

Half-year results 2014

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30 July 2014

Performance creates trust

Slide 2

Caution regarding forward-looking statements

This document may contain projections or other forward-looking statements related to the Vontobel Group that are subject to known and unknown risks, uncertainties and other important factors. These projections and forward-looking statements reflect management's current views and estimates. They involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the projections and forward-looking statements. Potential risks and uncertainties include factors such as general economic conditions, foreign exchange, share price and interest rate fluctuations as well as legal and regulatory developments.

Overview

Highlights

- Financial results for first half of 2014
- Update on strategy, capabilities and markets
- Outlook

First half of 2014 at a glance

Key figures

Group net profit

CHF 73.5 m

Operating performance up 12%

Tier 1 capital ratio

26.1%

21.0% after announced 12.5% share buyback

Client assets

CHF 172.7 bn

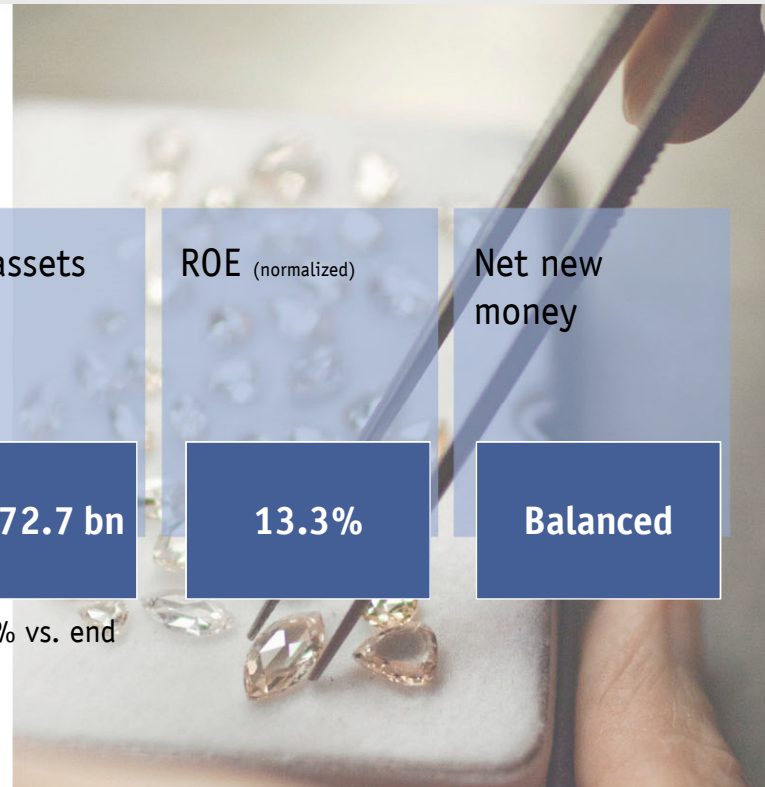
Up by 6% vs. end of 2013

ROE (normalized)

13.3%

Net new money

Balanced



First half of 2014 at a glance

Key achievements

- Solid operational performance, despite dilution by net spread adjustments
- Balanced net new money development in a challenging environment
- Private Banking: transition to growth on the basis of solid results
- Financial Products: confirmed as #2 in Switzerland and #8 in Germany, rollout of deritrade® MIP on track



- Asset Management delivers top contribution again on the back of global client reach and focus on boutiques
- Share of wealth and asset management up 2pp to 67% (pre-tax)
- Resolutely strong capital discipline and position

Overview

-
- Highlights

- **Financial results for first half of 2014**

- Update on strategy, capabilities and markets
 - Outlook
-

Solid set of figures in line with strong 1H13

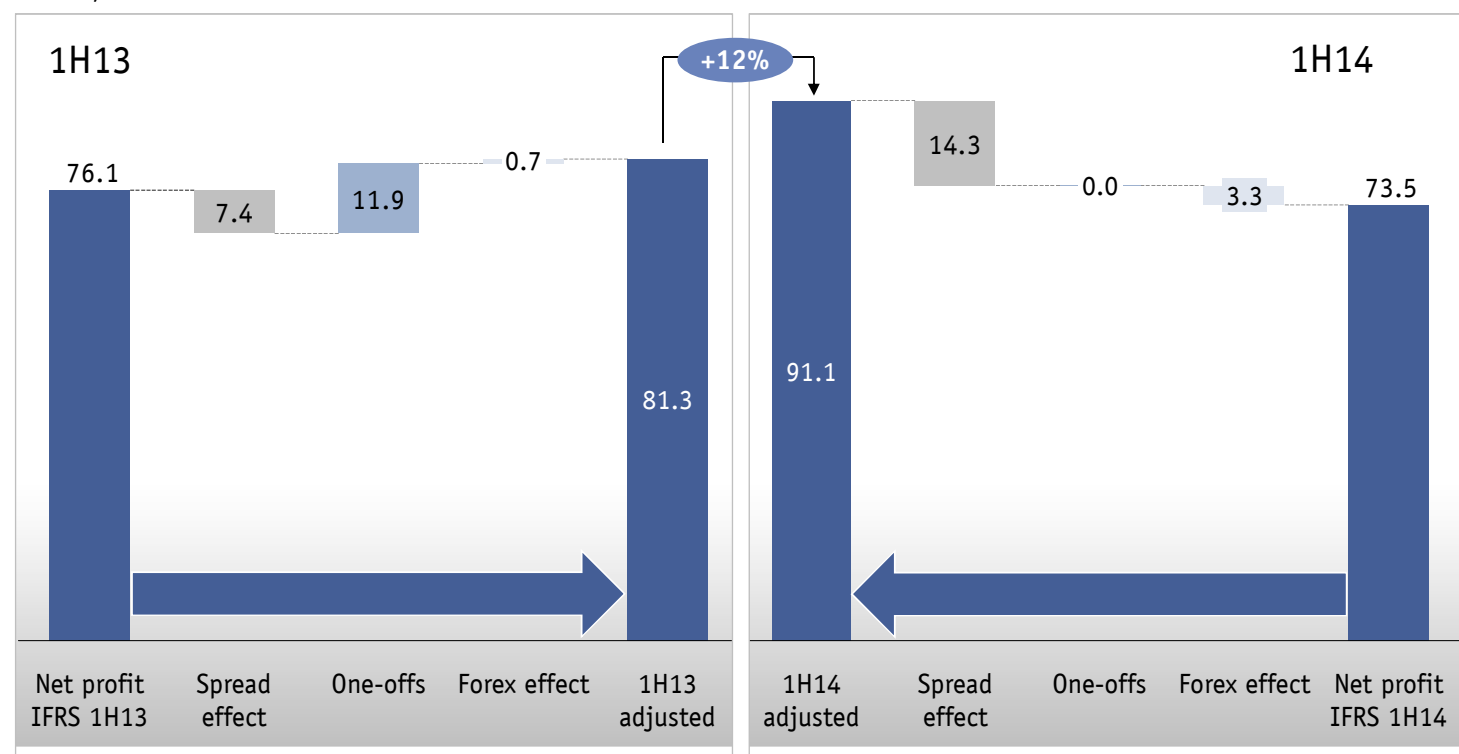
CHF m, 6 months ending		30-06-14	30-06-13	31-12-13
Group net profit ¹	IFRS	73.5	76.1	46.2
Basic earnings per share (CHF)	IFRS	1.16	1.19	0.73
ROE (% , annualized)	IFRS	9.0	9.7	5.7
ROE (% , normalized; based on 16% CET ratio)		13.3	14.5	8.3
BIS tier 1 capital ratio (%; fully applied Basel III)		26.1	25.4	25.5
Cost/income ratio (%)		79.4	78.5	83.5
		30-06-14	31-12-13	Δ
Total client assets (CHF bn)		172.7	163.1	6%
<ul style="list-style-type: none"> ▪ Assets under management ▪ Custody assets ▪ Structured products outstanding ▪ Other client assets 		112.8 48.7 7.1 4.1	109.6 46.5 7.0 -	3% 5% 1% n.a.
Net new money (CHF bn, 6 months)		0.0	0.9	0% ²

¹ 1H 2013 figures include non-recurring expenses of CHF 13.7 m in connection with the cross-border business model adjustment

² Growth in assets under management attributable to net new money (annualized and adjusted for double counting)

Operating performance up 12% on a like-for-like basis

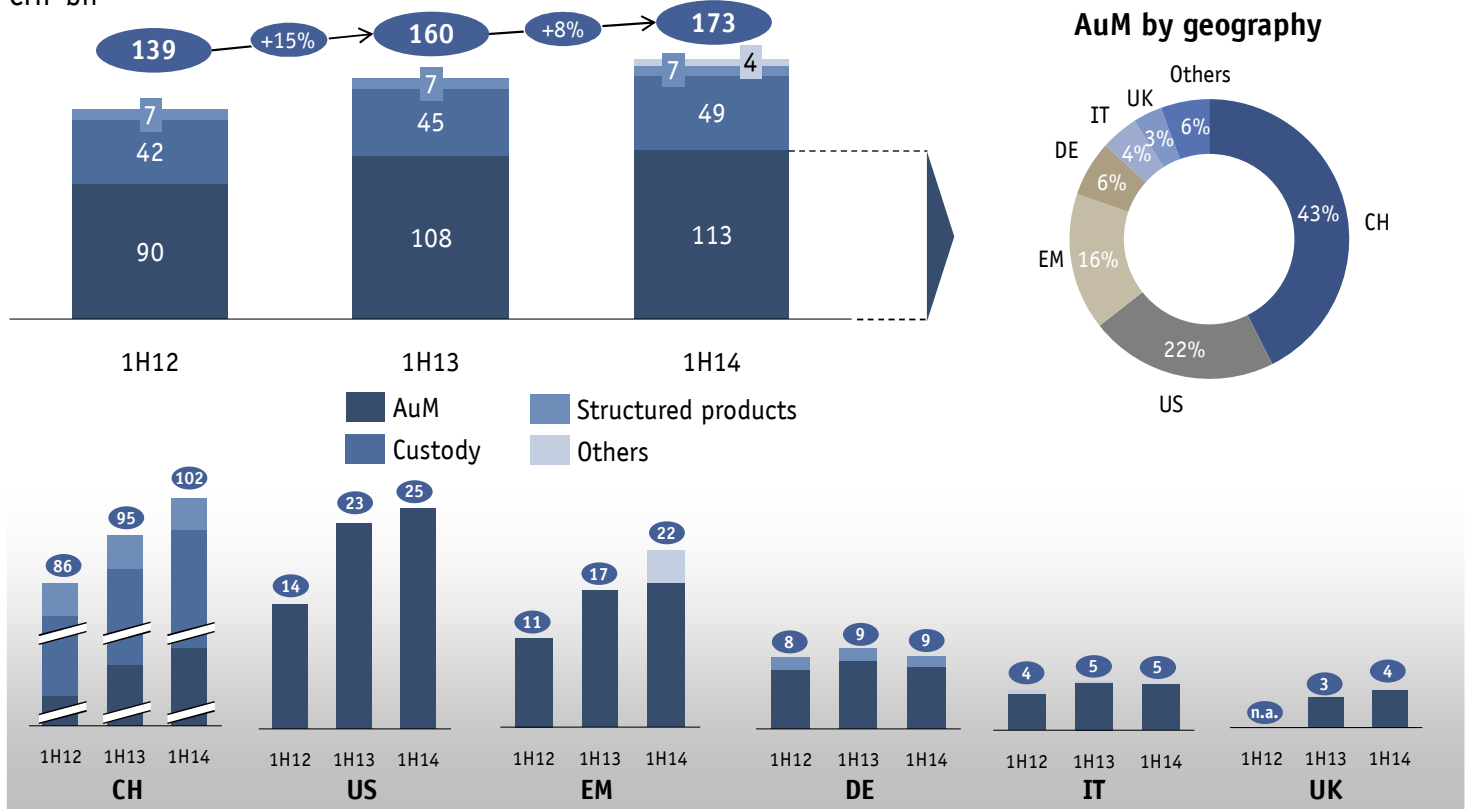
CHF m, net of tax





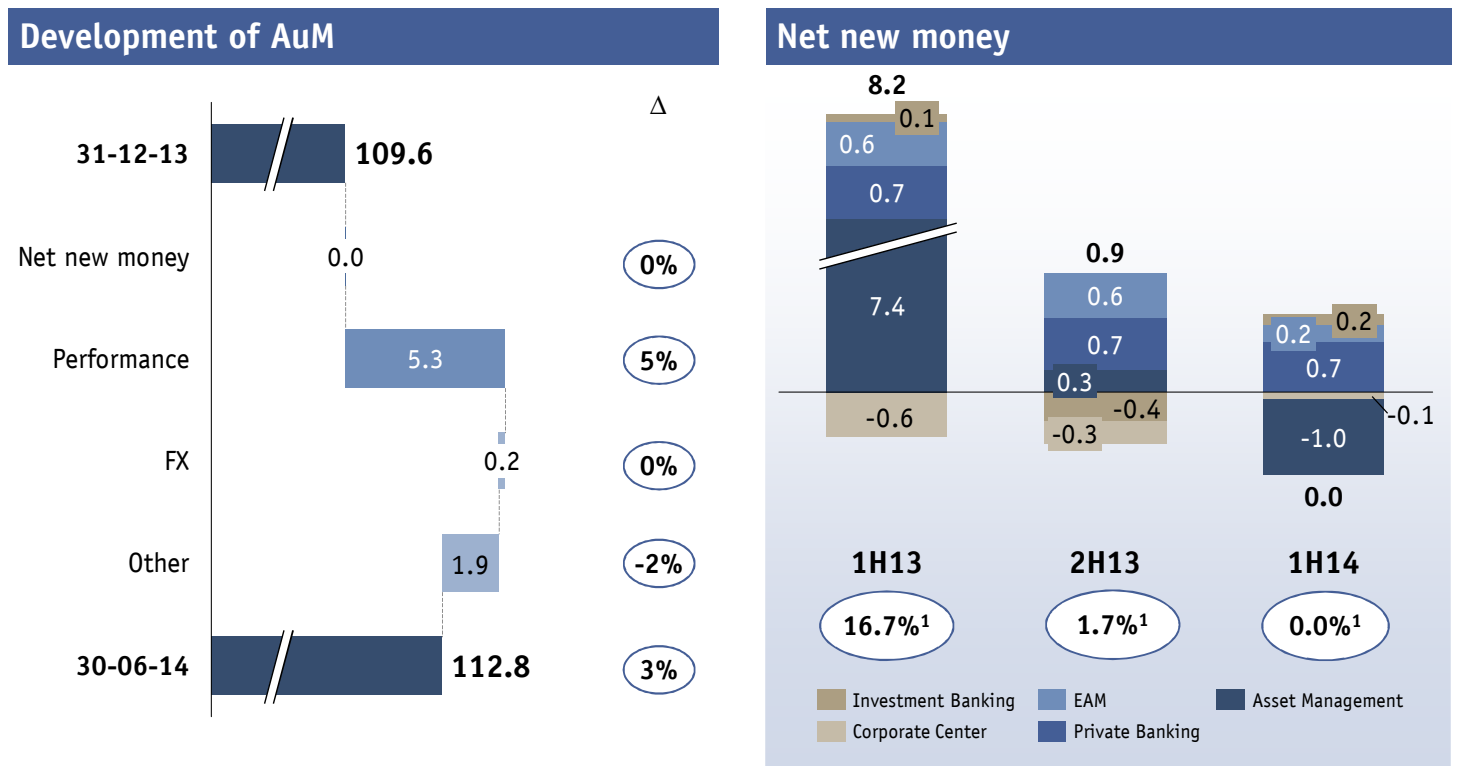
Consistent growth in client assets in core markets

CHF bn



Balanced net new money flows despite significant Emerging Markets reallocation in Q1

CHF bn

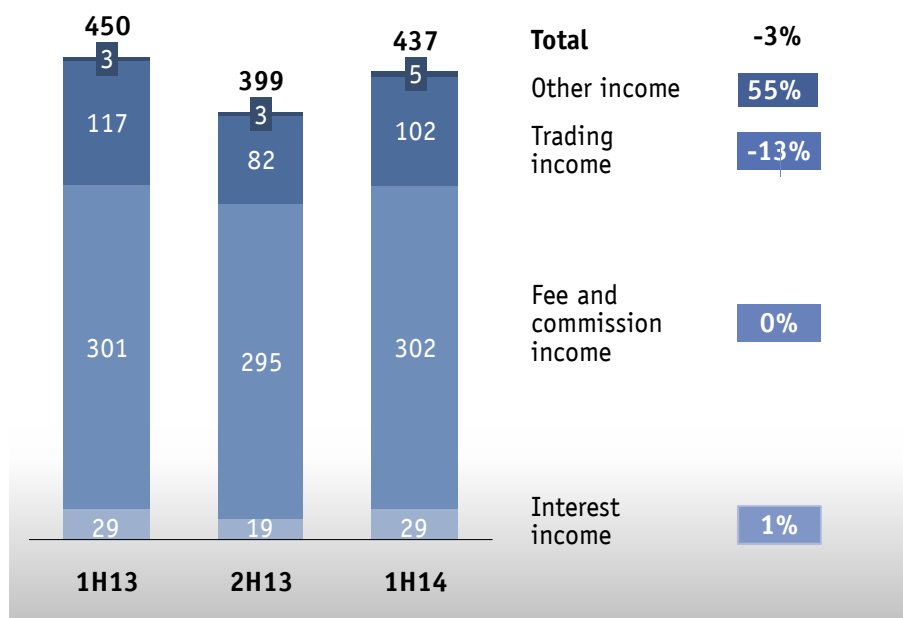


70% share of stable fees and commission income underpins a record high quality by sector comparison

CHF m

Development of operating income

Δ to 1H13



Comments

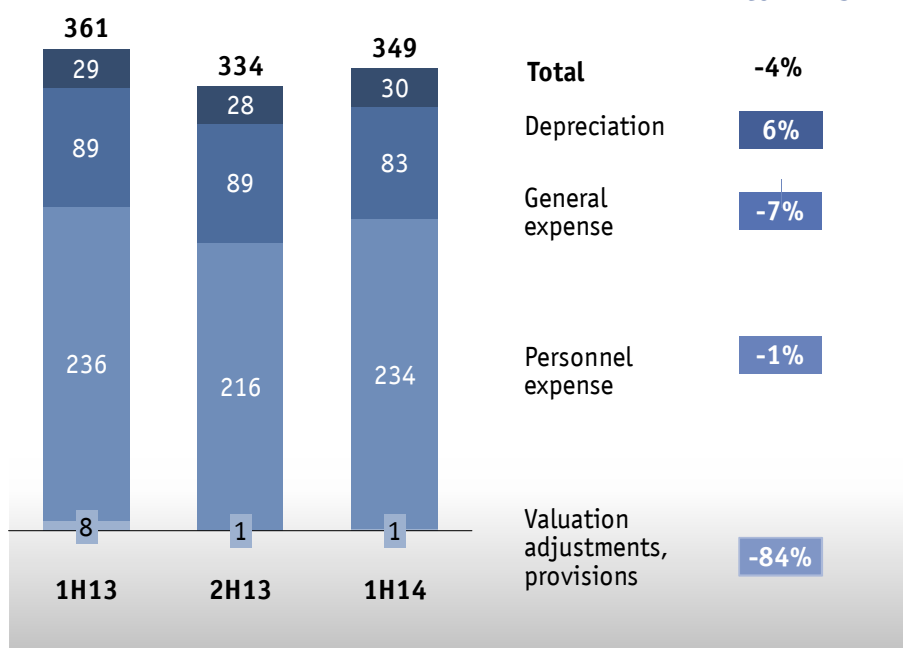
- Increased share of fee and commission income to nearly 70% (Ø AuM growth: 4%)
- Trading income in 1H14 affected by negative CHF 14 m credit spread development. Effect in 1H13 was positive CHF 7 m
- Stable net interest income despite continued record low interest rates

Continued stringent cost management bearing fruit

CHF m

Development of operating expense

Δ to 1H13

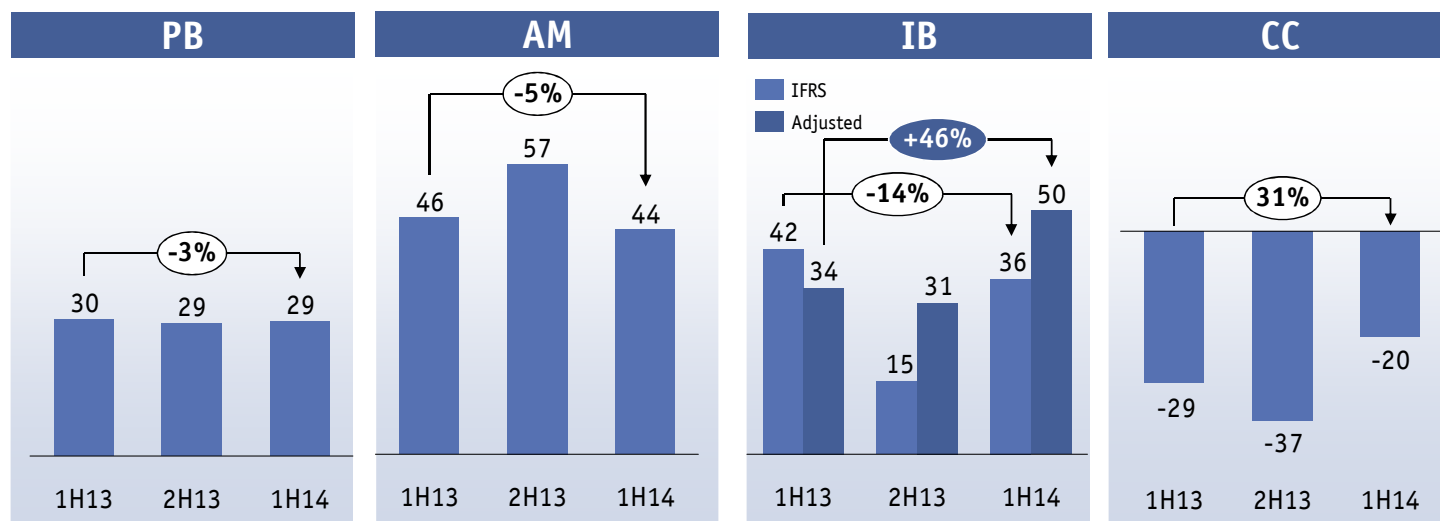


Comments

- Slightly lower personnel expense (-1%) and general expense (-7%) despite increased assets under management base (Ø +4%) and higher number of FTEs
- FTEs 30 June 2014: 1,360
FTEs 31 December 2013: 1,338
- Valuation adjustments and provisions back to low level
- 2013 impacted by external regulatory issues

Balanced contribution from all three business units

Pre-tax segment profits (CHF m)



- Balanced profit streams from our business units underpinning successful implementation of strategy. Corporate Center with lower costs as one-offs fell away
- Wealth and Asset Management confirming high level of profitability, Investment Banking impacted by spread effect

Asset Management Focus on clearly defined investment strategies

AuM¹, CHF bn

Quality Growth Equities	<ul style="list-style-type: none"> Focus on high-quality companies with favourable growth prospects at sensible prices Six regional strategies Focus on Global/Emerging Market Equities 	40.8
Multi Asset Class	<ul style="list-style-type: none"> Actively managed global balanced and MAC products "Outcome-driven investments" products 	13.0
Fixed Income	<ul style="list-style-type: none"> Emerging Market and Credit specialist Global as well as Swiss strategies 	10.4
Global Thematic Investing	<ul style="list-style-type: none"> Thematic Funds and Sustainable Funds "Global leader" concept Swiss Dividend Yield and Small/Mid Cap strategies 	4.2
Alternatives	<ul style="list-style-type: none"> Actively-managed commodity strategies Hedge Fund Advisory Research-driven strategies 	3.0

+18 FTE added within past 2 years

Performance of the Quality Growth product line²

	YTD ¹	2013	3 y. p.a.
61% Emerging Markets Equity	10.0%	-5.5%	5.0%
MSCI Emerging Market TR net	6.1%	-2.6%	-0.4%
4% European Equity	4.9%	8.4%	13.2%
MSCI Europe Index TR net	6.2%	19.8%	10.8%
2% Far East Equity	10.7%	-3.2%	4.6%
MSCI All Country Asia Pacific Ex-Japan TR net	7.1%	3.4%	3.9%
11% Global Equity	5.4%	15.7%	12.7%
MSCI All Country World TR net	6.2%	22.8%	10.3%
18% Global Equity (ex US)	8.1%	6.1%	8.4%
MSCI All Country World ex USA TR net	5.6%	15.3%	5.7%
4% US Equity	3.2%	29.2%	17.5%
S&P 500 - TR	7.1%	32.4%	16.6%

% Percentage of Boutique AuM in the relevant strategy

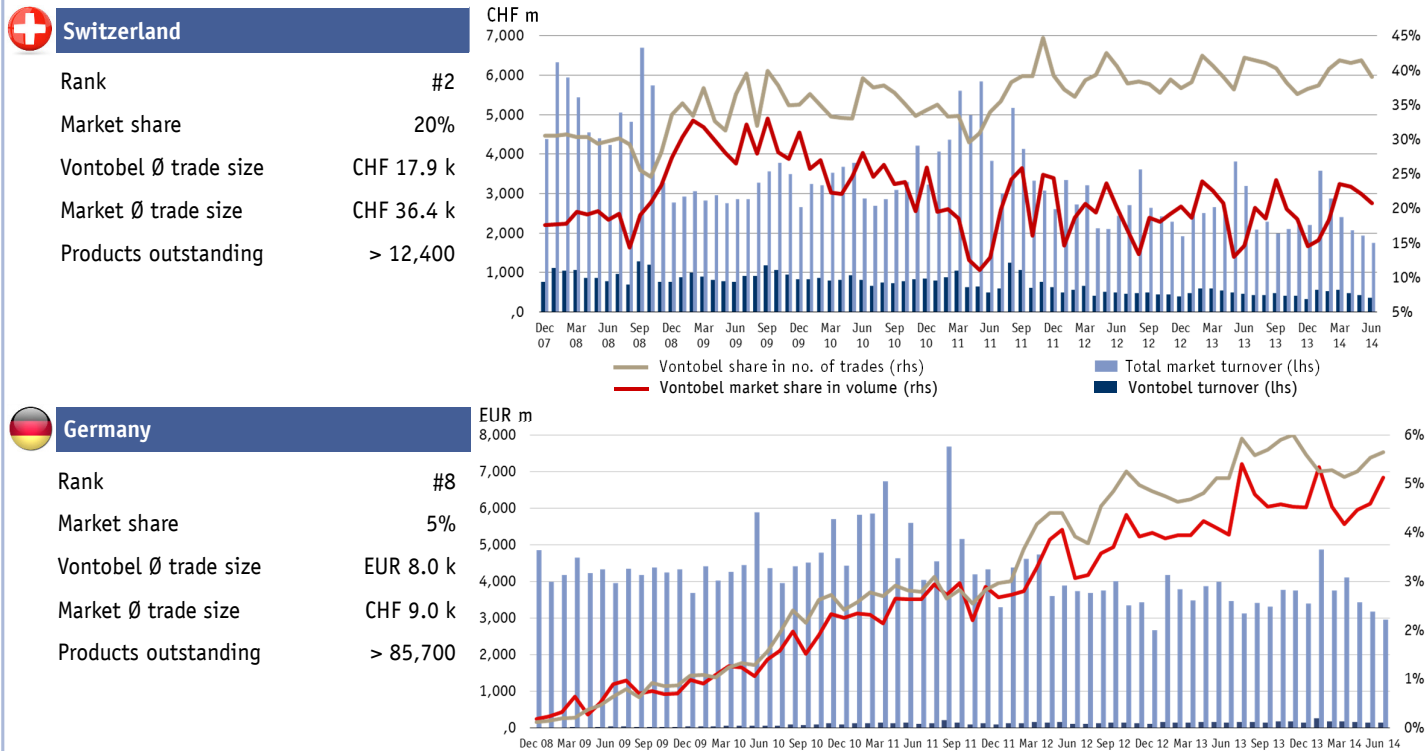
Quality Growth AuM by distribution channel



¹ As of 30-06-14

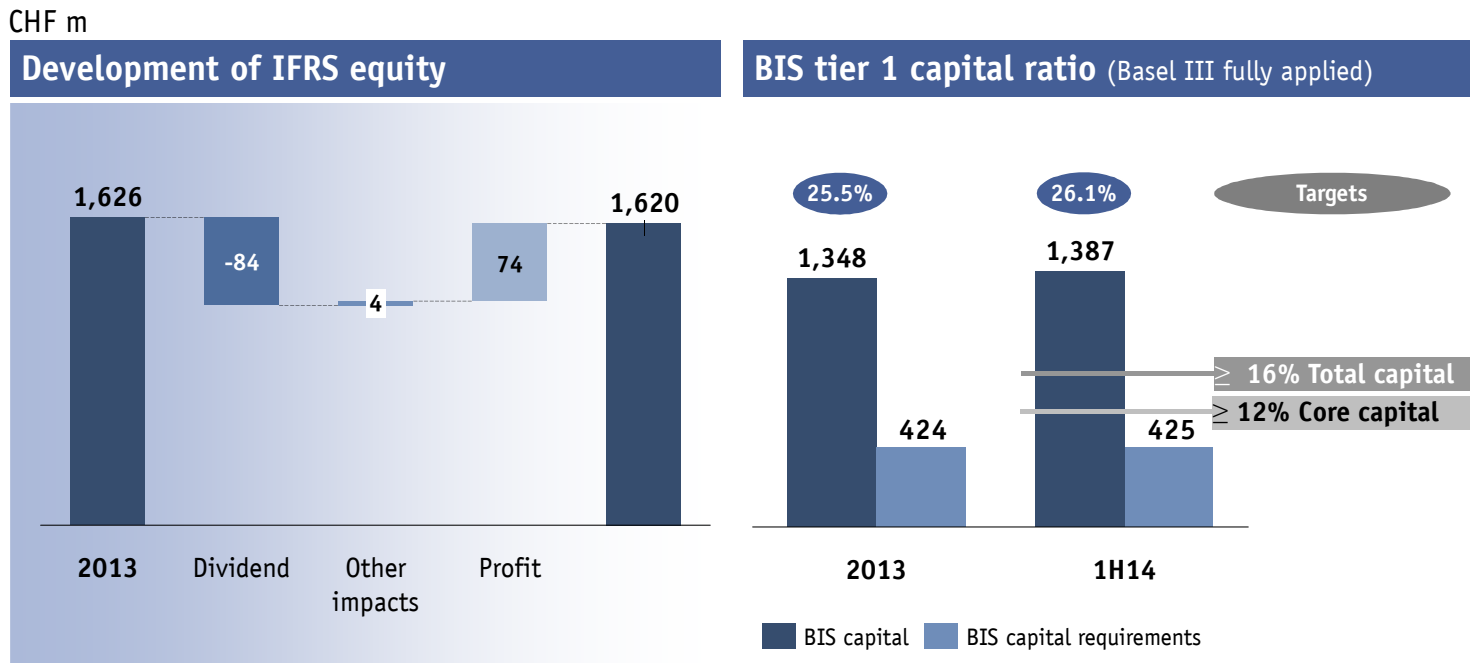
² Based on the institutional share class of the respective sub-fund of the Vontobel Fund; past performance is not a reliable indicator of current or future performance. Performance data take no account of the commissions and costs charged when units are issued and redeemed.

Investment Banking Strong Swiss market position leveraged internationally



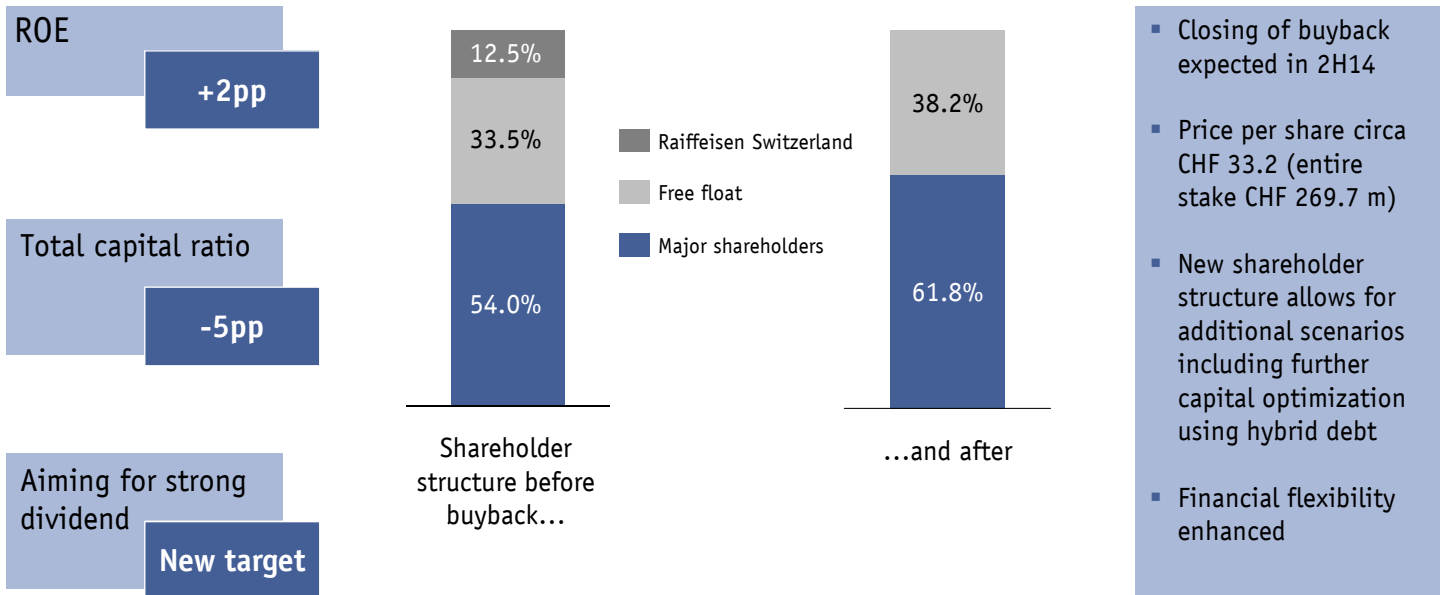
Source: Technolab, DDV (data do not include OTC trading of listed products); June 2014

Prudent capital management delivers strong basis for further development of business



- Vontobel meets the 12% total capital ratio prescribed by FINMA very comfortably
- Vontobel's target: additional buffer of 4% above the FINMA requirement of 12%

Raiffeisen stake buyback with immediate positive effects and opportunities for further capital optimization



- Raiffeisen represents less than 10% of our revenues
- Contract has been terminated but cooperation remains in place until mid-2017

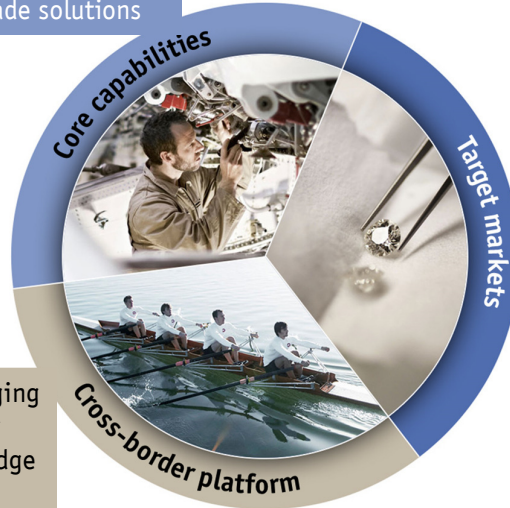
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Positioned to succeed: cutting-edge quality in capabilities, people and processes

We pursue a business strategy that is focused on the achievement of long-term success. This strategy is founded on three pillars

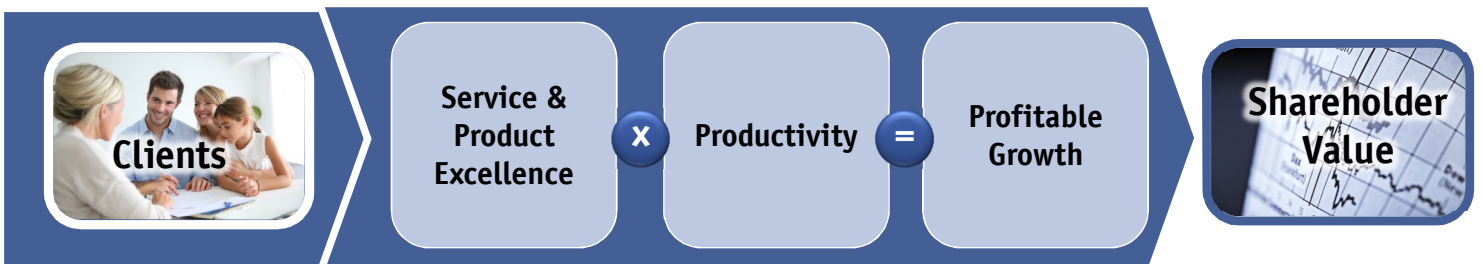
We protect and build the wealth of our clients by providing responsible and forward-looking advice, active asset management and tailor-made solutions



We are among the top 25 Swiss brands and achieve a brand value of CHF 1.4 bn. We have only just begun to leverage this capital internationally

We deliver Swiss quality by leveraging our Swiss Investment and Booking hub globally – based on cutting-edge digital banking

Client centricity is at the core of our endeavours

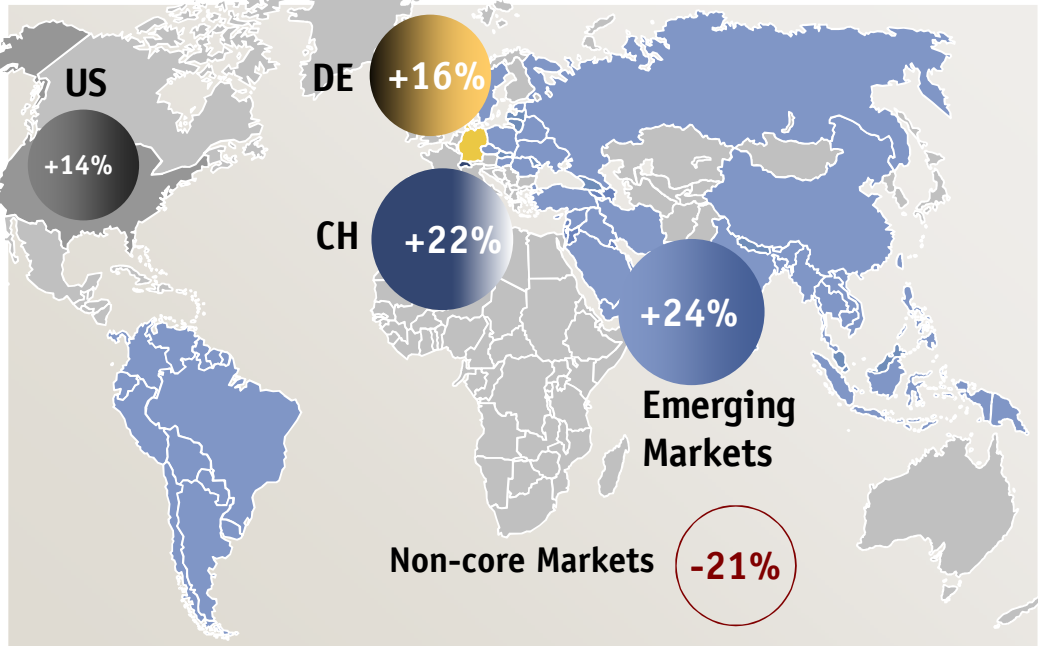


- We are recognized as the most trusted global investment adviser by our clients
- The majority of our clients recommend us to their peers
- Our clients can access our investment and service content any time and anywhere
- Our advisory & investment solutions shape the thinking of the industry

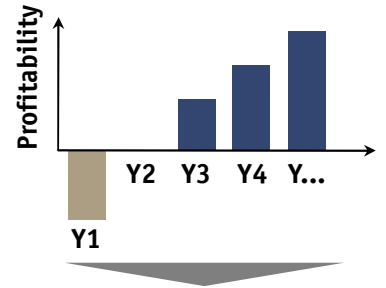


Private Banking Basis set for strong future organic growth

Year-over-year net development of RMs



Indicative payoff chart of a new Relationship Manager (RM)

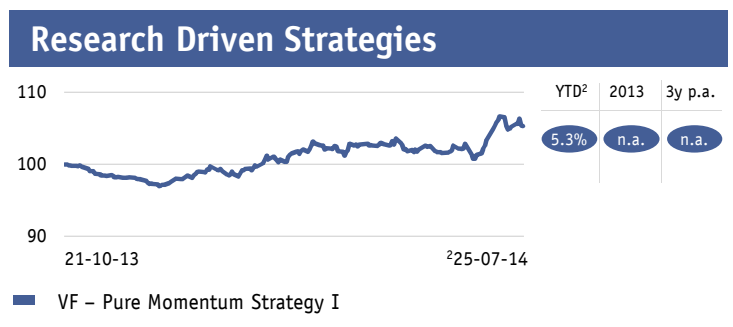
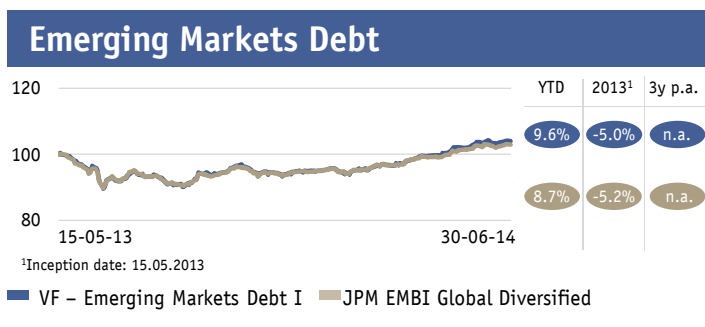
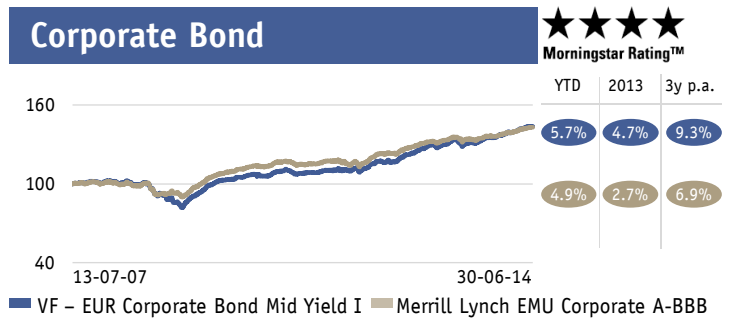
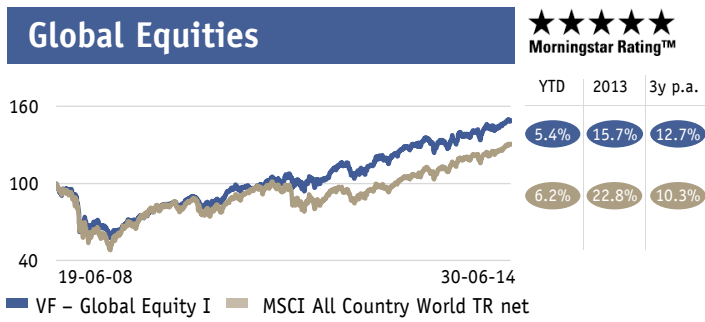


We improved our client reach by adding distribution capabilities (+20 RMs net)

▪ Margin at PB stable at 75bp, of which 63bp commission driven



Asset Management Strong product line-up established – beyond EM equities

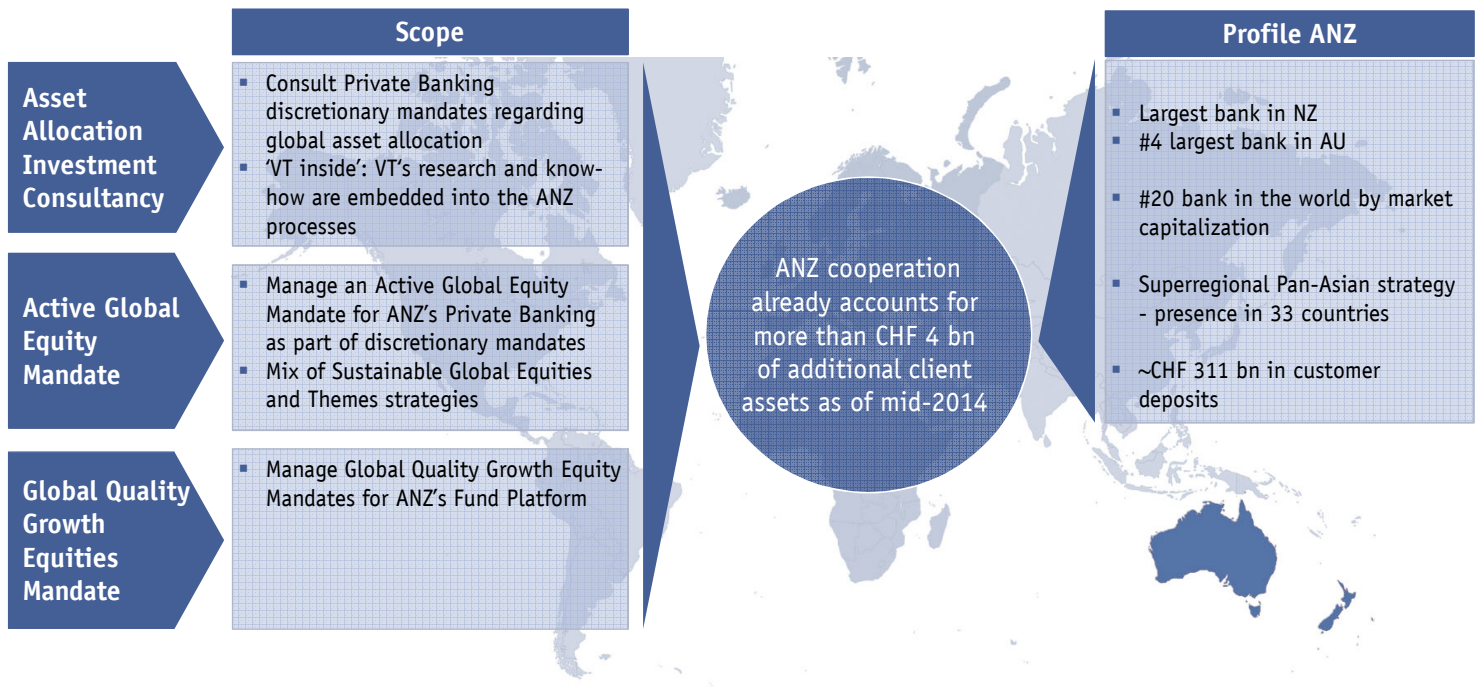


● Fund performance ● Benchmark performance

▪ Product quality and client access in place for further growth

Performance data above based on the I share class of the respective sub-fund of the Vontobel Fund; past performance is not a reliable indicator of current or future performance. Performance data take no account of the commissions and costs charged when units are issued and redeemed.

Asset Management ANZ cooperation started well



Investment Banking deritrade® MIP will shape the future of structured products

- Unique added value to clients at point-of-sale
- Outstanding line-up of high-quality issuers
- Global offering
- Leading technology
- Fully compliant with upcoming regulation

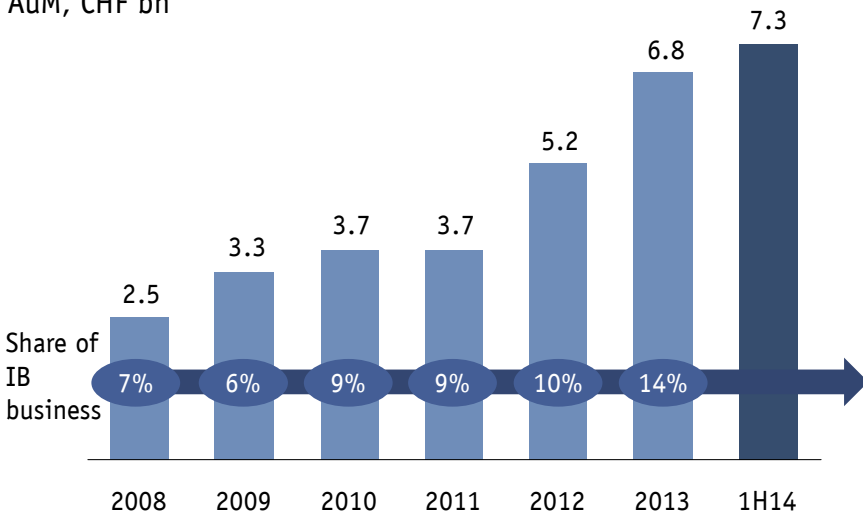


▪ We are witnessing strong interest from the buy-side and have a steadily growing list of clients signed-up

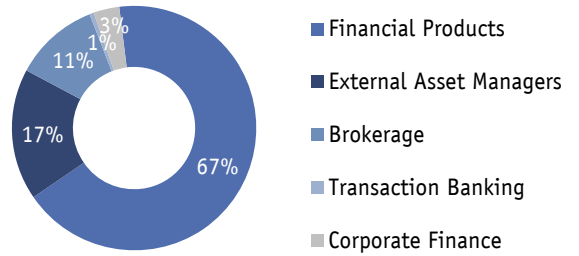


Investment Banking External Asset Manager platform with consistent growth

AuM, CHF bn



Breakdown of IB operating income



- Fastest growing hub for EAMs in Switzerland
- Cutting-edge platform and service offering for EAMs
- 17% of IB revenues coming from EAM business



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Growth initiatives envisaged for second half of the year

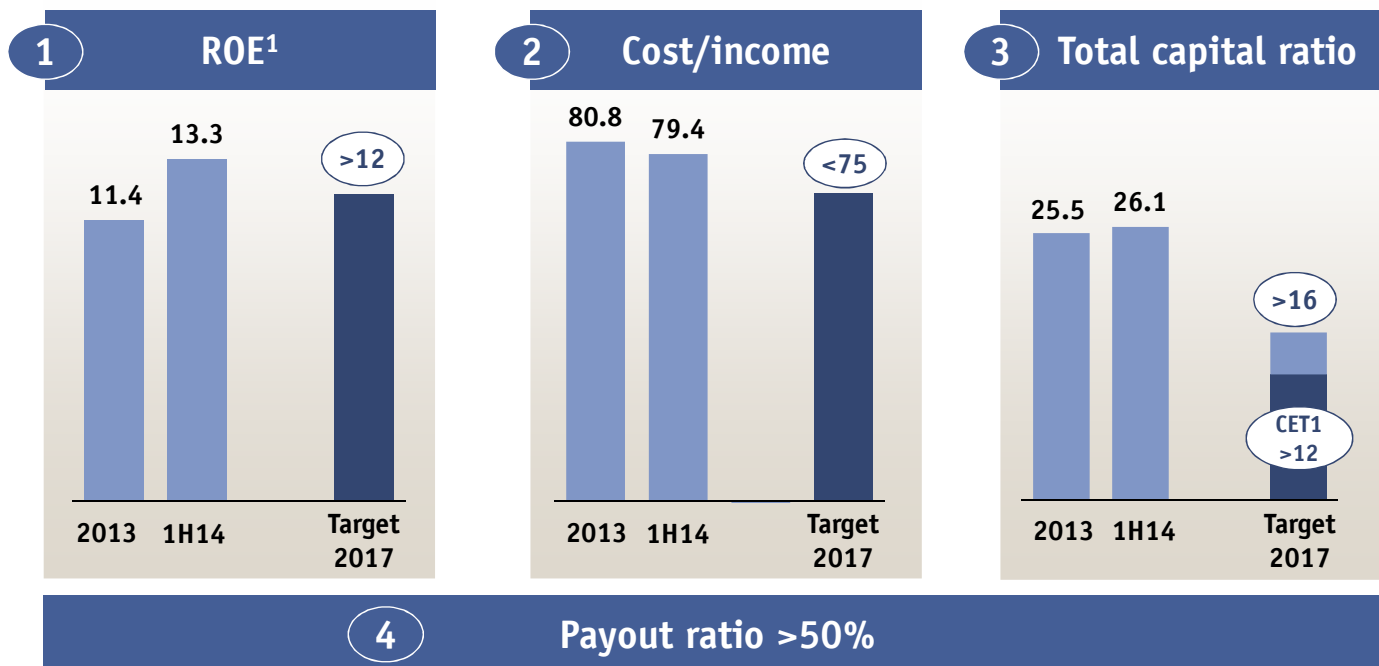


Key initiatives

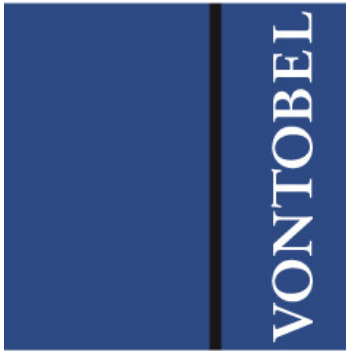
- Strive for organic growth in Private Banking by winning market share and retaining market talent
- Quality Growth Boutique to reap benefits of broad interest in Global product
- Continue build-out and market leverage for other boutiques in Asset Management
- Continue rollout of deritrade® MIP and further grow EAM platform in Investment Banking

Additional dividend target to underpin our strong long-term commitment to shareholders

Turning potential into performance, %



¹ Calculated on a 16% total capital ratio base; common ROE target >10%



Private Banking
Investment Banking
Asset Management

Performance creates trust



Appendix

Well balanced, high quality book of business

Assets by client domicile as of 30-06-14, CHF bn	Home market	Focus markets					Other markets	Total
	Switzerland ¹	Germany	Italy	UK	US	Emerging Markets ²		
Total client assets	102.1	8.6	4.9	3.8	24.6	21.9	6.8	172.7
Private Banking	Full presence	Onshore Cross-border	Cross-border	Cross-border	'Onshore' ³	Onshore Cross-border	Cross-border	31.7
Asset Management	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	73.8 ⁴
Investment Banking	FP, EAM, CF, TB Brokerage	FP Brokerage	-	FP Brokerage	EAM Brokerage	FP	Brokerage	67.2

Breakdown:								
▪ AuM	48.0	7.3	4.9	3.8	24.6	17.9	6.3	112.8
▪ Custody	48.2	-	-	-	-	-	0.5	48.7
▪ Structured products	5.9	1.2	-	-	-	-	-	7.1
▪ Other client assets	-	0.1	-	-	-	4.0	-	4.1

¹ Including Liechtenstein

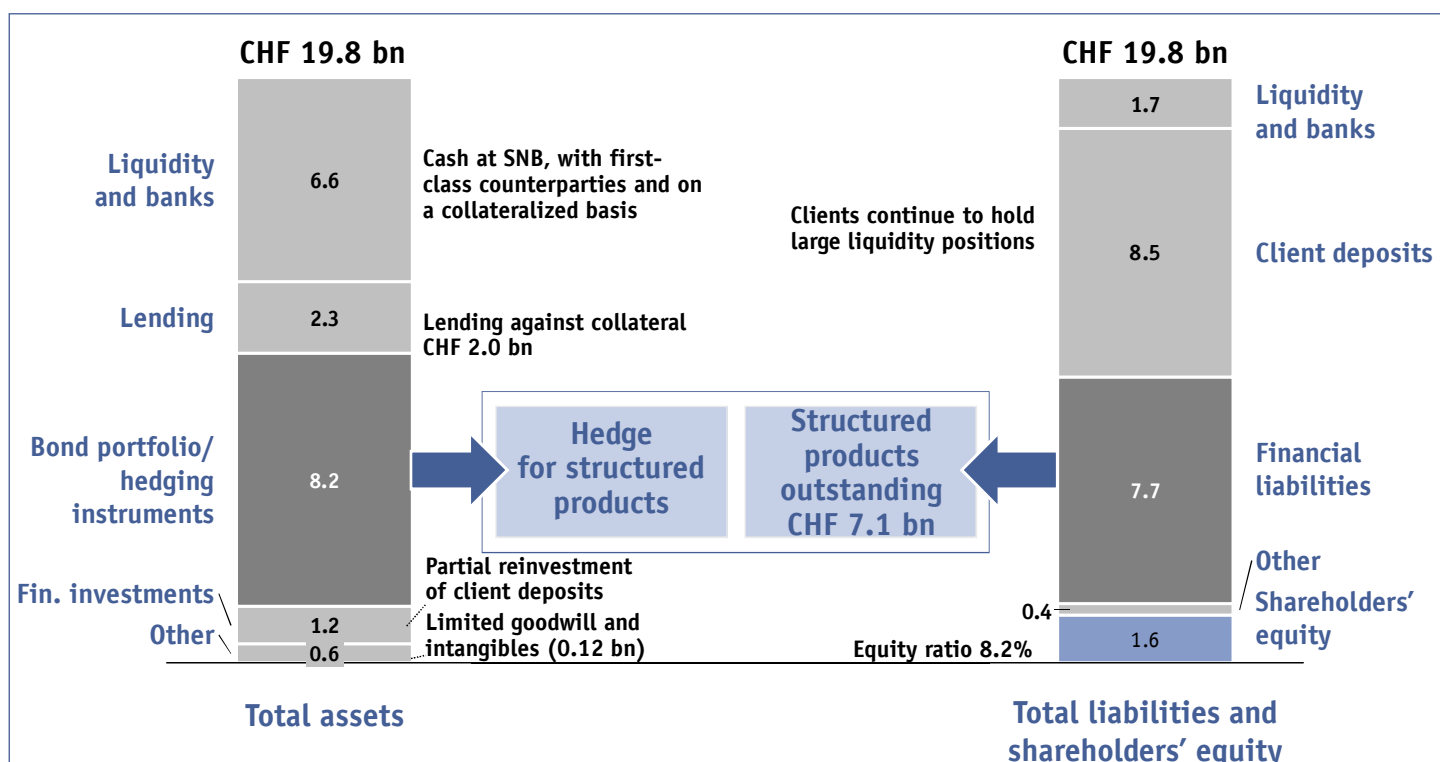
² Asia Pacific, CEE, LATAM and Middle East

³ Vontobel Swiss Wealth Advisors AG (Zurich-based, SEC-registered investment adviser)

⁴ Excluding assets that are managed on behalf of other segments (CHF 2.4 bn)

Conservative, highly liquid balance sheet with low leverage

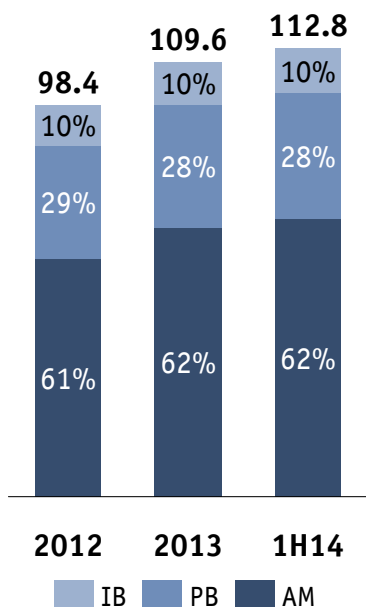
Balance sheet as of 30-06-14



Well-balanced asset base across products and asset classes

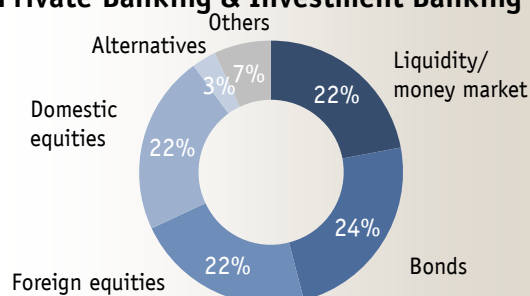
CHF bn, 30-06-14

Group AuM

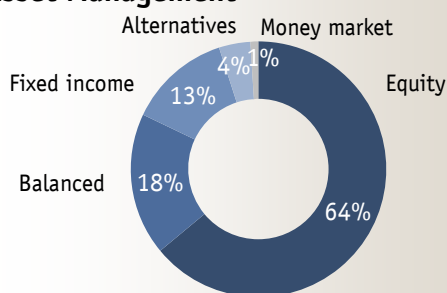


AuM by asset class

Private Banking & Investment Banking



Asset Management

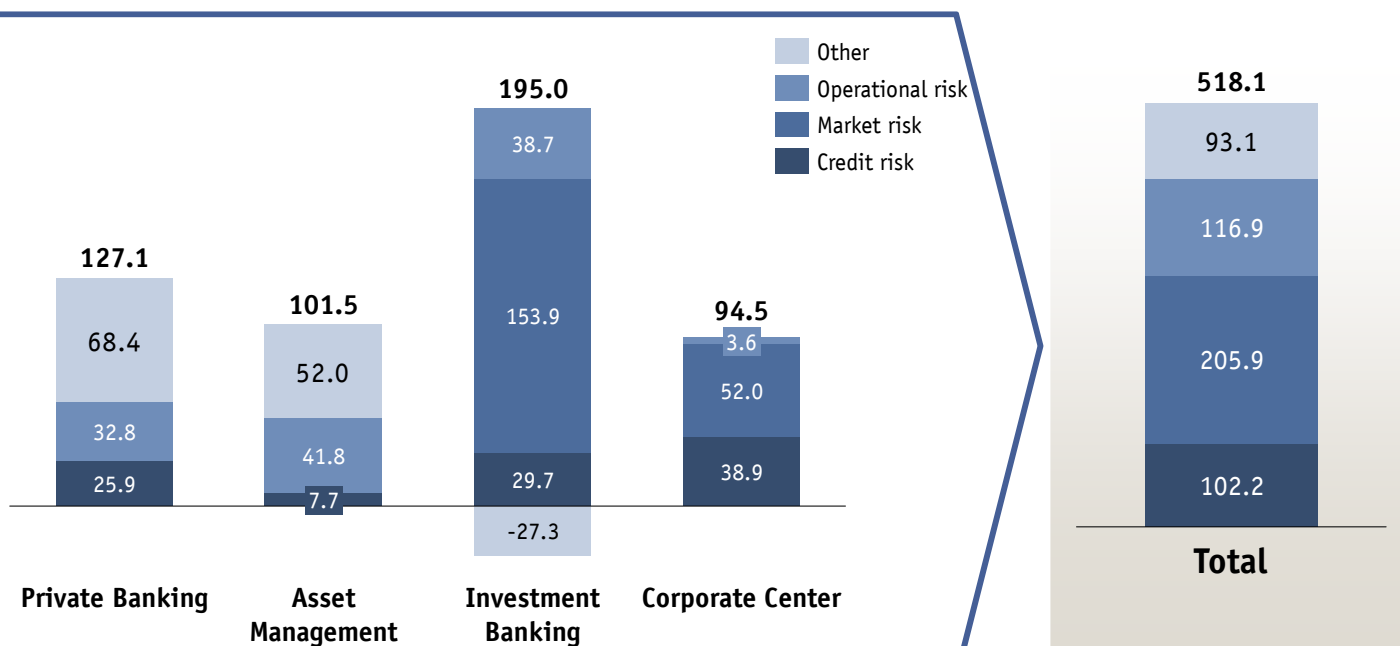


Comments

- Private clients still hold 23% of their assets in cash
- EAM assets grew by account for 64% of AuM in IB
- Asset Management with low proportion of money market funds (~1%)
- Institutional business with decent margin at 51 bps (-1bp)

Low capital requirements for all business units

Allocation of regulatory capital according to BIS standards (as of 30-06-14, CHF m)

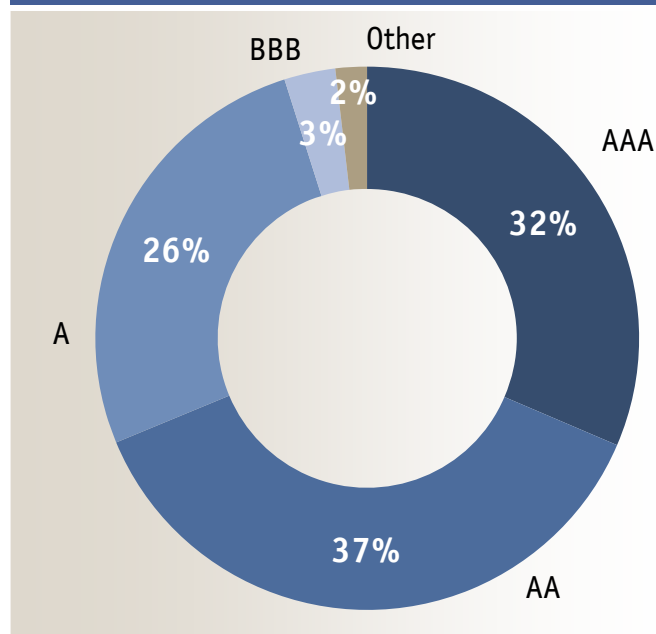


The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, the allocation is based on guidelines analogous to those used for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

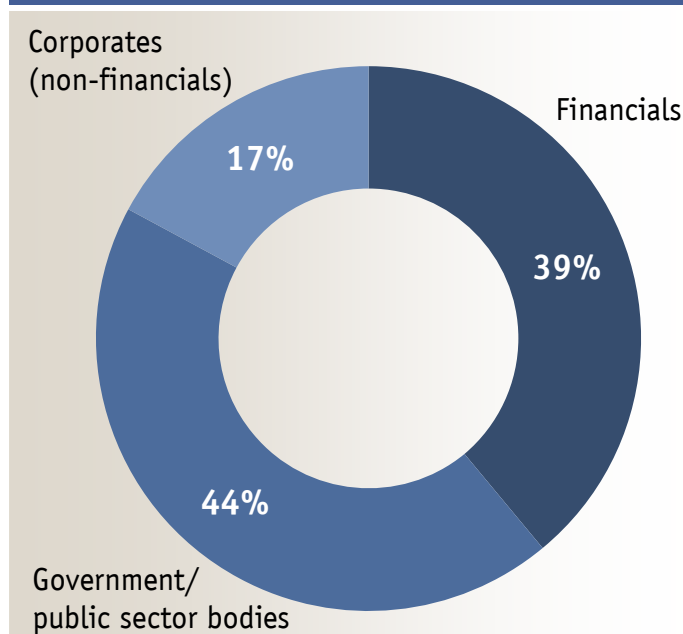
High quality of bond portfolio maintained – 69% of exposure in AAA and AA counterparties

As of 30-06-14

Counterparty exposure by rating



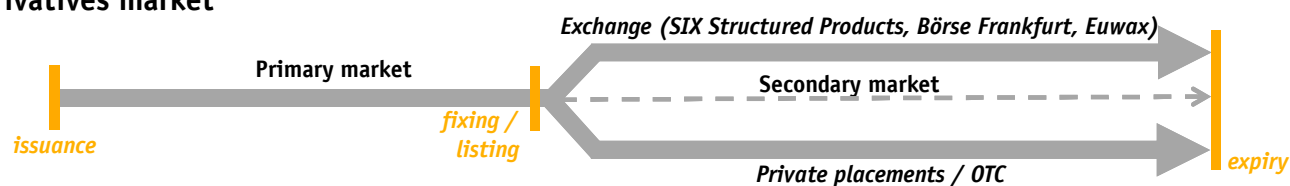
Counterparty exposure by sector



The purpose of the actively managed bond portfolio of CHF 8.8 bn is to hedge structured products (CHF 7.8 bn) and to manage Group capital and liquidity (CHF 1.0 bn)

Investment Banking FP distribution strategy geared towards high-growth areas

Derivatives market

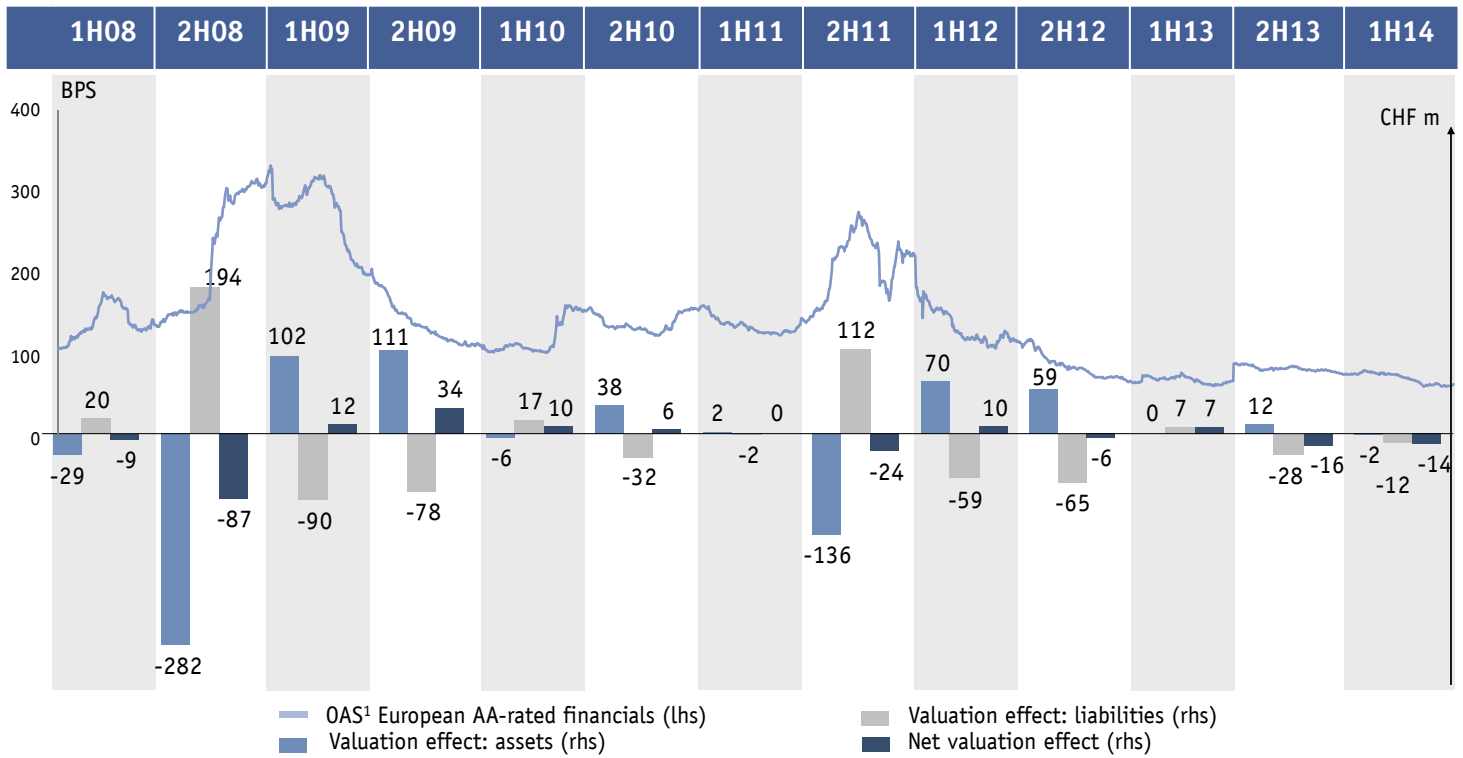


Market description	Vontobel on the exchange market	deritrade® –
Switzerland <ul style="list-style-type: none"> CHF 187 bn outstanding (SNB April 14) > 34,600 listed products 28 competing issuers Ø monthly turnover CHF 2.43 bn Ø trade size CHF 35.9 k 	Switzerland <ul style="list-style-type: none"> Turnover YTD CHF 2.92 bn VT #2 with 20.0% market share (January to June 2014) 12,400 VT products listed Focus on B2B4C clients Ø trade size: CHF 17.9 k 	Leading deritrade® platform: <ul style="list-style-type: none"> Around 4,000 users 2,750 simulations/week 45% of primary market products are created via deritrade®
Germany <ul style="list-style-type: none"> EUR 90.6 bn outstanding (DDV March 2014) > 40 competing issuers > 1,096,000 listed products Ø monthly turnover EUR 3.7 bn Ø trade size EUR 9.0 k 	Germany <ul style="list-style-type: none"> Turnover YTD EUR 1.1 bn VT #8 with 4.7% market share (January to June 2014) 85,700 VT products listed Focus on B2B4C clients Ø trade size: EUR 8.0 k 	In Switzerland increasing importance of non-listed products due to: <ul style="list-style-type: none"> Cost reduction for clients and issuers Consistently high confidence in Vontobel as an issuer more than 30% of unlisted VT trading volume in Switzerland

Figures as of end-June 2014. Data for Germany do not include OTC trading of listed products (estimated to be double exchange trading)
Sources: SIX Structured Products, Börse Frankfurt, Technolab, DDV, SNB

Investment Banking

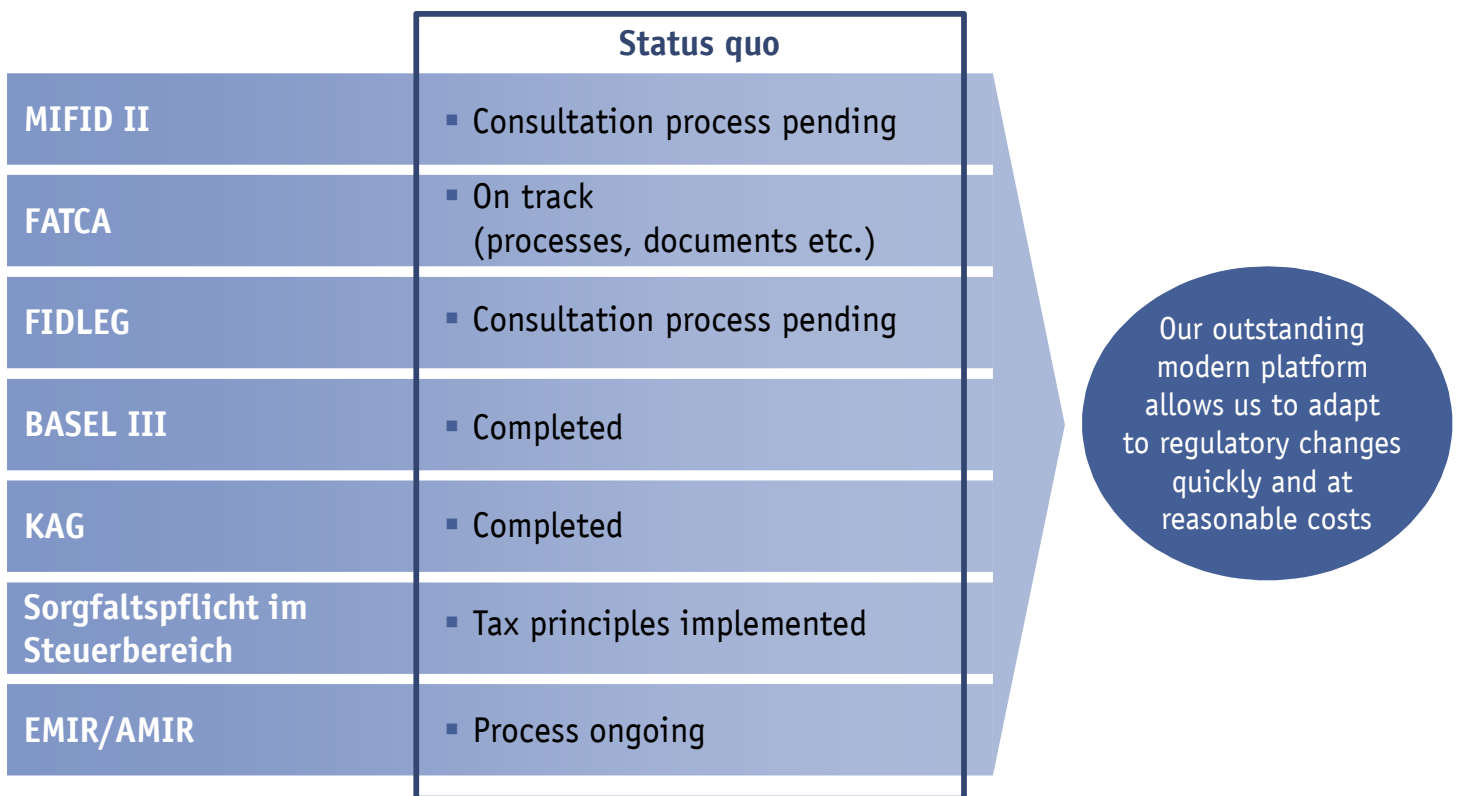
Unfavourable valuation effects of CHF -14 m in 1H14



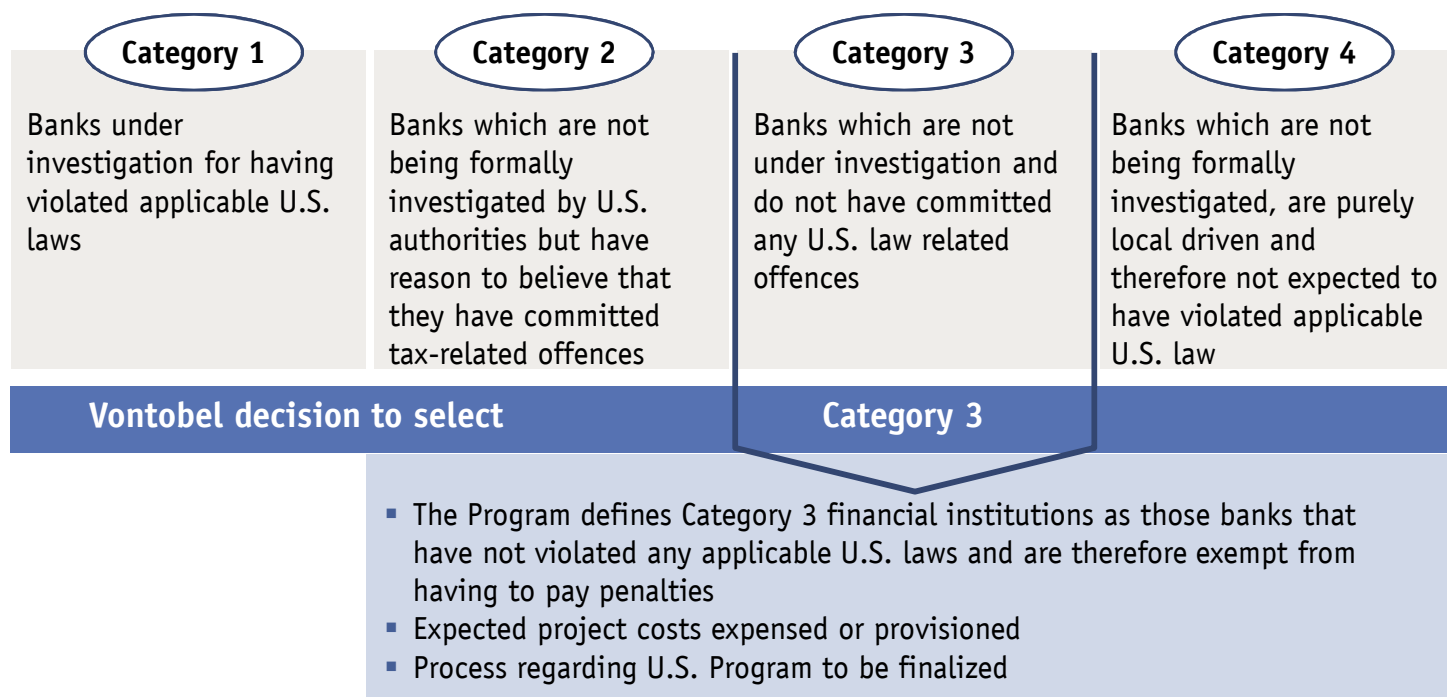
¹ Option-adjusted spreads
Source: Bloomberg

Corporate Center

Ahead of the curve and fully fledged on regulatory issues

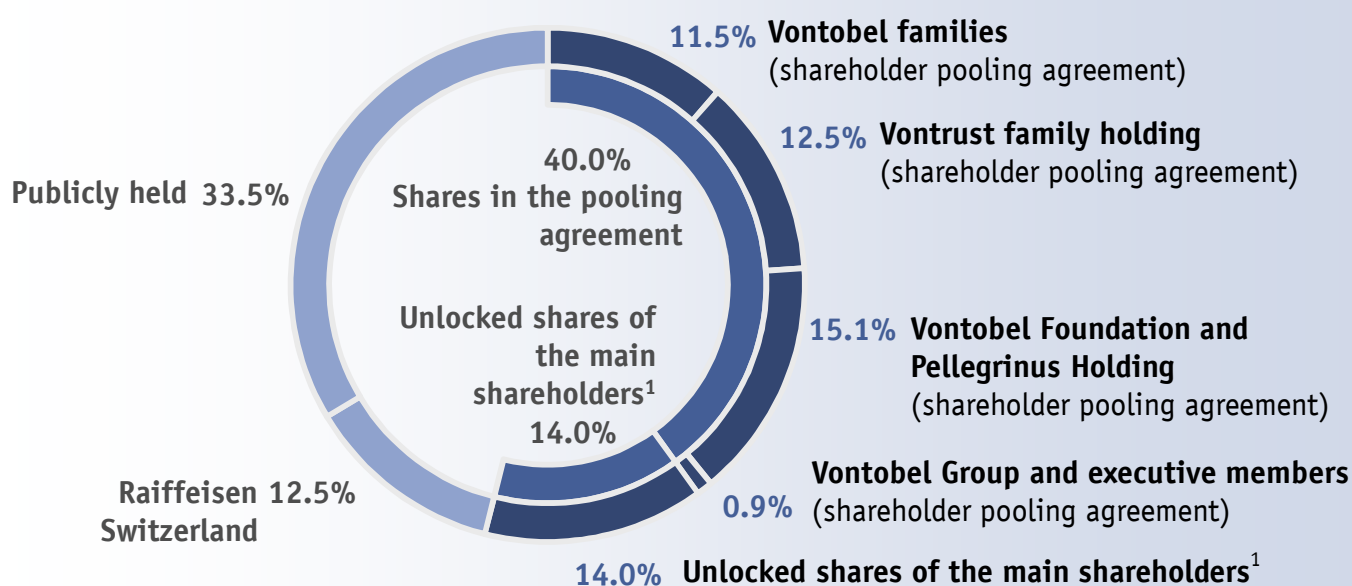


Corporate Center Details on US Program



Strong commitment of the Vontobel family

Shareholder structure as of 30-06-14



¹ Excl. options amounting to 0.1% of shares outstanding

Caution regarding forward-looking statements

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Investments in the securities of emerging market countries may exhibit considerable price volatility and – in addition to the unpredictable social, political and economic environment – may also be subject to general operating and regulatory conditions that differ from the standards commonly found in industrialised countries. The currencies of emerging market countries may exhibit wider fluctuations.

Investments in riskier, higher yielding bonds are generally considered to be more speculative in nature. These bonds carry a higher credit risk and their prices are more volatile than bonds with superior credit ratings. There is also a greater risk of losing the original investment and the associated income payments.

Commodity investments can be very volatile and are prone to sudden swings over the long run. Governments may at times intervene directly in certain commodity markets. These interventions can cause significant swings in the prices of different commodities.

Investments in derivatives are often exposed to the risks associated with the underlying markets or financial instruments, as well as issuer risks. Derivatives tend to carry more risk than direct investments.

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