

Basel III Pillar 3 Disclosure Report
according to FINMA Circular 16/1 “Disclosure – Banks”
Half-Year

2024



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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 the Half Year Disclosure 2024 in addition and integration to the Half Year Report 2024.

Most of the required qualitative information is disclosed in the Annual Report 2023 (AR 2023) of Vontobel under “Risk management and risk control” and “Capital” (AR 2023, page 167ff.). 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 2023, page 168ff.), 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 2023, page 168ff.). 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 2023, page 173ff.) 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 2023, page 175ff.), 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 Standardized 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 2023, page 178ff.).

The section “Capital” (AR 2023, page 181ff.) 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 2023 (page 59ff.).

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, CCyB, 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 December, 8th 2021

KM1: Basic regulatory key figures

IN 1,000 CHF		A	B	C	D	E
		30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
Available capital						
1	Common Equity Tier 1 (CET1)	1,266,290		1,220,136		1,155,455
1a	Common Equity Tier 1 capital without the effects of the transitional provisions for expected losses					
2	Tier 1 Capital (T1)	1,629,797		1,552,333		1,605,290
2a	Tier 1 capital without the effects of the transitional provisions for expected losses					
3	Total capital	1,629,797		1,552,333		1,605,290
3a	Total capital without the effects of the transitional provisions for expected losses					
Risk-weighted assets (RWA) (CHF)						
4	Total risk-weighted assets (RWA)	6,918,455		6,523,903		6,691,118
4a	Minimum capital	553,476		521,912		535,289
Risk-based capital ratios (in % of RWA)						
5	CET1 ratio (%)	18.3%		18.7%		17.3%
5a	CET1 ratio without the effects of the transitional provisions for expected losses (%)					
6	Tier 1 capital ratio (%)	23.6%		23.8%		24.0%
6a	Tier 1 capital ratio without the effects of the transitional provisions for expected losses (%)					
7	Total capital ratio (%)	23.6%		23.8%		24.0%
7a	Total capital ratio without the effects of the transitional provisions for expected losses (%)					
Additional CET1 buffer requirements (in % 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 (%)	13.8%		14.2%		12.8%
Target capital ratios according to Annex 8 CAO (% of RWA)						
12a	Capital buffer in accordance with Basel Minimum Standards (%)	4.0%		4.0%		4.0%
12b	Countercyclical buffer (Article 44a CAO) in accordance with Basel Minimum Standards (%)	0.2%		0.2%		0.2%
12c	Additional capital buffer due to national or international systemic importance (%)	8.0%		8.0%		8.0%
12d	Overall buffer requirements in accordance with Basel Minimum Standards in CET1 quality (%)	9.8%		9.8%		9.8%
12e	Total capital target ratio (in %) in accordance with Annex 8 of the CAO plus countercyclical buffer in accordance with Art. 44 and 44a CAO	12.2%		12.2%		12.2%
Basel III leverage ratio						
13	Total exposure	33,082,669		28,931,873		31,827,422
14	Basel III leverage ratio (Tier 1 capital % of the total exposure)	4.9%		5.4%		5.0%
14a	Basel III leverage ratio (Tier 1 capital % of the total exposure) without the effects of the transitional provisions for expected losses					

IN 1,000 CHF		A	B	C	D	E
		30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
Liquidity Coverage Ratio						
15	LCR numerator: Total high quality liquid assets (HQLA) (3-month average)	9,986,906	9,552,253	9,670,106	9,768,761	9,613,360
16	LCR denominator: Total net cash outflow (3-month average)	4,640,540	4,715,731	4,426,009	4,897,240	5,366,717
17	LCR (in %)	215.2%	202.6%	218.5%	199.5%	179.1%
Net Stable Funding Ratio						
18	Available stable refinancing	16,499,480		14,136,395		15,125,852
19	Required stable refinancing	12,989,589		12,404,091		13,315,556
20	Net stable funding ratio (NSFR) (in %)	127.0%		114.0%		113.6%

OVA: Bank risk management

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 2023, page 167ff.).

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.

OV1 : Overview of the risk weighted assets

		A	B	C
		RWA	RWA	MINIMUM
		30.06.2024	31.12.2023	CAPITAL
IN 1,000 CHF				REQUIREMENT
				30.06.2024
1	Credit risk (excluding counterparty credit risk (CCR))	2,711,048	2,437,083	216,884
2	of which determined using the standardised approach (SA)	1,522,092	1,595,390	121,767
3	of which determined using the internal rating-based (F-IRB) approach			
4	of which determined using the supervisory slotting approach			
5	of which determined using the advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	204,189	149,110	16,335
7	of which determined using standardised approach (SA-CCR)	204,189	149,110	16,335
7a	of which determined using simplified standard approach (SSA-CCR)			
7b	of which determined using the Current Exposure Method (CEM)			
8	of which determined using the internal model method (IMM or EPE model methods)			
9	of which other (CCR)			
10	Valuation adjustment for risk derivatives (CVA)	58,662	41,194	4,693
11	Equity securities in banking book, determined using the market-based approach	27,019	27,156	2,162
12	Investments in managed collective investment schemes – look-through approach			
13	Investments in managed collective investment schemes – mandate-based approach	32,502	38,442	2,600
14	Investments in managed collective investment schemes – fall-back approach	11,514	10,630	921
14a	Equity investments in funds – simplified approach			
15	Settlement risk	402	334	32
16	Securitisation exposures in the banking book			
17	of which under the internal ratings-based approach (SEC-IRBA)			
18	of which under the external ratings-based approach (SEC-ERBA), including the internal assessment approach (IAA)			
19	of which under the standardised approach (SEC-SA)			
20	Market risk	1,323,442	1,245,611	105,875
21	of which determined using the standardised approach (SA)	1,323,442	1,245,611	105,875
22	of which determined using the internal model approach (IMA)			
23	Capital requirements due to a charge of exposures between the trading book and the banking book			
24	Operational risk	2,546,690	2,567,575	203,735
25	Amounts below the thresholds for deduction (amount subject to a risk weight of 250%)	2,985	6,768	239
26	Adjustment of the floor			
27	Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)	6,918,455	6,523,903	553,476

LIQA: Liquidity risk

The main characteristics and elements of liquidity risk management are fully described in the Annual Report in section “4. Liquidity risk and refinancing” (AR 2023, page 173ff.).

LIQ1: Liquidity Coverage Ratio (LCR)

		UNWEIGHTED VALUES (MONTHLY AVERAGES) 2 ND QUARTER 2024	WEIGHTED VALUES (MONTHLY AVERAGES) 2 ND QUARTER 2024	UNWEIGHTED VALUES (MONTHLY AVERAGES) 1 ST QUARTER 2024	WEIGHTED VALUES (MONTHLY AVERAGES) 1 ST QUARTER 2024
IN 1,000 CHF.					
A. High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		9,986,906		9,552,253
B. Cash outflows					
2	Retail deposits and deposits from small business customers	6,586,446	843,168	6,297,996	808,713
3	of which: stable deposits	1,051,436	52,572	1,010,122	50,506
4	of which: less stable deposits	5,535,010	790,596	5,287,874	758,207
5	Unsecured wholesale funding:	5,685,412	4,467,417	6,059,720	4,793,797
6	of which: operational deposits (all counterparties)	62,417	10,719	65,570	11,221
7	of which: non-operational deposits (all counterparties)	4,221,128	3,054,831	4,514,519	3,302,945
8	of which: unsecured debt instruments	1,401,866	1,401,866	1,479,631	1,479,631
9	Secured wholesale funding		0		41
10	Additional cash outflows:	1,469,206	780,864	1,117,218	558,307
11	of which: outflows related to derivative exposures and other collateral requirements	1,392,940	775,185	1,043,042	552,787
12	of which: outflows related to loss of funding on debt products	0	0	0	0
13	of which: committed credit and liquidity facilities	76,266	5,679	74,175	5,520
14	Other contractual funding obligations	0	0	33,333	33,333
15	Other contingent funding obligations	12,585,653	319,111	11,531,546	286,958
16	Total cash outflows		6,410,560		6,481,150
C. Cash inflows					
17	Secured lending (e.g. reverse repos)	572	572	178	178
18	Cash inflows from non-impaired receivables	2,596,018	1,555,775	2,675,577	1,620,397
19	Other cash inflows	323,874	323,874	270,163	270,163
20	Total cash inflows	2,920,465	1,880,221	2,945,918	1,890,738
Total adjusted values					
21	Total HQLA		9,986,906		9,552,253
22	Total net cash outflows (including the impact of collateral swaps)		4,640,540		4,715,731
23	Liquidity coverage ratio (LCR) (in %)		215.2%		202.6%

LIQ2 : Net Stable Funding Ratio (NSFR)

		A	B	C	D	E
		UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
				≥ 6 MONTHS TO ≥ 1 YEAR		
30.06.2024 IN 1,000 CHF		NO MATURITY	< 6 MONTHS	< 1 YEAR	≥ 1 YEAR	
Available stable funding (ASF)						
1	Capital ¹	2,238,578			101,365	2,339,943
2	of which: regulatory capital before deductions	2,238,578				2,238,578
3	of which: other capital instruments				101,365	101,365
4	Demand deposits and / or term deposits of private customers and small business customers:	5,746,959	2,383,722	532,158	133,273	7,983,490
5	of which: stable deposits	1,021,007	50,534	1,685	200	1,019,765
6	of which: less stable deposits	4,725,951	2,333,188	530,472	133,073	6,963,725
7	Unsecured funding deposited by non-financial institutions (without small business customers) (wholesale customers):	1,306,959	971,204	87,974	700	1,183,768
8	of which: operational deposits		0			0
9	of which: non-operational deposits	1,306,959	971,204	87,974	700	1,183,768
10	Liabilities with matching interdependent assets	549,571	0	0	0	0
11	Other liabilities:	7,031,611	4,261,575	2,477,429	4,047,856	4,992,279
12	of which: derivative liabilities				452,467	
13	of which: all other liabilities and equity not included in the above categories	7,031,611	4,261,575	2,477,429	3,595,389	4,992,279
14	Total available stable funding (ASF)					16,499,480
Required stable funding (RSF)						
15	Total NSFR high-quality liquid assets (HQLA)	5,478,271	3,692,893	1,239,495	2,411,244	1,188,743
16	Deposits held at other financial institutions for operational purposes	236,537	0			118,269
17	Performing loans and securities:	2,905,111	4,378,229	1,699,702	6,605,587	8,898,660
18	of which: performing loans to financial institutions secured by Level 1 and 2a HQLA		922,563			92,256
19	of which: performing loans to financial institutions secured by non-Level 1 and L2a HQLA and unsecured performing loans to financial institutions	1,429,918	122,814	8,930	7,377	244,752
20	of which: performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	769,591	2,100,306	543,912	860,502	2,432,709
21	of which: with a risk weight of less than or equal to 35 % under the Basel II standardised approach for credit risk				0	0
22	of which: performing residential mortgages:	29,143	76,397	128,235	1,500,689	1,101,859
23	of which: with a risk weight of less than or equal to 35 % under the Basel II standardised approach for credit risk	24,759	72,314	124,275	1,453,066	1,055,167
24	of which: securities that are not in default and do not qualify as HQLA, including exchange-traded shares	676,460	1,156,149	1,018,626	4,237,019	5,027,083
25	Assets with associated interdependent liabilities		0	0	549,571	0
26	Other assets:	2,613,041	77,171	19,708	887,207	2,761,570
27	of which: physical traded commodities, including gold	1,028,434				874,169
28	of which: assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				76,152	64,729
29	of which: NSFR derivative assets				-90,802	0
30	of which: NSFR derivative liabilities before deduction of variation margin posted				849,907	169,981
31	of which: all other assets not included in the above categories	1,584,607	77,171	19,708	51,950	1,652,691
32	Off-balance sheet items		56,627	23,276	115,297	22,347
33	Total RSF					12,989,589
34	Net Stable Funding Ratio (%)					127.0%

1) Regulatory capital before the application of capital deductions.

CCA: Main features of the regulatory capital instruments

		30.06.2024
1	Issuer	Vontobel Holding AG
2	Explicit Identifier (ISIN)	CH1224630090
3	Laws applicable to the instrument	Swiss Law
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	AT1
5	In accordance with the applicable rules upon the expiry of the Basel III transitional provisions	AT1
6	Eligible at stand-alone level, group level, stand-alone and group level	Group
7	Type of instrument (types to be specified by each jurisdiction)	Tier 1 Capital Notes
8	Amount included in the regulatory capital (as of the most recent capital adequacy report)	CHF 181.1 mn
9	Nominal value of instrument	USD 200 mn
10	Classification from an accounting point of view	Debt issued measured at amortized cost
11	Original issuing date	29 September 2023
12	With/without maturity	Perpetual
13	Original date of maturity	n.a.
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
		First Call Date: 29 September 2031
		Early redemption possible due to a Tax or Regulatory Event. Subject to satisfaction of Conditions for Redemption.
15	Optional call date, conditional call dates (for tax or regulatory reasons) and repayment amount	Redemption amount: aggregate principal amount, together with any accrued and unpaid interest thereon
16	Later call dates, if applicable	Every eight years after first call date
Dividends/Coupons		
17	Fixed or variable dividends/coupons	Initially fixed then reset every eight years
		9.48%
		(Constant Maturity Treasury (linearly interpolated between 7 Year H15T7Y Index and 10 Year H15T10Y Index) rate plus the Initial Margin of 485 bps)
18	Coupon rate and index, where applicable	
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	Yes
20	Interest/dividend payment: fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem units	No
22	Non cumulative or cumulative	Non-cumulative
23	Convertible/non-convertible	Non-convertible
24	If convertible: conversion trigger(s)	n.a.
25	If convertible: fully or partially	n.a.
26	If convertible: conversion rate	n.a.
27	If convertible: mandatory or optional conversion	n.a.
28	If convertible: specify instrument type convertible into	n.a.
29	If convertible: specify issuer of instrument it converts into	n.a.
30	Write-down feature	Yes
		With respect to any publication date, Trigger CET1 Ratio is less than 7%; or FINMA determines a write-down necessary to ensure Vontobel Group's viability.
31	If write-down: write-down trigger(s)	
32	If write-down: full or partial	Partial
33	If write-down: permanent or temporary	Permanent
34	If temporary write-down: description of write-off mechanism	n.a.
34a	Type of subordination	Contractual
		Position in subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)
35	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime?	Rights and claims of all holders of senior obligations, subject to any obligations that are mandatorily preferred by law
36	If yes: describe these characteristics	None
37		n.a.

In case of any deviation between this table and the instrument documentation, the instrument documentation in question would be relevant.

		30.06.2024
1	Issuer	Vontobel Holding AG
2	Explicit Identifier (ISIN)	CH1224630108
3	Laws applicable to the instrument	Swiss Law
Regulatory treatment		
4	In accordance with the transitional provisions of Basel III	AT1
5	In accordance with the applicable rules upon the expiry of the Basel III transitional provisions	AT1
6	Eligible at stand-alone level, group level, stand-alone and group level	Group
7	Type of instrument (types to be specified by each jurisdiction)	Tier 1 Capital Notes
8	Amount included in the regulatory capital (as of the most recent capital adequacy report)	CHF 182.5 mn
9	Nominal value of instrument	USD 200 mn
10	Classification from an accounting point of view	Debt issued measured at amortized cost
11	Original issuing date	29 September 2023
12	With / without maturity	Perpetual
13	Original date of maturity	n.a.
14	Issuer has the option of an early termination, provided this is acceptable from a regulatory point of view	Yes
		First Call Date: 29 September 2033
		Early redemption possible due to a Tax or Regulatory Event. Subject to satisfaction of Conditions for Redemption.
15	Optional call date, conditional call dates (for tax or regulatory reasons) and repayment amount	Redemption amount: aggregate principal amount, together with any accrued and unpaid interest thereon
16	Later call dates, if applicable	Every ten years after first call date
Dividends / Coupons		
17	Fixed or variable dividends / coupons	Initially fixed then reset every ten years
		9.68%
		(Constant Maturity Treasury (10 Year H15T10Y Index) rate plus the Initial Margin of 509 bps)
18	Coupon rate and index, where applicable	
19	Existence of a dividend stopper (no dividends on the instrument implies no dividends on the normal shares)	Yes
20	Interest / dividend payment: fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem units	No
22	Non cumulative or cumulative	Non-cumulative
23	Convertible / non-convertible	Non-convertible
24	If convertible: conversion trigger (s)	n.a.
25	If convertible: fully or partially	n.a.
26	If convertible: conversion rate	n.a.
27	If convertible: mandatory or optional conversion	n.a.
28	If convertible, specify instrument type convertible into	n.a.
29	If convertible, specify issuer of instrument it converts into	n.a.
30	Write-down feature	Yes
		With respect to any publication date, Trigger CET1 Ratio is less than 7%; or FINMA determines a write-down necessary to ensure Vontobel Group's viability.
31	If write-down: write-down trigger(s)	
32	If write-down: full or partial	Partial
33	If write-down: permanent or temporary	Permanent
34	If temporary write-down: description of write-off mechanism	n.a.
34a	Type of subordination	Contractual
35	Position in subordination ranking in case of a liquidation (indicating the type of instrument which has direct precedence in the ranking of the legal entity affected)	Rights and claims of all holders of Senior Obligations, subject to any obligations that are mandatorily preferred by law
36	Existence of characteristics which could jeopardize the complete recognition according to the Basel III regime?	None
37	If yes: describe these characteristics	n.a.

In case of any deviation between this table and the instrument documentation, the instrument documentation in question would be relevant.

