / accumulated profit - loss	1'961'757	
3	capital reserves / foreign currency translation reserves (+/-)		
4	Issued fully paid-up capital, transitory recognised (phase out)		
5	Minority interests		
6	= Common Equity Tier 1 (CET1) before adjustments	2'018'632	
	Adjustments referring to Common Equity Tier 1		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	-528'500	1
9	Other intangible assets other than mortgage-servicing rights (net of related tax liability)	-101'129	2
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-14'909	3
11	Cash-flow hedge reserve (-/+)		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-2'617	
15	Defined-benefit pension fund net assets	-8'810	4
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-113'719	6
17	Reciprocal cross-holdings in common equity		
18	Not qualified participations in the financial segments (max 10%) (Amount exceeding treshold 1) (CET1-Instruments)		
19	Other qualified particiapations in the financing segement (Amount exceeding treshold 2) (CET1-Instruments)		
20	Mortgage servicing rights (amount above threshold 2)		
21	Deferred tax assets arising from temporary differences (amount above threshold 2, net of related tax liability)		
22	Amount exceeding the threshold 3 (15%)		
23	of which: significant investments in the common stock of financials		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	Expected loss for investments based on the PD/LGD-approach		
26a	Further adjustments for financial statements with generally accepted international accounting standards	-73'199	
26b	Further deductions	-123'058	
27	Amount of AT1 deductions, which exceeds the AT1-capital		
28	= Sum of CET1-Adjustments	-965'941	
29	= Common Equity Tier 1 (net CET1)	1'052'691	
Additional Tier 1 Capital (AT1)			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	449'588	
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards	449'588	
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Minority interests eligible for AT1		
35	of which : transitorily recognised		
36	= Sum of additional Tier 1 capital (AT1), before adjustments	449'588	
	Adjustments of additional Tier 1 capital		
37	Net long position in own AT1 instruments		
38	Reciprocal cross-holdings (AT1-Instruments)		
39	Non-qualifying holdings (max. 10%) in financial sector (amount exceeding treshold 1) (AT1-Instruments)		
40	Other qualifying holdings in financial sector (AT1-Instruments)		
41	Other deductions		
42	Amount of T2 deductions, which exceed the T2-capital		
43	=Sum of AT1-Adjustments		
44	= additional Tier 1 capital (AT1)	449'588	7
45	Tier 1 capital (T1 = CET1 + AT1)	1'502'279	
Eligible Tier 2 Capital (T2)			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Minority interests eligible for T2		
49	Of which : transitorily recognised (phase out)		
50	Value adjsutments; Provisions and losses due to reasons of prudence (12); forced reserves on financial investments		
51	Eligible Tier 2 capital (T2) before adjustments		
	Adjustments of Tier 2 capital		
52	Net long position in own T2 instruments		
53	Reciprocal cross-holdings (T2- Instruments)		
54	Non-qualifying holdings (max. 10%) in financial sector (amount exceeding treshold 1) (T2-Instruments)		
55	Other qualifying holdings in financial sector (T2-Instruments)		
56	Other deductions		
	ADDITIONAL DEDUCTIONS BASED ON TRANSITIONAL PROVISONS (FURTHER „DEDUCTIONS HALF AMOUNT" OF EACH)		
56a	Sureplus of deductions to be allocated to AT1-capital		
57	= sum of T2 Adjustments		
58	= Tier 2 capital (T2)		
59	= Total regulatory capital (TC = T1 + T2)	1'502'279	
	AMOUNTS WITH RISK WEIGHTING BASED ON TRANSITIONAL PROVISIONS		
60	Total risk weighted assets	6'304'060	
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets) para 29	16.70%	
62	Tier 1 (as a percentage of risk weighted assets) para 45	23.83%	
63	Total capital (as a percentage of risk weighted assets) para 59	23.83%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus supplementary buffer for systemically important institutions)	2.7%	
65	Of which: Conservation buffer requirement international, incl. phase-in (in % of risk weighted position)	2.5%	
66	Of which: Countercyclical buffer requirement (in % of risk weighted position)	0.2%	
67	Of which: International supplementary buffer for systemically important institutions (in % of risk weighted positions)	0.0%	
68	CET1 available after meeting the bank's minimum capital requirements (%)	12.2%	
68a	CET1 capital target + countercyclical buffer, depending on the category (in % of risk weightet positions)	8.0%	
68b	Of which: countercyclical buffer according to Art. 44 and 44a CAO (in % of risk weighted positions)	0.2%	
68c	Available CET1 capital to meet CET1 target + countercyclical buffer (after deduction of CET1 capital used to cover T2 and AT1 capital needs) (in % of risk weighted positions)	16.7%	
68d	T1 capital target + countercyclical buffer, depending on the category (in % of risk weighted positions)	9.8%	
68e	Available AT1 & CET1 capital to meet T1 capital target + countercyclical buffer (after deduction of AT1 capital and CET1 capital used to cover T2 capital needs) (in % of risk weighted positions)	21.43%	
68f	Total capital target (depending on bank category) + countercyclical buffer (in % of risk weighted positions)	12.2%	
68g	Total capital ratio	23.83%	
Amounts below treshold for deductions (before risk weighting)			
72	Non-qualifying holdings in financial sector		
73	other qualifying holdings in financial sector		
74	Mortgage servicing rights		
75	Other deferred tax		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach BIS	0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach BIS	22'342	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		

Table CC2 : Composition of eligible capital / reconciliation		
Balance-sheet (in 1'000 CHF)	**According to the accounting rules and regulatory scope of consolidation**	**References to table 1**
Assets		
Liquid assets	3'884'212	
Amounts due from banks	1'575'059	
Amounts due from securities financing transactions	893'984	
Amounts due from customers	5'717'401	
Mortgage loans	1'744'853	
Trading portfolio assets	4'651'659	
Positive replacement values of derivative financial instruments	439'401	
Other financial instruments at fair value	8'297'197	
Financial investments	1'727'288	
Accrued income and prepaid expenses	170'836	
Participations	3'665	
Tangible fixed assets	383'948	
Intangible assets	629'629	
Of which goodwill	528'500	1
Of which other intangible assets	101'129	2
Other assets	390'087	
Of which deferred taxes depending on future revenues	14'909	3
Of which defined-benefit pension fund net assets	8'810	4
Capital not paid in		
Total assets	**30'509'218**	
Liabilities		
Amounts due to banks	1'140'491	
Liabilities from securities financing transactions	92'520	
Amounts due in respect of customer deposits	13'240'870	
Trading portfolio liabilities	170'429	
Negative replacement values of derivative financial instruments	1'190'988	
Liabilities from other financial instruments at fair value	10'124'222	
Cash bonds		
Bond issues and central mortgage institution loans	1'043'188	7
Accrued expenses and deferred income	353'952	
Other liabilities	1'473'015	
Provisions	14'863	
Of which deferred tax on goodwill		
Of which deferred tax on other intangible assets		
Total Liabilities	**28'490'586**	
Of which subordinated loans, eligible for Tier 2 capital (T2)		
Of which subordinated loans, eligible for additional Tier 1 capital (AT1)		
Equity		
Reserves for general banking risks		
Capital	56'875	
Of which eligible for CET1	56'875	5
Of which eligible for AT1		
Legal reserves/Voluntary retained earnings reserve/Profit- Loss carried forward/Profit- Loss of period	2'075'476	
(Own shares)	-113'719	6
Minority interests	0	
Of which eligible for CET1		
Of which eligible for AT1		
Total own funds	**2'018'632**	

Remarks

The scope of consolidation used for the calculation of capital was the same in the year under review and the previous year as the scope of consolidation used for accounting purposes. Please refer to the tables “Major subsidiaries and participations” and “Changes in the scope of consolidation” in the Notes to the consolidated financial statements for further details. With the exception of the statutory regulations, no restrictions apply that prevent the transfer of money or capital within the Group.

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Table LR1: Leverage Ratio: Summary comparison of accounting assets vs leverage ratio exposure measure		
	(in 1'000 CHF)	**2022-12-31**
1	Total consolidated assets as per published financial statements	30'509'218
1a	Differences between published financial statements and the basis of calculation for the determination of the total engagement	
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes (Cm 6 and 7 FINMA-Circ. 15/3) but outside the scope of regulatory consolidation (Cm 16 and 17 FINMA-Circ. 15/3)	-795'316
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (Cm 15 FINMA-Circ. 15/3)	
4	Adjustments for derivative financial instruments (Cm 21 to 51 FINMA-Circ. 15/3)	155'027
5	Adjustment for securities financing transactions (ie repos and similar secured lending) (Cm 52 to 73 FINMA-Circ. 15/3)	16'729
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) (Cm 74 to 76 FINMA-Circ. 15/3)	140'147
7	Other adjustments	0
8	Leverage ratio exposure	30'025'805

Table LR2: Leverage ratio: detailed presentation		
	(in 1'000 CHF)	**2022-12-31**
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral) (Cm 14 and 15 FINMA-Circ. 15/3)	29'175'833
2	(Asset amounts deducted in determining Basel III Tier 1 capital) (2) (Cm 7, 16 and 17 FINMA-Circ. 15/3)	-795'316
3	= Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	28'380'518
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) (according to Cm 22 and 23, 34 and 35 FINMA-Circ. 15/3)	111'229
5	Add-on amounts for PFE associated with all derivatives transactions (Cm 22 and 25 Circ.-FINMA 15/3)	334'544
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions, according to cm 36 FINMA-Circ. 15/3)	
8	(Exempted CCP leg of client-cleared trade exposures) (Cm 39 FINMA-Circ. 15/3)	-58'828
9	Adjusted effective notional amount of written credit derivatives (Cm 43 FINMA-Circ. 15/3)	209'704
10	(Adjusted effective notional offsets (Cm 44 to 50 FINMA-Circ. 15/3) and add-on deductions for written credit derivatives (Cm 51 FINMA-Circ. 15/3))	-2'222
11	= Total derivative exposures (sum of lines 4 to 10)	594'428
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions (Cm 69 Circ.-FINMA 15/3) (Cm 58 FINMA-Circ. 15/3)	893'984
13	(Netted amounts of cash payables and cash receivables of gross SFT assets) (Cm 59 to 62 FINMA-Circ. 15/3)	
14	CCR exposure for SFT assets (Cm 63 to 68 FINMA-Circ. 15/3)	16'729
15	Agent transaction exposures (Cm 70 to 73 FINMA-Circ. 15/3)	
16	= Total securities financing transaction exposures (sum of lines 12 to 15)	910'713
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	251'230
18	(Adjustments for conversion to credit equivalent amounts) (Cm 75 and 76 FINMA-Circ. 15/3)	-111'083
19	= Off-balance sheet items (sum of lines 17 and 18)	140'147
Capital and total exposures		
20	Capital and total exposures (Cm 5 FINMA-Circ. 15/3)	1'502'279
21	Total exposures (sum of lines 3, 11, 16 and 19)	30'025'805
Leverage ratio		
22	Basel III leverage ratio (Cm 3 to 4 FINMA-Circ. 15/3)	5.00%

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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 2022, page 147ff.).

Table LIQ1: Information on the liquidity (LCR)					
(in 1'000 CHF)		**Unweighted values (monthly averages)**	**Weighted values (monthly averages)**	**Unweighted values (monthly averages)**	**Weighted values (monthly averages)**
		4th Quarter 2022	**4th Quarter 2022**	**3rd Quarter 2022**	**3rd Quarter 2022**
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		10'180'394		11'777'414
B. Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	9'345'774	1'249'716	9'919'748	1'359'286
3	Stable deposits	0	0	0	0
4	Less stable deposits	9'345'774	1'249'716	9'919'748	1'359'286
5	Unsecured wholesale funding, of which:	7'712'773	5'840'134	7'844'330	5'787'762
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0
7	Non-operational deposits (all counterparties)	6'231'320	4'358'681	6'482'399	4'425'831
8	Unsecured debt	1'481'453	1'481'453	1'361'931	1'361'931
9	Secured wholesale funding		33'333		33'719
10	Additional requirements, of which:	1'779'467	791'274	2'494'299	996'862
11	Outflows related to derivative exposures and other collateral requirements	1'692'821	777'183	2'403'913	982'753
12	Outflows related to loss of funding on debt products	0	0	0	0
13	Credit and liquidity facilities	86'646	14'091	90'386	14'109
14	Other contractual funding obligations	0	0	0	0
15	Other contingent funding obligations	7'836'508	198'767	1'284'790	42'959
16	Total cash outflows		8'113'224		8'220'588
C. Cash inflows					
17	Secured lending (e.g. reverse repos)	1'668	1'668	21'192	21'192
18	Inflows from fully performing exposures	2'609'383	1'566'532	2'114'126	1'067'772
19	Other cash inflows	423'530	423'530	370'432	370'432
20	Total cash inflows	3'034'581	1'991'730	2'505'750	1'459'397
Total adjusted values					
21	Total HQLA		10'180'394		11'777'414
22	Total net cash outflows		6'202'652		6'868'191
23	Liquidity coverage ratio (in %)		164.1%		171.5%

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Reporting date 31.12.2022

LIQ2 : Net Stable Funding Ratio (NSFR)		a	b	c	d	e
	(in 1'000 CHF)	**Unweighted value by residual maturity**				**Weighted value**
		No maturity	**< 6 months**	**6 months to < 1 year**	**>= 1 year**	
	Available stable funding (ASF) item					
1	Capital:	0	0	0	2'230'656	2'230'656
2	Regulatory capital (1)	0	0	0	2'230'656	2'230'656
3	Other capital instruments	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	9'223'270	188'198	233'800	110'647	8'791'388
5	Stable deposits	0	0	0	0	0
6	Less stable deposits	9'223'270	188'198	233'800	110'647	8'791'388
7	Wholesale funding:	5'828'948	0	463'078	0	1'806'501
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	5'828'948	0	463'078	0	1'806'501
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	1'736'862	7'038'693	1'375'341	2'510'237	2'180'594
12	NSFR derivative liabilities				1'017'314	
13	All other liabilities and equity not included in the above categories	1'736'862	7'038'693	1'375'341	1'492'923	2'180'594
14	Total ASF					15'009'139
	Required stable funding (RSF) item	0	0	0	0	0
15	Total NSFR high-quality liquid assets (HQLA)	4'958'457	2'719'136	1'259'969	2'575'213	869'323
16	Deposits held at other financial institutions for operational purposes	492'844	0	0	0	246'422
17	Performing loans and securities:	1'912'798	5'534'422	1'389'177	6'012'757	8'617'056
18	Performing loans to financial institutions secured by Level 1 HQLA	0	892'944	0	0	89'294
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	718'768	209'753	23'887	9'142	160'363
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	714'032	2'898'762	453'691	1'213'110	3'118'271
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	0	0	0	0	0
22	Performing residential mortgages, of which:	38'163	65'148	77'604	1'490'818	1'072'571
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	34'511	61'821	73'622	1'431'203	1'015'258
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	441'835	1'467'815	833'995	3'299'687	4'176'557
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	2'065'523	97'261	19'792	1'712'194	2'637'300
27	Physical traded commodities, including gold	914'318				777'170
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	100'511	85'434
29	NSFR derivative assets		0	0	265'324	0
30	NSFR derivative liabilities before deduction of variation margin posted		0	0	1'017'314	0
31	All other assets not included in the above categories	1'116'358	357'698	847	299'793	1'774'696
32	Off-balance sheet items		44'090	42'213	109'454	19'944
33	Total RSF					12'390'046
34	Net Stable Funding Ratio (%)					121.14%

(1) Regulatory capital before the application of capital deductions.

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Credit risk: general information (CRA)

The main characteristics and elements of credit risk management (business model and credit risk profile, organisation and functions involved in credit risk management, risk management reporting) are fully described in the Annual Report in section "5. Credit, counterparty and issuer risk" (AR 2022, page 149ff.).

Table CR1: Credit risk: Credit quality of assets		2022-12-31			
	(in 1'000 CHF)	a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a + b - c)
		Defaulted exposures	Non-defaulted exposures		
1	On-balance sheet exposures (excluding debt securities)	58'300	7'439'372	35'418	7'462'254
2	Debt securities		1'604'966		1'604'966
3	Off-balance sheet exposures		251'230		251'230
4	TOTAL Reporting period	58'300	9'295'567	35'418	9'318'449

Credit risk: Changes in stock of defaulted loans and debt securities (CR2)

The disclosures can be found in the Annual Report in note 30 'Credit risks and expected credit losses' (AR 2022, page 191ff.).

Credit risk: qualitative disclosure requirements related to mitigation techniques (CRC)

The main characteristics of Vontobel's risk mitigation techniques are fully described in the Annual Report in section "5. Credit, counterparty and issuer risk" (AR 2022, page 149ff.).

Main characteristics of the internal rules and processes with regard to the on and off balance sheet netting are described in the Annual Report on page 145ff., chapter 5.3.

Main characteristics of the internal rules and processes with regard the valuation and management of guarantees are described in the Annual Report on page 149ff., chapter 5.2. and 5.3. In the wealth management business, guarantees are accepted with a minimum rating of A-.

Information on concentration in market or credit risk in regard to risk reducing instruments (i.e. based on type of guarantor, collateral of guarantor and guarantor in case of credit derivatives) are explained in the Annual Report, chapter 5.3, as part of the explanation of the prevention of concentration risks.

Credit risk: qualitative disclosures of banks' use of external credit ratings under the standardised approach (CRD)

External ratings are used to determine the risk weights for amounts due from banks and for debt instruments in the banking book. For the calculation of capital, Vontobel refers to the ratings of external rating agencies recognized by FINMA. It uses the ratings of Fitch, Moody's, S&P and Fedafin (public sector bodies only). If different ratings exist for a specific position, the allocation of the relevant rating is performed in accordance with the rules set out by the Basel Committee on Banking Supervision.

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Table CR3: Credit risk: Credit risk mitigation techniques – overview

2022-12-31

(in 1'000 CHF)	a	b1	b	c	d	e	f	g
	Exposures unsecured: carrying amount	Exposures secured carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 On-balance sheet (excluding debt securities)	375'183	7'087'071	7'073'801		13'269			
2 Debt securities	1'604'966							
3 TOTAL	**1'980'149**	**7'087'071**	**7'073'801**		**13'269**			
Of which defaulted	35'418	22'882	22'882		0			

Counterparty credit risk: qualitative disclosure (CCRA)

The main characteristics of counterparty credit risk management are fully described in the Annual Report in section "5. Credit, counterparty and issuer risk" (AR 2022, page 149ff.).

Applied methodology for the determination of operational limits as a function of internal capital allocation with regard to the counterparty risk and positions with central counterparties (CCPs)
In general, the principles of the counterparty risk management comprises a broad spectrum of activities and regulations which are based on the multidimensional operational limit system. For the management and the granting of limits the internal framework for professional counterparties is being applied and limits for uncollateralised counterparty credit positions as well as for collateralised exposures are in place per counterparty (including exposures from OTC-derivative and forward transactions as well as SLB/Repo transactions). The limits per counterparties are being allocated to the business units. The absolute amount of the limits are depending on the credit rating of the respective counterparty which is determined by the consolidated rating of acknowledged agencies. In addition further limitations per country, region or sensitivity of a rating category are being considered. In the case of CCPs the pledged margin requirement is considered for the disclosure.

Internal rules regarding guarantees and other risk mitigating techniques and assessment of counterparty risk including CCPs
Internal rules for handling guarantees and other risk mitigating techniques are described in the Annual Report, chapter 5.3 on page 149ff. Our holistic assessment of counterparty risks is based on a consolidated rating.

Internal rules regarding wrong-way-positions
Wrong-way-positions are implicitly governed by the internal rules and regulations in the above mentioned limit concept for professional counterparties. In a deteriorating situation of a counterparty, which goes alongside with the increase of the probability of default, the granted limits are being reduced in line with the applied instructions. Commercial credit lines are not being offered in principle by Vontobel.

Implications for the Bank in case of a deterioration of a rating and additional guarantee requirement
In case of a deterioration of the own credit rating the implications shall be limited. In case of a COSI/TCM collateralisation with significant volume no additional guarantee issuance is being performed (collateral management). Other kinds of OTC/Repo/SLB business are based on bilateral contracts which means that a rating deterioration would not immediately lead to an additional guarantee issuing but may lead to a revision of the modalities of the contract.

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	Table CCR3: Counterparty credit risk: exposures by regulatory portfolio and risk weights under the standardised approach							
	(in 1'000 CHF)	**a**	**c**	**d**	**e**	**f**	**g**	**i**
	Asset classes / Risk weight	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total credit exposure**
1	Sovereigns and their central banks	22'848						22'848
2	Banks and securities traders	241'010	214'426	77'345		1'196		533'977
3	Public-sector entities and multilateral developments banks							
4	Corporates	9'589	845	31'154		38'571	112	80'272
5	Retail				3'222			3'222
6	Equity securities							0
7	Other assets	31'204		34'523				65'727
8								
9	**TOTAL**	**304'650**	**215'271**	**143'022**	**3'222**	**39'768**	**112**	**706'046**

Market risk: qualitative disclosure requirements (MRA)

The strategy, processes and organisation to manage market risks are fully described in the Annual Report in section "3. Market risk" (AR 2022, page 142ff.). In order to calculate capital adequacy requirements for market risks in the trading book Vontobel applies the standard approach.

General information
Main trading activity of Vontobel is the issuing of warrants, certificates and structured products and the hedging of resulting risks. There is no proprietary trading per se. As part of Vontobel's risk policy the relevant risk categories and the related risk profiles are being defined. Further competencies, organisation, methodologies and processes for the management and control of the respective risks are internally defined, regulated and documented. This is being reviewed and assessed in terms of adequacy by the Board of Directors at least on a yearly basis. Based on a systematic risk analysis which is being assessed with the Executive Committee the Board of Directors monitors the internal control system of Vontobel. The market risk refers to the risk of losses as a result of changes in market parameters such as interest rates, credit spreads, foreign exchange rates, stock prices or commodities prices and the corresponding volatilities. Market risks are relevant in various areas, both within and outside the Trading Book. In the Trading Book, the major proportion of the risk positions originates from the business with proprietary products such as warrants, certificates an structured products as well as the hedging of these instruments. Please refer to the Annual Report for further details.

Limit system
The limitation and monitoring of market risks is done based on a multi-stage limit system. Besides a defined Value-at-Risk and Stress Exposure limits on global as well as trading unit level the system also defines various sensitivity and volume based limits for the limitation and management of risks.

Responsibilities and competencies
Responsibilities and competencies are defined as follows:

- The ultimate responsibility is with the Board of Directors.
- The operational implementation of the risk policy as well as the control of all risks are within the responsibility of the Executive Committee.
- The management of the client units and centers of excellence are responsible for the management of risks alongside the qualitative and quantitative parameters and targets.
- The center of excellence 'Finance & Risk' is responsible for the monitoring of risks and as part of this organisational unit, the department 'Primary Risk Control' is in charge of the monitoring of market and model risks.

Independent control functions
The head of the department 'Primary Risk Control' is reporting to the Head of the center of excellence 'Finance & Risk' who is independent from the client units and is a member of the Executive Committee.
The duties of Primary Risk Control are first of all the identification of risks in the context of the ongoing business activities as well as in situations of change (markets, regulations) and in the context of new business activities (new products and services, new markets). Secondly, the identified risks are to be captured by applying adequate methodologies and by using respective measurement technologies. With this risks are being quantified, aggregated , analysed and monitored. Vontobel is utilizing state of the art methodologies and procedures. Market risks are monitored on a daily basis and compared to approved limits. Violations of limits are reported immediately and the mitigation is being monitored closely. Thirdly, the taken risks are to be reported in a transparent way.

Transparency of taken risks
The transparent depiction of the risk profile in an aggregated form as well as the taken risks in detail are core responsibilities of the Primary Risk Department. Front units are informed about market risks by adequate standard reports on a daily basis. The Executive Committee and the Board of Directors are informed with holistic, aggregated periodic risk reports which also cover the development of risks and the risk profile over time.

Value at Risk (VaR)
In line with common market practice the management and monitoring of market risks with regard of positions in Investment Banking as well as in the investment book outside of Investment Banking is based on specific sensitivity and volume limits as well as on VaR and Stress Exposure Measurements.

For the daily measurement of VaR the historic simulation methodology is being used. All instruments are valued based on historic movements of risk parameters. With that the historic realised volatilities of the respective risk parameters and the historic realised correlations between the risk parameters are considered directly in the calculations. The confidence interval is 99%, holding period is one day and the historic observation period for the determination of the VaR time series is the last four years.

Stress exposure
Besides the usage of the VaR limit on a 99% confidence interval, stress limits are being used as part of the monitoring procedures. On a daily basis stress tests are being performed. Though all positions of the Trading Book and all other investment positions are revalued based on various stress scenarios (1 day, 2 day, 3 day and 10 day holding period). For the determination of the daily stress exposure the respective worst scenario is being chosen. The calculations are based on historic and Vontobel specific stress scenarios. These scenarios are verified regularly and adopted if needed depending on changes in the market environment and the potential change of risk appetite.

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Table MR1: Market risk: Capital requirements under the standardised approach		
	(in 1'000 CHF)	a
		RWA
		2022-12-31
Outright products		
1	Interest rate risk (general and specific)	651'779
2	Equity risk (general and specific)	175'566
3	Foreign exchange risk	44'580
4	Commodity risk	84'396
Options		
5	Simplified approach	
6	Delta-plus method	323'665
7	Scenario approach	
8	**Securitisation**	
9	**TOTAL**	**1'279'987**

Vontobel

Interest rate risk in the banking book: qualitative disclosure requirements (IRRBBA)

a. The general principles of “Risk management and risk control” at Vontobel are explained in detail in the Annual Report (AR 2022, page 141ff). The main characteristics of Vontobel's interest rate risk management techniques are fully described in the Annual Report in section "3.3. Market risks related to the balance sheet structure" (AR 2022, page 144ff.).

b. An ALCO (Asset and Liability Committee) meeting is held on a monthly basis, where Treasury, the CFO/CRO, the Head of Structured Solutions & Treasury and further stakeholders from business units and risk control are participating. This forum decides on existing or upcoming positions and risks. Outcomes are reported regularly to the Executive Committee and BoD. The key modelling assumptions with regard to interest rate duration and capital lock-up period for certain balance sheet positions are reviewed periodically by internal and external subject matter specialists.

c. At Vontobel, all IRRBB measures (EVE, NII – according FINMA circular 2019/2 and BIS’ “Interest Rate Risk in the Banking Book” (April 2019)) are calculated as part of the monthly closing process. Subsequently, these measures are referred to as “Standard Scenarios”. In addition, a Vontobel specific ΔEVE scenario is calculated, which also serves as measure against the interest rate risk limit determined by the BoD.

d. The change in the economic value (ΔEVE) is calculated according to the standard scenarios as described in the FINMA circular 2019/2. In addition, Vontobel measures the change in economic value with an institute specific scenario, which is based on an instantaneous, parallel interest rate shock of +/- 100bp for all currencies. In addition to the fixed rate exposure, also the modelled client funds and the modelled equity position, which is in contrast to the standard scenarios, are taken into account for the sensitivity analysis and therefore measured against the respective BoD limit.

   For the calculation of the change in net interest income (ΔNII), Vontobel takes the following assumption as a basis:
   - Static balance sheet
   - Constant client margins on roll over
   - Immediate, parallel interest rate shocks per currency as defined by BIS and FINMA

e. The Vontobel specific scenario therefore deviates from the standard as follows:
   - Even interest rate shift of +100 bp for all currencies
   - Inclusion of the modelled equity

   The reasons for these divergences are:
   - The explanatory power of the changes across currencies is increased.
   - The historical comparability persists.
   - A duration is assigned to the equity, which enables a stable income.

f. Net interest rate risks resulting out of the client business are managed mostly through Financial Investments (IFRS) or Interest Rate Swaps (fair-value or cash-flow hedge accounting under IFRS). Further information can be found in section “33. Hedge accounting” of the Annual Report (AR 2022, page 199ff.).

g. Main modelling assumptions and calculation parameters for table IRRBBA1 and IRRBB1

1. The calculation of the interest cash flows, which are used for the calculation of ΔEVE, includes a potential client margin.

2. Each cash flow is allocated to the time bucket in which its maturity falls. Hence, each cash flow is assigned to a single time bucket only. This is a refinement to our previous (before December 31, 2021) methodology which assigned each cash flow to the mid-point of the respective, the next higher and the next lower time bucket in a way, that the durations of the original and the “distributed” cash flow were identical.

3. For the discounting of all cash flows a risk-free interest rate curve (OIS) is used. For the delta calculation, this curve is then shifted as requested (per scenario, currency, term), followed by a linear interpolation to match the exact term.

4. The basic assumption is an interest rate move on the 1st day of the observation period (12 months), where
   - a static balance sheet is assumed
   - a maturing trade is renewed (multiple times if needed) with its original tenor and constant client margin till the end of the observation period

5. Positions without a fixed maturity are replicated with different maturity profiles. The re-fixing of the interest rate is performed according to the respective maturity profile.

6. Apart from the Vontobel AT1 issuance, where the maturity is assigned to the first call date, banking book positions with early repayment options are not material.

7. Behavioral withdrawal options in the banking book are not material. If they were, they would not be part of the ΔNII / ΔEVE calculations, but would be included in separate stress tests.

8. There are no interest rate options in the banking book.

9. Interest rate swaps are used to manage the interest rate risk in the banking book. The treatment within the ΔNII / ΔEVE calculations is congruent with the treatment of other fixed rate instruments.

10. The total in each scenario is a simple addition of the results for each currency. There are no correlation assumptions.

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Table IRRBBA1: Interest rate risk: Quantitative information on the structure of positions and resetting of interest rates							
	Amount in 1'000 CHF			Average time to resetting of interest rates (in years)		Maximum time to resetting of interest rates (in years) for positions with modelled (non-deterministic) definition of resetting date	
2022-12-31	Total	of which CHF	of which other currencies, representing more than 10% of total balance sheet	Total	of which CHF	Total	of which CHF
Defined resetting date of interest rate							
Due from banks	909'932	440'000	469'932	0.021			
Due from customers	4'915'176	2'443'787	2'298'014	0.927	1.091		
Money-market mortgages	497'571	497'571	0	0.003	0.003		
Fixed-term mortgages	1'271'073	1'271'073	0	5.569	5.569		
Financial investments	1'751'206	395'610	1'333'081	2.334	1.904		
Other assets	0	0	0				
Asset legs of interest rate derivatives (1)	238'915	238'915	0	0.139	0.139		
Due to banks	92'520	0	92'520	0.088			
Due to customers	524'978	440'180	84'798	0.176	0.174		
Cash bonds	0	0	0				
Debt issued	1'043'188	1'043'188	0	0.606	0.606		
Other liabilities	0	0	0				
Liability legs of interest rate derivatives (1)	1'232	1'232	0	7.319	7.319		
Non-defined resetting date of interest rate							
Due from banks	1'565'477	23'160	1'301'055	0.011	0.011		
Due from customers	874'039	479'610	365'609	0.011	0.011		
Variable-rate mortgages	0	0	0	-	-		
Other assets at sight	0	0	0	-	-		
Liabilities at sight (private and current accounts)	12'753'192	5'386'866	6'278'798	1.026	1.026		
Other liabilities at sight	1'139'228	148'817	739'154	0.011	0.011		
Due to customers, with notice period but not transferable (savings accounts)	0	0	0	-	-		
Total	27'577'727	12'810'009	12'962'961	6.786	6.494	8.005	8.005

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Table IRRBB1: Interest rate risk: Quantitative information on economic value of equity and net interest income		
(in 1'000 CHF)	**DELTA EVE**	**DELTA NII**
Period	**2022-12-31**	**2022-12-31**
Parallel up	-64'233	85'911
Parallel down	72'534	-91'484
Steepener	-27'695	
Flattener	14'547	
Short rate up	-11'057	
Short rate down	11'650	
Maximum (worst case)	-64'233	-91'484
Period	**2022-12-31**	
Tier 1 capital	1'502'279	

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Qualitative disclosure requirements related to operational risks (ORA)

In order to calculate capital adequacy requirements for operational risks Vontobel applies the basic indicator approach.

The strategy, processes and organisation to manage operational risks are fully described in the Annual Report in section "6. Operational risks" (AR 2022, page 152ff.).