VONTOBEL

Group accounts as of 30-06-14

Contents

Ratios

	6 months ending 30-06-14	6 months ending 30-06-13	6 months ending 31-12-13
Return on shareholders' equity (ROE) (%)[1]	**9.0**	9.7	5.7
Cost[2]/income ratio (%)	**79.4**	78.5	83.5
Equity ratio (%)	**8.2**	8.0	8.3

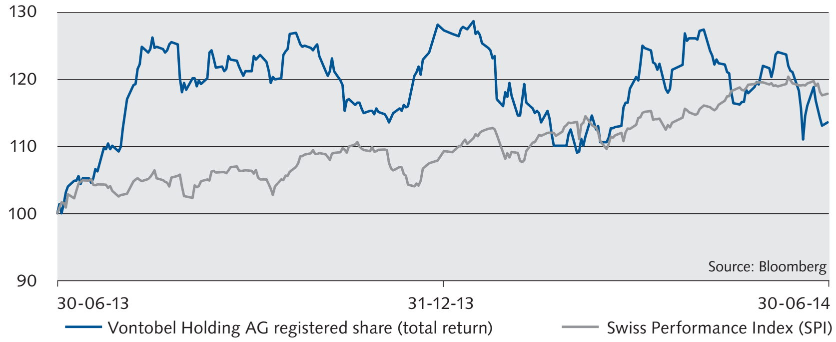
1 Group net profit annualized as a percentage of average equity based on monthly figures
2 Operating expense, excl. value adjustments, provisions and losses

Share data

	6 months ending 30-06-14	6 months ending 30-06-13	6 months ending 31-12-13
Basic earnings per share (CHF)[1]	**1.16**	1.19	0.73
Diluted earnings per share (CHF)[1]	**1.14**	1.18	0.71
Equity per share outstanding at balance sheet date (CHF)	**25.52**	24.84	25.67
Price/book value per share	**1.2**	1.2	1.4
Price/earnings[2] per share	**13.4**	12.2	25.5
Share price at balance sheet date (CHF)	**30.95**	29.10	36.95
High (CHF)	**37.50**	33.40	37.20
Low (CHF)	**30.10**	27.25	28.65
Market capitalization (CHF m)	**1,965.6**	1,862.1	2,340.1
Undiluted weighted average number of shares	**63,597,049**	63,777,664	63,674,340

1 Basis: weighted average number of shares
2 Annualized

Performance of Vontobel Holding AG registered share (indexed)



Share information

Par value	CHF 1.00
Stock exchange listing	SIX Swiss Exchange
ISIN	CH001 233 554 0
Security number	1 233 554
Bloomberg	VONN SW
Reuters	VONTZn.S
Telekurs	VONN

BIS capital ratios

	30-06-14	30-06-13	31-12-13
Tier 1 capital ratio (%)	**26.1**	25.4	25.5
Net eligible BIS tier 1 capital (CHF m)	**1,387.1**	1,311.8	1,348.2
Total risk weighted positions (CHF m)	**5,312.9**	5,168.9	5,294.1

At present, the Vontobel Group's equity consists exclusively of Common Equity Tier 1 capital. Calculations are based on the fully applied Basel III framework.

Risk ratio

	30-06-14	30-06-13	31-12-13
Average Value at Risk market risk (CHF m)	**6.0**	8.6	7.6

Average Value at Risk (6 months) for positions in the Financial Products division of the Investment Banking business unit. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

Ratings

	30-06-14	30-06-13	31-12-13
Moody's Rating Bank Vontobel AG	**A2**	A1	A1
Standard & Poor's Rating Bank Vontobel AG	**A**	A+	A+

Income statement	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 in %
Total operating income	**437.3**	450.2	399.1	(3)
Operating expense	**348.5**	361.4	334.5	(4)
Group net profit	**73.5**	76.1	46.2	(3)
of which allocated to the shareholders of Vontobel Holding AG	**73.5**	76.1	46.2	(3)

Segments (pre-tax profit)	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 in %
Private Banking	**29.4**	30.2	29.2	(3)
Asset Management	**44.2**	46.4	56.9	(5)
Investment Banking	**35.6**	41.6	15.0	(14)
Corporate Center	**(20.4)**	(29.4)	(36.5)	

Balance sheet	30-06-14 CHF m	30-06-13 CHF m	31-12-13 CHF m	Change to 31-12-13 in %
Total assets	**19,791.2**	19,937.0	19,643.2	1
Shareholders' equity (excl. minority interests)	**1,620.4**	1,589.3	1,626.0	(0)
Due from customers	**2,254.5**	1,964.6	1,839.7	23
Due to customers	**8,466.2**	9,307.2	9,303.8	(9)

Client assets	30-06-14 CHF bn	30-06-13 CHF bn	31-12-13 CHF bn	Change to 31-12-13 in %
Assets under management	**112.8**	108.1	109.6	3
of which under discretionary management	**73.6**	71.7	70.6	4
of which under non-discretionary management	**39.2**	36.4	39.0	1
Custody assets	**48.7**	44.9	46.5	5
Structured products outstanding	**7.1**	7.2	7.0	1
Other client assets	**4.1**	-	-	
Total client assets	**172.7**	160.2	163.1	6

Net new money	6 months ending 30-06-14 CHF bn	6 months ending 30-06-13 CHF bn	6 months ending 31-12-13 CHF bn
Net new money	**0.0**	8.2	0.9

Headcount (full-time equivalents)	30-06-14	30-06-13	31-12-13	Change to 31-12-13 in %
Number of employees Switzerland	**1,133.9**	1,098.9	1,097.2	3
Number of employees abroad	**226.1**	251.7	240.6	(6)
Total number of employees	**1,360.0**	1,350.6	1,337.8	2

Shareholders' letter

Dear shareholders and clients

The monetary and interest rate policies being implemented by central banks are increasingly driving up share prices on the stock markets, which might lead to a disconnect between the markets and the real economy. As a result, central bank interventions are not, for example, resolving the economic problems in Europe but are merely delaying them. There is an undiminished risk that stable economic areas within the EU – especially Germany – could become caught up in this downward spiral. With its strong currency, Switzerland continues to serve as an anchor for monetary stability in this context.

Continued strong regulatory pressure

There are three major developments that the global finance industry currently needs to address. First, numerous financial institutions have received record fines due to misconduct. Second, the volume of regulations imposed on banks is continuing to increase as a result of political and economic crises as well as the implementation of stricter investor protection rules. And third, Switzerland and its banks remain under sustained pressure from other countries with regard to the issue of taxation. The prudent business and risk policy enshrined within our company has proved effective in this challenging environment, since Vontobel has not, at any time, had to record provisions in respect of the payment of fines. We anticipated the new regulatory requirements in good time and positioned our business accordingly. The same applies with regard to the introduction of the automatic exchange of information, which is on the horizon. In the interests of our clients, Vontobel transitioned to a transparent cross-border approach at an early stage and thus created the basis for a sustainable and competitive business model. From a political perspective, it is, however, important to ensure that Switzerland does not undermine its own competitiveness as a financial center by rushing to implement new rules. Switzerland must also assign the utmost importance to the topic of market access.

Solid result for the first half of 2014

Vontobel generated a respectable net profit of CHF 73.5 million for the first half of 2014. This represents a slight decrease compared to the same period of 2013. The change was mainly driven by market effects – particularly the slowdown in emerging market growth as well as political instability. Vontobel's result also reflects a negative impact in the amount of CHF –14.3 million due to a net effect from bond positions as well as the relative improvement in own credit quality. After reporting record net new money for the past three years, Vontobel saw inflows decelerated temporarily as a result of the slowdown in the emerging markets as anticipated – especially in the Quality Growth line. Meanwhile, the other boutiques in Asset Management, as well as Private Banking and the EAM Desk developed as planned. Client assets grew to CHF 172.7 billion as of 30 June 2014 thanks to positive performance effects and the start of Vontobel's alliance with Australia and New Zealand Banking Group (ANZ). We continued to report very good balance sheet ratios. With a BIS tier 1 capital ratio of 26.1%, Vontobel has a very comfortable capital position.

Confirmed profitability in Private Banking forms the basis for organic growth

Following the successful realignment of the business over the past two years, Private Banking is now concentrating on growth. At CHF 29.4 million, the business unit maintained a high level of profitability in the first half of 2014 despite numerous investments in its expansion. Its main focus was on organically growing its activities through the selective hiring of relationship managers in its defined focus markets. During the past few months, a number of new employees were recruited in the area of relationship management – particularly in our Swiss home market as well as in Germany and Asia. These new employees, together with the existing team of experienced professionals, provide Private Banking with a sound basis for the future.

Asset Management delivers another good performance

In Asset Management, the growth of new money slowed as anticipated after several investors reduced their emerging markets allocation. The positive performance in Asset Management's other boutiques partly compensated for this trend. It should be noted that in a peer group comparison, we achieved a good investment performance – especially in the Quality Growth product line – over the last six months. Our Fixed Income boutique also made remarkable progress, with individual fund products, such as products in the high yield bond segment, generating an excellent performance and thus ranking in the top quartile of their respective peer groups. The business unit once again made a very pleasing contribution of CHF 44.2 million to Group result.

Investment Banking anticipates future developments in derivatives business

The result in Investment Banking is influenced to a large extent by the structured products business. In view of new regulatory challenges, Vontobel has opened up its own distribution platform deritrade® MIP to other issuers. Vontobel has thus established itself as the market and technology leader in this field, as demonstrated by the fact that other banks now offer their products on our platform. This creates decisive competitive advantages for both issuers and investors in terms of transparency and provider diversity.

Outlook

Undeterred by external factors, we are focusing on executing our strategic initiatives. These efforts centre on meeting the needs of our clients and on selectively achieving organic growth. In Private Banking, we will recruit additional experienced relationship managers and significantly strengthen our position in our focus markets. In Asset Management, we expect our strategic alliance with ANZ to generate medium term growth momentum. In Investment Banking, we will systematically move ahead with the international rollout of deritrade® MIP and further expand our business with external asset managers. As part of our ongoing strategy review, we have redefined our mid-term targets for 2017. We are committed to achieving a sustained increase in shareholder value. The newly defined targets encompass three dimensions: profitability, capital strength and a shareholder-friendly dividend policy. In concrete terms, we want to generate a return on equity of at least 10% (or a normalized return of 12%) and a cost/income ratio of less than 75%. In this context, we want to maintain a capital ratio of at least 16%, including 12% in the form of common equity tier 1 capital. Our enhanced focus on shareholders is reflected by a dividend target, which defines a payout ratio of over 50% if the business performs as planned.

Optimization of capital structure

The Board of Directors and Group Executive Management have acknowledged with regret the decision by our longstanding partner Raiffeisen to terminate our cooperation agreement with effect from 30 June 2017. In the interests of Raiffeisen's clients, we will continue to ensure the contractually agreed services under the terms of the existing cooperation agreement while maintaining the same high standards of quality. With regard to Raiffeisen's participation in Vontobel, we intend to use our repurchase right to acquire its 12.5% shareholding in order to cancel these shares. This will provide us with more flexibility when managing our capital structure in future. In this context, Marcel Zoller, CFO of the Raiffeisen Group, stepped down from the Board of Directors of Vontobel Holding AG on 20 June 2014. We wish to take this opportunity to express our considerable thanks to him for his services. We also owe considerable thanks to our employees for the commitment they have shown as well as to our shareholders and clients for their trust in our company. Further challenges lie ahead. We are, however, confident that we will be able to seize the new opportunities that will subsequently emerge and to realize the goals we have set. We have already defined the principles.

Herbert J. Scheidt	Dr Zeno Staub
Chairman of the Board of Directors	Chief Executive Officer

A robust US economy on the one hand, and – at best – moderate growth with deflationary tendencies in the Eurozone and Switzerland on the other, as well as escalating crises in Eastern Europe and the Middle East, shaped developments in the first half of 2014. While the US is moving towards a less expansionary monetary policy, the European Central Bank (ECB) is having to take additional monetary steps to support growth in the southern periphery of the Eurozone in particular. The policy of cheap money boosted most equity markets in developed economies as well as Europe's bond markets. However, these exceptional conditions provoked further uncertainty among some – mainly private – investors, who continued to invest cautiously.

Viewed in this context, Vontobel delivered a solid result for the first half of 2014. At CHF 73.5 m, net profit was 3% lower than in the strong first half of the previous year and was 59% higher than in the second half of 2013. The result for the first half of 2014 was negatively impacted by spread effects in the amount of CHF –14.3 m from the bond portfolio and the improvement in own creditworthiness as well as foreign exchange movements of CHF –3.3 m. The result for the first half of the previous year was negatively impacted by one-off costs of CHF 13.7 m related to the focusing of the cross-border activities in Private Banking as well as the tax agreement with the UK.

Pre-tax profit by segment 6 months	**30-06-14** **CHF m**	30-06-13 CHF m	31-12-13 CHF m
Private Banking	**29.4**	30.2	29.2
Asset Management	**44.2**	46.4	56.9
Investment Banking	**35.6**	41.6	15.0
Corporate Center	**(20.4)**	(29.4)	(36.5)
Total	**88.8**	88.8	64.6

The Private Banking and Asset Management businesses accounted for two-thirds of pre-tax profit (excluding the Corporate Center) and one-third was delivered by Investment Banking. In Private Banking, the strategy adopted two years ago in order to sharpen the focus of the business and achieve controlled growth is proving effective. Asset Management once again demonstrated its importance as a key earnings driver within the Group thanks to its successful multi-boutique strategy. The performance of Investment Banking was influenced by market sentiment and the subsequent development of volumes in the financial markets. Although Vontobel Investment Banking further strengthened its market position across all core areas, subdued trading volumes on derivatives exchanges, as well as the above-mentioned spread effects, negatively impacted its result.

Since the realignment of the cross-border business has now largely been completed, no further significant one-off costs were incurred in this context in the first half of 2014, in contrast to the first half of the previous year. This led to a marked improvement in the Corporate Center's result. Viewed from a Group-wide perspective, pre-tax profit reached the same high level as in the first half of 2013.

Growth in client assets to CHF 173 bn

Client assets	**30-06-14 CHF bn**	30-06-13 CHF bn	31-12-13 CHF bn
Assets under management	**112.8**	108.1	109.6
Custody assets	**48.7**	44.9	46.5
Structured products outstanding	**7.1**	7.2	7.0
Other client assets	**4.1**	-	-
Total client assets	**172.7**	160.2	163.1

As a result of positive performance effects as well as the start of Vontobel's cooperation with Australia and New Zealand Banking Group (ANZ), client assets grew by 6% to CHF 172.7 bn compared to the end of 2013. The positions from the cooperation with ANZ reported under "Other client assets" accounted for more than CHF 4 bn or 3 percentage points of this increase. Assets under management rose by 3% to CHF 112.8 bn, mainly reflecting the positive performance of client assets. Custody assets of CHF 48.7 bn (+5%) include the positions of Raiffeisen Switzerland and Helvetia Group. The volume of structured products outstanding rose slightly from CHF 7.0 bn to CHF 7.1 bn.

Development of net new money 6 months	**30-06-14 CHF bn**	30-06-13 CHF bn	31-12-13 CHF bn
Private clients	**0.9**	0.6	1.3
Private Banking	**0.7**	0.7	0.7
External asset managers	**0.2**	0.6	0.6
Corporate Center	**0.0**	(0.7)	0.0
Asset Management and Investment Banking[1]	**(0.9)**	7.6	(0.4)
Asset management/mandates	**(1.0)**	5.6	0.9
Asset management/investment funds	**0.0**	1.8	(0.6)
Investment Banking	**0.2**	0.1	(0.4)
Corporate Center[2]	**(0.1)**	0.1	(0.3)
Total net new money	**0.0**	8.2	0.9

1 Excluding EAM
2 Net new money from assets that are managed on behalf of other segments.

After reporting record inflows of new money for the past three years, Vontobel saw inflows slow temporarily in the first half of 2014, as anticipated. Inflows and outflows of assets were more or less balanced. Some global investors have reduced their allocation to the emerging markets – the impact of which was felt in the asset management industry. The positive developments in other boutiques within Asset Management were unable to compensate for this trend. In contrast, Private Banking and the EAM Desk in Investment Banking once again attracted substantial net inflows of assets.

There were no significant changes in the breakdown of assets under management by investment category in the period under review. Equities remain the dominant category, with allocations to Swiss equities and to foreign equities each increasing by 1 percentage point compared to the end of 2013. As of 30 June 2014, 61% of assets under management were allocated to this investment category. Meanwhile, the weighting of bonds and of other investment categories each decreased by 1 percentage point. Liquid assets and fiduciary investments continued to account for a large proportion (12%) of the Group's assets under management.

Assets under management by investment category	**30-06-14 in %**	30-06-13 in %	31-12-13 in %
Swiss equities	**14**	11	13
Foreign equities	**47**	47	46
Bonds	**21**	21	22
Alternative investments	**3**	3	3
Liquid assets, fiduciary investments	**12**	14	12
Other[1]	**3**	4	4

1 Including structured products

The breakdown of assets under management by currency is balanced, underscoring the global nature of Vontobel's investment expertise. As of 30 June 2014, only 28% of assets were held in Swiss francs – in line with the end of 2013. The largest shift in currencies during the period under review was a decrease of 2 percentage points in the proportion of assets held in euros and an increase of 2 percentage points in the proportion held in US dollars. This change partly reflects the different economic developments in these two currency areas. Other currencies (primarily the Indian rupee and the Hong Kong dollar) continued to account for 27% of assets under management.

Assets under management by currency	**30-06-14 in %**	30-06-13 in %	31-12-13 in %
CHF	**28**	27	28
EUR	**17**	19	19
USD	**24**	22	22
GBP	**4**	5	5
Other	**27**	27	26

Successful performance in Private Banking and Asset Management: growing contribution from fee and commission income

The financial crisis and the resulting regulatory changes have fundamentally altered the needs of private clients and institutional investors over the past five years. Clients are increasingly seeking transparent and performance-oriented products and services. Global expertise and diversification are among their priorities. The finance industry must therefore adapt flexibly and adopt a proactive approach in response to these increased requirements. At Vontobel, we adapted our business at an early stage: on the one hand, we took targeted steps to broaden our investment expertise and to diversify our business in terms of both our product offering and our international focus. On the other hand, we have successfully realigned our cross-border business in Private Banking to focus on our core markets during the past two years. We have thus succeeded – by means of organic growth – in increasing our volume of client assets by more than 60%, from CHF 107 bn to CHF 173 bn, since the end of 2008. Today, almost 70% of our income is generated from fees and commission, compared to 53% in the financial year 2009. At CHF 301.9 m, net commission income for the first six months of 2014 slightly exceeded the figure for the same period of the previous year – thus reaching a new record level. Advisory and management fees were in line with the first half of 2013 (CHF 231.7 m). Brokerage fees declined by 8% to CHF 61.9 m, while custody fees grew by 5% to CHF 66.2 m due to the increased asset base. Very pleasing growth in income from Corporate Finance, which rose from CHF 3.2 m to CHF 4.9 m (+53%), was reported as a result of the upturn in the Swiss capital market and M&A business.

Structure of the income statement 6 months	**30-06-14** **CHF m**	**30-06-14** **in %** [1]	30-06-13 in % [1]	31-12-13 in % [1]
Net interest income	**29.3**	**7**	6	5
Fee and commission income	**301.9**	**69**	67	74
Trading income	**101.6**	**23**	26	20
Other income	**4.5**	**1**	1	1
Total operating income	**437.3**	**100**	100	100
Personnel expense	**234.3**	**54**	52	54
General expense	**82.7**	**19**	20	22
Depreciation, amortization	**30.2**	**7**	6	7
Valuation adjustments, provisions and losses	**1.3**	**0**	2	0
Operating expense	**348.5**	**80**	80	83
Taxes	**15.3**	**3**	3	5
Group net profit	**73.5**	**17**	17	12

1 Share of operating income

Trading income decreased by 13% to CHF 101.6 m and thus accounted for 23% of operating income. Income from forex and precious metals rose by 115% to CHF 16.1 m. However, the performance of the structured products business was negatively impacted by the slight decline in volumes on the derivatives exchanges in Switzerland and Germany and, in particular, by valuation effects relating to the bond portfolio held for hedging purposes and from the improvement in own creditworthiness. These spread effects had a negative impact of CHF –14.3 m on trading income in the first half of 2014, compared to a net positive impact of CHF 7.4 m in the first half of 2013. Adjusted for these impacts, trading income in the first half of 2014 was CHF 6.2 m higher than in the same period of the previous year.

Income in the interest rates business was affected by the continued decrease in returns. At CHF 29.3 m, net interest income was virtually unchanged compared to the first half of the previous year. Overall, Vontobel generated operating income of CHF 437.3 m, a decrease of 3% compared to the first half of 2013. However, operating income rose by 10% compared to the seasonally weaker second half of 2013, which was also adversely impacted by market-driven effects.

Vontobel continues to assign a high level of importance to cost management. As a result, expenses decreased by 4% to CHF 348.5 m in the first half of 2014 – meaning that the reduction in costs was greater than the reduction in operating income. It should, however, be noted that in the previous year, the cost base was negatively impacted by one-off charges of CHF 13.7 m relating to the cross-border business in Private Banking. Excluding these items, the cost base would have remained more or less stable compared to the first half of the previous year.

With the exception of the depreciation of property, equipment and intangible assets, the decrease in operating expense in the first half of 2014 was driven by all cost components. Lower personnel costs – especially in Investment Banking and the Corporate Center – led to an overall reduction of 1% in personnel expense to CHF 234.3 m. As of 30 June 2014, the Vontobel Group had 1,360 employees (FTEs), an increase of 22 employees (+2%) compared to the end of 2013. General expense decreased by 7% to CHF 82.7 m.

Valuation adjustments and provisions decreased significantly from CHF 8.1 m in the first half of 2013 to CHF 1.3 m. The absence of one-off provisions, among other factors, had a positive impact in this context. The depreciation of property, equipment and intangible assets rose by 6% to CHF 30.2 m. This increase mainly reflects investments relating to Vontobel's trading centre in Zurich, which commenced operations last year.

Capital expenditure and depreciation 6 months	**30-06-14** **CHF m**	30-06-13 CHF m	31-12-13 CHF m
Capital expenditure	**24.2**	20.1	38.6
Depreciation	**30.2**	28.5	28.0

At CHF 88.8 m, pre-tax profit reached the same level as in the first half of 2013. Since an increased proportion of this profit was generated in countries with high levels of taxation (e.g. the US), the tax rate rose from 14.3% to 17.2%. This resulted in a marginally lower net profit of CHF 73.5 m (–3%).

The cost/income ratio rose slightly from 78.5% to 79.4% in the period under review and thus remained outside the mid-term target range of less than 75%.

The annualized return on equity generated was 9.0%, compared to 9.7% in the first half of the previous year. If net profit is considered in relation to the target minimum total capital ratio of 16%, this results in a normalized return on equity of 13.3%, compared to 14.5% for the first half of 2013.

Conservative risk management – even in a positive market environment

An analysis of the development of risk premiums in the equity markets over the past two years shows that the risk tolerance of institutional investors, in particular, has increased significantly. Vontobel nevertheless remains committed to a conservative risk management approach. This is demonstrated by a further reduction in the average Value at Risk in the Financial Products division, which decreased from CHF 8.6 m in the first half of 2013 to CHF 6.0 m in the period under review. Value at Risk is still influenced most significantly by the "interest rates" component, which mainly reflects credit spread risks in the bond portfolio. From 2014, the diversification effect will be reported separately to provide a more meaningful disclosure. In the past, the diversification effect was assigned directly to the individual components.

Value at Risk (VaR) for the positions in the Financial Products division

Average 6 months	**30-06-14 CHF m**	30-06-13 CHF m	31-12-13 CHF m
Equities	**2.9**	(1.1)	3.5
Interest rates	**4.5**	7.7	6.2
Currencies	**1.2**	2.0	2.0
Commodities	**0.2**	0.0	1.3
Diversification effect	**(2.8)**	-	(5.4)
Total	**6.0**	8.6	7.6

Average Value at Risk (6 months) for positions in the Financial Products division of the Investment Banking business unit. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period. From 2014, the Value at Risk will be reported for each risk factor, with the separate disclosure of the diversification effect. The figures for the previous year have not been adjusted.

Very comfortable capital position – even after repurchasing Raiffeisen's participation in Vontobel

Shareholders' equity totalled CHF 1,620 m as of 30 June 2014 and was thus virtually unchanged compared to 31 December 2013. Total assets rose slightly (+1%) to CHF 19.8 bn during the period under review. On the liabilities side of the balance sheet, client deposits decreased from CHF 9.3 bn to CHF 8.5 bn. At the same time, liabilities arising from the structured products business increased by CHF 100 m to CHF 7.1 bn. Turning to the assets side of the balance sheet, the main change was an increase in cash of almost CHF 300 m to CHF 4.4 bn. Vontobel therefore has an extremely liquid balance sheet. The equity ratio was high by industry standards at 8.2%. The BIS tier 1 capital ratio remained strong at 26.1%.

As previously announced, Vontobel plans to reduce its shareholders' equity, which currently totals over CHF 1.6 bn, by CHF 270 m in the coming months. In June 2014, Raiffeisen Switzerland announced the termination of its cooperation agreement with Vontobel with effect from mid 2017. Vontobel intends to use its repurchase right to acquire the 12.5% stake held by Raiffeisen under the terms of the cooperation agreement at a price of around CHF 270 m. The cancellation of these 8.125 m shares will then be proposed at the next ordinary General Meeting of Shareholders on 28 April 2015. Vontobel will remain very well capitalized after this change to its capital structure, with a BIS tier 1 capital ratio of 21% – assuming that its risk-weighted positions are unchanged. This will ensure that it maintains its flexibility and growth potential.

Of the total regulatory capital of CHF 518.1 m required under BIS rules (31-12-13: CHF 528.4 m), 38% was allocated to Investment Banking and 25% to Private Banking.

Allocation of regulatory capital required (BIS) as of 30 June 2014

	Credit risks CHF m	Market risks CHF m	Operational risks CHF m	Goodwill etc. CHF m	**Total CHF m**
Private Banking	25.9	0.0	32.8	68.4	**127.1**
Asset Management	7.7	0.0	41.8	52.0	**101.5**
Investment Banking	29.7	153.9	38.7	(27.3)	**195.0**
Corporate Center	38.9	52.0	3.6	0.0	**94.5**
Total	**102.2**	**205.9**	**116.9**	**93.1**	**518.1**

Strengthened presence in the Asia-Pacific region

The volume of client assets from clients domiciled in Switzerland exceeded CHF 100 bn for the first time during the period under review. We see this as evidence of Vontobel's strong presence in its Swiss home market.

Client assets by client domicile as of 30 June 2014

	Assets under management CHF bn	Custody assets CHF bn	Structured products outstanding CHF bn	Other client assets CHF bn	**Total client assets CHF bn**
Home market					
Switzerland[1]	48.0	48.2	5.9	-	**102.1**
Focus markets					
Germany	7.3	-	1.2	0.1	**8.6**
Italy	4.9	-	-	-	**4.9**
UK	3.8	-	-	-	**3.8**
US	24.6	-	-	-	**24.6**
Emerging Markets[2]	17.9	-	-	4.0	**21.9**
Other markets	6.3	0.5	-	-	**6.8**
Total client assets	**112.8**	**48.7**	**7.1**	**4.1**	**172.7**

1 Including Liechtenstein
2 Asia Pacific region, CEE, LATAM, Middle East

At the same time, we were able to pursue the international expansion of our business. We made progress in Asia Pacific in particular, where we began our strategic alliance with ANZ. This included the transfer of advisory mandates totalling over CHF 4 bn to Vontobel from ANZ. Clients from the US and the UK also entrusted additional assets to us.

Business strategy focused on achieving long-term success

We believe that our role is, first and foremost, to invest the assets entrusted to us in a way that creates value for our clients while taking account of their needs. In this context, we pursue a business strategy that is focused on the achievement of long-term success. This strategy is founded on three main components:

- Our core competencies
- Target markets (home and focus markets) and
- Our cross-border platform

With our solid brand, very strong capital position, integrated business model and stable majority shareholders, Vontobel is well positioned to succeed in an environment characterized by ever fiercer and increasingly global competition.

Realignment of mid-term targets

In 2011, we defined the following mid-term targets that we aimed to realize by the end of 2014:

- Income of over CHF 1 bn
- Client assets of CHF 175 bn
- Cost/income ratio < 75%
- Return on equity > 10%

When formulating these targets, we worked on the assumption that the market environment would be generally favourable. The turmoil that has swept the financial markets as a result of the European debt crisis and the monetary policy measures that were subsequently implemented have affected exchange rates and interest rates to an unforeseeable extent and accelerated the profound structural changes within the finance industry. The unexpectedly strong economic slowdown in the emerging markets that has been visible since 2013 has further undermined global investor confidence. No one could predict the scale of these fundamental changes or the speed at which they would occur. We currently believe that we will be able to reach our target of CHF 175 bn of client assets by the end of 2014. In view of weak trading volumes, it will, however, be difficult to meet our income and profitability targets.

As part of our current strategy review, we have therefore amended our mid-term targets and aligned them to this new reality. We are focusing on delivering a sustained increase in shareholder value and are therefore committed to achieving a sustainable return on equity, a solid capital base, a competitive cost/income ratio and a generous payout ratio.

We want to generate a return on equity of over 10% and a normalized return – based on our target minimum total capital ratio of 16% – of at least 12%.

In terms of the cost/income ratio, which reflects our company's operating efficiency, our target of less than 75% remains unchanged. In future, we intend to regularly pay out more than 50% of profits, provided the business performs as planned, underscoring the further enhancement of our shareholder-friendly approach.

Our new targets are clearly ambitious. However, they also express our high level of confidence that we will be able to follow our own path during this period of structural change in the finance industry and emerge as a winner.

Targets 2017	
Earnings power	
Return on equity (ROE)	> 10%
Normalized ROE	> 12%
Efficiency	
Cost/income ratio	< 75%
Capital strength	
Tier 1 capital ratio (CET1)	> 12%
Total capital ratio	> 16%
Dividend	
Payout ratio	> 50%

Private Banking

The Private Banking business unit has, for the past two years, concentrated on refocusing and selectively growing its activities. These efforts centred on meeting the changing needs of our clients and this will remain our priority going forward. We have, for example, further enhanced our advisory and service quality to address future requirements. At the same time, we have implemented structural measures in order to create an efficient organizational structure and to focus our business on selected core markets. As a result, the business unit is extremely solid and profitable and is thus well positioned to achieve further organic growth in selected markets. In the first half of 2014, around 30 new employees joined Private Banking and have successfully integrated into our existing teams. We have been able to recruit skilled and experienced relationship managers in our Swiss home market in particular, as well as in Germany and Asia.

Our strategy is proving effective. Pre-tax profit in Private Banking declined slightly by 3% to CHF 29.4 m and the gross margin reached 75 basis points. In an operating environment shaped by fundamental structural changes, we were able to strike a good balance between focusing our business and achieving growth. Our solid net inflow of new money of almost CHF 700 m reflects the high level of trust that clients continue to place in Vontobel. The positive development of our SEC-licensed business with wealthy US private clients and the strengthening of our local team in Germany at Bank Vontobel Europe AG, as well as our team in Hong Kong that serves the Asian market, demonstrate Vontobel's attractiveness. We also achieved a pleasing performance in our Swiss home market and in other core markets, including the UK client segment.

We have defined our future ambitions. The structural transformation of the Swiss private banking market is set to continue at its current level. Vontobel Private Banking was swift to recognize these changes and adapted its positioning accordingly. This is clearly illustrated by our uncompromising implementation of regulatory requirements and the further development of products and services for selected core markets. Against this backdrop, our bank will undoubtedly emerge as one of the winners in a market undergoing consolidation.

Vontobel Private Banking is committed to protecting and building the assets entrusted to it and therefore offers clients long-term and forward-looking advice across the generations, with a focus on delivering individual solutions. Our offering encompasses a wide variety of services – from portfolio management and active investment advisory to integrated financial advice and inheritance planning. Thanks to the integrated business model, private clients also benefit from access to Vontobel's proven expertise in the areas of Asset Management and Investment Banking. Vontobel Private Banking has a presence in Zurich, Basel, Berne, Geneva, Lucerne, Vaduz, Munich, Hamburg, Frankfurt and Hong Kong. It also has a presence in Dallas through its SEC-registered company Vontobel Swiss Wealth Advisors AG.

Segment results

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	in %
Net interest income	**8.7**	7.5	7.8	1.2	16
Other operating income	**109.3**	109.3	103.1	0.0	0
Operating income	**118.0**	116.8	110.9	1.2	1
Personnel expense	**42.8**	42.5	38.3	0.3	1
General expense	**6.0**	5.4	6.6	0.6	11
Services from/to other segment(s)	**38.3**	36.8	34.6	1.5	4
Depreciation of property, equipment and intangible assets	**1.3**	1.3	1.3	0.0	0
Value adjustments, provisions and losses	**0.2**	0.6	0.9	(0.4)	(67)
Operating expense	**88.6**	86.6	81.7	2.0	2
Segment profit before taxes	**29.4**	30.2	29.2	(0.8)	(3)

Key figures

Cost[1]/income ratio (%)	**74.9**	73.6	72.9
Change of assets under management (%)	**1.0**	3.8	5.7
of which net new money (%)	**2.2**	2.4	2.4
of which change in market value (%)	**1.7**	1.4	3.3
of which other effects (%)	**(2.9)** [2]	0.0	0.0
Operating income/average assets under management (bp)[3,4]	**75**	79	73
Profit before taxes/average assets under management (bp)[3,4]	**19**	20	19

Client assets

	30-06-14 CHF bn	30-06-13 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**31.7**	29.7	31.4	0.3	1
Average assets under management[4]	**31.4**	29.7	30.4	1.0	3

Net new money

	6 months ending 30-06-14 CHF bn	6 months ending 30-06-13 CHF bn	6 months ending 31-12-13 CHF bn
Net new money	**0.7**	0.7	0.7

Personnel

	30-06-14	30-06-13	31-12-13	Change to 31-12-13	in %
Employees (full-time equivalents)	**330.1**	305.8	308.3	21.8	7
of which relationship managers	**168.7**	148.5	150.0	18.7	12

1 Operating expense excl. value adjustments, provisions and losses
2 The reduction in assets under management reflects the reclassification of individual assets (CHF 0.9 bn), which are not held for investment purposes, at the beginning of the year. These assets are now reported under client assets.
3 Annualized
4 Calculation based on average values for individual months

Asset Management

The Asset Management business unit reaffirmed its importance as Vontobel's main earnings driver. With its dedicated multi-boutique approach, Asset Management pursues a systematic performance-oriented investment policy. We do so based on an active asset management approach that enables us to identify long-term trends at an early stage and to address them using strategies that create value. The autonomous nature of our boutiques and the flexibility of their managers is the key to their success: it enables them to attract and retain investment specialists. The fact that Rajiv Jain – who has made a name for himself as one of the world's leading portfolio managers in the field of emerging markets investing – has been with Vontobel for 20 years speaks for itself. Very few companies are able to build and develop such exceptional talent over time. It is, however, also important to promote the systematic transfer of know-how and to ensure that this expertise is replicated within our professional investment team in New York, which now comprises around 20 specialists. In this way, Asset Management can make sure that the major success achieved by the US boutique with its Quality Growth approach can continue to be realized with other strategies. The Fixed Income boutique domiciled in Zurich also made pleasing progress and has significantly strengthened its team in recent months. The sound performance of Corporate Bond, Emerging Market Bond and High Yield products within a challenging fixed income environment should be highlighted in this context.

In view of the demographic changes that are occurring and the related pension funding gaps, the importance of institutional investors and the need to professionally invest pension assets are constantly growing. The same applies to large volumes of public funds, which need to be invested in a way that creates value against the backdrop of a highly competitive and globalized environment. Asset Management offers attractive investment solutions – particularly in Multi Asset Class and Outcome Driven Investment strategies – for both groups of clients, as demonstrated by the top five-star rating assigned to two of our global theme funds by Morningstar. In the medium term, we expect the strategic alliance between Australia and New Zealand Banking Group (ANZ) and Vontobel in the areas of global asset allocation and equity investing to generate new growth momentum. Our operational partnership with ANZ, which began at the end of May 2014, will enable us to expand our activities in Asia Pacific.

Following three successive years of record inflows, the growth of new money slowed as anticipated. Some global investors have reduced their allocation to the emerging markets. The positive developments in other boutiques were unable to compensate for this trend. Asset Management once again made a very pleasing contribution of CHF 44.2 m to pre-tax profit.

As an active asset manager, the business unit creates financial value for clients. To achieve this, it develops first-class solutions to optimize returns and manage risk. Asset Management is positioned as a multi-boutique provider that focuses on the following areas: Quality Growth, Multi Asset Class Investing, Fixed Income, Alternatives, Global Thematic and Swiss Equities. Each boutique is run as an independent centre of expertise. Asset Management has three core competencies: targeted asset allocation, stock selection and multi-manager approaches. The Asset Management business unit has a presence in Zurich, Berne, Geneva, New York, Frankfurt, Vienna, Luxembourg, Milan, London, Madrid, Stockholm, Hong Kong and Grand Cayman.

Segment results	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	in %
Net interest income	**0.2**	0.1	0.2	0.1	100
Other operating income	**174.4**	175.6	180.0	(1.2)	(1)
Operating income	**174.6**	175.7	180.2	(1.1)	(1)
Personnel expense	**92.6**	90.8	86.7	1.8	2
General expense	**13.6**	13.9	14.6	(0.3)	(2)
Services from/to other segment(s)	**20.9**	20.3	19.5	0.6	3
Depreciation of property, equipment and intangible assets	**2.9**	2.9	2.8	0.0	0
Value adjustments, provisions and losses	**0.4**	1.4	(0.3)	(1.0)	(71)
Operating expense	**130.4**	129.3	123.3	1.1	1
Segment profit before taxes	**44.2**	46.4	56.9	(2.2)	(5)

Key figures			
Cost[1]/income ratio (%)	**74.5**	72.8	68.6
Change of assets under management (%)[2]	**4.5**	12.9	(1.2)
of which net new money (%)[2]	**(1.5)**	12.2	0.3
of which change in market value (%)[2]	**6.0**	0.7	(1.5)
of which other effects (%)	**0.0**	0.0	0.0
Operating income/average assets under management (bp)[3,4]	**51**	52	52
Profit before taxes/average assets under management (bp)[3,4]	**13**	14	16

Client assets	30-06-14 CHF bn	30-06-13 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**72.1**	69.3	69.1	3.0	4
of which Vontobel funds	**16.2**	15.6	15.2	1.0	7
of which private label funds	**9.3**	8.8	9.0	0.3	3
of which managed on behalf of other segments	**2.4**	1.8	2.4	0.0	0
Other client assets	**4.1**	-	-	4.1	
Total client assets	**76.2**	69.3	69.1	7.1	10
Average assets under management[4]	**68.7**	68.0	69.6	(0.9)	(1)

Net new money	6 months ending 30-06-14 CHF bn	6 months ending 30-06-13 CHF bn	6 months ending 31-12-13 CHF bn
Net new money	**(1.0)**	7.4	0.3

Personnel	30-06-14	30-06-13	31-12-13	Change to 31-12-13 in %
Employees (full-time equivalents)	**257.9**	272.9	257.8	0.1	0

1 Operating expense excl. value adjustments, provisions and losses
2 Adjusted for assets that are managed on behalf of other segments
3 Annualized
4 Calculation based on average values for individual months

Investment Banking

The performance of Investment Banking is closely correlated with market activities. Following a promising start to the year, the stock markets in both Switzerland and Germany consolidated slightly in the second quarter. This was also reflected in the corresponding derivatives markets. To further expand our already strong competitive position in the market for structured products and derivatives – where Vontobel ranks second in Switzerland and eighth in Germany – within a saturated market environment, we opened up our deritrade® MIP distribution platform to other issuers and can today claim to be the market and technology leader in this area. Distribution partners that join Vontobel's multi-issuer platform deritrade® MIP gain a decisive competitive advantage in the market since they are thus able to offer their clients tailored and, in particular, transparently comparable structured products. In addition, they are fully compliant with the stricter investor protection rules prescribed by the European MiFID which, among other things, requires the comparability of prices that are set (best execution). This open platform supplements Vontobel's traditional products business and, at the same time, provides us with new sources of future earnings.

The EAM Desk, which specializes in providing support and advice to external asset managers (EAMs), is continuing to grow in importance. Its asset base has now reached a remarkable CHF 7.3 bn. Vontobel's EAM Desk can therefore now consider itself one of the leading Swiss providers in this field. Thanks to its strong market position, Vontobel Corporate Finance benefited from the significant upturn in capital market and M&A activities in Switzerland and was able to successfully conclude a total of 11 mandates in the first half of 2014 alone. Vontobel Brokerage also had positive news to report: After being named best broker for Swiss equities for the past three years, the Brokerage team ranked top in 2014 for the fourth time in succession.

Against the backdrop of subdued market activity, operating income declined to CHF 123.2 m. Financial Products accounted for around 67% of this sum, while the EAM Desk contributed 17%, Brokerage 11% and Corporate Finance 3%. It was possible to offset part of this decrease through disciplined cost management. As a result, Investment Banking recorded a 14% reduction in pre-tax profit – partly reflecting a negative net effect in the amount of CHF –14.3 m from bond positions as well as the relative improvement in own credit quality. Compared to the second half of 2013, the business unit's profit more than doubled.

Vontobel Investment Banking creates customized investment solutions for clients. Our forward-looking Research function and pronounced expertise in the areas of products and processes make us a valued partner. Prudent risk management is of critical importance in this context. Vontobel Financial Products is one of the leading issuers of structured products in Switzerland and Germany and is as well present in London and Singapore. In addition to its award-winning Brokerage function, Vontobel is active in the field of corporate finance and offers comprehensive services for EAMs. Securities and foreign exchange trading, as well as the securities services supplied by Transaction Banking, complete the broad range of offerings for clients. Investment Banking has operations in Zurich, Geneva, Basel, Cologne, Frankfurt, Dubai, London, New York and Singapore.

Segment results	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	in %
Net interest income	**2.1**	2.6	1.9	(0.5)	(19)
Other operating income	**121.1**	133.1	100.2	(12.0)	(9)
Operating income	**123.2**	135.7	102.1	(12.5)	(9)
Personnel expense	**43.6**	46.0	39.8	(2.4)	(5)
General expense	**18.4**	21.4	21.4	(3.0)	(14)
Services from/to other segment(s)	**24.8**	24.3	26.4	0.5	2
Depreciation of property, equipment and intangible assets	**0.3**	0.2	0.2	0.1	50
Value adjustments, provisions and losses	**0.5**	2.2	(0.7)	(1.7)	(77)
Operating expense	**87.6**	94.1	87.1	(6.5)	(7)
Segment profit before taxes	**35.6**	41.6	15.0	(6.0)	(14)

Key figures

Cost[1]/income ratio (%)	**70.7**	67.7	86.0
Change of assets under management (%)	**(1.7)**	16.0	6.4
of which net new money (%)	**3.4**	7.4	1.8
of which change in market value (%)	**3.5**	8.6	4.6
of which other effects (%)	**(8.6)** [2]	0.0	0.0

Client assets	30-06-14 CHF bn	30-06-13 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**11.4**	10.9	11.6	(0.2)	(2)
of which external asset managers	**7.3**	5.9	6.8	0.5	7
Custody assets	**48.7**	44.9	46.5	2.2	5
Structured products outstanding	**7.1**	7.2	7.0	0.1	1
Total client assets	**67.2**	63.0	65.1	2.1	3

Net new money	6 months ending 30-06-14 CHF bn	6 months ending 30-06-13 CHF bn	6 months ending 31-12-13 CHF bn
Net new money	**0.4**	0.7	0.2
of which external asset managers	**0.2**	0.6	0.6

Personnel	30-06-14	30-06-13	31-12-13	Change to 31-12-13 in %	
Employees (full-time equivalents)	**342.6**	325.4	335.0	7.6	2

1 Operating expense excl. value adjustments, provisions and losses
2 The reduction in assets under management reflects the reclassification of corporate liquidity (CHF 1.0 bn) at the beginning of the year, which is now reported as client assets.

Corporate Center

The sustained high level of regulatory pressure that is impacting the global finance industry – especially the Swiss financial centre – clearly had a large influence on the operations of Vontobel's support units. These regulatory developments mainly placed additional demands on Legal and Compliance & Tax but also on Risk Controlling and Vontobel's IT infrastructure. The introduction of the US Foreign Account Tax Compliance Act (FATCA), which requires increased tax transparency in respect of US persons, should be mentioned in this context. The implementation of FATCA poses a multidimensional challenge for the global financial sector, giving rise to significant costs and requiring a high level of investment. In anticipation of these regulatory changes, Vontobel adapted its IT applications at an early stage to address the emerging requirements.

We have systematically invested in our IT systems over the past 10 years. As a result, Vontobel today has a fully upgraded, efficient booking and settlement platform that is highly scalable and offers a large degree of flexibility with regard to the future expansion of its range of functions.

With large cash positions – i.e. with sight deposits at the Swiss National Bank totalling well over CHF 4 bn – Vontobel's consolidated balance sheet can rightly be described as highly liquid. Vontobel today already easily meets FINMA's new requirements governing the liquidity risks of Swiss banks that apply from January 2015. Treasury, which is responsible for capital management, is faced with the difficult task of generating a respectable return on treasury holdings in the continued low interest rate environment while observing Vontobel's conservative risk policy. Against this backdrop, there was a further slight decline in the interest and dividend income and income from the sale of financial investments reported by Treasury.

Overall, the Corporate Center recorded a pre-tax result of CHF –20.4 m for the first half of 2014, compared to CHF –29.4 m in the same period of the previous year. This improvement is mainly attributable to the absence of one-off charges. In the first half of 2013, the result was negatively impacted by a provision of CHF 3.1 m relating to the tax agreement with the UK as well as one-off costs of CHF 10.6 m due to the discontinuation of Private Banking's onshore operations in Austria, Milan and Dubai.

The Corporate Center of the Vontobel Group comprises the support units Operations, Finance & Risk and Group Services, as well as the Board of Directors support unit. Operations is divided into IT, Facility Management & Services and Operations & Information Risk. Finance & Risk combines the areas of Finance & Controlling, Treasury, Risk Control, Legal and Compliance & Tax, as well as Investor Relations. Group Services encompasses the areas of Human Resources, Corporate Communications, Group Marketing and Corporate Business Development. The Board of Directors support unit, which includes Internal Audit, assists the Board of Directors with all administrative and legal matters.

Segment results

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Net interest income	**18.3**	18.8	9.4	(0.5)	(3)
Other operating income	**3.2**	3.2	(3.5)	0.0	0
Operating income	**21.5**	22.0	5.9	(0.5)	(2)
Personnel expense	**55.3**	56.8	51.3	(1.5)	(3)
General expense	**44.7**	48.0	46.5	(3.3)	(7)
Services from/to other segment(s)	**(84.0)**	(81.4)	(80.5)	(2.6)	
Depreciation of property, equipment and intangible assets	**25.7**	24.1	23.7	1.6	7
Value adjustments, provisions and losses	**0.2**	3.9	1.4	(3.7)	(95)
Operating expense	**41.9**	51.4	42.4	(9.5)	(18)
Segment profit before taxes	**(20.4)**	(29.4)	(36.5)	9.0	

Personnel

	30-06-14	30-06-13	31-12-13	Change to 31-12-13	Change to 31-12-13 in %
Employees (full-time equivalents)	**429.4**	446.5	436.7	(7.3)	(2)

Consolidated income statement

	Note	**6 months ending 30-06-14 CHF m**	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Interest income		**31.1**	30.7	20.9	0.4	1
Interest expense		**1.8**	1.7	1.6	0.1	6
Net interest income	1	**29.3**	29.0	19.3	0.3	1
Fee and commission income		**377.7**	377.9	376.3	(0.2)	(0)
Fee and commission expense		**75.8**	76.7	81.2	(0.9)	(1)
Net fee and commission income	2	**301.9**	301.2	295.1	0.7	0
Trading income	3	**101.6**	117.1	81.8	(15.5)	(13)
Other income	5	**4.5**	2.9	2.9	1.6	55
Total operating income		**437.3**	450.2	399.1	(12.9)	(3)
Personnel expense	6	**234.3**	236.1	216.1	(1.8)	(1)
General expense	7	**82.7**	88.7	89.1	(6.0)	(7)
Depreciation of property, equipment and intangible assets	8	**30.2**	28.5	28.0	1.7	6
Value adjustments, provisions and losses	9	**1.3**	8.1	1.3	(6.8)	(84)
Operating expense		**348.5**	361.4	334.5	(12.9)	(4)
Profit before taxes		**88.8**	88.8	64.6	0.0	0
Taxes	10	**15.3**	12.7	18.4	2.6	20
Group net profit		**73.5**	76.1	46.2	(2.6)	(3)
of which allocated to minority interests		**0.0**	0.0	0.0	0.0	
of which allocated to shareholders of Vontobel Holding AG		**73.5**	76.1	46.2	(2.6)	(3)

Share information

Basic earnings per share (CHF)[1]	**1.16**	1.19	0.73	(0.03)	(3)
Diluted earnings per share (CHF)[1]	**1.14**	1.18	0.71	(0.04)	(3)

1 Basis: weighted average number of shares

Consolidated statement of comprehensive income

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Group net profit according to the income statement	**73.5**	76.1	46.2	(2.6)	(3)
Other comprehensive income, net of tax					
Other comprehensive income that will be reclassified to the income statement					
Currency translation adjustments					
Income during the reporting period	**(1.6)**	5.1	(4.5)	(6.7)	(131)
Gains and losses transferred to the income statement	**0.3**	0.0	0.0	0.3	
Total currency translation adjustments	**(1.3)**	5.1	(4.5)	(6.4)	(125)
Financial investments carried at fair value ("available-for-sale")					
Income during the reporting period	**(2.4)**	7.0	18.9	(9.4)	(134)
Gains and losses transferred to the income statement	**(3.0)**	(0.9)	(0.2)	(2.1)	
Total financial investments carried at fair value	**(5.4)**	6.1	18.7	(11.5)	(189)
Total other comprehensive income that will be reclassified to the income statement	**(6.7)**	11.2	14.2	(17.9)	(160)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit pension plans					
Total gains/losses on defined benefit pension plans	**13.3**	16.9	(11.4)	(3.6)	(21)
Total other comprehensive income that will not be reclassified to the income statement	**13.3**	16.9	(11.4)	(3.6)	(21)
Total other comprehensive income, net of tax	**6.6**	28.1	2.8	(21.5)	(77)
Comprehensive income	**80.1**	104.2	49.0	(24.1)	(23)
of which allocated to minority interests	**0.0**	0.0	0.0	0.0	
of which allocated to shareholders of Vontobel Holding AG	**80.1**	104.2	49.0	(24.1)	(23)

Consolidated balance sheet

Assets	**30-06-14 CHF m**	31-12-13 CHF m	Change to 31-12-13 CHF m	in %
Cash	**4,350.4**	4,086.7	263.7	6
Due from banks	**1,325.6**	1,197.8	127.8	11
Cash collateral for reverse-repurchase agreements	**970.5**	1,574.3	(603.8)	(38)
Trading portfolio assets	**2,097.7**	2,088.3	9.4	0
Positive replacement values	**131.1**	144.5	(13.4)	(9)
Other financial assets at fair value	**5,985.6**	6,486.2	(500.6)	(8)
Securities lent or delivered as collateral	**861.0**	214.7	646.3	301
Due from customers	**2,254.5**	1,839.7	414.8	23
Accrued income and prepaid expenses	**182.7**	194.6	(11.9)	(6)
Financial investments	**1,205.4**	1,406.4	(201.0)	(14)
Investments in associates	**0.5**	0.5	0.0	0
Property and equipment	**190.2**	192.5	(2.3)	(1)
Goodwill and other intangible assets	**120.4**	124.2	(3.8)	(3)
Current tax assets	**32.8**	29.0	3.8	13
Deferred tax assets	**7.5**	10.6	(3.1)	(29)
Other assets	**75.3**	53.2	22.1	42
Total assets	**19,791.2**	19,643.2	148.0	1

Liabilities and equity

	30-06-14 CHF m	31-12-13 CHF m	Change to 31-12-13 CHF m	in %
Due to banks	**1,096.7**	694.1	402.6	58
Cash collateral from securities lending agreements	**2.5**	2.5	0.0	0
Cash collateral from repurchase agreements	**600.0**	0.0	600.0	
Trading portfolio liabilities	**818.5**	894.7	(76.2)	(9)
Negative replacement values	**473.8**	515.2	(41.4)	(8)
Other financial liabilities at fair value	**6,294.0**	6,140.5	153.5	2
Due to customers	**8,466.2**	9,303.8	(837.6)	(9)
Accrued expenses and deferred income	**293.5**	342.6	(49.1)	(14)
Current tax liabilities	**6.1**	2.8	3.3	118
Deferred tax liabilities	**53.4**	50.9	2.5	5
Provisions	**22.4**	25.2	(2.8)	(11)
Other liabilities	**43.7**	44.9	(1.2)	(3)
Total liabilities	**18,170.8**	18,017.2	153.6	1
Share capital	**65.0**	65.0	0.0	0
Treasury shares	**(55.9)**	(60.4)	4.5	
Capital reserve	**124.6**	131.3	(6.7)	(5)
Retained earnings	**1,460.6**	1,457.3	3.3	0
Other components of shareholders' equity	**26.1**	32.8	(6.7)	(20)
Shareholders' equity	**1,620.4**	1,626.0	(5.6)	(0)
Minority interests	**0.0**	0.0	0.0	
Total equity	**1,620.4**	1,626.0	(5.6)	(0)
Total liabilities and equity	**19,791.2**	19,643.2	148.0	1

Statement of equity

CHF m	Share capital	Treasury shares
Balance as of 01-01-13	65.0	(50.3)
Impact of changes to the accounting principles		
Balance as of 01-01-13 after adjustments	65.0	(50.3)
Group net profit		
Translation differences during the reporting period		
Translation differences transferred to the income statement		
Income from available-for-sale financial investments during the reporting period		
Income from available-for-sale financial investments transferred to the income statement		
Defined benefit pension plans		
Other comprehensive income, net of tax	0.0	0.0
Comprehensive income	0.0	0.0
Dividend payment[2]		
Purchase of treasury shares		(22.1)
Sale of treasury shares		35.2
Employee share based benefit programs		
Ownership-related changes	0.0	13.1
Balance as of 30-06-13	65.0	(37.2)
Balance as of 01-01-14	65.0	(60.4)
Impact of changes to the accounting principles		
Balance as of 01-01-14 after adjustments	65.0	(60.4)
Group net profit		
Translation differences during the reporting period		
Translation differences transferred to the income statement		
Income from available-for-sale financial investments during the reporting period		
Income from available-for-sale financial investments transferred to the income statement		
Defined benefit pension plans		
Other comprehensive income, net of tax	0.0	0.0
Comprehensive income	0.0	0.0
Dividend payment[2]		
Purchase of treasury shares		(37.9)
Sale of treasury shares		42.4
Employee share based benefit programs		
Ownership-related changes	0.0	4.5
Balance as of 30-06-14	65.0	(55.9)

1 "Net unrealized gains/(losses) on available-for-sale financial investments" and "Currency translation adjustments" are reported in the balance sheet item "Other components of shareholders' equity".
2 Vontobel Holding AG paid a dividend of CHF 1.30 (previous year CHF 1.20) per registered share with a par value of CHF 1.00 in April 2014.

Capital reserve	Retained earnings	Net unrealized gains/ (losses) on available-for-sale financial investments[1]	Currency translation adjustments[1]	**Shareholders' equity**	Minority interests	**Total equity**
123.3	1,406.6	58.5	(51.1)	**1,552.0**	0.0	**1,552.0**
				0.0		**0.0**
123.3	1,406.6	58.5	(51.1)	**1,552.0**	0.0	**1,552.0**
	76.1			**76.1**	0.0	**76.1**
			5.1	**5.1**	0.0	**5.1**
			0.0	**0.0**	0.0	**0.0**
		7.0		**7.0**	0.0	**7.0**
		(0.9)		**(0.9)**	0.0	**(0.9)**
	16.9			**16.9**	0.0	**16.9**
0.0	16.9	6.1	5.1	**28.1**	0.0	**28.1**
0.0	93.0	6.1	5.1	**104.2**	0.0	**104.2**
	(77.1)			**(77.1)**	0.0	**(77.1)**
				(22.1)	0.0	**(22.1)**
6.1				**41.3**	0.0	**41.3**
(9.0)	0.0			**(9.0)**	0.0	**(9.0)**
(2.9)	(77.1)	0.0	0.0	**(66.9)**	0.0	**(66.9)**
120.4	1,422.5	64.6	(46.0)	**1,589.3**	0.0	**1,589.3**
131.3	1,457.3	83.3	(50.5)	**1,626.0**	0.0	**1,626.0**
				0.0		**0.0**
131.3	1,457.3	83.3	(50.5)	**1,626.0**	0.0	**1,626.0**
	73.5			**73.5**	0.0	**73.5**
			(1.6)	**(1.6)**	0.0	**(1.6)**
			0.3	**0.3**	0.0	**0.3**
		(2.4)		**(2.4)**	0.0	**(2.4)**
		(3.0)		**(3.0)**	0.0	**(3.0)**
	13.3			**13.3**	0.0	**13.3**
0.0	13.3	(5.4)	(1.3)	**6.6**	0.0	**6.6**
0.0	86.8	(5.4)	(1.3)	**80.1**	0.0	**80.1**
	(83.5)			**(83.5)**	0.0	**(83.5)**
				(37.9)	0.0	**(37.9)**
0.2				**42.6**	0.0	**42.6**
(6.9)	0.0			**(6.9)**	0.0	**(6.9)**
(6.7)	(83.5)	0.0	0.0	**(85.7)**	0.0	**(85.7)**
124.6	1,460.6	77.9	(51.8)	**1,620.4**	0.0	**1,620.4**

Share capital

Share capital	Number of shares	Share capital Par value CHF m	Authorized capital Number of shares	Authorized capital Par value CHF m
Balance as of 01-01-13	65,000,000	65.0	0	0.0
Balance as of 31-12-13	65,000,000	65.0	0	0.0
Balance as of 30-06-14	**65,000,000**	**65.0**	**0**	**0.0**

The share capital is fully paid in.

Treasury shares	Number	CHF m
Balance as of 01-01-13	1,630,645	50.3
Purchases	726,669	22.1
Disposals	(1,347,835)	(35.2)
Balance as of 30-06-13	1,009,479	37.2
Purchases	972,808	33.4
Disposals	(313,239)	(10.2)
Balance as of 31-12-13	1,669,048	60.4
Purchases	1,139,709	37.9
Disposals	(1,316,474)	(42.4)
Balance as of 30-06-14	**1,492,283**	**55.9**

Consolidated statement of cash flows

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m
Cash flow from operating activities		
Group net profit (incl. minorities)	**73.5**	76.1
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results		
Depreciation and value adjustments of property, equipment and intangible assets	**30.2**	28.5
Credit loss expense	**(0.6)**	0.3
Income from investments in associates	**0.1**	0.0
Deferred taxes	**0.5**	(2.6)
Change in provisions	**(2.8)**	3.8
Net income from investing activities	**4.4**	(2.7)
Other non-cash income	**0.0**	0.0
Net (increase)/decrease in assets relating to banking activities		
Due from/to banks, net	**694.7**	(1,370.6)
Reverse-repurchase agreements, cash collateral for securities borrowing agreements	**603.8**	(3,358.6)
Trading positions and replacement values, net	**(119.6)**	(181.6)
Other financial assets/liabilities at fair value, net	**9.3**	27.2
Due from/to customers, net	**(1,252.5)**	1,162.3
Accrued income, prepaid expenses and other assets	**7.0**	16.9
Net increase/(decrease) in liabilities relating to banking activities		
Repurchase agreements, cash collateral from securities lending agreements	**600.0**	0.0
Accrued expenses, deferred income and other liabilities	**(35.7)**	22.0
Taxes paid	**(16.1)**	(18.3)
Cash flow from operating activities	**596.2**	(3,597.3)
Cash flow from investing activities		
Investments in subsidiaries and associates	**(0.4)**	0.0
Purchase of property, equipment and intangible assets	**(24.2)**	(20.1)
Disposal of property, equipment and intangible assets	**0.5**	0.0
Investment in financial instruments	**(91.8)**	(277.2)
Divestment of financial instruments	**290.2**	211.5
Cash flow from investing activities	**174.3**	(85.8)
Cash flow from financing activities		
Net movements in treasury shares	**(3.0)**	9.8
Dividends paid	**(83.5)**	(77.1)
Cash flow from financing activities	**(86.5)**	(67.3)
Effects of exchange rate differences	**(0.4)**	1.4
Net increase/(decrease) in cash and cash equivalents	**683.6**	(3,749.0)
Cash and cash equivalents, beginning of the year	**4,830.8**	5,659.5
Cash and cash equivalents, at the balance sheet date	**5,514.4**	1,910.5

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m
Cash and cash equivalents comprise at the balance sheet date		
Cash	**4,350.4**	1,325.8
Due from banks on demand	**1,164.0**	584.7
Total	**5,514.4**	1,910.5
Further information:		
Dividends received	**28.3**	28.7
Interest received	**119.8**	140.3
Interest paid	**13.8**	16.3

1. Basis of presentation

The Vontobel Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). This half-year report meets the requirements set out in IAS 34 – Interim Financial Reporting. Since it does not contain all of the information and disclosures required in the Annual Report, this interim report should be read in conjunction with the audited consolidated financial statements in the Annual Report 2013. With the exception of the following changes, the accounting standards applied in this report are the same as in the consolidated financial statements dated 31 December 2013.

2. Changes in financial reporting

2.1 Changes in accounting principles

2.1.1 Standards and interpretations that have been implemented

The following new or revised standards and interpretations did not have any impact on the Vontobel Group or were not relevant to the Vontobel Group when applied for the first time:
- IFRS 10 – Investment Entities;
- IAS 32 – Offsetting of financial instruments;
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting;
- IFRIC 21 – Levies.

2.1.2 Other changes

None.

2.2 Changes in estimates

No material changes in estimates.

1 Net interest income	**6 months ending 30-06-14 CHF m**	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Interest income from banks and customers	**12.6**	11.1	11.2	1.5	14
Interest income from securities borrowing and reverse-repurchase agreements	**2.2**	2.4	2.6	(0.2)	(8)
Interest income from financial assets at amortized cost	**14.8**	13.5	13.8	1.3	10
Dividend income from financial assets available-for-sale	**8.1**	11.0	0.2	(2.9)	(26)
Interest income from financial assets available-for-sale	**8.2**	6.2	6.9	2.0	32
Interest and dividend income from financial assets at fair value	**16.3**	17.2	7.1	(0.9)	(5)
Total interest income	**31.1**	30.7	20.9	0.4	1
Interest expense from securities lending and repurchase agreements	**0.4**	0.4	0.3	0.0	0
Interest expense from other financial liabilities at amortized cost	**1.4**	1.3	1.3	0.1	8
Interest expense from financial liabilities at amortized cost	**1.8**	1.7	1.6	0.1	6
Total	**29.3**	29.0	19.3	0.3	1

2 Net fee and commission income	**6 months ending 30-06-14 CHF m**	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Commission income from lending activities	**0.3**	0.2	0.1	0.1	50
Brokerage fees	**61.9**	67.2	59.9	(5.3)	(8)
Custody fees	**66.2**	63.3	64.3	2.9	5
Advisory and management fees	**231.7**	231.7	239.8	0.0	0
Corporate finance	**4.9**	3.2	2.6	1.7	53
Fiduciary transactions	**0.5**	0.6	0.4	(0.1)	(17)
Other commission income from securities and investment transactions	**11.1**	10.5	8.8	0.6	6
Total fee and commission income from securities and investment transactions	**376.3**	376.5	375.8	(0.2)	(0)
Other fee and commission income	**1.1**	1.2	0.4	(0.1)	(8)
Brokerage fees	**8.7**	8.0	8.1	0.7	9
Other commission expense	**67.1**	68.7	73.1	(1.6)	(2)
Total commission expense	**75.8**	76.7	81.2	(0.9)	(1)
Total	**301.9**	301.2	295.1	0.7	0

3 Trading income

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Securities	**179.3**	114.2	348.7	65.1	57
Other financial instruments at fair value	**(93.8)**	(4.6)	(274.8)	(89.2)	
Forex and precious metals	**16.1**	7.5	7.9	8.6	115
Total	**101.6**	117.1	81.8	(15.5)	(13)

Trading income as of 30-06-14 includes an income of CHF –11.6 m (6 months ending 30-06-13: CHF 7.2 m.; 6 months ending 31-12-13: CHF –27.7 m), which is attributable to changes in fair value due to a change in the Group's own credit risk. Of the total impact, CHF –3.6 m were realized as of 30-06-14 (6 months ending 30-06-13: CHF –1.3 m; 6 months ending 31-12-13: CHF –1.0 m), while the remaining CHF –8.0 m (6 months ending 30-06-13: CHF 8.5 m; 6 months ending 31-12-13: –26.7 m) are unrealized and are shown in the balance sheet item "Other financial liabilities at fair value" as of 30-06-14. On a cumulative basis, the changes in own credit risk resulted in a cumulative profit/loss of CHF –15.1 m, of which CHF 12.1 m are realized and CHF –27.2 m are unrealized. This unrealized impact will be completely reversed over the term of the relevant instruments provided they are not redeemed or repurchased prior to their contractual maturity.

4 Comprehensive income from financial instruments before tax

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Financial instruments held-for-trading	**179.3**	114.2	348.7	65.1	57
Other financial instruments at fair value	**(93.8)**	(4.6)	(274.8)	(89.2)	
Forex and precious metals	**16.1**	7.5	7.9	8.6	115
Trading income	**101.6**	117.1	81.8	(15.5)	(13)
Financial instruments available-for-sale	**20.0**	18.2	7.3	1.8	10
Loans and receivables	**15.4**	13.2	13.8	2.2	17
Financial liabilities measured at amortized cost	**(1.8)**	(1.7)	(1.6)	(0.1)	
Total financial instruments income statement	**135.2**	146.8	101.3	(11.6)	(8)
Unrealized gains/(losses) on available-for-sale financial instruments, recorded in other comprehensive income	**(0.8)**	7.1	20.1	(7.9)	(111)
(Gains)/losses on available-for-sale financial instruments, transferred from other comprehensive income to the income statement	**(3.6)**	(1.0)	(0.3)	(2.6)	
Total	**130.8**	152.9	121.1	(22.1)	(14)

Comprehensive income includes interest income, dividend income, net realized and unrealized gains and currency translation adjustments, as well as impairment losses and reversals.

5 Other income

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Real estate income	**0.0**	0.0	0.0	0.0	
Income from the sale of property and equipment	**(0.1)**	0.0	0.0	(0.1)	
Income from the sale of financial investments available-for-sale	**3.7**	1.0	0.2	2.7	270
Income from investments in associates	**0.0**	0.2	0.1	(0.2)	(100)
Other income	**0.9**	1.7	2.6	(0.8)	(47)
Total	**4.5**	2.9	2.9	1.6	55

6 Personnel expense

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Salaries and bonuses	**201.5**	202.0	184.9	(0.5)	(0)
Pension and other employee benefit plans	**12.6**	12.6	12.1	0.0	0
Other social contributions	**13.1**	14.2	12.0	(1.1)	(8)
Other personnel expense	**7.1**	7.3	7.1	(0.2)	(3)
Total	**234.3**	236.1	216.1	(1.8)	(1)

Personnel expense includes the expense for share-based compensation of CHF 8.5 m (6 months ending 30-06-13: CHF 8.9 m; 6 months ending 31-12-13: CHF 8.3 m), of which CHF 5.4 m (6 months ending 30-06-13: CHF 5.6 m; 6 months ending 31-12-13: CHF 5.6 m) relates to performance shares and CHF 1.8 m (6 months ending 30-06-13: CHF 2.0 m; 6 months ending 31-12-13: CHF 1.3 m) to the awarding of bonus shares at preferential terms and CHF 1.3 m (6 months ending 30-06-13: CHF 1.3 m; 6 months ending 31-12-13: CHF 1.4 m) to other share-based compensation.

7 General expense

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Occupancy expense	**17.8**	17.7	19.5	0.1	1
IT, telecommunications and other equipment	**27.4**	30.2	27.1	(2.8)	(9)
Travel and representation, public relations, marketing	**14.2**	15.3	16.5	(1.1)	(7)
Consulting and audit fees	**10.6**	10.3	11.8	0.3	3
Other general expense	**12.7**	15.2	14.2	(2.5)	(16)
Total	**82.7**	88.7	89.1	(6.0)	(7)

8 Depreciation of property, equipment and intangible assets

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Depreciation of property and equipment	**25.9**	24.3	23.9	1.6	7
Amortization of other intangible assets	**4.3**	4.1	4.1	0.2	5
Impairments of property and equipment	**0.0**	0.1	0.0	(0.1)	(100)
Total	**30.2**	28.5	28.0	1.7	6

9 Value adjustments, provisions and losses

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Impairments on credit risks	**0.0**	0.3	0.0	(0.3)	(100)
Decrease of allowances for credit losses	**(0.7)**	0.0	0.0	(0.7)	
Increase in provisions	**0.6**	4.5	5.8	(3.9)	(87)
Release of provisions	**(0.1)**	(0.1)	(0.1)	0.0	0
Other	**1.5**	3.4	(4.4)	(1.9)	(56)
Total	**1.3**	8.1	1.3	(6.8)	(84)

10 Taxes

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	Change to 30-06-13 in %
Current income taxes	**14.8**	15.3	18.3	(0.5)	(3)
Deferred income taxes	**0.5**	(2.6)	0.1	3.1	
Total	**15.3**	12.7	18.4	2.6	20

11 Tax effects to other comprehensive income

	6 months ending 30-06-14 Amount before tax CHF m	Tax yield/ tax expense CHF m	Amount net of tax CHF m
Translation differences during the reporting period	(1.6)	0.0	(1.6)
Translation differences transferred to the income statement	0.3	0.0	0.3
Income from available-for-sale financial investments during the reporting period	(0.8)	(1.6)	(2.4)
Income from available-for-sale financial investments transferred to the income statement	(3.6)	0.6	(3.0)
Defined benefit pension plans	17.1	(3.8)	13.3
Total other comprehensive income	**11.4**	**(4.8)**	**6.6**

	6 months ending 30-06-13 Amount before tax CHF m	Tax yield/ tax expense CHF m	Amount net of tax CHF m
Translation differences during the reporting period	5.1	0.0	5.1
Translation differences transferred to the income statement	0.0	0.0	0.0
Income from available-for-sale financial investments during the reporting period	7.1	(0.1)	7.0
Income from available-for-sale financial investments transferred to the income statement	(1.0)	0.1	(0.9)
Defined benefit pension plans	21.7	(4.8)	16.9
Total other comprehensive income	32.9	(4.8)	28.1

	6 months ending 31-12-13 Amount before tax CHF m	Tax yield/ tax expense CHF m	Amount net of tax CHF m
Translation differences during the reporting period	(4.5)	0.0	(4.5)
Translation differences transferred to the income statement	0.0	0.0	0.0
Income from available-for-sale financial investments during the reporting period	20.1	(1.2)	18.9
Income from available-for-sale financial investments transferred to the income statement	(0.3)	0.1	(0.2)
Defined benefit pension plans	(14.5)	3.1	(11.4)
Total other comprehensive income	0.8	2.0	2.8

12 Fair value of financial instruments

a) Financial instruments recorded at fair value

The following table shows the fair value hierarchy of those financial instruments that are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments recorded at fair value	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	**30-06-14 Total CHF m**
Assets				
Trading portfolio assets				
Equity instruments	1,286.9	-	0.0	**1,286.9**
Units in investment funds	23.3	0.2	0.2	**23.7**
Debt instruments	369.9	138.0	-	**507.9**
Precious metals	327.8	-	-	**327.8**
Positive replacement values	42.1	89.0	0.0	**131.1**
Other financial assets at fair value				
Equity instruments	0.4	-	0.0	**0.4**
Units in investment funds	77.0	8.9	7.4	**93.3**
Debt instruments[1]	5,149.2	1,545.1	-	**6,694.3**
Financial assets available-for-sale				
Equity instruments and other participations	141.2	-	0.8	**142.0**
Units in investment funds	19.4	0.0	0.0	**19.4**
Debt instruments	990.6	63.4	-	**1,054.0**
Total financial assets at fair value	**8,427.8**	**1,844.6**	**8.4**	**10,280.8**
Liabilities				
Trading portfolio liabilities[2]				
Equity instruments	24.1	677.0	0.0	**701.1**
Units in investment funds	0.0	0.0	0.0	**0.0**
Debt instruments	113.1	4.3	-	**117.4**
Negative replacement values	17.6	456.2	-	**473.8**
Other financial liabilities at fair value[2]	-	6,294.0	-	**6,294.0**
Total financial liabilities at fair value	**154.8**	**7,431.5**	**0.0**	**7,586.3**

1 In the case of interest rate instruments measured at fair value through profit and loss, the difference between the book value (fair value) and the contractually agreed redemption amount at maturity was CHF 288.0 m.
2 Level 2 of the balance sheet items “Trading portfolio liabilities” and “Other financial liabilities at fair value” contains listed issued products with a fair value of CHF 424.4 m and CHF 5,199.0 m, respectively.

Financial instruments recorded at fair value

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31-12-13 Total CHF m
Assets				
Trading portfolio assets				
Equity instruments	1,246.2	-	0.4	1,246.6
Units in investment funds	37.2	0.2	1.1	38.5
Debt instruments	405.0	184.6	-	589.6
Precious metals	256.2	-	-	256.2
Positive replacement values	37.5	107.0	0.0	144.5
Other financial assets at fair value				
Equity instruments	0.4	-	0.0	0.4
Units in investment funds	74.4	8.8	8.4	91.6
Debt instruments[1]	5,120.4	1,431.4	-	6,551.8
Financial assets available-for-sale				
Equity instruments and other participations	155.1	-	0.6	155.7
Units in investment funds	21.0	0.0	0.0	21.0
Debt instruments	1,176.7	67.5	-	1,244.2
Total financial assets at fair value	**8,530.1**	**1,799.5**	**10.5**	**10,340.1**
Liabilities				
Trading portfolio liabilities[2]				
Equity instruments	18.2	748.4	0.0	766.6
Units in investment funds	0.2	0.0	0.0	0.2
Debt instruments	114.9	13.0	-	127.9
Negative replacement values	14.3	500.9	-	515.2
Other financial liabilities at fair value[2]	-	6,140.5	-	6,140.5
Total financial liabilities at fair value	**147.6**	**7,402.8**	**0.0**	**7,550.4**

1 In the case of interest rate instruments measured at fair value through profit and loss, the difference between the book value (fair value) and the contractually agreed redemption amount at maturity was CHF 243.7 m.
2 Level 2 of the balance sheet items "Trading portfolio liabilities" and "Other financial liabilities at fair value" contains listed issued products with a fair value of CHF 440.1 m and CHF 5,139.2 m, respectively.

Level 1 instruments
In the fair value hierarchy defined in IFRS 13, level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category essentially comprises almost all equity instruments and government bonds, liquid interest rate instruments issued by public sector entities and companies, investment funds for which a binding net asset value is published at least daily, exchange-traded derivatives and precious metals.

Mid-market prices are used for the valuation of interest rate instruments in the trading book provided the market price risks from these positions are offset fully or to a significant extent by other positions in the trading book. For the valuation of other interest rate instruments, bid prices are used in the case of long positions and ask prices are used in the case of short positions. For equity instruments, listed investment funds and exchange-traded derivatives, the closing or settlement prices of the relevant stock markets are used. Published net asset values are used in the case of unlisted investment funds. In the case of foreign currencies and precious metals, generally accepted prices are applied.

No valuation adjustments are made in the case of level 1 instruments.

Level 2 instruments
Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active or on a valuation method where significant input parameters can be observed directly or indirectly. They mainly comprise products issued by the Vontobel Group, interest rate instruments issued by public sector entities and companies with reduced market liquidity and OTC derivatives, as well as investment funds for which a binding net asset value is published at least quarterly.

Since there is no active market pursuant to the definition of IFRS 13 for the products issued by the Vontobel Group, their fair value is determined using valuation methods. In the case of issued options (warrants and option components of structured products), generally recognized option pricing models and quoted prices in markets that are not active are used to determine their fair value, while the present value method is used to determine the fair value of the interest rate components of structured products. To measure the value of interest rate instruments where quoted prices are available but the low trading volume means there is no active market, the same rules apply to the use of mid-market prices and bid or ask prices as for the corresponding level 1 instruments. The valuation of interest rate instruments for which no quoted prices are available is carried out using generally recognized methods. For the valuation of OTC derivatives, generally recognized option pricing models and quoted prices in markets that are not active are used. Published net asset values are used in the case of investment funds.

The valuation models take account of the relevant parameters such as contract specifications, the market price of the underlying asset, foreign exchange rates, yield curves, default risks and volatility. Vontobel's credit risk is only taken into account when determining the fair value of financial liabilities if market participants would consider it when calculating prices. OTC derivatives are traded only on a collateralized basis, which is why own credit risk (as well as third-party credit risk in the case of receivables) is not included in the valuation.

Level 3 instruments
Level 3 instruments are financial instruments whose fair value is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. These instruments essentially comprise investment funds for which a binding net asset value is not published at least quarterly, and some unlisted equity instruments. The fair value of these positions is generally determined based on the estimates of external experts regarding the level of future payouts from fund units or corresponds to the acquisition costs of the equity instruments less any impairment. To test unlisted equity instruments for impairment, current financial information – provided the Vontobel Group has access to such data as a result of its participation – or annual reports are consulted.

The following table shows the change in level 3 financial instruments in the Vontobel Group's balance sheet and the income on the positions as of the balance sheet date.

Level 3 financial instruments	Fair value financial instruments CHF m	Available-for-sale financial instruments CHF m	**6 months ending 30-06-14 Total CHF m**	Fair value financial instruments CHF m	Available-for-sale financial instruments CHF m	6 months ending 30-06-13 Total CHF m
Balance sheet						
Holdings at the beginning of the year	9.9	0.6	**10.5**	12.9	0.8	13.7
Investments	0.1	0.0	**0.1**	1.4	0.0	1.4
Disposals	(0.1)	0.0	**(0.1)**	(0.5)	0.0	(0.5)
Redemptions	(1.0)	0.0	**(1.0)**	(2.9)	0.0	(2.9)
Losses recognized in the income statement	(2.1)	0.0	**(2.1)**	(0.3)	0.0	(0.3)
Losses recognized as other comprehensive income	0.0	0.0	**0.0**	0.0	(0.1)	(0.1)
Gains recognized in the income statement	0.8	0.0	**0.8**	0.8	0.0	0.8
Gains recognized as other comprehensive income	0.0	0.2	**0.2**	0.0	0.0	0.0
Reclassifications to level 3	0.0	0.0	**0.0**	0.1	0.0	0.1
Reclassifications from level 3	0.0	0.0	**0.0**	0.0	0.0	0.0
Translation differences	0.0	0.0	**0.0**	0.0	0.0	0.0
Total book value at balance sheet date	7.6	0.8	**8.4**	11.5	0.7	12.2
Income in the financial year on holdings on balance sheet date						
Unrealized losses recognized in the trading income	(1.6)	0.0	**(1.6)**	(0.5)	0.0	(0.5)
Unrealized losses recognized in other income	0.0	0.0	**0.0**	0.0	0.0	0.0
Unrealized losses recognized as other comprehensive income	0.0	0.0	**0.0**	0.0	(0.1)	(0.1)
Unrealized gains recognized in the trading income	0.7	0.0	**0.7**	0.4	0.0	0.4
Unrealized gains recognized in other income	0.0	0.0	**0.0**	0.0	0.0	0.0
Unrealized gains recognized as other comprehensive income	0.0	0.2	**0.2**	0.0	0.0	0.0

Of the gains and losses recorded in the income statement, CHF –1.3 m (30-06-13 CHF 0.5 m) were included in trading income and CHF 0.0 m (30-06-13 CHF 0.0 m) in other income.

Valuation adjustments
The fair value of level 2 and level 3 instruments is always an estimate or an approximation of a value that cannot be determined with absolute certainty. Furthermore, the valuation methods used do not always reflect all of the factors that are relevant when determining fair value. To ensure that the valuations are appropriate, additional factors are considered in the case of products issued by the Vontobel Group. These factors include uncertainties relating to models and parameters, as well as liquidity risks and the risk of the early redemption of the products issued. The adjustments due to uncertainties relating to the models and parameters reflect the uncertainties in the model assumptions and input parameters associated with the valuation methods used. The adjustments due to liquidity risks take account of the expected costs of hedging open net risk positions. Management believes it is necessary and appropriate to take these factors into account in order to correctly determine the fair value.

The appropriateness of the valuation of financial instruments that are not traded in an active market is ensured through the application of clearly defined methods and processes as well as independent controls. The control processes comprise the analysis and approval of new instruments, the regular analysis of risks as well as gains and losses, the verification of prices and the examination of the models on which the estimates of the fair value of financial instruments are based. These controls are conducted by units that possess the relevant specialist knowledge and operate independently from the trading and investment functions.

Sensitivity of fair values of level 3 instruments
A change in the net asset value of investment funds or in the price of shares leads to a proportional change in the fair value of these financial instruments. A reasonably realistic change in the basic assumptions or estimated values has no significant impact on the Vontobel Group's income statement, statement of comprehensive income or shareholders' equity.

Day 1 profit
When a financial instrument is recognized for the first time, the transaction price provides the best indication of the fair value unless the fair value of this financial instrument can be evidenced by comparison with other observable current market transactions involving the same instrument (level 1 instrument) or is based on a valuation method that uses market data (level 2 instrument). If this is the case, the difference between the transaction price and the fair value – referred to as "day 1 profit" – is recorded in "Trading income" in the case of trading portfolio assets and liabilities, other financial instruments at fair value and derivative financial instruments and is recorded in "Other comprehensive income" in the case of financial investments.

In the case of level 3 instruments, the day 1 profit is deferred and is not recognized in the income statement. It is only recorded as "Trading income" or in the "Other comprehensive income" when the fair value can be determined using observable market data. During the financial year and the previous year, no positions with deferred day 1 profit were recorded.

Reclassifications within the fair value hierarchy
In the first half of 2014 (first respectively second half-year of 2013), positions with a fair value of CHF 121.9 m (6 months ending 30-06-13: CHF 69.3 m; 6 months ending 31-12-13: CHF 154.3 m) were reclassified from level 1 to level 2, positions with a fair value of CHF 102.0 m (6 months ending 30-06-13: CHF 369.1 m; 6 months ending 31-12-13: CHF 201.2 m) were reclassified from level 2 to level 1, and positions with a fair value of CHF 0.0 m (6 months ending 30-06-13: CHF 0.1 m; 6 months ending 31-12-13: CHF 0.7 m) were reclassified from level 2 to level 3. In the event of changes in the availability of market prices (market liquidity) or of binding net asset values of investment funds, reclassifications are made at the end of the period under review.

b) Financial instruments recorded at amortized cost
The following table shows the book value, the estimated fair value and the fair value hierarchy of those financial instruments that are recorded at amortized cost.

Financial instruments recorded at amortized cost

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	**30-06-14 Fair value Total CHF m**	**30-06-14 Book value Total CHF m**	31-12-13 Fair value Total CHF m	31-12-13 Book value Total CHF m
Assets							
Cash	4,350.4	0.0	-	**4,350.4**	**4,350.4**	4,086.7	4,086.7
Due from banks	0.0	1,325.6	-	**1,325.6**	**1,325.6**	1,197.8	1,197.8
Cash collateral for reverse-repurchase agreements	0.0	970.5	-	**970.5**	**970.5**	1,574.1	1,574.3
Due from customers	0.0	2,263.2	-	**2,263.2**	**2,254.5**	1,849.4	1,839.7
Other financial assets[1]	72.1	31.6	-	**103.7**	**103.7**	118.9	118.9
Total	**4,422.5**	**4,590.9**	**0.0**	**9,013.4**	**9,004.7**	**8,826.9**	**8,817.4**
Liabilities							
Due to banks	-	1,096.7	-	**1,096.7**	**1,096.7**	694.1	694.1
Cash collateral from securities lending agreements	-	2.5	-	**2.5**	**2.5**	2.5	2.5
Cash collateral from repurchase agreements	-	600.0	-	**600.0**	**600.0**	0.0	0.0
Due to customers	-	8,466.0	-	**8,466.0**	**8,466.2**	9,303.4	9,303.8
Other financial liabilities[1]	1.1	137.1	-	**138.2**	**138.2**	144.5	144.5
Total	**1.1**	**10,302.3**	**0.0**	**10,303.4**	**10,303.6**	**10,144.5**	**10,144.9**

1 The position mainly includes the accrued interest reported in accruals and deferrals.

Short-term financial instruments at amortized cost or par value
Included here are accounts due from/to banks, accounts due from/to customers as well as “cash collateral for reverse-repurchase agreements”, “cash collateral from securities lending agreements” and “cash collateral from repurchase agreements” that have a maturity or a refinancing profile of at most one year, the balance sheet item “cash”, as well as financial instruments included in accruals and deferrals and in other assets/liabilities (primarily accrued interest). In the case of short-term financial instruments, it is assumed that the book value is close enough to the fair value.

Long-term financial instruments at amortized cost
Included here are accounts due from/to banks, accounts due from/to customers as well as “cash collateral for reverse-repurchase agreements”, “cash collateral from securities lending agreements” and “cash collateral from repurchase agreements” that have a maturity or a refinancing profile of over one year. Fair value is determined using the present value method.

13 Off-balance sheet information

	30-06-14 CHF m	31-12-13 CHF m	Change to 31-12-13 CHF m	in %
Contingent liabilities	**523.5**	482.5	41.0	8
Irrevocable commitments	**33.8**	33.7	0.1	0
Fiduciary transactions	**1,056.9**	1,163.8	(106.9)	(9)
Contract volumes of derivatives	**20,675.9**	20,830.2	(154.3)	(1)

Litigation

Vontobel Holding AG announced in a press release on 10 December 2013 that it will participate as a Category 3 institution in the Program launched by the US Department of Justice (DoJ) to resolve the tax dispute between Switzerland and the US. According to this program, Category 3 financial institutions have not committed any US tax-related offences and are exempt from having to pay penalties. Consequently, the Vontobel Group has not recorded any provisions in respect of this matter.

In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of the Vontobel Group are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against the Vontobel Group concern the redemption of investments worth around USD 43.1 m. However, based on the information currently available to it, the Vontobel Group believes the probability of a lawsuit resulting in an outflow of funds is low.

In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, the Vontobel Group has performed a risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. The Vontobel Group assumes that there is a theoretical possibility that an outflow of funds amounting to a maximum of CHF 1.2 m (31-12-13: 2.3 m), gross, could result in this context and has therefore recorded a contingent liability for this amount. Based on its risk analysis, the Vontobel Group assumes that the actual outflow of funds – if any – would amount to only a fraction of this contingent liability. In this context, it should be noted that the actual circumstances at the Vontobel Group differ from the case judged by the Swiss Federal Supreme Court in significant respects. In addition, it should be noted that as of the balance sheet date, no litigation has been filed against the Vontobel Group regarding the transfer of retrocessions.

14 Client assets

	30-06-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**112.8**	109.6	3.2	3
Custody assets	**48.7**	46.5	2.2	5
Structured products outstanding	**7.1**	7.0	0.1	1
Other client assets	**4.1**	-	4.1	
Total client assets	**172.7**	163.1	9.6	6

Client assets

Client assets is a broader term than assets under management and comprises all bankable assets that are managed by or deposited with the Vontobel Group, including assets that are held solely for transaction or custody purposes and for which further services are provided, as well as investment products offered by Financial Products to give private and institutional clients access to all asset classes and markets.

Assets under management

	30-06-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets in self-managed collective investment instruments	**26.3**	25.0	1.3	5
Assets with management mandate	**50.2**	48.3	1.9	4
Other assets under management	**36.3**	36.3	0.0	0
Total assets under management (including double counts)	**112.8**	109.6	3.2	3
of which double counts	**3.4**	3.3	0.1	3

Calculation in accordance with Table Q of the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for financial institutions and Vontobel Group internal guidelines

Development of assets under management

	30-06-14 CHF bn	30-06-13 CHF bn	31-12-13 CHF bn
Total assets under management (incl. double counts) at the beginning of the year	**109.6**	98.4	108.1
Change attributable to net new money	**0.0**	8.2	0.9
Change attributable to market value	**5.1**	1.5	0.6
Change attributable to other effects	**(1.9)** [1]	0.0	0.0
Total assets under management (incl. double counts) at the balance sheet date	**112.8**	**108.1**	**109.6**

1 The reduction in assets under management reflects the reclassification of corporate liquidity (CHF 1.0 bn) and individual assets (CHF 0.9 bn), which are not held for investment purposes, at the beginning of the year. These assets are now reported under client assets.

Assets under management and net inflows/outflows of new money
Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for financial institutions. Assets under management comprise all of the assets managed or held for investment purposes of private, corporate and institutional clients excluding borrowings, as well as assets in self-managed collective investment instruments. This includes all amounts due to customers on savings and deposit accounts, fixed-term and fiduciary deposits, and all valued assets. Assets under management that are deposited with third parties are included to the extent that they are managed by a Group company. Assets under management only include those assets on which the Vontobel Group generates considerably higher income than on assets that are held solely for custody purposes or the execution of transactions. These types of custody assets are reported separately. Assets that are counted more than once, i.e. in several categories of assets under management to be disclosed, are shown under double counts. They primarily include shares in self-managed collective investment instruments in client portfolios.

Net inflows or outflows of assets under management during the reporting period consist of the acquisition of new clients, the departure of clients as well as inflows and outflows of assets from existing clients. This also includes borrowing and the repayment of loans. The calculation of the net inflow or outflow of new money is performed at the level “total assets under management” (excl. double counts). If there is a change in the service provided, resulting in the reclassification of assets under management as assets held for custody purposes or vice versa, this is recorded as an outflow of new money or an inflow of new money, respectively. Securities-related and currency-related changes in market value, interest income and dividends, fee charges, loan interest paid and the impacts of acquisitions and disposals in Vontobel’s subsidiaries or businesses do not constitute inflows or outflows of assets.

15 Cooperation agreement between Vontobel Holding AG and Raiffeisen Switzerland Cooperative

On 20 June 2014, Raiffeisen announced the termination of the cooperation agreement between Vontobel Holding AG (Vontobel) and Raiffeisen Switzerland Cooperative with effect from 30 June 2017. In the interests of Raiffeisen's clients, Vontobel and its Group companies will continue to provide and ensure the contractually agreed services under the terms of the existing cooperation agreement until it expires in 2017 while maintaining the same high standards of quality.

When it purchased Notenstein Privatbank AG in January 2012, Raiffeisen Switzerland Cooperative acquired a new group company. Vontobel and Raiffeisen have been unable to agree on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in their cooperation agreement. This agreement explicitly states that if an issue is unclear or in the event of any such differences of opinion, the matter should be referred to a court of arbitration. To obtain a judgment on this issue, Vontobel initiated arbitration proceedings in December 2012. The ongoing arbitration proceedings are expected to be completed at the end of 2014.

16 Acquisition

The Vontobel Group acquired 100% of the shares of derivative.com AG on 15 May 2014. With the acquisition and full integration of this company, the Vontobel Group is further expanding the market leadership of its own multi issuer platform deritrade® in the platform business. As part of this transaction, the Vontobel Group acquired net assets of CHF 0.9 m, corresponding to the purchase price that is to be paid in cash. The transaction did not have any significant impact on the Vontobel Group's consolidated financial statements in the first half of 2014. This would also have been the case if the transaction had already been completed with effect from 1 January 2014.

17 Events after the balance sheet date

On 20 June 2014, Vontobel announced its intention to repurchase the shareholding held by Raiffeisen in Vontobel related to the cooperation agreement for the purpose of cancelling these shares (for information on the cooperation, see Note 15).

Vontobel formally exercised its repurchase right on 29 July 2014. In accordance with the contractual arrangements, the repurchase of 8.125 million shares of Vontobel Holding AG, Zurich, will be completed within one month. A price of CHF 33.20 per share will be applied.

As at 30 June 2014, i.e. before the share buyback was carried out, Vontobel Group had a BIS Tier 1 capital ratio of 26.1%. The repurchase of the Vontobel shares will result in the consolidated shareholders' equity of Vontobel being reduced by CHF 269.7 m, hence the ratio after the buyback will be 21.0%.

Vontobel will submit a proposal regarding the cancellation of the shares to be repurchased to the ordinary General Meeting of Vontobel Holding AG in spring 2015.

18 Segment reporting principles

External segment reporting reflects the organizational structure of the Vontobel Group as well as internal management reporting, which forms the basis for the assessment of the financial performance of the segments and the allocation of resources to the segments.

The segments correspond to the business units, which comprise the following activities:

Private Banking

Private Banking encompasses portfolio management services for private clients, investment advisory, custodian services, financial advisory services relating to legal, inheritance and tax matters, lending against collateral, pension advice and wealth consolidation services.

Asset Management

Asset Management specializes in active asset management based on asset allocation, stock selection and multi-manager approaches. Its products are distributed through wholesale channels and directly to institutional clients. They are also sold by Vontobel's cooperation partners. Vontobel supplies Raiffeisen Switzerland with comprehensive investment services as part of their long-term cooperation.

Investment Banking

Investment Banking focuses on the derivatives and structured products business, securities and foreign exchange trading, institutional sales and research, corporate finance, services for external asset managers and transaction banking.

Corporate Center

The Corporate Center of the Vontobel Group comprises the support units Operations, Finance & Risk and Group Services, as well as the Board of Directors support unit, which supply core services to the business units.

Income, expenses, assets and liabilities are allocated to the business units on the basis of client responsibility or according to the principle of origination. Items that cannot be allocated directly to the business units are reported in the Corporate Center accounts. The Corporate Center also includes consolidating entries.

The costs of the services supplied internally are reported in the item "Services from/to other segment(s)" as a reduction in costs for the service provider and as an increase in costs for the recipient. This cost allocation is based on agreements that are renegotiated periodically according to the same principle as if they were concluded between independent third parties ("at arm's length").

Business segment reporting	Private Banking CHF m	Asset Management CHF m	Investment Banking CHF m	Corporate Center CHF m	Total Group CHF m
6 months ending 30-06-14					
Net interest income	8.7	0.2	2.1	18.3	29.3
Other operating income	109.3	174.4	121.1	3.2	408.0
Operating income	**118.0**	**174.6**	**123.2**	**21.5**	**437.3**
Personnel expense	42.8	92.6	43.6	55.3	234.3
General expense	6.0	13.6	18.4	44.7	82.7
Services from/to other segment(s)	38.3	20.9	24.8	(84.0)	0.0
Depreciation of property, equipment and intangible assets	1.3	2.9	0.3	25.7	30.2
Value adjustments, provisions and losses	0.2	0.4	0.5	0.2	1.3
Operating expense	**88.6**	**130.4**	**87.6**	**41.9**	**348.5**
Segment profit before taxes	**29.4**	**44.2**	**35.6**	**(20.4)**	**88.8**
Taxes					15.3
Net profit					**73.5**
of which minority interests					0.0
Additional information					
Segment assets	1,907.8	230.9	10,331.8	7,320.7	19,791.2
Segment liabilities	6,169.1	627.4	10,053.5	1,320.8	18,170.8
Allocated equity according to BIS[1]	127.1	101.5	195.0	94.5	518.1
Client assets (CHF bn)	31.7	76.2	67.2	(2.4)	172.7
Net new money (CHF bn)	0.7	(1.0)	0.4	(0.1)	0.0
Capital expenditure	0.0	0.0	2.7	21.5	24.2
Employees (full-time equivalents)	330.1	257.9	342.6	429.4	1,360.0

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 120.4 m from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 55.9 m from core capital for treasury shares is not included in the figures above.

Information on regions[1]	Switzerland CHF m	Europe excl. Switzerland CHF m	Americas CHF m	Other countries[2] CHF m	Consoli-dation CHF m	Total Group CHF m
6 months ending 30-06-14						
Operating income related to external customers	239.8	78.7	79.5	39.3		437.3
Assets 30-06-14	13,218.4	451.5	127.1	7,222.0	(1,227.8)	19,791.2
Property, equipment and intangible assets 30-06-14	305.0	1.5	2.6	1.5		310.6
Capital expenditure	22.1	0.2	1.9	0.0		24.2

1 Reporting is based on operating locations.
2 Mainly U.A.E.

Business segment reporting

	Private Banking CHF m	Asset Management CHF m	Investment Banking CHF m	Corporate Center CHF m	Total Group CHF m
6 months ending 30-06-13					
Net interest income	7.5	0.1	2.6	18.8	29.0
Other operating income	109.3	175.6	133.1	3.2	421.2
Operating income	**116.8**	**175.7**	**135.7**	**22.0**	**450.2**
Personnel expense	42.5	90.8	46.0	56.8	236.1
General expense	5.4	13.9	21.4	48.0	88.7
Services from/to other segment(s)	36.8	20.3	24.3	(81.4)	0.0
Depreciation of property, equipment and intangible assets	1.3	2.9	0.2	24.1	28.5
Value adjustments, provisions and losses	0.6	1.4	2.2	3.9	8.1
Operating expense	**86.6**	**129.3**	**94.1**	**51.4**	**361.4**
Segment profit before taxes	**30.2**	**46.4**	**41.6**	**(29.4)**	**88.8**
Taxes					12.7
Net profit					**76.1**
of which minority interests					0.0
Additional information					
Segment assets	1,614.8	228.4	12,817.5	5,276.3	19,937.0
Segment liabilities	5,764.4	630.3	10,789.7	1,163.3	18,347.7
Allocated equity according to BIS[1]	126.9	103.4	228.8	90.2	549.3
Client assets (CHF bn)	29.7	69.3	63.0	(1.8)	160.2
Net new money (CHF bn)	0.7	7.4	0.7	(0.6)	8.2
Capital expenditure	0.0	0.0	0.0	20.1	20.1
Employees (full-time equivalents)	305.8	272.9	325.4	446.5	1,350.6

The activities connected with the adjustment of business models in the cross-border wealth management business are reported in the Corporate Center.

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 128.3 m from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 37.2 m from core capital for treasury shares is not included in the figures above.

Information on regions[1]

	Switzerland CHF m	Europe excl. Switzerland CHF m	Americas CHF m	Other countries[2] CHF m	Consolidation CHF m	Total Group CHF m
6 months ending 30-06-13						
Operating income related to external customers	213.5	86.6	79.4	70.7		450.2
Assets 30-06-13	13,497.6	426.4	117.0	7,838.0	(1,942.0)	19,937.0
Property, equipment and intangible assets 30-06-13	300.6	2.6	1.1	1.9		306.2
Capital expenditure	20.1	0.0	0.0	0.0		20.1

1 Reporting is based on operating locations.
2 Mainly U.A.E.

Business segment reporting	Private Banking CHF m	Asset Management CHF m	Investment Banking CHF m	Corporate Center CHF m	Total Group CHF m
6 months ending 31-12-13					
Net interest income	7.8	0.2	1.9	9.4	19.3
Other operating income	103.1	180.0	100.2	(3.5)	379.8
Operating income	**110.9**	**180.2**	**102.1**	**5.9**	**399.1**
Personnel expense	38.3	86.7	39.8	51.3	216.1
General expense	6.6	14.6	21.4	46.5	89.1
Services from/to other segment(s)	34.6	19.5	26.4	(80.5)	0.0
Depreciation of property, equipment and intangible assets	1.3	2.8	0.2	23.7	28.0
Value adjustments, provisions and losses	0.9	(0.3)	(0.7)	1.4	1.3
Operating expense	**81.7**	**123.3**	**87.1**	**42.4**	**334.5**
Segment profit before taxes	**29.2**	**56.9**	**15.0**	**(36.5)**	**64.6**
Taxes					18.4
Net profit					**46.2**
of which minority interests					0.0
Additional information					
Segment assets	1,694.8	164.4	9,424.5	8,359.5	19,643.2
Segment liabilities	5,906.7	773.1	10,330.2	1,007.2	18,017.2
Allocated equity according to BIS[1]	133.4	101.7	205.7	87.6	528.4
Client assets (CHF bn)	31.4	69.1	65.1	(2.5)	163.1
Net new money (CHF bn)	0.7	0.3	0.2	(0.3)	0.9
Capital expenditure	0.0	0.0	0.0	38.6	38.6
Employees (full-time equivalents)	308.3	257.8	335.0	436.7	1,337.8

The activities connected with the adjustment of business models in the cross-border wealth management business are reported in the Corporate Center.

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 124.2 m from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 60.4 m from core capital for treasury shares is not included in the figures above.

Information on regions[1]	Switzerland CHF m	Europe excl. Switzerland CHF m	Americas CHF m	Other countries[2] CHF m	Consoli-dation CHF m	Total Group CHF m
6 months ending 31-12-13						
Operating income related to external customers	203.2	82.2	82.6	31.1		399.1
Assets 31-12-13	13,323.8	454.4	132.0	7,475.5	(1,742.5)	19,643.2
Property, equipment and intangible assets 31-12-13	312.0	2.0	1.0	1.7		316.7
Capital expenditure	38.4	0.1	0.1	0.0		38.6

1 Reporting is based on operating locations.
2 Mainly U.A.E.

Vontobel Holding AG registered shares

ISIN	CH001 233 554 0
Security number	1 233 554
Par value	CHF 1.00

Ticker symbols

Stock exchange listing	Bloomberg	Reuters	Telekurs
SIX Swiss Exchange	VONN SW	VONTZn.S	VONN

Credit ratings

		Bank Vontobel AG	Vontobel Holding AG
Standard & Poor's	Short-Term	A-1	A-2
	Long-Term	A	A-
Moody's	Short-Term	Prime-1	
	Long-Term	A2	A3

Financial calendar

Publication annual results 2014	12 February 2015
Annual General Meeting 2015	28 April 2015

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This report also appears in German.
The German version is prevailing.

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