Annual Report 2015

Vontobel Holding AG

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Ratios

Ratios	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Return on shareholders' equity (ROE) (%)[1]	**12.4**	8.7	7.6	8.3	7.5
Cost[2]/income ratio (%)	**77.0**	80.3	80.8	79.9	80.0
Equity ratio (%)	**8.1**	7.6	8.3	7.4	7.7
Basel III leverage ratio (%)	**5.1**	6.0	n/a	n/a	n/a

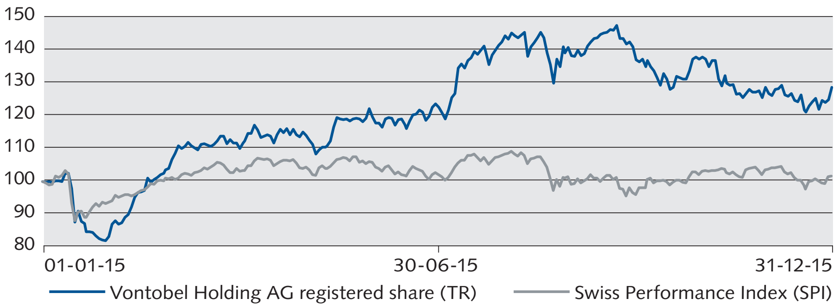
1 Group net profit as a percentage of average equity based on monthly figures, both without minority interests
2 Operating expense, excl. value adjustments, provisions and losses

Share data

Share data	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Basic earnings per share (CHF)[1]	**3.20**	2.24	1.92	1.95	1.78
Diluted earnings per share (CHF)[1]	**3.11**	2.19	1.89	1.92	1.76
Equity per share outstanding at balance sheet date (CHF)	**26.02**	25.65	25.67	24.49	22.84
Dividend per share (CHF)	**1.85**[2]	1.55	1.30	1.20	1.10
Price/book value per share	**1.8**	1.5	1.4	1.2	0.9
Price/earnings per share	**14.8**	16.7	19.3	14.5	11.8
Share price at balance sheet date (CHF)	**47.50**	37.50	36.95	28.20	21.00
High (CHF)	**53.45**	37.50	37.20	28.20	39.90
Low (CHF)	**30.25**	30.10	27.25	17.80	19.90
Market capitalization nominal capital (CHF mn)	**2,701.6**	2,437.5	2,401.8	1,833.0	1,365.0
Market capitalization less treasury shares (CHF mn)	**2,601.7**	2,063.6	2,340.1	1,787.0	1,331.3
Undiluted weighted average number of shares	**55,375,938**	60,042,271	63,726,002	63,693,221	63,800,363

1 Basis: weighted average number of shares
2 As per proposal submitted to the General Meeting

Performance of Vontobel Holding AG registered share (indexed)



Source: Bloomberg

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

BIS capital ratios	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
CET1 capital ratio (%)	**17.9**	21.3	25.5	27.2	23.3
CET1 capital (CHF mn)	**895.1**	1,117.3	1,348.2	1,364.2	1,158.6
Risk weighted positions (CHF mn)	**5,001.9**	5,236.1	5,294.1	5,019.4	4,969.3

At present, Vontobel's equity consists exclusively of Common Equity Tier 1 capital. From 2013, calculations are based on the fully applied Basel III framework.

Risk ratio

Risk ratio	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Average Value at Risk market risk (CHF mn)	**3.0**	5.9	8.0	14.1	23.1

Average Value at Risk 12 months for positions in the Financial Products division of the Investment Banking business unit. Historical simulation Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

Rating

Rating	31-12-15	31-12-14	31-12-13
Moody's Rating Bank Vontobel AG (long-term deposit rating)	**Aa3**	A2	A1

Income statement

Income statement	31-12-15 CHF mn	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn
Total operating income	**988.6**	884.4	849.3	775.0	765.6
Operating expense	**764.7**	711.6	695.9	627.0	618.7
Group net profit	**180.1**	134.5	122.3	124.1	113.8
of which allocated to minority interests	**2.9**	0.0	0.0	0.0	0.1
of which allocated to the shareholders of Vontobel Holding AG	**177.2**	134.5	122.3	124.1	113.7

Segments (pre-tax profit)

Segments (pre-tax profit)	31-12-15 CHF mn	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn
Private Banking	**46.1**	57.1	59.4	38.0	33.6
Asset Management	**138.5**	108.2	103.3	75.5	36.7
Investment Banking	**77.0**	66.1	56.6	69.1	95.1
Corporate Center	**(37.7)**	(58.6)	(65.9)	(34.6)	(18.5)

Balance sheet

Balance sheet	31-12-15 CHF mn	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn
Total assets	**17,604.8**	18,472.8	19,643.2	21,062.3	18,704.9
Shareholders' equity (excl. minority interests)	**1,425.2**	1,411.5	1,626.0	1,552.0	1,448.0
Loans	**2,365.1**	2,116.2	1,839.7	2,478.6	1,370.4
Due to customers	**8,775.8**	8,960.6	9,303.8	8,658.9	7,538.7

Client assets

Client assets	31-12-15 CHF bn	31-12-14 CHF bn	31-12-13 CHF bn	31-12-12 CHF bn	31-12-11 CHF bn
Assets under management	**136.3**	123.8	109.6	98.4	82.2
of which under discretionary management	**93.9**	82.3	70.6	63.8	50.1
of which under non-discretionary management	**42.4**	41.5	39.0	34.6	32.1
Other advised client assets	**6.0**	6.6	-	-	-
Structured products outstanding	**5.5**	6.5	7.0	7.0	7.7
Total advised client assets	**147.8**	136.9	116.6	105.4	89.9
Custody assets	**39.4**	53.8	46.5	44.2	41.7
Total client assets	**187.2**	190.7	163.1	149.6	131.6

Net new money

Net new money	31-12-15 CHF bn	31-12-14 CHF bn	31-12-13 CHF bn	31-12-12 CHF bn	31-12-11 CHF bn
Net new money	**8.0**	6.2	9.1	8.6	8.2

Headcount (full-time equivalents)

Headcount (full-time equivalents)	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Number of employees Switzerland	**1,201.2**	1,135.5	1,097.2	1,117.1	1,137.6
Number of employees abroad	**292.7**	242.1	240.6	266.3	275.8
Total number of employees	**1,493.9**	1,377.6	1,337.8	1,383.4	1,413.4

Dear shareholders and clients

For Vontobel, the start of the year was marked by a sombre event. On 3 January 2016, our Honorary Chairman Dr. iur. Hans Vontobel died at the age of 99. Vontobel's employees are mourning the loss of an exceptional man, with whom they all felt a special bond.

As Chief Executive Officer, Chairman of the Board of Directors and finally as Honorary Chairman of Vontobel, Dr Hans Vontobel had a considerable influence on the company and on Zurich's financial centre. The Board of Directors, the Executive Board and the employees of Vontobel will continue his work and will uphold his values responsibly, resolutely and with great commitment in order to serve the best interests of the company. It is planned that Dr Maja Baumann and Björn Wettergren, who represent the fourth generation of the owner families, will assume responsibility for the company in future as members of the Board of Directors and will support Vontobel's further profitable growth.

Viewed overall, 2015 was an exceptional year that called for a comprehensive, prudent and systematic approach. On 15 January, the Swiss National Bank discontinued the minimum exchange rate for the Swiss franc against the euro. The currency shock was followed by the crisis in Greece, which triggered uncertainty in the markets. Developments in emerging economies subsequently preoccupied the stock markets and China – which had been the main driver of economic growth – continued to lose momentum. The refugee crisis in Europe and fears about the growing terrorist threat were other topics that dominated 2015. The price of oil and other commodities declined again during the year. One factor that remained constant was the low level of interest rates globally, although the US Fed initiated a reversal of this trend at the end of the year with its decision to raise interest rates.

It is important to assume responsibility in this type of challenging environment. As before, Vontobel's first and unwavering responsibility is to our clients and to working to protect and grow their assets, since this wealth is synonymous with security, flexibility and financial provision – and thus also represents a commitment. These are values that have once again grown in importance.

A comprehensive, prudent and systematic approach will be called for once more in the financial year 2016. Vontobel will continue to systematically pursue the direction it is taking. The close ties between the Vontobel and de la Cour families and the company – and their desire to maintain a significant influence over the company in the future in the interests of preserving Vontobel's entrepreneurial freedom – provide us with the necessary framework and stability. One of the key characteristics of Vontobel is that it benefits from the strengths of being a family business while also being able to profit from opportunities in the capital market with its modern and stable governance. The foundations for this approach were already laid in the 1980s under the leadership of Dr Hans Vontobel.

We view the increased trust that our clients place in us as confirmation of our successful positioning as a renowned wealth and asset manager. This is reflected by our growing client business and by our above-average net inflow of new money and is reaffirmed by our strong financial result: Vontobel's net profit increased by 34% to CHF 180.1 million in 2015 compared to its already good performance in 2014 and despite the continued period of low interest rates and the Swiss franc shock. This included a marked increase in profits in Asset Management and Financial Products, while our generally positive result in Wealth Management was impacted by continued investments in the recruitment of additional client advisors as well as by negative interest rates.

We continued to attract pleasing net inflows of new money: they totalled CHF 8.0 billion (2014: CHF 6.2 billion). Including acquisitions, the inflow of client assets was CHF 16.1 billion. Both Wealth Management and Asset Management contributed to the positive growth in new money in 2015. The fact that we were able to successfully continue the trend seen in the first half of the year by generating growth in net new money of 6.5% and that we ranked as one of the strongest growing Swiss financial institutions for the full-year 2015 inspires us with confidence. Despite adverse currency effects of CHF 1.8 billion, advised client assets reached a new record level of CHF 147.8 billion, an increase of 8% compared to the previous year. These good results not only reflect our clients' trust in our advisory and product quality but also a relatively good investment performance – and thus our high level of market expertise – as well as our successful acquisitions.

On a growth path

In future, we will continue to mainly grow our business organically as well as through selective acquisitions. As part of this growth strategy, Vontobel acquired a 60% stake in the rapidly expanding independent fixed income specialist TwentyFour Asset Management in London in spring 2015. TwentyFour Asset Management manages a total of CHF 8.1 billion of assets and its performance has already exceeded expectations.

The acquisition of Finter Bank has enabled Vontobel to increase its proximity to the Italian wealth management market and to Swiss and international private banking clients in Ticino. As a result of the acquisition of Finter Bank, which will already be profitable in 2016, Vontobel acquired around CHF 1.6 billion of advised client assets.

We will continue to be guided by our acquisition criteria going forward: We will invest exclusively in our focus markets and in our Swiss home market as part of our growth strategies. In addition to strategic rationale and price, the quality of the business, its cultural compatibility with Vontobel and finally the ability to successfully integrate it are key criteria.

As in the past, we will drive the organic growth of our business based on our expertise, innovative strength, individual service and reliable execution. In Wealth Management, the very pleasing development in our Swiss home market was one of the main contributors to our organic growth. Our ever stronger fixed income activities within Asset Management as well as the strong performance of our Quality Growth products also had a positive impact. Following its successful entry into the Swedish market at the start of 2015, our Financial Products business continued its pan-European expansion in the area of structured products with its market debut in Finland during the same year. We once again received numerous awards in recognition of our services and products.

We demonstrated our innovative strength with the further development of our deritrade® MIP open platform for structured products, which is setting a new industry standard, and with the development of deritrade® SmartGuide, the world's first decision-making tool for investments in structured products based on smart and crowd data. In mid-2015, TwentyFour Asset Management successfully launched an attractive investment product, UK Mortgages Limited. In addition, an independent Swiss study stated that with the new wealth management app we launched in 2015, Vontobel offers private banking clients and external asset managers one of the best mobile banking solutions in Switzerland.

Return on equity for 2015 exceeds mid-term target – increased dividend

Vontobel generated a return on equity of 12.4% in the financial year 2015, thus exceeding its 10% target by 2.4 percentage points. The BIS common equity tier 1 ratio (CET1 ratio) remained very solid at 17.9% following the 12.5% reduction of registered shares that was legally completed in September 2015. Vontobel thus continued to substantially exceed the regulatory minimum requirement in 2015. Based on this renewed improvement in the result in 2015, the Board of Directors will propose a 19% increase in the dividend to CHF 1.85 per share.

Outlook for 2016 – well-positioned and confident

In Private Banking, we want to support the continued growth of our business – particularly by focusing even more intensively on our clients and by further expanding our teams of client advisors. We will also make additional investments in our advisory and investment processes, including in technology and in digitalization in general. For example, we plan to add more functionalities to our wealth management app for private banking clients and external asset managers. Vontobel Asset Management will continue to diversify its business through its boutiques, with a particular emphasis on the further expansion of its fixed income boutique.

The Financial Products business will continue its international growth strategy, with deritrade® MIP also being offered to Vontobel clients in the Asia Pacific region. In addition, we will continue to expand our technology leadership with the further development of deritrade® MIP and deritrade® SmartGuide.

Vontobel is well positioned to achieve further growth and we remain confident about the outlook for 2016. We know that we can count on our strong team of employees, to whom we owe our considerable thanks. They are highly committed to serving our clients and thus make a vital contribution towards ensuring that we can deliver on our ambitious goals – both now and in the future. We also wish to thank our shareholders and clients whose trust in Vontobel forms the foundation for our shared success.

Herbert J. Scheidt
Chairman of the Board of Directors

Dr Zeno Staub
Chief Executive Officer

Positioning of Vontobel

Vontobel's mission is to protect and build the wealth our clients have entrusted to us over the long term. Specialising in active asset management and tailor-made investment solutions, we provide responsible and forward-looking advice. In doing so, we are committed to Swiss quality and performance standards. With their good name, our owner family has stood by these principles for generations. These three core capabilities distinguish us at Vontobel:

Protect and build wealth
Over the long term, we are committed to protecting and building the wealth our clients have entrusted to us. In doing so, we provide our clients with responsible and forward-looking advice, transcending generations.

Manage assets actively
As active asset managers, we create financial value-added for our clients. To accomplish this, we elaborate first-class solutions for optimising returns and managing risk.

Deliver tailor-made investment solutions
We implement tailor-made investment solutions for our clients. Our forward-looking research, as well as our competence in developing products and processes, assure our clients that we are the right partner.

Around 1,500 Vontobel employees worldwide manage the assets entrusted to us by clients, carefully monitor the financial markets and interpret global macroeconomic developments. Whether they are in the heart of Zurich, New York, Hong Kong or Frankfurt – employees in 23 international locations identify and analyze trends and subsequently create innovative investment strategies and products.

Vontobel was first established in Zurich in 1924. The registered shares of Vontobel Holding AG are listed on the SIX Swiss Exchange. Our solid capital position and stable shareholder structure – reflecting the entrepreneurial, long-term view of our major shareholders – provide our company with strong and secure foundations. The Vontobel families hold the majority of the company's votes and capital.

Key messages in our Mission Statement

Our benefits for clients, employees and shareholders

- Our integrated business model, with its three core competencies Private Banking, Asset Management and Investment Banking, allows us to combine know-how and resources in the best interests of our clients and cooperation partners.
- We are an attractive and fair employer.
- As a long-term-oriented company we aim to offer our shareholders sustainable growth of the company's value.
- We strongly support social and cultural causes.
- We measure our success on the basis of mutually agreed benchmarks and report regularly on our performance.

Our ambition
- We offer outstanding service quality.
- We are both objective-oriented and flexible in our work.
- We are experts in the development of tailored solutions.
- We communicate openly and transparently.
- We are the bank with short decision paths.

Trust is at the core of our business
- We know that our success and the loyalty of our clients and cooperation partners depend on the trust placed in us on a daily basis. And we know just what a precious and fragile gift this is. Which is why we are so careful with it.
- We are a solid, independent partner.
- We have integrity.
- We are discrete and respect other privacy.
- We are transparent.

Our principles
Our solid reputation and the confidence accorded us are built upon a daily balance between the quest for profit, the willingness to take risks and the principles of responsible management. Our medium-term bank strategy is the embodiment of this mission statement. It determines our operational aims, the measures taken to achieve them and the responsibilities set out.

Brand strategy

The Vontobel brand
A good corporate name is today more important than ever before in determining the success of a company. Banks are therefore investing increasingly in their brands, which serve as a valuable guide for clients when selecting a financial partner.

Our corporate identity is a decisive factor in achieving a uniform corporate image and presence both internally and externally. Within our company, the Vontobel brand provides us with a clear sense of identity. Our brand is conveyed externally through the systematic application of our corporate design, which guarantees a consistent overall presence in our communication with the market. Vontobel employees have a key role to play in this context by acting as the primary ambassadors for our brand in their contact with clients and business partners. Their conduct and performance are key in determining the way Vontobel is perceived in the public arena. Our claim "Performance creates trust" is a powerful and unique expression of our brand promise.

Award-winning businesses

In 2015, we once again received a number of industry awards. They underscore our expertise across different businesses, which enables us to generate sustained value for our clients.

In the private banking rating 2015, we were named "Best Private Bank" in Switzerland by the Swiss business magazine "Bilanz" for the second consecutive year.

The fund rating company Morningstar named Vontobel Asset Management the best provider in Germany, Italy, Austria, Spain, Luxembourg and Finland in the category "Best EUR Corporate Bond Fund".

Vontobel Asset Management's UK-based fixed income boutique TwentyFour was named "Specialist Fixed Income Group of the Year" by Investment Week.

At the Swiss Derivative Awards 2015, Vontobel received the awards for "Best Commodity Product" and "Best Market Maker Leverage Products", as well as ranking first in the category "Top Service" for the fifth time in succession.

In the Extel Survey 2015, Vontobel's Brokerage team took first place across all categories.

Vontobel masters challenges effectively – significant growth in profit

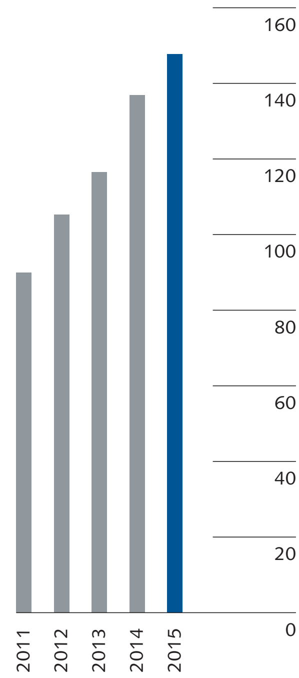
2015 will be remembered as a turbulent year – beginning with the Swiss National Bank's decision to discontinue the minimum exchange rate of CHF 1.20 per euro in mid-January and followed by the renewed escalation of the crisis in Greece, which severely tested EU solidarity for a time. In the second half of the year, political and economic developments were dominated by the massive inflows of refugees from the Middle East into Western Europe and by terrorist attacks. The US continued to achieve solid economic growth during the year. At the same time, the EU saw an improvement in economic conditions that was driven, in particular, by the European Central Bank's vast bond buying programme – resulting in a significant weakening of the euro and a further reduction in interest rates. The Swiss economy absorbed the effects of the currency shock and the introduction of negative interest rates on bank sight deposits relatively well at first. Meanwhile, sentiment in Asia was clouded by worsening economic data from China from late summer onwards. This led to a strong depreciation of currencies and to losses in equity markets in the region, as well as to a massive drop in commodity prices – particularly the price of oil.

In mid-December, the robust state of the US economy prompted the US Federal Reserve to announce the first moderate rise in interest rates for almost a decade, leading to a growing divergence of interest rates. While the yields on 10-year US Treasuries only briefly fell below 2% during the year, yields on German and Japanese 10 year government bonds remained below 1% throughout 2015 and the yields on Swiss government bonds of the same maturity even moved slightly into negative territory. The equity markets – especially the Chinese market – were volatile, and the liquidity-induced surges in equity prices seen in prior years came to an end in many places. The overall performance of leading share indexes in Germany, Japan and France was positive. The US Dow Jones index and the Swiss SMI closed at just below the previous year's level.

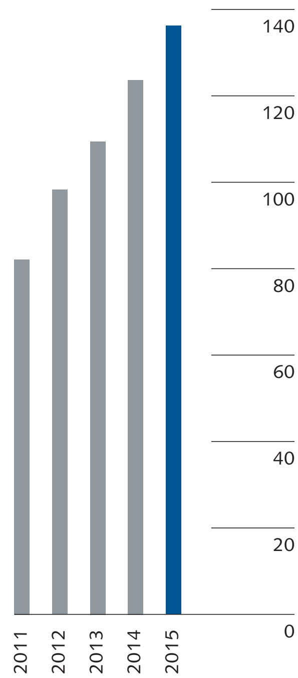
Organic expansion and acquisitions in Wealth & Asset Management as drivers of growth

Against this backdrop, Vontobel achieved a pleasing increase in net profit, which grew by 34% to CHF 180.1 million in the financial year 2015. Earnings per share rose by 43% – a disproportionately large increase compared to the previous year due to the 8% decrease in the average number of outstanding shares following the capital reduction. The return on equity grew by 3.7 percentage points to 12.4%. This is all the more impressive given the extremely low interest rate environment and the marked appreciation of the Swiss franc against the euro. Both of these developments pose particular challenges for Vontobel as a globally oriented company with a large cost base in its Swiss home market. Our focus on our own strengths – providing responsible advice, managing assets actively and delivering tailor-made investment solutions for clients – proved effective once again. As a result, our clients entrusted us with CHF 8.0 billion of net new money in the year under review. The acquisition of a majority stake in the UK boutique TwentyFour Asset Management and the acquisition of Finter Bank in Zurich and Lugano led to an additional CHF 8.1 billion of assets. Advised client assets subsequently reached a record CHF 147.8 billion, an increase of 8% compared to the end of 2014.

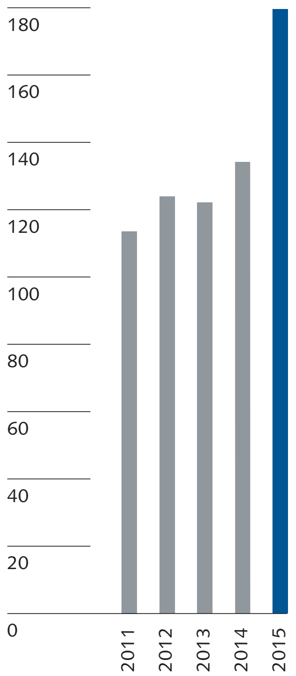
Advised client assets (CHF bn)



Assets under management (CHF bn)



Group net profit (CHF mn)



Vontobel has maintained its very comfortable equity position. Its BIS common equity tier 1 ratio (CET1 ratio) remained very solid at 17.9% at the end of 2015, substantially exceeding the regulatory minimum requirement of 12%. The Board of Directors' confidence in Vontobel's existing strategy and Vontobel's active capital management are demonstrated by the proposed dividend of CHF 1.85 per share, compared to CHF 1.55 per share in the previous year. This represents a generous payout ratio of 58%.

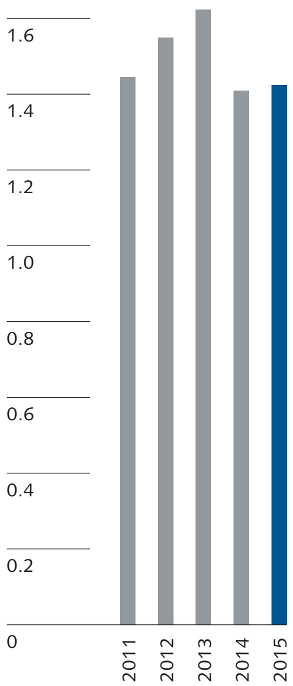
Advised client assets reach a record level

At CHF 187.2 billion, total client assets were almost in line with the previous year (–2%). Total advised client assets – which consist of assets under management, other advised client assets and structured products – grew by 8% to CHF 147.8 billion. The volume of total advised client assets is an important indicator for Vontobel in view of the significant value generated by these assets; Vontobel provides advisory services and/or has portfolio management agreements in place for these assets. Other advised client assets mainly comprise assets acquired in the context of the cooperation with the Australian banking group ANZ; Vontobel provides advice on asset allocation to ANZ in respect of these assets. The CHF 0.6 billion decline in other advised client assets is also attributable to changes in exchange rates, i.e. the weakening of the Australian dollar and the New Zealand dollar against the Swiss franc. Meanwhile, the decrease in the volume of structured products outstanding reflects the increasing switch in trading activities towards leverage products, which are not included in this item. There was also a reduction in low-return custody assets.

Client assets	**31-12-15 CHF bn**	31-12-14 CHF bn
Assets under management	**136.3**	123.8
Other advised client assets	**6.0**	6.6
Structured products outstanding	**5.5**	6.5
Total advised client assets	**147.8**	136.9
Custody assets	**39.4**	53.8
Total client assets	**187.2**	190.7

Assets under management grew by 10% to CHF 136.3 billion in the year under review due to a pleasing net inflow of new money of CHF 8.0 billion and the first-time consolidation of assets from TwentyFour Asset Management and Finter Bank totalling CHF 7.9 billion, and despite the negative overall impacts of market developments (CHF –1.6 billion) and currency effects (CHF –1.8 billion).

Shareholders' equity (CHF bn)



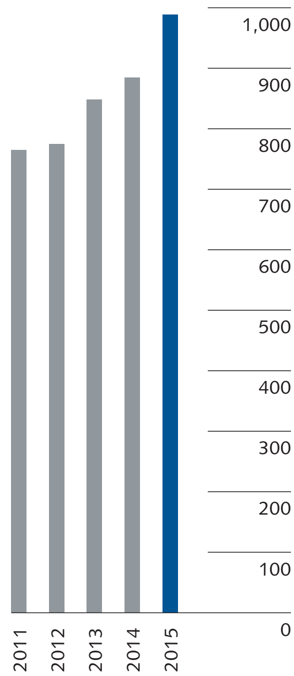
Development of assets under management

	31-12-15 CHF bn	31-12-14 CHF bn
Private clients	**41.6**	38.9
Private Banking	**34.2**	31.9
External asset managers	**7.4**	7.0
Corporate Center	**0.0**	0.0
Institutional clients	**94.7**	84.9
Asset Management/mandates	**60.1**	53.4
Asset Management/investment funds	**35.6**	29.6
Investment Banking	**2.7**	4.7
Corporate Center[1]	**(3.7)**	(2.8)
Total assets under management	**136.3**	123.8

1 Assets under management that are managed on behalf of other segments.

At the end of 2015, CHF 41.6 billion of assets were entrusted to Vontobel by private clients (+7% compared to the end of the previous year). Institutional clients accounted for CHF 94.7 billion of assets under management, an increase of 12% compared to the end of 2014.

Net operating income (CHF mn)

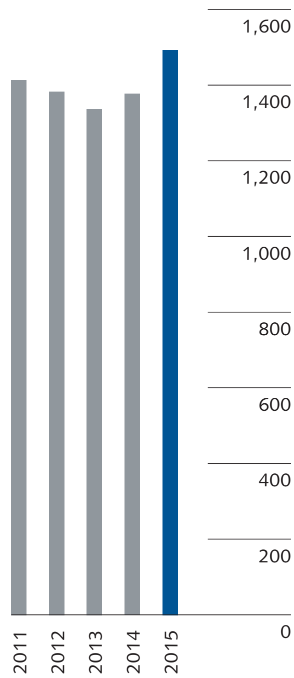


Broad-based growth in new money of 6.5%

Our consistent focus on performance as well as our continued investments in growth and in an efficient sales organization at a global and product-oriented level are bearing fruit. In the financial year 2015, they were reflected by the above-average growth in new money of 6.5%. During the period under review, Vontobel attracted substantial net inflows of managed assets of CHF 8.0 billion on an organic basis, driven by contributions from both Wealth Management and Asset Management.

Building on existing activities, Wealth Management acquired CHF 1.7 billion of net new money. This corresponds to growth in net new money of 4.4%, which is at the upper end of our 3–5% target range. The net inflow of new money in Private Banking totalled CHF 1.3 billion – corresponding to growth in net new money of 4.1% – and was mainly attributable to inflows from Vontobel's Swiss home market, Germany, Emerging Markets and the business with US private clients. The business with External Asset Manager (EAM) achieved growth in net new money of 5.7%. A total of CHF 0.4 billion of net new money was acquired by this business. Asset Management also generated a strong net inflow of new money of CHF 7.9 billion, corresponding to growth in net new money of 9.4% – an impressive growth rate relative to its competitors. The net inflow of new money was broad based, reflecting the successful diversification of the asset and income base in recent years. At CHF 3.8 billion, the largest proportion of assets originated from the fixed income asset class. Furthermore, the equity strategies that are managed from New York once again made a strong contribution to net new money.

Headcount (full time equivalents)



Development of net new money	31-12-15 CHF bn	31-12-14 CHF bn
Private clients	**1.7**	1.4
Private Banking	**1.3**	1.1
External asset managers	**0.4**	0.3
Corporate Center	**0.0**	0.0
Institutional clients	**6.3**	4.8
Asset Management/mandates	**3.9**	1.8
Asset Management/investment funds	**4.0**	2.8
Investment Banking	**(1.2)**	0.2
Corporate Center[1]	**(0.4)**	0.0
Total net new money	**8.0**	6.2

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

The structure of assets by investment category also demonstrates the systematic diversification of the boutiques in Asset Management. As a result, the proportion of fixed income securities increased by five percentage points during the year under review, while the weighting of foreign equities declined slightly due to currency effects, among other factors. The proportion of liquid assets and fiduciary investments was almost unchanged at 11% of the Group's assets under management.

Assets under management by investment category	31-12-15 in %	31-12-14 in %
Swiss equities	**12**	13
Foreign equities	**45**	48
Bonds	**26**	21
Alternative investments	**3**	3
Liquid assets, fiduciary investments	**11**	12
Other[1]	**3**	3

1 Including structured products

Our investment expertise is geared towards our international client base – as reflected by our broadly diversified allocation of assets under management in terms of currencies. In the year under review, the proportion of investments in euros and British pounds increased; the latter was attributable to the acquisition of a majority stake in the London-based boutique TwentyFour Asset Management. In contrast, the proportion of investments in Swiss francs and in other currencies (particularly the Indian rupee and the Hong Kong dollar) decreased slightly.

Assets under management by currency	31-12-15 in %	31-12-14 in %
CHF	**23**	26
EUR	**19**	16
USD	**26**	27
GBP	**8**	4
Other	**24**	27

Enhanced operating efficiency and profitability

Vontobel has successfully transformed itself in recent years from a financial institution that focused predominantly on the Swiss market into an established and globally active wealth and asset manager. This is demonstrated not only by our international client base and the balanced structure of assets under management in terms of currencies but also by the significant contribution from fee and commission income, which accounted for 71% of operating income of CHF 988.6 million in the year under review (+12% compared to 2014).

In the financial year 2015, net commission income exceeded CHF 700 million (+12%) for the first time in Vontobel's more than 90-year history. This included a 17% rise in advisory and management fees to CHF 579.8 million – a disproportionately large increase compared to the growth in managed client assets, which rose by an annual average of 14%. Custody fees rose by 8% to CHF 149.6 million. The wait-and-see approach that many investors continued to adopt was reflected by the development of brokerage fees – also part of net commission income – which grew by only 2% to CHF 123.6 million.

The 7% rise in trading income to CHF 221.4 million was due to a further improvement in Vontobel's market positioning in Switzerland and in international markets, as well as to increased stock market activity. Vontobel's trading income mainly comprises income from the issuing, hedging and market making of structured products and warrants – represented by the total of "Securities" and "Other financial instruments at fair value". In the year under review, these activities contributed CHF 186.2 million (+10%) to trading income. However, there was a slight decline (–3%) in income from forex and precious metals trading to CHF 35.2 million.

It is particularly challenging to manage the bank's balance sheet and maintain a conservative risk profile in the current environment of extremely low or negative interest rates. As a result of active and systematic treasury activities, increased lending to clients as well as higher dividend income, net interest income increased by 33% to CHF 67.1 million. This item also includes a net charge of CHF 3.0 million for negative interest on certain sight deposits that was paid to the Swiss National Bank. In contrast, Vontobel received a one-off special dividend from its participation in the SIX Swiss Exchange in the amount of CHF 6.7 million.

Structure of the income statement	31-12-15 CHF mn	31-12-15 in % [1]	31-12-14 CHF mn	31-12-14 in % [1]
Net interest income	**67.1**	**7**	50.6	6
Fee and commission income	**701.1**	**71**	628.3	71
Trading income	**221.4**	**22**	206.2	23
Other income	**(1.0)**	**0**	(0.7)	0
Total operating income	**988.6**	**100**	884.4	100
Personnel expense	**528.4**	**53**	484.0	55
General expense	**167.1**	**17**	164.0	19
Depreciation, amortization	**66.1**	**7**	61.9	7
Valuation adjustments, provisions and losses	**3.1**	**0**	1.7	0
Operating expense	**764.7**	**77**	711.6	81
Taxes	**43.8**	**5**	38.3	4
Group net profit	**180.1**	**18**	134.5	15

1 Share of operating income

Operating expense rose by 7% to CHF 764.7 million – a disproportionately small increase compared to the growth in operating income. Personnel expense, the largest cost component, rose by 9% to CHF 528.4 million – primarily due to the 8% growth in headcount to 1,494 full-time equivalents as well as higher performance-related compensation and pension benefits. The additional 116 full-time equivalents are mainly the result of the first-time consolidation of employees from TwentyFour Asset Management and Finter Bank. General expense rose by only 2% to CHF 167.1 million. Operating expense includes one-off expenses of CHF 5.2 million related to the integration of Finter Bank. Depreciation was 7% higher than in the previous year at CHF 66.1 million, mainly reflecting the increase in the depreciation of intangible assets due to acquisitions.

Capital expenditure and depreciation of property, equipment and intangible assets	31-12-15 CHF mn	31-12-14 CHF mn
Capital expenditure	**35.3**	46.5
Depreciation	**66.1**	61.9

The broadening of the income base combined with rigorous cost management resulted in a significant increase in operating efficiency in 2015, which was reflected by an improvement of 3.3 percentage points in the cost/income ratio to 77.0%. Pre-tax profit grew by 30% to CHF 223.9 million. The tax charge increased by 14% to CHF 43.8 million, resulting in a temporarily lower tax rate of 19.6% compared to 22.2% in the previous year. Net profit after taxes rose by 34% to CHF 180.1 million. As a result of the 8% decrease in the average number of outstanding shares, earnings per share rose even more sharply (+43%) to CHF 3.20.

As a wealth and asset manager with an international client structure and strong roots in its Swiss home market, Vontobel is systemically affected by the strong Swiss franc, like companies in the Swiss export industry. In 2015, Vontobel generated 41% of its income and incurred 69% of operating expense in Swiss francs. The US dollar represented its second most important currency, accounting for 36% of income and 22% of operating expense. This was followed by the euro, with 13% of income and 6% of costs.

Structure of income statement by currency	**31-12-15 in %**	31-12-14 in %
Operating income		
CHF	**41**	43
EUR	**13**	14
USD	**36**	35
GBP	**4**	2
Other	**6**	6
Operating expense		
CHF	**69**	70
EUR	**6**	7
USD	**22**	20
GBP	**2**	1
Other	**1**	2

Asset Management and Investment Banking achieve strong improvement in results – Private Banking faces challenges

Private Banking is the division within Vontobel that is most severely affected by the strong Swiss franc and negative interest rates. Despite these impacts, Private Banking resolutely pursued its efforts to expand its activities through both the targeted recruitment of additional client advisors and the acquisition of Finter Bank. When a wealth manager invests in organic growth, it usually takes some time for these investments to translate into an increase in client assets and higher income. Private Banking was nevertheless able to generate almost the same level of income as in the previous year. As a result of increased investments in the business as part of its expansion, however, the division saw profits decline to CHF 46.1 million.

Asset Management continued on its growth path thanks to the successful diversification of its asset and income base, an impressive performance in key products and its efficient sales structure. Pre-tax profit grew by a further 28% to a new record level of CHF 138.5 million.

The Financial Products business in Investment Banking has demonstrated a high level of innovation and maintained a close proximity to clients for many years, successfully establishing itself as one of the leading providers of structured products and derivatives in Europe. A substantial improvement in results was recorded in 2015. The business contributed 24% of Vontobel's pre-tax profit (excluding the Corporate Center).

Wealth & Asset Management (Private Banking, Asset Management and the EAM business) accounted for 76% of the business units' pre-tax profit. The large proportion of income contributed by these businesses reflects Vontobel's clear positioning as a wealth and asset manager.

The result for the Corporate Center improved significantly as a result of active treasury management combined with the continuation of Vontobel's conservative risk profile and higher dividend income from participations.

Pre-tax profit by segment	**31-12-15 CHF mn**	31-12-14 CHF mn
Private Banking	**46.1**	57.1
Asset Management	**138.5**	108.2
Investment Banking	**77.0**	66.1
of which External Asset Managers business	**14.8**	17.3
Corporate Center	**(37.7)**	(58.6)
Total	**223.9**	172.8

Conservative risk management

Vontobel 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 business, which decreased from CHF 5.9 million in the financial year 2014 to CHF 3.0 million in the year under review. Value at Risk is still influenced most significantly by the interest rate component, which mainly reflects credit spread risks in the bond portfolio.

Value at Risk (VaR) for the positions of Financial Products

Average 12 months ending	**31-12-15 CHF mn**	31-12-14 CHF mn
Equities	**2.0**	3.1
Interest rates	**2.1**	4.3
Currencies	**0.8**	1.0
Commodities	**0.4**	0.3
Diversification effect	**(2.3)**	(2.8)
Total	**3.0**	**5.9**

Average Value at Risk 12 months for positions in the Financial Products division of the Investment Banking business unit. Historical simulation Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period.

Continued comfortable capital position

Vontobel has maintained its comfortable equity position, including after the 12.5% reduction of share capital completed on 4 September 2015 as well as the acquisition of the majority stake in the UK boutique TwentyFour Asset Management and the acquisition of Finter Bank. At the end of 2015, the BIS common equity tier 1 ratio (CET1 ratio) remained high by industry standards at 17.9%, substantially exceeding the regulatory minimum requirement.

Consolidated shareholders' equity was CHF 1.43 billion, a slight increase compared to 31 December 2014. Vontobel's very solid capital position is also reflected by its equity ratio of 8.1% and its leverage ratio under Basel III of 5.1%. In addition, Vontobel's balance sheet should be viewed as highly liquid, since its Liquidity Coverage Ratio averages 221% and thus significantly exceeds the minimum requirement of 60% defined by FINMA for 2015.

Total assets declined by 5% to CHF 17.6 billion in the year under review. On the liabilities side of the balance sheet, client deposits decreased again slightly from CHF 9.0 billion to CHF 8.8 billion. There was also a reduction in liabilities arising from the structured products business, which decreased from CHF 6.5 billion to CHF 5.5 billion. On the assets side of the balance sheet, the main change was an increase in cash of CHF 2.1 billion to CHF 5.4 billion. In contrast, other financial liabilities at fair value declined by CHF 3.8 billion to CHF 2.4 billion as a result of reallocations. Customer loans rose by almost CHF 250 million to CHF 2.4 billion.

Of the total regulatory capital of CHF 618.3 million required under BIS rules (31-12-14: CHF 512.6 million), 31% was allocated to Asset Management, 29% to Investment Banking and 24% to Private Banking.

Allocation of regulatory capital required (BIS) as of 31 December 2015

	Credit risks CHF mn	Market risks CHF mn	Operational risks CHF mn	Goodwill etc. CHF mn	**Total CHF mn**
Private Banking	23.6	0.0	34.0	88.1	**145.7**
Asset Management	7.6	0.0	55.0	131.7	**194.3**
Investment Banking	23.3	119.3	36.9	(1.7)	**177.8**
of which External Asset Managers business	9.1	0.0	3.7	0.0	**12.8**
Corporate Center	36.2	59.8	4.5	0.0	**100.5**
Total	**90.7**	**179.1**	**130.4**	**218.1**	**618.3**

Proportion of client assets from Swiss home market and international focus markets of 96%

At the end of 2015, just over half of client assets comprised the assets of clients domiciled in Switzerland, underscoring the high level of confidence that clients in our home market have in our expertise and financial solidity. At the same time, we succeeded in expanding our asset base in international markets. In the year under review, the proportion of client assets from our UK focus market increased significantly following the acquisition of the fixed income boutique TwentyFour Asset Management. Of the CHF 12.5 billion of assets from the UK market, TwentyFour Asset Management accounted for CHF 8.1 billion.

Client assets by client domicile as of 31 December 2015

	Assets under manage-ment CHF bn	Other advised client assets CHF bn	Structured products out-standing CHF bn	**Total advised client assets CHF bn**	Custody assets CHF bn	**Total client assets CHF bn**
Home market						
Switzerland[1]	52.0	0.3	4.3	56.6	38.9	**95.5**
Focus markets						
Germany	7.7	0.0	1.2	8.9	0.0	**8.9**
Italy	7.3	0.0	0.0	7.3	0.0	**7.3**
UK	12.5	0.0	0.0	12.5	0.0	**12.5**
US	28.5	0.0	0.0	28.5	0.0	**28.5**
Emerging Markets[2]	20.5	5.6	0.0	26.1	0.0	**26.1**
Other markets	7.8	0.1	0.0	7.9	0.5	**8.4**
Total client assets	**136.3**	**6.0**	**5.5**	**147.8**	**39.4**	**187.2**

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

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.

Mid-term targets 2017 remain unchanged

Our business philosophy and actions are focused primarily on delivering a sustained increase in shareholder value. We are therefore committed to achieving a sustainable return on equity, a solid capital position, a competitive cost/income ratio and a generous payout ratio. We want to generate a return on equity of over 10%. In terms of the cost/income ratio, which reflects our company's operating efficiency, our target ratio of less than 75% remains unchanged. We intend to regularly pay out more than 50% of profits in future provided the business performs as planned, underscoring the shareholder-friendly nature of our targets.

While these targets are clearly ambitious, 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. Our strong result for 2015 shows that our confidence in our ability to realize our ambitious targets for 2017 is merited.

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

Private Banking

Our business philosophy and activities centre on the needs of our clients and on ensuring they are satisfied with our offering. We strive to deliver the highest standards of Swiss quality when providing service and advice to our clients. With our family shareholders, who have a long-term commitment to Vontobel, as well as our strong capital position and the transparency we must provide as a listed company, we are a trusted and unique partner to our clients. In 2015, Vontobel launched an innovative and client-friendly mobile private banking solution for tablets and smartphones. With its comprehensive range of functionalities, it ranks as one of the leading solutions in a peer group comparison. We have made good progress in its international rollout and are one of the leading providers in this area. Underscoring our client focus and advisory expertise, Vontobel Private Banking was named "Best Private Bank" by the Swiss business magazine "Bilanz" in 2015 for the second consecutive year.

After taking profitability in Vontobel Private Banking to a new level in 2013 by focusing and concentrating our activities, we made targeted use of our new earning power over the last two years to organically grow our business. As a result, we were able to acquire CHF 1.3 billion of net new money during the year under review. With the acquisition of Finter Bank, which has CHF 1.6 billion of advised client assets, Vontobel has a solid basis to achieve further growth in our focus market Italy. Following the acquisition, we now also have a presence in Lugano. Due to the swift integration of Finter Bank, which was completed in just three months, we are already realizing additional economies of scale. In total, assets under management increased by 7% during the period under review – an impressive growth rate in view of very negative currency effects.

Our mandate solutions delivered a good performance in 2015 despite turbulence in the markets. This was attributable to good positioning and selection on the one hand, and to the continued development of our global, active and structured investment process on the other. We now also offer our international clients the option of having their assets booked with local partner banks in Hong Kong or in the US.

Despite the discontinuation of the minimum exchange rate for the Swiss franc against the euro by the Swiss National Bank, as well as the introduction of negative interest rates, it was possible to maintain operating income at almost the same level. However, investments in the future growth of the business led to higher costs. Pre-tax profit was CHF 46.1 million. In this challenging environment, this sound result could only be achieved thanks to the strong growth in the asset base.

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 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 the proven expertise of the Asset Management and Investment Banking divisions. Vontobel Private Banking has a presence in Zurich, Basel, Berne, Geneva, Lucerne, Lugano, Vaduz, Munich, Hamburg, Frankfurt and Hong Kong. It is also present in Dallas through its SEC-registered company Vontobel Swiss Wealth Advisors AG.

Segment results

Segment results	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Net interest income	**17.2**	18.0	(0.8)	(4)
Other operating income	**216.0**	217.5	(1.5)	(1)
Operating income	**233.2**	235.5	(2.3)	(1)
Personnel expense	**95.0**	90.6	4.4	5
General expense	**12.1**	12.4	(0.3)	(2)
Services from/to other segment(s)	**75.8**	73.4	2.4	3
Depreciation of property, equipment and intangible assets	**2.7**	2.6	0.1	4
Value adjustments, provisions and losses	**1.5**	(0.6)	2.1	
Operating expense	**187.1**	178.4	8.7	5
Segment profit before taxes	**46.1**	57.1	(11.0)	(19)

Key figures

Key figures		
Cost[1]/income ratio (%)	**79.6**	76.0
Change of assets under management (%)	**7.2**	1.6
of which net new money (%)	**4.1**	3.5
of which change in market value (%)	**(1.3)**	3.5
of which other effects (%)	**4.4**[2]	(5.4)[3]
Operating income/average assets under management[4] (bp)	**72**	74
Profit before taxes/average assets under management[4] (bp)	**14**	18

Client assets

Client assets	31-12-15 CHF bn	31-12-14 CHF bn	Change to 31-12-14 CHF bn	Change to 31-12-14 in %
Assets under management	**34.2**	31.9	2.3	7
Other advised client assets	**0.9**	1.5	(0.6)	(40)
Total advised client assets	**35.1**	33.4	1.7	5
Average assets under management[4]	**32.4**	31.8	0.6	2

Net new money

Net new money	31-12-15 CHF bn	31-12-14 CHF bn
Net new money	**1.3**	1.1

Personnel

Personnel	31-12-15	31-12-14	Change to 31-12-14	Change to 31-12-14 in %
Employees (full-time equivalents)	**364.9**	339.6	25.3	7
of which client advisors	**182.0**	169.5	12.5	7

1 Operating expense excl. value adjustments, provisions and losses
2 Acquisition of Finter Bank Zurich AG as per 1 October 2015
3 The reduction in assets under management reflects the reclassification of individual assets (CHF 1.7 bn), which are not held for investment purposes, at the beginning of the year. These assets are now reported under other advised client assets.
4 Calculation based on average values for individual months

Asset Management

Asset Management has achieved strong growth in recent years that significantly exceeded the market average. Since 2011, income has risen from CHF 202.1 million to CHF 453.9 million, corresponding to an increase of 125%. Over the same period, pre-tax profit has more than trebled from CHF 36.7 million to CHF 138.5 million. This disproportionately large rise in profit was generated as a result of the global growth strategy and a simultaneous increase in operating efficiency; the cost/income ratio improved from 81.4% to 69.4%. Advised client assets exceeded the CHF 100 billion mark during the year. This increase was partly driven by impressive net new money of CHF 7.9 billion and the acquisition of a majority stake in TwentyFour Asset Management in the UK. With its high-quality product offering, Asset Management succeeded in maintaining its gross margin at above 50 basis points.

In the year under review, further progress was made in the diversification of the income base and multi-boutique structure, with 68% of net new money being contributed by the boutiques in Zurich and London. These boutiques already account for 50% of assets under management. During this turbulent year, the Emerging Markets fund generated an excess return of more than 600 bps – a very good result reflecting a renewed strong investment performance. This enabled us to retain client assets – in contrast to the average performance in the industry, which saw significant outflows in some cases. The Quality Growth boutique's Global Equities strategy recorded more than CHF 1 billion of inflows, which contributed to diversification within the boutique. At CHF 3.8 billion, fixed income products made the largest contribution to net new money, and well over CHF 20 billion of client assets are currently invested in these products. During the year under review, new client assets were mainly acquired by global and flexible products, as well as by Corporate Credit. New money was also contributed by the successful boutique TwentyFour, which has achieved annualized growth of 39% since the acquisition of a majority stake in the business by Vontobel and has thus significantly exceeded expectations. The Multi Asset Class and Alternatives boutiques also attracted considerable net new money, thus supporting the successful implementation of the diversification strategy.

The impressive investment performance and quality of our products was confirmed by the 33 awards we received from renowned rating agencies during 2015. The Quality Growth boutique received various accolades, including being named "Equity Manager of the Year" for its global products in the European Pension Awards. The Corporate Mid-Yield Fund obtained awards from both FERI and Morningstar. Meanwhile, TwentyFour was named "Specialist Fixed Income Group of the Year" by Investment Week. In addition, Vontobel's acquisition of a majority stake in TwentyFour was named the "M&A Deal of the Year" by the renowned UK publication Financial News.

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 Equities, Multi Asset Class, Fixed Income, Global Thematic Equities and Alternatives. 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, London, Frankfurt, Luxembourg, Madrid, Milan, Vienna, Hong Kong and Sydney.

Segment results

Segment results	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Net interest income	**0.2**	0.3	(0.1)	(33)
Other operating income	**453.7**	380.0	73.7	19
Operating income	**453.9**	380.3	73.6	19
Personnel expense	**225.1**	194.5	30.6	16
General expense	**34.9**	29.5	5.4	18
Services from/to other segment(s)	**46.3**	41.2	5.1	12
Depreciation of property, equipment and intangible assets	**8.5**	5.7	2.8	49
Value adjustments, provisions and losses	**0.6**	1.2	(0.6)	(50)
Operating expense	**315.4**	272.1	43.3	16
Segment profit before taxes	**138.5**	108.2	30.3	28

Key figures

Cost[1]/income ratio (%)	**69.4**	71.2
Change of assets under management (%)[2]	**14.7**	20.2
of which net new money (%)[2]	**9.4**	6.9
of which change in market value (%)[2]	**(2.8)**	13.3
of which other effects (%)[2]	**8.1**[3]	0.0
Operating income/average assets under management[4] (bp)	**51**	52
Profit before taxes/average assets under management[4] (bp)	**15**	15

Client assets

Client assets	31-12-15 CHF bn	31-12-14 CHF bn	Change to 31-12-14 CHF bn	Change to 31-12-14 in %
Assets under management	**95.7**	83.0	12.7	15
of which Vontobel funds	**23.0**	18.0	5.0	28
of which private label funds	**12.6**	11.6	1.0	9
of which managed on behalf of other segments	**3.7**	2.8	0.9	32
Other advised client assets	**5.1**	5.1	0.0	0
Total advised client assets	**100.8**	88.1	12.7	14
Average assets under management[4]	**89.6**	73.6	16.0	22

Net new money

Net new money	31-12-15 CHF bn	31-12-14 CHF bn
Net new money	**7.9**	4.6

Personnel

Personnel	31-12-15	31-12-14	Change to 31-12-14	Change to 31-12-14 in %
Employees (full-time equivalents)	**308.4**	261.8	46.6	18

1 Operating expense excl. value adjustments, provisions and losses
2 Adjusted for assets that are managed on behalf of other segments
3 Acquisition of TwentyFour Asset Management LLP as per 1 May 2015
4 Calculation based on average values for individual months

Investment Banking

Vontobel Financial Products is one of the world's leading providers of structured investment products and leverage products, with a market share of 20.5% in Switzerland and 7% in Europe, measured in terms of the exchange-traded volume in the target segment. As an innovative and professional issuer, Vontobel offers investors in Switzerland a broad product universe with over 17,000 solutions across all asset classes and from all product categories. Its excellent client focus, high level of product innovation and good secondary market have already earned Vontobel multiple awards. In addition, it continued the international expansion of its business in 2015 and gained a market share of 24% in Sweden's rapidly growing market for leverage products within a very short period of time, thus surpassing expectations.

Vontobel's issuing platform deritrade® allows asset managers and banks to independently create, compare and manage structured products for their clients. Since deritrade® developed into a multi issuer platform (MIP), it has been possible to compare the offerings of seven different issuers. This combination of competitive pricing and instant customization makes deritrade® MIP a globally unique and leading platform. Following the launch of deritrade® Smart Guide, users can now benefit from a customized and intelligent decision-making tool for investments in structured products based on smart and crowd data. At present, more than 30 banks and over 300 asset managers use deritrade® MIP. During the year under review, they purchased CHF 2.2 billion of products on the platform – a significant increase of 267% compared to the previous year.

Vontobel's External Asset Manager (EAM) business provides support and advice to external asset managers. Since 2015, it has offered services directly to US Registered Investment Advisors (RIAs) in New York. In the US – a market with over CHF 2,000 billion of assets under management – Vontobel's high-quality service and execution of securities transactions meets a high level of demand. In Switzerland, we expanded our presence and are now also serving asset managers from Ticino. The trust that clients place in us was reflected by net new assets of CHF 0.4 billion, corresponding to an impressive growth rate of 5.7%.

Operating income increased by 7% to CHF 260.0 million due to the organic growth of the business, while operating expense rose by only 3%. As a result of operating leverage, pre-tax profit grew by 16% to CHF 77.0 million.

Vontobel Investment Banking creates customized investment solutions for clients. Its Financial Products business is one of the leading issuers of structured products and derivatives in Europe and has a presence in Asia. Investment Banking also provides comprehensive services for external asset managers. In addition to its award-winning Brokerage function, Vontobel is active in the field of corporate finance. Securities and foreign exchange trading, as well as the securities services supplied by Transaction Banking, complete its range of offerings. Prudent risk management is assigned the utmost importance in all of these activities. Investment Banking has operations in Zurich, Geneva, Basel, Lugano, Cologne, Frankfurt, Dubai, London, New York and Singapore.

Segment results

Segment results	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Net interest income	**2.0**	4.3	(2.3)	(53)
Other operating income	**258.0**	239.6	18.4	8
Operating income	**260.0**	243.9	16.1	7
Personnel expense	**95.7**	87.0	8.7	10
General expense	**39.0**	37.3	1.7	5
Services from/to other segment(s)	**42.9**	51.8	(8.9)	(17)
Depreciation of property, equipment and intangible assets	**5.1**	0.9	4.2	467
Value adjustments, provisions and losses	**0.3**	0.8	(0.5)	(63)
Operating expense	**183.0**	177.8	5.2	3
Segment profit before taxes	**77.0**	66.1	10.9	16

Key figures

Key figures	31-12-15	31-12-14
Cost[1]/income ratio (%)	**70.3**	72.6
Change of assets under management (%)	**(13.7)**	0.9
of which net new money (%)	**(6.8)**	4.3
of which change in market value (%)	**(6.9)**	5.2
of which other effects (%)	**0.0**	(8.6)[2]

Client assets

Client assets	31-12-15 CHF bn	31-12-14 CHF bn	Change to 31-12-14 CHF bn	Change to 31-12-14 in %
Assets under management	**10.1**	11.7	(1.6)	(14)
Structured products outstanding	**5.5**	6.5	(1.0)	(15)
Total advised client assets	**15.6**	18.2	(2.6)	(14)
Custody assets	**39.4**	53.8	(14.4)	(27)
Total client assets	**55.0**	72.0	(17.0)	(24)

Net new money

Net new money	31-12-15 CHF bn	31-12-14 CHF bn
Net new money	**(0.8)**	0.5

Personnel

Personnel	31-12-15	31-12-14	Change to 31-12-14	in %
Employees (full-time equivalents)	**355.4**	343.2	12.2	4

Of which External Asset Managers business

Of which External Asset Managers business	31-12-15	31-12-14	Change to 31-12-14	in %
Operating income (CHF mn)	**40.9**	41.2	(0.3)	(1)
Profit before taxes (CHF mn)	**14.8**	17.3	(2.5)	(14)
Cost[1]/income ratio (%)	**63.6**	51.2		
Assets under management (CHF bn)[3]	**7.4**	7.0		
Net new money (CHF bn)[3]	**0.4**	0.3		
Operating income/average assets under management[4] (bp)	**57**	61		

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), which is now reported as client assets.
3 The assets and net new money of funds established by Vontobel for external asset managers are now recognized under Investment Banking.
4 Calculation based on average values for individual months

Vontobel has systematically invested in its IT infrastructure over the last decade and today has a fully upgraded and efficient booking and settlement platform that is extremely flexible in terms of its functional expansion and is highly scalable. This offers the major advantage that we can migrate the client assets that we obtain through acquisitions to our modern platform at low marginal costs and within a very short period of time. As a result, we were able to fully integrate Finter Bank in just three months. The upgrade of the IT infrastructure – which has largely been completed – will also result in lower capital expenditure on the IT project portfolio in future, which will stand at CHF 20–25 million annually. We therefore expect depreciation on our IT infrastructure to decrease over the coming years, with a positive impact on Vontobel's net profit.

Following the revision of its bank rating methodology, Moody's reviewed the credit ratings of Bank Vontobel AG and Vontobel Holding AG. As a result of this process, Moody's upgraded the deposit rating of Bank Vontobel AG by two notches from A2 to Aa3, since it rates the probability of losses on bank deposits as very low. In terms of the Program of the US Department of Justice (DoJ), which Vontobel is participating in as a Category 3 institution, the requisite report was commissioned from an independent auditor and submitted to the relevant US authorities in 2014. As a Category 3 financial institution, we continue to assume that we have not committed any US tax-related offenses and do not therefore expect to pay any financial penalties.

The introduction of negative interest rates on certain sight deposits held by banks at the Swiss National Bank (SNB) adversely affected our result. The negative interest rates primarily had an impact in Private Banking and in the External Asset Manager business, as well as in Treasury. This impact was partly offset by an increase in lending to clients in the form of secured loans ("lombard loans") as well as by the active management of excess liquidity.

The increase in operating income was attributable to significantly higher dividend income as well as the active management of the bond portfolio combined with a continued conservative risk policy. A reduction in operating expense was achieved despite one-off costs for the integration of Finter Bank in the amount of CHF 5.2 million. At CHF –37.7 million, the pre-tax result therefore improved significantly compared to the previous year.

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

Segment results	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Net interest income	**47.7**	28.0	19.7	70
Other operating income	**(6.2)**	(3.3)	(2.9)	
Operating income	**41.5**	24.7	16.8	68
Personnel expense	**112.6**	111.9	0.7	1
General expense	**81.1**	84.8	(3.7)	(4)
Services from/to other segment(s)	**(165.0)**	(166.4)	1.4	
Depreciation of property, equipment and intangible assets	**49.8**	52.7	(2.9)	(6)
Value adjustments, provisions and losses	**0.7**	0.3	0.4	133
Operating expense	**79.2**	83.3	(4.1)	(5)
Segment profit before taxes	**(37.7)**	(58.6)	20.9	

Personnel	31-12-15	31-12-14	Change to 31-12-14	in %
Employees (full-time equivalents)	**465.2**	433.0	32.2	7

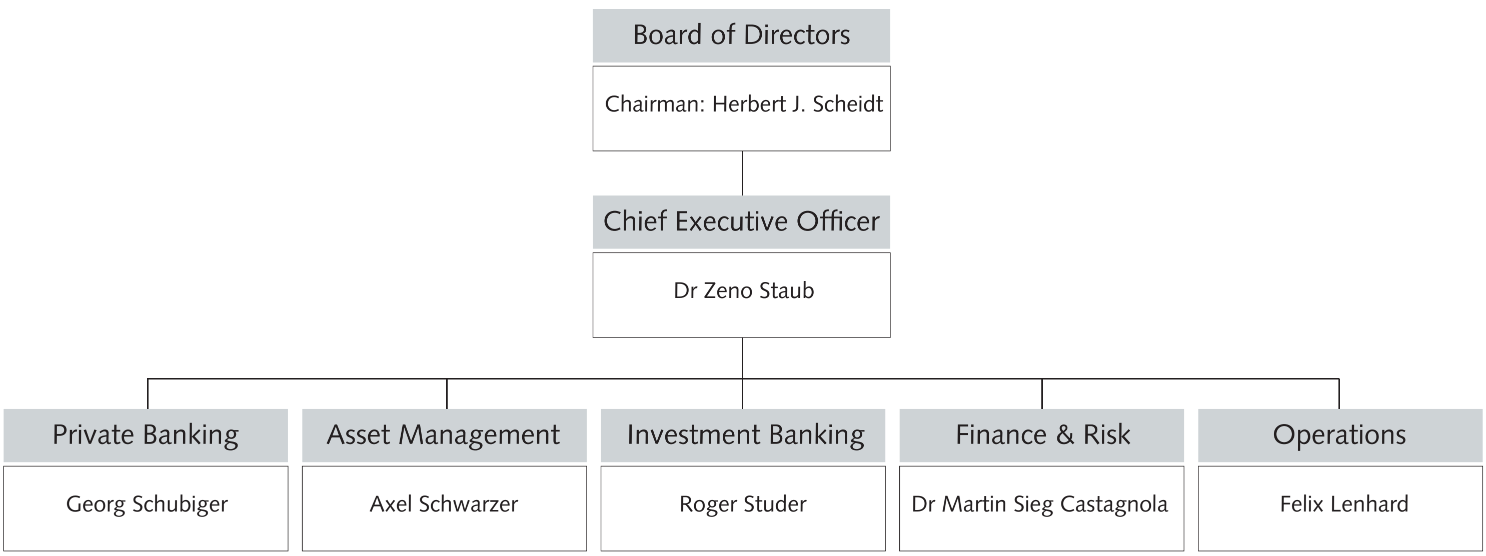
Information relating to Corporate Governance

Vontobel is committed to managing its business according to a responsible, values-based approach that includes appropriate controls. It considers good corporate governance to be a vital success factor and an essential prerequisite for the achievement of strategic corporate goals and the creation of lasting value for shareholders and all other stakeholders. Key elements of our corporate governance are: a clearly defined, well-balanced distribution of powers between the Board of Directors and the Executive Board, the protection and promotion of shareholders' interests, and a transparent information policy. The Articles of Association of Vontobel Holding AG, the Organizational Regulations of Vontobel Holding AG and the Minutes of the General Meeting of Shareholders of Vontobel Holding AG are available on the Internet (www.vontobel.com/agm).

The SIX Swiss Exchange AG issued a "Directive on Information relating to Corporate Governance", which entered into effect on 1 July 2002. The following information meets the requirements of this directive directive (in the current version of 1 September 2014) and takes account of the SIX commentary last updated on 20 September 2007. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the notes is given.

1. Group structure and shareholders

1.1 Structure of Vontobel as of 31 December 2015



The most important Group companies that are to be consolidated (scope of consolidation) are listed in the Notes to the consolidated financial statements on page 220 together with details of the company name, registered office, share capital, stock exchange listing and the interest held by the Group.

1.2 Major shareholders and groups of shareholders with pooled voting rights

	Nominal CHF mn	31-12-15 Share in %	Nominal CHF mn	31-12-14 Share in %
With voting rights on share capital of CHF 56.875 mn (31-12-14 CHF 65 mn) of Vontobel Holding AG (audited information)				
Dr Hans Vontobel[1]	**11.8**	**20.7**	11.8	18.1
Community of heirs of Ruth de la Cour-Vontobel	**3.6**	**6.3**	3.6	5.5
Vontrust AG (Holding of the Vontobel family shareholders)	**8.1**	**14.3**	8.1	12.5
Other shares of family shareholders	**0.3**	**0.4**	0.3	0.4
Vontobel Foundation	**7.1**	**12.5**	7.1	10.9
Pellegrinus Holding AG (public utility foundation Corvus)[2]	**2.7**	**4.7**	2.7	4.2
Vontobel Holding AG including subsidiaries (own shares without voting rights)[3]	**2.1**	**3.7**	10.0	15.3
Executive members	**0.1**	**0.2**	0.1	0.2
Total voting rights on share capital	**35.7**	**62.8**	43.6	67.1
of which members of the pool (with and without voting rights)	**35.7**	**62.8**	43.6	67.1
of which members of the pool (with voting rights)	**33.6**	**59.1**	33.6	51.7
of which pooled shares	**26.0**	**45.8**	26.0	40.0

1 Following the death of Dr Hans Vontobel on 3 January 2016, these shares were transferred to the community of heirs of Dr Hans Vontobel, as required by law. The heirs have not yet been determined.
2 Usufruct including voting right by Pellegrinus Holding AG, ownership by Vontobel Foundation
3 Excluding option rights amounting to 0.0% (previous year 0.1%) of shares outstanding

On 3 August 2012, the Disclosure Office of the SIX Swiss Exchange AG granted Vontobel Holding AG's request for the extension of the easing of the reporting and disclosure requirement ("corridor solution") in accordance with the Swiss Stock Exchange Act. Until 31 March 2015, the shareholding of the group of shareholders of Vontobel Holding AG that is subject to a reporting requirement (tied and free shares) was therefore able to fluctuate between 64.5% and 69.0% without leading to a disclosure report by the aforementioned group of shareholders or a public disclosure by Vontobel Holding AG upon it reaching, exceeding or falling below the threshold of 66⅔%.

In its letter of 17 April 2014 regarding the succession to the estate of Ruth de la Cour-Vontobel as of 9 April 2014 and in its letter of 30 July 2014 regarding the termination of Raiffeisen Switzerland's participation, the Disclosure Office stated that the group of shareholders can continue to make use of the easing of the reporting and disclosure requirement granted in the original recommendation of 3 August 2012 even after changes to its composition. In addition, it stated that this easing of the requirement also applies to the heirs of Ruth de la Cour-Vontobel if, and to the extent that, their names are known.

On 26 February 2015, the Disclosure Office of the SIX Swiss Exchange extended the previously granted easing of the disclosure requirement to 30 September 2015 in response to a request from Vontobel Holding AG on 18 December 2014. After the capital reduction approved by the Ordinary General Meeting of Shareholders of Vontobel Holding AG of 28 April 2015 was published in the Swiss Official Gazette of Commerce on 4 September 2015, the easing that had been granted ceased to apply and the Vontobel Group had to disclose its shareholdings pursuant to the legislative requirements set out in Art. 20 f. of the Swiss Stock Exchange Act within four trading days.

Information on the disclosure notifications concerning significant shareholders of the Company in accordance with the Swiss Stock Exchange Act can be found on the SIX Swiss Exchange AG website at: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Shareholder pooling agreement

The major shareholders (Dr Hans Vontobel, deceased on 3 January 2016, community of heirs of Ruth de la Cour-Vontobel, Vontrust AG, other family shareholders, Vontobel Foundation, Pellegrinus Holding AG, Vontobel Holding AG and executive members) are parties to a pooling agreement. This agreement encompasses specific Vontobel Holding AG shares held by these shareholders. As of 31 December 2015, 45.8% of all shares issued are bound by the pooling agreement. The members of the pool can freely dispose of any shares not specifically mentioned in the pooling agreement. Any sale of pooled Vontobel Holding AG shares requires prior approval by the remaining pool members. If they approve the intended sale, the pool member wanting to sell shares must first offer his or her shares to the other pool members for purchase. The other pool members have pre-emptive rights of purchase in proportion to each member's pooled interest. If a pool member declines to exercise or transfer all or part of his or her rights of purchase, the unexercised rights will be allocated among the remaining pool members willing to exercise said rights, in proportion to each member's respective interests. The rules governing the sale of pooled shares held by executive members differ in that Vontobel Holding AG has pre-emptive rights to purchase their shares. The parties to the shareholder pooling agreement exercise their rights at the General Meeting of Shareholders uniformly in accordance with the prior resolutions passed by the pool. The shareholder pooling agreement is valid until 31 December 2017. It will be renewed automatically for three years at a time, provided notice to terminate the agreement is not given beforehand.

Registered shareholders as at 31 December 2015	Number of shareholders	in %	Number of shares	in %
Natural persons	5,220	95.5	22,486,093	39.5
Legal persons	245	4.5	23,434,228	41.2
Unregistered shares[1]	–	–	10,954,679	19.3
Total	**5,465**	**100.0**	**56,875,000**	**100.0**

1 Of which 2.1 million shares (3.7%) owned by Vontobel Holding AG and its subsidiaries

1.3 Cross shareholdings

No cross shareholdings exist between Vontobel Holding AG or its subsidiaries and other corporations that exceed 5% of capital or voting rights.

2. Capital structure

2.1 Capital

The share capital of Vontobel Holding AG amounted to CHF 56,875,000 as of 31 December 2015. The registered shares of Vontobel Holding AG (security no. 1 233 554) are listed on the SIX Swiss Exchange and are included in the Swiss Performance Index SPI®. Further information on the composition of capital can be found in the Notes to the consolidated financial statements, note 28.

2.2 Details of contingent and authorized capital

Details of contingent and authorized capital can be found in the Notes to the consolidated financial statements, note 28.

2.3 Changes in capital

Information on the composition of capital, changes in capital during the past two years and authorized capital is given in the Statement of equity and in the Notes to the consolidated financial statements, note 28. For information on earlier periods, please refer to the relevant Annual Reports (2013 and 2014: note 27).

The reduction of share capital from CHF 65,000,000 to CHF 56,875,000 through the cancellation of 8,125,000 registered shares held as treasury shares, each with a nominal value of CHF 1.00, which was approved by shareholders of Vontobel Holding AG at the Ordinary General Meeting of Shareholders of 28 April 2015, was completed following the end of the statutory period for the submission of creditors' claims. The corresponding changes to the Commercial Register of the Canton of Zurich were published in the Swiss Official Gazette of Commerce (SOGC of Friday, 4 September 2015, no. 171, 133rd year).

2.4 Shares and participation certificates

The share capital of Vontobel Holding AG is divided into 56,875,000 fully paid in registered shares with a par value of CHF 1.00 each. Vontobel Holding AG does not have any participation certificates outstanding.

2.5 Profit-sharing certificates

Vontobel Holding AG does not have any profit-sharing certificates outstanding.

2.6 Restrictions on transferability and nominee registrations in the share register

This information is provided in section 6 "Shareholders' participatory rights".

2.7 Convertible bonds and options

There were no bonds or convertible bonds outstanding as of 31 December 2015. Information on the options on shares of Vontobel Holding AG issued by Vontobel is provided in the Notes to the consolidated financial statements, note 28. The volume of the entire share capital recorded for outstanding structured products and options amounts to 68,016 shares, net (previous year: 21,454 shares). This means that option rights issued by Vontobel amounting to 0.1% (previous year: 0.0%) of share capital were outstanding on 31 December 2015. No conditional capital is used to hedge these option rights; they are hedged through market transactions.

3. Board of Directors

3.1 Members of the Board of Directors as of 31 December 2015

Name	Function	Nationality	Committee membership[1]	Initial election	Term expires
Herbert J. Scheidt	Chairman	CH/D		2011	2016
Dr Frank Schnewlin	Vice-Chairman	CH	RAC[2]	2009	2016
Bruno Basler	Member	CH	NCC[2]	2005	2016
Dr Elisabeth Bourqui	Member	CH/F/CA	RAC	2015	2016
Dominic Brenninkmeyer	Member	NL/UK	NCC	2013	2016
Nicolas Oltramare	Member	CH	RAC	2013	2016
Clara C. Streit	Member	D/US	NCC	2011	2016

1 Further information on the Committees is provided below under "Internal organization"
NCC: Nomination and Compensation Committee
RAC: Risk and Audit Committee
2 Chair

Resignation in 2015	
Peter Quadri	Member until 28-04-15

Dr Hans Vontobel (deceased on 3 January 2016) was Honorary Chairman of Vontobel Holding AG and Bank Vontobel AG from 1991.

No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the Company or one of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of Vontobel until 3 May 2011, when he was elected Chairman of the Board of Directors of Vontobel Holding AG. He has a seat on the Board of Directors of Helvetia Holding AG as part of Vontobel's cooperation with Helvetia. Bruno Basler has been Vice-Chairman of the Board of Trustees of the Vontobel Foundation until 31 December 2015 and thus represented the interests of the majority shareholders.

As of 31 December 2015, the majority of members of the Board of Directors of Vontobel Holding AG met the independence criteria prescribed in the FINMA Circular 08/24 "Supervision and Internal Control at Banks" mn. 20 –24. They are: Herbert J. Scheidt, Dr Frank Schnewlin, Dr Elisabeth Bourqui, Dominic Brenninkmeyer, Nicolas Oltramare and Clara C. Streit.

Herbert J. Scheidt
Chairman of the Board of Directors
born 1951, Swiss and German citizen

Education:
Business Manager
M.A. in Economics, University of Sussex, UK
MBA, University of New York, US

Professional background:
1982–2002 Various functions at Deutsche Bank in Germany, New York, Milan and Geneva
1996–2002 Head of Private Banking International in Geneva
2001–2002 Chief Executive Officer Deutsche Bank (Schweiz) AG
2002–2011 Chief Executive Officer Vontobel

Vice-Chairman of the Board of Directors of Hero AG, Lenzburg, Switzerland
Member of the Board of Directors of Helvetia Holding AG, St. Gallen, Switzerland
Member of the Board of Directors of SIX Group AG, Zurich, Switzerland
Member of the Board of Directors of the Swiss Bankers Association, Basel
Member of the Board of the Association of Swiss Asset and Wealth Management Banks (VAV), Zurich, Switzerland

Dr Frank Schnewlin
Vice-Chairman of the Board of Directors and Chairman of the Risk and Audit Committee
born 1951, Swiss citizen

Education:
Dr. ès. sc. écon., University of Lausanne, Switzerland
MBA, Harvard Business School, US
MSc, London School of Economics, UK
lic. oec., University of St. Gallen, Switzerland

Professional background:
1983–2001 Various functions within Zurich Financial Services Group
1983 Zurich Insurance Company, Zurich, Switzerland
1984–1986 Zurich American Insurance Group, Schaumburg, US
1986–1987 Senior Territorial Manager at Zurich American Insurance Group, Cleveland, US
1987–1989 CFO & Senior Vice President at Universal Underwriters Group, Kansas, US
1989–1993 Head of the Corporate Development department, head office, Zurich, Switzerland
1993–2000 Head of the Southern Europe, Asia/Pacific, Middle East and Africa, Latin America business division, member of the Group Management Board
2000–2001 Head of Corporate Center, Head office, Zurich, member of the Group Executive Committee, Chairman of the Group Finance Council
2002–2007 Group CEO of Bâloise Holding, Head of the Group Corporate Executive Committee and CEO of the International business division

Vice-Chairman of the Board of Directors of Swiss Life AG and Swiss Life Holding AG;
Member of the Chairman's and Corporate Governance Committee,
Chairman of the Nomination and Compensation Committee,
Member of the Investment and Risk Committee
Vice Chairman of the Board of Directors of Twelve Capital AG and
Vice-Chairman of the Board of Trustees of the Drosos Foundation; Chairman of the Finance Committee

Bruno Basler
Member of the Board of Directors and Chairman of the Nomination and Compensation Committee
born 1963, Swiss citizen

Education:
Degree in civil engineering from the Swiss Federal Institute of Technology (ETH), Switzerland
MBA INSEAD

Professional background:

1989–1991	Holinger AG
1992–1994	McKinsey & Company
Since 1994	Ernst Basler + Partner AG
1994–2001	Delegate of the Board of Directors
Since 2001	Chairman of the Board of Directors

Vice-Chairman of the Board of Trustees of the Vontobel Foundation (until end 2015)
Chairman of the Board of Directors of Ernst Basler + Partner AG
Member of the Board of Directors of Robert Aebi AG
Member of the Board of Directors of Baumann Federn AG

Dr Elisabeth Bourqui
Member of the Board of Directors and Member of the Risk and Audit Committee
born 1975, Swiss, French, Canadian citizen

Education:
Dr. sci. math. ETH Zürich
Dipl. Math. ETH Zürich

Professional background:

1998–2004	Credit Suisse Group, Zurich, Switzerland, in various Risk Management functions
2004–2009	Société Générale, New York, USA / Montréal, Canada Responsibilities at Société Générale included: – Director Risk Management, Structuring, New Products – Director Asset and Liabilities Management – Head Institutional Derivatives Sales Canada
2009–2012	Principal Head National Funds Group Canada, Mercer, Montréal, Canada
Since 2012	ABB Group, Zurich, Switzerland
2012–2014	Head Pension Asset Management
Since 2014	Head of Group Pension Management

Member of the Board of Trustees of Avadis Anlagestiftung

Dominic Brenninkmeyer
Member of the Board of Directors and Member of the Nomination and Compensation Committee
born 1957, Dutch and British citizen

Education:
Degree in Economics & Languages, Hurtwood House College, UK

Professional background:
1985–1989 Executive Vice President Miller's Outpost, Los Angeles, US
1989–1995 CEO of Woman's World, San Diego, US
1996–1999 Chairman of the Executive Board of C&A Netherlands
2000–2006 CEO of C&A Germany
2000–2006 Member of the European Executive Board of C&A Europe
2006–2008 Senior Partner BREGAL Investments, London, UK
2008–March 2013 Chairman of the Management Board of REDEVCO B.V., Amsterdam, Netherlands (real estate company)
Since April 2013 Advisor to the Executive Team, ANTHOS International SERVICE OFFICE AG, Zug, Switzerland

Nicolas Oltramare
Member of the Board of Directors and Member of the Nomination and Compensation Committee
born 1956, Swiss citizen

Education:
lic. rer. pol. University of Geneva, Switzerland
MBA National University of Singapore

Professional background:
1982–1983 UBS AG, Singapore
1984–1986 MBA, National University of Singapore
1986–1996 Various management functions, Corporate Finance and Trading, at Deutsche Bank AG in Germany, France, the UK and Switzerland
1996–1999 Independent Asset Manager/Asset Management Company in Switzerland
1999–2002 CEO PBS Private Bank Switzerland Ltd., Zurich, Switzerland
Since 2002 Principal Hamberg AG, Zurich, Switzerland

Member of the Board of Trustees of Pestalozzi-Stiftung für die Förderung der Ausbildung Jugendlicher aus schweizerischen Berggebieten
Member of the Board of Trustees of Schloss Regensberg
Member of the Board of Directors of Stramongate S.A., Luxembourg

Clara C. Streit
Member of the Board of Directors and Member of the Nomination and Compensation Committee
born 1968, German and US citizen

Education:
lic. oec. University of St. Gallen, Switzerland

Professional background:
1992–2012 McKinsey & Company
1998 Elected as Principal (Partner)
2003 Elected as Director (Senior Partner)
Responsibilities at McKinsey included:
– Chair Global Principal Candidate Evaluation Committee
– Partner responsible for EMEA recruiting
– Head of Financial Institutions Practice Germany/Austria
Since 2013 Adjunct of Management, The Lisbon MBA, Nova and Católica Universities, Lisbon, Portugal

Member of the Board of Trustees of the Bundesstiftung Kinderhospiz, Germany
Member of the Supervisory Board of Delta Lloyd NV, Amsterdam,
Netherlands Member of the Supervisory Board of Vonovia SE, Bochum, Germany
Member of the Board of Directors of Jerónimo Martins SGPA, SA, Lisbon, Portugal
Member of the Board of Directors of Unicredit S.p.A., Milan, Italy

3.2 Other activities and functions
See section 3.1 "Members of the Board of Directors".

3.3 Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Board of Directors may perform more than nine additional mandates outside the Vontobel Group, of which no more than four additional mandates may be performed in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in not-for-profit or charitable legal entities outside the Vontobel Group.

The following mandates are not subject to these restrictions:
a) Mandates in companies controlled by the Company or that control the Company;
b) Mandates that a member of the Board of Directors performs upon the instruction of the Company or companies controlled by it.

For the purposes of this provision, the term "mandate" refers to activities in the most senior management or supervisory bodies of legal entities that are obliged to register with the Swiss Commercial Register or a corresponding foreign register. Mandates in various legal entities that are subject to joint control, or where one such entity controls the other, are deemed to be one mandate. The same applies in the case of mandates performed by a member of the Board of Directors when exercising their function as a member of the most senior management or supervisory body or the Executive Board of a legal entity outside the Vontobel Group or on behalf of such legal entity or legal entities controlled by it.

The provisions set out in the applicable Organizational Regulations also apply.

3.4 Election and term of office
In accordance with statutory provisions, the Chairman of the Board of Directors and all other members of the Board are elected individually by the General Meeting of Shareholders.

The Chairman of the Board of Directors and the other members of the Board are elected for one year, with their term of office ending at the conclusion of the next Ordinary General Meeting. The members of the Board of Directors may be reelected.

Ballots for members seeking re-election or for the election of new members are held at Ordinary General Meetings; however, if the number of members of the Board of Directors falls below three as a result of death, resignation or dismissal, an Extraordinary General Meeting must be convened within a reasonable period so that replacements can be elected. If the post of Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman for the remainder of the term of office.

The members of the Compensation Committee (the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee according to internal Organizational Regulations) are elected by the General Meeting of Shareholders from among the members of the Board of Directors, each for a term of one year ending at the conclusion of the next Ordinary General Meeting. The General Meeting elects the members of the Compensation Committee individually. They may be re-elected. If one or more members of the Compensation Committee step(s) down or if the Compensation Committee is not complete, the Board of Directors may make appointments to the Compensation Committee from among its own members for the period until the conclusion of the next General Meeting.

Except for the election of the Chairman of the Board of Directors and the election of the members of the Compensation Committee, the Board of Directors is self-constituting. The Board of Directors also appoints the Chairman of the Compensation Committee.

Internal Organizational Regulations stipulate that members of the Board of Directors are required to step down from their function at the General Meeting of Shareholders in the calendar year in which they reach the age of 70. Further information regarding the year in which the individual members of the Board of Directors were first elected can be found in section 3.1 "Members of the Board of Directors".

The General Meeting of Shareholders elects the independent proxy for a term that ends at the conclusion of the next Ordinary General Meeting. The independent proxy may be re-elected. If the Company does not have an independent proxy, the Board of Directors shall appoint one until the conclusion of the next General Meeting.

3.5 Internal organization

Board of Directors

The Board of Directors appoints a Vice-Chairman from among its own members. The Chairman of the Board of Directors appoints a Secretary, who need not be a shareholder or a member of the Board of Directors. The Board of Directors meets at the invitation of its Chairman or of the Secretary, acting on behalf of the Chairman, as often as required for business purposes – generally once or twice a quarter but at least four times a year. The meetings usually last around eight hours. A total of six meetings were held during the year under review (in February, April, May, July, October and December); this included a two-day strategy meeting. The Board of Directors is quorate if an absolute majority of its serving members is present. A quorum is not required in order for the Board of Directors to pass a resolution on a capital increase report or for resolutions that have to be officially authenticated. Board resolutions and appointments are decided by the absolute majority of the members present. In the event of a tied vote, the chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular letter, provided no member calls for a verbal consultation on the matter.

The Board of Directors may delegate some of its duties to committees. The standing committees are: the Nomination and Compensation Committee and the Risk and Audit Committee. Their duties and powers of authorization are defined in the Articles of Association and in internal regulations. Information on the composition of the individual committees can be found in the table in section 3.1 "Members of the Board of Directors". The Chairman of each committee informs the Board of Directors about the committee's activities at the next meeting of the Board of Directors. When necessary, ad-hoc committees are formed to deal with specific topics, such as mergers and acquisitions projects. No ad-hoc committees were formed during the year under review.

Nomination and Compensation Committee (NCC)
Internal Organizational Regulations state that the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee, which comprises at least three non-executive members.
In principle, the Compensation Committee has the following duties and powers in respect of compensation matters relating to the Board of Directors and the Group Executive Management:
(a) Developing and regularly reviewing the compensation system for the members of the Board of Directors and the Group Executive Management and submitting it to the Board of Directors in order for a resolution to be passed on this matter;
(b) Monitoring compliance with the compensation principles of the Company and the Group and informing the Board of Directors about the compensation policy and compensation matters;
(c) Submitting proposals to the Board of Directors for resolutions and for the proposal of motions to the General Meeting of Shareholders by the Board of Directors regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Group Executive Management;
(d) Submitting proposals to the Board of Directors for the motions that will be proposed to the General Meeting of Shareholders by the Board of Directors regarding amendments to compensation-related provisions in the Articles of Association;
(e) Preparing the Compensation Report and presenting it to the Board of Directors in order for a resolution to be passed on this matter;
(f) Within the framework of the requirements of the Articles of Association, setting out detailed regulations governing participation-based compensation (share participation plan), defining the applicable objectives and evaluating the achievement of those objectives.

The Nomination and Compensation Committee prepares all important personnel and related organizational matters for the Board of Directors. In particular, this includes the human resources policy, share participation plans, compensation policy and recommendations for the election of the CEO and other members of the Group Executive Management. In addition, the Nomination and Compensation Committee determines the compensation paid to the CEO and to other members of the Group Executive Management (within the scope of – or subject to – the approval of aggregate compensation by the General Meeting of Shareholders as set out in the Articles of Association).

The Nomination and Compensation Committee takes note of the compensation, including any special payments and expenses, of members of the Board of Directors of Group companies. It also considers all management-related matters and regulations that affect aggregate compensation in the broader sense (insurance benefits, holiday entitlement, participation in special payout schemes, expenses, etc.).

The Group Executive Management may submit proposals to the Nomination and Compensation Committee on all matters that fall within the Committee's remit with the exception of the compensation paid to members of the Board of Directors.

The Chairman of the Board of Directors is not a member of the Nomination and Compensation Committee but regularly attends its meetings as a guest. Meetings of the Nomination and Compensation Committee are also attended by the CEO and occasionally also by the Head of Human Resources. The Nomination and Compensation Committee meets at least three times a year. The meetings usually last around four hours. A total of three meetings were held during the year under review (in February, June and December).

Risk and Audit Committee (RAC)

The Risk and Audit Committee monitors and assesses risk policy, the integrity of financial statements, internal controls in the area of financial reporting, the effectiveness of the audit company and its interaction with Internal Audit. It also evaluates the internal control system that goes beyond the area of financial reporting, as well as Internal Audit.

This entails the following specific duties:

1. Critical analysis of financial statements (individual and consolidated financial statements, as well as annual and interim financial statements); discussion of financial statements with the Head of the Finance & Risk support unit, the lead auditor who represents the external auditors, and the Head of Internal Audit; submission of a report to the Board of Directors and issuing of recommendations regarding motions to be proposed to the General Meeting of Shareholders.
2. Planning, monitoring and evaluating the existence, appropriateness and effectiveness of the internal control system in the area of financial reporting; the Risk and Audit Committee ensures that the internal control system in the area of financial reporting is adapted in the event of any significant changes to the Group's risk profile.
3. Annual assessment of the resulting audit strategy and the corresponding risk-oriented audit plan of the external audit company; analysis of audit reports produced by the external audit company and discussion of them with the lead auditor; verification that any deficiencies have been addressed and that recommendations made by the audit company have been complied with; evaluation of the performance and fees of the external audit company and verification of its independence; assessment of interaction between the external audit company and Internal Audit.

4. Assessment of the effectiveness of internal controls that go beyond the area of financial reporting, such as the Compliance function and risk controls; regular contact with the Head of Internal Audit and discussion of the findings of the Internal Audit.
5. Preparation of the activities of the Board of Directors in respect of regulations governing risk policy, investment banking, asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance and consolidated supervision, as well as any other regulations issued by the Board of Directors in connection with the risk policy.
6. Periodic review of the Group's risk policy to determine its appropriateness and effectiveness, including the approval of the combined Group-wide stress tests with the scenarios used and the relevant methods, as well as the approval of the detailed results of these stress tests.
7. Receiving reports regarding the evaluation of compliance risk and the activities of the Compliance function.
8. Receiving and reviewing the periodic consolidated risk reports for submission to the Board of Directors.
9. Submitting proposals to the Board of Directors to obtain approval of decisions reached by the Group Executive Management regarding new products, business activities or markets if they have a significant impact on the Group's risk profile.
10. Receiving periodic reports by the Group Executive Management about the existence, appropriateness and effectiveness of the front-office internal control system.

Regular contact is maintained with representatives of the Group's management, Internal Audit, external auditors and relevant specialist units within the Group in this context. The Risk and Audit Committee may conduct special reviews or studies on important issues and request additional internal and/or external resources in consultation with the Chairman of the Board of Directors of the holding company.

The Risk and Audit Committee meets at least three times per year. In addition, individual members of the Risk and Audit Committee may receive special mandates from the Chairman of the Risk and Audit Committee. The meetings usually last four to six hours. A total of six meetings were held during the year under review (in January, February, June, July, November and December).

As at 31 December 2014, all the members of the Risk and Audit Committee met the independence criteria prescribed by supervisory law. Meetings of the Risk and Audit Committee are attended by the Chairman of the Board of Directors as a guest, as well as by the CEO, the Head of the Finance & Risk support unit and representatives of Internal Audit and the external auditors. Furthermore, specialists from within Vontobel – particularly the Head of the Risk Control division, the Head of the Legal, Compliance and Tax division and the Head of the Finance & Controlling division – are regularly invited to attend meetings when specific topics are discussed.

Attendance of meetings of the Board of Directors and the Committees 2015

	Board of Directors	Risk and Audit Committee (RAC)	Nomination and Compensation Committee (NCC)
Number of meetings	**7**	**6**	**3**
Herbert J. Scheidt	7	Guest	Guest
Dr Frank Schnewlin	7	6	
Bruno Basler	7		3
Dr Elisabeth Bourqui	5	4	
Dominic Brenninkmeyer	6	1	1
Nicolas Oltramare	6	4	1
Peter Quadri[1]	2	1	
Clara C. Streit	7		3

1 Member of the Board of Directors until 28 April 2015
In addition, training was provided in the course of the ordinary meetings of the Board of Directors in 2015.

Internal Audit
Internal Audit helps the Board of Directors to exercise its statutory supervisory and control duties within Vontobel and performs the audit functions assigned to it. The duties and rights of Internal Audit are detailed in separate regulations. It has an unlimited right of inspection within all Group companies; all business documents are available for it to inspect at any time. Internal Audit reports to the Board of Directors and regularly attends the meetings of the Risk and Audit Committee. Its audit activities are based on the guidelines issued by the Swiss Institute of Internal Auditing (SVIR). Internal Audit coordinates its activities with the external auditor in accordance with professional guidelines.

3.6 Powers of authorization
Board of Directors
The Board of Directors of the holding company is responsible for the overall direction of the Company and exercises supervision and control over its executive body unless prescribed otherwise by legislation, the Articles of Association or internal Organizational Regulations. The delegation of powers between the Board of Directors and the Group Executive Management is set out in the Group's Organizational Regulations (www.vontobel.com/agm).
In particular, it discharges the following duties and has the following powers:
1. Overall direction of the holding company and the Group and issuing of the necessary directives – particularly through the approval and periodic revision of the Mission Statement and the strategy of the holding company and the Group;
2. Defining the organizational structure of the holding company and the Group, and issuing and amending the Organizational Regulations and the assignment of powers;
3. Determining the principles for accounting, financial control and financial planning for the holding company and the Group to the extent that this is required for the management of the Company. This includes the approval of the annual budget, annual targets, capital planning and medium-term planning as the multi-year income and capital expenditure planning for various scenarios regarding the

operating environment. This also encompasses the approval of the combined Group-wide stress test results and measures to ensure that risk exposures and risk capacity are adequately aligned as part of capital planning;

4. Appointing or removing the CEO and other members of the Group Executive Management as well as the Head of Internal Audit; the Board of Directors bases its decision on the recommendations of the Nomination and Compensation Committee when discharging this duty;
5. Appointing or removing individuals entrusted with representing the holding company (and particularly with its management) and determining their signatory powers. The principle of joint signatory powers (dual authorization) applies;
6. Overall supervision and control of individuals with management responsibilities – particularly to ensure compliance with legislation and regulatory requirements, as well as with the Articles of Association, regulations and directives of the holding company and the Group;
7. Reporting to shareholders and, in particular, producing the Annual Report and the Compensation Report;
8. Preparing the General Meeting of Shareholders and implementing the motions approved by shareholders;
9. Defining the Group's risk policy and periodically analyzing its appropriateness;
10. Receiving reports on the existence, appropriateness and effectiveness of the internal control system;
11. Issuing, regularly reviewing and monitoring compliance with regulations governing risk policy, investment banking, asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance, internal audit and consolidated supervision. The Board of Directors is assisted by the Risk and Audit Committee when discharging this duty. The Board of Directors may issue further regulations;
12. Issuing a human resources policy for the Group at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
13. Monitoring and evaluating the internal audit process and periodically ensuring that Internal Audit has the appropriate resources and capabilities as well as the necessary independence and objectivity to conduct its audit function within the institution. Further details are defined in the internal audit regulations;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the judicial authorities in the event of overindebtedness;
16. Drawing up a capital increase report and implementing the corresponding amendments to the Articles of Association (Art. 652g of the Swiss Code of Obligations);
17. Appointing an interim Chairman of the Board of Directors, interim members of the Compensation Committee and the independent proxy ad interim for the period ending at the conclusion of the next Ordinary General Meeting of Shareholders if the post of Chairman of the Board of Directors, of members of the Compensation Committee or of the independent proxy become vacant in the course of the year;
18. Purchase or sale of real estate by the holding company and Group companies in the amount of CHF 2 million or more if not included in the budget or in the amount of CHF 5 million or more if included in the budget;

19. Capital expenditure by Group companies in the amount of CHF 2 million or more per item if not included in the budget or in the amount of CHF 5 million or more per item if included in the budget;
20. Approving the following transactions:
a) Acquisition or disposal of participations by the holding company and Group companies;
b) Establishment or dissolution of Group companies as well as any subsidiaries, branch offices and representative offices of Group companies;
c) Raising of loans by the holding company and Group companies;
d) Issuing or authorization of secured and unsecured loans, bonds or guarantees by Group companies, where this duty falls within the remit of the Board of Directors of the holding company according to the lending regulations;
e) Approving decisions by the Group Executive Management relating to new products, business activities or markets, if they have a significant impact on the Group's business policy or risk profile;
f) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute exceeds CHF 2 million;
g) Election of members of the Board of Directors of Bank Vontobel AG, Zurich; the Chairman and the other members of the Board of Directors of Vontobel Holding AG are permitted to occupy a seat on the Board of Directors of Bank Vontobel AG, Zurich;
h) Conclusion or termination of strategically important cooperation agreements;
i) Approval of external mandates held by members of the Group Executive Management;
j) Approval of the promotion of members of senior management of a Group company, members of the Executive Board of a Group company or the Head of Internal Audit;
k) Approval of gestures of goodwill (accommodating measures without any legal obligation) and receiving reports on cases involving losses (out-of-court proceedings) exceeding CHF 500,000.
21. Annual evaluation of the achievement of the Board of Directors' objectives and of its working practices;
22. Other matters which, by law, fall exclusively within the remit of the Board of Directors.

Executive Board

The Group Executive Management (Executive Board) is the Group's executive body that reports to the Board of Directors. It is composed of the CEO and the heads of the business units and support units.

The Group Executive Management meets as often as business dictates. Where sensible and necessary, it is extended to include members of the Executive Boards of Group companies and representatives of senior management with Group-wide responsibilities.

The Group Executive Management generally reports to the Board of Directors of the holding company through the CEO. In the case of delegated duties or powers, the Group Executive Management reports to the relevant committee of the Board of Directors. The CEO informs the Board of Directors about the current performance of the business and important business transactions in Group companies. The CEO coordinates the flow of information within operational areas and to the Board of Directors.

If necessary, the Group Executive Management may establish committees with specific duties. The Group Executive Management is responsible for all Group matters that do not expressly fall within the remit of the Board of Directors of the holding company or of a Group company according to legislation, the Articles of Association or the Organizational Regulations. The Group Executive Management operates under the leadership of the CEO. If the members of the Group Executive Management are unable to agree on a matter, the CEO reaches the final decision. Each member of the Group Executive Management has the right to inform the Chairman of the Board of Directors if opinions are divided over important matters.

The Group Executive Management is responsible for the following duties in particular:

a) Developing a Group-wide business strategy for presentation to the Board of Directors;
b) Implementing decisions reached by the Board of Directors of the holding company in the Group;
c) Monitoring the execution of these decisions;
d) Managing and supervising the Group's daily operations, which must be conducted in accordance with its financial planning, annual budget, annual targets, capital planning and medium-term planning as the multi-year income and capital expenditure planning for various scenarios regarding the operating environment, as well as the risk policy, and must also comply with the other guidelines and instructions issued by the Board of Directors;
e) Managing income and the balance sheet structure;
f) Formulating the risk policy; the Group Executive Management submits this policy to the Risk and Audit Committee for approval by the Board of Directors and regularly reviews the risk policy and submits its findings to the Board of Directors;
g) Implementing the risk policy, particularly through the regulation of basic aspects of risk responsibility, risk management and risk controls; in particular, this includes the organization of the internal control system, while ensuring the necessary separation of powers and functions; the implementation of the risk policy also involves the regular execution and analysis of stress tests as well as the analysis of risk capacity;
h) Reporting to the Board of Directors and the Risk and Audit Committee about the existence, appropriateness and effectiveness of internal controls;
i) Assigning specialist responsibility for the submission of reports to the Board of Directors and the Risk and Audit Committee about the existence, appropriateness and effectiveness of the internal control system to a member of the Group Executive Management;

j) Assigning specialist responsibility for the Compliance function and risk controls, including all related notification and reporting requirements, to a member of the Group Executive Management;
k) Issuing directives to representatives of the holding company regarding the exercising of voting rights at the General Meeting of Shareholders of Group companies;
l) Appointing members of the Boards of Directors and other governing bodies of Group companies (with the exception of Bank Vontobel AG, Zurich);
m) Ensuring compliance with legal and regulatory requirements as well as applicable industry standards.

The Group Executive Management generally submits proposals regarding all matters that require a decision to be reached by the Board of Directors. The CEO presents the proposals on behalf of the Group Executive Management at meetings of the Board of Directors. Subject to the approval of the Chairman of the Board of Directors, the CEO may also appoint another member of the Group Executive Management or a member of senior management of a Group company to discharge this duty.
The Group Executive Management has the authority to decide on the following matters (unless they are subject to the approval of the Board of Directors, in which case this is expressly stated in the Organizational Regulations):
a) Formulating and proposing the Group's annual budget and annual targets – broken down by business unit and support unit – for approval by the Board of Directors;
b) Decisions on new products, business activities or markets; if this matter will have a significant impact on the Group's business policy, the Group Executive Management refers the matter to the Board of Directors directly; if the matter will have a significant impact on the Group's risk profile, the Group Executive Management obtains the approval of the Board of Directors through the Risk and Audit Committee;
c) Ensuring that a professional investment policy is permanently in place and is implemented promptly throughout the Group;
d) Issuing directives that apply to the entire Group and that fall exclusively within the remit of the Group Executive Management according to legal provisions, the Articles of Association or the Organizational Regulations; issuing directives relating to the Compliance function, credit and counterparty risk, and asset and liability management (ALM), which apply to individual business units or support units;
e) Granting loans in accordance with the powers defined in the lending regulations;
f) Assumption of trading positions on own account within the defined limits; the Group Executive Management delegates the permissible limits to the responsible business areas and units within the Group;
g) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute amounts to CHF 1 million to CHF 2 million;
h) Issuing an employee handbook (in the form of a Group-wide directive).

3.7 Information and control instruments relating to the Group Executive Management

The Board of Directors meets at least four times a year as specified in the Organizational Regulations; in practice, there are six to eight meetings a year. The ordinary meetings usually last an entire day. These meetings are also attended by the CEO, the CFO and, depending on the items on the agenda, other members of the Group Executive Management or internal specialists. The Board of Directors receives monthly reports about the performance of the business and is informed about the development of risk as well as the Group's compliance with legal, regulatory and internal rules and requirements at least every six months. Its control instruments include semi-annual reporting requirements, the annual budgeting process and internal and external audits. The periodic reporting requirements include a monthly financial report, which provides information on the current performance of the business and the corresponding realization of targets at both Group level and business unit level (MIS), as well as information about the meetings of the Group Executive Management. As part of its risk reporting, Vontobel discloses information about the development of market, liquidity, credit, operational and reputational risks. Detailed information on the management and monitoring of these risks can be found in the Notes to the consolidated financial statements (pages 137 to 153). Internal Audit reports to the Chairman of the Board of Directors and the Risk and Audit Committee about its audit activities on an ongoing basis and provides the Board of Directors with consolidated reports twice annually. The external auditor produces its annual statutory report (report about the statutory audit) as well as further reports on audits addressing specific topics for submission to the Board of Directors. The statutory report is addressed to the Board of Directors and a copy of the report is submitted to the Swiss Financial Market Supervisory Authority (FINMA) as well as the Group Executive Management and the Head of Group Internal Audit.

During the meetings of the Board of Directors, any member of the Board may request information on any matters relating to the holding company and the Group from the other members of the Board of Directors or the CEO. Any member of the Board of Directors may submit a request for information about the Group's performance to the CEO outside a meeting of the Board of Directors. Subject to approval by the Chairman of the Board of Directors, the member of the Board of Directors may obtain information about specific business transactions and/or inspect business records.

4. Executive Board

4.1 Members of the Executive Board as of 31 December 2015

	Function	Nationality
Dr Zeno Staub	CEO	CH
Dr Martin Sieg Castagnola	CFO	CH
Felix Lenhard	Member	CH
Georg Schubiger	Member	CH
Axel Schwarzer	Member	D
Roger Studer	Member	CH

Dr Zeno Staub
Chief Executive Officer
born 1969, Swiss citizen

Education:
Dr. oec., University of St. Gallen, Switzerland

Professional background:
1994–2000 Founding shareholder and Managing Partner of almafin AG
2000 Member of the Executive Management of BZ Informatik AG
Since 2001 Vontobel
2001–2002 Head of the CFO management support unit (Controlling and IT project portfolio)
2003–2006 CFO and Member of the Group Executive Management
2006–2007 Head of Investment Banking and Member of the Group Executive Management
2008–2011 Head of Asset Management and Member of the Group Executive Management
Since 4 May 2011 Chief Executive Officer Vontobel

Member of the Management Board of Schweizerische Management Gesellschaft
Member of the Board of Trustees of the Max Schmidheiny Foundation
Member of the Swiss Society for Financial Market Research (SGF)
Member of the Advisory Board of the Society of Investment Professionals in Germany (DVFA), Frankfurt, Germany

Dr Martin Sieg Castagnola
Chief Financial Officer
born 1965, Swiss citizen

Education:
Dr. oec., University of Zurich, Switzerland

Professional background:
1994–2008 Zürcher Kantonalbank (ZKB), Zurich, Switzerland
1994–1999 Head of the Economy department and Risk Controlling
1999–2003 Head of Equities & Equity Derivatives Trading
2003–2005 Head of Portfolio Management of ZKB Axxess Vision
2005–2006 Head of Treasury
2007 Head of Asset Management
2007–2008 Member of the Executive Board and Head of Investment & Private Banking
1994–1999 Lecturing assignments at the University of Zurich in the area of empirical economic research/econometrics; assistant at the Institute for Empirical Research in Economics
Since 1 November 2008 Chief Financial Officer Vontobel

Vice-Chairman of the Regulatory Board of the SIX Swiss Exchange AG and Chairman of the Participants & Surveillance Committee of the SIX Swiss Exchange AG

Felix Lenhard
Chief Operating Officer
born 1965, Swiss citizen

Education:
lic. oec., University of St. Gallen, Switzerland

Professional background:
1991–1996 PwC, Senior Consultant Financial Services division, Zurich, Switzerland and London, UK
1996–2000 Partner of almafin AG, St. Gallen, with responsibility for the area of consulting
2000 Member of the Executive Management of BZ Informatik AG
Since 2001 Vontobel
2001–2003 Project Manager (implementation of functional organization; central project controlling)
2003–2009 Head of Business Applications division within the Operations support unit
2009 Head of IT within the Operations support unit
Since 1 January 2010 Chief Operating Officer Vontobel

Georg Schubiger
Head of Private Banking
born 1968, Swiss citizen

Education:
lic. oec. HSG Business Administration/Management, University of St. Gallen, Switzerland
Master of Arts, European Studies Arts, College of Europe Bruges, Belgium

Professional background:
1996–2002 McKinsey & Company, Zurich and Helsinki: Associate Principal Financial Services Group
2002–2008 Sampo Group, Finland
2002–2004 Head of Business Development, Member of the Group's Management Committee
2004–2008 Head of Eastern European Banking, Member of the Executive Board
2008–2012 Danske Bank Group, Denmark
2008–2010 Head of Business Development, Member of the Group Executive Committee
2010–2012 Chief Operating Officer, Member of the Group Executive Board
Since 1 August 2012 Head of Private Banking Vontobel

Axel Schwarzer
Head of Asset Management
born 1958, German citizen

Education:
1st and 2nd Law examinations, Johann Gutenberg University in Mainz and Frankfurt, Germany

Professional background:
1989–2010 Deutsche Bank
1989–1997 Various operational and strategic functions in the Private Banking division of Deutsche Bank, Frankfurt, Germany
1997–1999 Head of Sales Support and later Head of Securities Product Management for the German Private and Retail Banking of Deutsche Bank, Frankfurt, Germany
1999–2005 Head of Sales, Products, Marketing and Services for DWS Investments and European Head of Distribution for the institutional and fund business of Deutsche Bank Asset Management, Frankfurt; Germany
2005–2009 CEO of DWS Investments (formerly Scudder) and Head of Deutsche Asset Management Americas, New York, US
2009–2010 Vice Chairman of Deutsche Asset Management (DeAM) and Global Head of Relationship Management at DWS Investments, Frankfurt, Germany
Since 4 May 2011 Head of Asset Management Vontobel

Vice-Chairman of the Supervisory Board of Fink und Fuchs Public Relations AG, Wiesbaden, Germany

Roger Studer
Head of Investment Banking
born 1967, Swiss citizen

Education:
MBA Rochester-Bern
Swiss Certified Financial Analyst and Portfolio Manager (CIIA)
Swiss Certified Expert in Finance and Investments (CIWM)

Professional background:
1984–1996 Bank Vontobel AG
1992–1995 Head of Warrants and Options Trading
1995–1996 Head of Market Making Derivative Products
1997–1998 DG Bank AG (Switzerland), Head of Private Clients Austria
1999 Rentenanstalt/Swiss Life, Head of Quantitative Asset Allocation
1999–2000 ABN AMRO Bank AG (Switzerland), Head of Portfolio Management and Research
Since 2001 Vontobel
2001–2002 Head of Risk Management and Development of Derivative Products
2003–2007 Head of Financial Products
Since 1 January 2008 Head of Investment Banking Vontobel

Vice President of the European Structured Investment Products Association (Eusipa), Brussels, Belgium

4.2 Other activities and functions
See section 4.1 “Members of the Group Executive Management”.

4.3 Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Group Executive Management may perform more than five additional mandates outside Vontobel, of which no more than two additional mandates may be performed in listed companies. Additionally, a member of the Group Executive Management may perform up to seven mandates in not-for-profit or charitable legal entities outside Vontobel.

The following mandates are not subject to these restrictions:
a) Mandates in companies controlled by the Company or that control the Company;
b) Mandates that a member of the Group Executive Management performs upon the instruction of the Company or companies controlled by it.

For the purposes of this provision, the term “mandate” refers to activities in the most senior management or supervisory bodies of legal entities that are obliged to register with the Swiss Commercial Register or a corresponding foreign register. Mandates in various legal entities that are subject to joint control, or where one such entity controls the other, are deemed to be one mandate. The same applies in the case of mandates performed by a member of the Group Executive Management when exercising their function as a member of the most senior management or supervisory body or the Executive Board of a legal entity outside Vontobel or on behalf of such legal entity or legal entities controlled by it.

The provisions set out in the applicable Organizational Regulations also apply.

4.4 Management contracts
There are no management contracts.

5. Compensation, shareholdings and loans

Information about compensation, shareholdings and loans can be found in the Vontobel Compensation Report commencing on page 61.

6. Shareholders’ participatory rights

6.1 Voting rights: restrictions and representation
The transfer of registered shares requires the approval of the Board of Directors or a committee designated by the Board of Directors. If listed registered shares are acquired through the stock market, title to the shares is transferred at the time of their transfer to the acquirer. If listed registered shares are acquired other than through the stock market, title passes to the acquirer when the latter applies to the Company for recognition as a shareholder. However, in any event, the acquirer may not exercise voting rights associated with the shares or any other rights associated with the voting rights until the Company has recognised the acquirer as a shareholder. The acquirer is not subject to any restrictions on the exercise of any other shareholder rights.

The Board of Directors may refuse to recognise an acquirer of registered shares as a full shareholder:

a) if the number of registered shares held by the acquirer exceeds 10% of the total number of registered shares recorded in the Commercial Register. Legal entities and partnerships with a legal capacity who are united in terms of capital or votes in a single management or in some other similar manner together with natural or legal entities or partnerships, who act in a coordinated way to circumvent registration restrictions, are deemed for the purposes of this provision to be one acquirer; the vested rights of shareholders or shareholder groupings (including the right, whilst retaining beneficial ownership, to contribute shares in companies over which they have full control or to remove the same together with the right to transfer shares within a shareholder grouping without restriction under this percentage clause and relating to the participation of individual shareholders, in all cases with full retention of voting power), who together already held more than 10% of the share capital at the time restricted transferability was introduced by means of a public notice on 25 January 2001, are not affected;
b) if the acquirer, at the request of the Company, fails to confirm expressly that the shares were acquired in his/her own name and on his/her own account.

After the share transfer has been approved, it is entered in the share register. The Company recognizes as shareholders or beneficiaries of registered shares only those entities entered in the share register. If the Company has not yet approved the acquirer on the date legal title is transferred, the acquirer is entered in the share register as a shareholder without voting rights and in this case, the relevant shares are deemed unrepresented at any General Meeting of Shareholders.

See section 6.2 “Statutory quorums” for information on the conditions that apply to the lifting of restrictions on voting rights set out in the Articles of Association.

No exceptions were actually granted in the year under review.

No nominee registrations are made in the share register.

Each share gives entitlement to one vote. A shareholder may grant a written power of attorney in order to be represented at the General Meeting of Shareholders by a third party, who need not be a shareholder, or by the independent proxy. The Articles of Association do not contain any other rules on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting of Shareholders.

6.2 Statutory quorums

To be valid, resolutions and elections by the General Meeting of Shareholders require an absolute majority of the votes cast, excluding blank and invalid votes, unless binding legal provisions stipulate otherwise. Resolutions by the General Meeting of Shareholders require a minimum of two-thirds of votes represented and an absolute majority of the nominal share values represented in order to:

a) Amend the object of the Company
b) Introduce voting shares
c) Amend or abolish restrictions on the ability to transfer registered shares (restricted transferability)
d) Provide an approved or conditional increase in capital
e) Provide an increase in capital from equity in return for non-cash considerations or for the purpose of contributions in kind and the granting of special benefits
f) Restrict or abolish pre-emptive rights
g) Relocate the registered office of the Company
h) Remove more than one member of the Board of Directors in the course of one financial year
i) Dissolve the Company (with or without liquidation)
j) Distribute a dividend in kind
k) Increase the share capital (in all cases).

6.3 Convening of the General Meeting of Shareholders

Legal regulations apply to the convening of the General Meeting of Shareholders. Invitations to attend General Meetings of Shareholders are issued by the Board of Directors or, in the instances specified by law or in the Articles of Associations, by the statutory auditors or liquidators. A General Meeting of Shareholders is to be convened at least 20 days before the date of the meeting in the form specified by the Company for public notices and must indicate the place, time, agenda items and motions proposed by the Board of Directors and shareholders who have asked for a General Meeting to be held or for an item to be placed on the agenda for discussion; in addition, shareholders with registered shares are to be notified of any General Meeting in writing. The notice convening the meeting must indicate the nature of any admission requirements. The notice convening the Ordinary General Meeting must draw attention to the fact that shareholders may inspect the Annual Report, the Compensation Report and the auditors' report at the registered office of the Company and that they may also ask for a copy of these documents to be sent to them without undue delay.

6.4 Inclusion of an item on the agenda

Shareholders representing at least 0.5% of the share capital may apply in writing for an item to be included on the agenda for discussion together with any associated motions. Any such application must reach the Company at least two months before the date of the General Meeting.

No resolutions may be passed on motions that are not part of duly notified agenda items. Exempt from this provision are motions to convene an Extraordinary General Meeting, to conduct a special audit and to elect statutory auditors following a request from a shareholder. Similarly, no prior notification is required for motions that are part of items for discussion or where no associated resolution is required.

6.5 Entry in the share register

No entries are made in the share register from the date on which the invitations to the General Meeting of Shareholders are sent out until one day after the General Meeting of Shareholders.

7. Change of control and defence measures

7.1 Mandatory public takeover offer

The Articles of Association do not include an "opting out" or "opting up" clause with regard to mandatory public takeover offers, as defined in Art. 22 of the Swiss Stock Exchange Act. The instruments available to the Company to defend itself against hostile takeover bids essentially comprise the following measures already referred to above:

- At present, 45.8% of voting rights are bound by a shareholder pooling agreement on a long-term basis (see section 1.2 "Major shareholders and groups of shareholders with pooled voting rights").
- The registration restrictions allow the Board of Directors to refuse to enter shareholders or a group of shareholders in the share register once their shareholdings exceed the 10% threshold (see section 6.1 "Voting rights: restrictions and representation").
- A change in the registration restrictions or the removal of more than one member of the Board of Directors in the course of one financial year must be approved by a qualified majority (see section 6.2 "Statutory quorums").

7.2 Clauses on changes of control

The contracts of members of the Board of Directors (including the Chairman of the Board of Directors) and the Group Executive Management do not – with the exception of entitlements arising from the share participation plan referred to hereafter – make provision for any agreements in the case of a change of corporate control (change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

8. Statutory auditor/Group auditor

8.1 Duration of mandate and term of office of auditor in charge

The consolidated financial statements and the financial statements of Vontobel Holding AG and the subsidiaries are audited by Ernst & Young. The external auditor of Vontobel Holding AG is elected for a period of one year at the Ordinary General Meeting of Shareholders. Ernst & Young was elected as auditor for the first time when Vontobel Holding AG was established in 1983. The auditor in charge is Patrick Schwaller, who has held this function since the financial year 2012. The holder of this office changes every seven years, in accordance with banking legislation. The role of statutory auditor has been performed by Marco Amato since the financial year 2014.

8.2 Audit fees

Fees paid to the auditor	31-12-15 1,000 CHF	31-12-14 1,000 CHF
Auditing fees billed by Ernst & Young	**3,073.8**	2,644.4
Additional fees billed by Ernst & Young for audit-related services	**444.8**	221.5
of which tax advice	**361.7**	157.0
of which legal advice	**9.4**	0.0
of which advice on international accounting	**4.1**	0.0
of which other consulting services	**69.6**	64.5

8.3 Additional fees

The additional fees primarily concern services provided in connection with projects and audit-related services regarding international accounting as well as tax or regulatory issues. The audit company is permitted to provide these services as well as performing the auditing duties of the external auditor as they do not give rise to any conflicts of interests. The subject of any new audits, as well as special audits that have to be conducted at the request of the supervisory authorities, are subject to the approval of the Risk and Audit Committee. There is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates; the Risk and Audit Committee decides on an individual basis whether the issuing of the additional mandates would impact the auditor's independence.

8.4 Supervision and control instruments relating to audits

The Board of Directors is responsible for the supervision and control of the audit company. This includes examining the risk analysis and reviewing the reports produced by Internal Audit and the audit company; it is assisted by the Risk and Audit Committee when discharging this duty. The Risk and Audit Committee obtains regular reports from representatives of the audit company and it discusses these reports and evaluates their quality and comprehensiveness. The auditor in charge from the audit company and the Head of Group Internal Audit attended all meetings of the Risk and Audit Committee in the year under review.

Vontobel, as a banking group, is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA). Legal requirements and regulations must therefore be observed in the selection of the audit company. Other material selection criteria applied by the Board of Directors are the audit company's proven expertise with regard to complex finance and valuation issues in accordance with the accounting standards prescribed by FINMA and the International Financial Reporting Standards (IFRS), as well as its expertise regarding special topics relating specifically to the institution. Considerable importance is also assigned to continuity. Using a defined process and a structured set of criteria, the Risk and Audit Committee conducts an annual evaluation of the audit company's independence, performance and fees. In addition, a detailed review is conducted every five years. A review of this nature was conducted in 2013. The results are discussed with the audit company.

9. Information policy

As a company listed on the stock exchange, Vontobel Holding AG pursues a consistent and transparent information policy vis-à-vis its shareholders, clients and employees, as well as the financial community and the general public. Its regular reporting activities include the publication of the annual and half-year reports, as well as the organization of events such as the annual and half-year press conference, conferences with financial analysts and the General Meeting of Shareholders. When important events occur, the above-mentioned stakeholders are informed simultaneously via press releases.

Details of sources of information, the financial calendar and contact addresses are listed on page 240 of the Annual Report.

Compensation report

Compensation philosophy and guiding principles

Vontobel's business policy is reflected by its compensation concept, which is designed to motivate employees at all levels of the company to achieve shared and individual objectives. The concept is based on an integrated approach. Vontobel's compensation system is structured in such a way that the interests of all stakeholders are closely aligned. The share participation plan, which is based on a long-term perspective, also incorporates risk aspects. It thus provides incentives for employees to contribute to the sustained success and stability of Vontobel, in accordance with the principles defined by the Swiss Financial Market Supervisory Authority FINMA.

Vontobel's compensation system has the following objectives: it promotes a performance-oriented culture and fosters teamwork and a prudent approach to risk; it encourages an enterprising philosophy and actions among employees; it promotes a long-term commitment to the company among top performers; and it positions Vontobel as a competitive employer.

Architecture and governance when determining compensation

The Board of Directors of Vontobel Holding AG has overall responsibility for Vontobel's human resources policy and consequently also for its compensation policy. According to the Organizational Regulations of Vontobel Holding AG, which include details of the allocation of powers of authorization (see: www.vontobel.com/agm), the procedures and responsibilities for determining compensation are defined as follows:

- The Board of Directors of Vontobel Holding AG is responsible both for structuring the compensation system and for defining key parameters, including the size of the bonus pool for the Group. In addition, the Board of Directors determines (within the scope of – or subject to – the approvals by the General Meeting of Shareholders as set out in the Articles of Association) the maximum aggregate amount of the fixed compensation of members of the Board of Directors for the forthcoming term of office and, where applicable, the maximum aggregate amount of performance-related compensation of the entire Board of Directors (Art. 29 para. 2 of the Articles of Association approved at the General Meeting of Shareholders of 28 April 2015) for the prior financial year that has ended.
- The Nomination and Compensation Committee of the Board of Directors of Vontobel Holding AG is responsible for developing and regularly reviewing the compensation system for members of the Board of Directors and the Executive Board, and presenting it to the Board of Directors for a resolution. It monitors compliance with the compensation principles of the company and the Group and informs the Board of Directors about the compensation policy and compensation matters.
- The Nomination and Compensation Committee submits proposals to the Board of Directors for resolutions regarding the maximum aggregate amount of compensation (fixed and performance-related compensation) of the Board of Directors and the Executive Board and regarding the corresponding proposal of motions to the General Meeting of Shareholders by the Board of Directors. Within the framework of the requirements of the Articles of Association, it is responsible for setting out

detailed regulations governing participation-based compensation (share participation plan), and for defining the applicable objectives and evaluating the achievement of those objectives. The Nomination and Compensation Committee prepares all important personnel and related organizational matters for the Board of Directors. In particular, they include share participation plans and the compensation policy. In addition, the Nomination and Compensation Committee determines the compensation paid to the CEO and to other members of the Executive Board (within the scope of – or subject to – the approval of aggregate compensation by the General Meeting of Shareholders as set out in the Articles of Association). The Nomination and Compensation Committee takes note of the compensation, including any special payments and expenses, of members of the Board of Directors of Group companies. It also considers all management-related matters and regulations that affect aggregate compensation in the broader sense (insurance benefits, holiday entitlement, participation in special payout schemes, expenses, etc.). The Executive Board may submit proposals to the Nomination and Compensation Committee on all matters that fall within the committee's remit with the exception of the compensation paid to members of the Board of Directors.

Each year, the Nomination and Compensation Committee conducts detailed discussions of the extent to which Group-wide performance targets have been achieved in quantitative and qualitative terms. It also examines the CEO's proposal concerning variable compensation levels. The CEO and, at times, also the Head of Group Human Resources provide explanations and advice on this matter. Clearly defined and objective reference data are considered during the decision-making process. They include details of the extent to which profit targets have been achieved as well as benchmarking data from the industry. The information provided also relates to Vontobel's efforts to pursue a long-term compensation policy and to strike a balance between compensation and its dividend policy. Based on this information and in the presence of the CEO, the Nomination and Compensation Committee submits a proposal to the Board of Directors concerning the size of the bonus pool following its own carefully balanced assessment. The final decision is reached by the entire Board of Directors. The sharing of the total bonus pool between sub-bonus pools for the individual divisions is performed by the CEO of Vontobel, taking account of various quantitative and qualitative criteria.

Governance process for bonus and individual allocation

Determination	Proposal	Decision	Division	Indiv. alloc.	System
Determination of bonus pool based on reference data	Proposal of total bonus pool by Nomination and Compensation Committee	Decision on total bonus pool by Board of Directors	Division between business units/ support units by CEO	Allocation to employees by Members of Group Executive Management	Payouts and participation in longterm incentive plan (mandatory and/or optional)

Vontobel wants to be a fair and attractive employer to its staff, management and the members of the Board of Directors. It is therefore very important for it to offer compensation that is in line with market rates. When determining fixed salaries and bonuses, it consults benchmarking studies and comparisons of compensation levels, particularly with regard to medium-sized institutions that are active in private banking, institutional asset management and the investment banking products business in Switzerland. Local compensation practices are taken into account in the case of Vontobel's foreign operations. The comparative data are supplied to Vontobel in an anonymous form by external consultants (2014: Towers Watson and Klingler Consulting). This information also represents an important basis for decision-making in an environment characterized by significant market developments and regulatory changes.

Process for the determination of bonuses

Group net profit	Quantitative part	Qualitative part	Payout
Group net profit forms basis to determine bonuses (bonus pool)	Value-based linking of bonus to Group result/key figures, enabling transparent determination of starting point	Individual adjustments based on qualitative assessment (conduct, risks, compliance, etc.)	Actual bonus payout based on quantitative and qualitative criteria

Compensation components

The Vontobel compensation system

Employee compensation essentially comprises a fixed component and a performance-related component (bonus). The performance-related component (cash bonus and bonus shares) – which represents a short-term performance incentive – takes account of the financial results of the company and the organizational unit, as well as the employee's individual contribution to the company's performance and profits.

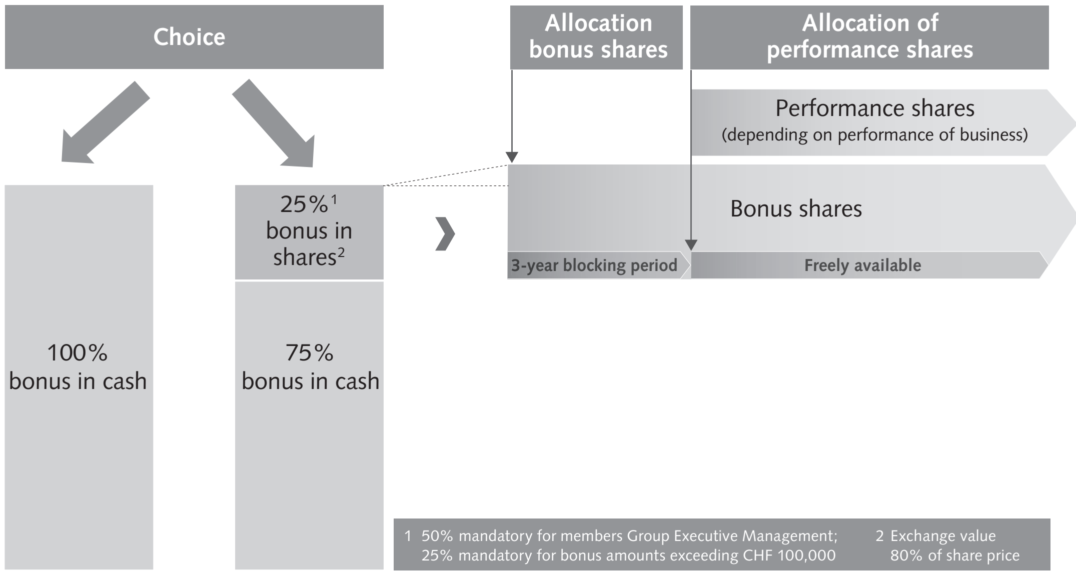
In addition, part of employee compensation is paid by Vontobel in the form of long-term incentive components. They are awarded in the form of registered shares of Vontobel Holding AG (performance shares) and are designed to promote loyalty to the company, as well as encouraging employees to focus on the overarching medium-term and long-term company objectives defined by the Board of Directors.

The Vontobel compensation system basically consists of three components:

- The fixed salary mainly compensates employees for the level of expertise required in their respective functions as well as their professional experience. As previously mentioned, regular benchmarking against peers ensures that the salaries offered to employees are in line with industry standards and remain competitive.
- In addition to the fixed salary, employees are usually awarded an annual bonus. It is determined by the extent to which their individual objectives, as well as the targets defined for their area of business and the company, have been achieved. The bonus is usually distributed in cash.
- The third component of the compensation system is the share participation plan. All employees who are awarded a bonus have the option of receiving 25% of it at preferential conditions in the form of registered shares of Vontobel Holding AG (see chart on page 67). If the bonus is higher than CHF 100,000, employees are required to take 25% of the amount exceeding this threshold in the form of shares. Employees in special positions defined by the Board of Directors are required to take 33% of their bonus in the form of shares. In the case of members of the Executive Board, this mandatory portion increases to 50% of their total bonus. All bonus shares are blocked for three years and cannot be disposed of during this period. If the company achieves a sustained good performance and its share price rises during the blocking period, the value of these bonus shares increases accordingly. However, if the share price falls, the size of the employee's bonus subsequently decreases – resulting in a financial loss for the employee, since taxes have already been paid on the basis of the higher share price. This model ensures that employees can participate in the successful performance of the company while also sharing the risks in the event of poor financial results.

All employees who have received bonus shares are entitled to additional shares, known as performance shares (long-term incentive), if the vesting conditions are met three years after they obtained the bonus shares. This right depends on the performance of the business over the last three years, hence the name "performance shares", as well as on the number of bonus shares received. The average return on equity (ROE) and the average risk profile (BIS tier 1 capital ratio) are taken into account when determining the performance of the business. This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high risk profile. A third requirement for the awarding of performance shares is that they are only transferred to employees who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. In this way, the performance shares provide employees with an incentive to contribute to the sustained success of Vontobel. Apart from a small number of exceptions at two international locations (New York and Vaduz), all employees are eligible to participate in the share participation plan. In line with market practices, separate deferred compensation that is not part of Vontobel's share participation plan is awarded to individual employees of Vontobel Asset Management Inc., New York. This means that part of the bonus and share-based compensation elements are deferred. The vesting periods are three to five years.

Share participation model



Performance shares are allocated on the condition that an average Group-wide return on equity (ROE) of at least 4% is generated over the relevant three-year period. If this requirement is met, the performance shares are awarded to employees. Further information is available at: www.vontobel.com/compensation-report.

The following table shows the key data for the performance shares allocated to date:

Service period (Business year)	Performance period	Allocation year	Determining factors Multiplier		Multiplier	Market price at allocation date
			average return on equity (ROE)	average BIS tier 1 capital ratio		in CHF
2004	2005–2007	2008	18.9%	23.7%	189%	36.85
2005	2006–2008	2009	16.2%	22.1%	162%	24.00
2006	2007–2009	2010	12.2%	21.6%	122%	32.25
2007	2008–2010	2011	9.2%	21.5%	85%	36.40
2008	2009–2011	2012	9.0%	23.1%	81%	22.00
2009	2010–2012	2013	8.6%	24.6%	74%	30.95
2010	2011– 2013	2014	7.9%	25.8%	73%	32.15
2011	2012–2014	2015	8.3%	25.1%	83%	43.35
2012	2013–2015	2016	9.6%	22.3%	93%	n/a

Information about the implications of leaving the company (especially in respect of share participation plans) is available on the Vontobel webpage www.vontobel.com/compensation-report.

Other compensation components

In addition to the compensation paid in the form of an annual salary and bonus, as well as through participation in the share participation plan, Vontobel offers its employees fringe benefits. These additional compensation components may vary from location to location in order to take account of compensation practices in local markets and to be in line with industry standards, thus positioning the company as a competitive employer.

Frequency of system reviews

The Compensation Regulations (regulations governing the share participation plan of Vontobel, including the related brochure) were approved by the Board of Directors of Vontobel Holding AG on 16 December 2004 and continue to apply in their current form.

Each year, the compensation system is discussed by the Nomination and Compensation Committee of the Board of Directors of Vontobel Holding AG from various perspectives. The compensation system and the extent to which it fulfils the requirements set out by FINMA (FINMA Circular 2010/1) were analysed and discussed in detail by the Nomination and Compensation Committee on 15 December 2010 based on an analysis performed by external consultants (PwC). Further information about the working methods of the Nomination and Compensation Committee can be found in the Corporate Governance report, section 3.5 (Internal organization).

Compensation awarded to the Board of Directors and the Executive Board

Board of Directors

All the members of the Board of Directors are entitled to receive fixed compensation, in accordance with Art. 29 of the Articles of Association approved at the General Meeting of Shareholders of 28 April 2015, with 50% of the defined compensation amount being paid in the form of shares that are blocked for a period of three years. In line with the provisions of the share participation plan, the cash amount is converted into a specific number of shares at 80% of the reference price (average price in December) set by the Board of Directors, or by the Nomination and Compensation Committee if so delegated.

In principle, performance-related compensation is not paid to members of the Board of Directors, but may be provided under certain circumstances and subject to the approval of the entire Board of Directors. In such cases, the allocation is made by analogy with Art. 30 of the Articles of Association.

The following rules apply to the Chairman of the Board of Directors for the months of January up to and including April 2015[1] : The Chairman of the Board of Directors is entitled to receive fixed basic compensation that is to be paid in cash. Over and above this, and subject to the approval of the entire Board of Directors, the Chairman of the Board of Directors may also be paid compensation comprising the following components:
(a) performance-related compensation (bonus), of which 50% is to be paid in cash (cash bonus) and 50% in the form of shares (bonus shares)
(b) shares awarded in addition to the bonus shares depending on the achievement of the performance defined in the regulations governing Vontobel's share participation plan (performance shares).

The Board of Directors determines the applicable performance criteria and objectives and assesses whether they have been achieved. In addition to the above, the principles set out in Art. 30 paras. 2, 3 and 4 of the Articles of Association also apply mutatis mutandis to the variable compensation of the Chairman of the Board of Directors.

Executive Board

The compensation paid to members of the Executive Board comprises the following:
(a) fixed basic compensation to be paid in cash
(b) performance-related compensation (bonus), of which 50% is to be paid in cash (cash bonus) and 50% in the form of shares (bonus shares)
(c) performance shares.

The following general principles apply to the payment of a cash bonus and to the allocation of bonus shares to members of the Executive Board under the share participation plan:
(a) Members of the Executive Board are obliged to take 50% of the bonus amount in the form of bonus shares. The remaining bonus amount is paid out in cash.

1 In accordance with Art. 29 of the Articles of Association that was valid prior to the revision of the Articles of Association.

(b) Bonus shares are awarded at an accepted value of 80% of the reference price (average price in December) set by the Board of Directors, or by the NCC if so delegated. The number of bonus shares is rounded up to the next whole number.
(c) The bonus shares are blocked for a period of three years from the date of transfer, and may not be sold, pledged or transferred during this period. The bonus shares may be disposed of freely once the three-year blocking period has expired.
(d) The allocation of the bonus shares and the transfer of ownership give rise to an immediate entitlement in respect of voting rights and dividends subject to entry in the share register.
(e) In the case of the termination of the employment relationship, bonus shares that have already been allocated remain in the ownership of the individual members of the Executive Board and continue to be subject to the blocking period even after the period of employment has ended. In the event of disability, death or other important reasons, the Board of Directors may grant a request to unblock the shares.

The Board of Directors – or the NCC if so delegated – determines the more detailed terms and requirements, including any acceleration, curtailing or waiving of the blocking period in specific circumstances such as a change of control, as well as any claw back mechanisms.

Once the performance period of three years after the transfer of bonus shares has expired, freely disposable unblocked performance shares may be allocated immediately and free of charge, provided the person entitled to receive them remains in an employment relationship on which notice has not been served and depending on the performance of the company. Further details of the performance shares, particularly regarding the evaluation of the company’s performance and the applicable targets, are set out in the regulations governing the Vontobel’s share participation plan by the Board of Directors, or by the NCC if so delegated. The Board of Directors – or the NCC if so delegated – also determines the further terms and requirements in respect of the allocation of performance shares.

Additional amount according to Art. 32 of the Articles of Association
If new members are appointed to the Executive Board and take up their position with the company after the General Meeting of Shareholders has approved the maximum aggregate amount of fixed compensation for members of the Executive Board for the financial year concerned, an additional amount may be used for the compensation to be paid to these new members. The additional amount for each compensation period and for each new member corresponds to 40% of the last approved aggregate amount of the maximum fixed compensation of the Executive Board. This additional aggregate compensation includes any compensation for disadvantages incurred in the course of a change of employment (sign-on bonuses). If the additional amount is not sufficient to compensate for these disadvantages, the amount of the sign-on bonus exceeding the additional amount as set out in Art. 31 para. 1 let. g of the Articles of Association must be submitted to the next Ordinary General Meeting for approval.

This additional aggregate compensation amount may only be used if the aggregate amount of the compensation of the Executive Board approved by the General Meeting of Shareholders to the next Ordinary General Meeting is not sufficient to cover the fixed compensation of the new members (including any sign-on bonuses). The General Meeting of Shareholders does not vote on the additional amount that has been used.

Maximum amounts of loans and credits
The company may grant a member of the Board of Directors credits and loans at standard market rates or generally applicable employee terms and conditions up to an amount of CHF 50 million. The company may grant a member of the Executive Board credits and loans at standard market rates or generally applicable employee terms and conditions up to an amount of CHF 50 million.

To the extent permitted by law, the company may grant an advance to members of the Board of Directors and the Executive Board to cover court costs and lawyers' fees in connection with legal proceedings, lawsuits or investigations – whether under civil, criminal or administrative law or of another nature – that are connected with their duties or with the fact that they are or were members of the Board of Directors or the Executive Board.

Voting on compensation at the General Meeting of Shareholders
In accordance with Art. 31 of the Articles of Association approved at the General Meeting of Shareholders of 28 April 2015, the The General Meeting of Shareholders votes on whether to approve the motions proposed by the Board of Directors in respect of[1]:

(a) The maximum aggregate amount of the fixed compensation of members of the Board of Directors for the forthcoming term of office;
(b) The maximum aggregate amount of performance-related compensation of the members of the Board of Directors (Art. 29 para. 2 of the Articles of Association) for the prior financial year that has ended, if applicable;
(c) The maximum aggregate amount of the fixed compensation of the Executive Board for the period from 1 July to 30 June of a calendar year;
(d) The maximum aggregate amount of the performance-related compensation of the Executive Board for the prior financial year that has ended;
(e) The maximum aggregate amount of performance shares relating to bonus shares of the prior financial year and that may be allocated to members of the Executive Board after three years. If, when the allocation is made, the approved aggregate amount is not sufficient to cover the full entitlement to the allocation of performance shares, a new vote will be held on any additional amount;
(f) If required, the sign-on bonuses pursuant to Art. 32 para. 2 of the Articles of Association paid to members of the Executive Board to compensate them for disadvantages incurred in the course of a change of employment, if these exceed the additional amount pursuant to Art. 32 para. 1 of the Articles of Association.

1 For the months of January up to and including April 2015, the previous version of Art. 31 of the Articles of Association concerning voting at the General Meeting of Shareholders on the aggregate amount of the performance-related compensation (bonus) of the Chairman of the Board of Directors for the prior financial year that has ended and on the maximum aggregate amount of the performance shares of the Chairman of the Board of Directors relating to bonus shares of the prior financial year and that may be allocated to him after three years continues to apply.

Within the framework of a maximum aggregate amount defined in this way, the company or companies controlled by it may pay compensation subject to the approval of the General Meeting of Shareholders. The compensation may be paid by the company or companies controlled by it.

If the General Meeting of Shareholders refuses to approve an aggregate amount, the Board of Directors must call a new General Meeting within six months and propose to it new motions for the approval of the aggregate amounts.

Notice periods and severance agreements

The company or companies controlled by it may enter into mandate or employment agreements of limited or unlimited duration with members of the Board of Directors. The duration and termination of such agreements are based on the term of office and the law.

The company or companies controlled by it may enter into employment agreements of limited or unlimited duration with members of the Executive Board. Employment agreements of limited duration are subject to a maximum duration of one year. These agreements may be renewed. The maximum notice period for employment agreements of unlimited duration is 12 months. In the case of a termination of the employment relationship, the company or companies controlled by it may release a member of the Executive Board from their duties with immediate effect and/or conclude a termination agreement.

In principle, all the employment contracts of employees of Vontobel (including members of the Executive Board) are subject to a notice period of a maximum of six months. In the case of the Chairman of the Board of Directors, notice must be given in the fourth quarter of a year. The contracts concluded with the members of the Board of Directors and the Executive Board do not contain any clauses relating to severance payments.

Clauses on changes of control

The contracts of members of the Board of Directors (including the Chairman of the Board of Directors) and the Executive Board do not make provision for any agreements in the case of a change of corporate control (change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Vontobel compensation in 2015 (audited information)

Compensation of all Vontobel employees

Compensation is recognized in the financial year in which it is accrued. It is thus reported according to the accrual principle, irrespective of cash flows. This does not include expense related to performance shares and other deferred compensation, which is recorded during the vesting period. However, once the vesting conditions have been met, the allocation of shares is shown at the point in time when the performance shares are transferred to employees.

Personnel expense	**31-12-15 CHF mn**	31-12-14 CHF mn
Salaries and bonuses	**451.6**	417.1
Pension and other employee benefit plans	**30.6**	25.3
Other social contributions	**31.0**	27.4
Other personnel expense	**15.2**	14.2
Total personnel expense	**528.4**	484.0
of which equity-settled deferred compensation	**23.3**	18.6
of which deferred compensation in cash	**6.7**	7.5

Blocked shares	Employees **31-12-15 Number**	Employees 31-12-14 Number	Members of the Board of Directors and the Group Executive Management **31-12-15 Number**	Members of the Board of Directors and the Group Executive Management 31-12-14 Number
Holdings of blocked shares at the beginning of the year	**1,161,319**	1,145,832	**570,996**	536,035
Allotted shares and transfers (addition)	**445,484**	452,125	**163,594**	186,070
Shares for which the holding period has lapsed	**(383,072)**	(349,856)	**(194,915)**	(147,657)
Shares of employees/members who have left the Group and transfers (reduction)	**(60,437)**	(86,782)	**(5,344)**	(3,452)
Holdings of blocked shares as at the balance sheet date	**1,163,294**	1,161,319	**534,331**	570,996
Charged as personnel expense in the year under review (CHF mn)	**2.3**	0.8	**0.9**	(0.4)
Charged as personnel expense in the preceding year (CHF mn)	**16.2**	13.8	**6.0**	6.4
Average price of shares upon allotment (CHF)	**41.65**	32.15	**41.74**	32.14
Fair value of blocked shares as at the balance sheet date (CHF mn)	**55.3**	43.5	**25.4**	21.4

The current share participation plan was introduced in spring 2005. Prior to this, Vontobel operated a management share-based benefit program that was designed to give top executives a significant participation in Vontobel Holding AG. This program ran until the end of 2002. The participating executive members are bound by the pooling agreement between major shareholders. Upon termination of their employment relationship, executives are required to tender the shares received within the scope of this management participation to Vontobel Holding AG. The price of the shares is calculated using the average price of the past 90 trading sessions prior to repurchase by Vontobel Holding AG. Shares distributed under share-based benefit plans are included in personnel expense at fair value, which takes appropriate account of trading and selling restrictions.

Deferred compensation outstanding

Allocation of shares from the long-term employee share-based benefit program and rights to receive performance shares

Vontobel's compensation concept focuses on the achievement of sustained success. The awarding of performance shares is a long-term component of this compensation system. The number of shares allocated in the year under review is calculated on the basis of the number of bonus shares received for the financial year 2011 as well as the performance of the business in the years 2012 to 2014, measured in terms of the average return on equity (ROE) and the average risk profile (BIS tier 1 capital ratio). In accordance with the relevant IFRS rules, the cost per allocated share recorded as share-based compensation benefits was CHF 18.10 and was included on a pro rata temporis basis over the vesting period. The market price was CHF 43.35 on the allocation date in April 2015 and was CHF 47.50 as at the balance sheet date.

The expense relating to the performance share program is accrued over the respective vesting period and charged to personnel expense. The estimated cumulative charge to personnel expense for the remaining vesting periods takes account of expectations regarding the performance of the business (ROE and BIS tier 1 capital ratio) and the probability that employees will leave the company. In view of expectations regarding the performance of the business, the calculation of the number of rights is based on the assumption that between 89% and 115% (previous year between 83% and 111%) of the original number of bonus shares will be allocated as performance shares to eligible employees in connection with the individual programs.

If the ROE in 2016 and 2017 is 3 percentage points higher (lower) than expected due to an improvement (deterioration) in the performance of the business, between 89% and 135% (89% and 91%) of the original number of bonus shares will be granted as performance shares to eligible employees in connection with the individual programs. If the BIS tier 1 capital ratio in 2016 and 2017 is 2 percentage points higher (lower) than expected, these factors would be between 89% and 132% (89% and 110%). Further information is available at: www.vontobel.com/compensation-report (see stock ownership plan brochure). As a result, a reasonably possible deviation from the expected values would not have a significant impact on Vontobel's future personnel expense.

Performance shares	Employees 31-12-15 Number	Employees 31-12-14 Number	Chairman of the Board of Directors and members of the Group Executive Management 31-12-15 Number	Chairman of the Board of Directors and members of the Group Executive Management 31-12-14 Number
Holdings of rights at the beginning of the year	**1,106,522**	938,267	**522,273**	434,873
Allotted rights and transfers (addition)	**445,484**	452,125	**152,507**	173,075
Recorded performance shares	**(320,550)**	(260,331)	**(160,918)**	(105,620)
Forfeited rights and transfers (reduction)	**(56,078)**	(70,777)	**0**	0
Change of rights due to modified parameters	**58,069**	47,238	**22,175**	19,945
Holdings of rights as at the balance sheet date	**1,233,447**	1,106,522	**536,037**	522,273
	CHF mn	CHF mn	**CHF mn**	CHF mn
Personnel expense recorded over the vesting period for recorded performance shares	**5.8**	8.0	**2.9**	3.3
Market value of recorded performance shares on the allocation date	**13.9**	8.4	**7.0**	3.4
Charged as personnel expense in the year under review	**10.9**	7.5	**5.0**	3.9
Cumulative charge to personnel expense for outstanding rights to performance shares as at the balance sheet date	**17.3**	12.2	**8.2**	6.1
Estimated personnel expense for the remaining vesting periods including future terminations	**16.4**	11.8	**6.3**	5.2
Estimated personnel expense for the remaining vesting periods excluding future terminations	**19.1**	13.8	**7.3**	6.1
Other deferred compensation as at the balance sheet date				
In cash	**16.2**	17.4	**-**	-
Share-based compensation benefits	**9.0**	6.7	**-**	-
Number of shares	**358,200**	408,519	**-**	-
Personnel expense recorded in the year under review for share-based compensation	**3.1**	3.5	**-**	-
Estimated personnel expense for the remaining vesting periods	**6.0**	9.1	**-**	-

Board of Directors: compensation and shareholdings

In the financial year 2015, the Board of Directors of Vontobel Holding AG mainly supported the Executive Board in the area of strategic business development and in the achievement of important further developments in processes and tools that are of supervisory relevance, as well as in the implementation of the company's risk policy and in personnel-related matters. In this way, it had a decisive impact on Vontobel's strategy, structure and corporate culture.

The members of the Board of Directors received total compensation of CHF 3.7 million for the financial year 2015 (previous year: CHF 3.4 million). Of this sum, CHF 2.2 million was paid out in cash and CHF 1.4 million in the form of share-based compensation. For the period from January up to and including April 2015 – subject to the approval of the General Meeting of Shareholders 2016 and in accordance with Art. 29 of the Articles of Association that applied prior to the revision of the Articles of Association – the Chairman of the Board of Directors is still entitled to receive performance-related compensation (bonus), which amounted to 52% of his basic compensation, and to receive performance shares. The performance shares awarded to the Chairman of the Board of Directors in 2015 relate to the period 2012 to 2014.

Compensation of the members of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG for the financial year

	31-12-15[1]	31-12-14[2]	Change to 31-12-14	
	CHF mn	CHF mn	CHF mn	in %
Short-term employee benefits	**2.2**	2.3	(0.1)	(4)
Post-employment benefits	**0.1**	0.1	0.0	0
Other long-term benefits	**0.0**	0.0	0.0	
Termination benefits	**0.0**	0.0	0.0	
Equity compensation benefits bonus shares[3,4]	**1.4**	1.0	0.4	40
Total mandate-related compensation for the financial year[5]	**3.7**	3.4	0.3	9
Compensation for additional services	**0.0**	0.0	0.0	
Total compensation for the financial year[6]	**3.7**	3.4	0.3	9

1 Including compensation paid to one former member and one new member of the Board of Directors pro rata temporis.
2 Including compensation of one former member of the Board of Directors pro rata temporis.
3 The members of the Board of Directors received a total of 38,739 (previous year 33,363) shares of Vontobel Holding AG as part of their compensation for the year under review, of which 7,564 (previous year 22,276) shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 The cost of the performance shares is not included in the calculation of share-based compensation during the vesting period of the shares.
5 Excluding flat rate compensation for expenses and employer contribution to AHV/IV/ALV
6 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the "Allocation of shares from the long-term employee share-based benefit program" table on page 77.

Compensation of the members of the Board of Directors for the financial year (pursuant to Art. 663b^{bis} of the Swiss Code of Obligations)

Name	Function	Fixed compen-sation CHF 1,000	Variable compen-sation paid in cash CHF 1,000	Compensa-tion paid in shares[1] CHF 1,000	Other compen-sation CHF 1,000	**31-12-15 Total CHF 1,000**	31-12-14 Total CHF 1,000
Herbert J. Scheidt[2]	Chairman	1,066.7	275.0[3]	1,108.3[4]	150.3[5]	**2,600.3**	2,118.2
Dr Frank Schnewlin	Vice-Chairman	170.0	0.0	50.0	21.2	**241.2**	238.5
Bruno Basler	Member	130.0	0.0	50.0	22.2	**202.2**	212.3
Dr Elisabeth Bourqui (since 28-04-15)	Member	67.4	0.0	33.8	19.2	**120.4**	n/a
Dominic Brenninkmeyer	Member	110.0	0.0	50.0	9.4	**169.4**	176.6
Nicolas Oltramare	Member	110.0	0.0	50.0	29.0	**189.0**	192.8[6]
Peter Quadri (until 28-04-15)	Member	35.6	0.0	16.2	3.5	**55.3**	178.5
Clara C. Streit	Member	110.0	0.0	50.0	11.7	**171.7**	172.8
Marcel Zoller (until 20-06-14)	Member	0.0	0.0	0.0	0.0	**0.0**	66.4[7]
Total		1,799.7	275.0	1,408.3	266.5	**3,749.5**	3,356.1

1 Allocation of shares of Vontobel Holding AG that are subject to a holding period of three years, during which they cannot be sold.
2 In the year under review, Herbert J. Scheidt received CHF 243,000 of fees for Board memberships outside the company that he holds in connection within his role at the company.
3 Pro rata for the period up to the new decision on compensation by the General Meeting of Shareholders 2015, subject to approval by the General Meeting of Shareholders 2016. Under the new compensation structure approved in 2015, variable compensation will no longer be awarded.
4 Of which CHF 275,000 pro rata for the period up to the new decision on compensation by the General Meeting of Shareholders 2015, subject to approval by the General Meeting of Shareholders 2016. In addition, as part of fixed compensation for the period from May to December: CHF 833,300 in shares
5 Contribution to pension funds
6 Including consultancy fees of CHF 20,048 not directly related to the recipient's activities as a member of a governing body.
7 Of which payment of the cash component in the total amount of CHF 42,164 to Raiffeisen Schweiz

Allocation of shares from the long-term employee share-based benefit program

	31-12-15	31-12-14	Change to 31-12-14	in %
Number of performance shares allotted to Herbert J. Scheidt[1]	**31,508**	32,691	(1,183)	(4)

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the "Compensation for the financial year" table on page 76. Instead, they are shown separately in this table.

1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 0.6 mn (previous year CHF 1.0 mn) and was included on a pro rata basis over the vesting period. The market value of the performance shares on the allocation date was CHF 1.4 mn (previous year CHF 1.1 mn).

Notice periods and severance agreements

See page 72 for further information.

Holdings of shares and options

Name	Function	31-12-15 Shares Number	31-12-15 Options Number of shares at the time of exercise call options	31-12-15 Options Number of shares at the time of exercise put options	31-12-14 Shares Number	31-12-14 Options Number of shares at the time of exercise call options	31-12-14 Options Number of shares at the time of exercise put options
Herbert J. Scheidt	Chairman	**547,182**	**0**	**0**	692,237	0	0
Dr Frank Schnewlin	Vice-Chairman	**6,320**	**0**	**0**	4,606	0	0
Bruno Basler	Member	**11,951**	**0**	**0**	10,237	0	0
Dr Elisabeth Bourqui	Member	**0**	**0**	**0**	n/a	n/a	n/a
Dominic Brenninkmeyer	Member	**3,074**	**0**	**0**	1,360	0	0
Nicolas Oltramare	Member	**3,074**	**0**	**0**	1,360	14,500	0
Clara C. Streit	Member	**4,409**	**0**	**0**	2,695	0	0
Members resigned							
Peter Quadri	Member	**n/a**	**n/a**	**n/a**	10,737	0	0

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.

Former members of the Board of Directors

Compensation paid to members of the Board of Directors who resigned during the previous financial year or at an earlier date: None.

Additional fees, related parties and similar information

None.

Executive Board: Compensation and shareholdings

The members of the Executive Board received total compensation of CHF 14.1 million, an increase of 17% compared to the previous year. The variable bonus awarded to members of the Executive Board based on an evaluation of their achievement of individual objectives was, on average, 2.65 times their base salary (previous year: 2.11).

At CHF 180.1 million, net profit increased compared to the previous year (+34%). Due to the positive development of net profit, among other factors, the variable compensation awarded to the Executive Board rose by 29% (previous year: –5%). This is also reflected by the compensation awarded to the CEO, which was higher than in the previous year and once again represents the highest-paid position in the Executive Board.

The significant changes to the total compensation paid to members of the Executive Board over time shows that in addition to the importance assigned to Vontobel's net profit, further factors – particularly the achievement of individual objectives – are considered when determining their compensation.

When evaluating the performance of the Executive Board and its individual members and when determining their respective compensation awards, the Nomination and Compensation Committee takes account of the principles of Vontobel's compensation philosophy, as explained on page 62ff. When evaluating the achievement of objectives in 2015, the continued organic and international growth in all divisions was of particular significance. Targeted acquisitions were also made to support the realization of this goal. In addition, the systematic and proactive efforts to manage the challenging market environment and regulatory changes in combination with a proven risk management approach as well as the acquisition of outstanding talent for Vontobel are to be highlighted in particular. We also made decisive progress in the digitalization of our client interfaces with the introduction of the Vontobel Private Banking app for smartphones and tablets, as well as the further development of deritrade®.

Compensation of the members of the Group Executive Management for the financial year

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Base salary	**3.7**	3.6	0.1	3
Other short-term employee benefits[1]	**0.0**	0.3	(0.3)	(100)
Cash component of bonus	**4.9**[2]	3.8	1.1	29
Post-employment benefits	**0.6**	0.6	0.0	0
Other long-term benefits	**0.0**	0.0	0.0	
Termination benefits	**0.0**	0.0	0.0	
Equity compensation benefits bonus shares[3]	**4.9**[2]	3.8	1.1	29
Total contract-related compensation for the financial year[4]	**14.1**	12.1	2.0	17
Compensation for additional services	**0.0**	0.0	0.0	
Total compensation for the financial year[5]	**14.1**	12.1	2.0	17
Number of persons receiving compensation	**6**	6	0	0

1 Other short-term employee benefits comprise family allowance payments and preferential interest rates for mortgages and in the previous year a compensation for disadvantages incurred in the course of a change of employment.
2 Subject to the approval of the General Meeting of Shareholders 2016
3 A total of 134,079 (previous year 130,231) Vontobel Holding AG shares were allocated to members of the Group Executive Management. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 Excluding flat rate compensation for expenses and employer contribution to AHV/IV/ALV
5 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the "Allocation of shares from the long-term employee share-based benefit program" table below.

Allocation of shares from the long-term employee share-based benefit program

	31-12-15 CHF mn or number	31-12-14 CHF mn or number	Change to 31-12-14 CHF mn or number	in %
Market value of performance shares at the date on which they were allotted in CHF mn[1]	**5.6**	2.3	3.3	143
Number of performance shares allotted	**129,410**	72,929	56,481	77
Number of persons receiving compensation	**5**	4	1	25

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the "Compensation for the financial year" table above. Instead, they are shown separately in this table.

1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 2.3 mn (previous year CHF 2.2 mn) and was included on a pro rata basis over the vesting period.

Highest total compensation for the financial year

Financial year	Name	Function	Base salary CHF 1,000	Bonus paid in cash CHF 1,000	Bonus paid in shares[1] CHF 1,000	Pension plan CHF 1,000	Other compen-sation CHF 1,000	**Total CHF 1,000**
2015	Dr Zeno Staub	CEO	700.0	1,212.5	1,212.5	107.4	3.0	**3,235.4**
2014	Dr Zeno Staub	CEO	700.0	900.0	900.0	103.1	3.0	**2,606.1**

To determine the member of the Group Executive Management with the highest total compensation, the conditional rights to receive performance shares associated with bonus shares are included in the calculation with a weighting of one performance share per bonus share.

1 The member of the Group Executive Management was awarded 33,348 shares (previous year 30,844) of Vontobel Holding AG as part of his compensation for the year under review. These shares are subject to a holding period of three years, during which they cannot be sold. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.

Allocation of shares from the long-term employee share-based benefit program to the member with the highest total compensation

	31-12-15	31-12-14
Number of performance shares allotted	**36,009**	22,633

The number of performance shares allocated is calculated on the basis of the number of bonus shares received for the financial year 2011 (previous year 2010) as well as the performance of the business in the years 2012 to 2014 (2011 to 2013).

Notice periods and severance agreements

See page 72 for further information.

Holdings of shares and options

		31-12-15			31-12-14		
			Options Number of shares at the time of exercise			Options Number of shares at the time of exercise	
Name	Function	**Shares Number**	**call options**	**put options**	Shares Number	call options	put options
Dr Zeno Staub	CEO	**146,483**	**0**	**0**	184,630	0	0
Dr Martin Sieg Castagnola	CFO	**66,482**	**0**	**0**	95,875	0	0
Felix Lenhard	Member	**71,408**	**0**	**0**	69,585	0	0
Georg Schubiger	Member	**59,982**	**0**	**0**	58,793	0	0
Axel Schwarzer	Member	**144,278**	**0**	**0**	99,820	0	0
Roger Studer	Member	**79,533**	**0**	**0**	144,779	0	0

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.

Former members of the Executive Board

Compensation paid to members of the Executive Board who stepped down during or prior to the previous year: None.

Additional fees, related parties and similar information: None.

Loans to members of governing bodies

See the notes to the consolidated financial statements, note 30.

Building a better
working world

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 4 February 2016

Report of the statutory auditor on the remuneration report

We have audited the remuneration report dated 4 February 2016 of Vontobel Holding AG (pages 73 to 81) for the year ended 31 December 2015.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report (pages 73 to 81). We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2015 of Vontobel Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Patrick Schwaller
Licensed audit expert
(Lead auditor)

Marco Amato
Licensed audit expert

The topic of sustainability gains further momentum

The UN Conference on Climate Change in Paris, which is already regarded as historic, has confirmed the existential importance of climate protection and sustainability. In the finance industry, the topic of sustainability has also continued to gain strong momentum – as demonstrated by the powerful remarks made by Mark Carney, Governor of the Bank of England, on the subject of climate change and its potential implications for the financial markets. Carney pointed to the need for investors to consider alternative or sustainable investments at an early stage where possible, explaining that the transition to a low-carbon economy could prompt a significant reassessment of the value of assets. It is also striking that from 2016, pension funds in France will be legally required to disclose the carbon footprint of their portfolio. Similar moves are underway in other countries.

With our range of sustainable products and solutions, Vontobel has, for many years, been addressing the need to restructure the energy system, make efficient use of resources and supply clean technologies. The Vontobel Fund – Clean Technology received two awards in 2015, highlighting the extensive and impressive expertise acquired by our analysts and portfolio managers on these sustainability topics. The awards underscore our leading position in the field of sustainable and thematic investing. We conduct regular performance assessments based on our environmental, social and governance (ESG) criteria to measure the value created by our sustainability analyses. The results show that the systematic inclusion of sustainability criteria can generate demonstrable value for our clients. We are also in the process of introducing relevant CO_2 reporting for our ESG investment solutions.

We have a clear understanding of our corporate responsibility to promote the welfare and stability of the communities in which we operate. In 2015, we therefore reinforced our role as a good corporate citizen and intensified our cooperation with the International Committee of the Red Cross (ICRC). As a member of the ICRC's Corporate Support Group, we used our Christmas fundraising campaign to help refugees in and around Syria and – for the first time – launched a fundraising campaign among our employees. Other joint activities are planned for 2016. Our goal is to provide long-term support to assist the ICRC in its important work.

Performance creates trust. Based on this motto, we want to continue to enhance our sustainability performance and to position Vontobel as the preferred partner to discerning clients. The numerous awards received by our divisions – including being named "Best Private Bank in Switzerland 2015" by the Swiss business magazine "Bilanz" – confirm that we are on the right track.

Dr Zeno Staub, CEO of Vontobel

Vontobel's commitment to sustainability – a strategic aspect of our approach to business
As a financial services provider, Vontobel is closely connected with the economy and society in all the locations in which we operate. Consequently, the nature and design of our products and services and the way we conduct our banking operations have an impact on the sustainable development of this integrated world. We believe that promoting sustainable development in our markets in a variety of ways is both an economic necessity and a moral duty. This includes creating attractive jobs and offering innovative and sustainable products and services, as well as paying taxes. We also make a contribution by saving energy and resources, by serving communities and by engaging in an active dialogue with the public about the role of financial services providers.

Our mission statement forms the basis for our sustainability commitments. The core values and action principles defined by the Board of Directors in our mission statement are expressed in concrete terms in two documents:
– The Code of Conduct, which defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
– The Sustainability Guidelines, which define the areas in which we take action to implement our sustainability strategy.

Our sustainability commitments are focused on our main groups of stakeholders: clients, shareholders, employees, society and the environment (G4–24; see page 110f). The Sustainability Committee, which is chaired by the CEO, defines the strategic thrusts of our Group-wide sustainability activities and formulates our objectives, as well as appropriate measures to achieve them. We strive to deliver constant improvements in this context. The gathering of key sustainability data is an important means of measuring our progress and of prioritizing our next steps. The Sustainability Committee consists of representatives from our three divisions – Private Banking, Asset Management and Investment Banking – as well as all relevant Group functions. The measures defined by the Sustainability Committee are implemented by Sustainability Management in collaboration with the relevant specialist departments.

In our annual Sustainability Report we provide comprehensive information about all the key data and changes. Our sustainability report has been produced for the fifth time in accordance with the principles set out in the Global Reporting Initiative (GRI). We transitioned to the G4 guidelines in 2014 and our reporting for 2015 follows these guidelines, with Vontobel having once again selected the "core" reporting option. No restatements or corrections were made versus 2014 (G4–22, 23). In line with the prior year, the following aspects were included in the Sustainability Report for 2015 and were accompanied by the corresponding indicators (G4–18, 19):
– Economic performance
– Indirect economic impacts
– Materials
– Energy
– Emissions
– Employment

- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Compliance
- Product and service labelling
- Customer privacy
- Product portfolio
- Active ownership

Unless stated otherwise, the report boundary encompasses Vontobel Holding AG with the subsidiaries listed in the consolidated annual financial statements as well as their locations. Unless stated otherwise, the reporting period is from 1 January to 31 December 2015. The environmental key figures relate to the period from 1 October 2014 to 30 September 2015. Information on the scope of consolidation can be found on page 220–221 of the Annual Report (G4–17). As a provider of financial products, we also seek to incorporate sustainability aspects into our products and services, as well as our partnerships and relationships with suppliers. More information on this topic can be found in the following chapters (G4–20, 21).

An open dialogue is important to us in order to gain a better understanding of the needs of our clients, employees, suppliers and cooperation partners and to take account of the interests of local communities and non-governmental organizations. We want to engage with our stakeholders by providing clear and comprehensible information on different environmental, social and governance challenges and opportunities. Regular employee and client surveys are key tools in this context, as are targeted discussions with our suppliers. In 2015, we implemented measures based on the results of the 2013 employee and client surveys. Issues raised by employees included calls for enhanced internal communication and targeted support in the area of career development. A second global employee survey was conducted in the year under review. The majority of clients indicated they were very satisfied with Vontobel but we nonetheless want to achieve improvements in this area and to further strengthen client satisfaction and client trust in our company (G4–25, 26, 27). We are making good progress in these efforts, with Vontobel having once again been assigned the rating "excellent" for its investment proposal in a private banking test carried out by the German investor magazine "€uro", while the Swiss business magazine "Bilanz" named Vontobel "Best private bank in Switzerland 2015".

The following sections show the progress achieved during the year under review.

Focusing on clients

Our business philosophy centres on achieving client satisfaction, on gaining and maintaining client trust and on protecting and building the wealth that clients have entrusted to us. These tasks have become more complex in view of the increasing demands being placed on the financial sector as well as stricter regulatory requirements (both in Switzerland and worldwide). At the same time, clients have become more discerning, and the demand for individually tailored solutions has increased.

Sustainability aspects are playing a more significant role in this context, even purely in terms of economic risk considerations.

Offering each of our clients the right product or best possible service is therefore the primary focus of our three divisions – Private Banking, Asset Management and Investment Banking. Compliance with the product naming requirements defined by regulators is mandatory for all our divisions. Private Banking offers a comprehensive range of services to address a wide variety of financial needs, from portfolio management to investment advice and inheritance planning. Asset Management has a multi-boutique approach with six independent centres of competence and focuses on active asset management. Investment Banking ranks among the leading issuers of derivatives and structured products in Switzerland and Europe. Securities and forex trading, as well as the securities services provided by Transaction Banking, complete our offering.

In addition to being one of the leading issuers of structured products in Switzerland, we play a pioneering role in this business: Since 1 October 2014, Vontobel Financial Products has been disclosing the issuer margin on its own structured products in addition to the distribution fees, thus setting a new industry standard in terms of cost transparency. In response to changing information requirements and the growing client need for increased interaction, Vontobel is continuing to develop its derivatives website derinet®. This included the launch of the derinews blog – the first of its kind to be published by a Swiss issuer of structured products.

Vontobel assigns the highest importance to protecting client data and to complying with all applicable legal requirements. The Legal & Compliance department is responsible for regulating and monitoring both of these aspects throughout Vontobel. There were no cases involving breaches of client privacy in 2015. Equally, Vontobel did not receive any fines for non-compliance with regulations governing the provision of products and services.

In Private Banking, the individual service offered by Vontobel forms the cornerstone of our good relationship with clients. Our relationship managers take time to understand the wishes and needs of each client and make a structured assessment of their personal circumstances in order to offer them services that are tailored to their individual requirements. To ensure that our clients only purchase products that are suitable and appropriate for them in terms of their personal financial market experience and risk capacity, a specially developed risk profile was introduced in 2013 and has since been continuously adapted and improved. This enables relationship managers to issue investment recommendations that are in line with the risk profile of each client, taking account of both their personal experience and the expected development of the market. In this way, we can serve our clients and address their needs in a more targeted manner. We conduct regular surveys of our private clients. We want to continuously improve on our high level of client satisfaction of 84% (2013 client survey). The next client survey is scheduled for 2016.

Vontobel began to systematically introduce retrocession-free share classes in the area of portfolio management in 2014. This measure is aimed at further enhancing the cost transparency of our portfolio management mandates and is also a key factor driving client satisfaction.

To ensure that our relationship managers are ideally prepared to meet the needs of our clients, we once again invested in a range of training programmes in 2015. This included the relaunch of our induction courses for new hires in Private Banking to inform employees about the bank's products, services and processes more rapidly and effectively. In addition, we created a dedicated function in Private Banking with responsibility for the further development of our training for relationship managers and for ensuring a high level of professionalism in this area, and we appointed a specialist to this post. Our cross-border e-learning platform was also expanded in 2015 with a focus on the advisory business and our advisory process. As a final point, we invested in a series of training courses during the year to enable relationship managers to acquire additional technical expertise.

We also enhanced and sharpened the focus of our investment communications for clients. They now receive market updates with more comprehensive and transparent information based on the current market environment. For example, we promptly informed them about the SNB's decision relating to the Swiss franc, developments in the Greek crisis, Brazil's credit rating downgrade by S&P, the market turmoil in China, the US Fed's interest rate hike, and commodities news.

In 2015, we once again published our magazine for private clients. The three issues focused on the topics "Preparing for Change", "Digitalization" and "Successfully different" – thus appealing to a broad and interested readership while also incorporating sustainability topics. The November edition of our monthly Investor's Outlook was devoted to the subject of climate change and featured a specialist article about sustainable investments.

Vontobel offers private clients a portfolio management mandate that takes account of sustainability criteria and is broadly diversified across several asset classes, the "Vontobel Sustainable Mandate". Three different investment strategies are available. Unlike in the case of traditional portfolio management mandates, all of the investments undergo a clearly defined sustainability review. This gives investors the opportunity to participate in the success of sustainable companies and to combine their personal values with their investment activities.

In 2015, Vontobel extended its range of products for private clients with the addition of an insurance solution. Clients can now grow and protect their wealth through flexible or tied pension products. In cooperation with our partners, Vontobel offers flexible investment solutions in the areas of vested benefits, management pensions and Pillar 3a pension provision. Depending on the needs of the client, Vontobel offers mandates or fund solutions. We have launched our own funds for the fund solution. The Vontobel funds "Pension Invest Yield" and "Pension Invest Balanced" invest globally and combine the goals of capital preservation and capital growth with ethical, environmental and social aspects.

For all sustainable investment products, Private Banking works closely with specialists in Vontobel Asset Management in line with the principles of the integrated business model. In 2015, Vontobel strengthened its cooperation with selected external fund partners. One of the main goals of this cooperation is to intensify the active exchange of knowledge and experience with other investment and finance experts and to incorporate newly acquired insights into our investment decisions.

One of the trends that Vontobel has long been actively following is digitalization. Against this backdrop, Vontobel defined a comprehensive digitalization strategy and – as part of this strategy – launched the Vontobel Mobile Private Banking project in 2014. In view of the increased use of digital media, we have developed a multi-channel strategy for client communications in connection with this project and launched the digital channel "Vontobel Mobile Private Banking App" at the start of 2015. This digital solution enables our clients in selected countries to obtain a detailed overview of their portfolios and accounts and to obtain access to specific investment ideas, detailed research information and current market prices in key markets. Clients can also compile their own individual "watch list" of financial investments that are of interest to them. The messaging function allows them to communicate directly with their relationship manager or other contacts at Vontobel. In the course of the first quartner 2016, a trading function to simplify the buying and selling of securities will be added. In addition, the informational content will be expanded in 2016. We use encryption technology to ensure the very highest standards of security for the transfer of data. This mobile solution is available on smartphones and tablets for iOS and Android. Our clients have responded positively to this innovation.

Awards and events

Our divisions once again received various awards in 2015 in recognition of our services and funds. In the private banking test conducted by the German investor magazine "€uro", Vontobel was assigned the highest rating of "excellent" for its investment proposal. In conjunction with the Munich-based Institut für Vermögensaufbau (IVA), the magazine "€uro" conducted its eighth annual private banking test of 20 banks in Germany. The test was based on "mystery shopping" research conducted with real test clients, and it assessed how well the investment proposals presented by the private banks corresponded to the needs of the clients. The consultation with the test client was successful, with no questions left unanswered. Vontobel also performed well in the mystery shopping test carried out by the Swiss business magazine "Bilanz", which named it "Best Private Bank in Switzerland 2015". This was the second consecutive year in which Vontobel received these two awards.

Vontobel Asset Management was named "Best EUR Corporate Bond Manager". The European rating agency FERI EuroRating Services AG and Handelsblatt Publishing Group named the Vontobel Fund – EUR Corporate Bond Mid Yield as the best fund in the "EUR Corporate Investment Grade" category in Germany, Austria and Switzerland.

In 2015, Vontobel Asset Management won three coveted industry awards in the UK. Two of the accolades went to the Vontobel Fund – Clean Technology, the third went to our London-based fixed income boutique TwentyFour Asset Management. The

Vontobel Fund – Clean Technology was named "Best Environmental Fund" in the 2015 Sustainable Investment Awards and "Best Fund" in the category "Natural Resources Equity" in the 2015 Investment Week Specialist Investment Awards. These awards underscore our position as a leader in sustainable and thematic investing. TwentyFour was named "Specialist Fixed Income Group of the Year" at the 2015 Investment Week Specialist Investment Awards. TwentyFour offers a comprehensive line-up of fixed income strategies, including unconstrained fixed income and asset-backed securities (ABS).

At this year's award ceremony for the most successful derivatives providers in Germany, Vontobel Investment Banking followed on from its success in 2013 and 2014 by once again securing first place in the "Reverse Convertibles" category. The "Zertifikate-Awards" are regarded as the most prestigious accolades for leading providers and products in the German market for retail certificates. The awards are organized by the specialist publication "Der Zertifikateberater", "Die Welt" Group and the two major stock exchanges Börse Frankfurt and Börse Stuttgart.

Vontobel considers it important to promote a sustainable approach to finance and to actively participate in a dialogue on this topic. Reflecting this commitment, representatives of Vontobel Asset Management took part in panel discussions at the Responsible Investor Europe Conference 2015 and the Impact Forum Europe in Berlin. The topics discussed were ESG integration as well as labels and certifications for sustainable investment funds. In addition, Vontobel hosted and sponsored an event entitled "The new Swiss Foundation Code – promoting the professional management of foundation assets".

Vontobel Asset Management: quality certification for investment management services

Vontobel Asset Management has obtained ISAE (International Standards for Assurance Engagements) 3402 Type 2 certification. ISAE 3402 is a global assurance standard for reporting on controls at service organizations. It was introduced in 2011, largely in response to regulatory changes resulting from the Enron and WorldCom financial scandals to protect shareholders and the general public from accounting errors and fraudulent practices. The standards were established by the International Auditing and Assurance Standards Board. This certification confirms Vontobel Asset Management's commitment to applying international principles in relation to process quality for the benefit of its clients.

Sharper focus on opportunities and risks in the investment business

For a wealth and asset manager, the consideration of ESG aspects in the investment business is a key element of its sustainability strategy. This reflects the fact that the integration of sustainability criteria into its product and services portfolio is a very effective lever when it comes to fostering sustainable development. Since 2010, Vontobel has therefore been a signatory to the Principles for Responsible Investment (PRI), a UN initiative to promote sustainable investing, as well as to the European SRI Transparency Code.

Sustainable investment products to meet client needs

When requesting investment proposals, private and institutional clients are increasingly looking for an investment process that incorporates ESG criteria. Our investment products taking sustainability criteria into account enable clients to achieve financial returns while contributing to sustainable development. Our clients can select investment themes that reflect their own values and investment objectives. The primary focus here is on a range of funds that use different approaches to address aspects of global change and sustainable business. Each of our divisions performs functions relating to product development, client communications and marketing to ensure continued progress in these areas. The Principles for Responsible Investment (PRI) provide guidance in this area. We also comply with the requirements of the European SRI Transparency Code.

In our Global Thematic Boutique, the "Sustainable Global Leaders" fund line was renamed "mtx Sustainable Global Leaders". The "mtx" component of the name is an abbreviation of "matrix" and is derived from the underlying investment process used by the portfolio management team. Our analysis is based on four pillars: profitability, industry position, intrinsic value and the examination of specific ESG criteria. Sustainability-related issues and challenges relating to each sector are defined in detail in "Minimum Standard Frameworks" (MSFs) and divided into nine different fields. Analysts use the sustainability matrix to assess the sustainability performance of companies.

The assessment of individual companies is conducted by specialist internal financial analysts with many years of experience in evaluating sustainability criteria. Their combined expertise in the areas of financial and ESG analysis is an important success factor for Vontobel Asset Management in view of the importance of identifying financially attractive and highly sustainable companies in each sector: Within each MSF, companies must meet the defined minimum criteria in order to be considered for investment. Information from external research agencies (Vigeo, GMI, Inrate, Bloomberg), reports by Hermes Equity Ownership Services (HEOS) and publicly accessible NGO assessments are included in the analyses.

We believe that in an increasingly globalized and dynamic world, companies that actively address sustainability challenges from a long-term perspective have better prospects of success and gain a competitive advantage over their peers. Our regular performance assessments based on ESG criteria are an indication that the consideration of ESG criteria can create clear added value for our clients. In total, the mtx Sustainable Global Leaders funds reported CHF 1,008 mn of assets under management at the end of 2015.

In regular sustainability meetings, analysts and portfolio managers discuss current assessments and ensure that the findings are incorporated into the investment process. We not only analyze new stocks but also regularly examine previously defined MSF profiles to identify investment risks and opportunities at an early stage. A regular dialogue with portfolio managers in other areas also helps to ensure that recommendations are incorporated into other products such as balanced mandates.

In addition to the mtx Sustainable Global Leaders fund line, Vontobel offers the New Power, Future Resources and Clean Technology theme funds. They address current trends such as the restructuring of the energy system, the efficient use of resources and the supply of clean technologies. At the end of 2015, these three funds had a total volume of CHF 447 mn.

Voting and engagement

For all companies in our sustainable investment funds, Vontobel regularly exercises its voting rights. We have been working with Hermes Equity Ownership Services (HEOS) in this context since 2011. This strengthens our position as a result of our cooperation with other investors. The HEOS service covers all of Vontobel's funds that take account of sustainability criteria, as well as our thematic funds: mtx Sustainable Global Leaders, mtx Sustainable Emerging Markets, mtx Sustainable Asian Leaders (ex Japan), Sustainable Swiss Equity, New Power, Clean Technology and Future Resources. All other funds come under the internal "Management Company Voting" policy.

The guidelines followed by HEOS have been reviewed and approved by Vontobel. Whenever voting rights are exercised, the decision-making authority always lies with Vontobel, which checks the proposals put forward by HEOS on voting and engagement. These proposals may also be amended or rejected.

Each year, Vontobel publishes a Voting & Engagement Report. The report for 2015 will be published in mid-2016. In 2014, we voted on 3,129 resolutions at 257 general meetings worldwide for the above mentioned funds. We voted with management on 55% of the resolutions, against management on 43% of the resolutions and we abstained on 2%. We engaged in a dialogue with 41 companies on 101 different issues, of which 14% related to environmental, 25% to social and 10% to strategy and risk matters. Corporate governance was once again the main topic discussed, accounting for 52% of all issues.

In addition to formal engagement programmes, our analysts established direct contact with companies on a more frequent basis in 2014. Our consumer goods analyst contacted Samsonite and expressed concern over its clearly below-average environmental and governance performance. The company subsequently committed to further reduce the use of hazardous materials in its production process. In 2014, Samsonite separated the functions of CEO and Chairman – a move that we regard as clear progress in its corporate governance. Our IT analyst cultivated a productive dialogue with Colopl surrounding corporate governance issues. Detailed information is available in our Voting & Engagement Report at: www.vontobel.com/voting

All Vontobel funds where sustainability aspects are integrated in the investment process bear the Eurosif transparency logo, which guarantees that investors are fully informed about the funds' investment processes and selection criteria.

Vontobel Asset Management also manages sustainability and theme funds with a volume of CHF 3,897 mn for various cooperation partners. Through its involvement in "responsAbility", an organization specializing in social investments and microfinance investing, Vontobel supports the provision of microfinance funds and other innovative financial products.

Sustainable and theme funds managed by Vontobel	2015	2014
Volume of sustainable funds (CHF mn)	**4,852**	4,106
Volume of theme funds (CHF mn)	**516**	476

Sustainable investments	2015	2014
Volume of sustainable investments (CHF mn)[1]	**6,445**	5,659
Share of sustainable investments (in % of AuM)[2]	**4.7**	4.5

1 Including volume of structured products
2 Excluding volume of structured products

The volume of sustainable investments managed by Vontobel rose by over 13% in 2015 compared to the previous year. Measured as a proportion of total assets under management, sustainable investments increased from 4.5% to 4.7%. The growth of this segment therefore slightly exceeded that of other investments.

No investments in controversial weapons
Cluster munitions and land mines are banned by international conventions. As early as 2012, Vontobel approved a Group-wide guideline that prohibits investments in companies that manufacture these types of arms. Therefore, our sustainable investment process begins with the systematic exclusion of companies that manufacture controversial weapons from our investment universe. Stringent processes ensures that no manufacturers of cluster munitions and land mines are included in our investment funds, discretionary mandates or investment recommendations.

Vontobel charitable foundation
Since 2004, clients have been able to lend their support to a variety of projects focusing on social issues, culture, ecology, education or medicine through Vontobel's charitable foundation. In the year under review, for example, the charitable foundation provided support to the Eriwis nature workshop for the second time. Located near to Schinznach-Dorf in the Canton of Aargau, it covers an area of 135,000 m^2 and is home to a number of rare amphibian species. It also provides an important habitat for birds and reptiles, including smooth snakes and grass snakes. A high level of personal commitment and in-depth expertise is required to preserve these sites of natural importance. The Eriwis nature workshop is committed to promoting biodiversity and to preserving different habitats. Another project supported by the charitable foundation in 2015 was the "Verein Läbesruum" in Winterthur, which has been promoting the social and professional integration of unemployed people for 25 years by offering them low-threshold employment. This paid work enables people to establish a daily routine, gives them the feeling of being needed, creates a sense of self-worth and, in many cases, restores their confidence in their own abilities. These are all prerequisites that enable many of the individuals concerned to find a job in the regular labour market after their time at "Läbesruum". In total, the charitable foun-

dation contributed more than CHF 840,000 (2014: CHF 708,000) of donations and sponsorship funding in 2015.

Support for employees
The skills and expertise of Vontobel's 1,566 employees, who work at 6 locations in Switzerland and 17 locations internationally, are vital to Vontobel's long-term success. Vontobel is very aware of the competition that exists for skilled employees. As a medium-sized wealth and asset manager, Vontobel has to compete with major global players both in its Swiss home market and abroad. Individual career planning and suitable training and development opportunities are therefore especially important in positioning Vontobel as an attractive employer. Another key factor is the provision of a pleasant working environment that is free from discrimination and promotes diversity and equal opportunities. No cases of discrimination were reported in 2015.

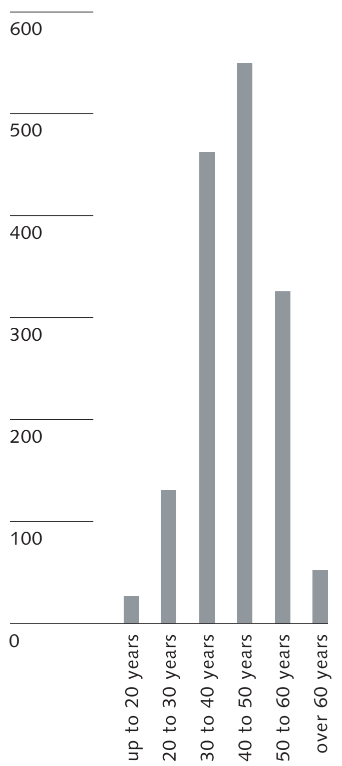
To ensure these requirements are addressed properly, we consider it important for employees to play an active role in their own professional development. As part of the annual performance management process for all employees – comprising the assessment of behavioural competencies and the setting of individual goals – they are given the opportunity to draw up a personal development plan. This forms the basis for their personal career development and is defined by employees in consultation with their line manager. Vontobel provides appropriate online tools for this process and employees are supported by Human Resources and business partners in the individual divisions. The strengthening of individual development planning forms part of the measures that were defined based on the results of the 2013 employee survey.

Number of employees by domicile

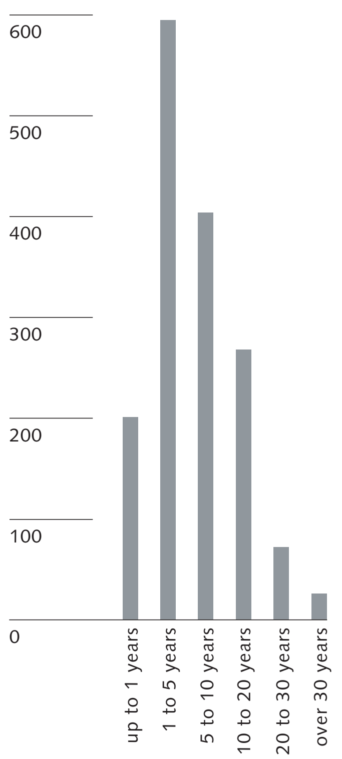
	Number of women	Number of men	**31-12-15 Total**	Number of women	Number of men	31-12-14 Total
Switzerland	376	888	**1,264**	353	845	1,198
Germany	39	44	**83**	36	49	85
USA	32	46	**78**	30	35	65
Austria	2	1	**3**	3	1	4
U.A.E	2	12	**14**	2	10	12
Italy	6	9	**15**	6	6	12
Luxembourg	7	10	**17**	9	8	17
Liechtenstein	10	6	**16**	9	5	14
United Kingdom	12	35	**47**	5	6	11
Hong Kong	9	7	**16**	9	8	17
Singapore	4	4	**8**	3	7	10
Sweden	0	0	**0**	0	1	1
Spain	1	2	**3**	0	2	2
Australia	1	1	**2**	0	0	0
Cayman Islands	0	0	**0**	1	0	1
Total	**501**	**1,065**	**1,566**	466	983	1,449

Numbers include trainees

Age structure 2015



Seniority structure 2015



Of the total of 1,566 employees at Vontobel, 1,333 held full-time positions. In addition to employees with permanent contracts, a total of 88 temporary employees worked for Vontobel as of the end of 2015. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed. The total headcount increased by around 8% year on year, including 65 positions resulting from the acquisition of Finter Bank and 34 of TwentyFour.

Second global employee survey in 2015

In 2015, we conducted our second global survey to assess employee satisfaction at Vontobel. A total of 86% of employees participated in the survey (2013: 79%). This response rate is well above average compared to Vontobel's peers as well as companies in other sectors. Compared to the results of the 2013 survey, we achieved improvements in all 13 categories. The survey indicated that the large majority of employees is proud of Vontobel's excellent reputation in the market and therefore pleased to be associated with the Vontobel brand. To achieve global growth, it is, however, important for Vontobel to have teams with an even more international dimension and for us to view diversity as part of our corporate culture.

In the area of individual professional development, our employees identified a clear improvement compared to 2013. We continue to implement the measures that were initiated and expand them where necessary. As a response to the employee survey 2013, we also strengthened our internal communications. Our various internal communications measures proved effective, resulting in the improved flow of information. We will continue to actively implement these measures.

The survey also revealed the need to further strengthen employee awareness about diversity and inclusion. We have therefore defined three main areas that we will focus on going forward: Gender, Nationality and Demography. Appropriate and realistic goals – referred to as "Aspirations 2020" – have been formulated for each area and measures have been defined that will now be implemented. In the "Gender" focus area, we will strive to continuously increase the number of women at senior management level. In the "Nationality" focus area, we want to ensure that the composition of our workforce reflects our target markets while, at the same time, preserving the "Swissness" that is valued by our clients. Finally, in the "Demography" focus area, we will aim to achieve a more balanced age mix.

Long-term succession planning that addresses the needs of the divisions is an essential part of Vontobel's long-term human resources planning. This is another area in which we will focus on the topic of diversity and inclusion. The number of different nationalities among our workforce remained largely stable in 2015 compared to the previous year. The age structure shows that most employees are aged between 30 and 50. Targeted support is important to align the potential of this age group with the division's staffing needs.

Nationalities of employees	Number	31-12-15 in %	Number	31-12-14 in %
Switzerland	1,048	67	1,000	69
Germany	173	11	168	12
Austria	18	1	17	1
Italy	64	4	50	3
USA	64	4	59	4
Spain	13	1	11	1
France	23	1	20	1
United Kingdom	55	4	24	2
Other	108	7	100	7
Total	**1,566**	**100**	1,449	100

Age structure	Number	31-12-15 in %	Number	31-12-14 in %
Up to 20 years old	27	2	26	2
20 to 30 years old	132	8	122	8
30 to 40 years old	468	30	450	31
40 to 50 years old	556	36	516	36
50 to 60 years old	330	21	285	20
More than 60 years old	53	3	50	3
Total	**1,566**	**100**	1,449	100

Age structure Board of Directors	Number	31-12-15 in %	Number	31-12-14 in %
30 to 40 years old	1	14	0	0
40 to 50 years old	1	14	1	14
50 to 60 years old	3	43	3	43
More than 60 years old	2	29	3	43
Total	**7**	**100**	7	100

Seniority structure	Number	31-12-15 in %	Number	31-12-14 in %
Up to 1 year	201	13	202	14
1 to 5 years	595	38	551	38
5 to 10 years	404	26	351	24
10 to 20 years	268	17	252	17
20 to 30 years	72	4	71	5
More than 30 years	26	2	22	2
Total	**1,566**	**100**	1,449	100

Targeted training and development

In 2015, internal training and development measures focused, among other things, on the newly created Leadership Curriculum – with programmes that actively involve members of the Executive Board – and on the expansion of the offering to include eLearning modules such a the Vontobel Ambassador programme. The completion of various modules is now a mandatory requirement for new hires. In addition, a "Welcome Day" is held four times a year in order to introduce the divisions and to provide new employees with valuable information about Vontobel's strategy, objectives and corporate culture. With effect from 2016, the Welcome Day will be mandatory for all employees from the rank of Director. In 2015, we also introduced an additional "Manager Onboarding" module for employees with management responsibility. Completion of the module – which is designed to help managers learn about and adopt Vontobel's corporate culture – is mandatory. During the year, the Vontobel Academy once again offered a large number of internal and external courses on specialist, personal development and management topics. Expenditure on training slightly decreased year on year, both in absolute terms and per employee.

The "Seitenwechsel" programme gives senior managers the opportunity to further develop their leadership and social skills. Vontobel executives spend one week in a social institution of their choice – ranging from homes for people with disabilities and clinics for people suffering from addiction to asylum centres. The programme enables them to discover a very different type of working environment and provides them with a new perspective. Managers from all of the bank's divisions took part in the programme again in 2015. They found the experience to be enriching and gave very positive feedback about the programme.

Vontobel is convinced that compensation should be determined solely on the basis of an employee's abilities and function. Consequently, Vontobel does not measure wage equality in specific cases or by gender. Vontobel's compensation concept is designed to motivate employees at all levels of the company to achieve shared and individual objectives. The concept is based on an integrated approach. Vontobel's compensation system is structured in such a way that the interests of all stakeholders are closely aligned. The share participation plan, which is based on a long-term perspective, also incorporates risk aspects. It thus provides incentives for employees to contribute to the sustained success and stability of Vontobel, in accordance with the principles defined by the Swiss Financial Market Supervisory Authority FINMA. Vontobel's compensation system has the following objectives: It promotes a performance-oriented culture and fosters teamwork and a prudent approach to risk; it encourages an enterprising philosophy and actions among employees; it promotes a long-term commitment to the company among top performers; and it positions Vontobel as a competitive employer. Further information on this topic can be found in the Compensation Report (Annual Report 2015, page 61 f.).

Proportion of males/females at different levels of management in 2015

	Number of women	Proportion of women	Number of men	Proportion of men
Employee	146	52%	134	48%
Middle management	235	45%	284	55%
Senior management	120	16%	641	84%
Group Executive Management	0	0%	6	100%
Total	**501**	**32%**	**1,065**	**68%**
Board of Directors	2	29%	5	71%

Proportion of males/females in part-time positions in 2015

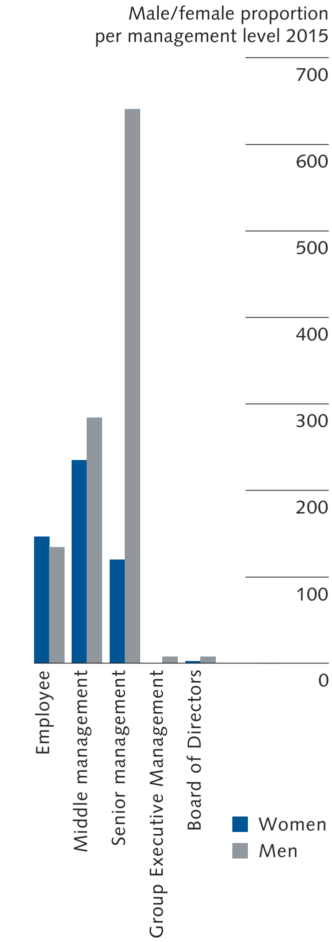
	Number of women	Proportion of women	Number of men	Proportion of men	Total number	Proportion of total
20 – 49%	20	4%	6	1%	26	2%
50 – 79%	63	13%	31	3%	94	6%
80 – 99%	68	13%	45	4%	113	7%
100%	350	70%	983	92%	1,333	85%
Total	**501**	**100%**	**1,065**	**100%**	**1,566**	**100%**

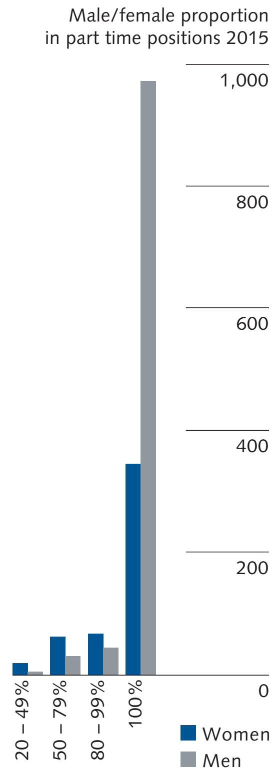
There was virtually no overall change in the proportion of employees who worked on a part-time basis in 2015 compared to 2014: The proportion of female employees working part-time decreased slightly from 31% to 30%, while the proportion of male employees in part-time positions was unchanged at 8%. In principle, part-time employees receive the same benefits as full-time employees. Different benefits apply in the case of temporary employees or staff who are available on an "on call" basis.

Fully committed to providing attractive employment conditions

Offering attractive working conditions is an important part of targeted employee development measures. This is why Vontobel promotes the compatibility of work and familiy life. The benefits granted to working parents go beyond the statutory minimum in terms of both maternity and paternity leave. After completing six years of service, female employees benefit from six months of maternity leave on full pay, while members of staff who have been with the company for a shorter period of time are entitled to four months of maternity leave. New fathers are granted five days of paternity leave. Vontobel is a long-standing member of Childcare Service, an organization that advises parents on childcare issues and runs a group of nurseries. Vontobel is also a member of kcc group (globegarden), which offers families complete childcare solutions. Wherever possible from an operational perspective, Vontobel endeavours to meet requests for part-time working arrangements from employees, including members of middle management. In justified cases, our employees have the opportunity to work from a home office. Since 2015, they have also had the option of purchasing additional individual days of holiday.

Employee health is also assigned considerable importance at Vontobel. The employee restaurant at Vontobel's head office therefore serves healthy meals every day. The salad buffet, starters, main courses and open drinks are offered free to employees, deserts are subject to a charge. Fresh fruit is always available to employees in Vontobel's offices. In addition, Vontobel's own sports club gives employees various opportunities to exercise as a means of striking a balance with their work. Vontobel intends to provide suitable changing areas for employees in each of its office buildings and has therefore modernized and extended the existing changing rooms for women in one of its buildings in Zurich.





When equipping new work spaces or renovating offices, electronically adjustable desks are usually installed to allow employees to alter their height of their work station – reflecting ergonomic recommendations that employees should switch positions while working. Studies have confirmed the benefits of this approach: By reducing the amount of time that employees spend sitting by up to 30%, it is possible to mitigate health problems.

During the year under review, Vontobel participated in National Future Day for the tenth time. Hundreds of companies, organizations and universities across Switzerland open their doors on this day and children in grades 5 to 7 are invited to accompany an adult with whom they have close ties (parents, god parents, aunts or uncles) to work. During the morning session of Future Day at Vontobel, the children learn interesting facts about the bank and then spend the remainder of the day – i.e. lunch and the afternoon session – with the accompanying adult. In 2015, more than 60 children visited Vontobel on Future Day.

Turnover and training	**2015**	2014
Turnover rate (in %)	**11.4**	11.8
Training costs (CHF 1,000)	**1,618**	1,720
Training costs (CHF/FTE[1])	**1,083**	1,178
Number of trainees	**29**	24

1 FTE = Full Time Equivalent

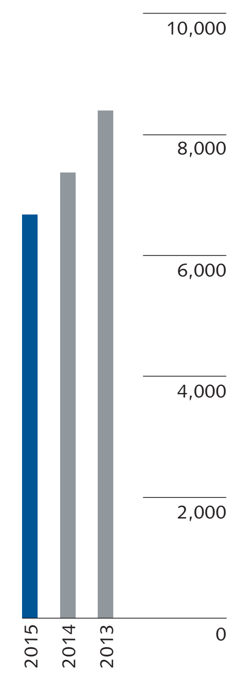
There was a decline in the turnover rate to 11.4% in 2015 compared to the previous year. A total of 73 female employees and 101 male employees left the company during the year. The leavings by age were as follows: below 24: 3, 25–39: 76, 40–54: 68, 55–64: 23, above 65: 4. Meanwhile, a total of 240 new employees were hired during the year under review (83 women and 157 men). New hires by age: below 24: 24, 25–39: 134, 40–54: 75, 55–64: 6, above 65: 1.

Vontobel once again provided attractive training positions for young people in the form of 29 apprenticeships in 2015 (including one trainee position). This, in turn, benefits Vontobel by giving it access to a pool of well-qualified young professionals who can be offered a permanent position. In Switzerland, all employees up to and including middle management are covered by the Agreement on Conditions of Employment for Bank Employees (VAB) issued by the Employers Association of Banks in Switzerland (AVG).

Environmental and climate protection

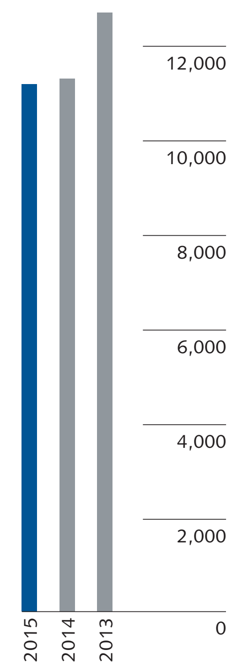
Appropriate processes protecting both climate and environment are of high importance to Vontobel. We gather comprehensive environmental data each year in order to measure our progress. When conducting our operations, we strive to use materials as sparingly as possible and place an emphasis on energy efficiency and the reduction of greenhouse gas emissions. The Sustainability Committee, coordinated by Sustainability Management, is responsible for the strategic management of these aspects. The Committee, which is chaired by the CEO, meets twice a year. Representatives of Human Resources, Operations, Legal & Compliance and the divisions attend the meetings. Line managers are directly responsible for implementing the decisions taken by the Sustainability Committee. In 2015, the Sustainability Committee selected three new projects for the period from 2015 to 2017 to contribute to the achievement of climate neutrality at Vontobel. This time, the Sustainability Committee focused on the areas of forestry, water and landfill gas, since they effectively complement the GoldPower certificates purchased separately by Vontobel. Projects were selected in Brazil, China and Kenya to ensure broadly diversification across different regions. Information about the projects is available at: www.vontobel.com/sustainability.

Total energy consumption per employee (kWh/FTE)



The first table on page 102 shows environmental key figures on an absolute basis, while the second table shows the figures per employee (FTEs). When selecting and renovating premises, we systematically focus on environmentally friendly and energy-efficient measures to save energy. High energy standards and good insulation of the building envelopes are part of this approach. The use of energy-saving LED lighting is standard in all new and renovated office buildings. Wherever possible, we are also switching to LED lighting in our existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. In addition, this form of lighting does not result in waste products requiring special disposal. During the year under review, the entire lighting system at Vontobel's offices in Berne was replaced with LED lighting. At the head office in Zurich, individual areas switched to LED lighting and it is planned that the entire building will be equipped with LED lighting in the course of 2016.

Business travel per employee (km/FTE)



As part of our digitalization strategy, we have altered the publication schedule of derinews so that the client magazine now appears every two months rather than on a monthly basis. At the same time, we launched our derinews blog – the first of its kind to be produced by a Swiss issuer of structured products. With these steps, we are not only exploiting the full potential of the Web 2.0 (social media) but are also reducing paper consumption.

Environmental key figures absolute	2015[1]	2014[1]	2013[1]
Total energy consumption (MWh)	**9,447**	10,164	11,141
Electricity consumption (MWh)	**6,362**	6,804	7,447
Heat consumption (MWh)	**2,709**	2,986	3,469
District heating/cooling usage (MWh)	**376**	374	225
Business travel (1,000 km)	**15,773**	15,553	16,812
Paper consumption (t)	**155**	161	198
Proportion of recycled paper used (%)	**29**	19	13
Proportion of FSC-label paper used (%)	**87**	88	80
Water consumption (drinking water, m^3)	**18,217**	17,432	17,509
Volume of waste (t)	**218**	265	254
Recycling ratio (%)	**49**	67	67
Total greenhouse gas emissions (CO_2 equivalents in t)[2]	**3,513**	3,884	4,039
Greenhouse gas emissions: scope 1 and 2 (CO_2 equivalents in t)[2,3,4]	**1,174**	1,447	1,432
Greenhouse gas emissions: scope 3 (CO_2 equivalents in t)[2,5]	**2,339**	2,437	2,607

1 The figures are based on the period from 1 October in the previous year to 30 September
2 Definition according to Greenhouse Gas Protocol
3 Of which 108t CO_2 equivalents from business travel with own fleet (Scope 1).
4 The greenhouse gas emissions associated with electricity consumption of 349 t CO_2 equivalents are reported according to the market-based approach, as defined in the Greenhouse Gas Protocol Scope 2 Standard. When reported according to the location-based approach, the emissions totalled 1,050 t CO_2 equivalents.
5 Of which 1,538 t CO_2 equivalents from business travel by air, rental car and train. Other Scope 3 categories covered: upstream activities in energy production, water, paper, waste.

Environmental key figures per FTE[2]	2015[1]	2014[1]	2013[1]
Total energy consumption (kWh/FTE)	**6,677**	7,365	8,390
Electricity consumption (kWh/FTE)	**4,497**	4,930	5,608
Heat consumption (kWh/FTE)	**1,915**	2,164	2,612
District heating/cooling usage (kWh/FTE)	**265**	271	170
Business travel (km/FTE)	**11,149**	11,271	12,660
Paper consumption (kg/FTE)	**110**	116	149
Water consumption (drinking water, l/FTE)	**12,876**	12,632	13,185
Volume of waste (kg/FTE)	**154**	192	191
Total greenhouse gas emissions (CO_2 equivalents in kg/FTE)[3]	**2,483**	2,815	3,014
Greenhouse gas emissions: scope 1 and 2 (CO_2 equivalents in kg/FTE)[3]	**830**	1,049	1,055
Greenhouse gas emissions: scope 3 (CO_2 equivalents in kg/FTE)[3]	**1,653**	1,766	1,959

1 The figures are based on the period from 1 October in the previous year to 30 September
2 FTE = Full Time Equivalent
3 Definition according to Greenhouse Gas Protocol

The decline in our total energy consumption and in the volume of waste was mainly attributable to the renovation of one of our office buildings. Paper consumption remained largely stable in 2015. To date, Vontobel has not imposed any binding targets in respect of paper consumption. One exception is our goal of ensuring that over 90% of the paper we use bears the FSC label or has been produced using recycled paper.

To offset our CO_2 emissions, Vontobel has been carbon neutral since 2009. This has been achieved through the purchase of emission reduction certificates. Working with our partner South Pole Group, we purchase emission credits relating to a forest project in Brazil, a waste gas recovery project in China and a project involving cooking stoves and water purification devices in Kenya. Detailed information on the individual projects is available on our website.

Vontobel has been purchasing electricity from renewable sources for all its locations worldwide since 2013. Wherever possible, we do so directly and otherwise indirectly via the "Gold Power" solution offered by South Pole. This product enables companies to purchase renewable energy no matter where they consume electricity, thus promoting the expansion of global capacity for the production of renewable energy.

New concept for the disposal of electronic devices
Electronic devices used within the business must comply with the highest standards and requirements. In the past, Vontobel disposed of equipment as soon as its compliance with these requirements could no longer be guaranteed. However, many of these devices still worked – meaning they can be put to reliable use in a non-profit environment. The extension of the useful lives of electronic equipment also makes sense from an environmental perspective. Consequently, Vontobel decided in 2015 that functioning electronic devices will, in future, be given to the Berg Foundation in Gossau in the Canton of Zurich. As in the past, data carriers are first removed from the devices and destroyed.

Employee restaurant: Successful participation in the "One Two We" programme
The Vontobel employee restaurant adopted the "One Two We" programme in 2013. The "One Climate Menu" that was introduced in connection with the programme continued to be offered to employees in 2015. On average, our partner SV Group served 668 meals to employees and guests each day. "One Two We" is a sustainability programme launched in conjunction with WWF Switzerland. The aim is to offer more meals that mainly use seasonal produce and include fewer products that are transported by air and less meat, while making increased use of different types of cereals as an alternative to rice – thus reducing the carbon footprint in the food chain. With "One Two We", the volume of CO_2 emissions generated by the employee restaurant has fallen by over 14%. This was driven by a reduction in the use of foods that are transported by air and lower meat consumption, as well as the inclusion of a greater proportion of fruit and vegetables on the menu. The amount of foods transported by air that were purchased for use in the employee restaurant decreased from more than 2.6 tons to 590 kilograms. The "One Climate Menu" made it possible to reduce the volume of meat consumed by more than 1 ton. Due to the expansion of the range of vegetarian meals on offer, the volume of fruit and vegetables purchased rose from 51 tons to 62 tons over the last two years. In total, CO_2 emissions per main meal decreased from 3.17 kilograms to 2.72 kilograms of CO_2 as a result. Since the start of the programme, the restaurant has saved around 108 tons of CO_2.

Commitment to sustainable mobility

Vontobel continued its commitment to sustainable mobility in 2015. Our participation in the "Bike to Work" initiative proved successful once again, with 69 employees in 15 teams cycling to work despite the high summer temperatures. They covered a total of 12,525 kilometres. Based on the principle that each kilometre cycled saves the equivalent to 160 grams of CO_2 (the CO_2 output of an average Swiss mid-sized car, according to the Swiss Federal Statistical Office), this corresponds to a CO_2 saving of 2,004 kilograms. Furthermore, the Mail Services department (internal dispatch) acquired two Citroën Berlingo electric vehicles in 2015. The decision to purchase the electric vehicles was based on the fact that an electric motor is the most suitable option to meet the requirements of Mail Services: Its employees only travel short distances within the city and the motors in their vehicles have to be switched off and on frequently. Another advantage of electric vehicles is that the maintenance costs are substantially lower than in the case of diesel or petrol vehicles. A charging station has been installed in the building where Mail Services has its main office.

Vontobel representatives participated again in the mobility dialogue for major companies in the City of Zurich. This year, the topic "City Traffic 2025" was debated with a focus on the Europaallee complex, the project "Züri Velo" and the "WeAct" platform.

In future, monthly travel statics will be published to encourage commuters to consider their travel habits and to help them cut down on journeys. In addition, Vontobel will call on employees to make increased use of video-conferencing as an alternative to business travel.

Comprehensive measures to ensure compliance with applicable laws and regulations

Vontobel implements comprehensive measures to ensure compliance with laws and regulations. This is essential – especially to avoid reputational risks. As part of Vontobel's Group-wide risk analysis – and with the application of suitable compliance processes – all divisions are monitored continuously to check their adherence to legal requirements. On the client side, the primary focus of the risk analysis is on risks arising from money laundering (including terrorist financing). Politically exposed persons are subject to a special monitoring process in this context.

Upon joining Vontobel, all employees receive appropriate training on compliance guidelines and are issued with the Employee Handbook. This document contains specific regulations and instructions as well as the Code of Conduct. The most recent version of the Employee Handbook is available on the intranet. To ensure a working environment that is free from discrimination, the Employee Handbook clearly sets out the principle of non-discrimination. No incidents of discrimination were reported in 2015.

Thanks to regular training, our employees remain informed about compliance aspects relating to existing and new legal and regulatory requirements, thus preventing infringements of internal and external rules and regulations. In 2015, additional Group-wide training was provided about the Foreign Account Tax Compliance Act (FATCA). This legislation is aimed at ensuring the taxation of accounts held abroad by individual and legal persons who are US taxpayers. As an extraterritorial application of US tax law, FATCA essentially requires all foreign financial institutions to regularly and automatically report to the US authorities the identity and assets of US clients they serve.

Training on selected business-specific topics was also provided during the year. Examples include courses about changes related to the Swiss Federal Act for Implementing Revised FATF Recommendations of 2012 as well as the "Agreement of the Swiss banks' code of conduct with regard to the exercise of due diligence" (CDB 16). Other key topics covered included the prevention of money laundering (review of transactions, Know Your Customer rules and the prevention of terrorist financing) and compliance with cross-border regulations. Vontobel also revised several policies to take account of current internal and external requirements. In the case of suspected breaches of legal or regulatory requirements, internal regulations or ethical standards, a whistleblowing system is in place to allow employees to report these incidents on an anonymous basis.

Corporate Citizenship: our commitment to culture and society creates value

There is a long tradition of social responsibility at Vontobel. We want to deliver on our brand promise "Performance creates trust" – including when it comes to being a good corporate citizen. Our company is an integral part of the global economic system and we benefit, in particular, from the excellent operating conditions in our Swiss home market in terms of high standards of education, a good infrastructure and political stability. In this context, we are responsible for promoting the welfare, cohesion and stability of the communities in which we work.

To assume our responsibilities, we must always stay fully focused on the needs of our clients and take account of risks, while achieving long-term business success. In doing so – and by complying with ethical business standards – we make a contribution to the economy as a whole. We help to drive value creation in the regions in which we operate through our role as an employer, taxpayer and active participant in economic life – including as a purchaser of goods and services and as an investor. The corporate taxes we pay each year are part of these social responsibilities, as are the payment of employee compensation and the provision of financial services to private and institutional clients.

Compared to the previous year, added value increased by almost 15% in 2015, resulting in a 15% increase in the taxes paid by Vontobel. As a result of the improvement in net profit in 2014, Vontobel Holding AG once again increased its dividend payout.

Distributed economic value	**2015**	2014
Added value (CHF mn)[1]	**755.4**	658.5
Taxes and dues (CHF mn)[2]	**47.3**	41.2
Dividends paid (CHF mn)	**86.7**	83.5

1 Operating income less depreciation of fixed assets and intangible assets
2 Includes profit tax, capital tax and other taxes and contributions

In addition, Vontobel purchases a large quantity of products and services from external providers such as facility management services, IT infrastructure, the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers and focus on establishing long-term business relationships. Vontobel strives to achieve high environmental and social standards in its own business activities and expects its business partners to help protect the environment and to offer good employment conditions, too. The corresponding requirements are set out in our "Guidelines for sustainable procurement". They address issues such as employment standards, forced and child labour, environmental protection and the prevention of corruption. These guidelines are available at www.vontobel.com and form part of our general purchasing guidelines.

Vontobel is committed to culture and education

We want to give some of the value we create back to society in view of the contribution that renowned cultural institutions and events make to a location's appeal and quality of life. The promotion of culture requires investment, which is why Vontobel is so closely involved in supporting the arts. Our primary focus at present is on classical music. Another area of focus is modern art. On the education side, we are involved in initiating and supporting platforms that promote discussions about key issues of our time.

Vontobel is a theme sponsor of the internationally renowned Lucerne Festival in Summer, which is one of the world's most renowned classical music festivals. Vontobel is also one of the main supporters of the American Friends of Lucerne Festival. NZZ Podium, an event series organized by the newspaper Neue Zürcher Zeitung, focuses on contemporary topics. In speeches and discussions, recognized experts address current questions and challenges in the areas of politics, the economy, culture and science. NZZ Podium takes place six to eight times a year. In 2015, it addressed the following topics: Beauty and Lifestyle, The Future of Banking, The Fight for Ukraine, The Culture of Mass Surveillance, and Latin America. Vontobel has been a partner and sponsor of NZZ Podium since it was launched.

In addition to building up our own art collection with a focus on contemporary photography, we support leading modern art institutions in selected locations. Vontobel is one of the sponsors of the association of the friends of the Pinakothek der Moderne museum in Munich (PIN). We support the association's annual PIN.PARTY, which includes a charitable auction.

Vontobel is also one of the supporters of the internationally recognized Munich Security Conference (MSC). Over the past five decades, the MSC has become a leading forum for the international strategic community. It brings together heads of state and government, ministers, leading figures in international and non-governmental organizations, CEOs and other specialists to debate key security policy challenges. A study by the University of Pennsylvania once again named the MSC 2015 as the "Best Think Tank Conference" in the world.

Vontobel is especially committed to promoting academic research into finance and investment. The bank's late Honorary Chairman Dr Hans Vontobel therefore personally established a chair for a Professor of Financial Engineering at the University of Zurich. Research projects conducted by the professors and students provide important insights for our work.

As a member of the Swiss Climate Foundation, we donate a significant portion of our re-distributed CO_2 levies to the foundation, which then uses these funds to support climate protection projects at small and medium-sized Swiss enterprises. Projects supported by the Climate Foundation during the year under review include the installation of a sophisticated heat management system at the firm G. Bopp + Co. AG, the WindRail module from Anerdgy, the purchase of new plastic injection moulding machines for Plaston AG and the erection of greenhouses to allow for sustainable salad production at the company CombaGroup. These projects also have a positive impact on economic growth and help to enhance the efficiency of the Swiss economy.

Serving communities

Beyond these commitments, we want to get involved in issues and projects that are relevant in terms of the stability and development of the local community. Vontobel has decided to focus its social commitments on three key areas:

- Initiatives that help people to establish their own livelihood or improve their future prospects
- Efforts to encourage young people to develop their talents and skills
- Projects that address cases of acute hardship by providing direct assistance where it is needed

In this context, Vontobel is actively supporting the Swiss financial services provider IndigoDigital. This company has developed a solution that gives people in countries with underdeveloped financial systems access to a full range of financial services. The platform operates exclusively via mobile phones: payment transactions, such as transfers of funds by migrant workers from developing countries, can be made at a fraction of the current costs. Vontobel has a stake in IndigoDigital and offers it specialist support. By supplying financial and technical assistance, Vontobel is making an important contribution from a social perspective and also in terms of development policy: Financial inclusion has a key role to play in efforts to combat poverty and has been classed as a civil right in many European countries for over a century.

Furthermore, Vontobel is a member of the Corporate Support Group of the International Committee of the Red Cross (ICRC). This group was established by the ICRC in conjunction with selected Swiss companies in order to build an innovative, long-term partnership to provide effective humanitarian aid in the coming years. In 2015, the Vontobel Christmas fundraising campaign supported refugee aid work in Syria and neighbouring countries. For every Christmas card sent by Vontobel in 2015, the bank made a donation to the ICRC. In addition, Vontobel launched its first employee fundraising campaign. Vontobel also provided support to a local organization – the Children's Hospital in Zurich (Kispi): During Advent, Vontobel employees set up a stall in front of our Bleicherweg offices in Zurich and sold warm punch to passers-by.

A donation was made for each glass of punch sold. In total, Vontobel was able to donate more than CHF 40,000.

It is not only monetary contributions that are beneficial: society can also profit from the transfer of knowledge. A number of Vontobel employees share their expertise with others by giving talks and presentations at training events that are held internally or at external educational establishments. This makes it possible to ensure the transfer of knowledge within the company and to raise public awareness about the complex interrelationships within the financial markets and the importance of the finance industry for the Swiss economy.

Vontobel is an active member of several organizations and networks

With a view to promoting the active exchange of knowledge and experience, Vontobel participates in various organizations and networks and is, in particular, committed to ensuring that greater attention is paid to sustainability issues in the finance industry. In its role as a member of Swiss Sustainable Finance and the Sustainable Investment Forum (FNG), Vontobel hosted and sponsored an event entitled "The new Swiss Foundation Code – promoting the professional management of foundation assets" on 27 October 2015. SwissFoundations, the association of Swiss grant-making foundations, joined forces with various experts to present the new code and discussed the opportunities that it creates for foundations as well as its implications for the management of foundation assets. Around 100 participants listened to the presentations and panel discussion.

At the end of 2015, Vontobel withdrew from its direct membership of the Sustainable Investment Forum (FNG) in Germany. In future, Vontobel will engage selectively in activities with the FNG through the Swiss Sustainable Finance association.

Vontobel is a member of several organizations committed to the sustainable development of the economy and finance industry:

- **Swiss Sustainable Finance (SSF)** strengthens the position of Switzerland in the global marketplace for sustainable finance by informing, educating and catalyzing growth. Founded in 2014, SSF unites members and network partners from financial service providers, investors, universities and business schools, public sector entities and other interested organizations. Vontobel is a founding member of SSF and played a significant role in setting up the organization.
- **Climate Foundation Switzerland**, an organization that provides financial support for projects to improve the energy efficiency of small and medium-sized enterprises. Vontobel is one of its founding members and is represented on the Board of Trustees and Advisory Board.
- **Öbu**, a think-tank for environmentally conscious management. This association of Swiss firms conducts company-specific initiatives as well as projects relating to economic policy.
- **Energy Agency for the Economy (EnAW)**, which was founded by business associations with the aim of enhancing energy efficiency among its members and encouraging them to reduce their CO_2 emissions.
- **Principles for Responsible Investment (PRI)**, a UN initiative. When it became a signatory to the PRI in 2010, Vontobel pledged to gradually implement six principles relating to the broad-based integration of sustainability criteria into investment processes.
- **Forum per la Finanza Sostenibile**, an Italian forum for sustainable investing.

Taking account of sustainability issues across all areas of our business is a long-term commitment. Vontobel will strive to achieve continued improvements in the many fields of sustainable business management going forward. We provide regular updates on our progress at: www.vontobel.com/sustainability.

Materiality Disclosures
Vontobel Holding AG
Jan 2016 Service

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Dimensions/Indicators		Materiality/ Reasons for Omission	Page in Annual Report
	Society (continuation)		
G4-SO5	Incidents of corruption and actions taken		
G4-SO6	Donations to politicians and political parties		
G4-SO7	Grievances regarding anti-competitive behavior		
G4-SO8	Monetary value of significant fines		
G4-SO9	New Suppliers screened using criteria regarding impacts on society		
G4-SO10	Impacts on society in the supply chain		
G4-SO11	Grievances pertaining to impacts on society		
	Product Responsibility		
G4-PR1	Product and service categories tested for safety and health implications		
G4-PR2	Violation of regulations and codes of conduct concerning products and services related health and safety aspects		
G4-PR3	Product and service information	w.	87
G4-PR4	Violation of product labeling regulations		
G4-PR5	Customer satisfaction surveys	w.	88
G4-PR6	Sale of banned or controversial products		
G4-PR7	Breach of marketing and competition related regulations		
G4-PR8	Loss of customer privacy and data	w.	88
G4-PR9	Fines due to non-compliance with respect to the provision of products and services	w.	88
	Financial Sector specific indiactors		
FS6	Business lines by region, size and sector	w., p.A.	23, 25, 27
FS7	Contribution of products and services to the facilitation of social capital	w., p.A.	92
FS8	Contribution of products and services to ecological advancement		
FS10	Portfolio-based commitment to social and environmental issues	w.	92
FS11	Assets subject to environmental or social screening	w.	94

a. = general standard disclosures (reporting mandatory)
w. = relevant for Vontobel
FS = Financial Sector: specific GRI indicators for the finance sector
p.A. = Omissions due to partial coverage. We strive to increase the data coverage in the coming years.

Consolidated financial statements

Consolidated income statement

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Interest income		**75.1**	54.1	21.0	39
Interest expense		**8.0**	3.5	4.5	129
Net interest income	1	**67.1**	50.6	16.5	33
Fee and commission income		**884.8**	785.0	99.8	13
Fee and commission expense		**183.7**	156.7	27.0	17
Net fee and commission income	2	**701.1**	628.3	72.8	12
Trading income	3	**221.4**	206.2	15.2	7
Other income	5, 6	**(1.0)**	(0.7)	(0.3)	
Total operating income		**988.6**	884.4	104.2	12
Personnel expense	7	**528.4**	484.0	44.4	9
General expense	8	**167.1**	164.0	3.1	2
Depreciation of property, equipment and intangible assets	9	**66.1**	61.9	4.2	7
Value adjustments, provisions and losses	10	**3.1**	1.7	1.4	82
Operating expense		**764.7**	711.6	53.1	7
Profit before taxes		**223.9**	172.8	51.1	30
Taxes	11	**43.8**	38.3	5.5	14
Group net profit		**180.1**	134.5	45.6	34
of which allocated to minority interests		**2.9**	0.0	2.9	
of which allocated to shareholders of Vontobel Holding AG		**177.2**	134.5	42.7	32

Share information

Basic earnings per share (CHF)[1]	13	**3.20**	2.24	0.96	43
Diluted earnings per share (CHF)[1]	13	**3.11**	2.19	0.92	42

1 Basis: weighted average number of shares

Consolidated statement of comprehensive income

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Group net profit according to the income statement		**180.1**	134.5	45.6	34
Other comprehensive income, net of tax	12				
Other comprehensive income that will be reclassified to the income statement					
Currency translation adjustments					
Income during the reporting period		**(13.1)**	8.7	(21.8)	(251)
Gains and losses transferred to the income statement		**0.8**	9.0	(8.2)	(91)
Total currency translation adjustments		**(12.3)**	17.7	(30.0)	(169)
Financial investments carried at fair value (“available-for-sale”)					
Income during the reporting period		**28.6**	19.9	8.7	44
Gains and losses transferred to the income statement		**(1.2)**	(2.9)	1.7	
Total financial investments carried at fair value (“available-for-sale”)		**27.4**	17.0	10.4	61
Cash flow hedges					
Income during the reporting period		**(0.4)**	0.0	(0.4)	
Gains and losses transferred to the income statement		**0.0**	0.0	0	
Total cash flow hedges		**(0.4)**	0.0	(0.4)	
Total other comprehensive income that will be reclassified to the income statement		**14.7**	34.7	(20.0)	(58)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit pension plans					
Total gains/(losses) on defined benefit pension plans		**(34.6)**	(27.4)	(7.2)	
Total other comprehensive income that will not be reclassified to the income statement		**(34.6)**	(27.4)	(7.2)	
Total other comprehensive income, net of tax		**(19.9)**	7.3	(27.2)	(373)
Comprehensive income		**160.2**	141.8	18.4	13
of which allocated to minority interests		**2.9**	0.0	2.9	
of which allocated to shareholders of Vontobel Holding AG		**157.3**	141.8	15.5	11

Consolidated balance sheet

Assets	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Cash		**5,355.5**	3,275.2	2,080.3	64
Due from banks		**1,007.3**	878.1	129.2	15
Cash collateral for reverse-repurchase agreements	22	**1,013.5**	1,387.4	(373.9)	(27)
Trading portfolio assets	14	**2,199.6**	2,049.4	150.2	7
Positive replacement values	14, 38	**144.8**	181.7	(36.9)	(20)
Other financial assets at fair value	14	**2,352.2**	6,156.5	(3,804.3)	(62)
Securities lent or delivered as collateral	14, 16, 23	**275.0**	161.1	113.9	71
Loans	15	**2,365.1**	2,116.2	248.9	12
Accrued income and prepaid expenses		**165.3**	183.1	(17.8)	(10)
Financial investments	16	**2,150.4**	1,623.8	526.6	32
Investments in associates	17	**0.5**	0.5	0.0	0
Property and equipment	19	**165.9**	185.3	(19.4)	(10)
Goodwill and other intangible assets	20	**219.8**	116.2	103.6	89
Current tax assets		**21.9**	15.0	6.9	46
Deferred tax assets	11	**27.8**	12.3	15.5	126
Other assets	21	**140.2**	131.0	9.2	7
Total assets		**17,604.8**	18,472.8	(868.0)	(5)

Accounting principles relating to the reporting of open settlement positions have changed. The figures for the previous year were adapted accordingly.

Liabilities and equity

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Due to banks		**341.9**	333.9	8.0	2
Cash collateral from repurchase agreements	22	**76.1**	0.0	76.1	
Trading portfolio liabilities	14	**100.3**	97.2	3.1	3
Negative replacement values	14, 38	**645.5**	614.7	30.8	5
Other financial liabilities at fair value	14	**5,430.9**	6,420.9	(990.0)	(15)
Due to customers	25	**8,775.8**	8,960.6	(184.8)	(2)
Accrued expenses and deferred income		**349.7**	341.9	7.8	2
Current tax liabilities		**8.0**	9.3	(1.3)	(14)
Deferred tax liabilities	11	**50.4**	48.1	2.3	5
Provisions	27	**18.4**	22.1	(3.7)	(17)
Other liabilities	26	**382.6**	212.6	170.0	80
Total liabilities		**16,179.6**	17,061.3	(881.7)	(5)
Share capital	28	**56.9**	65.0	(8.1)	(12)
Treasury shares	28	**(94.6)**	(337.0)	242.4	
Capital reserve		**(156.1)**	135.1	(291.2)	(216)
Retained earnings		**1,536.8**	1,480.9	55.9	4
Other components of shareholders' equity		**82.2**	67.5	14.7	22
Shareholders' equity		**1,425.2**	1,411.5	13.7	1
Minority interests		**0.0**	0.0	0.0	
Total equity		**1,425.2**	1,411.5	13.7	1
Total liabilities and equity		**17,604.8**	18,472.8	(868.0)	(5)

Accounting principles relating to the reporting of open settlement positions and issued certificates have changed. The figures for the previous year were adapted accordingly.

Statement of equity

CHF mn	Share capital	Treasury shares	Capital reserve
Balance as of 01-01-14	65.0	(60.4)	131.3
Group net profit			
Income recognized in other comprehensive income during the period under review			
Gains and losses transferred to the income statement			
Other comprehensive income from defined benefit pension plans			
Other comprehensive income, net of tax	0.0	0.0	0.0
Comprehensive income	0.0	0.0	0.0
Dividend payment[2]			
Purchase of treasury shares		(328.9)	
Sale of treasury shares		20.1	(0.4)
Share-based compensation expense			21.3
Allocations from share-based compensation		32.2	(17.1)
Change in minority interests			0.0
Change in liability to purchase minority interests			0.0
Other effects	0.0	0.0	0.0
Ownership-related changes	0.0	(276.6)	3.8
Balance as of 31-12-14	65.0	(337.0)	135.1
Balance as of 01-01-15	65.0	(337.0)	135.1
Group net profit			
Income recognized in other comprehensive income during the period under review			
Gains and losses transferred to the income statement			
Other comprehensive income from defined benefit pension plans			
Other comprehensive income, net of tax	0.0	0.0	0.0
Comprehensive income	0.0	0.0	0.0
Dividend payment[2]			
Purchase of treasury shares		(87.0)	
Sale of treasury shares		13.3	2.5
Share-based compensation expense			26.5
Allocations from share-based compensation		36.6	(15.7)
Change in minority interests			0.0
Change in liability to purchase minority interests			(42.9)
Other effects[4,5]	(8.1)	279.5	(261.6)
Ownership-related changes	(8.1)	242.4	(291.2)
Balance as of 31-12-15	56.9	(94.6)	(156.1)

The presentation of other comprehensive income and of the impacts of the share participation plan has changed. The figures for the previous year were adapted accordingly. In addition, a new column "Cash flow hedges" was added.

1 "Net unrealized gains/(losses) on available-for-sale-financial investments", "Currency translation adjustments" and "Cash flow hedges" are reported in the balance sheet item "Other components of shareholders' equity".
2 Vontobel Holding AG paid a dividend of CHF 1.55 (previous year CHF 1.30) per registered share with a par value of CHF 1.00 in May 2015.
3 In the financial year 2014, cumulative negative currency translation differences in the amount of CHF 9.0 mn were transferred from shareholders' equity to the income statement (item: "Other income"). This did not have any impact on consolidated comprehensive income and is mainly attributable to the discontinuation of the business activities of Bank Vontobel Österreich AG.
4 In accordance with the resolution of the General Meeting of Shareholders of 28 April 2015 to carry out a capital reduction, 8,125,000 treasury shares were cancelled in the year under review.
5 Of the estimated acquisition price for Finter Bank Zurich AG, CHF 9.8 mn was paid in the form of shares of Vontobel Holding AG.

Retained earnings	Net unrealized gains (losses) on available for-sale financial investments[1]	Currency translation adjustments[1]	Cash flow hedges[1]	**Shareholders' equity**	Minority interests	**Total equity**
1,457.3	83.3	(50.5)	0.0	**1,626.0**	0.0	**1,626.0**
134.5				**134.5**	0.0	**134.5**
	19.9	8.7	0.0	**28.6**	0.0	**28.6**
	(2.9)	9.0[3]	0.0	**6.1**	0.0	**6.1**
(27.4)				**(27.4)**	0.0	**(27.4)**
(27.4)	17.0	17.7	0.0	**7.3**	0.0	**7.3**
107.1	17.0	17.7	0.0	**141.8**	0.0	**141.8**
(83.5)				**(83.5)**	0.0	**(83.5)**
				(328.9)	0.0	**(328.9)**
				19.7	0.0	**19.7**
				21.3	0.0	**21.3**
				15.1	0.0	**15.1**
	0.0	0.0		**0.0**	0.0	**0.0**
				0.0	0.0	**0.0**
0.0	0.0			**0.0**	0.0	**0.0**
(83.5)	0.0	0.0	0.0	**(356.3)**	0.0	**(356.3)**
1,480.9	100.3	(32.8)	0.0	**1,411.5**	0.0	**1,411.5**
1,480.9	100.3	(32.8)	0.0	**1,411.5**	0.0	**1,411.5**
177.2				**177.2**	2.9	**180.1**
	28.6	(13.1)	(0.4)	**15.1**	0.0	**15.1**
	(1.2)	0.8	0.0	**(0.4)**	0.0	**(0.4)**
(34.6)				**(34.6)**	0.0	**(34.6)**
(34.6)	27.4	(12.3)	(0.4)	**(19.9)**	0.0	**(19.9)**
142.6	27.4	(12.3)	(0.4)	**157.3**	2.9	**160.2**
(86.7)				**(86.7)**	0.0	**(86.7)**
				(87.0)	0.0	**(87.0)**
				15.8	0.0	**15.8**
0.0				**26.5**	0.0	**26.5**
				20.9	0.0	**20.9**
	0.0	0.0		**0.0**	8.7	**8.7**
				(42.9)	(11.6)	**(54.5)**
0.0	0.0			**9.8**	0.0	**9.8**
(86.7)	0.0	0.0	0.0	**(143.6)**	(2.9)	**(146.5)**
1,536.8	127.7	(45.1)	(0.4)	**1,425.2**	0.0	**1,425.2**

Consolidated cash flow statement

	31-12-15 CHF mn	31-12-14 CHF mn
Cash flow from operating activities		
Group net profit (incl. minorities)	**180.1**	134.5
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results		
Depreciation and value adjustments of property, equipment and intangible assets	**66.1**	61.9
Credit loss expense	**0.1**	(0.7)
Income from investments in associates	**0.0**	0.0
Deferred income taxes	**2.5**	1.6
Change in provisions	**(4.4)**	(3.2)
Net income from investing activities	**5.1**	4.4
Net income from disposal of property, equipment and intangible assets	**0.0**	0.1
Other non-cash income	**24.6**	29.3
Net (increase)/decrease in assets relating to banking activities		
Due from/to banks, net	**115.1**	65.5
Reverse-repurchase agreements, cash collateral for securities borrowing agreements	**373.9**	187.0
Trading positions and replacement values, net	**(103.8)**	(32.6)
Other financial assets/liabilities at fair value, net	**2,734.3**	(102.8)
Loans/due to customers, net	**(712.9)**	(644.9)
Accrued income, prepaid expenses and other assets	**(5.1)**	(48.8)
Net increase/(decrease) in liabilities relating to banking activities		
Repurchase agreements, cash collateral from securities lending agreements	**76.1**	(2.5)
Accrued expenses, deferred income and other liabilities	**134.8**	89.5
Taxes paid	**(50.7)**	(17.8)
Cash flow from operating activities	**2,835.8**	(279.5)
Cash flow from investing activities		
Investments in subsidiaries and associates	**126.3**	(0.4)
Purchase of property, equipment and intangible assets	**(35.3)**	(46.5)
Disposal of property, equipment and intangible assets	**0.0**	0.5
Investment in financial instruments	**(577.9)**	(456.0)
Divestment of financial instruments	**79.2**	364.3
Cash flow from investing activities	**(407.7)**	(138.1)
Cash flow from financing activities		
Net movements in treasury shares	**(71.2)**	(309.2)
Dividends paid	**(86.7)**	(83.5)
Cash flow from financing activities	**(157.9)**	(392.7)
Effects of exchange rate differences	**(10.5)**	3.5
Net increase/(decrease) in cash and cash equivalents	**2,259.7**	(806.8)
Cash and cash equivalents, beginning of the year	**4,024.0**	4,830.8
Cash and cash equivalents as at the balance sheet date	**6,283.7**	4,024.0

The presentation of cash flow from the share participation plan has changed. The figures for the previous year were adapted accordingly.

	31-12-15 CHF mn	31-12-14 CHF mn
Cash and cash equivalents comprise at year end		
Cash	**5,355.5**	3,275.2
Due from banks on demand	**928.2**	748.8
Total	**6,283.7**	4,024.0
Further information:		
Dividends received	**42.3**	34.1
Interest received	**174.3**	221.8
Interest paid	**26.0**	11.0

1. Basis of presentation

Vontobel's consolidated financial statements comprise the accounts of Vontobel Holding AG and its subsidiaries. They have been prepared in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). The accounting principles applied are the same as in the consolidated financial statements dated 31 December 2014, the only exceptions being the changes referred in section 4.

2. Estimates, assumptions and judgement by management

In the application of accounting principles, management is required to make numerous estimates and assumptions that influence the level of reported assets and liabilities and expenses and income, as well as the disclosure of contingent assets and contingent liabilities. Vontobel is convinced that – in all material respects – these consolidated financial statements provide a true and fair view of its financial position, its results of operations and its cash flows. Management reviews its estimates and assumptions on a continual basis and adapts them in line with new findings and conditions.

Estimates and assumptions are mainly contained in the following areas of the consolidated financial statements and are discussed in the corresponding notes to the consolidated financial statements or in the Compensation Report: fair value of financial instruments, share-based payment, provisions, income taxes, pension plans, and goodwill and other intangible assets.

With the exception of the above-mentioned estimates and assumptions, judgement by management did not have a significant influence on the application of accounting principles in the year under review or the previous year.

3. Summary of the most important accounting principles

3.1 Consolidation principles

Subsidiaries
All subsidiaries directly or indirectly controlled by Vontobel Holding AG are consolidated in the consolidated financial statements. Vontobel exercises control over another company if all three of the following requirements are met: Vontobel has decision-making power over the other company, is exposed to variable returns from its involvement with the other company and has the ability to use its power over that company to affect the amount of its returns.

Acquired subsidiaries are consolidated from the date on which control is transferred to Vontobel. Changes to investments in subsidiaries are recorded as transactions in shareholders' equity provided Vontobel retains control of the subsidiary. Subsidiaries that are sold are consolidated until the date on which control is lost. If Vontobel loses control of a subsidiary, any investment that is retained in the former subsidiary is recognized as an interest in an associate or as a financial instrument in accordance with IAS 39.

The acquisition of a subsidiary is accounted for using the purchase method. The acquisition costs are measured at the fair value of the consideration at the acquisition date. Previously held equity interests in the acquiree that are treated as financial instruments in accordance with IAS 39 or as an associated company are measured at fair value at the acquisition date and any gain or loss is recorded in the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at fair value at the acquisition date. A minority interest in the acquiree is measured either at fair value or at its proportionate interest in the fair value of the net assets acquired; either method can be chosen on a transaction-by-transaction basis. If the aggregate of the fair value of the consideration, the fair value of the previously held equity interests and the minority interests measured according to the chosen method, as detailed above, exceeds the fair value of the net assets acquired, the difference between the two amounts is recorded as goodwill. If the opposite applies, the difference is immediately recorded in the income statement. The costs directly attributable to the acquisition (e. g. consulting and audit costs) are charged to the income statement.

Vontobel's investment funds are classed as structured entities according to IFRS 12. They are consolidated if Vontobel – as principal – acts primarily in its own interests. If Vontobel – as an agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of non-consolidated investment funds are treated as financial instruments, as defined in section 3.3.

The effects of intra-Group transactions are eliminated in the consolidated financial statements. Shareholders' equity, net profit and comprehensive income attributable to minority interests are reported separately in the consolidated balance sheet and statement of comprehensive income.

If Vontobel has an obligation to acquire minority interests, a liability corresponding to the estimated acquisition price is recognized as a charge against minority interests and (if the liability exceeds the minority interests) as a charge against capital reserves. In principle, changes in the liability are recognized in shareholders' equity. Any compensation component is reflected in the income statement. A share of profits or losses continues to be allocated to minority interests in the income statement and the statement of comprehensive income.

Associates
Companies over which Vontobel can exert significant influence are accounted for using the equity method. As a rule, influence is deemed significant when Vontobel holds 20% to 50% of voting rights.

According to the equity method of accounting, the interest acquired in a company is stated at cost in the balance sheet upon acquisition. After the acquisition, the book value of the associated company is increased or reduced, depending on Vontobel's share of the comprehensive income and the ownership-related changes in the shareholders' equity of the associated company.

3.2 General principles

Foreign currency translation
Vontobel companies prepare their financial statements in the respective functional currency. Transactions in a currency other than the functional currency are recorded by the companies at the exchange rate on the date of the transaction. Exchange differences arising between the date of a transaction and its subsequent settlement are recognized in the income statement. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the closing exchange rates, unrealized exchange differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated into the functional currency at the historical exchange rate. Non-monetary items carried at fair value in a foreign currency are translated into the functional currency at the closing exchange rates. Any unrealized gains and losses resulting from the foreign currency translation are recorded in the income statement in the case of trading portfolio assets and other financial instruments at fair value and in other comprehensive income in the case of available-for-sale financial assets.

When drawing up the consolidated financial statements, the balance sheets of Vontobel companies that are denominated in a foreign currency are translated into Swiss francs at the closing exchange rates. Average exchange rates for the period under review are used for items of the income statement, other comprehensive income and cash flows. Currency translation adjustments that result from changes in exchange rates between the beginning and the end of the year, as well as the difference between the annual profit at average rates and at year-end rates, are recognized in other comprehensive income. If a realization event occurs (e. g. if control over a Group company is lost), the relevant currency translation adjustments are transferred from other comprehensive income to the income statement. For information on hedges of net investments in foreign operations, please refer to note 39 "Hedge accounting".

Business segments
External segment reporting reflects the organizational structure of Vontobel 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. Vontobel comprises three business units – Private Banking, Asset Management and Investment Banking – which reflect the types of products and services offered to clients. The three business units constitute the operating and reportable segments as defined in IFRS 8. The support units Operations, Finance & Risk, Corporate

Services and the Board of Directors support unit supply core services to the business units and are grouped within the Corporate Center.

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, 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").

Cash and cash equivalents
Cash and cash equivalents in the cash flow statement include cash (petty cash, giro or demand deposits at the Swiss National Bank and foreign central banks as well as clearing credit balances at recognized clearing centres and clearing banks), receivables due from banks on demand as well as available-for-sale money market paper in the balance sheet item "Financial investments" with an original term of a maximum of three months.

Accrual of earnings
Income from services rendered over a specific period of time is recorded on a pro rata basis for the duration of the service. This includes asset management fees and custody fees. Profit-based income and performance-based income are not recorded until all of the relevant criteria have been met. This type of income may, for example, be generated in corporate finance and in the business with hedge funds. Interest income is accrued as earned. Dividends are recognized when payment is received.

3.3 Financial instruments

Initial recognition
Purchases and disposals of financial assets are recognized in the balance sheet on the trade date. At the time of initial recognition, financial assets or financial liabilities are classified in the respective category according to IAS 39 criteria and measured at the fair value of the consideration given or received, including directly attributable transaction costs. In the case of trading portfolio assets and other financial instruments at fair value ("Fair value through profit and loss"), the transaction costs are immediately recognized in the income statement.

Determining fair value and recognition of "Day 1 Profit"
Please refer to note 33 "Fair value of financial instruments" for information on the determination of the fair value of financial instruments, the fair value hierarchy, the valuation methods and the day 1 profit.

Trading portfolio assets and liabilities and other financial instruments at fair value ("fair value through profit and loss")
Financial assets or financial liabilities held for trading purposes are measured at fair value in "Trading portfolio assets" or "Trading portfolio liabilities". Gains and losses on the sale and redemption of such instruments, interest and dividend income as well as all changes in fair value are recognized in "Trading income".

Provided the criteria defined by IAS 39 have been met, a financial instrument can be assigned to the category "Other financial instruments at fair value" upon initial recognition and carried in the balance sheet as "Other financial assets at fair value" or "Other financial liabilities at fair value". The corresponding accounting treatment in the income statement is analogous to the treatment of trading portfolio assets and liabilities.

Issued structured products and certificates are shown in the item "Other financial liabilities at fair value". Interest rate instruments used for the purpose of reinvesting the issue proceeds and hedging the interest rate risks of issued structured products are shown in the item "Other financial assets at fair value". In addition, certain designated portfolios of equity instruments and shares in funds outside the trading business are also reported in the item "Other financial assets at fair value".

Based on a documented strategy, the management, valuation and reporting to the senior management of both issued products and designated interest rate instruments from the issuing business as well as of equity instruments and shares in funds outside the trading business is performed on a fair value basis.

Available-for-sale financial assets
Financial assets that are available for sale are stated at fair value. Unrealized gains and losses are recognized in other comprehensive income until the financial assets are sold or determined to be impaired. Foreign currency translation gains and losses are recorded as trading income in the case of monetary items such as debt instruments and are recorded as a component of the change in fair value in other comprehensive income in the case of non-monetary items such as equities.

In the test that is carried out on a half-yearly basis, equities and similar securities and rights are classed as impaired if the acquisition costs may not be recovered due to a significant or prolonged decline in fair value. In the case of listed instruments, this basically applies if, on the balance sheet date, they have been listed at below the acquisition price for at least six months or if the price at which they are listed is at least 20% lower than the acquisition price. In the case of unlisted instruments, other appropriate information is consulted for the purpose of the impairment test (e.g. current financial information if Vontobel has access to this data as a result of its participation, or annual reports).

Interest rate instruments comprise liquid instruments issued by high-quality borrowers with certain minimum ratings from external rating agencies. The creditworthiness of the borrowers is monitored continuously based on changes in external ratings, market factors as well as internal assessments. If an interest rate instrument no longer meets the internal rules governing creditworthiness, it is generally sold within a very short period of time. In exceptional cases where a position of this nature has not yet been entirely disposed of by the next balance sheet date (30 June or 31 December), checks are carried out to determine whether there is objective evidence of impairment. Since Vontobel's available-for-sale interest rate instruments are highly liquid, market price is a reliable indicator of the financial position of a borrower. In the event of a significant decrease in market price due to company-specific factors, the interest rate instrument is classed as impaired.

If an available-for-sale asset is determined to be impaired, the cumulative unrealized loss previously recognized in other comprehensive income is transferred to the item "Other income" in the income statement. Impairment reversals on interest rate instruments are recognized in "Other income", and impairment reversals on equities are recognized in other comprehensive income. This also applies if an impairment recorded in the first half of the year is partly or completely offset by a reversal of impairment in the second half of the year. On the disposal of a financial asset that is available for sale, the cumulative unrealized gain or loss previously recognized in other comprehensive income is transferred to the item "Other income" in the income statement. Gains or losses from partial disposals are calculated using the average cost method.

Interest is accrued in the period in which it is earned using the effective interest method and recognized together with dividend income in the item "Net interest income".

Loans granted
Loans are reported in the balance sheet at amortized cost using the effective interest method less any specific allowances for credit risks. Based on the size and structure of the credit portfolio, as well as Vontobel's policy of essentially only granting credit on a secured basis or to counterparties with very high creditworthiness, no general allowances are made for credit risks.

The secured loans provided to investment clients ("lombard lending") are backed by securities that serve as easily realizable collateral. With the exception of issuer risks relating to the bond portfolio, exposures to professional counterparties are, in principle, only entered into on a secured basis. The daily procedures to ensure that adequate collateral is in place are described in sections 4.2 and 4.3 of the notes on risk management and risk control. Section 4.3 also contains information on the methods and processes used to carefully manage counterparty risks resulting from unsecured exposures.

The management and control of counterparty risks minimizes the probability that a valuation adjustment will have to be recorded on a loan as at the balance sheet date (30 June or 31 December). In exceptional cases where it is likely that the amount due according to the contractual terms cannot be collected in full, an individual valuation adjustment will be recorded based on the following procedure:

- The available collateral is valued at the liquidation value, taking account of the price effect in the case of liquidation and also deducting any reductions in value, holding costs and liquidation costs.
- If part of the loan is no longer secured against collateral, i.e. if the total loan exceeds the liquidation value of the collateral, Vontobel assesses the creditworthiness of the borrower. If it concludes that there are objective signs of impairment, a valuation adjustment is recorded for the relevant loan. The impairment is recorded under "Valuation adjustments, provisions and losses".

Interest income on loans that are not overdue is accrued in the period in which it is earned and recorded in "Net interest income". Increases in or reversals of impairment losses are recognized in "Value adjustments, provisions and losses". As a rule, they are derecognized at the point in which a legal title confirms the conclusion of the liquidation process.

Securities lending and borrowing transactions

The transfer of securities in the context of securities lending and borrowing transactions (due to the actual lending or borrowing transaction or as collateral) is not recorded in the balance sheet since the risks and rewards of ownership of the securities are not transferred. In securities lending transactions, cash collateral received is recorded in the balance sheet as "Cash collateral from securities lending agreements". In securities borrowing transactions, cash collateral provided is recorded in the balance sheet as "Cash collateral for securities borrowing agreements".

Securities lent or delivered as collateral for which the counterparty has an unlimited right to resell or pledge are reported in the balance sheet item "Securities lent or delivered as collateral".

Fees and interest from securities lending and borrowing are accrued in interest income or interest expense in the period in which they are incurred.

Repurchase and reverse-repurchase agreements

Repurchase and reverse-repurchase agreements are treated as secured financing agreements.The transfer of securities in the case of repurchase and reverse-repurchase agreements is not recorded in the balance sheet since the risks and rewards of ownership of the securities are not transferred.

In reverse-repurchase agreements, cash collateral provided is stated in the balance sheet as "Cash collateral for reverse-repurchase agreements". In repurchase agreements, the cash collateral received is stated in the balance sheet as "Cash collateral from repurchase agreements".

Delivered securities for which the counterparty has an unlimited right to resell or pledge are reported in the balance sheet item "Securities lent or delivered as collateral".

Interest income from reverse-repurchase agreements and interest expense from repurchase agreements are accrued in the period in which they are incurred.

Negative interest rates

Negative interest on assets and liabilities is accrued in the period in which it is incurred and is shown in the income statement as interest expense or interest income.

Derivative financial instruments

Derivative instruments are stated at fair value and presented as positive and negative replacement values. Provided no hedge accounting (see note 39 "Hedge accounting") is applied for the relevant derivatives, realized and unrealized gains and losses are shown in "Trading income".

Hedge Accounting

Information on hedge accounting is provided in note 39.

3.4 Other basic principles

Own shares and derivatives on own shares
Vontobel Holding AG shares held by Vontobel are deducted from shareholders' equity in the item "Treasury shares" at weighted average cost. Changes in fair value are not recorded. When own shares are sold, the proceeds are recorded in "Capital reserve" and the corresponding acquisition cost is transferred from the balance sheet position "Treasury shares" to "Capital reserve".

Derivatives on own shares that must be physically settled qualify as equity instruments and are stated in shareholders' equity under "Capital reserve". Changes in fair value are not recognized. The settlement of a contract is treated like a purchase or sale of own shares.

Derivatives on own shares that must be settled in cash or that offer a choice of settlement method are treated as derivative financial instruments.

An exception are put options written on own shares and forward contracts to purchase own shares in which physical settlement has been agreed on or offered as an alternative. In both cases, the discounted strike price or forward price upon execution of the contract is deducted from shareholders' equity as a liability. This liability is increased during the contract term up to the strike price or forward price using the effective interest rate method. Upon settlement of a contract, the liability is either derecognized or transferred to shareholders' equity.

Share-based payment
According to the bonus model of Vontobel, the employees of most Vontobel companies are offered an annual bonus as well as a performance-related future allocation of shares. Employees have the right and/or the obligation to draw part of their annual bonus in shares of Vontobel Holding AG instead of in cash. The fair value of these shares at grant date is charged as personnel expense. Employees who draw part of their annual bonus in shares are entitled to receive additional Vontobel Holding AG shares after three years have lapsed provided certain criteria with regard to operating performance have been met. Market-related variables are fixed at the time the rights to receive these so-called performance shares are granted and are not adjusted during the vesting period. The share price used to determine personnel expense is calculated on the basis of the fair value of the Vontobel Holding AG share at this time, less the present value of the dividends expected during the vesting period. The variables that cannot be observed in the market, such as the future performance of the business and the probability that employees with rights to receive performance shares will leave the company early, are continually reassessed by management during the vesting period based on current developments and conditions. The estimated cost of the performance shares for the entire vesting period on the balance sheet date is charged as personnel expense on a pro rata temporis basis.

Property and equipment
Property and equipment include bank buildings, leasehold improvements, information technology and telecommunications equipment, software (IT core systems and other software, incl. software in development) and other fixed assets. The acquisition or production costs of property and equipment are capitalized if Vontobel is likely to obtain future economic benefits from them and the costs can be both identified and reliably determined. Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

Bank buildings	max. 40 years
Leasehold improvements	max. 10 years
Information technology and telecommunications equipment	3 years
IT core systems	max. 10 years
Other software	3–5 years
Other fixed assets	2–5 years

Property and equipment are reviewed for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date will be recognized in the income statement.

Goodwill and other intangible assets
The goodwill arising from the acquisition of a subsidiary (see section 3.1 "Consolidation principles" for details) is recognized as an asset in the balance sheet and assigned to one or more cash-generating units and is, in principle, subject to an annual impairment test. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the book value of the relevant cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the book value of the cash-generating unit exceeds the recoverable amount, a goodwill impairment is recorded. Reversals of impairments are not recorded. This also applies if an impairment recorded in the first half of the year is partly or completely offset by a reversal of impairment in the second half of the year. Please refer to note 20 for details of the impairment test.

Other intangible assets include the client relationships and brands acquired during business combinations. They are depreciated on a straight-line basis over the useful life of five to ten years. The other intangible assets are tested for impairment if events or circumstances indicate that the book value may be impaired. If the book value exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date will be recognized in the income statement. No other intangible assets with an indefinite useful life are capitalized in Vontobel's balance sheet.

Leasing
In the case of operating leasing, the leased assets are not reported in Vontobel's balance sheet since the related ownership rights and obligations remain with the lessor. The expenses resulting from operating leasing are recorded in the position "General expense". Vontobel does not have any significant finance leasing agreements.

Income taxes
Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recognized as an expense in the period in which the related profits are made. Assets or liabilities related to current income taxes are reported in the balance sheet in the items "Current tax assets" or "Current tax liabilities".

Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in Vontobel's balance sheet and their corresponding tax values are recognized, respectively, as "Deferred tax assets" and "Deferred tax liabilities". Deferred tax assets arising from temporary differences and from loss carryforwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Tax assets and tax liabilities are offset against each other when they refer to the same taxable entity, concern the same tax authority, and an enforceable right to offset exists.

Current and deferred taxes are credited or charged to other comprehensive income or shareholders' equity if the taxes refer to items that are credited or charged to other comprehensive income or to shareholders' equity in the same or a different period.

Pension funds
Vontobel operates a number of pension plans for its employees in Switzerland and in other countries. They include both defined benefit and defined contribution plans. The pension plans in Switzerland have been set up according to the Swiss method of defined contributions but do not fulfil all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the Swiss pension plans are treated as defined benefit plans in the consolidated financial statements.

In the case of defined benefit plans, the pension obligations and expenses are determined by actuarial appraisals prepared by outside experts according to the projected unit credit method. The appropriate calculations are performed on an annual basis. The net amount recognized in the balance sheet corresponds to the funding surplus or funding deficit of the defined benefit pension plans, taking account of any possible restrictions on the amount of a surplus that can be recognized as an asset (asset ceiling). The net interest based on the net liability or net asset of the defined benefit pension plans, the current and (due to plan amendments or plan curtailments) past service costs, the administration costs (excluding asset management costs) and the gains and losses arising from plan settlements are recorded in personnel expense. Actuarial gains and losses on pension liabilities as well as the return on plan assets and changes due to the asset ceiling (following the deduction of the sums recorded in net interest) are recognized in other comprehensive income.

No actuarial calculations are required in order to record defined contribution plans in the balance sheet. The contributions to these types of pension plans are recorded in the income statement when the employees render the corresponding services, which is generally in the year in which the contributions are paid.

Provisions
A provision is recognized if Vontobel has, as a result of a past event, a current liability at the balance sheet date that will probably lead to an outflow of funds, the level of which can be reliably estimated. The recognition and release of provisions are recorded in the item "Value adjustments, provisions and losses". If an outflow of funds is unlikely to occur or the amount of the liability cannot be reliably estimated, a contingent liability is shown. If there is, as a result of a past event, a possible liability as of the balance sheet date whose existence depends on future developments that are not fully under Vontobel's control, a contingent liability is likewise shown.

4. Changes in financial reporting

4.1 Changes in accounting principles

4.1.1 Standards and interpretations that have been implemented
Vontobel has to apply the following new or revised standards and interpretations for the first time in the financial year 2015:

IAS 19 – Defined benefit pension plans: employee contributions
As a result of the revision of IAS 19, companies have the option of recognizing contributions paid by employees or third parties that are linked to service and that are independent of the number of years of service as a reduction of service costs in the corresponding periods of service. Vontobel has not made use of this option.

Other new standards and interpretations
The following new or revised standards and interpretations did not have any impact on Vontobel or were not relevant to Vontobel when applied for the first time:
– Annual Improvements 2010–2012;
– Annual Improvements 2011–2013.

4.1.2 Other changes
Cash flow hedges
Please refer to note 39 "Hedge accounting".

Hedges of net investments in foreign operations
Please refer to note 39 "Hedge accounting".

Negative interest rates
Since 2015, Vontobel has, for the first time, had to pay negative interest on certain assets (primarily due from the Swiss National Bank exceeding a specific exemption threshold). Vontobel also received negative interest payments on certain liabilities for the first time. This negative interest is recognized in the income statement as interest expense and interest income, respectively, and is shown in note 1 in the new line items "Interest expense from financial assets" and "Interest income from financial liabilities", respectively.

Reporting of open settlement positions
In 2015, the reporting of settlement positions that were still open as of the balance sheet date (primarily securities transactions based on the principle of "delivery versus payment") was adjusted. The receivables side is now reported in the balance sheet item "Other assets" (previously in the balance sheet items "Due from banks" or "Loans") and the liabilities side is now reported in the balance sheet item "Other liabilities" (previously in the balance sheet items "Due to banks" or "Due to customers"). This adjustment means that positions related to the rates business (due from/to banks and loans/due to customers) are now shown separately from pure settlement positions. As of 31 December 2015 (and as of 31 December 2014 for comparative purposes), CHF 29.1 mn of due from banks (CHF 29.7 mn), CHF 72.4 mn of loans (CHF 51.0 mn), CHF 122.5 mn of due to banks (CHF 131.0 mn) and CHF 67.3 mn (CHF 25.9 mn) of due to customers were reclassified as other assets or other liabilities, respectively. This adjustment has no impact on consolidated shareholders' equity or on the income statement and the statement of comprehensive income.

Reporting of issued certificates
Since 2015, issued certificates have been shown in the balance sheet item "Other financial liabilities at fair value" (previously in the balance sheet item "Trading portfolio liabilities"). This adjustment means that all products issued by Vontobel with the exception of leverage products (e. g. warrants and mini-futures) are now included in the balance sheet item "Other financial liabilities at fair value". As of 31 December 2015 (and as of 31 December 2014 for comparative purposes), issued certificates totalling CHF 517.3 mn (CHF 733.2 mn) were reclassified. This adjustment has no impact on consolidated shareholders' equity or on the income statement and the statement of comprehensive income.

Minority interests
Note 41 "Acquisition TwentyFour Asset Management LLP" contains information on the treatment of the minority interests in TwentyFour Asset Management LLP.

4.2 Changes in estimates

No material changes in estimates.

5. Standards and interpretations that have not yet been implemented

Various new and revised standards and interpretations have to be applied with effect from 1 January 2016 or a later date. Vontobel has not made use of the option of applying the following standards and interpretations prior to the effective dates.

IFRS 9 – Financial Instruments
In July 2014, the IASB published the final version of IFRS 9. The new standard replaces IAS 39 and contains guidelines on the classification and measurement of financial assets and liabilities, the identification of impairment of financial assets, and hedge accounting.

The classification and measurement of financial assets is based on the contractual cash flows from financial assets and on the business model in which they are held. In the case of debt instruments, the following categories exist:
- Recognition in the balance sheet at amortized cost using the effective interest method;
- Recognition in the balance sheet at fair value, with changes in fair value being recognized in other comprehensive income and transferred to the income statement if the instrument is sold;
- Recognition in the balance sheet at fair value, with changes in fair value being recognized in the income statement.

In the event of an accounting mismatch, the fair value option can be applied to a debt instrument that essentially falls within one of the first two categories.

All equity instruments are measured at fair value and, in principle, changes in their fair value are recorded in the income statement. If an equity instrument is not held for trading purposes, it can be irrevocably classified as an instrument that is measured at fair value the first time it is recorded in the balance sheet. However, with the exception of dividends, all of its income components are recorded in other comprehensive income and are not transferred to profit and loss under any circumstances.

IFRS 9 incorporates the rules on the classification and measurement of financial liabilities set out in IAS 39. A new feature in IFRS 9 is that the impact of the change in own credit risk from financial liabilities, for which the fair value option is applied, is now recorded in other comprehensive income. However, if this treatment would create or enlarge an accounting mismatch in the income statement, the impact of the change in own credit risk should continue to be recorded in the income statement according to the method used in IAS 39.

It is primarily financial assets measured at amortized cost or financial assets where changes in fair value are recognized in other comprehensive income that fall within the scope of the new impairment model. Upon initial recognition of these instruments, the present value of expected credit losses resulting from possible default events within the next 12 months are recognized through profit or loss. If there has been a significant increase in the risk of default since the initial recognition of the instrument, the present value of all expected credit losses over the remaining life of the instrument are recorded through profit or loss.

The new general hedge accounting model enables companies to better reflect their risk management activities in their financial statements by providing more opportunities to apply hedge accounting and by allowing flexibility in how an economic relationship between the hedged item and the hedging instrument is demonstrated.

IFRS 9 has to be applied from 1 January 2018. Vontobel is currently analyzing the impacts of the new provisions.

IFRS 15 – Revenue from Contracts with Customers
The new standard provides a five-step model for the recognition of revenue that should, in principle, be applied to all customer contracts. The model comprises the following steps:
- Identify the contract with the customer;
- Identify distinct performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when the performance obligations are satisfied.

IFRS 15 contains new guidelines on whether revenue should be recognized at a certain point in time or over time. For cases involving variable consideration, a new recognition threshold was introduced. Under this reporting standard, variable amounts are only included in revenue if it is highly probable that a significant revenue reversal will not occur in the future as a result of re-estimation.

The new standard provides detailed guidance on various issues, such as identifying distinct performance obligations and accounting for contract modifications. The standard also introduces new guidance on the costs of fulfilling and obtaining a contract, as well as specifying the circumstances in which such costs should be capitalized. The new standard includes significantly increased requirements for the disclosure of revenue in the financial statements.

IFRS 15 has to be applied from 1 January 2018. Vontobel is currently analyzing the impacts of the new provisions.

IFRS 16 – Leases
In January 2016, the IASB published the new standard for the financial reporting of leases. The new standard introduces a new lessee accounting model that eliminates the classification of leases as either finance leases or operating leases. For all leases, the lessee recognizes a leasing liability for its obligation to make future lease payments. At the same time, the lessee capitalizes the right to use the underlying asset, which basically corresponds to the present value of future lease payments plus directly attributable costs. Exemptions apply in the case of short-term leases and low-value lease assets. IFRS 16 replaces IAS 17 and the related interpretations and is to be applied for the first time to financial years beginning on or after 1 January 2019. Vontobel is currently analyzing the impacts of the new provisions.

IAS 1 – Disclosure Initiative
The amendments to IAS 1 make clear that information is only to be disclosed in the notes to the financial statements if not immaterial. The amended IAS 1 also contains guidance on the aggregation and disaggregation of items in the balance sheet and statement of comprehensive income and explains how interests in other comprehensive income of companies recognized using the equity method are to be shown in the statement of comprehensive income. It also makes clear that understandability and comparability are to be considered when determining the order of the notes.

The changes have to be applied from 1 January 2016. Vontobel is currently analyzing the impacts of the new provisions.

Other new standards and interpretations
Based on initial analyses, the following new and revised standards and interpretations are not expected to have any significant impact on Vontobel's net profit, comprehensive income and shareholders' equity or are not expected to be relevant to Vontobel:
– IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
– IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
– IAS 7 – Disclosure Initiative;
– IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses;
– IFRS 14 – Regulatory Deferral Accounts;
– IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization;
– IAS 16 and IAS 41 – Agriculture: Bearer Plants;
– IAS 27 – Equity Method in Separate Financial Statements;
– IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception;
– Annual Improvements 2012–2014.

Risk management and risk control

1. Risk policy

A conscious and prudent approach to risk is a prerequisite for the sustained, long-term success of Vontobel as an internationally oriented Swiss banking group specializing in wealth and asset management and investment banking. The assumption of risk is an inherent part of the activities of the three divisions Private Banking, Asset Management and Investment Banking. The Group-wide risk culture, which is firmly established at every level of the company and is reviewed on an ongoing basis, ensures that risks are recognized and that appropriate control and mitigation mechanisms are implemented and refined.

In its risk policy, Vontobel defines the relevant risk categories and the corresponding risk profiles, as well as the powers of authorization, organizational structure, methods and processes relating to the management and control of risks. The appropriateness of the risk policy is reviewed at least once annually by the Board of Directors.

The Board of Directors evaluates and monitors the Group's Internal Control System using a systematically developed risk analysis model discussed with the Executive Board.

The Risk Management and Risk Control units ensure that all risks are managed and monitored with the utmost care.

The most important principles regarding risk management and control are:
- Clearly delegated responsibilities and authority
- Alignment of risk profile and risk capacity
- Independent control functions and adequate human and technical resources
- Adequate internal control systems
- Transparency regarding the risks taken

Clear responsibilities and powers of authorization
Organizational aspects and powers of authorization relating to the management and control of all risks have been defined as follows:
- The Board of Directors has the ultimate responsibility for risk issues.
- The Executive Board is responsible for the operational implementation of the risk policy and for the management and control of all risks.
- The heads of the divisions are responsible for managing risks in accordance with the relevant qualitative and quantitative guidelines.
- The Risk Control unit is responsible for risk control.

Alignment of risk profile and risk capacity
Comprehensive, combined Group-wide stress tests are conducted on a regular basis. In addition to market and credit risks (i.e. position risks), these tests assess operational risks as well as risks relating to income and costs. The results of the stress tests are compared with Vontobel's risk capacity to ensure that its risk profile does not exceed the available risk capacity and that any adjustments are made promptly.

Independent control functions as well as adequate human and technical resources
The Risk Control unit reports directly to the Head of the Finance & Risk division, who works independently from the business divisions and is a member of the Executive Board.

Risk Control is organized into various teams, which are responsible for the subsequent independent monitoring of market risks, credit and counterparty risks and operational risks in general, as well as the risks that result when client assets are not invested in accordance with internal or external regulations (investment control) in particular.

In terms of operational risks in particular, an important role is also played by the Legal, Compliance & Tax unit, which reports to the Head of the Operations division who also works independently from the divisions and is a member of the Executive Board.

The Risk Control unit is primarily responsible for identifying risks related to ongoing business activities, changes in the environment (markets or regulation) or the launch of new activities (new products and services or new markets). Secondly, it records the identified risks using suitable methods and quantifies them using measuring systems as far as possible. These risks are then consolidated, analyzed and monitored. Vontobel employs conventional methods and procedures to achieve this (see the following sections on the individual risk categories). Market and credit risks are monitored on a daily basis and compared with the limits that have been set. If any limits are exceeded, this is reported immediately and the position is monitored closely until the additional exposure is reduced. The Risk Control unit's third responsibility is to transparently present the risks that have been assumed.

Adequacy of internal control systems
The management and control of all risks is essentially performed using a holistic approach referred to as the Internal Control System (ICS). In accordance with the FINMA Circular 08/24 "Supervision and Internal Control at Banks", as well as the provisions governing control processes during the production of financial statements according to the Swiss Code of Obligations, existing control processes are regularly reviewed and further optimized. As well as ensuring compliance with legal and regulatory requirements, the focus is on ensuring the effectiveness, efficiency and reliability of business processes as well as of financial information and risk data.

Transparency regarding the risks taken
Vontobel's risk policy distinguishes between market, liquidity, credit, operational and reputational risks. The latter are considered to be of particular and overriding importance. The Board of Directors, Executive Board and employees know that the good reputation of Vontobel and the trust which is placed in it are based on their ability to strike a balance between profit orientation, risk tolerance and compliance with mandatory rules of conduct each day.

The transparent presentation of the risk profile in consolidated form and of the individual risks that have been assumed in detailed form is a core function of the Risk Control team (see above). The front office areas that are responsible for risk management are informed about market and credit risks on a daily basis, mainly via suitable reports. However, reports on operational risks are provided at appropriate intervals rather than on a daily basis.

The Executive Board and the Board of Directors are informed in full about any changes in individual risk factors and the Group's risk profile via consolidated periodic risk reports. The valuation principles are set out in note 33.

2. Market risk

2.1 General information

Market risk refers to the risk of losses as a result of changes in market parameters such as interest rates, credit spreads, foreign exchange rates, stock prices or commodities prices and the corresponding volatilities. Market risks are relevant in various areas, both within and outside Investment Banking.

In **Investment Banking**, the major proportion of the risk positions originates from the business with proprietary products such as warrants, certificates and structured products, as well as the hedging of these instruments. The Financial Products business unit in Investment Banking is responsible for these positions, as well as for foreign exchange and money market trading, the management of the foreign exchange position and collateral trading (repo transactions and securities lending and borrowing transactions).

Market risks are limited and monitored using a multi-level system of limits. In addition to the Value at Risk limits and stress exposure limits prescribed at a global level and for each trading unit, this system defines a wide range of detailed sensitivity limits and volume limits in order to control and limit risks.

Positions involving market risks are also held **outside Investment Banking**. These financial investments consist of broadly diversified portfolios and non-consolidated holdings, with the allocation to equities being maintained at a consistently low level. The financial investments are classified as "available-for-sale". Non-strategic exposures in equity instruments and investment funds (including alternative investments) are classified as "Other financial assets at fair value through profit and loss" (see note 14). To quantify and limit risk, the same measurement methods – i.e. Value at Risk and stress exposure – are used for these positions at a consolidated level as for the positions held by Investment Banking.

Further information on market risks at **overall balance sheet level** (interest rate risks and currency risks) can be found in section 2.3 "Market risks related to the balance sheet structure".

2.2 Market risks related to Investment Banking and other securities holdings

2.2.1 Value at Risk (VaR)

The management and control of market risks for all the positions in Investment Banking as well as for securities holdings outside Investment Banking is based on specific sensitivity and volume limits as well as on Value at Risk and stress exposure measurements, in line with the general market standard.

VaR is measured using the historical simulation method. All instruments are revalued based on historical changes to the risk factors. As a result, the historically observed volatility of the individual risk factors and the historically observed correlations between the individual risk factors are imputed directly into the VaR calculations. The confidence level is 99%, the holding period is set at one day and the historical period of observation to determine the time series relevant to VaR extends over the last four years.

The following table shows the VaR for Vontobel as a whole, as well as for Investment Banking. The average VaR for the year under review totalled CHF 9.9 mn for Vontobel as a whole, of which CHF 3.0 mn related to Investment Banking (2014: average VaR of CHF 10.0 mn for Vontobel and of CHF 5.9 mn for Investment Banking).

The table also shows the relative importance of the VaR of the individual risk factors as a proportion of total VaR. The average VaR figures indicate that in the case of Vontobel, equity risks and interest rate risks (including issuer-specific credit spread risks) represent the most significant risk factors and are comparable in scale. Currency and commodities risks are of secondary importance.

Value at Risk (VaR) for Vontobel overall and for Investment Banking[1]

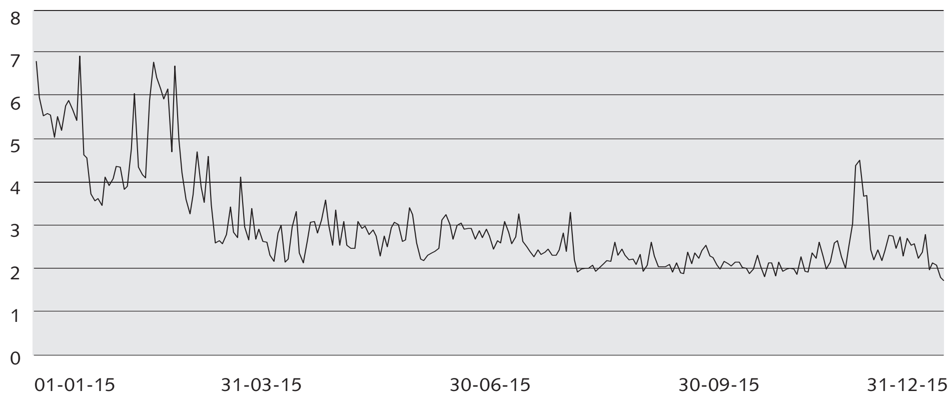
	Equities[2] CHF mn	Interests incl. credit spread CHF mn	Currencies[3] CHF mn	Commo-dities CHF mn	Diversi-fication CHF mn	**31-12-15 Total CHF mn**
Vontobel:	7.2	5.1	2.0	0.7	(6.1)	**8.9**
Average	8.8	5.1	2.6	0.4	(7.0)	**9.9**
Minimum	6.1	4.2	1.3	0.1	n/a[4]	**7.9**
Maximum	12.1	7.2	7.3	1.4	n/a[4]	**13.4**
of which Investment Banking:	1.4	1.5	0.4	0.8	(2.4)	**1.7**
Average	2.0	2.1	0.8	0.4	(2.3)	**3.0**
Minimum	1.1	1.5	0.2	0.1	n/a[4]	**1.7**
Maximum	6.4	5.7	4.5	1.2	n/a[4]	**6.9**

	Equities[2] CHF mn	Interests incl. credit spread CHF mn	Currencies[3] CHF mn	Commo-dities CHF mn	Diversi-fication CHF mn	**31-12-14 Total CHF mn**
Vontobel:	9.8	7.2	3.5	0.2	(7.8)	**12.9**
Average	7.4	6.7	3.4	0.2	(7.7)	**10.0**
Minimum	4.2	5.7	2.3	0.1	n/a[4]	**7.1**
Maximum	12.0	8.1	6.4	0.7	n/a[4]	**15.4**
of which Investment Banking:	2.8	5.2	1.1	0.3	(3.2)	**6.2**
Average	3.1	4.3	1.0	0.2	(2.7)	**5.9**
Minimum	1.2	3.3	0.5	0.1	n/a[4]	**3.7**
Maximum	7.7	6.0	3.8	0.6	n/a[4]	**9.7**

1 99% confidence level; 1-day holding period; historical observation period of the last four years. The contributions to the risk factors include both price and volatility risks.
2 Including positions in investment funds and hedge funds
3 Including precious metals
4 The maximum and minimum exposures for the total VaR and component VaR may have arisen on different days. Diversification is therefore not applicable here.

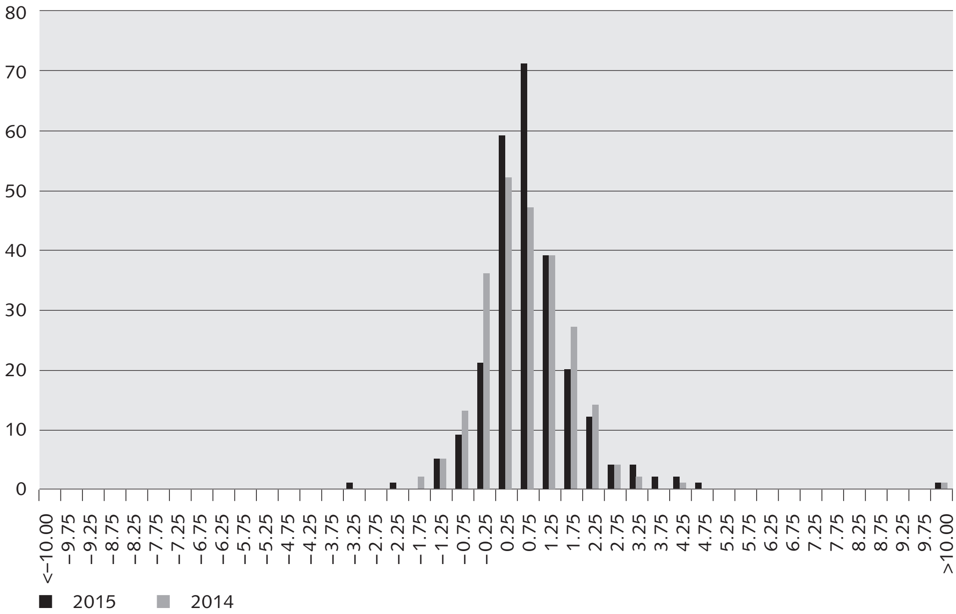
The graph below shows the development over time of 1-day VaR for the positions of Investment Banking/Financial Products at Vontobel. There is also a graph to show the frequency distribution of daily gains and losses for the years 2015 and 2014.

Value at Risk (VaR)[1] for the positions of Investment Banking/Financial Products (CHF mn)



1 99% confidence level; 1-day holding period; last four years historical observation period

Frequency distribution of the gains and losses of the positions Investment Banking/ Financial Products[1] (number of days)



1 The reported gains and losses represent actual income incl. spreads as well as income from intraday trading (in CHF mn).

2.2.2 Stress exposure
In addition to the VaR limits based on a 99% confidence level, stress exposure limits have also been defined. The corresponding stress tests are conducted on a daily basis. All positions held by Investment Banking and all other securities positions are reevaluated in a variety of stress scenarios (with 1-day and 10-day holding periods) and the scenario with the largest loss is subsequently defined as the stress exposure. The calculations are based on historical and institute-specific stress scenarios. The stress scenarios are reviewed regularly and are supplemented or adapted where necessary based on changes in the market environment and risk positioning.

2.3 Market risks related to the balance sheet structure

The Treasury unit is responsible for managing the balance sheet structure, capital and liquid assets. Interest rate risks and currency risks are monitored and limited as part of the Group's asset and liability management (ALM) activities. Treasury is also responsible for securing refinancing and monitoring liquidity risk on a continuous basis.

2.3.1 Interest rate risk
Interest rate and foreign-exchange risks arise in balance sheet management through differing interest commitments and foreign currencies on the asset and liability side of the balance sheet and of off-balance-sheet items. These risks are managed and monitored at an aggregated level. The interest rate sensitivities of the market value of shareholders' equity (broken down to show positions within and outside Investment Banking) are presented below. The table shows the gains and losses by currency and maturity range, assuming a +/–100 basis point change in interest rates in accordance with the reporting of interest rate risks prescribed by FINMA Circular 08/6. Assuming additive aggregation between individual currencies, the sensitivity to a +100 basis point change corresponds to CHF +3.2 mn for the current year and CHF +29.7 mn for the previous year.

Interest rate risk

	up to 1 month CHF mn	1 to 3 months CHF mn	3 to 12 months CHF mn	1 to 5 years CHF mn	more than 5 years CHF mn	Interest sensitivity as of 31-12-15 **Total CHF mn**
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.0	0.2	0.9	22.7	(8.1)	**15.7**
of which IB	(0.3)	0.2	(1.1)	2.5	(2.3)	**(1.0)**
of which non-IB	0.3	0.0	2.0	20.2	(5.8)	**16.7**
USD: Vontobel	(0.2)	(0.6)	1.3	(19.0)	(4.6)	**(23.1)**
of which IB	(0.3)	(0.4)	(0.4)	(0.1)	(0.4)	**(1.6)**
of which non-IB	0.1	(0.2)	1.7	(18.9)	(4.2)	**(21.5)**
EUR: Vontobel	(0.1)	(1.7)	3.3	1.2	4.5	**7.2**
of which IB	(0.1)	(1.5)	1.5	(9.6)	4.8	**(4.9)**
of which non-IB	0.0	(0.2)	1.8	10.8	(0.3)	**12.1**
Others: Vontobel	0.1	0.1	(0.2)	4.0	(0.6)	**3.4**
of which IB	0.0	0.1	(0.7)	(0.7)	(0.6)	**(1.9)**
of which non-IB	0.1	0.0	0.5	4.7	0.0	**5.3**
–100 basis points						
CHF: Vontobel	0.0	(0.1)	(1.1)	(22.9)	9.6	**(14.5)**
of which IB	0.3	(0.1)	0.9	(2.1)	3.1	**2.1**
of which non-IB	(0.3)	0.0	(2.0)	(20.8)	6.5	**(16.6)**
USD: Vontobel	0.2	0.5	(1.4)	20.0	5.0	**24.3**
of which IB	0.3	0.3	0.3	(0.1)	0.5	**1.3**
of which non-IB	(0.1)	0.2	(1.7)	20.1	4.5	**23.0**
EUR: Vontobel	0.1	2.5	(3.6)	(3.2)	(6.1)	**(10.3)**
of which IB	0.1	2.2	(1.8)	7.8	(6.5)	**1.8**
of which non-IB	0.0	0.3	(1.8)	(11.0)	0.4	**(12.1)**
Others: Vontobel	(0.1)	(0.1)	0.2	(4.0)	0.6	**(3.4)**
of which IB	0.0	(0.1)	0.7	0.8	0.6	**2.0**
of which non-IB	(0.1)	0.0	(0.5)	(4.8)	0.0	**(5.4)**

IB = Investment Banking

Interest sensitivity as of 31-12-14

	up to 1 month CHF mn	1 to 3 months CHF mn	3 to 12 months CHF mn	1 to 5 years CHF mn	more than 5 years CHF mn	**Total CHF mn**
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.3	(1.6)	5.9	9.1	4.3	**18.0**
of which IB	0.0	(1.6)	3.7	(10.3)	5.4	**(2.8)**
of which non-IB	0.3	0.0	2.2	19.4	(1.1)	**20.8**
USD: Vontobel	(0.1)	(0.1)	3.8	(9.5)	(3.6)	**(9.5)**
of which IB	0.0	0.0	1.7	(0.2)	1.3	**2.8**
of which non-IB	(0.1)	(0.1)	2.1	(9.3)	(4.9)	**(12.3)**
EUR: Vontobel	0.0	(2.5)	5.1	15.9	(1.0)	**17.5**
of which IB	0.1	(2.3)	3.3	2.5	0.5	**4.1**
of which non-IB	(0.1)	(0.2)	1.8	13.4	(1.5)	**13.4**
Others: Vontobel	0.1	0.0	0.8	2.8	0.0	**3.7**
of which IB	0.0	0.0	0.3	(1.5)	0.0	**(1.2)**
of which non-IB	0.1	0.0	0.5	4.3	0.0	**4.9**
–100 basis points						
CHF: Vontobel	0.0	0.1	(0.2)	0.2	(2.0)	**(1.9)**
of which IB	0.0	0.1	(0.2)	0.1	(2.3)	**(2.3)**
of which non-IB	0.0	0.0	0.0	0.1	0.3	**0.4**
USD: Vontobel	0.0	0.1	(1.4)	11.8	3.7	**14.2**
of which IB	0.0	0.1	(0.6)	(0.2)	(1.5)	**(2.2)**
of which non-IB	0.0	0.0	(0.8)	12.0	5.2	**16.4**
EUR: Vontobel	(0.1)	0.1	(0.3)	(3.1)	0.3	**(3.1)**
of which IB	(0.1)	0.1	0.0	(1.1)	(0.4)	**(1.5)**
of which non-IB	0.0	0.0	(0.3)	(2.0)	0.7	**(1.6)**
Others: Vontobel	0.0	0.0	(0.3)	1.5	0.0	**1.2**
of which IB	0.0	0.0	(0.3)	1.5	0.0	**1.2**
of which non-IB	0.0	0.0	0.0	0.0	0.0	**0.0**

IB = Investment Banking

Under IFRS, the market value effect of changes in interest rates in Investment Banking essentially has an impact on the income statement, as well as on shareholders' equity as a result of changes in retained earnings. However, the only impact outside Investment Banking is on interest rate sensitive positions that are assigned to the category "fair value through profit and loss" under IFRS. In the case of interest rate sensitive financial investments in the category "available-for-sale", the market value effect of changes in interest rates only has an impact on shareholders' equity.

If interest rates changed by +100 (–100) basis points, the impact on pre-tax profit in Investment Banking would be CHF –9.4 mn as of 31-12-15 and CHF +2.9 mn as of 31-12-14 (31-12-15: CHF +7.2 mn, 31-12-14: CHF –4.8 mn) and the pre-tax impact on consolidated shareholders' equity would be CHF –67.3 mn as of 31-12-15 and CHF –44.5 mn as of 31-12-14 (31-12-15: CHF +67.8 mn, 31-12-14: CHF +35.0 mn).

In view of the limited significance of interest income from variable interest-bearing positions or positions which expire in the course of the year, the impact of a change in interest rates on income levels has not been simulated.

2.3.2 Currency risk

As in the case of interest rate risks, currency risks relating to trading positions and the balance sheet structure are kept at a low level. This is achieved primarily through currency-congruent investments and refinancing activities. The following table shows the sensitivities to changes in foreign exchange rates of +/–5% according to internal reports.

Currency risk

						Currency sensitivity as of 31-12-15
	USD 1,000 CHF	EUR 1,000 CHF	JPY 1,000 CHF	GBP 1,000 CHF	Precious metals 1,000 CHF	Others 1,000 CHF
+5%						
Vontobel	5,368.8	4,865.4	(102.7)	2,541.1	336.3	3,091.7
of which IB	39.7	(1,276.1)	(100.9)	282.5	345.6	152.8
of which non-IB	5,329.1	6,141.5	(1.8)	2,258.6	(9.3)	2,938.9
–5%						
Vontobel	(6,170.5)	(5,552.5)	(88.4)	(2,353.0)	(639.4)	(3,103.1)
of which IB	(841.4)	589.0	(90.2)	(94.4)	(648.7)	(164.2)
of which non-IB	(5,329.1)	(6,141.5)	1.8	(2,258.6)	9.3	(2,938.9)

						Currency sensitivity as of 31-12-14
	USD 1,000 CHF	EUR 1,000 CHF	JPY 1,000 CHF	GBP 1,000 CHF	Precious metals 1,000 CHF	Others 1,000 CHF
+5%						
Vontobel	6,409.1	7,180.7	(44.0)	402.8	(61.3)	775.4
of which IB	(232.2)	537.9	(44.1)	113.1	(13.4)	219.5
of which non-IB	6,641.3	6,642.8	0.1	289.7	(47.9)	555.9
–5%						
Vontobel	(6,525.0)	(8,005.9)	(164.5)	(472.5)	(578.1)	(656.5)
of which IB	116.3	(1,363.1)	(164.4)	(182.8)	(626.0)	(100.6)
of which non-IB	(6,641.3)	(6,642.8)	(0.1)	(289.7)	47.9	(555.9)

IB = Investment Banking

3. Liquidity risk and refinancing

Liquidity risk refers to the risk of being unable to cover short-term funding needs at any time (e. g. due to the impossibility of substituting or renewing deposits, outflows of funds due to drawing on lending commitments or margin calls, etc.). Liquidity risk management ensures that Vontobel always has sufficient liquidity to be able to fulfil its payment obligations, even in stress scenarios. The liquidity risk management system therefore comprises functional risk measurement and control systems to ensure its continuous ability to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to manage any liquidity shortfalls.

The diversification of sources of refinancing and access to the repo market ensure that cash and cash equivalents are rapidly available on a secured basis if required. Liquidity is monitored and assured on a daily basis. The continuous monitoring of the volume and quality of available collateral also ensures that Vontobel always has adequate refinancing capabilities. In the event of an unexpected tightening of liquidity, the Group can also access a portfolio of positions that retain their value and can easily be liquidated.

The maturity structure of assets and liabilities is shown in note 32. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions "Trading portfolio assets", "Positive replacement values", "Other financial assets at fair value", "Trading portfolio liabilities", "Negative replacement values" and "Other financial liabilities at fair value" are not broken down into individual cash flows and divided into different maturity ranges but are, instead, reported at fair value in the "Demand" column. In the case of the other financial balance sheet positions, the book values are reported in the maturity range which represents the earliest point at which payment can be demanded according to the contractual provisions. In view of the predominantly short maturities, the breakdown of these positions into individual cash flows would provide an only marginally different view.

As part of the package of reforms announced by the Basel Committee on Banking Supervision (BCBS) in December 2010, it was decided that two quantitative minimum standards for liquidity management would be introduced: (a) the minimum liquidity ratio or "liquidity coverage ratio" (LCR), which took effect on 1 January 2015, and (b) the structural liquidity ratio or "net stable funding ratio" (NSFR), which is to be introduced by no later than 1 January 2018.

	2nd Half year 2015 Average	4th Quarter 2015 Average	3rd Quarter 2015 Average
Liquidity Coverage Ratio in accordance with FINMA Circular 15/2			
Total stock of high quality liquid assets (HQLA) in CHF mn	**5,797.1**	6,112.0	5,482.2
Total net cash outflows in CHF mn	**2,627.8**	2,619.0	2,636.6
Liquidity Coverage Ratio LCR	**220.6%**	233.4%	207.9%

The liquidity coverage ratio is disclosed in accordance with the requirements set out in FINMA Circular 08/22. The values used to calculate the liquidity coverage ratio are simple monthly averages for the relevant quarter or half-year. The average is calculated based on the values shown in the monthly liquidity status reports submitted to FINMA and the SNB. This results in three data points per quarter. For 2015, the liquidity coverage ratio had to exceed 60%. The main factors influencing Vontobel's liquidity coverage ratio are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows, and reverse-repurchase agreements maturing within 30 calendar days as cash inflows.

4. Credit risk

4.1 General information

Credit risk concerns the risk of losses should a counterparty fail to honour its contractual obligations. In the case of Vontobel, credit risk comprises:
– Default risks from lending against collateral ("lombard lending")
– Default risks from bond positions (issuer risk)
– Default risks from money market investments
– Default risks related to securities lending and borrowing, repo transactions, collateral management and derivatives, as well as
– Default risks related to settlement.

In principle, Vontobel does not engage in commercial lending. Equally, it does not actively engage in mortgage lending and this area is therefore insignificant.

4.2 Lending to private and institutional investment clients

In the case of private and institutional investment clients, Vontobel engages primarily in lending against collateral, i.e. the extension of loans is subject to the provision of securities that serve as easily realizable collateral. As a restriction on lending, limits on blanket credit lines are set for each client. These limits cover all the exposures assumed in respect of each client. These exposures (including the risk add-ons determined by the type of exposure) must essentially be covered by the collateral value of the collateral (securities after haircuts). Exposures that are only secured from a market value perspective but not after the application of collateral add-ons or haircuts, or exposures that are secured by collateral that is not recognized according to the guidelines of the Basel Committee on Banking Supervision, are only assumed in exceptional cases in respect of these clients. The lending value of positions and portfolios is generally determined in accordance with the "comprehensive approach" prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The quality of the collateral (volatility, rating, liquidity and tradability) and the diversification of the portfolio and currency risks are considered in the calculation.

In cases where the exposures are covered by market values but not by collateral values (i. e. after taking account of risk discounts), a default process is initiated with the aim of restoring cover through the reduction of the exposures, portfolio switches or the provision of additional collateral.

As of 31-12-15, gross exposures to private clients and institutional investment clients totalled CHF 2,718.9 mn (31-12-14: CHF 2,442.5 mn), of which CHF 2,615.1 mn (31-12-14: CHF 2,397.8 mn) was secured by recognized financial collateral (after risk discounts) and CHF 103.8 mn (31-12-14: CHF 44.7 mn) was not secured by recognized financial collateral.

Lending to private and institutional investment clients[1]

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-15 Total CHF mn**
Lending exposure	2,615.1	103.8	**2,718.9**

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-14 Total CHF mn**
Lending exposure	2,397.8	44.7	**2,442.5**

1 Comprises not only cash credits but also the total due from private and institutional investment clients.

4.3 Exposures to professional counterparties and issuer risk

Vontobel has both secured and unsecured exposures to professional counterparties.

Secured exposures result from securities lending and borrowing, repo transactions, the collateral management of margin obligations and margin calls, as well as the collateralization of OTC derivatives that are eligible for netting. The **mitigation of credit risks** using securities as easily realizable liquid collateral is of key importance for these types of transactions. The transactions are generally concluded on the basis of collateralized netting agreements with strict requirements regarding eligible collateral, appropriate contractual collateral values and low contractual thresholds and minimum transfer amounts. The daily calculation and comparison of credit exposures and collateral is a core element of the management and monitoring of credit risks. During this process, conservative add-on factors are applied to the credit exposures and conservative haircuts are applied to the collateral in accordance with the "comprehensive approach" prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The different add-ons and haircuts are determined according to the instrument, rating, term to maturity, liquidity and tradability.

Unsecured exposures mainly comprise the **issuer risks in bond portfolios** held in Investment Banking or for the purpose of balance sheet management. They also include exposures relating to money market transactions, accounts, guarantees and contractual independent amounts (threshold values and minimum transfer amounts) that are agreed with counterparties in netting agreements for securities lending and borrowing, repurchase agreements and the collateralization of OTC derivatives.

Settlement risks are reduced through the use of the Continuous Linked Settlement (CLS) system when conducting foreign currency transactions. Vontobel is connected to the CLS system as a third party.

All exposures to professional counterparties and issuers are monitored and restricted using a differentiated **system of limits** – which is defined in the Credit Regulations and is reviewed annually – for the individual counterparty categories, rating segments, countries and regions.

Vontobel bases the management and limitation of exposures to professional counterparties on internal assessments by the Credit Research unit as well as on the ratings of external agencies recognized by FINMA. It uses the ratings of Fitch, Moody's, S&P and Fedafin (public sector bodies only). If various ratings exist for a specific position, the relevant rating is assigned according to the rules prescribed by the Basel Committee on Banking Supervision.

The requirements regarding **counterparty creditworthiness** are particularly high for unsecured credit risks as well as issuer risks. The breakdown of unsecured counterparty and issuer risks by rating category is shown in the following table and graph. This and the following tables only contain information on current unsecured exposures without potential exposures relating to collateralized positions. The figures including the application of add-ons or haircuts in accordance with capital regulations are presented in the tables in the section on capital.

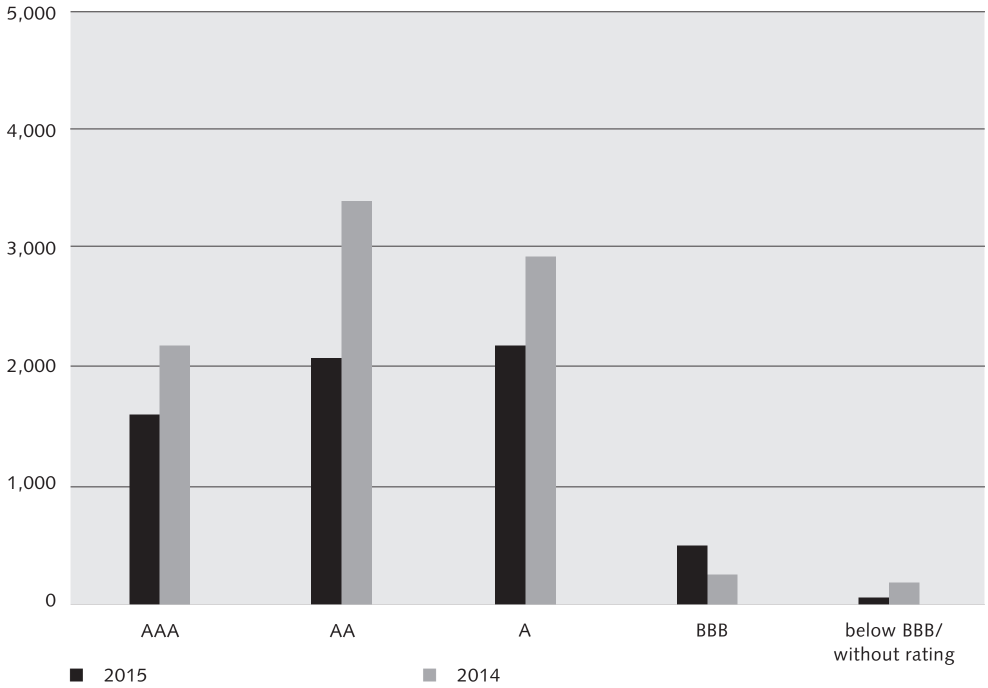
Breakdown of unsecured counterparty and issuer risks by rating[1]

	AAA CHF mn	AA CHF mn	A CHF mn	BBB CHF mn	below BBB/ without rating CHF mn	**31-12-15 Total CHF mn**
Issuer risk from debt instruments[2]	1,483.1	1,945.1	1,886.7	447.0	59.8	**5,821.7**
Money market and accounts[3]	98.7	95.2	136.1	45.5	1.9	**377.4**
Other financial receivables[4]	9.3	29.9	150.6	9.9	0.5	**200.2**
Total	**1,591.1**	**2,070.2**	**2,173.4**	**502.4**	**62.2**	**6,399.3**
Share (%)	24.9	32.3	34.0	7.8	1.0	**100.0**

	AAA CHF mn	AA CHF mn	A CHF mn	BBB CHF mn	below BBB/ without rating CHF mn	**31-12-14 Total CHF mn**
Issuer risk from debt instruments[2]	2,030.9	3,231.5	2,700.1	263.8	174.0	**8,400.3**
Money market and accounts[3]	153.7	106.6	39.6	1.6	7.7	**309.2**
Other financial receivables[4]	5.9	58.8	193.8	1.8	1.2	**261.5**
Total	**2,190.5**	**3,396.9**	**2,933.5**	**267.2**	**182.9**	**8,971.0**
Share (%)	24.4	37.9	32.7	3.0	2.0	**100.0**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Including positions in credit default swaps (synthetic bond positions) in the amount of CHF 980.3 mn as of 31-12-15 or CHF 523.1 mn as of 31-12-14
3 The cash account of CHF 2,470.0 mn as of 31-12-15 or CHF 3,239.1 as of 31-12-14 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees, and pledged capital life insurance policies

Breakdown of Vontobel's credit risk by rating (CHF mn)



The exposures mainly relate to the rating categories "AAA" and "AA", as shown in the previous table and graph: as of 31-12-15, 57% (31-12-14: 62%) of the exposures related to these cate-gories of high creditworthiness. 91% of the exposures comprised a rating of "A" or above (31-12-14: 95%). The proportion of exposures with a rating of less than "BBB" or with no rating was 1% (31-12-14: 2%). The cash account of CHF 2,470.0 mn (31-12-14: CHF 3,239.1 mn) deposited at the SNB has been excluded.

The breakdown of credit exposures by counterparty type as well as by geographical region is illustrated in the following table.

Breakdown of unsecured counterparty and issuer risks by counterparty type[1]

	Banks CHF mn	Other corporations/ institutions without bank status CHF mn	Govern-ments/ public sector bodies CHF mn	**31-12-15 Total CHF mn**
Issuer risk from debt instruments[2]	2,220.8	1,440.9	2,160.0	**5,821.7**
Money market and accounts[3]	276.5	0.2	100.7	**377.4**
Other financial receivables[4]	20.1	176.9	3.2	**200.2**
Total	**2,517.4**	**1,618.0**	**2,263.9**	**6,399.3**

	Banks CHF mn	Other corporations/ institutions without bank status CHF mn	Govern-ments/ public sector bodies CHF mn	**31-12-14 Total CHF mn**
Issuer risk from debt instruments[2]	3,587.4	1,622.1	3,190.8	**8,400.3**
Money market and accounts[3]	161.5	0.4	147.3	**309.2**
Other financial receivables[4]	63.7	194.5	3.3	**261.5**
Total	**3,812.6**	**1,817.0**	**3,341.4**	**8,971.0**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Including positions in credit default swaps (synthetic bond positions) in the amount of CHF 980.3 mn as of 31-12-15 or CHF 523.1 mn as of 31-12-14
3 The cash account of CHF 2,470.0 mn as of 31-12-15 or CHF 3,239.1 as of 31-12-14 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In terms of counterparty type, a large proportion of unsecured counterparty and issuer risks relates to governments and banks, as expected. As of 31-12-15, governments, including public sector bodies, accounted for CHF 2,263.9 mn (31-12-14: CHF 3,341.4 mn) of a total of CHF 6,399.3 mn (31-12-14: CHF 8,971.0 mn) or 35% (31-12-14: 37%). Banks accounted for CHF 2,517.4 mn (31-12-14: CHF 3,812.6 mn) of a total of CHF 6,399.3 mn (31-12-14: CHF 8,971.0 mn) or 39% (31-12-14: 42%). The cash account of CHF 2,470.0 mn (31-12-14: CHF 3,239.1 mn) deposited at the SNB has been excluded.

When setting limits, considerable importance is assigned to preventing concentration risks relating to individual counterparties, thus ensuring that exposures within counterparty categories are broadly diversified.

Breakdown of unsecured counterparty and issuer risks by region[1]

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	31-12-15 Total CHF mn
Issuer risk from debt instruments[2]	475.1	2,640.5	1,072.5	1,515.8	117.8	**5,821.7**
Money market and accounts[3]	143.8	224.9	5.7	2.8	0.2	**377.4**
Other financial receivables[4]	36.9	143.0	8.5	11.8	0.0	**200.2**
Total	**655.8**	**3,008.4**	**1,086.7**	**1,530.4**	**118.0**	**6,399.3**

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	31-12-14 Total CHF mn
Issuer risk from debt instruments[2]	1,203.7	3,991.2	1,079.9	1,968.5	157.0	**8,400.3**
Money market and accounts[3]	86.1	215.0	2.8	5.0	0.3	**309.2**
Other financial receivables[4]	83.0	162.7	2.8	13.0	0.0	**261.5**
Total	**1,372.8**	**4,368.9**	**1,085.5**	**1,986.5**	**157.3**	**8,971.0**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Including positions in credit default swaps (synthetic bond positions) in the amount of CHF 980.3 mn as of 31-12-15 or CHF 523.1 mn as of 31-12-14
3 The cash account of CHF 2,470.0 mn as of 31-12-15 or CHF 3,239.1 as of 31-12-14 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees, and pledged capital life insurance policies

In geographical terms, the unsecured credit and issuer risks mainly relate to the regions of Europe (excluding Switzerland) and Switzerland. Exposures in the regions of North America and Asia account for a smaller proportion of these risks. The cash account of CHF 2,470.0 mn (31-12-14: CHF 3,239.1 mn) deposited at the SNB has been excluded.

Exposures involving country risks are avoided in principle. Consequently, there are no relevant country risks to report on a consolidated basis.

5. Operational risks

5.1 General information

Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

5.2 Processes and methods

All business activities entail operational risks, which are prevented, mitigated, transferred or even assumed based on cost/benefit considerations. During this process, potential legal, regulatory and compliance-related risks are taken into account, as are follow-on risks in the form of reputational risks.

The Group-wide process model represents the basis for the management of operational risks. As part of the systematic assessments that are performed annually, the operational risks in all critical processes and process entities are identified and evaluated. In addition, further attention is focused on core security topics such as data protection and business continuity management, which are guaranteed through the use of extra tools.

5.2.1 Qualitative assessment

The qualitative assessment of operational risks is carried out using estimates of the loss potential and possible frequency of these risks. Once these inherent risks have been calculated, existing controls and further risk mitigation measures are taken into account to determine the residual risks. These residual risks are considered in order to determine compliance with pre-defined risk tolerances. If risk tolerances are exceeded, further risk mitigation measures are defined.

5.2.2 Quantitative assessment

In addition to qualitative assessments, quantitative methods are also used to measure and monitor operational risks. They include the monitoring of key risk indicators and the development of those indicators for all divisions. The risks measured in this context are also compared with the relevant pre-defined risk tolerances and if these tolerances are exceeded, further risk mitigation measures are defined.

5.2.3 Internal Control System

All measures to control operational risks form part of the Internal Control System (ICS). Consequently, the ICS encompasses all control elements that ensure the necessary framework for the achievement of strategic business objectives and the orderly running of operations at all levels of the organization. The ICS is reviewed at least once annually and is adapted or strengthened if necessary.

5.3 Legal, regulatory and compliance-related risks

Legal and compliance-related risks are the risk of losses occurring due to non-compliance with or the infringement of applicable laws, internal or external codes of conduct and market practices, as well as contractual obligations. Issues such as these may not only lead to financial losses but can equally result in regulators imposing fines and measures on the organization or can give rise to reputational harm. Regulatory risk is essentially the risk that changes to laws and rules of conduct could impact on Vontobel's activities.

As a market participant in the financial services industry, Vontobel is subject to extensive regulations and requirements defined by government bodies, regulatory authorities and self-regulatory organizations in Switzerland and other countries in which Vontobel operates.

To prevent or mitigate legal, regulatory and compliance-related risks, Vontobel has implemented the relevant structures and processes that are designed to raise employee awareness of or to provide initial or further training for employees about this topic. In addition, Vontobel has an appropriate system of policies and effective control processes in place to ensure compliance with legal and regulatory framework conditions. The corresponding compliance standards are regularly reviewed by Vontobel and adapted to regulatory and legal developments.

5.4 Insurance

Vontobel's insurance policy is aligned with the Group's operational risk management and financial risks.

In the first instance, Vontobel strives to prevent or mitigate risks as far as possible in accordance with the Group's risk policy. In a second step, it determines whether Vontobel can and should bear the risks itself. If this is not the case, the risks are covered by insurance policies. In particular, Vontobel insures against risks of a catastrophic nature in order to protect its capital base.

The internal Insurance unit analyses and evaluates the need for insurance measures on an ongoing basis.

Various other factors are taken into account when purchasing insurance. They mainly comprise legal requirements (compulsory insurance). However, a whole series of other business considerations lead to a wide range of risks for which insurance cover is acquired.

6. Reputational risks

A reputational risk is understood to be the risk of events occurring that could cause sustained harm to Vontobel's image. As such, reputational risks often constitute follow-on risks to the other risk categories described above.

Vontobel's ability to conduct its business depends to a significant extent on its reputation, which it has built over the bank's long history in accordance with its current claim "Performance creates trust". It is therefore of key importance for Vontobel to safeguard its good name and all employees have to assign this matter the highest priority. Consequently, appropriate measures are taken on an ongoing basis to make employees aware of the key importance of Vontobel's reputation.

Capital

The capital base serves primarily as a means of covering inherent business risks. The active management of the volume and structure of capital is therefore of key importance. The monitoring and management of capital adequacy is performed primarily on the basis of the regulations and ratios defined by the Basel Committee on Banking Supervision, as well as other criteria. Compliance with the statutory capital adequacy requirements prescribed by Switzerland and the Swiss Financial Market Supervisory Authority (FINMA) is mandatory. External capital adequacy requirements were met in the year under review and in previous years without exception.

1. Capital management

Capital management is aimed primarily at supporting growth and creating added value for shareholders while complying with regulatory capital requirements. A solid capital position and structure also enable Vontobel to demonstrate its financial strength and creditworthiness to its business partners and clients.

Capital management is performed while taking account of the economic environment and the risk profile of all business activities. Various control options are available to maintain the target level of capital and the desired capital structure or to adapt them in line with changing requirements. These options include flexible dividend payments, the repayment of capital or the procurement of various forms of regulatory capital. During the year under review, there were no significant changes to the objectives, principles of action or processes compared to the previous year.

2. Regulatory requirements

The new capital requirements (Basel III) entered into force on 1 January 2013. They are described in detail in the Swiss Capital Adequacy Ordinance (CAO) and the FINMA circulars that it refers to.

To determine net eligible Common Equity Tier 1 capital under Basel III, additional deductions are made from capital calculated in accordance with IFRS. These items were deducted in full – without the use of the offsetting arrangements permitted during the phase-in period that runs until 2018. In addition to goodwill and intangible assets, the following are of particular relevance for Vontobel in this context: unrealized gains on available-for-sale financial investments.

Banks can use a number of different approaches to calculate their capital adequacy requirements according to Basel III. Vontobel applies the International Standardized Approach (SA-BIS) for credit risks, the standardized approach for market risks and the basic indicator approach for operational risks. As part of the reduction of credit risks (risk mitigation), the comprehensive approach with standard haircuts defined by the supervisory authorities is applied for the recognition of collateral.

As a result of the recognition of the fair value option by FINMA in accordance with section XVI. of the FINMA Circular 13/1 (Eligible equity capital – banks), unrealized gains and losses are included in the calculation of tier 1 capital. This excludes the valuation adjustments of own liabilities recorded in accordance with IFRS rules due to a change in own creditworthiness. As a result, tier 1 capital totalled CHF 895.1 mn and the BIS tier 1 ratio was 17.9%. The BIS tier 1 ratio thus substantially exceeds the minimum capital ratio.

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

Eligible and required capital

	31-12-15 CHF mn	31-12-14 CHF mn
Eligible capital		
Equity according to balance sheet	**1,425.2**	1,411.5
Paid-in capital	**56.9**	65.0
Disclosed reserves	**1,285.7**	1,549.0
Net profit for the current financial year	**177.2**	134.5
Deduction for treasury shares	**(94.6)**	(337.0)
Deduction for minority interests	**0.0**	0.0
Deduction for dividends, as proposed by the Board of Directors	**(105.2)**	(88.2)
Deduction for goodwill	**(187.9)**	(97.9)
Deduction for intangible assets	**(31.9)**	(18.3)
Deduction for deferred tax assets	**(27.8)**	(12.3)
Addition (Deduction) for losses (gains) due to changes in own credit risk	**1.7**	22.6
Deduction for unrealised gains related to financial investments AFS	**(132.7)**	(102.1)
Deduction for defined benefit pension fund assets (IAS 19)	**(0.4)**	(1.9)
Other adjustments	**(45.9)**	3.9
Net eligible BIS common equity tier 1 capital (CET1)	**895.1**	1,117.3
Additional tier 1 capital (AT1)	**0.0**	0.0
Net eligible BIS tier 1 capital	**895.1**	1,117.3
Supplementary capital (tier 2)	**0.0**	0.0
Other deductions from total capital	**0.0**	0.0
Net eligible regulatory capital (BIS tier 1 + 2)	**895.1**	1,117.3

Risk-weighted positions		
Credit risks	**1,480.1**	1,584.9
Receivables	**1,289.1**	1,345.0
Price risk relating to equity instruments in the banking book	**191.0**	239.9
Non-counterparty related risks	**165.7**	185.1
Market risks	**1,726.3**	1,996.5
Interest rates	**1,051.1**	1,350.5
Equities	**277.9**	223.8
Currencies	**255.4**	297.2
Gold	**10.4**	25.5
Commodities	**131.5**	99.5
Operational risk	**1,629.8**	1,469.6
Total risk-weighted positions	**5,001.9**	5,236.1

	31-12-15	31-12-14
Capital ratios in accordance with FINMA Circular 08/22		
CET1 capital ratio (minimum requirement BIS Basel III: reporting year 4.5%, previous year 4.0%)[1]	**17.9%**	21.3%
Tier 1 capital ratio (minimum requirement BIS Basel III: reporting year 6.0%, previous year 5.5%)[2]	**17.9%**	21.3%
Total capital ratio (minimum requirement BIS Basel III: 8%)[3]	**17.9%**	21.3%
CET1 available to cover minimum and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1 (as a percentage of risk-weighted positions)	**14.4%**	17.3%
CET1 available (as a percentage of risk-weighted positions)	**13.7%**	17.1%
T1 available (as a percentage of risk-weighted positions)	**15.5%**	18.9%
Eligible capital available (as a percentage of risk-weighted positions)	**17.9%**	21.3%

1 CET1 capital adequacy target according to FINMA Circular 11/2 for Category 3 Banks: 7.8%
2 Tier 1 capital adequacy target according to FINMA Circular 11/2 for Category 3 Banks: 9.6%
3 Overall capital adequacy target according to FINMA Circular 11/2 for Category 3 Banks: 12.0%

The capital conservation buffer and countercyclical buffer requirements (as a percentage of risk-weighted positions) are 0%.
All equity investments in the financial sector (<10%) are risk-weighted for CAD calculations (CHF 91.6 mn).

	31-12-15	31-12-14
Leverage ratio in accordance with FINMA Circular 15/3		
Net eligible BIS tier 1 capital in CHF mn	**895.1**	1,117.3
Total leverage ratio exposure in CHF mn	**17,453.6**	18,553.0
Leverage ratio (unweighted capital ratio in accordance with Basel III)	**5.1%**	6.0%

3. Breakdown of credit risks in accordance with FINMA Circular 08/22

The following tables are intended to provide additional quantitative information regarding the capital adequacy requirements for credit risks, in accordance with the FINMA Circular 08/22. The type and volume of information is based on Basel III. The total values may deviate from the book values reported according to IFRS. In particular, off-balance-sheet items are weighted with the corresponding credit conversion factor and reported accordingly. In the case of derivative financial instruments, the negative replacement values that are eligible for offset (netting) are deducted from the positive replacement values. The add-ons that are shown entail a percentage-based premium based on the contract volume of the corresponding derivative financial instruments. The percentage rate is determined on the basis of the underlying and the remaining term of the contract. AFS interest rate instruments comprise financial investments in the banking book that represent an issuer-related risk. All remaining positions that have to be covered with capital for credit risks are reported collectively under “Other assets”. In particular, they include accruals and deferrals, equity instruments in the banking book and hedge funds in trading portfolio assets.

Excluding the above-mentioned positions reported under “Other assets”, the balance sheet items “Trading portfolio assets” and “Other financial assets at fair value” do not entail any credit risks (but do entail a specific market risk) from a regulatory capital perspective and are therefore omitted from the following tables. Information on credit risks in the trading book is provided in section 4.3 of the notes on risk management and risk control.

The domicile of the counterparty or issuer serves as the basis for the allocation to the different geographical regions in the following table.

Credit risks broken down by region

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	**31-12-15 Total CHF mn**
Balance sheet						
Due from banks	564.8	406.0	23.1	11.7	1.7	**1,007.3**
Loans	758.1	981.3	221.7	149.7	254.3	**2,365.1**
Debt instruments AFS	118.0	942.1	712.6	86.7	35.5	**1,894.9**
Other assets	574.5	41.4	0.0	19.9	0.0	**635.8**
Positive replacement values after netting	17.9	30.7	2.6	0.5	6.6	**58.3**
Total balance sheet	**2,033.3**	**2,401.5**	**960.0**	**268.5**	**298.1**	**5,961.4**
Off balance sheet						
Contingent liabilities/guarantee credits	81.7	114.6	87.8	7.2	14.9	**306.2**
Irrevocable commitments	8.2	0.0	0.0	0.0	0.0	**8.2**
Add-ons and credit valuation adjustment	19.0	104.7	6.7	0.4	8.6	**139.4**
Total off balance sheet	**108.9**	**219.3**	**94.5**	**7.6**	**23.5**	**453.8**
Total	**2,142.2**	**2,620.8**	**1,054.5**	**276.1**	**321.6**	**6,415.2**

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	**31-12-14 Total CHF mn**
Balance sheet						
Due from banks	447.9	391.6	19.7	14.8	4.1	**878.1**
Loans	444.7	1,088.2	166.1	113.7	303.5	**2,116.2**
Debt instruments AFS	118.3	652.5	503.1	95.3	40.0	**1,409.2**
Other assets	531.6	54.7	1.9	37.8	3.4	**629.4**
Positive replacement values after netting	17.4	39.2	4.0	0.5	8.5	**69.6**
Total balance sheet	**1,559.9**	**2,226.2**	**694.8**	**262.1**	**359.5**	**5,102.5**
Off balance sheet						
Contingent liabilities/guarantee credits	126.4	135.0	9.9	4.7	21.8	**297.8**
Irrevocable commitments	7.7	0.0	0.0	0.0	0.0	**7.7**
Add-ons and credit valuation adjustment	29.2	86.8	10.2	1.4	11.6	**139.2**
Total off balance sheet	**163.3**	**221.8**	**20.1**	**6.1**	**33.4**	**444.7**
Total	**1,723.2**	**2,448.0**	**714.9**	**268.2**	**392.9**	**5,547.2**

The industry code of the counterparty or issuer serves as the basis for the allocation to the different sectors in the following table.

Credit risks broken down by sector or counterparty type

	Governments and central banks CHF mn	Banks CHF mn	Public bodies CHF mn	Private and institutional investors CHF mn	Others CHF mn	**31-12-15 Total CHF mn**
Balance sheet						
Due from banks	0.0	1,007.3	0.0	0.0	0.0	**1,007.3**
Loans	1.7	0.0	10.0	2,316.0	37.4	**2,365.1**
Debt instruments AFS	536.6	219.8	558.9	0.0	579.6	**1,894.9**
Other assets	2.4	101.0	0.0	482.9	49.5	**635.8**
Positive replacement values after netting	0.0	16.2	0.0	42.1	0.0	**58.3**
Total balance sheet	**540.7**	**1,344.3**	**568.9**	**2,841.0**	**666.5**	**5,961.4**
Off balance sheet						
Contingent liabilities/guarantee credits	0.1	11.4	1.2	241.2	52.3	**306.2**
Irrevocable commitments	0.0	0.0	7.9	0.0	0.3	**8.2**
Add-ons and credit valuation adjustment	0.0	51.0	0.1	88.3	0.0	**139.4**
Total off balance sheet	**0.1**	**62.4**	**9.2**	**329.5**	**52.6**	**453.8**
Total	**540.8**	**1,406.7**	**578.1**	**3,170.5**	**719.1**	**6,415.2**

	Governments and central banks CHF mn	Banks CHF mn	Public bodies CHF mn	Private and institutional investors CHF mn	Others CHF mn	**31-12-14 Total CHF mn**
Balance sheet						
Due from banks	0.0	878.1	0.0	0.0	0.0	**878.1**
Loans	68.5	0.0	22.6	1,920.4	104.7	**2,116.2**
Debt instruments AFS	230.6	301.4	412.1	0.0	465.1	**1,409.2**
Other assets	6.7	66.5	0.5	418.5	137.2	**629.4**
Positive replacement values after netting	0.0	19.6	0.0	50.0	0.0	**69.6**
Total balance sheet	**305.8**	**1,265.6**	**435.2**	**2,388.9**	**707.0**	**5,102.5**
Off balance sheet						
Contingent liabilities/guarantee credits	0.1	1.8	0.3	187.9	107.7	**297.8**
Irrevocable commitments	0.0	0.0	0.0	0.0	7.7	**7.7**
Add-ons and credit valuation adjustment	0.0	59.2	0.0	80.0	0.0	**139.2**
Total off balance sheet	**0.1**	**61.0**	**0.3**	**267.9**	**115.4**	**444.7**
Total	**305.9**	**1,326.6**	**435.5**	**2,656.8**	**822.4**	**5,547.2**

The following table provides an overview of credit risks broken down by risk weighting categories according to Basel III. The allocation of the exposures to the risk weightings is based on the type and current rating of the counterparty or the issue rating for the financial investment.

Credit risks broken down by risk weighting categories according to Basel III

	0%/2% CHF mn	20% CHF mn	50% CHF mn	75% CHF mn	100% CHF mn	150% CHF mn	**31-12-15 Total CHF mn**
Balance sheet							
Due from banks	297.1	687.2	23.0	0.0	0.0	0.0	**1,007.3**
Loans	2,296.8	0.0	0.0	17.7	23.0	27.6	**2,365.1**
Debt instruments AFS	647.3	715.7	291.5	0.0	240.4	0.0	**1,894.9**
Other assets	219.0	1.0	0.0	0.0	365.0	50.8	**635.8**
Positive replacement values after netting	54.4	0.6	1.1	0.0	2.2	0.0	**58.3**
Total balance sheet	**3,514.6**	**1,404.5**	**315.6**	**17.7**	**630.6**	**78.4**	**5,961.4**
Off balance sheet							
Contingent liabilities/guarantee credits	64.6	0.0	2.4	16.0	223.2	0.0	**306.2**
Irrevocable commitments	0.0	7.9	0.0	0.0	0.3	0.0	**8.2**
Add-ons and credit valuation adjustment	75.6	8.1	33.9	0.6	21.2	0.0	**139.4**
Total off balance sheet	**140.2**	**16.0**	**36.3**	**16.6**	**244.7**	**0.0**	**453.8**
Total	**3,654.8**	**1,420.5**	**351.9**	**34.3**	**875.3**	**78.4**	**6,415.2**

	0%/2% CHF mn	20% CHF mn	50% CHF mn	75% CHF mn	100% CHF mn	150% CHF mn	**31-12-14 Total CHF mn**
Balance sheet							
Due from banks	257.9	611.5	8.7	0.0	0.0	0.0	**878.1**
Loans	1,999.5	0.0	0.0	13.8	76.0	26.9	**2,116.2**
Debt instruments AFS	286.3	556.2	263.9	0.0	302.8	0.0	**1,409.2**
Other assets	87.4	1.2	16.6	0.0	440.0	84.2	**629.4**
Positive replacement values after netting	65.1	0.6	1.0	0.4	2.5	0.0	**69.6**
Total balance sheet	**2,696.2**	**1,169.5**	**290.2**	**14.2**	**821.3**	**111.1**	**5,102.5**
Off balance sheet							
Contingent liabilities/guarantee credits	131.5	0.0	0.2	17.3	148.8	0.0	**297.8**
Irrevocable commitments	0.0	0.0	0.0	0.0	7.7	0.0	**7.7**
Add-ons and credit valuation adjustment	79.4	7.6	35.3	0.6	16.3	0.0	**139.2**
Total off balance sheet	**210.9**	**7.6**	**35.5**	**17.9**	**172.8**	**0.0**	**444.7**
Total	**2,907.1**	**1,177.1**	**325.7**	**32.1**	**994.1**	**111.1**	**5,547.2**

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

Credit risks based on external ratings, broken down by risk weighting categories

Counterparty	Rating	0% CHF mn	20% CHF mn	50% CHF mn	100% CHF mn	**31-12-15** 150% CHF mn
Governments and central banks	with rating	647.3	10.5	0.0	0.0	0.0
	without rating	0.0	0.0	0.0	0.0	0.0
Public bodies	with rating	-	125.4	0.0	0.0	0.0
	without rating	-	0.0	0.0	0.0	0.0
Banks	with rating	-	933.8	172.9	0.0	0.0
	without rating	-	3.0	0.0	0.0	0.0
Corporates	with rating	-	347.8	179.0	397.1	0.0
	without rating	-	0.0	0.0	57.1	0.0
Total	**with rating**	**647.3**	**1,417.5**	**351.9**	**397.1**	**0.0**
	without rating	**0.0**	**3.0**	**0.0**	**57.1**	**0.0**
Total		**647.3**	**1,420.5**	**351.9**	**454.2**	**0.0**

Counterparty	Rating	0% CHF mn	20% CHF mn	50% CHF mn	100% CHF mn	31-12-14 150% CHF mn
Governments and central banks	with rating	286.3	19.6	0.0	0.0	0.0
	without rating	0.0	0.0	0.0	0.0	0.0
Public bodies	with rating	-	63.3	0.0	0.0	0.0
	without rating	-	0.0	0.0	0.2	0.0
Banks	with rating	-	844.0	175.2	0.0	0.0
	without rating	-	3.0	0.0	0.0	0.0
Corporates	with rating	-	247.2	150.5	194.9	0.0
	without rating	-	0.0	0.0	174.0	0.0
Total	**with rating**	**286.3**	**1,174.1**	**325.7**	**194.9**	**0.0**
	without rating	**0.0**	**3.0**	**0.0**	**174.2**	**0.0**
Total		**286.3**	**1,177.1**	**325.7**	**369.1**	**0.0**

Loans extended against collateral, OTC derivatives, securities lending and borrowing transactions and repo transactions are secured primarily using securities as easily realizable collateral. The following table shows the credit risks broken down by collateral type in accordance with the comprehensive approach under Basel III with regulatory standard haircuts.

Credit risks broken down by credit risk mitigation methods

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-15 Total CHF mn**
Balance sheet			
Due from banks	297.1	710.2	**1,007.3**
Loans	2,296.8	68.3	**2,365.1**
Debt instruments AFS	0.0	1,894.9	**1,894.9**
Other assets	219.0	416.8	**635.8**
Positive replacement values after netting	54.4	3.9	**58.3**
Total balance sheet	**2,867.3**	**3,094.1**	**5,961.4**
Off balance sheet			
Contingent liabilities/guarantee credits	64.6	241.6	**306.2**
Irrevocable commitments	0.0	8.2	**8.2**
Add-ons and credit valuation adjustment	75.6	63.8	**139.4**
Total off balance sheet	**140.2**	**313.6**	**453.8**
Total	**3,007.5**	**3,407.7**	**6,415.2**

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-14 Total CHF mn**
Balance sheet			
Due from banks	274.7	603.4	**878.1**
Loans	1,999.5	116.7	**2,116.2**
Debt instruments AFS	0.0	1,409.2	**1,409.2**
Other assets	80.7	548.7	**629.4**
Positive replacement values after netting	65.1	4.5	**69.6**
Total balance sheet	**2,420.0**	**2,682.5**	**5,102.5**
Off balance sheet			
Contingent liabilities/guarantee credits	131.5	166.3	**297.8**
Irrevocable commitments	0.0	7.7	**7.7**
Add-ons and credit valuation adjustment	79.4	59.8	**139.2**
Total off balance sheet	**210.9**	**233.8**	**444.7**
Total	**2,630.9**	**2,916.3**	**5,547.2**

The above information on the mitigation of credit risks is based on the Basel III rules and thus represents the coverage ratios from a capital adequacy perspective. However, the disclosure of credit risk on page 147 provides a more appropriate basis for the assessment of the actual risk profile.

Reconciliation of total credit risks under Basel III with balance sheet positions

	IFRS book value CHF mn	Basel III credit equivalent before weighting CHF mn	31-12-15 Difference CHF mn	Explanation of difference between IFRS and Basel III
Balance sheet				
Cash	5,355.5	0.0	**(5,355.5)**	No credit risk resp. no capital requirement
Due from banks	1,007.3	1,007.3	**0.0**	
Cash collateral for reverse-repurchase agreements	1,013.5	0.0	**(1,013.5)**	No credit risk resp. no capital requirement
Loans	2,365.1	2,365.1	**0.0**	
Debt instruments AFS	1,894.9	1,894.9	**0.0**	
Other assets	635.8	635.8	**0.0**	
Positive replacement values before/after netting	144.8	58.3	**(86.5)**	Gross IFRS book value, Basel III after netting
Total balance sheet	**12,416.9**	**5,961.4**	**(6,455.5)**	
Off balance sheet				
Contingent liabilities/guarantee credits	568.4	306.2	**(262.2)**	Basel III conversion into credit equivalents
Irrevocable commitments	17.3	8.2	**(9.1)**	Basel III conversion into credit equivalents
Add-ons and credit valuation adjustment	0.0	139.4	**139.4**	Basel III add-ons based on contract volumes of derivative instruments
Total off balance sheet	**585.7**	**453.8**	**(131.9)**	
Total	**13,002.6**	**6,415.2**	**(6,587.4)**	

	IFRS book value CHF mn	Basel III credit equivalent before weighting CHF mn	31-12-14 Difference CHF mn	Explanation of difference between IFRS and Basel III
Balance sheet				
Cash	3,275.2	0.0	**(3,275.2)**	No credit risk resp. no capital requirement
Due from banks	878.1	878.1	**0.0**	
Cash collateral for reverse-repurchase agreements	1,387.4	0.0	**(1,387.4)**	No credit risk resp. no capital requirement
Loans	2,116.2	2,116.2	**0.0**	
Debt instruments AFS	1,409.2	1,409.2	**0.0**	
Other assets	629.4	629.4	**0.0**	
Positive replacement values before/after netting	181.7	69.6	**(112.1)**	Gross IFRS book value, Basel III after netting
Total balance sheet	**9,877.2**	**5,102.5**	**(4,774.7)**	
Off balance sheet				
Contingent liabilities/guarantee credits	549.6	297.8	**(251.8)**	Basel III conversion into credit equivalents
Irrevocable commitments	38.7	7.7	**(31.0)**	Basel III conversion into credit equivalents
Add-ons and credit valuation adjustment	0.0	139.2	**139.2**	Basel III add-ons based on contract volumes of derivative instruments
Total off balance sheet	**588.3**	**444.7**	**(143.6)**	
Total	**10,465.5**	**5,547.2**	**(4,918.3)**	

The tables on page 164 show the differences between the total amounts reported in accordance with FINMA Circular 08/22 and the book values of the corresponding balance sheet and off-balance-sheet positions reported in accordance with IFRS. When determining regulatory capital requirements, the balance sheet items "Trading portfolio assets" and "Other financial assets at fair value" are basically assigned to the trading book. This means that they do not entail any credit risks (but do entail a specific market risk) from a regulatory capital perspective and are therefore omitted from the tables shown above. A small number of items in the above-mentioned balance sheet positions are assigned to the banking book from a regulatory capital perspective. They are contained in the line item "Other assets".

4. Maximum credit risk before and after credit risk mitigation

			31-12-15
	Credit risk before credit risk mitigation CHF mn	Credit risk mitigation[1] CHF mn	**Credit risk after credit risk mitigation CHF mn**
Balance sheet			
Cash[2]	5,355.5	0.0	**5,355.5**
Due from banks	1,007.3	297.1	**710.2**
Cash collateral for reverse-repurchase agreements	1,013.5	1,013.5	**0.0**
Trading portfolio assets (debt instruments)	633.1	0.0	**633.1**
Positive replacement values	144.8	140.9	**3.9**
Other financial assets at fair value (debt instruments)	2,511.9	0.0	**2,511.9**
Loans	2,365.1	2,296.8	**68.3**
Financial investments (debt instruments AFS)	1,894.9	0.0	**1,894.9**
Other assets	354.8	0.0	**354.8**
Exposure from credit default swaps[3]	1,751.4	0.0	**1,751.4**
Total balance sheet positions with credit risks	**17,032.3**	**3,748.3**	**13,284.0**

			31-12-14
	Credit risk before credit risk mitigation CHF mn	Credit risk mitigation[1] CHF mn	**Credit risk after credit risk mitigation CHF mn**
Balance sheet			
Cash[2]	3,275.2	0.0	**3,275.2**
Due from banks	878.1	274.7	**603.4**
Cash collateral for reverse-repurchase agreements	1,387.4	1,387.4	**0.0**
Trading portfolio assets (debt instruments)	491.3	0.0	**491.3**
Positive replacement values	181.7	177.2	**4.5**
Other financial assets at fair value (debt instruments)	6,206.4	0.0	**6,206.4**
Loans	2,116.2	1,999.5	**116.7**
Financial investments (debt instruments AFS)	1,409.2	0.0	**1,409.2**
Other assets	339.5	80.7	**258.8**
Exposure from credit default swaps[3]	1,400.3	0.0	**1,400.3**
Total balance sheet positions with credit risks	**17,685.3**	**3,919.5**	**13,765.8**

1 Credit risk mitigation is presented on the basis of Basel III regulations and encompasses netting agreements, securities collateral and cash collateral.
2 Bank notes and coins are now included in the disclosure. The figures for the previous year were adapted accordingly.
3 Default risks relating to the reference entities of credit default swaps where Vontobel acts as the protection seller. Any credit risk vis-à-vis the counterparty of the credit default swap is included in the IFRS balance sheet in the position "Positive replacement values".

The above tables show the maximum credit risk arising from all balance sheet positions and the forms of credit risk mitigation available.

Balance sheet positions with credit risk after credit risk mitigation according to the risk representation

	Debt instruments CHF mn	Demand and time deposits CHF mn	Other financial receivables CHF mn	**31-12-15 Total CHF mn**
Cash[1]	0.0	5,355.5	0.0	**5,355.5**
Due from banks	0.0	710.2	0.0	**710.2**
Cash collateral for reverse-repurchase agreements	0.0	0.0	0.0	**0.0**
Trading portfolio assets (debt instruments)	633.1	0.0	0.0	**633.1**
Positive replacement values	0.0	0.0	3.9	**3.9**
Other financial assets at fair value (debt instruments)	2,511.9	0.0	0.0	**2,511.9**
Loans	0.0	68.3	0.0	**68.3**
Financial investments (debt instruments AFS)	1,894.9	0.0	0.0	**1,894.9**
Other assets	65.0	4.4	285.4	**354.8**
Exposure from credit default swaps	1,751.4	0.0	0.0	**1,751.4**
Total balance sheet assets with credit risk after mitigation	**6,856.3**	**6,138.4**	**289.3**	**13,284.0**
Unsecured credit risk from private and institutional investment clients[2]	0.0	103.8	0.0	**103.8**
Unsecured credit risk from professional counterparties and issuer risks[3]	5,821.7	377.4	200.2	**6,399.3**
Total according to tables "Credit risk"	**5,821.7**	**481.2**	**200.2**	**6,503.1**
Difference	**1,034.6**	**5,657.2**	**89.1**	**6,780.9**

	Debt instruments CHF mn	Demand and time deposits CHF mn	Other financial receivables CHF mn	**31-12-14 Total CHF mn**
Cash[1]	0.0	3,275.2	0.0	**3,275.2**
Due from banks	0.0	603.4	0.0	**603.4**
Cash collateral for reverse-repurchase agreements	0.0	0.0	0.0	**0.0**
Trading portfolio assets (debt instruments)	491.3	0.0	0.0	**491.3**
Positive replacement values	0.0	0.0	4.5	**4.5**
Other financial assets at fair value (debt instruments)	6,206.4	0.0	0.0	**6,206.4**
Loans	0.0	116.7	0.0	**116.7**
Financial investments (debt instruments AFS)	1,409.2	0.0	0.0	**1,409.2**
Other assets	98.6	4.1	156.1	**258.8**
Exposure from credit default swaps	1,400.3	0.0	0.0	**1,400.3**
Total balance sheet assets with credit risk after mitigation	**9,605.8**	**3,999.4**	**160.6**	**13,765.8**
Unsecured credit risk from private and institutional investment clients[2]	0.0	44.7	0.0	**44.7**
Unsecured credit risk from professional counterparties and issuer risks[3]	8,400.3	309.2	261.5	**8,971.0**
Total according to tables "Credit risk"	**8,400.3**	**353.9**	**261.5**	**9,015.7**
Difference	**1,205.5**	**3,645.5**	**(100.9)**	**4,750.1**

1 Bank notes and coins are now included in the disclosure. The figures for the previous year were adapted accordingly.
2 Paragraph 4.2 of the notes on risk management and risk control
3 Paragraph 4.3 of the notes on risk management and risk control

The tables on the previous page show a reconciliation of credit risks after credit risk mitigation for all balance sheet positions with credit risks from a risk management perspective. The difference between the credit risk after credit risk mitigation from an accounting perspective and from a risk management perspective is attributable to the following factors:

- The risk figures take account of haircuts (add-on factors on the credit exposure and discount factors on collateral).
- The risk figures take account of add-ons for potential credit exposures.
- The trade date principle basically applies for accounting purposes, while the value date principle is used for risk management purposes. This means, for example, that if securities are sold but the transaction is only settled after the balance sheet date in accordance with the principle of “delivery versus payment”, the sales price represents a receivable from the counterparty from an accounting perspective, while no credit risk arises from a risk management perspective.
- Differences exist between the recognition of credit risk mitigation from a regulatory perspective and from a risk management perspective.

1 Net interest income

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Interest income from banks and customers	**24.6**	24.6	0.0	0
Interest income from securities borrowing and reverse-repurchase agreements	**3.3**	4.0	(0.7)	(18)
Interest income from financial liabilities	**2.3**	0.0	2.3	
Interest income from financial instruments at amortized cost	**30.2**	28.6	1.6	6
Dividend income from financial assets available-for-sale	**16.9**	8.3	8.6	104
Interest income from financial assets available-for-sale	**28.0**	17.2	10.8	63
Interest and dividend income from financial assets at fair value	**44.9**	25.5	19.4	76
Total interest income	**75.1**	54.1	21.0	39
Interest expense from securities lending and repurchase agreements	**1.0**	0.8	0.2	25
Interest expense from other financial liabilities at amortized cost	**1.7**	2.7	(1.0)	(37)
Interest expense from financial assets	**5.3**	0.0	5.3	
Interest expense from financial instruments at amortized cost	**8.0**	3.5	4.5	129
Total	**67.1**	50.6	16.5	33

2 Net fee and commission income

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Commission income from lending activities	**0.5**	0.5	0.0	0
Brokerage fees	**123.6**	120.7	2.9	2
Custody fees	**149.6**	138.5	11.1	8
Advisory and management fees	**579.8**	496.0	83.8	17
Corporate finance	**10.0**	5.9	4.1	69
Fiduciary transactions	**0.8**	0.9	(0.1)	(11)
Other commission income from securities and investment transactions	**18.6**	20.7	(2.1)	(10)
Total fee and commission income from securities and investment transactions	**882.4**	782.7	99.7	13
Other fee and commission income	**1.9**	1.8	0.1	6
Brokerage fees	**18.9**	17.4	1.5	9
Other commission expense	**164.8**	139.3	25.5	18
Total commission expense	**183.7**	156.7	27.0	17
Total	**701.1**	628.3	72.8	12

3 Trading income

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Securities	**194.4**	194.6	(0.2)	(0)
Other financial instruments at fair value	**(8.2)**	(24.6)	16.4	
Forex and precious metals	**35.2**	36.2	(1.0)	(3)
Total	**221.4**	206.2	15.2	7

Trading income as of 31-12-15 includes income of CHF 18.5 mn (31-12-14: CHF –10.6 mn), which is attributable to changes in fair value due to a change in Vontobel's own credit risk. Of the total impact, CHF –2.4 mn was realized as of 31-12-15 (31-12-14: CHF –7.2 mn), while the remaining CHF 20.9 mn (31-12-14: CHF –3.4 mn) comprises unrealized income. The changes in own credit risk resulted in cumulative income of CHF 4.4 mn, of which CHF 6.1 mn was realized and CHF –1.7 was unrealized. Cumulative unrealized income is shown in the balance sheet item "Other financial liabilities at fair value" and will be completely reversed over the term of the relevant instruments provided they are not redeemed or repurchased prior to their contractual maturity.

The methodology to determine valuation adjustments for financial instruments that are assigned to level 2 in the fair value hierarchy defined by IFRS 13 was developed further in the second half of 2014. As a result, valuation adjustments were reduced by CHF 12.0 mn and credited to trading income.

4 Comprehensive income from financial instruments before tax

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Financial instruments held-for-trading	**194.4**	194.6	(0.2)	(0)
Other financial instruments at fair value	**(8.2)**	(24.6)	16.4	
Forex and precious metals	**35.2**	36.2	(1.0)	(3)
Trading income	**221.4**	206.2	15.2	7
Financial instruments available-for-sale	**42.9**	29.3	13.6	46
Loans and receivables	**22.6**	29.2	(6.6)	(23)
Financial liabilities measured at amortized cost	**(0.4)**	(3.5)	3.1	
Total financial instruments income statement	**286.5**	261.2	25.3	10
Unrealized gains/(losses) on available-for-sale financial instruments, recorded in other comprehensive income	**30.1**	23.3	6.8	29
(Gains)/losses on available-for-sale financial instruments, transferred from other comprehensive income to the income statement	**(1.8)**	(3.5)	1.7	
Unrealized gains/(losses) on cash flow hedges, recorded in other comprehensive income	**(0.4)**	0.0	(0.4)	
(Gains)/losses on cash flow hedges, transferred from other comprehensive income to the income statement	**0.0**	0.0	0.0	
Comprehensive income before tax	**314.4**	281.0	33.4	12

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

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Real estate income		**0.0**	0.0	0.0	
Income from the sale of property and equipment		**0.0**	(0.1)	0.1	
Income from the sale of financial investments available-for-sale	6	**(1.4)**	3.8	(5.2)	(137)
Impairments of financial assets available-for-sale		**(0.5)**	0.0	(0.5)	
Income from investments in associates	6	**0.1**	0.1	0.0	0
Other income		**0.8**	(4.5)[1]	5.3	
Total		**(1.0)**	(0.7)	(0.3)	

1 In the financial year 2014, cumulative negative currency translation differences in the amount of CHF 9.0 mn were transferred from shareholders' equity to the income statement. This did not have any impact on consolidated comprehensive income and is mainly attributable to the discontinuation of the business activities of Bank Vontobel Österreich AG.

6 Income from the sale of financial investments available-for-sale

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Debt instruments	**(2.5)**	3.5	(6.0)	(171)
Equity instruments	**1.1**	0.3	0.8	267
Total	**(1.4)**	3.8	(5.2)	(137)

Income from investments in associates

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Share of profit	**0.1**	0.1	0.0	0
Impairments	**0.0**	0.0	0.0	
Total	**0.1**	0.1	0.0	0

7 Personnel expense

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Salaries and bonuses	**451.6**	417.1	34.5	8
Pension and other employee benefit plans	**30.6**	25.3	5.3	21
Other social contributions	**31.0**	27.4	3.6	13
Other personnel expense	**15.2**	14.2	1.0	7
Total	**528.4**	484.0	44.4	9

Personnel expense includes the expense for share-based compensation of CHF 23.3 mn, of which CHF 15.9 mn relates to performance shares and CHF 4.3 mn to the awarding of bonus shares at preferential terms and CHF 3.1 mn to other share-based compensation (previous year: performance shares CHF 11.4 mn, bonus shares CHF 3.8 mn, other CHF 5.2 mn; total CHF 20.4 mn).

8 General expense

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Occupancy expense	**34.0**	34.1	(0.1)	(0)
IT, telecommunications and other equipment	**54.6**	53.5	1.1	2
Travel and representation, public relations, marketing	**28.6**	29.9	(1.3)	(4)
Consulting and audit fees	**23.3**	21.2	2.1	10
Other general expense	**26.6**	25.3	1.3	5
Total	**167.1**	164.0	3.1	2

9 Depreciation of property, equipment and intangible assets

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Depreciation of property and equipment	**54.2**	53.4	0.8	1
Amortization of other intangible assets	**11.3**	8.4	2.9	35
Impairments of property and equipment	**0.6**	0.1	0.5	500
Total	**66.1**	61.9	4.2	7

10 Value adjustments, provisions and losses

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Impairments on credit risks	**0.1**	0.0	0.1	
Decrease of allowances for credit losses	**(0.1)**	(0.7)	0.6	
Increase in provisions	**2.0**	2.2	(0.2)	(9)
Release of provisions	**(0.6)**	(1.7)	1.1	
Other	**1.7**	1.9	(0.2)	(11)
Total	**3.1**	1.7	1.4	82

11 Taxes

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Statement of tax income				
Explanation of the relationship between tax expense and net profit before taxes:				
Current income taxes	**41.3**	36.7	4.6	13
Deferred income taxes	**2.5**	1.6	0.9	56
Total	**43.8**	38.3	5.5	14
Profit before taxes	**223.9**	172.8	51.1	30
Expected income tax rate of 22%[1]	**49.3**	38.0	11.3	30
Explanations for higher (lower) tax expense:				
Applicable tax rates differing from expected rate	**5.2**	8.0	(2.8)	(35)
Tax losses not taken into account	**0.8**	3.2	(2.4)	(75)
Appropriation of non-capitalized deferred taxes on loss carryforwards	**(0.6)**	0.0	(0.6)	
Newly recognized deferred tax assets	**(4.9)**	0.0	(4.9)	
Other income with no impact on taxes	**(3.1)**	(3.3)	0.2	
Tax income unrelated to accounting period	**1.2**	0.1	1.1	
Participation relief granted on dividend income	**(7.4)**	(8.1)	0.7	
Other impacts	**3.3**	0.4	2.9	725
Income tax expense	**43.8**	38.3	5.5	14
Effective tax rate in %	**19.6**	22.2		
Composition of deferred taxes				
Tax loss carryforwards	**5.4**	2.2	3.2	145
Other	**22.4**	10.1	12.3	122
Total deferred tax assets[2]	**27.8**	12.3	15.5	126
Property and equipment	**0.7**	0.3	0.4	133
Intangible assets	**5.1**	3.7	1.4	38
Investments in associates	**0.2**	0.0	0.2	
Other provisions	**29.2**	29.2	0.0	0
Unrealized gains on available-for-sale financial investments	**15.2**	13.1	2.1	16
Other	**0.0**	1.8	(1.8)	(100)
Total deferred tax liabilities[2]	**50.4**	48.1	2.3	5

1 The anticipated income tax rate of 22% corresponds to the average tax rate in Switzerland.
2 According to IAS 12, a company may offset deferred tax assets and liabilities with each other, if those assets and liabilities refer to taxes on income levied by the same tax authority. This condition is fulfilled in the case of companies belonging to Vontobel. The deferred tax assets and deferred tax liabilities shown in the balance sheet therefore represent the balance of the gross amounts of such assets and liabilities presented here.

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Changes in deferred tax assets and liabilities (net)				
Balance at the beginning of the year	**35.8**	40.3	(4.5)	(11)
Changes affecting the income statement	**(0.6)**	0.8	(1.4)	(175)
Changes not affecting the income statement	**(8.9)**	(4.7)	(4.2)	
Change in scope of consolidation	**(3.7)**	0.1	(3.8)	
Translation adjustments	**0.0**	(0.7)	0.7	
Total as at the balance sheet date	**22.6**	35.8	(13.2)	(37)

Unrecognized tax loss carryforwards expire as follows:	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Within 1 year	**0.0**	1.7	(1.7)	(100)
From 1 to 5 years	**6.1**	4.4	1.7	39
After 5 years	**54.3**	77.3	(23.0)	(30)
Total	**60.4**	83.4	(23.0)	(28)

Vontobel Holding AG and its subsidiaries are liable for income tax in most countries. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the period under review, are based partly on estimates and assumptions and may therefore differ from the amounts determined by the tax authorities in the future. In certain cases where complex tax questions arise, external tax specialists are consulted or preliminary clarification is obtained from the tax authorities.

In the case of deferred taxes, the level of recognized tax assets depends on assumptions regarding available future taxable profits that are eligible for offset. The determination of deferred tax assets is essentially based on budget figures and mid-term planning. If a company has posted a series of financial losses in the recent past, the deferred tax assets are only recognized to the extent that the company has sufficient taxable temporary differences or has convincing other evidence that sufficient taxable profits will be available in future periods. Recognized deferred tax assets for loss carryforwards eligible for offset amounted to CHF 5.4 mn (31-12-15) or CHF 2.2 mn (31-12-14). Unrecognized loss carryforwards in the amount of CHF 60.4 mn (31-12-15) or CHF 83.4 mn (31-12-14) are subject to tax rates of 12% to 33% (31-12-15) or 5% to 33% (31-12-14). If recognized in full, the deferred tax assets for loss carryforwards eligible for offset would total CHF 22.6 mn (31-12-15) or CHF 26.5 mn (31-12-14).

12 Tax effects to other comprehensive income

	Amount before tax CHF mn	Tax yield/ Tax expense CHF mn	31-12-15 Amount net of tax CHF mn
Translation differences during the reporting period	(13.1)	0.0	(13.1)
Translation differences transferred to the income statement	0.8	0.0	0.8
Income from available-for-sale financial investments during the reporting period	30.1	(1.5)	28.6
Income from available-for-sale financial investments transferred to the income statement	(1.8)	0.6	(1.2)
Income from cash flow hedges during the reporting period	(0.4)	0.0	(0.4)
Income from cash flow hedges transferred to the income statement	0.0	0.0	0.0
Defined benefit pension plans	(44.4)	9.8	(34.6)
Total other comprehensive income	**(28.8)**	**8.9**	**(19.9)**

	Amount before tax CHF mn	Tax yield/ Tax expense CHF mn	31-12-14 Amount net of tax CHF mn
Translation differences during the reporting period	8.7	0.0	8.7
Translation differences transferred to the income statement	9.0	0.0	9.0
Income from available-for-sale financial investments during the reporting period	23.3	(3.4)	19.9
Income from available-for-sale financial investments transferred to the income statement	(3.5)	0.6	(2.9)
Income from cash flow hedges during the reporting period	0.0	0.0	0.0
Income from cash flow hedges transferred to the income statement	0.0	0.0	0.0
Defined benefit pension plans	(34.9)	7.5	(27.4)
Total other comprehensive income	**2.6**	**4.7**	**7.3**

13 Earnings per share

	31-12-15	31-12-14	Change to 31-12-14	in %
Net profit (CHF mn)[1]	**177.2**	134.5	42.7	32
Weighted average number of shares issued	**62,291,667**	65,000,000	(2,708,333)	(4)
Less weighted average number of treasury shares	**6,915,729**	4,957,729	1,958,000	39
Weighted average number of shares outstanding (undiluted)	**55,375,938**	60,042,271	(4,666,333)	(8)
Dilution effect number of shares[2]	**1,542,294**	1,366,158	176,136	13
Weighted average number of shares outstanding (diluted)	**56,918,232**	61,408,429	(4,490,197)	(7)
Basic earnings per share (in CHF)	**3.20**	2.24	0.96	43
Diluted earnings per share (in CHF)	**3.11**	2.19	0.92	42

1 The net profit attributable to the shareholders of Vontobel Holding AG constitutes the basis for the calculation of undiluted as well as diluted earnings per share.
2 The dilution effect is primarily the result of employee share-based benefit programs. The dilution effect from shares that will have to be issued if outstanding in-the-money options are exercised is insignificant. Shares that will have to be issued if outstanding out-of-the-money options are exercised do not have any dilution effect in the financial year but could dilute future earnings per share. The potential dilution effect is insignificant.

14 Financial instruments at fair value through profit and loss

Trading portfolio assets

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Debt instruments				
Debt instruments of governments and public sector entities	**154.9**	157.3	(2.4)	(2)
Debt instruments of financial institutions	**351.0**	247.8	103.2	42
Debt instruments of corporations	**127.2**	86.2	41.0	48
Total	**633.1**	491.3	141.8	29
of which listed	**556.9**	491.3	65.6	13
of which unlisted	**76.2**	0.0	76.2	
Equity instruments				
Listed	**1,306.9**	1,269.5	37.4	3
Unlisted	**0.0**	0.0	0.0	
Total	**1,306.9**	1,269.5	37.4	3
Units in investment funds				
Listed	**14.0**	10.2	3.8	37
Unlisted	**9.7**	19.5	(9.8)	(50)
Total	**23.7**	29.7	(6.0)	(20)
Precious metals	**293.5**	282.7	10.8	4
Total trading positions	**2,257.2**	2,073.2	184.0	9
of which lent or delivered as collateral	**57.6**	23.8	33.8	142

Financial instruments that are lent or delivered as collateral are reported in the separate balance sheet item "Securities lent or delivered as collateral".

Trading portfolio liabilities	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Debt instruments	**73.7**	58.6	15.1	26
of which listed	**73.7**	58.6	15.1	26
of which unlisted	**0.0**	0.0	0.0	
Equity instruments	**26.6**	38.6	(12.0)	(31)
of which listed	**26.6**	38.6	(12.0)	(31)
of which unlisted	**0.0**	0.0	0.0	
Units in investment funds	**0.0**	0.0	0.0	
of which unlisted	**0.0**	0.0	0.0	
Total	**100.3**	97.2	3.1	3

Open derivative instruments	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Positive replacement values	**144.8**	181.7	(36.9)	(20)
Negative replacement values	**645.5**	614.7	30.8	5

Other financial assets at fair value through profit and loss	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Debt instruments				
Debt instruments of governments and public sector entities	**150.3**	728.5	(578.2)	(79)
Debt instruments of financial institutions	**1,569.2**	3,717.7	(2,148.5)	(58)
Debt instruments of corporations	**792.4**	1,760.2	(967.8)	(55)
Total	**2,511.9**	6,206.4	(3,694.5)	(60)
of which listed	**2,098.3**	5,576.4	(3,478.1)	(62)
of which unlisted	**413.6**	630.0	(216.4)	(34)
Equity instruments				
Listed	**0.5**	0.4	0.1	25
Total	**0.5**	0.4	0.1	25
Units in investment funds				
Unlisted	**51.9**	87.0	(35.1)	(40)
Total	**51.9**	87.0	(35.1)	(40)
Structured products	**5.3**	0.0	5.3	
Total other financial assets at fair value through profit and loss	**2,569.6**	6,293.8	(3,724.2)	(59)
of which lent or delivered as collateral	**217.4**	137.3	80.1	58

Financial instruments that are lent or delivered as collateral are reported in the separate balance sheet item “Securities lent or delivered as collateral”.

Other financial liabilities at fair value through profit and loss	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Structured products	**5,430.9**	6,420.9	(990.0)	(15)
of which listed	**3,823.6**	5,143.1	(1,319.5)	(26)
of which unlisted	**1,607.3**	1,277.8	329.5	26

15 Loans

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Mortgages	**39.4**	3.4	36.0	
Other accounts receivable	**2,340.8**	2,116.9	223.9	11
Less allowances for credit risks	**(15.1)**	(4.1)	(11.0)	
Total	**2,365.1**	2,116.2	248.9	12
Allowances for credit risks				
Balance at the beginning of the year	**(4.1)**	(4.5)	0.4	
Utilization in conformity with designated purpose	**0.2**	1.0	(0.8)	(80)
Doubtful interest income[1]	**(1.5)**	(1.3)	(0.2)	
(Increase)/decrease recognized in the income statement, net	**(0.3)**	0.7	(1.0)	(143)
Change in scope of consolidation	**(9.4)**	0.0	(9.4)	
Allowances as at the balance sheet date	**(15.1)**	(4.1)	(11.0)	
Impaired loans				
Impaired loans	**39.2**	27.6	11.6	42
Estimated proceeds of liquidating collateral	**15.9**	15.0	0.9	6
Impaired loans, net	**23.3**	12.6	10.7	85
Allowance for credit losses related to impaired loans	**(15.1)**	(4.1)	(11.0)	
Average impaired loans	**30.5**	27.9	2.6	9
Non-performing loans[1]				
Non-performing loans	**39.2**	27.6	11.6	42
Allowance for credit losses related to non-performing loans	**(15.1)**	(4.1)	(11.0)	
Average non-performing loans	**30.5**	27.9	2.6	9

1 Interest of CHF 1.5 mn (previous year CHF 1.3 mn) on non-performing loans that had not yet been received was capitalized.

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Change in non-performing loans				
Non-performing loans at the beginning of the year	**27.6**	28.9	(1.3)	(4)
Net increase/(decrease)	**11.6**	(1.3)	12.9	
Write-offs and disposals	**0.0**	0.0	0.0	
Non-performing loans as at the balance sheet date	**39.2**	27.6	11.6	42

16 Financial investments

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Carried at fair value ("available-for-sale")				
Debt instruments				
Debt instruments of governments and public sector entities	**276.4**	246.5	29.9	12
Debt instruments of financial institutions	**783.4**	579.3	204.1	35
Debt instruments of corporations	**835.1**	583.4	251.7	43
Total	**1,894.9**	1,409.2	485.7	34
of which listed	**1,894.9**	1,401.3	493.6	35
of which unlisted	**0.0**	7.9	(7.9)	(100)
Equity instruments and other participations				
Listed	**225.3**	187.7	37.6	20
Unlisted	**6.7**	1.9	4.8	253
Total	**232.0**	189.6	42.4	22
Units in investment funds				
Listed	**2.4**	7.8	(5.4)	(69)
Unlisted	**21.1**	17.2	3.9	23
Total	**23.5**	25.0	(1.5)	(6)
Total financial investments carried at fair value ("available-for-sale")	**2,150.4**	1,623.8	526.6	32
of which lent or delivered as collateral	**0.0**	0.0	0.0	

Financial instruments that are lent or delivered as collateral are reported in the separate balance sheet item "Securities lent or delivered as collateral".

17 Investments in associates

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Balance at the beginning of the year	**0.5**	0.5	0.0	0
Decreases	**0.0**	0.0	0.0	
Equity income	**0.1**	0.1	0.0	0
Dividends paid	**(0.1)**	(0.1)	0.0	0
Translation differences	**0.0**	0.0	0.0	
Total as at the balance sheet date	**0.5**	0.5	0.0	0

Subsidiary consolidated using the equity method	Domicile	Activity	Currency	Share capital mn	Interest held in % 31-12-15	31-12-14
Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	**16**	16

18 Minority interests

A summary of important financial information concerning TwentyFour Asset Management LLP is provided in note 41.

19 Property and equipment

	Bank buildings CHF mn	IT systems CHF mn	Software CHF mn	Software in development CHF mn	Other fixed assets CHF mn	**Total fixed assets CHF mn**
Acquisition cost						
Balance as of 01-01-14	1.7	18.6	274.9	1.0	65.5	361.7
Additions	0.0	6.0	24.1	4.7	11.7	46.5
Disposals	0.0	(8.5)	(22.8)	0.0	(1.7)	(33.0)
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	0.2	0.0	0.0	0.3	0.5
Balance as of 31-12-14	1.7	16.3	276.2	5.7	75.8	375.7
Additions	0.0	3.8	24.6	1.3	5.3	35.0
Disposals	0.0	(4.0)	(29.5)	(0.2)	(2.6)	(36.3)
Change in scope of consolidation	0.0	0.4	0.1	0.0	0.2	0.7
Translation differences	0.0	0.0	(0.1)	0.0	(0.3)	(0.4)
Balance as of 31-12-15	**1.7**	**16.5**	**271.3**	**6.8**	**78.4**	**374.7**
Cumulative depreciation						
Balance as of 01-01-14	(0.4)	(10.4)	(135.1)	0.0	(23.3)	(169.2)
Depreciation	(0.1)	(5.5)	(40.4)	0.0	(7.4)	(53.4)
Impairment losses	0.0	0.0	(0.1)	0.0	0.0	(0.1)
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	8.5	22.8	0.0	1.3	32.6
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	(0.2)	0.0	0.0	(0.1)	(0.3)
Balance as of 31-12-14	(0.5)	(7.6)	(152.8)	0.0	(29.5)	(190.4)
Depreciation	(0.2)	(4.9)	(41.0)	0.0	(8.1)	(54.2)
Impairment losses	0.0	0.0	(0.1)	(0.5)	0.0	(0.6)
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	4.0	29.5	0.2	2.6	36.3
Change in scope of consolidation	0.0	(0.2)	0.0	0.0	(0.1)	(0.3)
Translation differences	0.0	0.0	0.1	0.0	0.3	0.4
Balance as of 31-12-15	**(0.7)**	**(8.7)**	**(164.3)**	**(0.3)**	**(34.8)**	**(208.8)**
Net carrying values 31-12-14	1.2	8.7	123.4	5.7	46.3	185.3
Net carrying values 31-12-15	**1.0**	**7.8**	**107.0**	**6.5**	**43.6**	**165.9**

Vontobel has not entered into significant sale-and-lease-back transactions.

20 Goodwill and other intangible assets

	Goodwill CHF mn	Other intangible assets CHF mn	**Total intangible assets CHF mn**
Acquisition cost			
Balance as of 01-01-14	97.9	82.5	180.4
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.4	0.4
Translation differences	0.0	0.0	0.0
Balance as of 31-12-14	97.9	82.9	180.8
Additions	0.0	0.3	0.3
Disposals	0.0	(56.5)	(56.5)
Change in scope of consolidation	88.1	24.0	112.1
Translation differences	1.9	0.6	2.5
Balance as of 31-12-15	**187.9**	**51.3**	**239.2**
Cumulative depreciation			
Balance as of 01-01-14	0.0	(56.2)	(56.2)
Amortization		(8.4)	(8.4)
Impairment losses	0.0	0.0	0.0
Reversals		0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Balance as of 31-12-14	0.0	(64.6)	(64.6)
Amortization		(11.3)	(11.3)
Impairment losses	0.0	0.0	0.0
Reversals		0.0	0.0
Disposals	0.0	56.5	56.5
Change in scope of consolidation	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Balance as of 31-12-15	**0.0**	**(19.4)**	**(19.4)**
Net carrying values 31-12-14	97.9	18.3	116.2
Net carrying values 31-12-15	**187.9**	**31.9**	**219.8**

The following organizational units represent the lowest level at which the goodwill allocated to them is monitored for internal management purposes:

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Private Banking segment	**45.5**	38.8	6.7	17
Francophone & Middle East division	**15.6**	15.6	0.0	0
Italy division	**6.2**	0.0	6.2	
Asset Management segment	**26.3**	17.2	9.1	53
Fixed Income division	**68.0**	0.0	68.0	
Alternatives division	**26.3**	26.3	0.0	0
Total	**187.9**	97.9	90.0	92

The above goodwill positions are subject to an annual impairment test, which is conducted in the third quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the book value of the relevant organizational unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the book value of the organizational unit exceeds the recoverable amount, a goodwill impairment is recorded.

When conducting an impairment test, Vontobel begins by comparing the book value of the organizational unit with its fair value less costs to sell. Assets under management are a key factor that is considered in the case of all the organizational units that are assessed because it has a significant impact on their future earnings potential. The implicit multiplier for assets under management is calculated on the basis of the market capitalization of companies engaging in similar business activities, less reported shareholders' equity. This implicit multiplier is adjusted to take account of the difference between the gross margins of the organizational unit under review and the peer group as well as other factors that are relevant for the impairment test. If the book value of the organizational unit exceeds the fair value calculated using the adjusted multipliers less costs to sell, the book value is subsequently compared with the value in use of the organizational unit.

	31-12-15 Multiplier	31-12-14 Multiplier
Private Banking segment	**2.2%**	1.5%
Francophone & Middle East division	**4.0%**	2.6%
Italy division	**2.3%**	n/a
Asset Management segment	**1.7%**	1.6%
Fixed Income division	**1.0%**	n/a
Alternatives division	**2.3%**	2.3%

The fair value calculated using these multipliers less costs to sell exceeded the book value of all organizational units both in the year under review and in the previous year. Management determined that no reasonably possible change in the assumptions would have resulted in the book value of an organizational unit significantly exceeding its recoverable amount.

All the input parameters that are relevant for the valuation can be observed. In the case of the fair value less costs to sell of the organizational units tested, this is a level 2 valuation.

21 Other assets

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Value-added tax and other tax receivables		**14.7**	11.9	2.8	24
Defined benefit pension asset	43	**0.4**	1.9	(1.5)	(79)
Settlement and clearing accounts		**0.1**	0.1	0.0	0
Open settlement positions		**101.5**	80.7	20.8	26
Other receivables		**22.1**	25.3	(3.2)	(13)
Other		**1.4**	11.1	(9.7)	(87)
Total		**140.2**	131.0	9.2	7

22 Securities lending and borrowing operations and securities repurchase and reverse-repurchase transactions

	31-12-15 Cash collateral for securities borrowing agreements CHF mn	31-12-15 Cash collateral for reverse-repurchase agreements CHF mn	31-12-14 Cash collateral for securities borrowing agreements CHF mn	31-12-14 Cash collateral for reverse-repurchase agreements CHF mn
Due from banks	**0.0**	**1,013.5**	0.0	1,387.4
Due from customers	**0.0**	**0.0**	0.0	0.0
Total balance sheet position cash collateral	**0.0**	**1,013.5**	0.0	1,387.4
Other financial instruments at fair value	**0.0**	**0.0**	0.0	0.0
Total	**0.0**	**1,013.5**	0.0	1,387.4

	31-12-15 Cash collateral from securities lending agreements CHF mn	31-12-15 Cash collateral from repurchase agreements CHF mn	31-12-14 Cash collateral from securities lending agreements CHF mn	31-12-14 Cash collateral from repurchase agreements CHF mn
Due to banks	**0.0**	**76.1**	0.0	0.0
Due to customers	**0.0**	**0.0**	0.0	0.0
Total	**0.0**	**76.1**	0.0	0.0

23 Transferred and pledged assets

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	Change to 31-12-14 in %
Securities lending, securities borrowing and repurchase transactions	**275.0**	161.1	113.9	71
Other transactions	**45.6**	10.0	35.6	356
Total transferred assets	**320.6**	171.1	149.5	87
Trading portfolio assets	**77.8**	23.8	54.0	227
Debt instruments	**61.3**	6.0	55.3	922
Equity instruments	**16.5**	17.8	(1.3)	(7)
Other	**0.0**	0.0	0.0	
Financial instruments at fair value	**217.4**	147.3	70.1	48
Debt instruments	**216.8**	147.3	69.5	47
Equity instruments	**0.6**	0.0	0.6	
Financial assets	**0.0**	0.0	0.0	
Debt instruments	**0.0**	0.0	0.0	
Other assets	**25.4**	0.0	25.4	
Total transferred assets	**320.6**	171.1	149.5	87
of which those where the right to sell or repledge the assets has been assigned without restriction	**275.0**	161.1	113.9	71
Pledged assets	**245.0**	992.1	(747.1)	(75)
Total pledged assets	**245.0**	992.1	(747.1)	(75)

The transferred or pledged assets mainly serve the contracting partners as collateral against Vontobel liabilities arising from securities borrowing, securities lending and repurchase transactions, or as collateral for settlement limits and margin accounts with central banks, clearing centres and stock exchanges, as well as for OTC contracts, collateral secured instruments (COSI) and due to customers. These assets remain on Vontobel's balance sheet because they do not fulfil the criteria for derecognition under IAS 39.20. The corresponding liabilities in the balance sheet amounted to CHF 930.8 mn (31-12-15) and CHF 1,071.9 mn (31-12-14).

In the case of transferred assets, the criteria for a transfer to the counterparty are fulfilled according to IAS 39.18. The counterparty generally has power of disposal over these assets, while Vontobel retains the associated risks and rewards. In the case of pledged assets, the criteria for a transfer to the counterparty are not fulfilled according to IAS 39.18. Vontobel retains power of disposal over these assets and retains the associated risks and rewards.

24 Saleable or pledgeable securities not recorded in the balance sheet

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Securities lending, securities borrowing and reverse-repurchase transactions	**1,354.8**	1,748.2	(393.4)	(23)
Other transactions	**75.0**	70.1	4.9	7
Total fair value of securities received that can be sold or repledged	**1,429.8**	1,818.3	(388.5)	(21)
of which securities sold or repledged	**902.4**	364.2	538.2	148

The table contains the fair value of the securities received, where the counterparty has assigned Vontobel the unrestricted right to sell or repledge them, and the fair value of those securities for which Vontobel has made use of this right.

25 Due to customers

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Other accounts due, on time and demand	**8,775.8**	8,960.6	(184.8)	(2)
Total	**8,775.8**	8,960.6	(184.8)	(2)

26 Other liabilities

	Note	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Defined benefit pension liabilities	43	**67.1**	14.4	52.7	366
Value-added tax and other tax liabilities		**10.5**	10.5	0.0	0
Settlement and clearing accounts		**4.3**	0.2	4.1	
Open settlement positions		**189.8**	156.9	32.9	21
Liability to purchase minority interests		**55.4**	0.0	55.4	
Other liabilities		**47.5**	20.3	27.2	134
Others		**8.0**	10.3	(2.3)	(22)
Total		**382.6**	212.6	170.0	80

27 Provisions

	Other CHF mn	2015 Total CHF mn	2014 Total CHF mn
Balance at the beginning of the year	22.1	**22.1**	25.2
Utilization in conformity with designated purpose	(5.9)	**(5.9)**	(3.7)
Increase in provisions recognized in the income statement	2.0	**2.0**	2.2
Release of provisions recognized in the income statement	(0.6)	**(0.6)**	(1.7)
Change in scope of consolidation	0.9	**0.9**	0.0
Translation differences	(0.1)	**(0.1)**	0.1
Provisions as at the balance sheet date	18.4	**18.4**	22.1
Short-term provisions	3.2	**3.2**	5.3
Long-term provisions	15.2	**15.2**	16.8
Total	18.4	**18.4**	22.1

Other provisions consist of provisions for process risks and other liabilities.

A provision is recorded if, as a result of a past event, the Group has a current liability as of the balance sheet date that will probably lead to an outflow of funds, the level of which can be reliably estimated. When determining whether a provision should be recorded and whether the amount of the provision is appropriate, the best possible estimates and assumptions as of the balance sheet date are used; these estimates and assumptions may be adapted at a later date if necessary, based on new findings and circumstances.

Vontobel is involved in various legal proceedings in the course of its normal business operations. A provision is recorded in respect of current and potential legal proceedings if the above recognition criteria are met. In certain cases, external legal specialists are consulted to determine whether this is the case.

28 Share capital

	Share capital Number of shares	Share capital Par value CHF mn	Authorized capital Number of shares	Authorized capital Par value CHF mn
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 31-12-14	65,000,000	65.0	0	0.0
Balance as of 31-12-15	**56,875,000**	**56.9**	**0**	**0.0**

The share capital is fully paid in. In accordance with the resolution of the General Meeting of Shareholders of 28 April 2015 to carry out a capital reduction, 8,125,000 treasury shares were cancelled in the year under review.

Authorized capital
In the financial years 2014 and 2015 the Board of Directors did not apply for the creation of authorized capital.

Contingent share capital
There is no contingent share capital.

Treasury shares

	Number	CHF mn
Balance as of 01-01-14	1,669,048	60.4
Purchases	9,891,878	328.9
Decreases	(1,588,995)	(52.3)
Balance as of 31-12-14	9,971,931	337.0
Purchases	1,878,698	87.0
Decreases	(1,622,520)	(59.7)
Cancellation of shares	(8,125,000)	(269.7)
Balance as of 31-12-15	**2,103,109**	**94.6**

As of 31-12-15 Vontobel held 49,091 (previous year 18,167) treasury shares to secure options and structured products.
Own shares were offset against shareholders' equity in accordance with IAS 32.

Options and structured products

	Underlying shares 31-12-15 Number	Underlying shares 31-12-14 Number
Call options	**(63,100)**	(16,850)
Put options	**200**	0
Structured products	**(5,116)**	(4,604)

In the case of these derivative instruments, which are issued by a Vontobel company, the underlying instrument is the share of Vontobel Holding AG. A negative (positive) symbol indicates that if the instrument is exercised, the Vontobel company that acted as issuer would be obliged to deliver (would receive delivery of) the corresponding number of shares of Vontobel Holding AG.

29 Unrealized gains and losses on financial investments

	31-12-15 Unrealized gains CHF mn	31-12-15 Unrealized losses CHF mn	31-12-14 Unrealized gains CHF mn	31-12-14 Unrealized losses CHF mn
Equity instruments and other participations	**134.0**	**0.0**	97.1	0.0
Units in investment funds	**2.2**	**(0.1)**	3.3	0.0
Debt instruments	**8.9**	**(6.3)**	12.9	(2.9)
Total before taxes	**145.1**	**(6.4)**	113.3	(2.9)
Taxes	**(12.9)**	**1.4**	(11.1)	0.6
Total net of tax[1]	**132.2**	**(5.0)**	102.2	(2.3)

1 The total amount net of tax includes exchange differences in the amount of CHF –0.5 mn (previous year CHF –0.4 mn).

30 Compensation and loans of governing bodies

The governing bodies of Vontobel comprise the members of the Board of Directors of Vontobel Holding AG and Group Executive Management. Additional information about the current members of governing bodies can be found in the Corporate Governance section of this annual report. Information on the compensation paid to governing bodies is available in the Vontobel compensation report on page 61ff.

Governing body loans and employee terms and conditions
Loans to members of Vontobel's governing bodies and to significant shareholders and the persons and companies related to them may only be granted in accordance with the generally recognized principles of the banking industry. Governing body members are generally treated like employees, and that particularly in regard to lending terms. Governing body loans must be approved by the Board of Directors of Vontobel Holding AG in addition to the levels of authority applicable to employees.

As of 31 December 2015 and 31 December 2014, no loans to members of Vontobel's governing bodies or related parties were outstanding. Margin calls fully secured against collateral relating to members of governing bodies and major shareholders and guarantees for members of governing bodies and major shareholders totalled CHF 0.6 mn as of 31 December 2015 (previous year: CHF 0.3 mn). No loans to former members of the Board of Directors or the Group Executive Management were outstanding that were not granted according to standard terms and conditions.

Vontobel does not grant mortgage loans to governing body members or employees. It provides mortgage loans to governing body members or employees with selected outside banks at a preferential rate of 1% below the usual rate up to a maximum loan amount of CHF 1 million per borrower. Vontobel does not assume any credit risks or other obligations in the process.

The members of the Board of Directors and Group Executive Management conduct usual banking transactions with Vontobel at the same conditions as employees.

31 Transactions with related companies and persons

Companies and persons are deemed related if one side is able to control the other or exert a substantial influence on the other's financial or operational decisions.

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Receivables	**0.2**	0.9	(0.7)	(78)
Liabilities	**199.1**	194.1	5.0	3

Vontobel Foundation and other members of the shareholder pool
The Vontobel Foundation conducts business with Bank Vontobel AG at the same terms and conditions offered to employees.

Pension funds of Vontobel
The assets of these pension funds are managed by Vontobel Asset Management AG.

32 Risk related to balance sheet positions

31-12-15	Demand CHF mn	Subject to notice CHF mn	Due within 3 months CHF mn	Due within 3 to 12 months CHF mn	Due within 1 to 5 years CHF mn	Due after 5 years CHF mn	**Total CHF mn**
Liquidity risk							
Maturity structure of assets and liabilities							
Assets							
Cash	5,355.5						**5,355.5**
Due from banks	928.2		69.2	9.9			**1,007.3**
Cash collateral for reverse-repurchase agreements			1,010.2	3.3			**1,013.5**
Trading portfolio assets	2,257.2						**2,257.2**
Positive replacement values	144.8						**144.8**
Other financial assets at fair value	2,569.6						**2,569.6**
Loans	47.1	91.8	1,467.3	463.1	224.6	71.2	**2,365.1**
Accrued income and prepaid expenses	165.3						**165.3**
Financial investments	255.6		27.3	45.1	1,727.3	95.1	**2,150.4**
Investments in associates[1]						0.5	**0.5**
Property and equipment[1]						165.9	**165.9**
Goodwill and other intangible assets[1]						219.8	**219.8**
Current tax assets	21.9						**21.9**
Deferred tax assets	27.8						**27.8**
Other assets	140.2						**140.2**
Total	**11,913.2**	**91.8**	**2,574.0**	**521.4**	**1,951.9**	**552.5**	**17,604.8**
Liabilities							
Due to banks	335.9			6.0			**341.9**
Cash collateral from repurchase agreements			76.1				**76.1**
Trading portfolio liabilities	100.3						**100.3**
Negative replacement values	645.5						**645.5**
Other financial liabilities at fair value	5,430.9						**5,430.9**
Due to customers	8,775.8						**8,775.8**
Accrued expenses and deferred income	349.7						**349.7**
Current tax liabilities	8.0						**8.0**
Deferred tax liabilities	50.4						**50.4**
Provisions	18.4						**18.4**
Other liabilities	327.2					55.4	**382.6**
Total liabilities	**16,042.1**	**0.0**	**76.1**	**6.0**	**0.0**	**55.4**	**16,179.6**
Off-balance sheet							
Contingent liabilities and irrevocable commitments	309.8	275.6	0.3				**585.7**

1 Immobilized

31-12-14	Demand CHF mn	Subject to notice CHF mn	Due within 3 months CHF mn	Due within 3 to 12 months CHF mn	Due within 1 to 5 years CHF mn	Due after 5 years CHF mn	**Total CHF mn**
Liquidity risk							
Maturity structure of assets and liabilities							
Assets							
Cash	3,275.2						**3,275.2**
Due from banks	748.8	2.7	117.9	8.7			**878.1**
Cash collateral for reverse-repurchase agreements			1,366.7	9.9	10.8		**1,387.4**
Trading portfolio assets	2,073.2						**2,073.2**
Positive replacement values	181.7						**181.7**
Other financial assets at fair value	6,293.8						**6,293.8**
Loans	0.1	273.3	1,290.2	308.2	230.0	14.4	**2,116.2**
Accrued income and prepaid expenses	183.1						**183.1**
Financial investments	214.6		19.4	39.6	1,200.6	149.6	**1,623.8**
Investments in associates[1]						0.5	**0.5**
Property and equipment[1]						185.3	**185.3**
Goodwill and other intangible assets[1]						116.2	**116.2**
Current tax assets	15.0						**15.0**
Deferred tax assets	12.3						**12.3**
Other assets	131.0						**131.0**
Total	**13,128.8**	**276.0**	**2,794.2**	**366.4**	**1,441.4**	**466.0**	**18,472.8**
Liabilities							
Due to banks	333.9						**333.9**
Cash collateral from repurchase agreements							**0.0**
Trading portfolio liabilities	97.2						**97.2**
Negative replacement values	614.7						**614.7**
Other financial liabilities at fair value	6,420.9						**6,420.9**
Due to customers	8,947.9		10.8	1.9			**8,960.6**
Accrued expenses and deferred income	341.9						**341.9**
Current tax liabilities	9.3						**9.3**
Deferred tax liabilities	48.1						**48.1**
Provisions	22.1						**22.1**
Other liabilities	212.6						**212.6**
Total liabilities	**17,048.6**	**0.0**	**10.8**	**1.9**	**0.0**	**0.0**	**17,061.3**
Off-balance sheet							
Contingent liabilities and irrevocable commitments	247.4	167.5	15.4	26.7	122.6	8.7	**588.3**

1 Immobilized

33 Fair value of financial instruments

a) Financial instruments measured at fair value

The following table shows the fair value hierarchy of those financial instruments that are measured 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 measured at fair value	Level 1 CHF mn	Level 2 CHF mn	Level 3 CHF mn	31-12-15 Total CHF mn
Assets				
Trading portfolio assets				
Equity instruments	1,306.9	-	0.0	**1,306.9**
Units in investment funds	23.5	0.1	0.1	**23.7**
Debt instruments	478.1	155.0	-	**633.1**
Precious metals	293.5	-	-	**293.5**
Positive replacement values	25.8	119.0	0.0	**144.8**
Other financial assets at fair value				
Equity instruments	0.5	-	0.0	**0.5**
Units in investment funds	5.9	39.9	6.1	**51.9**
Debt instruments[1]	1,780.0	731.9	-	**2,511.9**
Structured products	-	5.3	-	**5.3**
Financial assets available-for-sale				
Equity instruments and other participations	225.3	-	6.7	**232.0**
Units in investment funds	23.5	0.0	0.0	**23.5**
Debt instruments	1,871.7	23.2	-	**1,894.9**
Other assets at fair value	0.0	0.0	0.5	**0.5**
Total financial assets at fair value	**6,034.7**	**1,074.4**	**13.4**	**7,122.5**
Liabilities				
Trading portfolio liabilities				
Equity instruments	26.6	-	0.0	**26.6**
Units in investment funds	0.0	0.0	0.0	**0.0**
Debt instruments	71.8	1.9	-	**73.7**
Negative replacement values	20.0	625.5	-	**645.5**
Other financial liabilities at fair value[2]	-	5,430.9	-	**5,430.9**
Other liabilities at fair value	0.0	0.0	60.7	**60.7**
Total financial liabilities at fair value	**118.4**	**6,058.3**	**60.7**	**6,237.4**

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 29.5 mn.
2 Level 2 of the balance sheet item "Other financial liabilities at fair value" contains listed issued products with a fair value of CHF 3,823.6 mn.

Financial instruments measured at fair value	Level 1 CHF mn	Level 2 CHF mn	Level 3 CHF mn	**31-12-14 Total CHF mn**
Assets				
Trading portfolio assets				
Equity instruments	1,269.5	-	0.0	**1,269.5**
Units in investment funds	29.4	0.1	0.2	**29.7**
Debt instruments	415.8	75.5	-	**491.3**
Precious metals	282.7	-	-	**282.7**
Positive replacement values	27.4	154.3	0.0	**181.7**
Other financial assets at fair value				
Equity instruments	0.4	-	0.0	**0.4**
Units in investment funds	34.7	43.9	8.4	**87.0**
Debt instruments[1]	5,141.0	1,065.4	-	**6,206.4**
Structured products	-	0.0	-	**0.0**
Financial assets available-for-sale				
Equity instruments and other participations	187.7	-	1.9	**189.6**
Units in investment funds	25.0	0.0	0.0	**25.0**
Debt instruments	1,383.7	25.5	-	**1,409.2**
Other assets at fair value	0.0	0.0	0.0	**0.0**
Total financial assets at fair value	**8,797.3**	**1,364.7**	**10.5**	**10,172.5**
Liabilities				
Trading portfolio liabilities				
Equity instruments	38.6	-	0.0	**38.6**
Units in investment funds	0.0	0.0	0.0	**0.0**
Debt instruments	54.6	4.0	-	**58.6**
Negative replacement values	28.3	586.4	-	**614.7**
Other financial liabilities at fair value[2]	-	6,420.9	-	**6,420.9**
Other liabilities at fair value	0.0	0.0	0.0	**0.0**
Total financial liabilities at fair value	**121.5**	**7,011.3**	**0.0**	**7,132.8**

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 216.2 mn.
2 Level 2 of the balance sheet item "Other financial liabilities at fair value" contains listed issued products with a fair value of CHF 5,143.1 mn, 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 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 Vontobel, 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 Vontobel, 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 fair 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 valuation 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, market interest rates or funding rates, 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. They include the liability to acquire minority interests in TwentyFour Asset Management, assets or liabilities from earn-out agreements related to acquisitions, investment funds for which a binding net asset value is not published at least quarterly, and several unlisted equity instruments.

The fair value of the liability to acquire minority interests in TwentyFour Asset Management is calculated using a discounted cash flow analysis in which expected future cash flows based on internal business plans are discounted. This involves various input parameters that cannot be observed such as the future development of assets under management, their profitability, the cost/income ratio and long-term growth.

The fair value of assets or liabilities from earn-out agreements is dependent on individual contractually agreed key performance indicators of the acquired companies. The measurement of these assets or liabilities is based on internal business plans. The fair value of investment funds is generally calculated using estimates from external experts regarding the level of future payouts from fund units. The measurement of unlisted shares is based on the acquisition costs less any impairment. To test unlisted equity instruments for impairment, current financial information – provided Vontobel 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 Vontobel's balance sheet and the income on the positions as of the balance sheet date.

Level 3 instruments	Fair value financial instruments CHF mn	Available-for-sale financial instruments CHF mn	Other assets CHF mn	**Total financial assets CHF mn**	Other liabilities CHF mn	**31-12-15 Total financial liabilities CHF mn**
Balance sheet						
Holdings at the beginning of the year	8.6	1.9	0.0	**10.5**	0.0	**0.0**
Additions in scope of consolidation	0.0	4.9	0.0	**4.9**	(70.7)	**(70.7)**
Investments	0.0	0.0	0.5	**0.5**	0.0	**0.0**
Disposals	(0.1)	0.0	0.0	**(0.1)**	0.0	**0.0**
Redemptions	(3.0)	0.0	0.0	**(3.0)**	19.8	**19.8**
Expense recognized in the income statement	(0.6)	(0.5)	0.0	**(1.1)**	(3.2)	**(3.2)**
Expense recognized in other comprehensive income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Income recognized in the income statement	0.4	0.0	0.0	**0.4**	0.0	**0.0**
Income recognized in other comprehensive income	0.0	0.4	0.0	**0.4**	0.0	**0.0**
Change recognized in shareholders' equity	0.0	0.0	0.0	**0.0**	(6.1)	**(6.1)**
Reclassifications to level 3	0.9	0.0	0.0	**0.9**	0.0	**0.0**
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**	(0.5)	**(0.5)**
Total book value at balance sheet date	6.2	6.7	0.5	**13.4**	(60.7)	**(60.7)**
Income in the financial year on holdings on balance sheet date						
Unrealized losses recognized in the trading income	(0.2)	0.0	0.0	**(0.2)**	0.0	**0.0**
Unrealized losses recognized in other income	0.0	(0.5)	0.0	**(0.5)**	0.0	**0.0**
Expense recognized in operating expense	0.0	0.0	0.0	**0.0**	(0.6)	**(0.6)**
Unrealized losses recognized as other comprehensive income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Unrealized gains recognized in the trading income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
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	0.4	0.0	**0.4**	0.0	**0.0**

Of the gains and losses recognized in the income statement, CHF –0.2 mn were included in trading income, CHF –3.1 mn in other income and CHF –0.6 mn in operating expense.

Level 3 instruments	Fair value financial instruments CHF mn	Available-for-sale financial instruments CHF mn	Other assets CHF mn	**Total financial assets CHF mn**	Other liabilities CHF mn	**31-12-14 Total financial liabilities CHF mn**
Balance sheet						
Holdings at the beginning of the year	9.9	0.6	0.0	**10.5**	0.0	**0.0**
Additions in scope of consolidation	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Investments	0.1	1.0	0.0	**1.1**	0.0	**0.0**
Disposals	(0.1)	0.0	0.0	**(0.1)**	0.0	**0.0**
Redemptions	(1.0)	0.0	0.0	**(1.0)**	0.0	**0.0**
Expense recognized in the income statement	(2.1)	0.0	0.0	**(2.1)**	0.0	**0.0**
Expense recognized in other comprehensive income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Income recognized in the income statement	1.6	0.0	0.0	**1.6**	0.0	**0.0**
Income recognized in other comprehensive income	0.0	0.3	0.0	**0.3**	0.0	**0.0**
Change recognized in shareholders' equity	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Reclassifications to level 3	0.2	0.0	0.0	**0.2**	0.0	**0.0**
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	8.6	1.9	0.0	**10.5**	0.0	**0.0**
Income in the financial year on holdings on balance sheet date						
Unrealized losses recognized in the trading income	(1.6)	0.0	0.0	**(1.6)**	0.0	**0.0**
Unrealized losses recognized in other income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Expense recognized in operating expense	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**	0.0	**0.0**
Unrealized gains recognized in the trading income	1.5	0.0	0.0	**1.5**	0.0	**0.0**
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	0.3	0.0	**0.3**	0.0	**0.0**

Of the gains and losses recognized in the income statement, CHF –0.5 mn were included in trading income, CHF 0.0 mn in other income and CHF 0.0 mn in operating expense.

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 Vontobel. 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.

The methodology to determine valuation adjustments for financial instruments that are assigned to level 2 in the fair value hierarchy defined by IFRS 13 was developed further in the second half of 2014. As a result, valuation adjustments were reduced by CHF 12.0 mn and credited to trading income.

Sensitivity of fair values of level 3 instruments
Key assumptions for the measurement of the liability to acquire minority interests in TwentyFour Asset Management are the discount interest rate that will be used to discount future cash flows, as well as the long-term growth of these cash flows. The following table shows how the measurement is affected by changes in these two assumptions.

Key assumptions	Variation of the key assumption	Change in the fair value in CHF mn
Discount rate	+1 percentage point	(4.5)
Discount rate	–1 percentage point	5.3
Long-term growth	+1 percentage point	2.2
Long-term growth	–1 percentage point	(1.8)

In the case of assets and liabilities from earn-out agreements related to acquisitions, a reasonably realistic change in input parameters has no significant impact on Vontobel's consolidated financial statements.
A change in the net asset value of investment funds or in the price of unlisted shares leads to a proportional change in fair value of these financial instruments. A reasonably realistic change in input parameters has no significant impact on Vontobel's consolidated financial statements.

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 2015, positions with a fair value of CHF 76.4 mn (previous year CHF 139.7 mn) were reclassified from level 1 to level 2, positions with a fair value of CHF 160.1 mn (previous year CHF 98.6 mn) were reclassified from level 2 to level 1, and positions with a fair value of CHF 0.9 mn (previous year CHF 0.2 mn) 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 measured 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 measured at amortized cost.

Financial instruments measured at amortized cost	Level 1 CHF mn	Level 2 CHF mn	Level 3 CHF mn	**31-12-15 Fair value Total CHF mn**	**31-12-15 Book value Total CHF mn**	31-12-14 Fair value Total CHF mn	31-12-14 Book value Total CHF mn
Assets							
Cash	5,355.5	0.0	-	**5,355.5**	**5,355.5**	3,275.2	3,275.2
Due from banks	-	1,007.3	-	**1,007.3**	**1,007.3**	878.1	878.1
Cash collateral for reverse-repurchase agreements	-	1,013.5	-	**1,013.5**	**1,013.5**	1,387.4	1,387.4
Loans	-	2,378.7	-	**2,378.7**	**2,365.1**	2,126.0	2,116.2
Other financial assets[1]	42.4	128.5	-	**170.9**	**170.9**	183.4	183.4
Total	**5,397.9**	**4,528.0**	**0.0**	**9,925.9**	**9,912.3**	**7,850.1**	**7,840.3**
Liabilities							
Due to banks	-	341.9	-	**341.9**	**341.9**	333.9	333.9
Cash collateral from repurchase agreements	-	76.1	-	**76.1**	**76.1**	0.0	0.0
Due to customers	-	8,775.8	-	**8,775.8**	**8,775.8**	8,960.6	8,960.6
Other financial liabilities[1]	0.6	299.5	-	**300.1**	**300.1**	287.1	287.1
Total	**0.6**	**9,493.3**	**0.0**	**9,493.9**	**9,493.9**	**9,581.6**	**9,581.6**

1 The position mainly includes the accrued interest reported in accruals and deferrals as well as open settlement positions.

Short-term financial instruments at amortized cost or par value
Included here are accounts due from/to banks, loans and accounts due to customers as well as cash collateral from repurchase and for reverse-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 and open settlement positions). 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, loans and accounts due to customers as well as cash collateral from repurchase and for reverse-repurchase agreements that have a maturity or a refinancing profile of over one year. Fair value is determined using the present value method.

34 Netting agreements

To reduce credit risks related to derivative contracts, repurchase and reverse-repurchase agreements and securities lending and borrowing agreements, Vontobel enters into master netting agreements or similar netting arrangements with its counterparties. These netting agreements include ISDA Master Netting Agreements, Global Master Securities Lending Agreements (GMSLA), Global Master Repo Agreements (GMRA) and derivatives market rules.

These netting agreements enable Vontobel to protect itself against loss in the event of a possible insolvency or other circumstances that result in a counterparty being unable to meet its obligations. In such cases, the netting agreements provide for the immediate net settlement of all financial instruments covered by the agreement. The right of set-off essentially only becomes enforceable following a default event or other circumstances not expected to arise in the normal course of business. The financial instruments covered by a netting agreement do therefore not meet the requirements for balance sheet offsetting, which is why the book values of the corresponding financial instruments are not offset on the balance sheet.

Financial assets	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral received CHF mn	Unsecured amount CHF mn
Positive replacement values	144.8	0.0	144.8	86.5	54.4	3.9
Cash collateral for reverse-repurchase agreements	1,013.5	0.0	1,013.5	0.0	1,013.5	0.0
Cash collateral for securities borrowing agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-15	**1,158.3**	**0.0**	**1,158.3**	**86.5**	**1,067.9**	**3.9**

Financial liabilities	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral provided CHF mn	Unsecured amount CHF mn
Negative replacement values[1]	449.1	0.0	449.1	86.5	337.3	25.3
Cash collateral from repurchase agreements	76.1	0.0	76.1	0.0	76.1	0.0
Cash collateral from securities lending agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-15	**525.2**	**0.0**	**525.2**	**86.5**	**413.4**	**25.3**

Financial assets	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral received CHF mn	Unsecured amount CHF mn
Positive replacement values	181.7	0.0	181.7	112.1	65.1	4.5
Cash collateral for reverse-repurchase agreements	1,387.4	0.0	1,387.4	0.0	1,387.4	0.0
Cash collateral for securities borrowing agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-14	**1,569.1**	**0.0**	**1,569.1**	**112.1**	**1,452.5**	**4.5**

Financial liabilities	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral provided CHF mn	Unsecured amount CHF mn
Negative replacement values[1]	422.2	0.0	422.2	112.1	289.2	20.9
Cash collateral from repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0
Cash collateral from securities lending agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-14	**422.2**	**0.0**	**422.2**	**112.1**	**289.2**	**20.9**

1 Negative replacement values in the amount of CHF 196.4 mn (31-12-14: CHF 192.5 mn) are not included in the table because the corresponding derivatives are not covered by a netting agreement.

35 Off-balance sheet information

	Notes	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Contingent liabilities					
Credit guarantees		**210.9**	228.7	(17.8)	(8)
Performance guarantees		**5.0**	4.7	0.3	6
Other contingent liabilities		**352.5**	316.2	36.3	11
Total		**568.4**	549.6	18.8	3
Irrevocable commitments					
Undrawn irrevocable credit facilities		**17.3**	38.7	(21.4)	(55)
of which payment obligation to client deposit protection		**17.0**	15.6	1.4	9

Of the aggregate sum of CHF 585.7 mn (previous year CHF 588.3 mn) comprising contingent liabilities and irrevocable commitments, a total of CHF 276.5 mn (CHF 334.0 mn) is secured by recognized collateral and CHF 309.2 mn (CHF 254.3 mn) are unsecured. These positions contain maximum credit risks of CHF 221.1 mn (CHF 257.6 mn), of which CHF 53.9 mn (CHF 186.0 mn) are secured.

	Notes	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Fiduciary transactions					
Other fiduciary placements		**708.2**	687.3	20.9	3
Total		**708.2**	687.3	20.9	3

	Notes	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Derivative financial instruments	38				
Positive replacement values		**144.8**	181.7	(36.9)	(20)
Negative replacement values		**645.5**	614.7	30.8	5
Contract volumes		**18,350.0**	19,708.3	(1,358.3)	(7)

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, Vontobel has not recorded any provisions in respect of this matter.

The German tax authorities are currently investigating a large number of Swiss financial institutions based on suspicions that they assisted in tax evasion. Bank Vontobel AG, Zurich, is one of the banks under investigation.

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 Vontobel are or may be affected by the litigation in their capacity as a bank or custodian. The claims filed against Vontobel concern the redemption of investments worth around USD 43.1 mn. However, based on the information currently available to it, Vontobel believes the probability of a lawsuit resulting in an outflow of funds is low.

36 Client assets

	31-12-15 CHF bn	31-12-14 CHF bn	Change to 31-12-14 CHF bn	in %
Assets under management	**136.3**	123.8	12.5	10
Other advised client assets	**6.0**	6.6	(0.6)	(9)
Structured products outstanding	**5.5**	6.5	(1.0)	(15)
Total advised client assets	**147.8**	136.9	10.9	8
Custody assets	**39.4**	53.8	(14.4)	(27)
Total client assets	**187.2**	190.7	(3.5)	(2)

Client assets
Client assets is a broader term than assets under management and comprises all bankable assets that are managed by or deposited with Vontobel, 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

	31-12-15 CHF bn	31-12-14 CHF bn	Change to 31-12-14 CHF bn	in %
Assets in self-managed collective investment instruments	**35.7**	30.4	5.3	17
Assets with management mandate	**62.6**	56.5	6.1	11
Other assets under management	**38.0**	36.9	1.1	3
Total assets under management (including double counts)	**136.3**	123.8	12.5	10
of which double counts	**3.4**	3.5	(0.1)	(3)

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

Development of assets under management

	31-12-15 CHF bn	31-12-14 CHF bn
Total assets under management (incl. double counts) at the beginning of the year	**123.8**	109.6
Change attributable to net new money	**8.0**	6.2
Change attributable to market value	**(3.4)**	10.7
Change attributable to other effects	**7.9** [1]	(2.7) [2]
Total assets under management (incl. double counts) at the balance sheet date	**136.3**	123.8

1 Acquisition of TwentyFour Asset Management LLP as per 1 May 2015 and Finter Bank Zurich AG as per 1 October 2015
2 The reduction in assets under management reflects the reclassification of corporate liquidity (CHF 1.0 bn) and individual assets (CHF 1.7 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 Vontobel company. Assets under management only include those assets on which Vontobel 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.

37 Collective investment instruments

As an active asset manager, Vontobel manages a wide range of collective investment instruments. Vontobel's investment funds are classed as structured entities according to IFRS 12. Since Vontobel – as agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of its proprietary investment funds are treated as financial instruments. There are no contractual or constructive obligations to provide financial or other forms of support for the investment funds.

Under the terms of the relevant investment regulations, Vontobel manages the fund assets on behalf of the investors who invested capital in the respective investment funds. Vontobel also performs various administrative functions for the investment funds. Vontobel receives fees for providing these services; the level of fees is in line with normal market rates. As of 31 December 2015, the volume of assets under management in Vontobel investment funds totalled CHF 35.7 bn (previous year CHF 30.4 bn). In the financial year 2015, Vontobel generated gross income of CHF 286.0 mn (previous year CHF 256.0 mn) from the provision of services to these investment funds.

The following table shows the book value of the shares of these investment funds held by Vontobel. The book value corresponds to the maximum risk of loss.

	Trading portfolio assets CHF mn	Other financial assets at fair value CHF mn	Financial investments CHF mn	**Total CHF mn**
Book value as of 01-01-14	**8.1**	**74.0**	**0.2**	**82.3**
Purchases	72.1	51.5	0.0	**123.6**
Disposal	(79.2)	(49.7)	0.0	**(128.9)**
Valuation income	(0.8)	1.9	0.0	**1.1**
Book value as of 31-12-14	**0.2**	**77.7**	**0.2**	**78.1**
Purchases	0.1	45.3	32.8	**78.2**
Disposal	0.0	(75.8)	(32.9)	**(108.7)**
Valuation income	0.0	(3.3)	0.0	**(3.3)**
Book value as of 31-12-15	**0.3**	**43.9**	**0.1**	**44.3**

The valuation income on trading portfolios and other financial assets at fair value is included in trading income. Of the valuation income on financial investments, CHF 0.0 mn (previous year CHF 0.0 mn) are recorded in other income and CHF 0.0 mn (previous year CHF 0.0 mn) in other comprehensive income.

38 Open derivative instruments

31-12-15	Term to maturity up to 3 months PRV[1] CHF mn	NRV[1] CHF mn	Term to maturity 3 to 12 months PRV CHF mn	NRV CHF mn	Term to maturity 1 to 5 years PRV CHF mn	NRV CHF mn	Term to maturity more than 5 years PRV CHF mn	NRV CHF mn	**Total PRV CHF mn**	**Total NRV CHF mn**	Total contract volume CHF mn
Debt instruments											
Forward contracts incl. FRAs									**–**	**–**	
Swaps	0.0	0.1	0.1	3.5	10.4	35.0	2.3	16.2	**12.8**	**54.8**	2,675.7
Futures									**0.0**	**0.0**	0.5
Options (OTC) and warrants		0.2	0.0	0.0	5.7			0.3	**5.7**	**0.5**	207.2
Options (exchange traded)									**-**	**-**	
Total	0.0	0.3	0.1	3.5	16.1	35.0	2.3	16.5	**18.5**	**55.3**	2,883.4
Foreign currency											
Forward contracts	10.6	6.4	3.1	3.2	0.1	0.0			**13.8**	**9.6**	983.7
Swaps	18.8	22.3	4.0	3.0	4.0	0.0			**26.8**	**25.3**	3,483.3
Futures									**-**	**-**	
Options (OTC) and warrants	1.8	5.8	6.6	7.2	2.3	2.3		3.4	**10.7**	**18.7**	1,142.7
Options (exchange traded)									**-**	**-**	
Total	31.2	34.5	13.7	13.4	6.4	2.3	-	3.4	**51.3**	**53.6**	5,609.7
Precious metals											
Forward contracts	0.0	0.0							**0.0**	**0.0**	12.5
Swaps	3.5	3.4	0.0	0.0					**3.5**	**3.4**	170.2
Futures			0.0						**0.0**	**0.0**	29.6
Options (OTC) and warrants	0.9	6.7	1.2	6.3	0.1	1.7		3.0	**2.2**	**17.7**	519.7
Options (exchange traded)	0.0								**0.0**	**0.0**	1.5
Total	4.4	10.1	1.2	6.3	0.1	1.7	-	3.0	**5.7**	**21.1**	733.5
Equities/indices											
Forward contracts									**-**	**-**	
Swaps	2.8	3.5	3.0	13.2	0.8	30.4	0.0	0.1	**6.6**	**47.2**	647.5
Futures									**0.0**	**0.0**	492.7
Options (OTC) and warrants	2.4	94.9	2.3	147.5	18.5	65.0		76.2	**23.2**	**383.6**	4,546.9
Options (exchange traded)	13.0	11.0	10.7	8.6	1.9	0.4			**25.6**	**20.0**	1,471.6
Total	18.2	109.4	16.0	169.3	21.2	95.8	0.0	76.3	**55.4**	**450.8**	7,158.7
Credit derivatives											
Credit default swaps	0.0		1.2	0.1	12.0	44.3	0.4	6.1	**13.6**	**50.5**	1,787.5
Total	0.0	-	1.2	0.1	12.0	44.3	0.4	6.1	**13.6**	**50.5**	1,787.5
Other											
Forward contracts									**-**	**-**	
Futures	0.2	0.0							**0.2**	**0.0**	56.4
Options (OTC) and warrants		1.3	0.1	1.7	0.0	2.0		9.2	**0.1**	**14.2**	120.8
Options (exchange traded)									**-**	**-**	
Total	0.2	1.3	0.1	1.7	0.0	2.0	-	9.2	**0.3**	**14.2**	177.2
Total	**54.0**	**155.6**	**32.3**	**194.3**	**55.8**	**181.1**	**2.7**	**114.5**	**144.8**	**645.5**	**18,350.0**

1 PRV = Positive replacement values, NRV = Negative replacement values
The positive and negative replacement values relate to trading instruments with the exception of the instruments referred to in note 39 "Hedge accounting".

31-12-14	Term to maturity up to 3 months PRV[1] CHF mn	NRV[1] CHF mn	Term to maturity 3 to 12 months PRV CHF mn	NRV CHF mn	Term to maturity 1 to 5 years PRV CHF mn	NRV CHF mn	Term to maturity more than 5 years PRV CHF mn	NRV CHF mn	**Total PRV CHF mn**	**Total NRV CHF mn**	Total contract volume CHF mn
Debt instruments											
Forward contracts incl. FRAs									**-**	**-**	
Swaps	0.0	0.9	0.1	3.8	10.1	78.8	9.5	42.3	**19.7**	**125.8**	5,422.7
Futures									**-**	**-**	
Options (OTC) and warrants		0.2			5.9	0.0		0.1	**5.9**	**0.3**	501.6
Options (exchange traded)									**-**	**-**	
Total	0.0	1.1	0.1	3.8	16.0	78.8	9.5	42.4	**25.6**	**126.1**	5,924.3
Foreign currency											
Forward contracts	11.0	11.2	3.1	3.1	0.4	0.3			**14.5**	**14.6**	957.3
Swaps	36.1	31.2	4.0	3.8		0.0			**40.1**	**35.0**	3,193.0
Futures									**-**	**-**	
Options (OTC) and warrants	5.0	11.5	4.1	3.7	3.0	3.1		1.5	**12.1**	**19.8**	1,240.4
Options (exchange traded)									**-**	**-**	
Total	52.1	53.9	11.2	10.6	3.4	3.4	-	1.5	**66.7**	**69.4**	5,390.7
Precious metals											
Forward contracts	6.3	0.1	0.1	0.0					**6.4**	**0.1**	115.2
Swaps	1.0	2.3	0.0	0.1					**1.0**	**2.4**	158.4
Futures		0.1							**0.0**	**0.1**	2.3
Options (OTC) and warrants	1.0	7.1	0.6	1.6	0.4	5.4		1.7	**2.0**	**15.8**	637.5
Options (exchange traded)									**-**	**-**	
Total	8.3	9.6	0.7	1.7	0.4	5.4	-	1.7	**9.4**	**18.4**	913.4
Equities/indices											
Forward contracts									**-**	**-**	
Swaps	0.1	1.3	1.6	7.6	4.8	8.1	0.0	1.5	**6.5**	**18.5**	253.6
Futures									**0.0**	**0.0**	28.2
Options (OTC) and warrants	3.6	94.0	4.9	121.0	20.4	63.0	0.1	43.4	**29.0**	**321.4**	4,289.5
Options (exchange traded)	9.7	7.6	13.2	19.9	4.5	0.4			**27.4**	**27.9**	1,354.2
Total	13.4	102.9	19.7	148.5	29.7	71.5	0.1	44.9	**62.9**	**367.8**	5,925.5
Credit derivatives											
Credit default swaps			0.1	0.2	16.3	20.3		5.2	**16.4**	**25.7**	1,472.2
Total	-	-	0.1	0.2	16.3	20.3	-	5.2	**16.4**	**25.7**	1,472.2
Other											
Forward contracts									**-**	**-**	
Futures	0.0	0.3		0.0					**0.0**	**0.3**	0.1
Options (OTC) and warrants	0.6	0.6	0.0	0.9	0.1	2.3		3.2	**0.7**	**7.0**	79.2
Options (exchange traded)		0.0							**0.0**	**0.0**	2.9
Total	0.6	0.9	0.0	0.9	0.1	2.3	-	3.2	**0.7**	**7.3**	82.2
Total	**74.4**	**168.4**	**31.8**	**165.7**	**65.9**	**181.7**	**9.6**	**98.9**	**181.7**	**614.7**	**19,708.3**

1 PRV = Positive replacement values, NRV = Negative replacement values
The positive and negative replacement values relate to trading instruments with the exception of the instruments referred to in note 39 "Hedge accounting".

39 Hedge Accounting

Cash flow hedges
Vontobel is exposed to volatility in future interest income (or cash flows) on secured loans (lombard loans), the majority of which bear short-term interest and are likely to be reinvested. Since 2015, Vontobel has hedged part of this future interest income using multi-year receiver interest rate swaps. The amount and the timing of future interest income is forecast, taking account of the contractual terms of the secured loans and other relevant factors.
The change in fair value of the effective portion of the interest rate swaps is recognized in other comprehensive income and is shown in the statement of equity in the column "Cash flow hedges", while the change in fair value of the ineffective portion of the interest rate swaps is recognized in trading income. When the hedged interest income affects profit or loss, the related income from hedges is transferred from shareholders' equity to net interest income.
In the case of interest rate swaps used as hedging instruments, negative replacement values of CHF 0.5 mn were recorded as of 31 December 2015. In the period under review, income from effective hedges of CHF –0.4 mn was recognized in other comprehensive income. Income from non-effective hedges of CHF –0.1 mn was recorded in the income statement in the period under review.

Hedges of net investments in foreign operations
Since 2015, Vontobel has hedged part of its net investments in foreign operations. The spot components of foreign currency forwards and the foreign currency components of financial liabilities serve as hedging instruments in this context. The change in fair value of the effective portion of the forwards and of the foreign currency components of financial liabilities is recognized in other comprehensive income and is shown in the statement of equity in the column "Currency translation adjustments", while the change in fair value of the ineffective and/or non-designated portion (interest component) of the forwards is recognized in trading income. If a realization event occurs (e.g. if control over a Group company is lost), the related income from hedges is transferred from shareholders' equity to the income statement.
In the case of forwards used as hedging instruments, negative replacement values of CHF 0.2 mn were recorded as of 31 December 2015. In the case of financial liabilities used as hedging instruments, a fair value of CHF 48.7 mn was recorded as of 31 December 2015. In the period under review, income from effective hedges of CHF –1.0 mn was recognized in other comprehensive income. Income from non-effective hedges of CHF 0.0 mn was recorded in the income statement during the period under review.

40 Future liabilities for finance lease, operating lease and the acquisition of fixed assets and intangible assets

	Operating Lease CHF mn	**31-12-15 Total CHF mn**	31-12-14 Total CHF mn
Due within 1 year	28.1	**28.1**	28.1
Due within 1 to 2 years	24.9	**24.9**	25.9
Due within 2 to 3 years	24.5	**24.5**	16.1
Due within 3 to 4 years	21.1	**21.1**	12.8
Due within 4 to 5 years	20.0	**20.0**	12.6
Due in more than 5 years	82.6	**82.6**	35.2
Total minimum obligation	201.2	**201.2**	130.7

In the year under review, general expense include CHF 28.7 mn (previous year CHF 28.3 mn) from operating lease. The future liabilities from operating leases mainly comprise lease agreements for premises occupied by Vontobel.

As of 31-12-15 there was no future income from minimum lease payments from non-terminable subtenancies (previous year CHF 0.0 mn).

41 Acquisition TwentyFour Asset Management LLP

On 1 May 2015, Vontobel acquired a 60% stake in TwentyFour Asset Management LLP (TwentyFour), an independent fixed income specialist headquartered in London. The acquisition strengthens Vontobel Asset Management's presence in the UK market and extends its fixed income product offering.

The assets and liabilities of TwentyFour were included in Vontobel's consolidated accounts as of 1 May 2015 as follows (GBP were translated into CHF using the closing exchange rate of 1.43978):

	CHF mn
Assets	
Goodwill	75.2
Client relationships	19.8
Brand	0.6
Other assets	5.7
Total assets	**101.3**
Liabilities	
Deferred tax liabilities	2.5
Other liabilities	4.3
Minority interests	8.7
Equity	85.8
Total liabilities	**101.3**
Acquisition costs	85.8
of which paid in first half of 2015	63.8
of which recognized as a liability from earn-out payments	22.0
Acquired cash and cash equivalents	4.2
Net outflow of cash and cash equivalents	**59.6**

The estimated acquisition price for the 60% stake in TwentyFour was GBP 59.6 mn (CHF 85.8 mn), of which GBP 44.4 mn was paid in cash on the acquisition date. The remaining GBP 15.2 mn corresponded to an estimate of the liability from earn-out payments in the second half of 2015 and in the financial year 2017. In the second half of 2015, an increase of GBP 1.7 mn (CHF 2.6 mn) in the liability for the two earn-out payments due to the successful performance of TwentyFour was recognized as a charge against "Other income", and the first earn-out payment of GBP 13.3 mn was made. With regard to the remaining liability for the earn-out payment in the financial year 2017 of GBP 3.6 mn (CHF 5.3 mn), Vontobel does not expect any significant changes to the estimate (please refer to note 33 "Fair value of financial instruments" for information on the measurement of the liability).

Minority interests corresponded to their share of the fair value of net assets acquired.

The fair value of client relationships and of the brand was determined as part of the purchase price allocation using the multi-period excess earnings method. In the fair value hierarchy, this comprises level 3 valuations since various unobservable input parameters were used (e.g. future income and costs based on the business plan, attrition rate of acquired clients). Client relationships and the brand are amortized over five years. With the exception of goodwill (residual amount), all other assets and liabilities comprise level 1 or level 2 valuations in the fair value hierarchy.

Goodwill reflects TwentyFour's strong growth potential and expected synergies on the income side. Based on the expected synergies, goodwill was allocated to the following cash-generating units for impairment testing: CHF 66.3 mn to the Fixed Income boutique (incl. TwentyFour) and CHF 8.9 mn to the Asset Management division. These two organizational units represent the lowest level at which goodwill is monitored for internal management purposes. An impairment test was carried out for the first time in the second half of 2015 (see note 20 "Goodwill and other intangible assets" for details).

TwentyFour has been included in Vontobel's consolidated accounts since 1 May 2015. Taking account of the amortization of client relationships and of the brand in the financial year 2015, this resulted in an increase in operating income and in net profit of CHF 18.5 mn and CHF 5.8 mn, respectively. If the transaction had been completed as of 1 January 2015, this would – all other things being equal – have resulted in operating income of CHF 993.6 mn and net profit of CHF 181.6 mn for the financial year 2015. The transaction costs of CHF 1.3 mn were charged to the income statement.

Minority interests are held by several partners of TwentyFour. Under the terms of the agreement, Vontobel can acquire further interests in TwentyFour from partners that are willing to sell their interests or from parties that cease to be partners of TwentyFour. Vontobel will acquire the then remaining minority interests in two half tranches in 2021 and 2023, whereby Vontobel has the right to already acquire the second tranche in 2021. In terms of the acquisition of minority interests, Vontobel recognizes a liability corresponding to the estimated acquisition price as a charge against minority interests and (if the liability exceeds the minority interests) as a charge against capital reserves. As of 31 December 2015, the liability totalled CHF 55.4 mn (please refer to note 33 "Fair value of financial instruments" for information on the measurement of the liability). Changes in the liability are recognized in shareholders' equity with the exception of a minor compensation component. A share of profits or losses continues to be allocated to minority interests in the income statement and the statement of comprehensive income.

A summary of important financial information concerning TwentyFour is provided below.

Balance sheet

	31-12-15 CHF mn
Assets	
Goodwill	**77.1**
Client relationships	**17.6**
Brand	**0.6**
Other assets	**15.3**
Total assets	**110.6**
Liabilities	
Liabilities	**6.1**
Equity	**104.5**
of which minority interests[1]	**11.6**
Total liabilities	**110.6**

1 In the consolidated balance sheet, shareholders' equity attributable to minority interests is derecognized due to the obligation to acquire the minority interests.

Comprehensive income	31-12-15 CHF mn
Operating income	**18.5**
Profit, net of tax	**5.8**
of which minority interests	**2.9**
Comprehensive income	**5.8**
of which minority interests	**2.9**

Further financial information	31-12-15 CHF mn
Cash flow from operating activities	**9.5**
dividends paid to holders of minority interests	**0.0**
Minority interest in %	**40**

42 Acquisition Finter Bank Zurich AG

Vontobel acquired Finter Bank Zurich AG (Finter), with operations in Zurich and Ticino, on 30 September 2015. With this acquisition, Vontobel is strengthening its business with Italian private clients.

The assets and liabilities of Finter were included in Vontobel's consolidated accounts as of 1 October 2015 as follows:

	CHF mn
Assets	
Cash	266.2
Due from banks	73.6
Loans	49.6
Goodwill	12.9
Client relationships	3.6
Other assets	29.4
Total assets	**435.3**
Liabilities	
Due to customers	329.0
Other liabilities	22.0
Equity	84.3
Total liabilities	**435.3**
Acquisition costs	84.3
of which paid in cash in 2015	75.0
of which paid in the form of shares of Vontobel Holding AG in 2015	9.8
of which recognized as a future asset	0.5
Acquired cash and cash equivalents	278.7
Net inflow of cash and cash equivalents	**203.7**

The estimated acquisition price for the stake in Finter was CHF 84.3 mn, of which CHF 75.0 mn was paid in cash and CHF 9.8 mn in the form of shares of Vontobel Holding AG in 2015. The difference of CHF 0.5 mn corresponds to an estimate of the asset from an earn-out payment that is expected to be made in the second half of 2017. Vontobel does not expect any significant change to the estimate (please refer to note 33 "Fair value of financial instruments" for information on the measurement of the asset).

The fair value of client relationships was determined as part of the purchase price allocation using the multi-period excess earnings method. In the fair value hierarchy, this comprises level 3 valuations since various unobservable input parameters were used (e. g. future income and costs based on the business plan, attrition rate of acquired clients). Client relationships are amortized over ten years. With the exception of goodwill (residual amount), essentially all other assets and liabilities comprise level 1 or level 2 valuations in the fair value hierarchy.

Goodwill mainly reflects expected synergies on the cost side and was allocated to the following cash-generating units for impairment testing: CHF 6.2 mn to the Italy business unit and CHF 6.7 mn to the Private Banking division. These organizational units represent the lowest level at which goodwill is monitored for internal management purposes. An impairment test was carried out for the first time in the second half of 2015 (see note 20 "Goodwill and other intangible assets" for details).

Finter has been included in Vontobel's consolidated accounts since 1 October 2015. Taking account of the amortization of client relationships in the financial year 2015, this resulted at an operational level in an increase in operating income of CHF 5.5 mn and in a reduction in net profit of CHF 1.1 mn. If the transaction had been completed as of 1 January 2015, this would – all other things being equal – have resulted in operating income of CHF 1,007.5 mn and net profit of CHF 180.9 mn for the financial year 2015. Costs amounting to CHF 5.2 mn were charged to the income statement in connection with the integration of Finter into Vontobel. These integration costs mainly comprise expenses relating to the adjustment of headcount, counsulting and IT costs, accelerated depreciation due to a reduction in the useful life of property and equipment, as well as provisions for onerous lease agreements. The following charges were recorded: CHF 2.7 mn as personnel expense, CHF 1.4 mn as general expense, CHF 0.3 mn in the position "Depreciation of property, equipment and intangible assets" and CHF 0.8 mn in the position "Value adjustments, provisions and losses". The transaction costs of CHF 0.1 mn were charged to the income statement.

43 Employee benefit plans

In Switzerland, Vontobel insures its employees against the financial consequences of old age, disability and death primarily through two autonomous occupational pension funds (basic fund and management fund). It also operates an employee welfare fund.

The Board of Trustees is the most senior governing body of the pension funds and is composed of employee and employer representatives. Pension benefits are funded through employer and employee contributions, which amount to between 2.5% and 17% or between 1.5% and 12.5% of the insured salary, depending on the age group. Upon reaching the ordinary retirement age of 64 years for women or 65 years for men, the pension funds give the insured the choice between receiving a lifelong pension and drawing part or all of their pension benefits in the form of a lump-sum payment. The annual pension is calculated on the basis of the pension assets available at the retirement date, multiplied by the applicable conversion rate. Depending on the age of the insured, the conversion rate at the ordinary retirement age is between 6.1% and 6.7%. The insured can take early retirement from the age of 58. Disability pensions and pensions for surviving spouses are defined as a percentage of the insured salary. The benefits and contributions are set out in the pension fund regulations, with the minimum benefits being prescribed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). In the event of a funding deficit according to the BVG, the employer can be required to pay contributions towards the restructuring of the pension fund. At the end of 2015, both pension funds had a funded status – as defined by the BVG – of over 100%.

The Board of Trustees of each pension fund is responsible for investing its assets. The investment strategy is defined in such a way as to enable pension benefits to be paid when they fall due.

The Swiss pension funds are classed as defined benefit plans under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company.

The most recent actuarial calculation according to IAS 19 was carried out for these pension plans by independent experts as of 1 May 2015. Past service costs in the year under review are mainly attributable to an increase in employer savings contributions. As part of the integration of Finter Bank Zurich, the reduction in headcount led to gain from a plan settlement of CHF 2.4 mn. There were no plan amendments or plan settlements in the previous year. There were no plan curtailments in the year under review or in the previous year.

Vontobel has foreign pension plans in Liechtenstein, the UK, Italy, Hong Kong, Luxembourg, Singapore, Spain, Dubai, Australia and the US that are classed as defined contribution plans under IAS 19. Vontobel has individual pension commitments in Germany, for which the corresponding provisions have been recognized.

Defined benefit pension plans in Switzerland	Pension obligations CHF mn	Plan assets CHF mn	Asset ceiling CHF mn	**Total CHF mn**
Total at 01-01-15	**(772.7)**	**760.2**	**-**	**(12.5)**
Current service cost	(27.9)			(27.9)
Past service cost	(0.5)			(0.5)
Gain/losses on settlement	11.9	(9.5)		2.4
Interest income/(interest expense)	(11.8)	11.6	-	(0.2)
Administration cost	(0.4)			(0.4)
Others	41.8	(42.2)		(0.4)
Total cost recognized in personnel expense	**13.1**	**(40.1)**	**-**	**(27.0)**
Actuarial gains/losses on obligations				
of which changes in financial assumptions	(59.6)			(59.6)
of which changes in demographic assumptions	30.9			30.9
of which experience adjustments	5.9			5.9
Return on plan assets excluding interest income		(21.8)		(21.8)
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**(22.8)**	**(21.8)**	**-**	**(44.6)**
Employee contributions	(14.0)	14.0		-
Employer contributions		21.1		21.1
Benefits paid resp. deposited	2.7	(2.7)		-
Business combination	(69.1)	65.4		(3.7)
Total at 31-12-15	**(862.8)**	**796.1**	**0.0**	**(66.7)**
of which active members	619.4			
of which pensioners	243.4			
of which reported in Other assets				0.4
of which reported in Other liabilities				(67.1)

Pension and other employee benefit plans totalled CHF 30.6 mn, consisting of CHF 27.0 mn for defined benefit pension plans and CHF 3.6 mn for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

	Pension obligations CHF mn	Plan assets CHF mn	Asset ceiling CHF mn	Total CHF mn
Total at 01-01-14	**(657.4)**	**681.8**	**-**	**24.4**
Current service cost	(22.3)			(22.3)
Past service cost	-			-
Gain/losses on settlement	-			-
Interest income/(interest expense)	(14.2)	14.6	-	0.4
Administration cost	(0.3)			(0.3)
Others	-	-		-
Total cost recognized in personnel expense	**(36.8)**	**14.6**	**-**	**(22.2)**
Actuarial gains/losses on obligations				
of which changes in financial assumptions	(68.1)			(68.1)
of which changes in demographic assumptions	-			-
of which experience adjustments	5.0			5.0
Return on plan assets excluding interest income		29.0		29.0
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**(63.1)**	**29.0**	**-**	**(34.1)**
Employee contributions	(12.3)	12.3		-
Employer contributions		19.4		19.4
Benefits paid resp. deposited	(3.1)	3.1		-
Business combination	-	-		-
Total at 31-12-14	**(772.7)**	**760.2**	**0.0**	**(12.5)**
of which active members	(558.9)			
of which pensioners	(213.8)			
of which reported in Other assets				1.9
of which reported in Other liabilities				(14.4)

Pension and other employee benefit plans totalled CHF 25.3 mn, consisting of CHF 22.2 mn for defined benefit pension plans and CHF 3.1 mn for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

Composition of plan assets	31-12-15 CHF mn	31-12-14 CHF mn
Quoted market price		
Cash and cash equivalents	**48.4**	43.8
Equity instruments	**173.7**	175.7
Debt instruments	**232.1**	231.2
Real estate	**36.2**	35.4
Derivatives	**0.5**	0.3
Equity funds	**86.5**	81.8
Bond funds	**125.1**	122.4
Real estate funds	**35.9**	22.4
Commodities funds	**24.1**	34.8
Other funds	**6.7**	0.0
Others	**16.0**	12.4
Total fair value	**785.2**	760.2
Non-quoted market price		
Others	**10.9**	0.0
Total fair value	**10.9**	0.0
Total plan assets at fair value	**796.1**	760.2
of which registered shares of Vontobel Holding AG	**0.0**	0.0
of which debt instruments of Vontobel	**0.0**	0.0
of which credit balances with Vontobel companies	**41.9**	41.3
of which securities lent to Vontobel	**0.0**	0.0

Maturity profile of defined benefit obligation	31-12-15	31-12-14
Weighted average duration of defined benefit obligation in years	**15.8**	15.5

Actuarial assumptions

Demographic assumptions (e.g. probability of death, disability or termination) are based on the technical principles set out in the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) 2010 (cohort life tables), which draw on observations of large insurance portfolios in Switzerland over a period of several years, and are adapted to reflect conditions specific to Vontobel or empirical values where necessary.

	31-12-15 in %	31-12-14 in %
Discount rate	**0.8**	1.5
Expected rate of salary increases	**1.0**	1.0
Expected rate of pension increases	**0.0**	0.0

Estimate of contributions of next year	31-12-15 CHF mn	31-12-14 CHF mn
Employer contributions	**20.7**	19.2
Employee contributions	**14.3**	12.1

Plan-specific sensitivities

The following overview shows the impacts of an isolated change in the main actuarial assumptions on the present value of pension liabilities as of 31 December 2015 and 31 December 2014. The discount rate was reduced/increased by 0.25 percentage points and the expected rate of salary increases was reduced/increased by 0.5 percentage points. The sensitivity relating to mortality was calculated using a method where mortality was reduced or increased by a set factor so that life expectancy for most age categories was increased or reduced by approximately one year. The sensitivity analyses were produced in the same way as in the previous year.

	Defined benefit obligation 31-12-15 CHF mn	Defined benefit obligation 31-12-14 CHF mn
Current actuarial assumptions	**862.8**	772.7
Discount rate		
Reduction of 25 basis points	**898.4**	803.7
Increase of 25 basis points	**829.5**	743.7
Salary increases		
Reduction of 50 basis points	**854.0**	765.4
Increase of 50 basis points	**871.8**	779.5
Life expectancy		
Reduction in longevity by one year	**844.1**	757.4
Increase in longevity by one additional year	**881.2**	787.6

44 Other employee benefits payable in the long term

Other employee benefits payable in the long term exist in the form of long service awards and sabbatical leaves. Analogously to the defined benefit pension plans, actuarial calculations have been performed and an accrued expense recognized for these benefits.

	31-12-15 CHF mn	31-12-14 CHF mn
Accrued expense for long service awards and sabbatical leaves	**1.6**	1.4

45 Significant foreign currency rates

For the significant currencies, the following rates were used:

	year end rates		average rates	
	31-12-15	31-12-14	**2015**	2014
1 EUR	**1.08739**	1.20237	**1.07466**	1.21346
1 GBP	**1.47537**	1.54935	**1.47688**	1.50891
1 USD	**1.00100**	0.99365	**0.96675**	0.91697

46 Events after the balance sheet date

No events have occurred since the balance sheet date that affect the relevance of the information provided in the year 2015 financial statements and would therefore need to be disclosed.

47 Dividend payment

The Board of Directors will propose the payment of a dividend of CHF 1.85 per registered share with a par value of CHF 1.00 to the General Meeting of Shareholders of Vontobel Holding AG on 19 April 2016. This corresponds to a total payment of CHF 103.0 mn.[1]

1 Shares entitled to a dividend as of 31-12-15

48 Authorization of the consolidated accounts

The Board of Directors discussed and approved the present annual report during the board meeting on 4 February 2016. It will be submitted for approval at the General Meeting on 19 April 2016.

49 Segment reporting principles

External segment reporting reflects the organizational structure of Vontobel 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 divisions, 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, and is positioned as a multi-boutique provider. Its products are distributed to institutional clients, indirectly through wholesale channels, and also by cooperation partners.

Investment Banking
Investment Banking focuses on the structured products and derivatives business, services for external asset managers, brokerage, corporate finance, securities and foreign exchange trading, and securities services supplied by Transaction Banking.

Corporate Center
The Corporate Center provides core services for the divisions, and comprises the support units Operations, Finance & Risk, and Corporate Services as well as the Board of Directors support units.

Income, expenses, assets and liabilities are allocated to the divisions 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").

Segment reporting

	Private Banking CHF mn	Asset Management CHF mn	Investment Banking CHF mn	Corporate Center CHF mn	Total Group CHF mn
31-12-15					
Net interest income	17.2	0.2	2.0	47.7	67.1
Other operating income	216.0	453.7	258.0	(6.2)	921.5
Operating income	**233.2**	**453.9**	**260.0**	**41.5**	**988.6**
Personnel expense	95.0	225.1	95.7	112.6	528.4
General expense	12.1	34.9	39.0	81.1	167.1
Services from/to other segment(s)	75.8	46.3	42.9	(165.0)	0.0
Depreciation of property, equipment and intangible assets	2.7	8.5	5.1	49.8	66.1
Value adjustments, provisions and losses	1.5	0.6	0.3	0.7	3.1
Operating expense	**187.1**	**315.4**	**183.0**	**79.2**	**764.7**
Segment profit before taxes	**46.1**	**138.5**	**77.0**	**(37.7)**	**223.9**
Taxes					43.8
Net profit					**180.1**
of which minority interests					2.9
Additional information					
Segment assets	2,206.9	267.6	5,361.2	9,769.1	17,604.8
Segment liabilities	6,419.0	955.5	7,887.3	917.8	16,179.6
Allocated equity according to BIS[1]	145.7	194.3	177.8	100.5	618.3
Client assets (CHF bn)	35.1	100.8	55.0	(3.7)	187.2
Net new money (CHF bn)	1.3	7.9	(0.8)	(0.4)	8.0
Capital expenditure	0.3	0.0	0.0	35.0	35.3
Employees (full-time equivalents)	364.9	308.4	355.4	465.2	1,493.9

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 219.8 mn 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 94.6 mn from core capital for treasury shares is not included in the figures above.

Information on regions[1]

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	Americas CHF mn	Other Countries[2] CHF mn	Consoli-dation CHF mn	Total Group CHF mn
31-12-15						
Operating income related to external customers	499.6	209.8	205.6	73.6		988.6
Assets	12,540.9	611.9	180.3	5,957.2	(1,685.5)	17,604.8
Property, equipment and intangible assets	283.9	96.1	4.6	1.1		385.7
Capital expenditure	33.1	0.1	2.1	0.0		35.3

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

Segment reporting	Private Banking CHF mn	Asset Management CHF mn	Investment Banking CHF mn	Corporate Center CHF mn	Total Group CHF mn
31-12-14					
Net interest income	18.0	0.3	4.3	28.0	50.6
Other operating income	217.5	380.0	239.6[1]	(3.3)[2]	833.8
Operating income	**235.5**	**380.3**	**243.9**	**24.7**	**884.4**
Personnel expense	90.6	194.5	87.0	111.9	484.0
General expense	12.4	29.5	37.3	84.8	164.0
Services from/to other segment(s)	73.4	41.2	51.8	(166.4)	0.0
Depreciation of property, equipment and intangible assets	2.6	5.7	0.9	52.7	61.9
Value adjustments, provisions and losses	(0.6)	1.2	0.8	0.3	1.7
Operating expense	**178.4**	**272.1**	**177.8**	**83.3**	**711.6**
Segment profit before taxes	**57.1**	**108.2**	**66.1**	**(58.6)**	**172.8**
Taxes					38.3
Net profit					**134.5**
of which minority interests					0.0
Additional information					
Segment assets	1,988.4	174.3	8,761.8	7,548.3	18,472.8
Segment liabilities	6,569.9	766.0	9,000.8	724.6	17,061.3
Allocated equity according to BIS[3]	126.3	105.8	177.4	103.1	512.6
Client assets (CHF bn)	33.4	88.1	72.0	(2.8)	190.7
Net new money (CHF bn)	1.1	4.6	0.5	0.0	6.2
Capital expenditure	0.0	0.0	0.0	46.5	46.5
Employees (full-time equivalents)	339.6	261.8	343.2	433.0	1,377.6

1 The methodology to determine valuation adjustments for financial instruments that are assigned to level 2 in the fair value hierarchy defined by IFRS 13 was developed further in the second half of 2014. As a result, valuation adjustments were reduced by CHF 12.0 mn and credited to trading income.
2 In the financial year 2014, cumulative negative currency translation differences in the amount of CHF 9.0 mn were transferred from shareholders' equity to the income statement (item: "Other income"). This did not have any impact on consolidated comprehensive income and is mainly attributable to the discontinuation of the business activities of Bank Vontobel Österreich AG.
3 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 116.2 mn 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 337.0 mn from core capital for treasury shares is not included in the figures above.

Information on regions[1]	Switzerland CHF mn	Europe excl. Switzerland CHF mn	Americas CHF mn	Other Countries[2] CHF mn	Consoli-dation CHF mn	Total Group CHF mn
31-12-14						
Operating income related to external customers	459.2	170.4	174.0	80.8		884.4
Assets	12,559.7	478.4	195.8	6,799.4	(1,560.5)	18,472.8
Property, equipment and intangible assets	295.2	1.2	3.8	1.3		301.5
Capital expenditure	43.0	0.2	3.3	0.0		46.5

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

Subsidiaries and participations

Major fully consolidated companies	Registered office	Business activity	Currency	Paid-up share capital mn	Share of votes and capital in %
Vontobel Holding AG	Zurich	Holding	CHF	56.9	Parent company
Bank Vontobel AG	Zurich/Basel/Berne/ Geneva/Lucerne/Lugano	Bank	CHF	149.0	100
Bank Vontobel Europe AG	Munich/Frankfurt/ Hamburg/Cologne	Bank	EUR	40.5	100
Bank Vontobel (Liechtenstein) AG	Vaduz	Bank	CHF	20.0	100
Vontobel Asset Management AG	Zurich	Portfolio management	CHF	20.0	100
Vontobel Asset Management UK Holdings Ltd.	London	Holding	GBP	26.0	100
Vontobel Asset Management, Inc.	New York	Portfolio management	USD	6.5	100
Vontobel Asset Management Australia Pty. Ltd.	Sydney	Portfolio management	AUD	1.0	100
Vontobel Beteiligungen AG	Zurich	Holding	CHF	10.0	100
Vontobel Fonds Services AG	Zurich	Fund management	CHF	4.0	100
Vontobel Asset Management S.A.	Luxembourg/London/ Madrid/Milan/Vienna	Portfolio management	EUR	2.2	100
Vontobel Swiss Wealth Advisors AG	Zurich/Geneva/Dallas	Wealth management	CHF	0.5	100
Vontobel Securities AG	Zurich/New York	Brokerage	CHF	2.0	100
Vontobel Financial Products GmbH	Frankfurt	Issues	EUR	0.05	100
Vontobel Financial Products Ltd.	Dubai	Issues	USD	2.0	100
Vontobel Financial Products (Asia Pacific) Pte. Ltd.	Singapore	Distribution deritrade®	SGD	0.3	100
Vontobel Asset Management Asia Pacific Limited	Hong Kong	Financial Advisor	HKD	7.0	100
Vontobel Wealth Management (Hong Kong) Ltd.	Hong Kong	Wealth management	HKD	120.0	100
TwentyFour Asset Management LLP	London	Portfolio management	GBP	0.9	60

The share of voting rights held corresponds to the equity interest held.
Only the shares of Vontobel Holding AG are listed on the Swiss Exchange (SIX). Please see pages 2 and 240 for more detailed information.
In the case of regulated subsidiaries, part of the capital is not available for dividends or transfers due to regulatory requirements (e.g. Basel III). These restrictions do not have any material impact on Vontobel's activities.

Associated companies

Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	16.2

Companies fully consolidated for the first time

Company	Registered office	Business activity	Currency	Paid-up share capital mn	Share of votes and capital in %
Vontobel Asset Management AG	Zurich	Portfolio management	CHF	20.0	100
Vontobel Asset Management UK Holdings Ltd.	London	Holding	GBP	26.0	100
TwentyFour Asset Management LLP	London	Portfolio management	GBP	0.9	60
Finter Bank Zurich AG	Zurich	Bank	CHF	45.0	100

Participations removed from the scope of consolidation

Participation	Registered office	Reason for removal
Alternative Investment Solutions Ltd.	Grand Cayman	Liquidation
Finter Bank Zurich AG	Zurich	Merged with Bank Vontobel AG
Harcourt Alternative Investmtents (US) LLC	Wilmington/New York	Liquidation
Harcourt Investment Consulting AG	Zurich	Merged with Bank Vontobel AG
Stratus FoHF Liquidation Services Ltd.	Malta	Disposal
Vontobel Management S.A.	Luxembourg	Merged with Vontobel Asset Management S.A.
VT Investment (Zürich) AG	Zurich	Merged with Vontobel Beteiligungen AG
Vontobel Finanzverwaltungs GmbH	Salzburg	Merged with Bank Vontobel Europe AG

Notes to the consolidated financial statements
Statutory Banking Regulations

Vontobel's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). FINMA stipulates that banks domiciled in Switzerland that report their financial statements according to US GAAP or IFRS must explain any material differences between Swiss accounting regulations for banks (Banking Ordinance and FINMA Circular 2015/1, referred to hereinafter as "Swiss GAAP") and the reporting standard used. The most significant differences between IFRS and Swiss GAAP that are of relevance to Vontobel are as follows:

Financial assets available-for-sale

Under IFRS, financial assets available-for-sale will be measured at the fair value. Changes in the fair value will be recognized in other comprehensive income, until the financial asset is disposed of, or its value is deemed to be impaired. On the disposal of an available-for-sale financial asset, the income previously recognized in other comprehensive income is transferred to the income statement. As soon as a financial asset available-for-sale is deemed to be impaired, the cumulative unrealized loss previously entered in other comprehensive income will be reclassified to the income statement in the reporting period. Under Swiss GAAP, these kinds of financial assets are recorded at the lower of amortized cost or market. Impairment losses, any reversals of previously recognized impairment losses as well as profits and losses from disposals are recognized as "Other ordinary income".

Other financial assets and liabilities measured at fair value through profit and loss (Fair Value Option)

According to IFRS, under certain conditions financial instruments can be assigned to the Other financial assets or liabilities category measured at fair value through profit and loss. These financial assets and liabilities are carried at fair value in the balance sheet, and income from the financial instruments is recognized in the income statement. Swiss GAAP prescribes a narrower interpretation of the fair value option. It is intended primarily to prevent an accounting mismatch when recognizing structured products issued by the company itself. Changes in fair value due to a change in the Group's own credit risk are not recorded in the income statement.

Goodwill

IFRS stipulates that goodwill cannot be amortized and must, instead, be tested for impairment at least once annually. Under Swiss GAAP, goodwill is amortized on a straight-line basis over five years. In justified cases, the amortization period can be a maximum of 10 years.

Cash flow hedges

As part of its hedge accounting, Vontobel uses interest rate swaps as cash flow hedges. Under IFRS, the change in fair value of the effective portion of interest rate swaps is recognized in other comprehensive income. As soon as the hedged cash flows occur, cumulative unrealized income is transferred to the income statement. Under Swiss GAAP, the change in fair value of the effective portion of interest rate swaps is recognized in the compensation account. As soon as hedged cash flows occur, cumulative unrealized income is transferred to the income statement.

Pension funds

In principle, Swiss GAAP allows the relevant IFRS standard (IAS 19) to be applied. Unlike IAS 19, however, Swiss GAAP disallows entries not affecting the income statement.

Extraordinary profit

Under IFRS, all items of income and expense are allocated to ordinary operating activities. Under Swiss GAAP, items of income and expense are classified as extraordinary if they are not recurring and are not related to operating activities.

Other differences in presentation

Under IFRS, the consolidated financial statements comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of equity, the statement of cash flows and the notes. Under Swiss GAAP, there is no requirement to present a statement of comprehensive income. In addition, numerous other differences in presentation exist.

Number of personnel (total and full-time equivalents)

	Registered office	**31-12-15** Number	**31-12-15** FTE [1]	31-12-14 Number	31-12-14 FTE [1]
Fully consolidated companies					
Vontobel Holding AG	Zurich	6	5.4	7	5.8
Bank Vontobel AG	Zurich	1,070	1,012.1	1,143	1,081.7
Bank Vontobel Europe AG	Munich	78	74.5	80	76.4
Bank Vontobel (Liechtenstein) AG	Vaduz	16	13.2	14	11.4
Vontobel Asset Management AG	Zurich	151	146.6	n/a	n/a
Vontobel Asset Management, Inc.	New York	70	69.8	59	58.8
Vontobel Fonds Services AG	Zurich	10	9.0	10	9.0
Other Group companies		165	163.3	136	134.5
Total		**1,566**	**1,493.9**	1,449	1,377.6

1 Full-time equivalents

Further information on staff changes can be found in the "Sustainability at Vontobel" chapter on page 95ff.

Building a better
working world

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 4 February 2016

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Vontobel Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of equity, cash flow statement and notes (pages 116 to 222), for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Schwaller	Marco Amato
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Vontobel Holding AG

Vontobel Holding AG Review of business activities

Vontobel Holding AG, which is headquartered in Zurich, achieved a net profit of CHF 175.3 million in the financial year 2015, following a net profit of CHF 96.2 million in the previous year. This 82% increase was primarily attributable to higher income from participations. The holding company's income mainly stems from prior year profits, i.e. dividends distributed by its operational subsidiaries in Switzerland and abroad.

Operating income rose by 72% to CHF 213.8 million, since most Swiss and foreign subsidiaries paid significantly higher dividends to Vontobel Holding AG in the year under review. Over the same period, there was a 9% increase in personnel and general expense to a total of CHF 22.1 million. In accordance with the revised Swiss law on accounting and reporting that has entered into effect, participations must now be valued individually rather than according to the group valuation principle that previously applied. The new regulations resulted in net value adjustments on participations of CHF –10.7 million (2014: CHF –7.1 million).

The Board of Directors of Vontobel Holding AG will propose the distribution of a dividend of CHF 1.85 per registered share to the General Meeting of Shareholders of 19 April 2016. This represents an increase of 19% compared to the dividend of CHF 1.55 per registered share in the previous year. Following the CHF 8.125 million capital reduction completed on 4 September 2015, the company's share capital totalled CHF 56.875 million as of 31 December 2015, consisting of 56,875,000 registered shares with a par value of CHF 1.00 each. Of this total, 55,653,609 shares were entitled to a dividend as of the balance sheet date.

Key figures

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Net profit	**175.3**	96.2	79.1	82
per registered share in CHF[1]	**3.15**	1.72	1.43	83
Dividend in percent of share capital	**185**[2]	155		
per registered share in CHF	**1.85**[2]	1.55	0.30	19
Shareholders' equity (before distribution of profits)	**769.2**	697.1	72.1	10
per registered share in CHF[1]	**13.82**	12.46	1.36	11
Operating income	**213.8**	124.5	89.3	72
Dividend income from participations	**190.9**	112.9	78.0	69
Personnel and general expense	**22.1**	20.2	1.9	9
Depreciation and value adjustments	**10.7**	7.1	3.6	51
Financial expense	**1.4**	1.4	0.0	0
Operating income before taxes	**177.6**	96.6	81.0	84
Total assets	**1,130.7**	1,146.7	(16.0)	(1)
Share capital	**56.9**	65.0	(8.1)	(12)
Participations	**1,072.6**	1,137.5	(64.9)	(6)
Average return on equity in %	**25.4**	12.0		

1 Basis: dividend-bearing shares as per end of year
2 As per the proposal submitted to the General Meeting

Vontobel Holding AG
Income statement

Income statement	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Dividend income from participations	**190.9**	112.9	78.0	69
Securities income, fee and commission income and trading income	**20.7**	10.2	10.5	103
Other ordinary income	**0.0**	1.4	(1.4)	(100)
Gains on the sale of financial investments	**2.2**	0.0	2.2	
Operating income	**213.8**	124.5	89.3	72
Securities and fee and commission expense	**0.1**	0.1	0.0	0
Other ordinary expense	**3.0**	0.3	2.7	900
Operating expense	**3.1**	0.4	2.7	675
Net operating income	**210.7**	124.1	86.6	70
Personnel costs	**7.2**	5.6	1.6	29
Employee benefits and pension fund	**0.7**	0.5	0.2	40
Personnel expense	**7.9**	6.1	1.8	30
Occupancy expense, furniture and equipment	**0.3**	0.2	0.1	50
PR, marketing, annual report, consulting and audit fees	**12.2**	13.3	(1.1)	(8)
Other business and office expenses	**1.7**	0.6	1.1	183
General expense	**14.2**	14.1	0.1	1
Operating income before financial income, taxes, depreciation and value adjustments	**188.6**	103.9	84.7	82
Impairments on participations	**47.9**	8.5	39.4	464
Reversal of impairments on participations	**(37.2)**	(1.4)	(35.8)	
Depreciation and value adjustments	**10.7**	7.1	3.6	51
Operating income before financial income and taxes	**177.9**	96.8	81.1	84

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Operating income before financial income and taxes	**177.9**	96.8	81.1	84
Interest income, Group companies	**0.9**	1.1	(0.2)	(18)
Interest income	**0.9**	1.1	(0.2)	(18)
Foreign exchange income	**0.2**	0.1	0.1	100
Financial income	**1.1**	1.2	(0.1)	(8)
Interest expense, Group companies	**1.4**	1.4	0.0	0
Interest expense	**1.4**	1.4	0.0	0
Financial expense	**1.4**	1.4	0.0	0
Operating income before taxes	**177.6**	96.6	81.0	84
Ordinary income before taxes	**177.6**	96.6	81.0	84
Extraordinary/one-off income or income unrelated to the reporting period	**1.1**	0.0	1.1	
Extraordinary/one-off income and income unrelated to the reporting period	**1.1**	0.0	1.1	
Net profit for the year before taxes	**178.7**	96.6	82.1	85
Direct taxes	**3.4**	0.4	3.0	750
Net profit for the year	**175.3**	96.2	79.1	82

Vontobel Holding AG
Balance sheet

Assets	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Current assets				
Current accounts banks, Group companies	**4.9**	4.8	0.1	2
Total cash and short-term holdings of assets with a market price	**4.9**	4.8	0.1	2
Other short-term receivables	**0.2**	0.1	0.1	100
Accrued income and prepaid expenses	**0.3**	0.3	0.0	0
Total current assets	**5.4**	5.2	0.2	4
Non-current assets				
Financial assets, Group companies	**52.7**	4.0	48.7	
Participations	**1,072.6**	1,137.5	(64.9)	(6)
Total non-current assets	**1,125.3**	1,141.5	(16.2)	(1)
Total assets	**1,130.7**	1,146.7	(16.0)	(1)
of which subordinated assets due from Group companies	**4.0**	4.0	0.0	0

Liabilities and Shareholders' equity

	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Liabilities				
Current liabilities				
Due to banks, Group companies	**315.7**	413.0	(97.3)	(24)
Short-term interest-bearing liabilities	**315.7**	413.0	(97.3)	(24)
Other short-term liabilities	**6.7**	6.3	0.4	6
Accrued expenses and deferred income	**1.4**	0.6	0.8	133
Total current liabilities	**323.8**	419.9	(96.1)	(23)
Long-term liabilities				
Long-term interest-bearing liabilities	**0.0**	0.0	0.0	
Other long-term liabilities	**12.7**	4.7	8.0	170
Provisions	**25.0**	25.0	0.0	0
Total long-term liabilities	**37.7**	29.7	8.0	27
Total liabilities	**361.5**	449.6	(88.1)	(20)
Shareholders' equity				
Share capital	**56.9**	65.0	(8.1)	(12)
Reserves from capital contributions	**0.8**	0.8	0.0	0
Statutory capital reserve	**0.8**	0.8	0.0	0
General statutory retained earnings	**32.2**	339.4	(307.2)	(91)
Reserves for treasury shares	**41.5**	30.6	10.9	36
Statutory retained earnings	**73.7**	370.0	(296.3)	(80)
Retained earnings, statutory and approved by resolution	**0.0**	0.0	0.0	
Retained earnings brought forward	**516.0**	468.9	47.1	10
Net profit for the year	**175.3**	96.2	79.1	82
Voluntary retained earnings	**691.3**	565.1	126.2	22
Own shares of capital	**(53.5)**	(303.8)	250.3	
Total shareholders' equity	**769.2**	697.1	72.1	10
Total liabilities and shareholders' equity	**1,130.7**	1,146.7	(16.0)	(1)

Notes to the financial statements

Name, legal form and domicile of the company

Vontobel Holding AG, Zurich
The nominal capital amounts to CHF 56,875 mn, consisting of 56,875 mn registered shares with a par value of CHF 1.00 each (previous year: nominal capital of CHF 65 mn, 65 mn registered shares).

Easing of requirements for the notes to the separate financial statements of Vontobel Holding AG

Vontobel prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). Consequently, Vontobel Holding AG is exempt from numerous disclosure requirements in the statutory separate financial statements.

Applied accounting principles

General principles

The accounting principles are based on the requirements set out in the Swiss Code of Obligations. In the transition to the new accounting regulations, the figures for the previous year were reclassified to improve readability but were not restated.

Transactions concluded as of the balance sheet date are recorded on a daily basis. Spot transactions concluded but not yet settled as of the balance sheet date are recognized according to the trade date principle. To ensure that the principle of substance over form is applied, all expenses and income are recognized on an accrual basis up to the balance sheet date.

In valuations, the more prudent of two available values is always taken into account. Valuations are performed based on the assumption that the company will continue to operate as a going concern.

In principle, the offsetting of assets and liabilities or of expense and income is not carried out (except in the case of transactions of the same type with the same counterparty, the same maturity and the same currency that cannot lead to a counterparty risk).

Foreign currency transactions during the year are converted at the applicable exchange rate on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated at the closing exchange rates, and unrealized exchange differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated at the historical exchange rate.

Other principles

Securities in current assets are valued at the current market value.

The item "Other short-term receivables" includes all receivables from Vontobel companies and third parties. It is valued at nominal value less any value adjustments for identified risks.

The item “Non-current assets” includes all participations, property and equipment, and intangible assets, as well as financial assets with a residual term of over one year. Property and equipment as well as intangible assets are valued at acquisition costs less any depreciation. They are depreciated on a straight-line basis over their estimated useful life. Financial assets are valued at nominal value less any value adjustments for identified risks. Participations are valued according to the individual valuation principle. The value of participations is determined based in particular on calculations of the net asset value and income value, while also taking account of fluctuations in exchange rates. If the calculated value is lower than the previously stated value, an impairment is recognized in the income statement. A reversal of the impairment up to the acquisition cost is also recognized in the income statement.

The item “Short-term liabilities” includes all liabilities on demand and fixed-term liabilities at Swiss and foreign banks and non-banks. The items “Accrued income and deferred expenses” and “Accrued expenses and deferred income” include all assets and liabilities resulting from the accrual of interest and other income and expenses. Amounts not due for payment until the following year, such as taxes, performance-based compensation components or audit fees, are charged to the year in which they originated in accordance with the accrual principle.

The item “Long-term liabilities” includes liabilities with a residual term of over one year as well as provisions.

The company’s nominal share capital is recognized in “Share capital”. The item “Statutory capital reserves” comprises capital paid in by shareholders as well as premiums. The item “Statutory retained earnings” includes capital generated by the company and that is increased annually in accordance with legislative and regulatory requirements. The item “Reserves for treasury shares” corresponds to the registered shares of Vontobel Holding AG held by subsidiaries, which are valued at the acquisition price. In the item “Own shares of capital”, registered shares held by Vontobel Holding AG as treasury shares are deducted from shareholders’ equity at the acquisition price. Income from the sale of treasury shares is recognized in the income statement.

The expense for shares of Vontobel Holding AG that are allotted to employees as part of the annual bonus (bonus shares) are charged to personnel expense in the year in which the relevant performance was delivered. The expense for shares of Vontobel Holding AG that are allotted to employees as part of the long-term share participation plan (performance shares) are charged to personnel expense on a pro rata temporis basis over the vesting period. Liabilities arising from shares that have not yet been allotted are recognized at market value in the item “Accrued expenses and deferred income”. Refer to the Compensation Report, page 61ff., for further information.

Net release of hidden reserves and replacement reserves
No significant amount of hidden reserves was released. There are no replacement reserves.

Due from and to governing bodies	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Due from governing bodies	**0.0**	0.0	0.0	
Due to governing bodies	**4.3**	5.1	(0.8)	(16)

For information on compensation awarded to members of the Board of Directors and the Executive Board as well as their shareholdings, refer to the Compensation Report, page 61ff.

For information on loans to governing bodies, refer to the consolidated financial statements, note 30

Direct taxes	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Income tax	**3.0**	0.0	3.0	
Tax on capital	**0.4**	0.4	0.0	0
Total	**3.4**	0.4	3.0	750
Status of tax assessment	**2012**	2012		

Bonds
In the financial years 2015 and 2014, there were no bonds or convertible bonds outstanding.

Collateral provided for liabilities of third parties and contingent liabilities	31-12-15 CHF mn	31-12-14 CHF mn	Change to 31-12-14 CHF mn	in %
Guarantees	**0.0**	0.0	0.0	
Pledges	**0.0**	0.0	0.0	
Collateral assignments	**0.0**	0.0	0.0	
Guarantee commitments	**5,266.6**	6,528.7	(1,262.1)	(19)
Total	**5,266.6**	6,528.7	(1,262.1)	(19)
of which guarantee commitments for Group companies	**4,912.3**	6,201.0	(1,288.7)	(21)

Guarantee commitments mainly encompass guarantees for certificates issued as well as letters of comfort in favour of Group companies.

The company forms part of Vontobel's Swiss value added tax (VAT) group and has a joint liability to the tax authorities for the VAT liabilities of the entire Group.

Assets used as collateral for own liabilities and assets to which title has been reserved
As of 31-12-2015, assets totalling CHF 4.9 mn (31-12-14: CHF 308.6 mn) were used as collateral to secure own liabilities to subsidiaries.

Liabilities under employee benefit schemes
Insurance contributions that have not yet been settled totalled CHF 91,832 as of 31-12-15 (31-12-14: CHF 14,667).

Vontobel Holding AG did not draw any credits from employee benefit schemes.

Participations
For information on the principal participations, refer to the consolidated financial statements on page 220.

Major shareholders and participations held by governing bodies
For information on shareholders pursuant to Art. 663c of the Swiss Code of Obligations, refer to the consolidated financial statements, page 33, and the Compensation Report, pages 61ff.

Participation rights and options
For information on allotted participation rights from the share participation plan, refer to the Compensation Report, pages 61ff.

Full-time equivalents
In the year under review and the previous year, the annual average number of full-time positions was less than 10 FTEs (full-time equivalents). For further information, refer to the consolidated financial statements, page 223, and the Sustainability Report, pages 95ff.

Acquisition, sale and holdings of treasury shares
For information on the acquisition, sale and holdings of treasury shares, including transactions and holdings in the case of subsidiaries, refer to the consolidated financial statements, note 28.

In accordance with the resolution of the General Meeting of Shareholders of 28 April 2015 to carry out a capital reduction, 8,125,000 treasury shares were cancelled in the year under review.

Repurchase agreements are in place for 5,000 registered shares of Vontobel Holding AG at a price of CHF 41.53 per share (previous year: 18,800 registered shares).

Amount of the authorized or conditional capital increase
See the consolidated financial statements, note 28.

Further details
See the consolidated financial statements, pages 115 to 222.

Events after the balance sheet date
No events have occurred since the balance sheet date that affect the relevance of the information provided in the year 2015 financial statements and would therefore need to be disclosed.

Proposal of the Board of Directors

Proposal of the Board of Directors

The Board of Directors is submitting the following proposal for the distribution of profit at the annual General Meeting of Shareholders on 19 April 2016:

	CHF mn
Net profit for the year	175.3
Retained earnings prior year	516.0
Total retained earnings	**691.3**
Dividend 185% (share capital ranking for dividend CHF 55.7 mn)[1]	**103.0**
Allocation to general statutory retained earnings	0.0
Allocation to retained earnings, statutory and approved by resolution	50.0
Carried forward to the new accounting period	538.3
Total retained earnings	**691.3**

1 As at 31-12-15. The exact amount will be determined at the dividend payment date in April 2016.

Dividend payment

If the proposal is approved, the dividend will be distributed as follows:

Dividend per registered share with a par value of CHF 1.00 (in CHF)	1.85
Coupon no.	16
Ex-dividend date	21 April 2016
Record date	22 April 2016
Payment date	25 April 2016

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 4 February 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Vontobel Holding AG, which comprise the income statement, balance sheet and notes (pages 33, 73 to 81 and 230 to 237), for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Schwaller	Marco Amato
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Information for shareholders

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

Moody's Ratings

Bank Vontobel AG	
Long-term deposit rating	Aa3
Short-term deposit rating	Prime-1
Long-term counterparty risk assessment	A2 (cr)
Short-term counterparty risk assessment	Prime-1 (cr)
Vontobel Holding AG	
Long-term rating (issuer rating)	A3

Financial calendar

Annual General Meeting 2016	19 April 2016
Publication half-year results 2016	26 July 2016
Annual General Meeting 2017	4 April 2017

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

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