

Vontobel full-year results 2017

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CEO
13 February 2018

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Overview

Highlights

Full-year results 2017

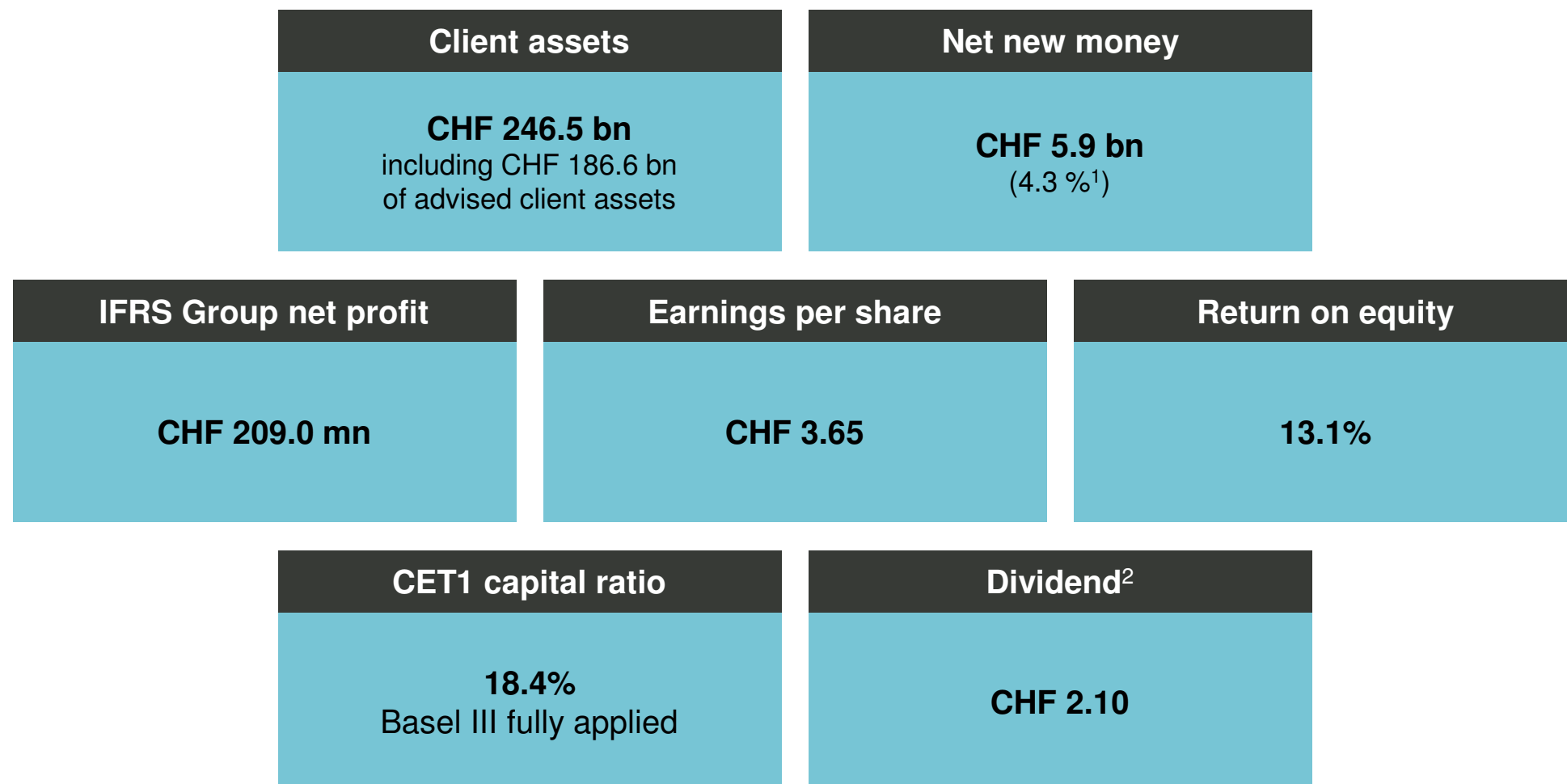
Strategy update

Outlook

Questions and answers

Client assets reach record high – Vontobel delivers robust net profit – highest dividend in the history of Vontobel

Key figures as of 31 December 2017



¹ Growth in AuM attributable to NNM

² As per proposal submitted to the General Meeting of Shareholders (18 April 2018)

Significant investment in new markets, talent, technology and brand in order to drive future growth

Clients continue to endorse our products and services

- Combined Wealth Management¹ delivered strong investment performance and saw significant demand for its discretionary/advisory services, rewarding our investment-led value proposition – NNM growth of 4.7%
- Impressive NNM inflows of 6.8%² or CHF 6.3 bn in Asset Management in last three quarters of 2017
- Further market share gains in Europe by Financial Products

Vontobel enters new markets in North America, Europe and Asia

- Financial Products made its debut in further markets in Europe at the beginning of 2017 and entered the world's largest market for leverage products in Hong Kong in September
- Asset Management entered US market with Fixed Income, starting with TwentyFour Asset Management

Vontobel invests in talent across all its core activities

- Number of employees in front units has increased by 167.5 FTEs since end-2015

Vontobel leverages technology for the benefit of clients

- Continuous push towards state-of-the-art client journeys

Vontobel sharpened brand positioning

- Sharpening of Vontobel's identity
- Launch of redefined corporate design as a visual expression of our identity
- Creation of brand excitement amongst our clients – number of visitors to our website up 20%

¹ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

² Not annualized

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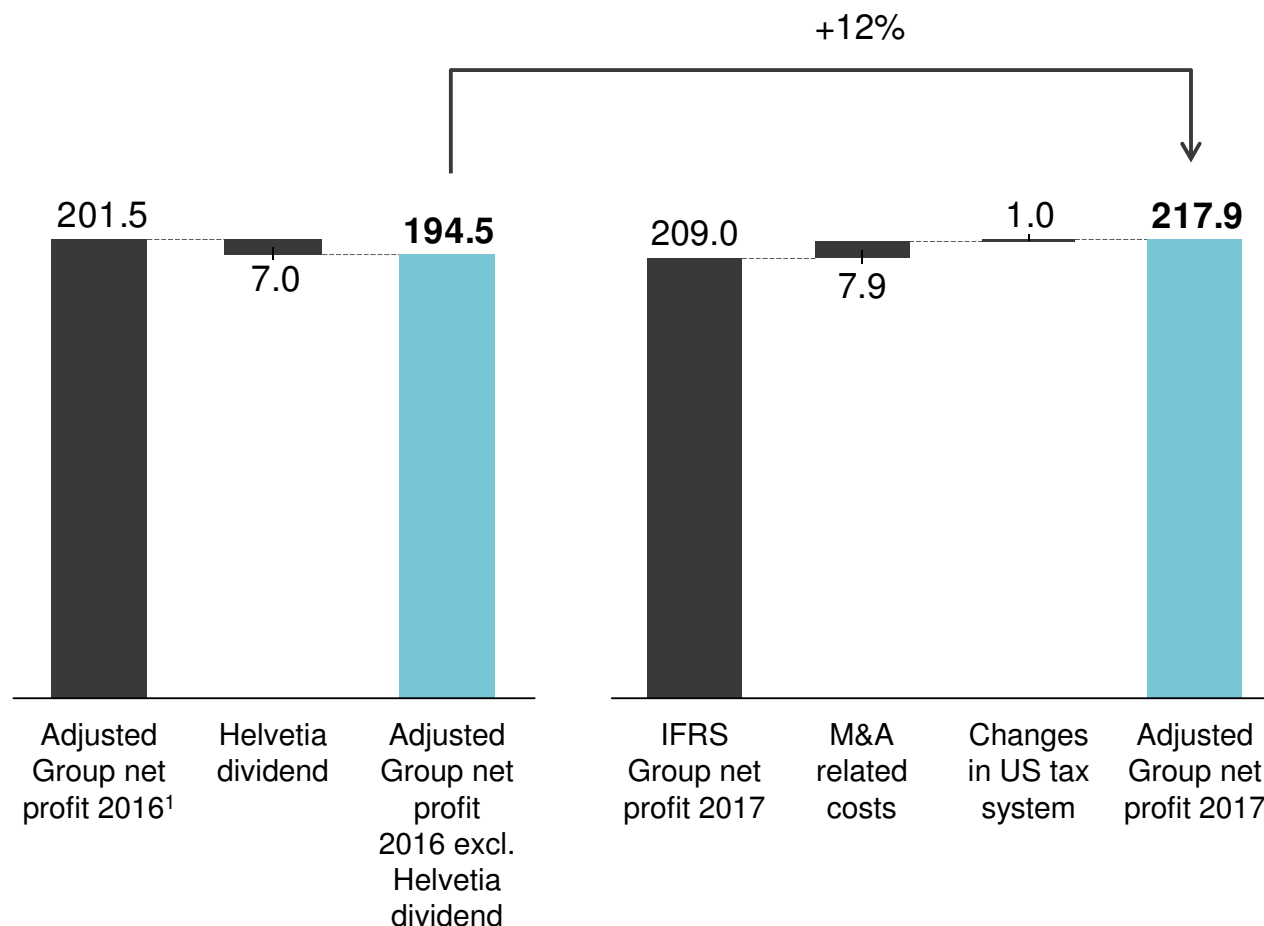
Outlook

Questions and answers

Vontobel delivers robust 2017 result

13 February 2018

Group net profit (CHF mn)



Comments

- Vontobel focused its capital on its own operations and sold its 4% stake in Helvetia – meaning it no longer receives a dividend from Helvetia (2016 dividend: CHF 7.0 mn after tax²)
- M&A related costs of CHF 7.9 mn³ incurred in 2017
 - Integration of Vescore
 - Acquisition and integration of client portfolio from Notenstein La Roche
- One-off tax charge of CHF 1.0 mn in 2017 due to changes in US tax system – positive effect of 2-3 percentage points on tax rate expected going forward on a like-for-like basis
- On an adjusted basis, Group net profit increased by 12% to CHF 217.9 mn

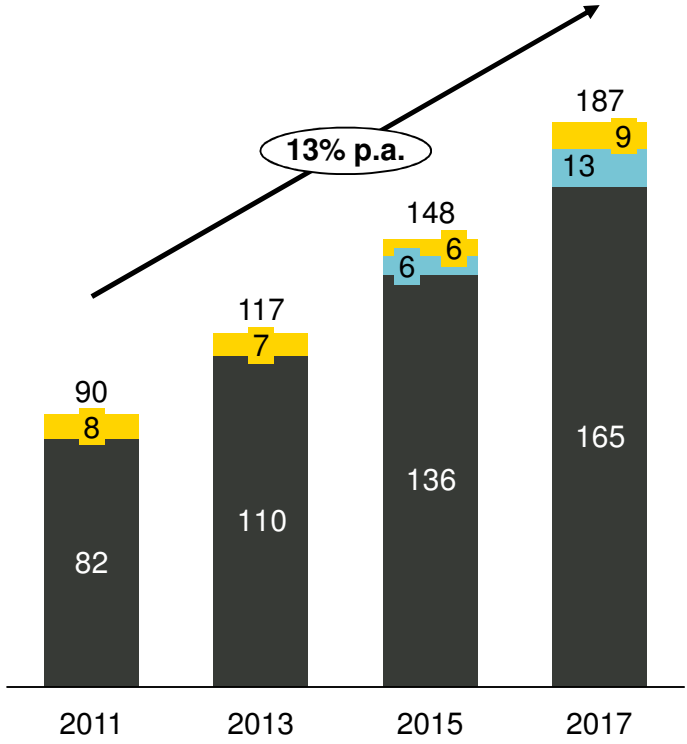
¹ IFRS reported CHF 264.4 mn

² CHF 7.6 mn before tax

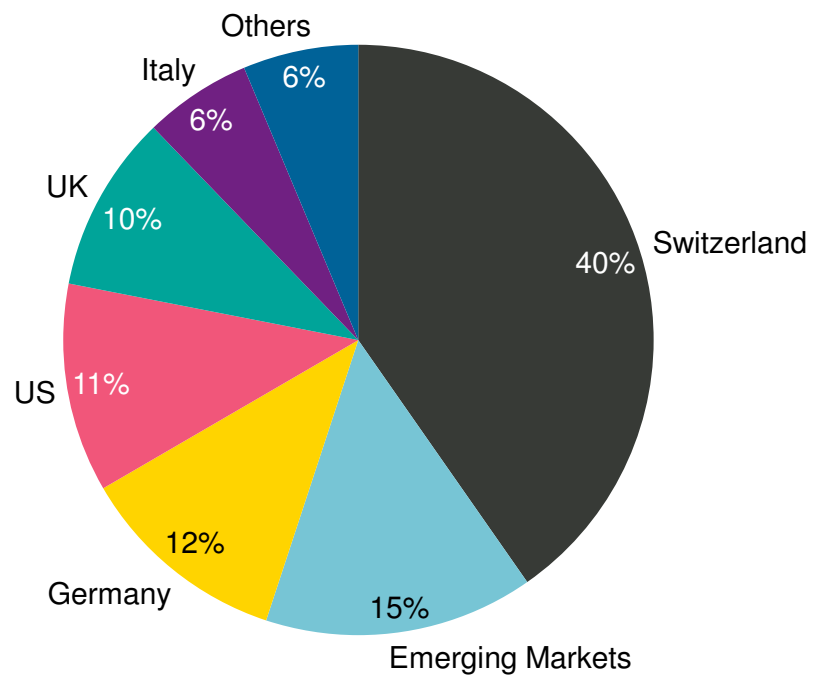
³ CHF 9.8 mn before tax

Advised client assets reach record high at CHF 187 billion

Advised client assets (CHF bn, end of period)



Advised client assets by client domicile (end-2017)

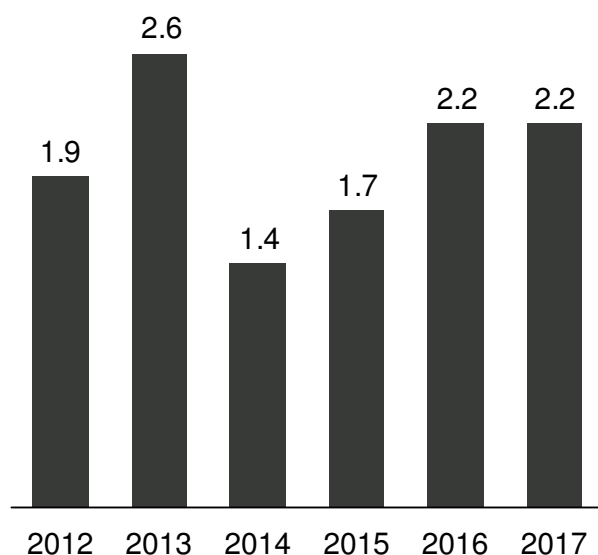


■ Structured products ■ Assets under management
■ Other advised client assets

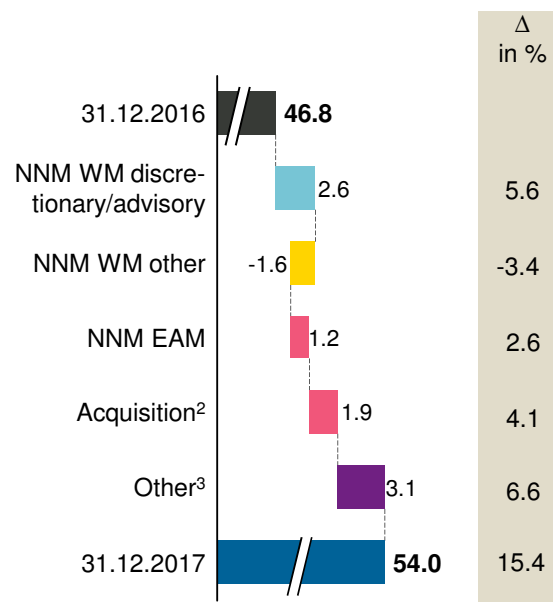
Shift in Combined Wealth Management¹ asset base towards discretionary/advisory and increased margin in 2H17

Net new money (CHF bn)

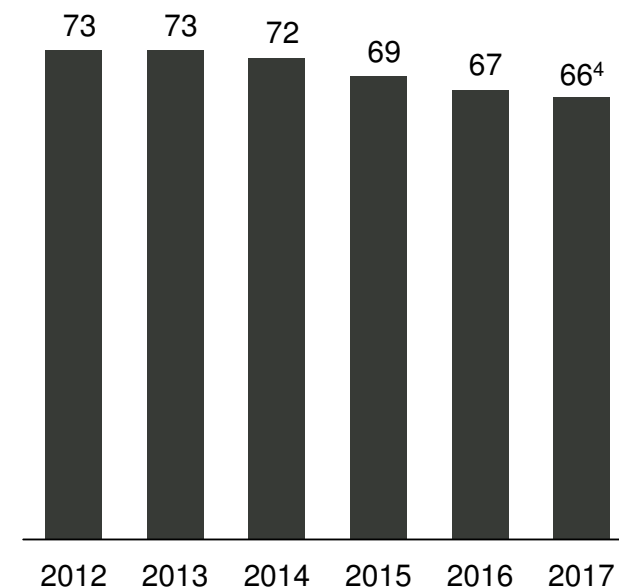
5.3% 7.8% 3.7% 4.4% 5.3% 4.7%



Development of AuM (CHF bn)



Gross margin on AuM (bps)



- Significant net inflows of CHF 2.2 bn include shift towards discretionary/advisory
- Broad-based inflows with significant contributions from Switzerland, Germany and Italy

- Acquisition of client portfolio from Notenstein La Roche successfully completed in December
- Focusing of business model in Wealth Management by transferring Vontobel Liechtenstein to Kaiser Partner – transaction expected to close in 1Q18

- Margin remains unchanged at 66 bps compared to 1H17
- Margin slightly higher in 2H17 compared to 2H16
- However, margin still affected by large share of cash and negative interest rates

¹ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

² Client portfolio from Notenstein La Roche

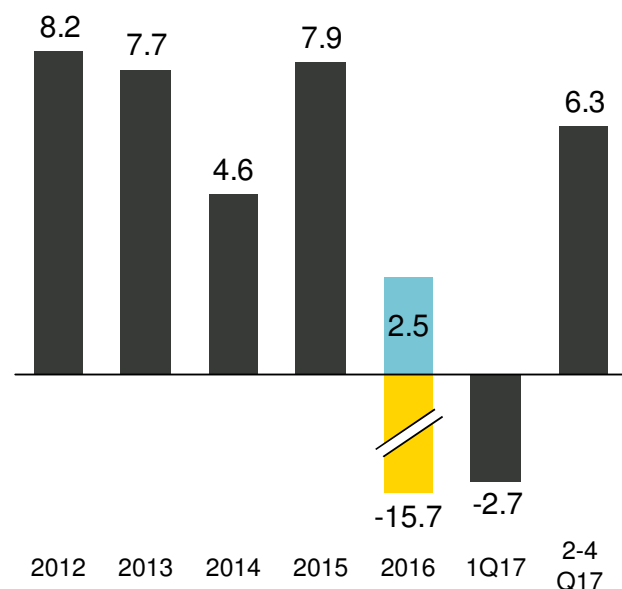
³ FX (CHF 0.6 bn), performance (CHF 3.0 bn) and reclassification of certain assets (CHF -0.5 bn) that are not held for investment purposes

⁴ Of which 51 bps are commission driven, including 37 bps from recurring fee income

Asset Management with impressive growth in net new money of 6.8%¹ over last 9 months of 2017 and record result in 2H17

Net new money (CHF bn)

17.7% 12.5% 6.9% 9.4% 5.7%² -2.9%¹ 6.8%¹



- Net new money has been positive in each quarter since 2Q17
- Strong net inflows in Fixed Income, TwentyFour AM, Vescore and Thematic Investing

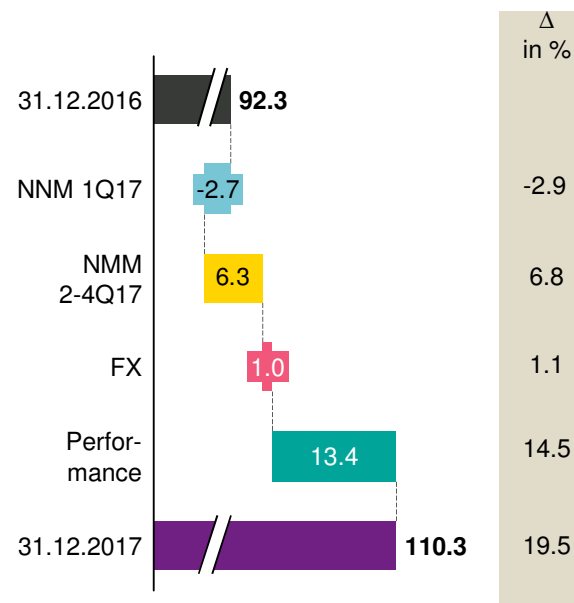
■ Total Asset Management ■ Asset Management excl. Quality Growth
 ■ Quality Growth boutique

¹ Not annualized

² Excluding net new money of Quality Growth boutique

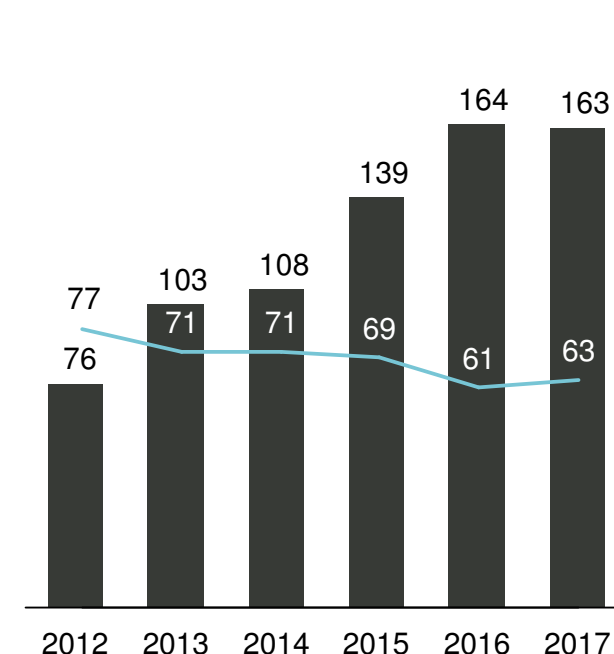
³ Net of fees

Development of AuM (CHF bn)



- All investment boutiques reported asset growth in year under review
- Growth of asset base also driven by strong investment performance – 73% of our products outperformed their benchmark³

Pre-tax profit and CIR (CHF mn; %)

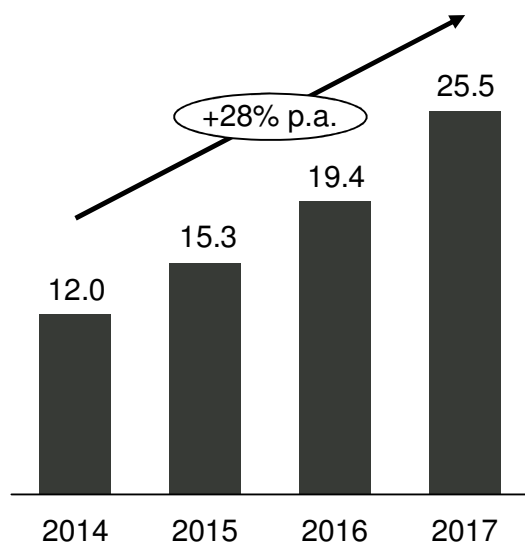


- Gross margin of 44 bps, plus 1 bp compared to 1H17. 1 bp from performance fees
- Record pre-tax profit of CHF 93 mn in 2H17
- Vescore fully integrated and already contributing positively to pre-tax profit

■ Pre-tax profit (CHF mn) — Cost/income ratio (%)

Financial Products expanding successfully in Europe and Asia – increased turnover of own products and on deritrade® MIP

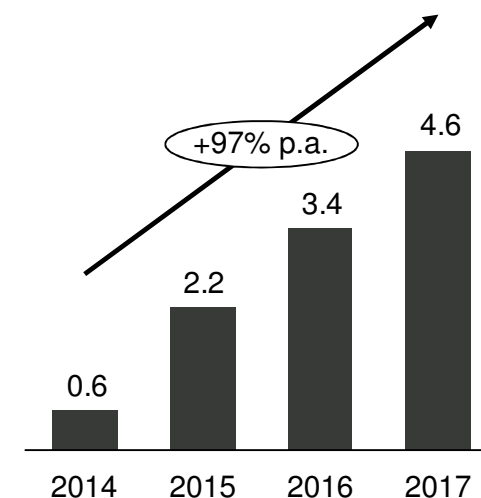
Turnover in listed and non-listed Vontobel products¹ (CHF bn)



Listed products in Europe and Asia (2017)

MARKET	RANK	MARKET SHARE	
		TURNOVER	# TRADES
Switzerland ²	#1	27.0%	44.1%
Germany ²	#4	9.7%	10.4%
Nordics ^{3/4}	#2	36.4%	32.5%
Italy ⁴	#4	6.9%	7.7%
France ⁴	#7	0.7%	1.2%
Netherlands ⁴	#7	0.7%	1.4%
Europe		10.4%	11.9%
Hong Kong⁴		0.7%	-

Notional volume issued on deritrade® MIP (CHF bn)



- Vontobel grew turnover through significant market share gains on exchanges, by entering France, Netherlands and Hong Kong markets and by increasing issuance through platform business
- Shortening maturity of products also drove up volumes
- Market share on European exchanges grew to 10.4% from 8.8% in 2016
- Turnover in Asia reached CHF 5.7 bn – franchise in Hong Kong with profitable run-rate already in November, i.e. two months after launch

Numerous distributors

- 54 banks (46 banks at end-2016)
- >500 external asset managers (>450 at end-2016)

2 collaboration agreements in place

- UBS Wealth Management
- Raiffeisen

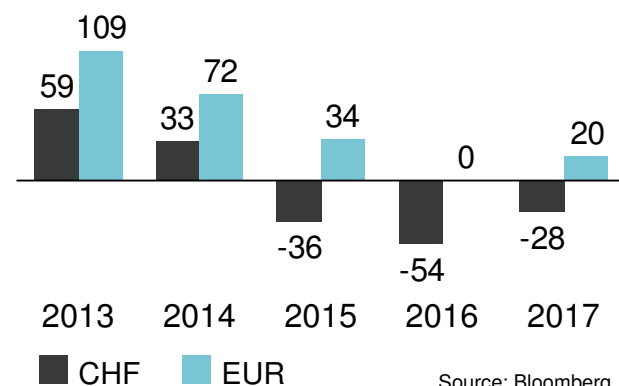
¹ Notional volume issued and volume traded; now including Asia ² Investment and leverage product
³ Sweden and Finland (NGM) ⁴ Leverage products

Corporate Center impacted by low interest rates and focusing of capital on operating business – operating expense stable

Treasury revenues

- Low interest rates continue to negatively impact Treasury’s interest income, as higher yielding bonds expire

Swap rates (5 years, yearly average, in bps)



- In 2016, Vontobel focused its capital on its own operations and sold its 4% stake in Helvetia
- Vontobel no longer receives a dividend from Helvetia; in 2016, the dividend contributed CHF 7.0 mn to Group net profit

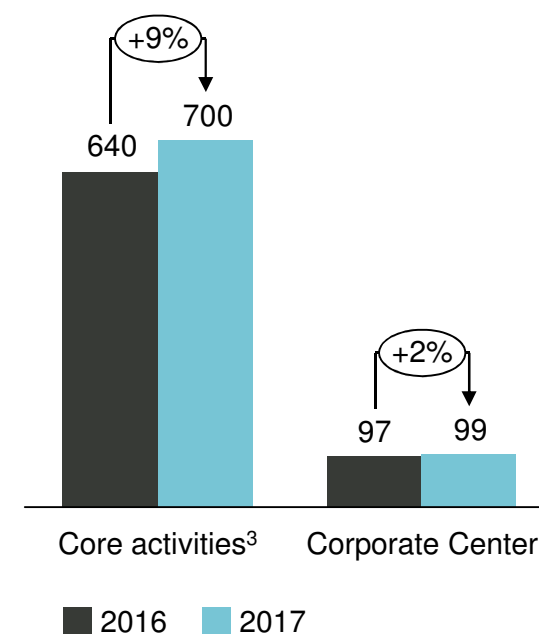
Mergers & acquisitions

- Vontobel acquired Vescore in the context of the extended partnership with Raiffeisen in 2016
- Vescore already contributing positively to net new money and pre-tax profit – ahead of expectations
- Vontobel acquired Eastern European client portfolio from Notenstein La Roche in 2017 (around CHF 2 bn in AuM)
- Vontobel focused its business model in Wealth Management at end-2017 by transferring Vontobel Liechtenstein to Kaiser Partner (CHF 1.4 bn in AuM; closing expected in 1Q18¹)
- Total M&A related costs had negative impact of CHF 7.9 mn on Group net profit

Operating expense

- Operating expense in Corporate Center increased by only 2%, demonstrating underlying scalability of operating platform

Operating expense² (in CHF mn)



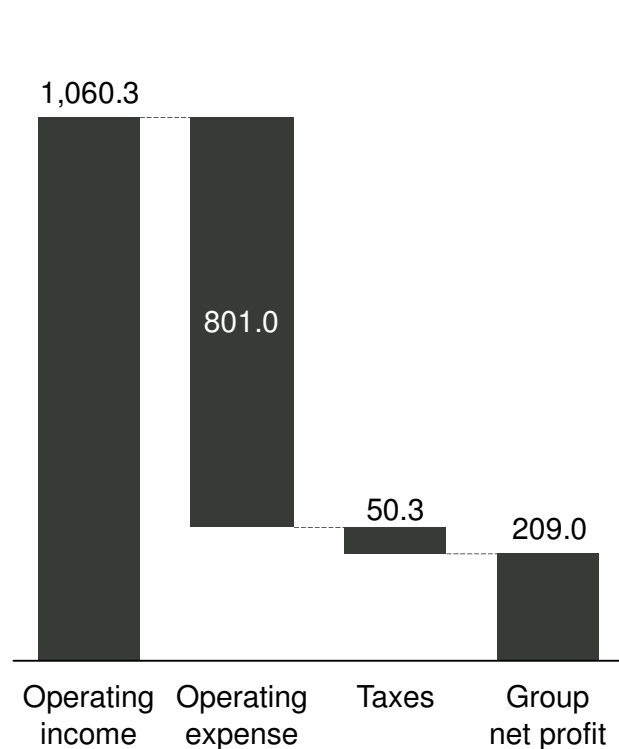
¹ Subject to regulatory approval being granted

² Operating expense excluding valuation adjustments, provisions and losses

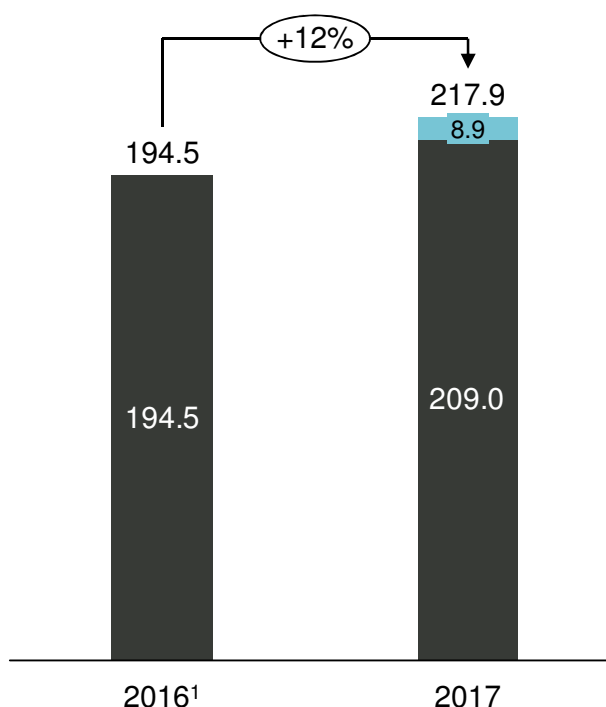
³ Combined Wealth Management, Asset Management and Financial Products

Vontobel delivered Group net profit of CHF 209.0 million while making further investments in future growth

Breakdown of 2017 net profit
(CHF mn)



Comparison with net profit in previous year (CHF mn)



Comments

- Excluding proceeds from sale of Helvetia stake in 2016, operating income rose 9% to CHF 1,060.3 mn
- Significant investments in new markets, talent, technology and brand led to higher operating expenses
- Number of FTEs grew marginally (+1%) from 1,674 to 1,688, including around 10 FTEs from the acquisition of the client portfolio of Notenstein La Roche

■ M&A related costs and changes in US tax system
■ Group net profit¹

¹ 2016: Adjusted Group net profit excl. Helvetia dividend

² Corporate Finance is reported under the core activity Financial Products

Vontobel increases operating income by 9% and Group net profit by 12% on an adjusted basis despite investment in growth

13 February 2018

Development of key figures

	2016	2017	Δ
Operating income (CHF mn)	1081.1	1060.3	-2%
<i>adjusted</i> ¹	971.5	1060.3	+9%
Operating expense (CHF mn)	759.8	801.0	+5%
Profit before taxes (CHF mn)	321.3	259.3	-19%
Group net profit (CHF mn)	264.4	209.0	-21%
<i>adjusted</i> ²	194.5	217.9	+12%
Cost/income ratio (%)	68.2	75.3	+7.1 pp
<i>adjusted</i> ²	75.8	74.5	-1.3 pp
Basic earnings per share (CHF)	4.72	3.65	-23%
<i>adjusted</i> ²	3.45	3.82	+11%
Return on equity (%)	18.0	13.1	-4.9 pp
CET1 capital (CHF mn)	1018.4	1098.6	8%
Risk weighted positions (CHF mn)	5360.8	5955.6	11%
CET1 ratio (%; Basel III fully applied)	19.0%	18.4%	-0.6 pp
Average LCR ³ (%; liquidity coverage ratio)	218%	182%	-47 pp

Comments

- Operating income grew by 9%, adjusted for sale of Helvetia stake in 2016
- Operating expense increased due to growth of business and investments in new markets, talent, technology and brand
- Group net profit increased by 12% on an adjusted basis
- Risk-weighted positions increased due to organic growth and integration of Eastern European client portfolio from Notenstein La Roche at end-2017
- At 18.4%, CET1 ratio substantially exceeds regulatory requirements
- LCR of 182% significantly above FINMA requirements (80% in 2017, 90% in 2018 and 100% from 2019)

¹ 2016: Income adjusted for sale of Helvetia stake and Helvetia dividend

² 2016: Adjusted Group net profit 2016 excl. Helvetia dividend; 2017: Excluding M&A related costs and changes in US tax systems

³ Average over 2017

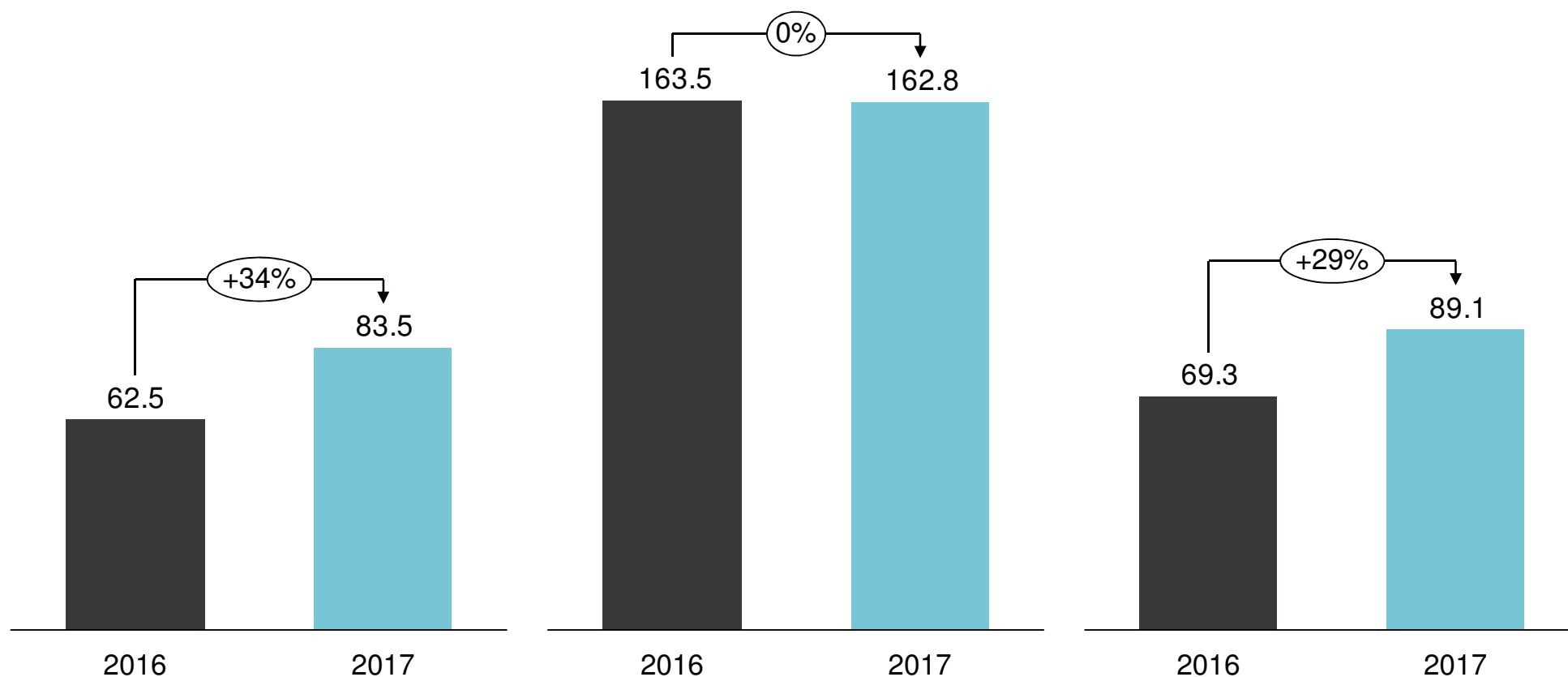
Asset Management is most important earnings driver – Wealth Management and Financial Products increase pre-tax profit

Pre-tax profit of core activities (IFRS, CHF mn)

Combined Wealth Management¹

Asset Management

Financial Products

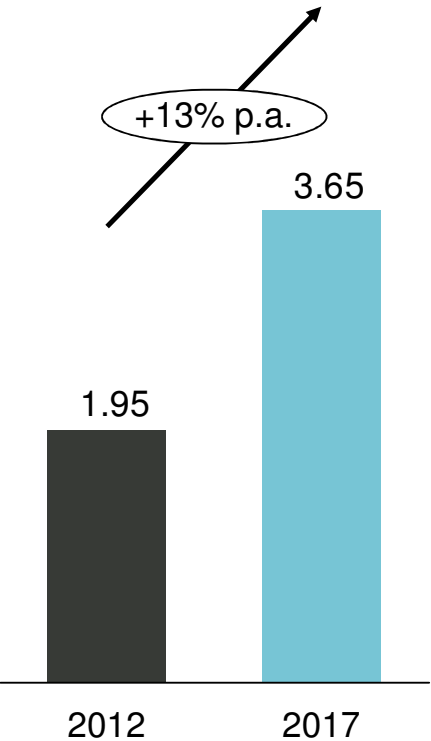


¹ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

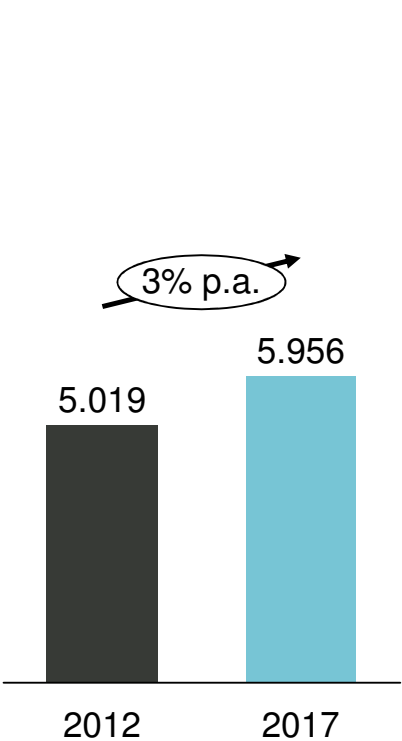
Focus on capital-light business models leads to strong growth with little incremental risk – ample capital for acquisitions

Focus on capital-light business models

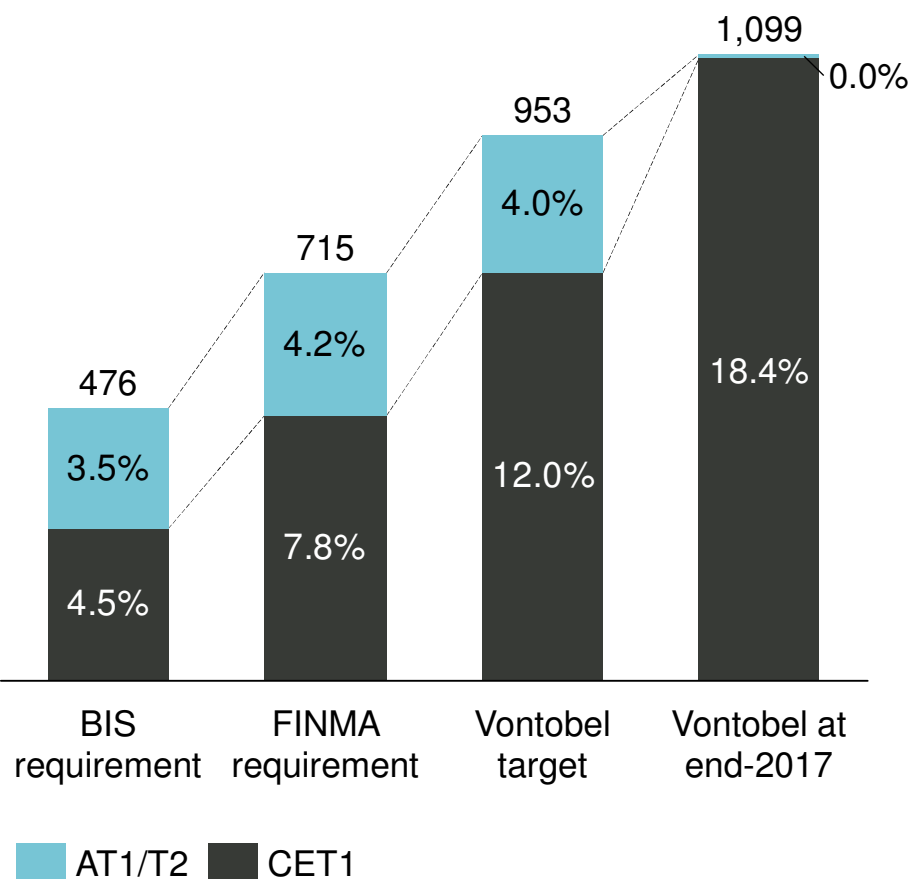
Earnings per share (in CHF)



Risk-weighted positions (in CHF mn)



Regulatory capital (CHF mn; Basel III fully applied)



Overview

Highlights

Full-year results 2017

Strategy update

Outlook

Questions and answers

Vontobel is focused on solidly growing markets and is delivering value through a distinctive first-class offering

Wealth management

- Strong growth of HNWI population and HNWI wealth to continue
- Vontobel aspires to be the leading Swiss wealth manager

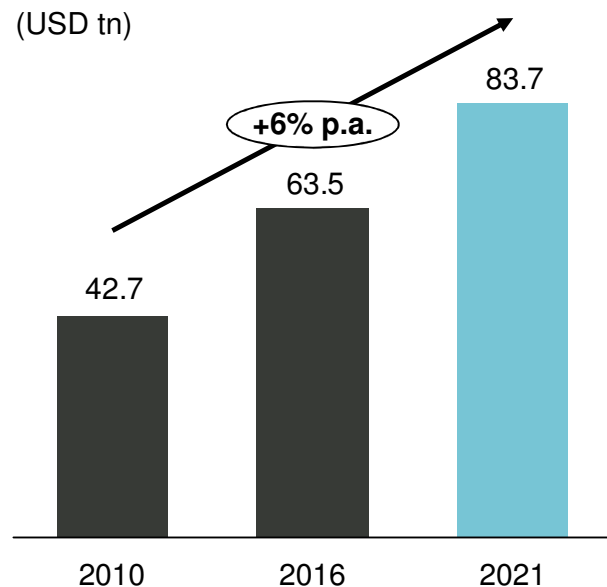
Active asset management

- Industry AuM is growing by an average of 7% p.a.
- Vontobel is focused on high-conviction asset management and outstanding performance quality

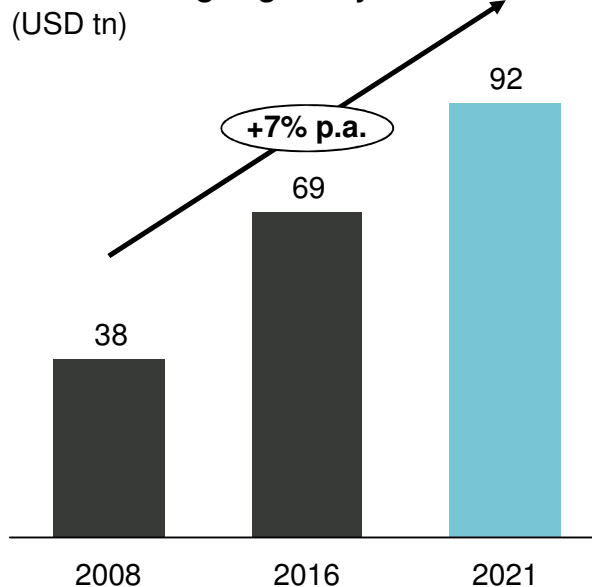
Financial products

- Long-term increase in demand for financial products
- Vontobel aspires to become a leading provider of investment and leverage products globally

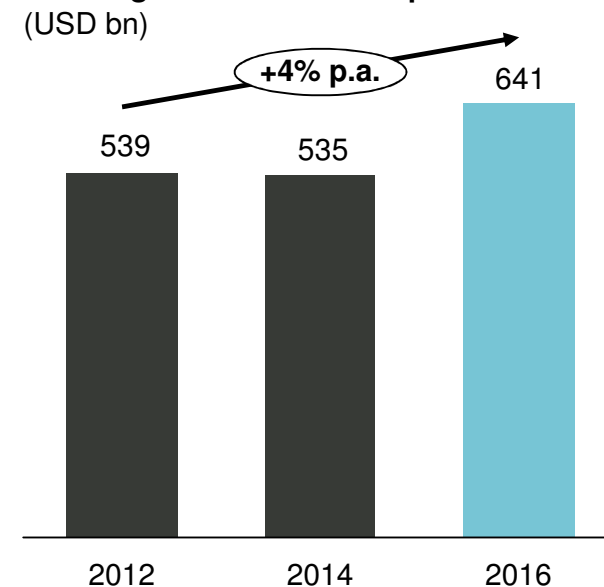
Global HNWI wealth (USD tn)



Assets managed globally (USD tn)



Exchange turnover in Europe/Asia¹ (USD bn)



¹ Austria, France, Germany, Hong Kong, Italy, Sweden and Switzerland
 Source: World Wealth Report 2017 / Capgemini, BCG Global Asset Management 2017, eusipa, Hong Kong exchange

Vontobel invests to capture growth opportunities and runs a diversified portfolio of growth options

Vontobel continuously invests in its business ...

... has a proven track-record in delivering on ambitions ...

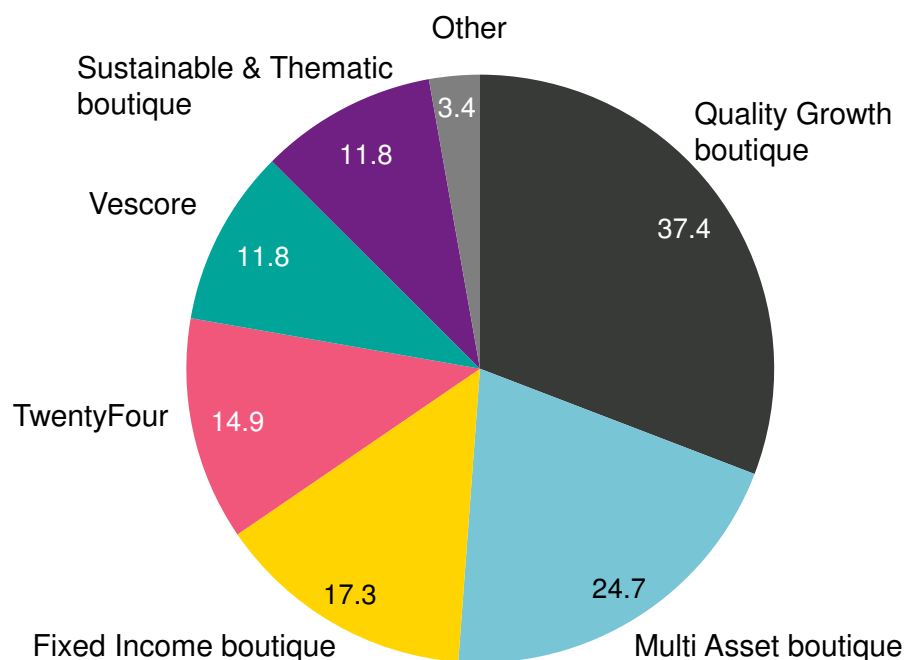
... and creates long-term value



Asset Management runs a well-diversified and global book of specialized boutiques focused on high-conviction investing

Diversified book of business

Total advised client assets: CHF 121.3 bn (end-2017)



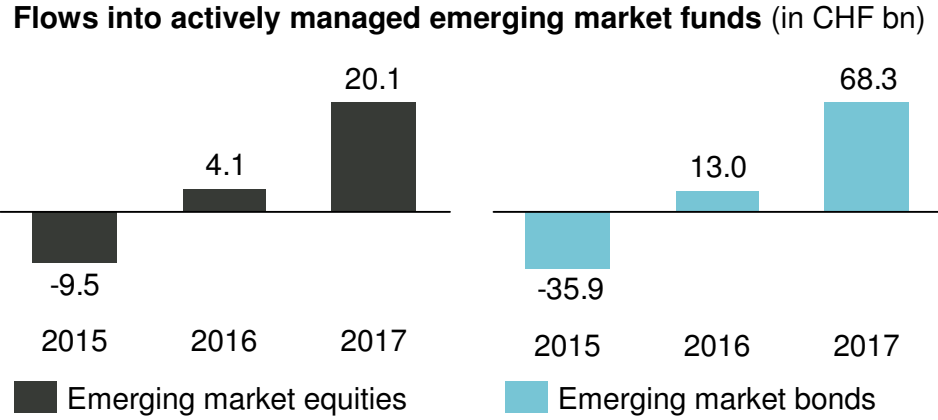
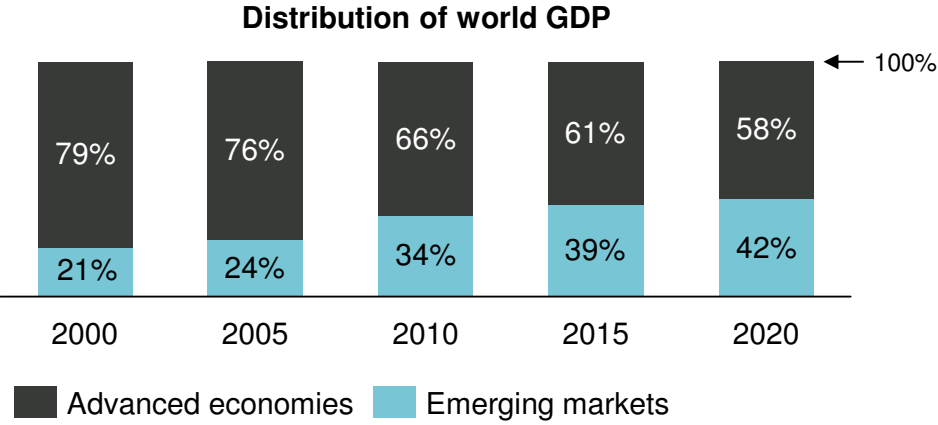
Well positioned for future growth

- Business is well diversified and can distribute attractive products throughout the business cycle
- 73% of our products outperformed their benchmark in 2017¹
- Impressive growth in net new money of 6.8%² over last 9 months
- Today, Vontobel manages 13 mutual funds with client assets of more than CHF 1 bn each – all those rated by Morningstar received 4 or 5 stars – mtx Sustainable Emerging Markets Leaders crossed CHF 1 bn mark in November and outperformed benchmark by an impressive 48% over the last 5 years
- Successful TwentyFour AM entered US market this year – growth of boutique clearly exceeding expectations of 20% p.a.
- Positioning as high-conviction manager led to an attractive gross margin of 44 bps
- Vontobel has further strengthened identification of portfolio managers with their products and alignment of interests with clients by linking part of compensation to their respective mutual funds and blocking it for three years

¹ Net of fees
² Not annualized

Asset Management is well positioned to meet rising demand for emerging markets solutions

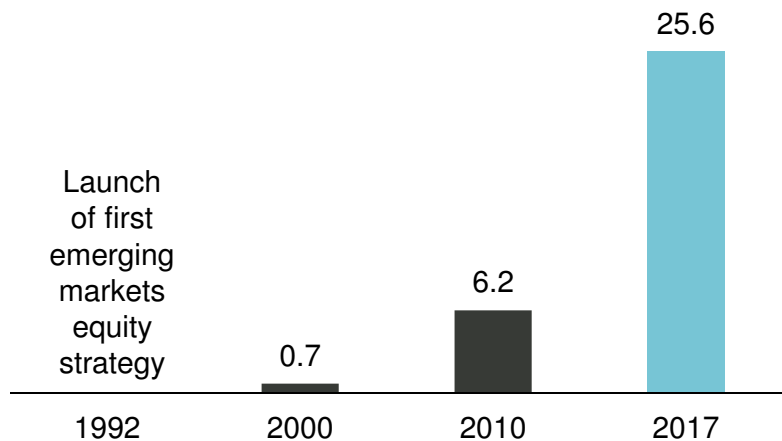
Emerging markets are gaining in importance and investors are returning



Vontobel has long experience of investing in emerging markets

- Vontobel has been investing in emerging markets for 25 years
- We offer a wide range of equity, fixed income and sustainability products
- Morningstar assigned 5-star rating to majority of our funds

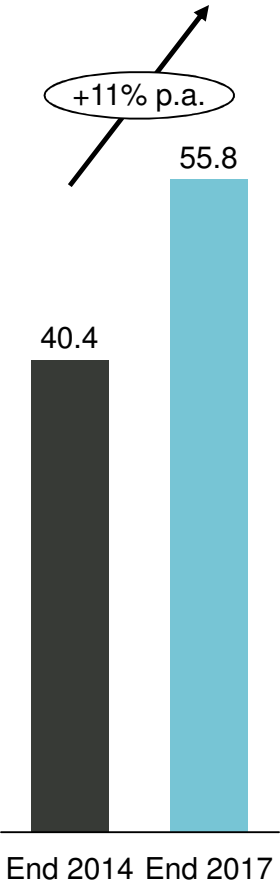
Vontobel's emerging markets strategies (AuM in CHF bn)



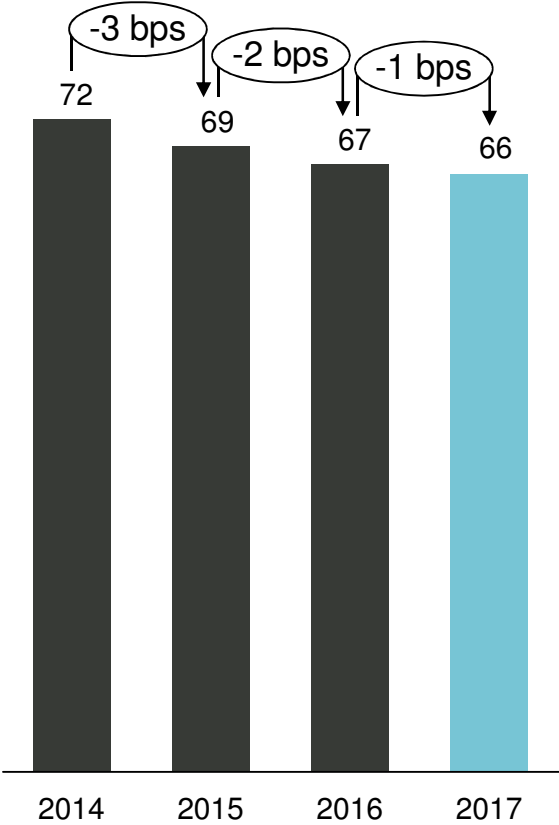
Source: International Monetary Fund, Broadridge (December 2017)

Combined Wealth Management¹ boosted pre-tax profit by growing asset base and stabilizing gross margin

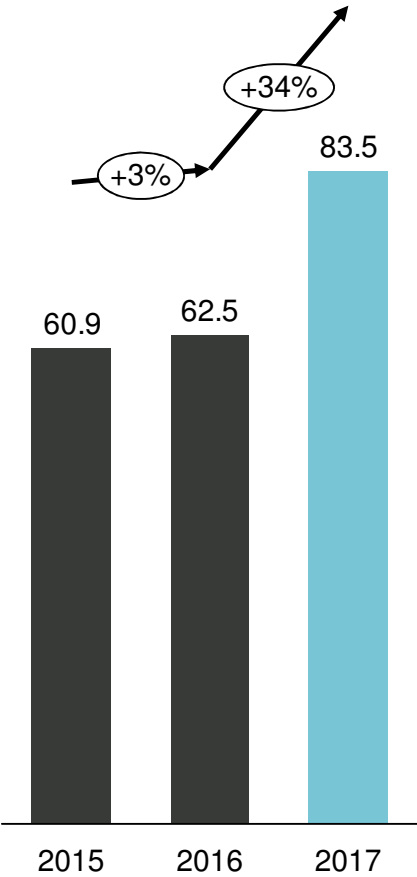
Advised client assets (in CHF bn)



Gross margin (in bps)



Pre-tax profit (in CHF mn)



¹ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

Wealth Management clearly distinguishes itself from its competitors and attracts top-tier talent

Our need-based segmentation, 3 α -Investment Philosophy[®] and value-based pricing set us apart



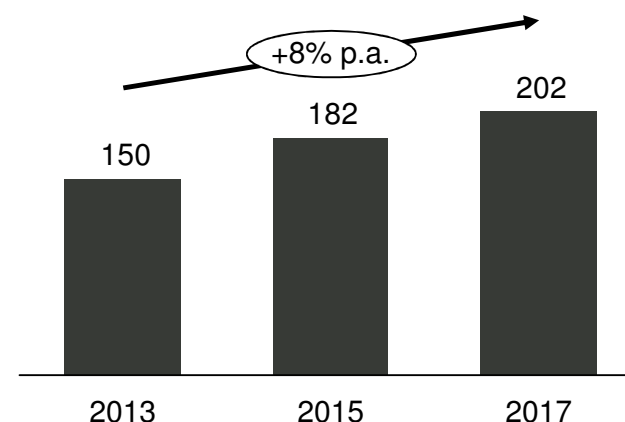
Strong investment results in 2017

- 94% of mandates above benchmark¹
- 84% of advisory calls with positive performance

Vontobel attracts top-tier talent

- Vontobel attracts and retains top talent
- Vontobel is a preferred employer given its:
 - Client-centric culture
 - Entrepreneurial environment
 - Outstanding product and service offering
 - Leading technology
 - Long-term stability
- Vontobel will continue to profit from the 'silent consolidation' in the industry

Relationship managers (in FTEs)



¹ Gross of fees

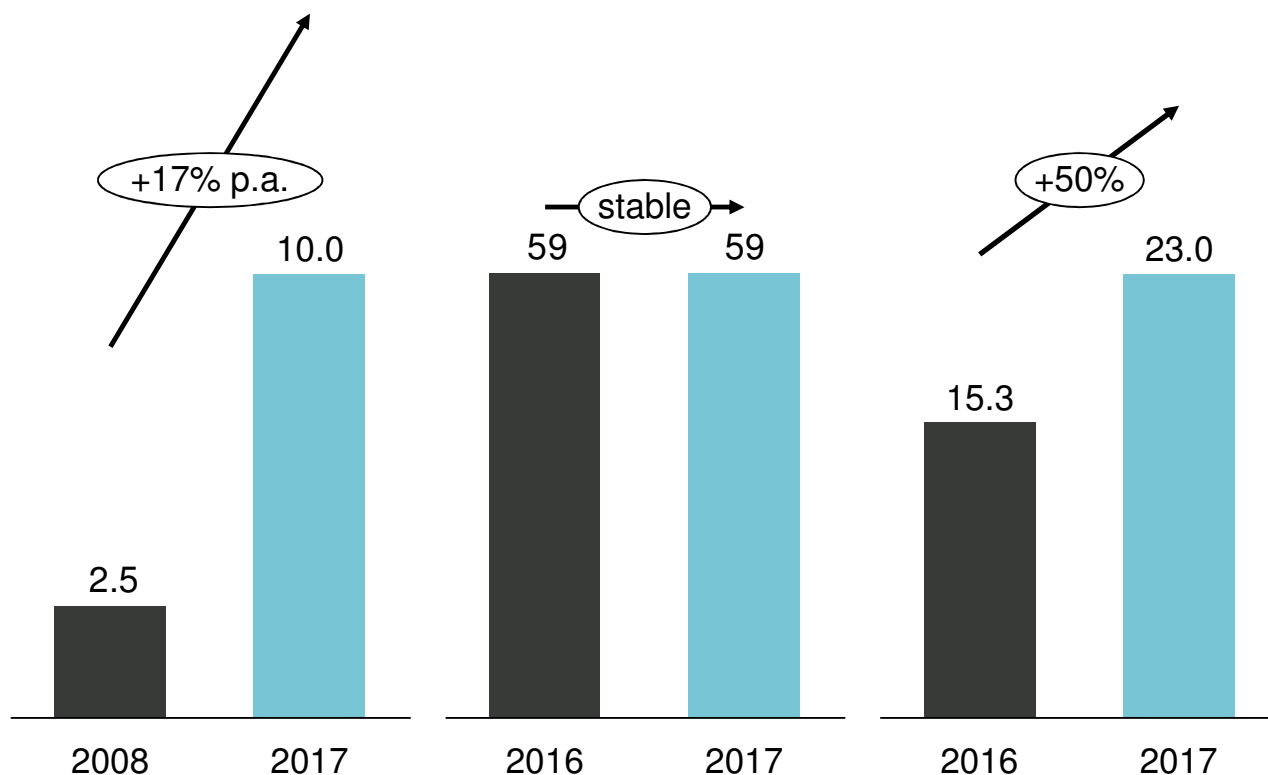
EAM business has unique market position and growth translates into significantly higher pre-tax profit

Growth of asset base combined with stable margin translates into significantly higher pre-tax profit due to operating leverage

Advised client assets (CHF bn)

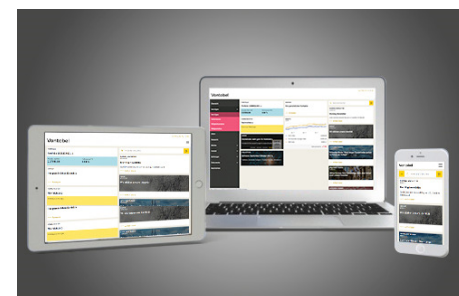
Gross margin (in bps)

Pre-tax profit (CHF mn)



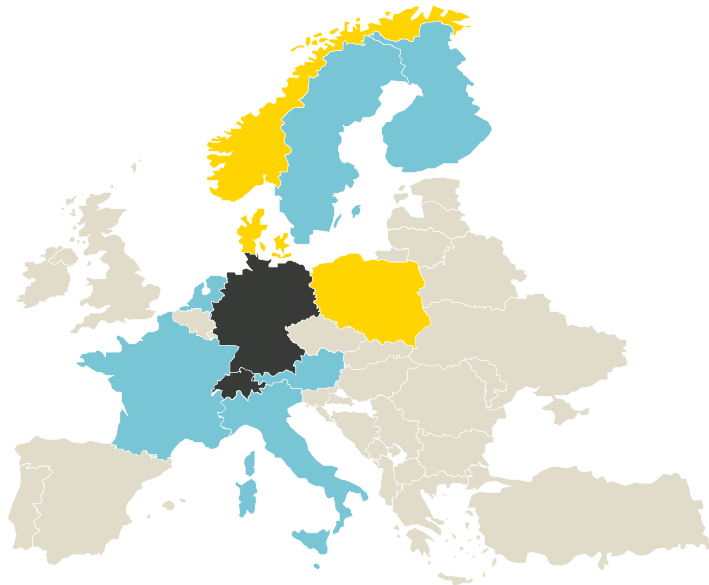
Vontobel has built a unique market position

- Outstanding client service
- Leading technology and client platforms (e.g. mobile banking app and EAMNet)
- Highly competitive product and service offering (e.g. research, mutual funds, discretionary portfolio mandates, deritrade® Multi Issuer Platform)
- Distinct institutionalized B2B offering

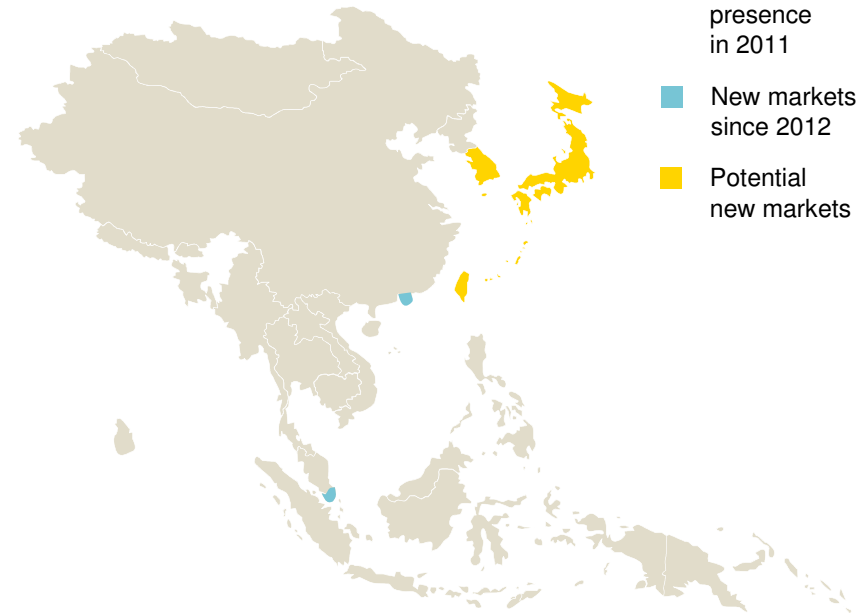


Financial Products has made significant progress to become a leading player globally

Leading position in Europe



Successful market entry in Asia



- Vontobel presence in 2011
- New markets since 2012
- Potential new markets

- In 2018, protect strong positions in Switzerland, Germany and the Nordics and increase market share in Italy, France and Netherlands
- Further potential markets in Europe: Norway, Denmark and Poland

- In 2018, increase market share in Hong Kong and Singapore
- Further potential markets in Asia: Japan, South Korea and Taiwan

Best-in-class ecosystem in Financial Products is hard to replicate and enables Vontobel to serve new client groups

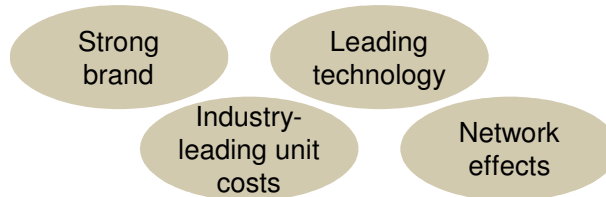
Financial Products developed a best-in-class ecosystem ...

... that is hard to replicate and allows Vontobel to ...

... grow existing client groups and to attract new ones

Comprehensive ecosystem

- UX¹
- Investment content
- Innovative products
- Market intelligence
- Multi-issuer capabilities
- Portfolio integration
- Risk management
- API²-based access
- Fully digital platform



¹ User Experience

² Application Programming Interface

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Outlook

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Why the “why” is growing in importance – Vontobel’s answer is a strong corporate purpose

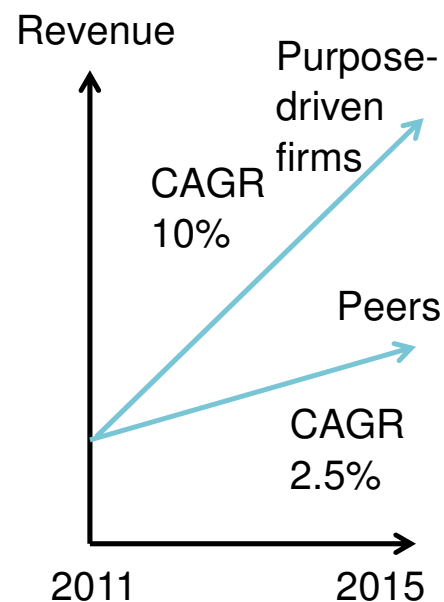
Current trends are fundamentally impacting companies ...

- Trust in institutions has continued to decline even in the 10th year after the global financial crisis
- Reputation of CEOs has hit all-time low
- Transparency has reached unprecedented levels
- There is a strong social need for something tangible, real and genuine

... and they need to adapt in order to be successful

- “The business of business is business” (Milton Friedman)
- “The purpose of a business is to create and keep a client” (Peter Drucker)
- Today, it has become essential to have a strong corporate purpose, to be authentic and to show consistency in convictions, words and actions

Companies with a strong purpose outperform their peers



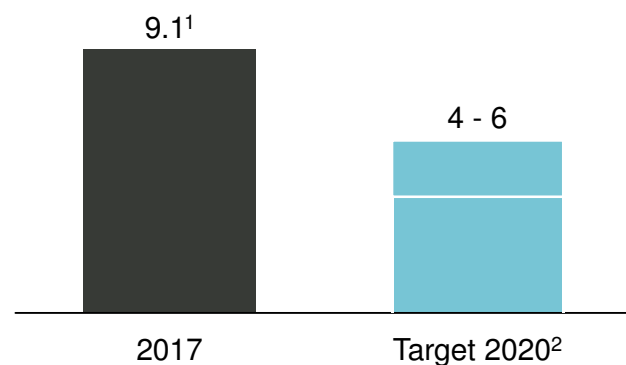
Vontobel has a strong corporate purpose and a sharpened identity

- Vontobel has sharpened its purpose, values and core competencies
- Vontobel offers a unique and consistent experience
- Vontobel’s employer value proposition is based on its identity: “Take ownership and bring opportunities to life. Be Vontobel.”

Vontobel targets consistent growth of 4-6% per annum and further improvement in operating efficiency by 2020

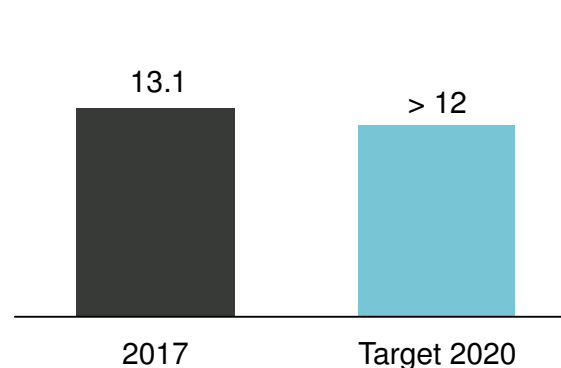
Growth

Top-line growth (in %)



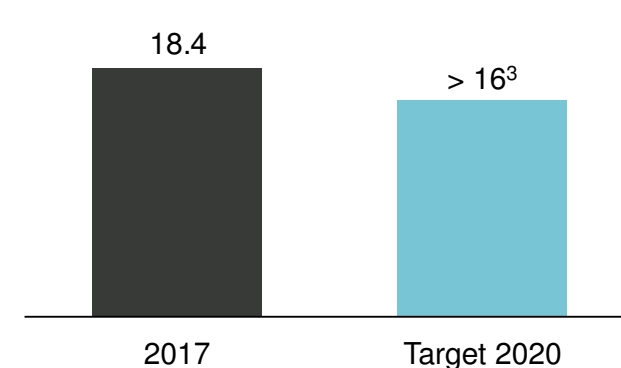
Profitability

Return on equity (in %)

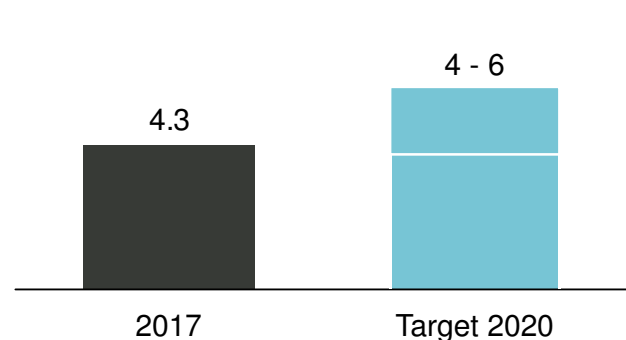


Capital and payout

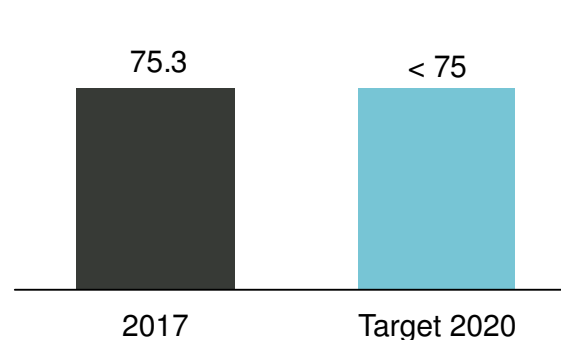
Total capital ratio (in %)



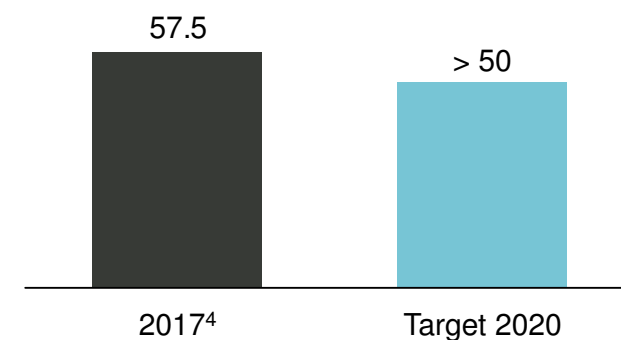
Net new money growth (in %)



Cost/income ratio (in %)



Payout ratio (in %)



¹ Growth based on adjusted operating income for 2016, i.e. excluding proceeds from sale of the Helvetia stake and Helvetia dividend

² W/o market performance

³ CET1 target of >12%

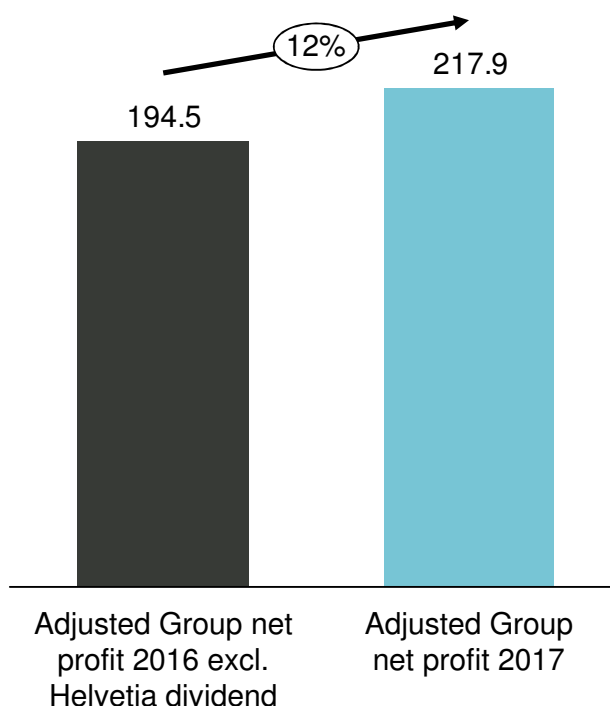
⁴ Based on proposed dividend for 2017 to be paid in 2018

Vontobel builds on investments made in 2017 and continues to capture growth opportunities

A growing industry in a challenging environment

- Expansion of asset pools driven by generation of new wealth and long-term asset appreciation
- But increase in volatility and rise in interest rates may negatively impact global asset pools and therefore revenues in the short-term
- Operating environment remains demanding – continued low or even negative interest rates and subdued client activity

Profit growth despite significant investments



Vontobel to capture future growth opportunities

- Combined Wealth Management: Pursue growth by targeting Swiss and international clients with focused offering, leveraging technology and hiring relationship managers
- Asset Management: Deliver outperformance through focus on high-conviction asset management. Grow by attracting net new money in all boutiques
- Financial Products: Leverage best-in-class ecosystem to gain further market share in Europe and Asia

Overview

Highlights

Full-year results 2017

Strategy update

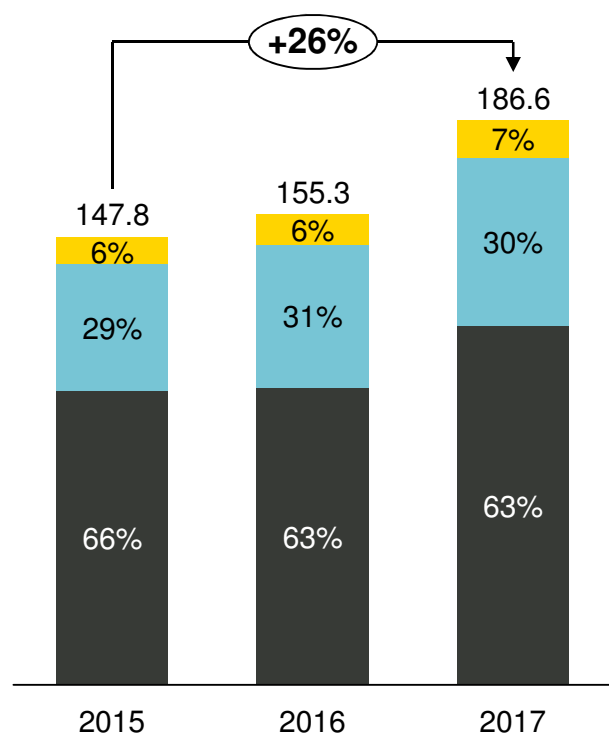
Outlook

Questions and answers

Appendix

Advised client assets have grown by 26% since 2015 – good diversification across asset classes

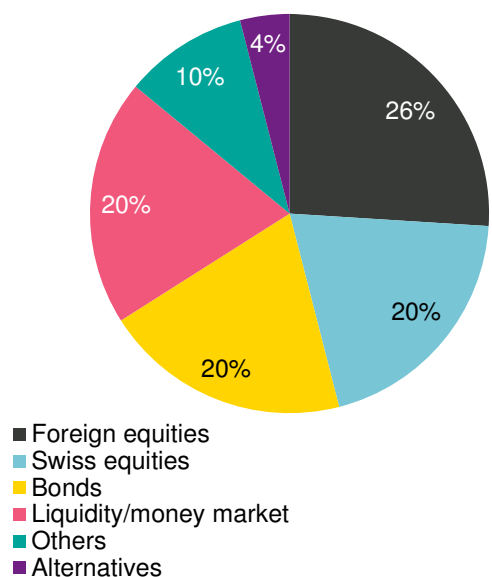
Advised client assets (CHF bn)



- Asset Management¹
- Combined Wealth Management²
- Financial Products³

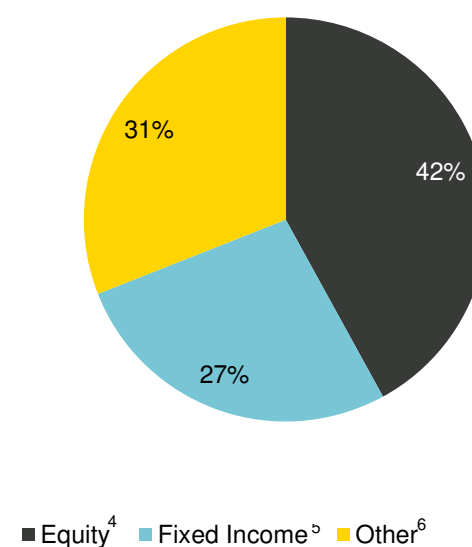
Advised client assets by asset class (end-2017)

Combined Wealth Management



- Combined Wealth Management clients currently hold 20% of their assets in cash (down 1 pp from end-2016)

Asset Management



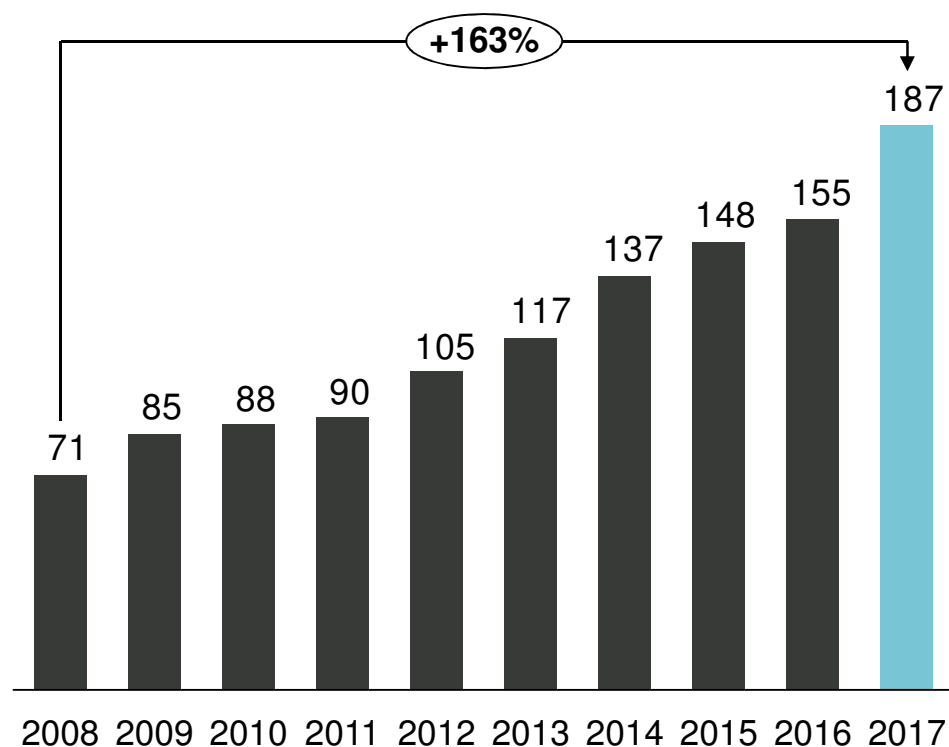
- Large proportion of assets from institutional clients (69%)
- Asset Management with low proportion of money market funds

¹ Excluding assets managed on behalf of other segments
³ Structured products
⁵ Fixed Income Boutique, TwentyFour Asset Management

² Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers
⁴ Quality Growth Boutique, Thematic Boutique
⁶ Multi Asset Boutique, Sustainable Boutique, Vescore

Advised client assets have more than doubled since 2008 – demonstrating Vontobel’s successful focus on its core capabilities

Advised client assets (CHF bn, period-end)



Vontobel’s business model

- As a **globally active financial expert** with Swiss roots, Vontobel specializes in wealth management, active asset management and investment solutions
- **Advised client assets** are a key financial indicator to measure performance in Vontobel’s core capabilities. They consist of:
 - Assets under management
 - Other advised client assets
 - Structured products outstanding
- Advised client assets have more than doubled since 2008 – demonstrating Vontobel’s successful focus on its core capabilities
- Proportion of operating income from stable and recurring fee and commission income grew from 54% in 2009 to 65% in 2017– this large share is typical for a **wealth and asset manager**
- Vontobel’s client-centric business model enables it to tap into the growing **pool of global wealth**

94% of advised client assets stem from home and focus markets

Advised client assets by client domicile as of end-2017 (CHF bn)

	SWITZERLAND ¹	GERMANY	ITALY	UK	US	EMERGING MARKETS ²	OTHER MARKETS	Total
Advised client assets	75.4	21.9	10.6	18.1	20.7	27.9	12.0	186.6
Combined Wealth Management ³	Full offering	Onshore Cross-border	Cross-border	Cross-border	Onshore ⁴	Onshore Cross-border	Cross-border	55.8
Asset Management	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	118.5 ⁵
Financial Products	FP, Brokerage, CF, TB	FP Brokerage	FP	Brokerage	Brokerage	FP Brokerage	FP Brokerage	12.3
BREAKDOWN								
Assets under mgmt.	68.4	15.6	10.6	18.1	20.7	20.2	11.7	165.3
Other adv. client assets	0.4	4.4	-	-	-	7.7	0.3	12.8
Structured products	6.6	1.9	-	-	-	-	-	8.5

¹ Including Liechtenstein

³ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

⁵ Excluding assets managed on behalf of other segments (CHF 2.8 bn)

² Asia Pacific Region, CEE, LATAM, Middle East and Africa

⁴ Vontobel Swiss Wealth Advisors AG (SEC-registered investment advisor)

Vontobel Asset Management boutiques focus on clearly defined investment strategies


Equities CLIENT ASSETS CHF bn¹

Quality Growth boutique 37.4
High Quality Growth at Sensible Prices – a single investment philosophy at the core of every strategy.

Sustainable & Thematic boutique 11.8
Strategies with an emphasis on specific investment themes, including sustainability and environmental, social and governance (ESG) factors.

Fixed Income CLIENT ASSETS CHF bn¹

Fixed Income boutique 17.3
Actively managed fixed income investment strategies: global expertise and specific focus on flexible, corporate and emerging market bonds.

 **TwentyFour**
ASSET MANAGEMENT 14.9
Highly transparent, actively managed fixed income products that generate attractive risk-adjusted returns, with a strong focus on capital preservation.

Multi Asset Class CLIENT ASSETS CHF bn¹

Multi Asset boutique 24.7²
Global, benchmarked multi asset strategies with defined risk budgets.

vescore 11.8³
Quantitative investment solutions focused on stable returns and customized asset allocation overlays.

¹ End-2017
² Including CHF 6.6 bn of other advised client assets
³ Including CHF 4.4 bn of other advised client assets

Strong performance culture is confirmed by the market

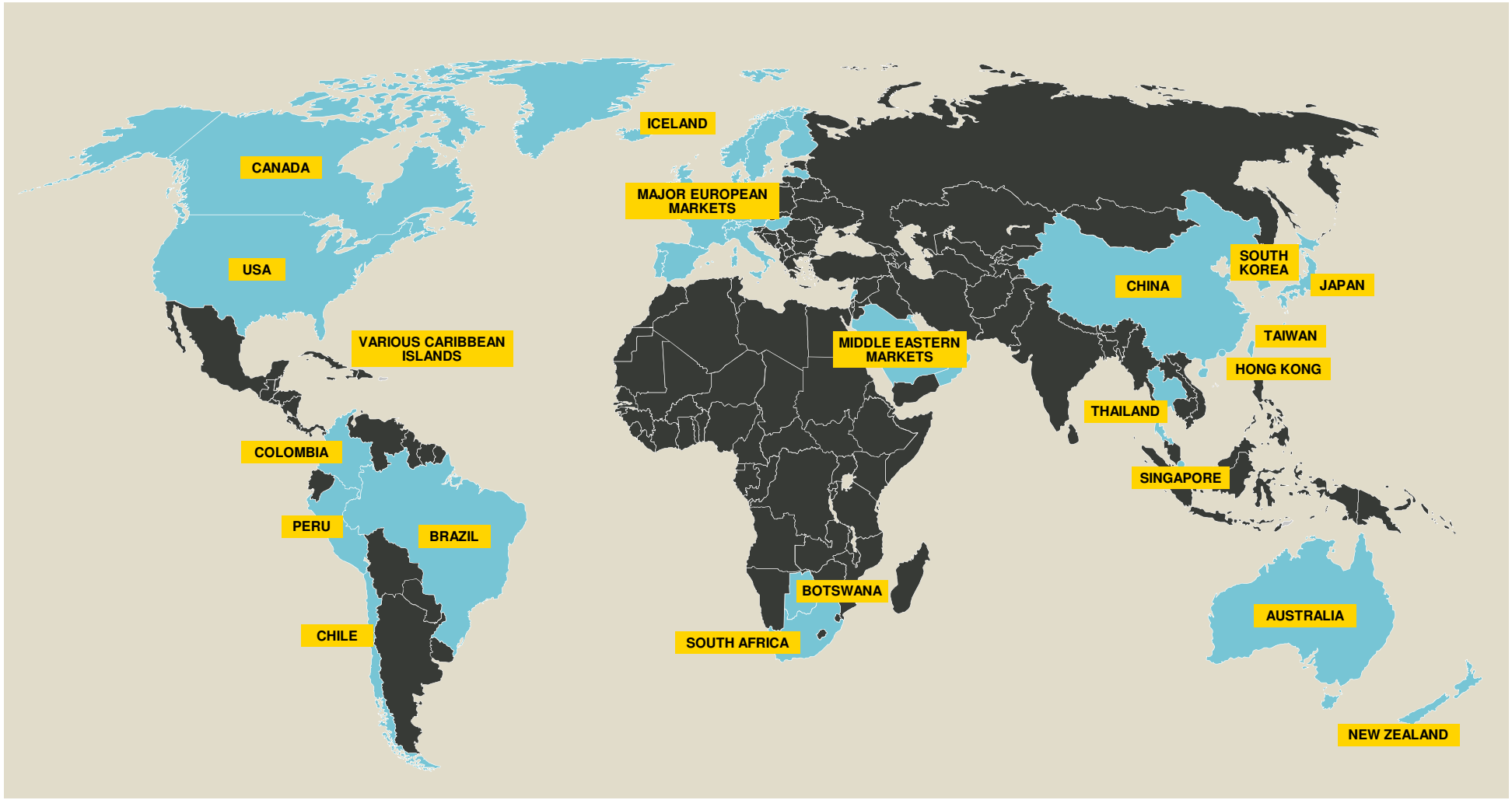
13 February 2018

We have received 176 awards for our investment funds and our investment expertise since 2011



Vontobel Asset Management's client coverage

13 February 2018



Vontobel provides compelling asset management offering to financial institutions

Vontobel's offering for asset management partners

- Distinctive offering for financial institutions focusing on core competencies such as client relationships and advisory, marketing, communication and distribution
- Vontobel offers flexible asset management services depending on client needs
- All-inclusive services range from asset allocation to management of mandates and mutual funds
- Specific services can be selected, such as research, portfolio advisory and sales support

Partners across the globe rely on Vontobel's offering



To drive organic growth, we continuously aspire to be the leading Swiss wealth manager and to deliver optimal client service

Vontobel

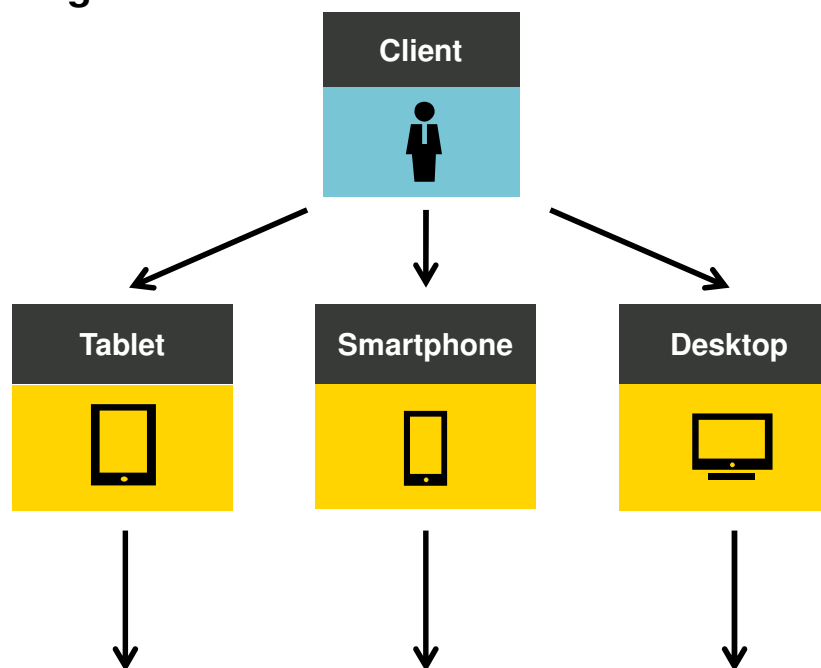
13 February 2018

We aspire to be the leading Swiss wealth manager



Vontobel drives innovation through technology – our clients benefit from seamless access across multiple platforms

Vontobel's multi-channel offering



Markets



Ideas/research



Trading



Watch list



Secure instant messaging



Portfolio views and analysis



Vontobel sets itself apart by providing an offering based on client-specific needs – an important driver of organic growth

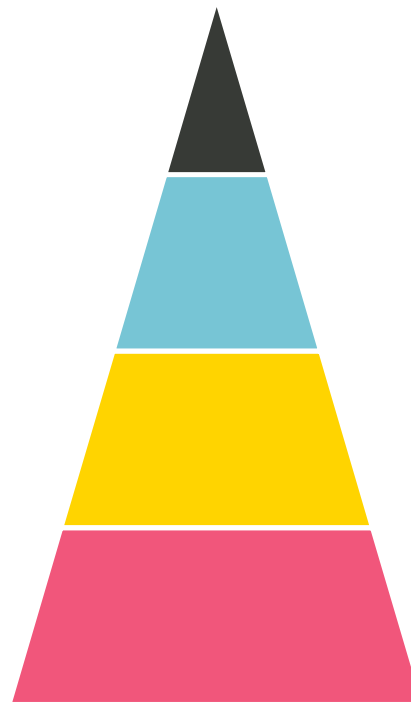
Clients are traditionally segmented by the industry according to their wealth

Ultra-high-net-worth individuals
over USD 100 mn

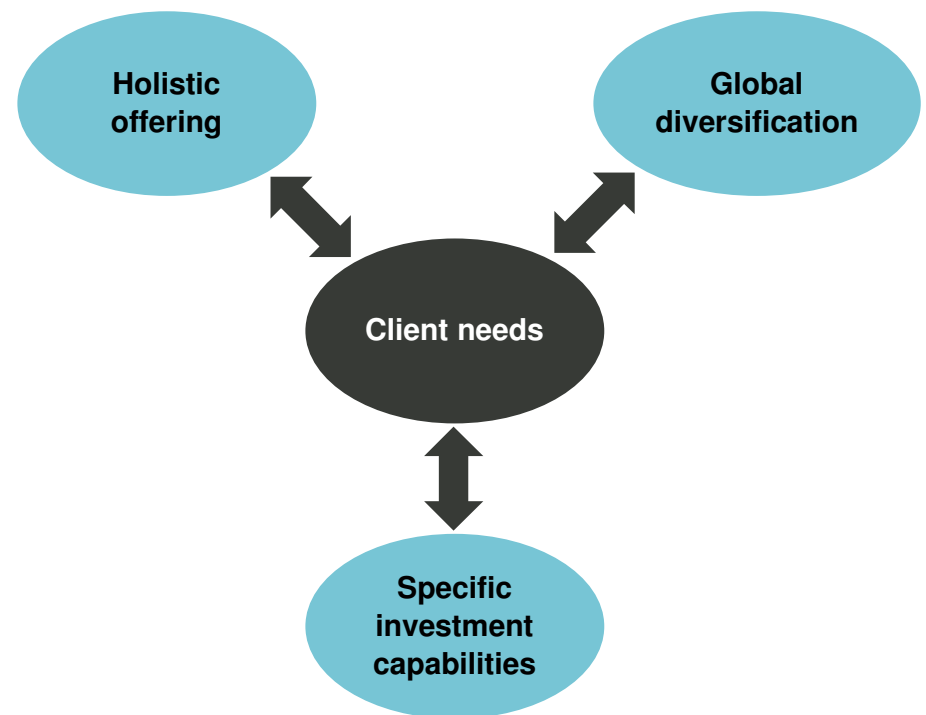
Upper high-net-worth individuals
between USD 20 mn and USD 100 mn

Lower high-net-worth individuals
between USD 1 mn and USD 20 mn

Affluents
between USD 250 k and USD 1 mn



... but Vontobel's offering is based on client-specific needs

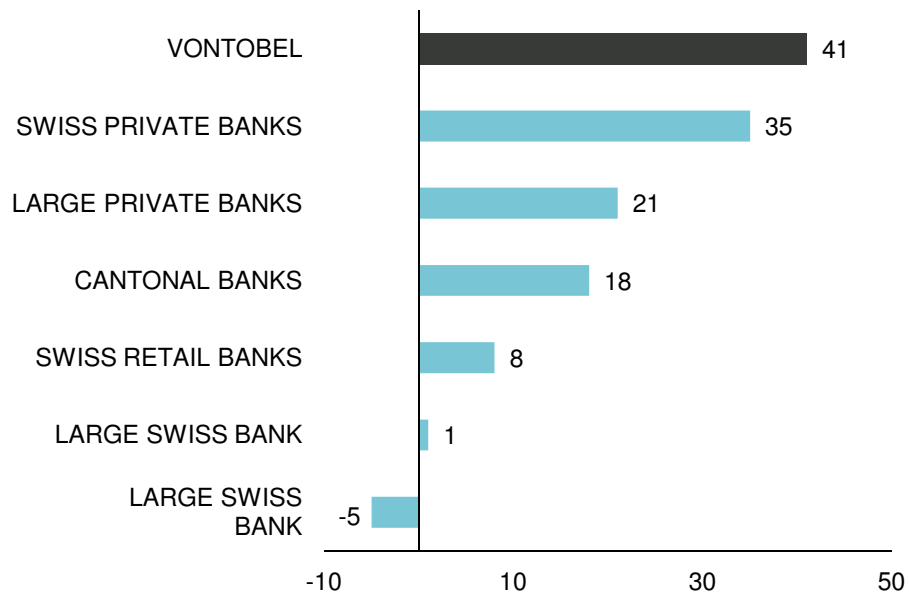


Clients and third parties reward our first-class Wealth Management offering

Our clients recommend us

- Vontobel has the highest Net Promoter Score¹ among Swiss competitors – a strong sign of client satisfaction
- More than half of our clients are promoters of Vontobel and are thus willing to recommend us

Net Promoter Score (%)



Vontobel gains external recognition



Ranked as one of the leading private banks by the Swiss business magazine Bilanz

Top score in Germany 2014, 2015 and 2016



78% of clients are very or extremely satisfied

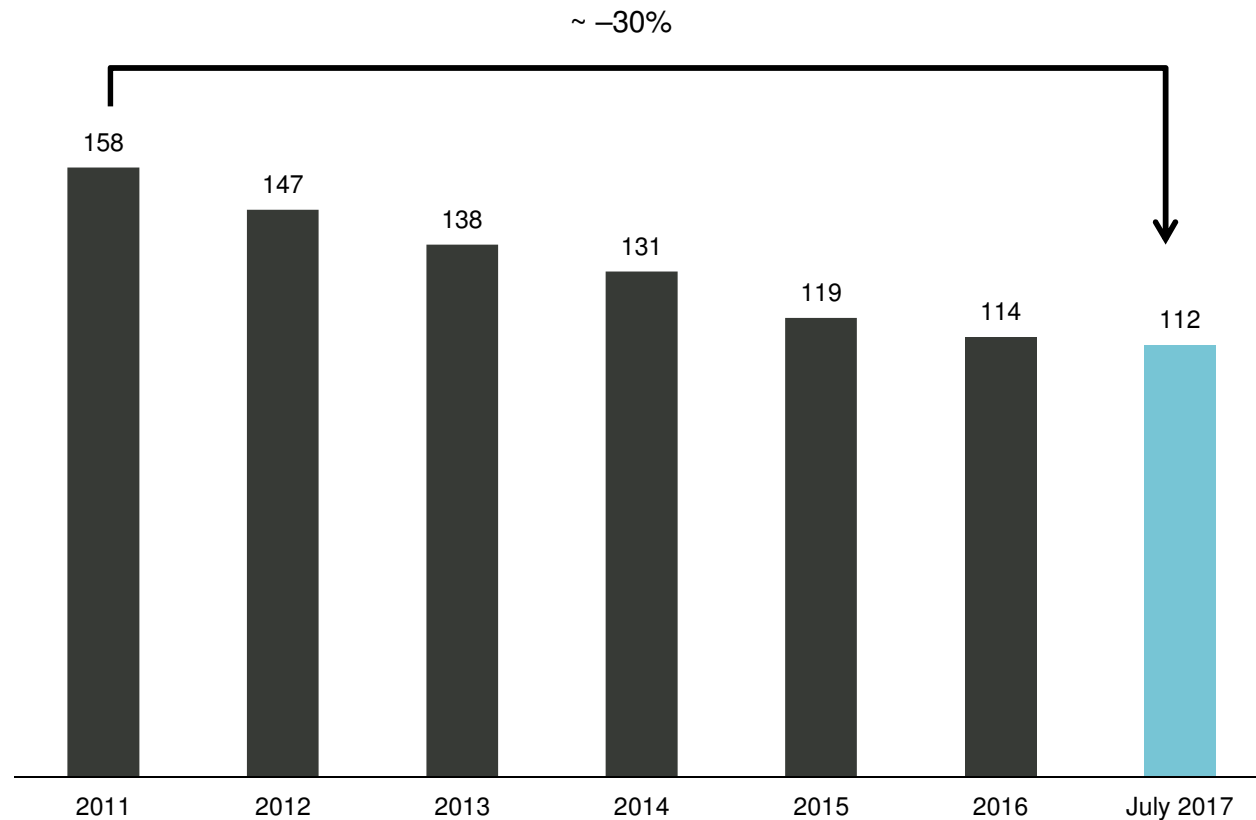
Vontobel Wealth app ranked among top 3 globally



¹ The Net Promoter Score measures the willingness of clients to recommend their private bank. It is calculated based on the question: How likely is it that you would recommend the company to a friend or colleague? The scoring for this answer is based on a 0 to 10 scale (9 & 10 = promoter; response 0-6 = detractors) Source: 'Swiss Private Banking Monitor 2016' (Kunz & Huber)

Swiss market is fragmented and undergoing structural change – creating opportunities for Vontobel to accelerate growth

Private banks in Switzerland



Comments

- Number of Swiss private banks has decreased by around 30% since 2011
- Structural change is expected to continue
- Industry change is allowing Vontobel to attract new clients from banks that are:
 - Focusing their business model
 - Selling their franchise
 - Closing their operations (“silent consolidation”)

Leading offering and technology, well-balanced business model and cost leadership give Financial Products a competitive edge

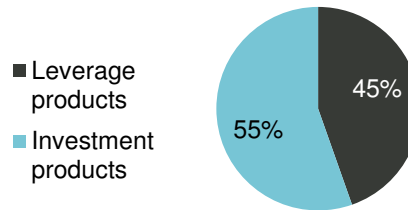
Leading offering / technology

Vontobel products issued	> 380,000
Leading investment universe	> 4,000
Quotes in own products per day	> 2,000,000,000
Volume of securities traded	> CHF 210,000,000,000

Well-balanced business model

- Vontobel sells volatility through leverage products and buys it through investment products
- Business is client-induced
- Risks have been reduced over time

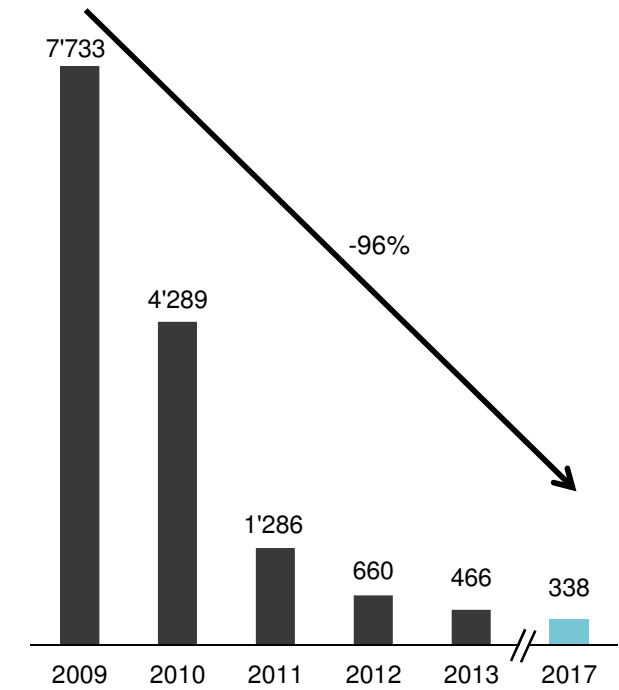
Turnover in Vontobel products (2017)



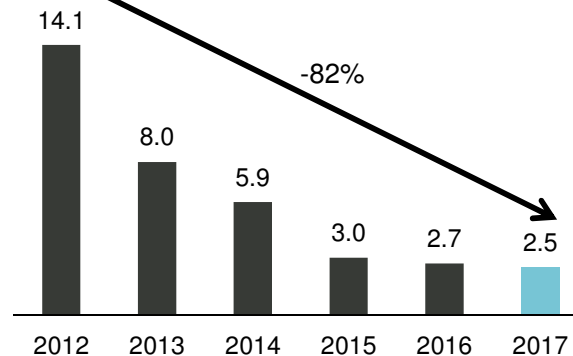
Cost leadership

- Industry-leading average costs per product of CHF 338

Cost per unit² (CHF)



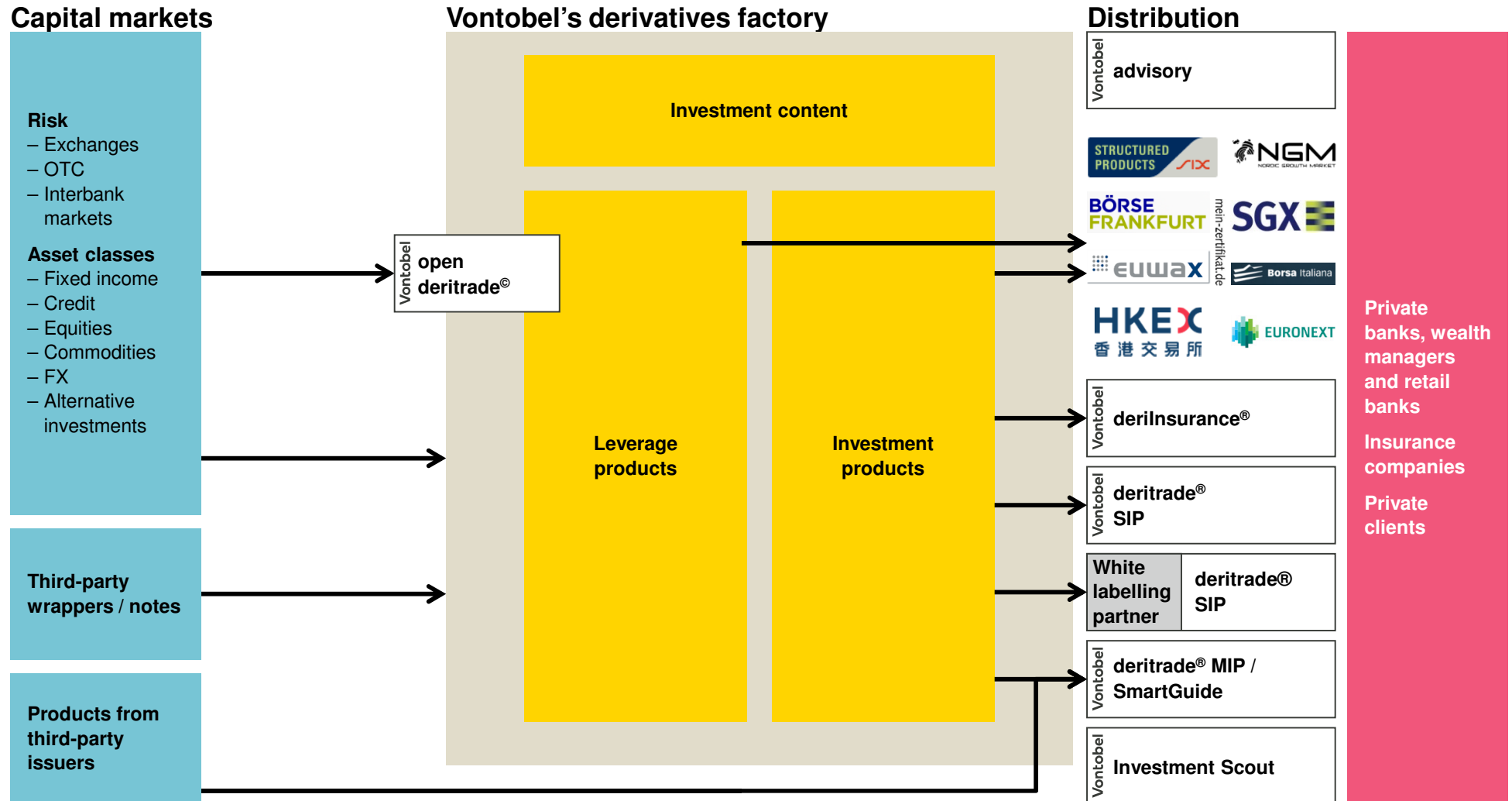
Average Value at Risk¹ (CHF mn)



¹ Market risk; average Value at Risk 12 months; historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

² Calculated as total operating expense of Financial Products business unit divided by number of products issued

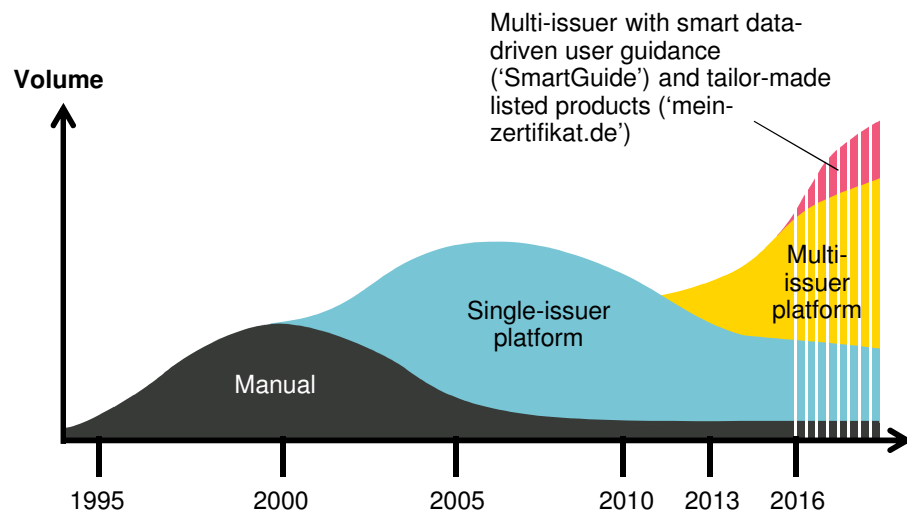
Vontobel Financial Products provides bespoke structured products through a well-balanced business model



deritrade® MIP – the world’s 1st decision-making tool for designing and buying structured products using smart and crowd data **Vontobel**

13 February 2018

Innovation cycles



Benefits of Vontobel’s multi-issuer platform

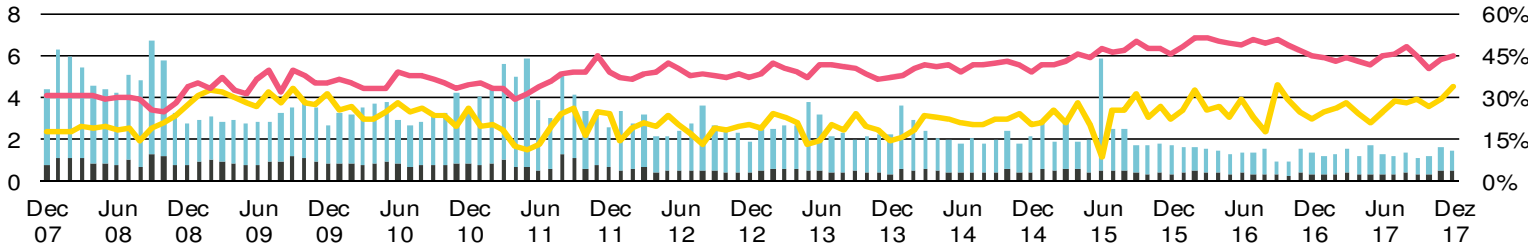
- deritrade® MIP provides full customization capabilities at best prices – bringing the Internet revolution to structured products and empowering the consumer
- Vontobel’s multi-issuer platform provides numerous benefits such as:
 - Best execution
 - Higher client returns
 - Increased market reach for issuers
 - Scalability and lower costs
- In addition, Vontobel is leveraging its smart and crowd data capabilities to support clients in their decision making (“SmartGuide”). SmartGuide suggests alternative products based on client preferences, e.g. products with similar characteristics or products with higher relative performance
- In 2016, Vontobel launched the innovative ‘mein-zertifikat’ platform in Germany, enabling retail investors and financial intermediaries to create own tailor-made listed products. The service had over 5,000 users by end-2017
- In 2017, Vontobel launched its unique “Investment Scout” app in Switzerland, which allows clients to create tailor-made products on their smartphones

→ deritrade® has been upgraded to fully comply with new MiFID II regulatory requirements

Financial Products with stable or growing market share across all markets (1/2)

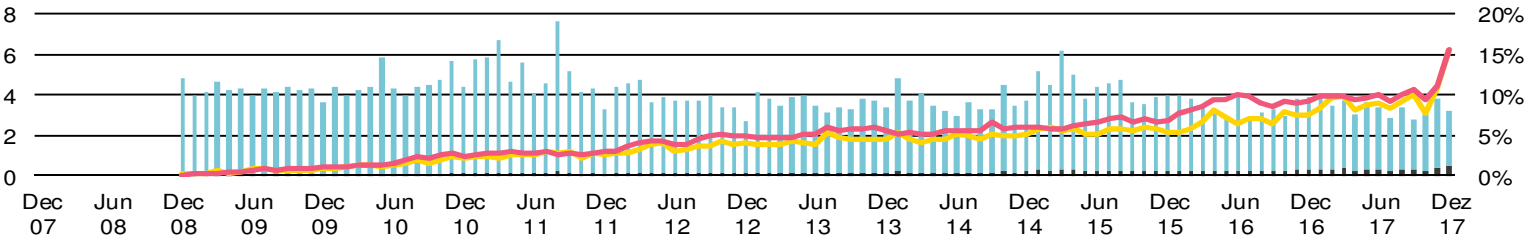
Switzerland (CHF bn)

Rank	#1 ¹
MARKET SHARE	
Turnover	27.0% ¹
# of trades	44.1% ¹



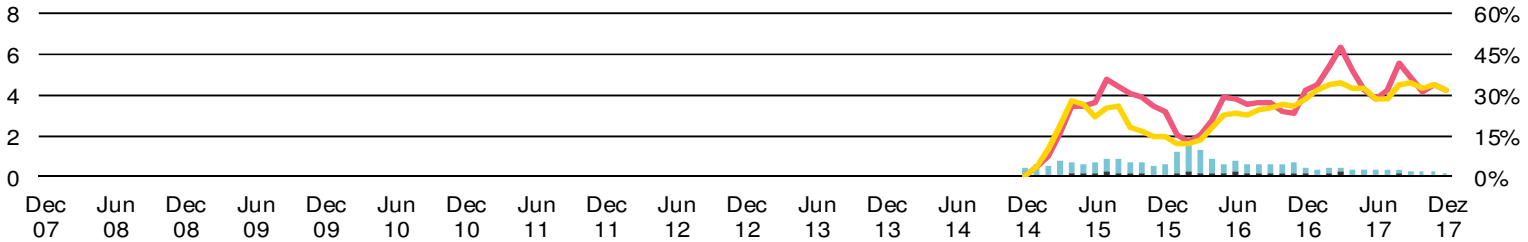
Germany (EUR bn)

Rank	#4 ¹
MARKET SHARE	
Turnover	9.7% ¹
# of trades	10.4% ¹



Nordics² (EUR bn)

Rank	#2 ¹
MARKET SHARE	
Turnover	36.4% ¹
# of trades	32.5% ¹



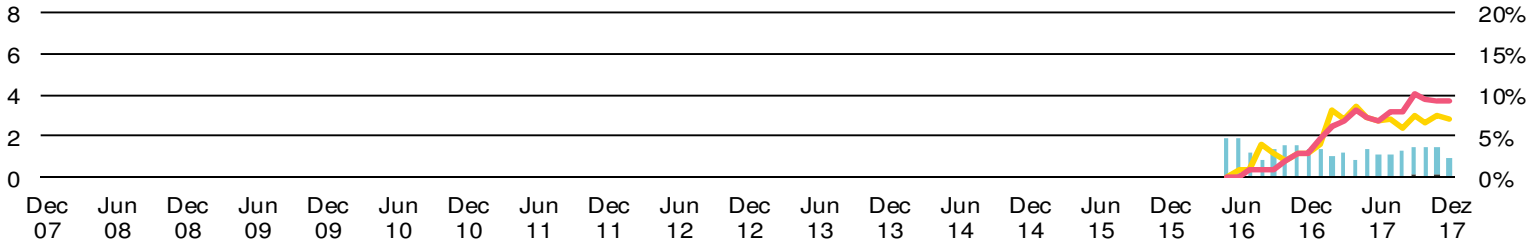
■ Market turnover (lhs)
 ■ Vontobel turnover (lhs)
 — Vontobel market share by volume (rhs)
 — Vontobel share by number of trades (rhs)

¹ 2017
² Sweden and Finland; leverage products

Financial Products with stable or growing market share across all markets (2/2)

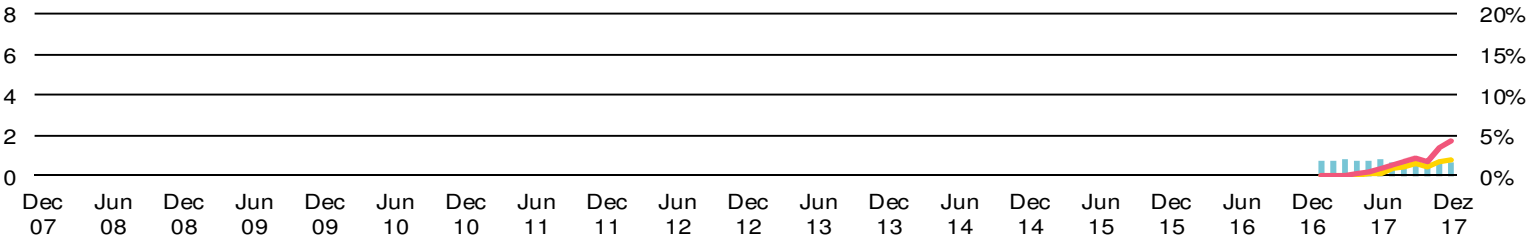
Italy² (EUR bn)

Rank	#4 ¹
MARKET SHARE	
Turnover	6.9% ¹
# of trades	7.7% ¹



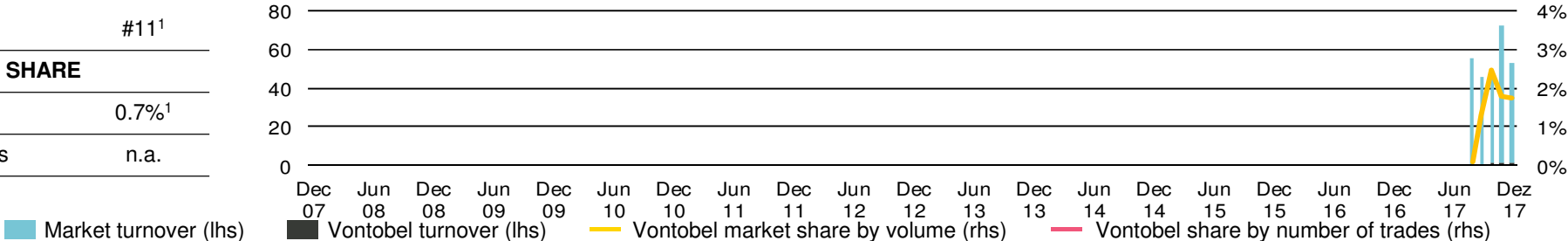
France/Netherlands² (EUR bn)

Rank	#7 ¹
MARKET SHARE	
Turnover	0.7% ¹
# of trades	1.3% ¹



Hong Kong² (USD bn)

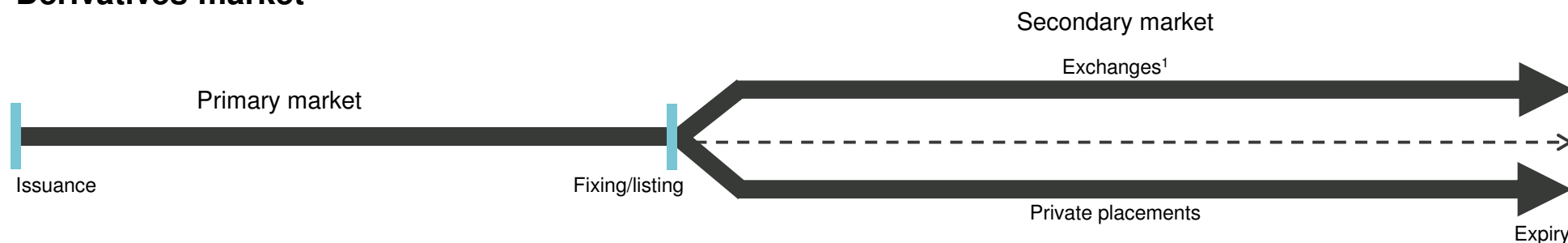
Rank	#11 ¹
MARKET SHARE	
Turnover	0.7% ¹
# of trades	n.a.



¹ 2017
² Leverage products

Distribution strategy for Financial Products geared towards high-growth areas

Derivatives market



Exchange-traded volume (2017)

	Switzerland	Germany ²	Nordics	Italy	France/Netherlands	Hong Kong
Market						
Turnover	CHF 16.0 bn	EUR 40.4 bn	EUR 4.2 bn	EUR 14.7 bn	EUR 8.5 bn	CHF 524 bn
Ø trade size	CHF 25.6 k	EUR 6.9 k	EUR 3.8 k	EUR 7.2 k	EUR 1.7 k	n.a.
Vontobel						
Rank	#1	#4	#3	#4	#7	#11
Turnover	CHF 4.3 bn	EUR 3.9 bn	EUR 1.5 bn	EUR 1.0 bn	EUR 0.1 bn	CHF 3.9 bn
Market share	27.0%	9.7%	36.4%	6.9%	0.7%	0.7%
Ø trade size	CHF 15.7 k	EUR 7.4 k	EUR 3.4 k	EUR 7.9 k	EUR 3.3 k	n.a.

deritrade® MIP (2017)

Leading multi-issuer platform

- Notional issued CHF 4.6 bn
- Ø product size about CHF 182 k
- >25,000 products issued

Increasing importance of non-listed products in Switzerland due to:

- Cost reduction for clients and issuers
- High level of confidence in Vontobel as an issuer
- Significant proportion of trading volume generated with non-listed products

¹ SIX Structured Products, Börse Frankfurt, Euwax, NGM, Sedex, SGX, HKEX, Borsa Italiana Euronext

² Data for Germany do not include OTC trading of listed products (estimated to be double of exchange traded volume)

Sources: SIX Structured Products, Börse Frankfurt, Technolab, DDV, NGM and SNB, SVSP, Euwax, Borsa Italiana, Vontobel estimates

deritrade® Multi Issuer Platform offers structured products from multiple issuers within seconds for a given product specification

- × Request details
- Product parameters of a tailor-made structured product

Pricing Form LIVE

Barriere Reverse Convertible Optional Fields OFF

Target Jurisdiction: Switzerland

Add Underlying: NOVN VX Equity Hold →

Settlement Type: Physical

Investment Currency: CHF

Enter Trade: 100k nemo +

Initial Fixing: 12.09.2017 Now

Final Fixing: 1y

Solve for: Coupon

Strike: 100 %-

Barrier: 80 %- Continuous

Coupon Frequency: Expiration

Listing: Not listed

Pricing Result

Product Type: Barriere Reverse Convertible

Investment Amount: CHF 100,000.00

Request ID: 7130624

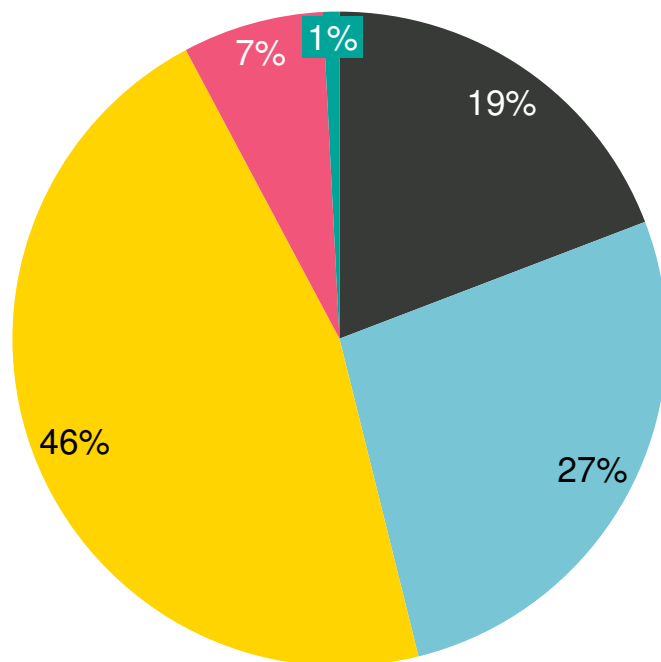
Term: 1 Year

ISSUER	FORWARD	Yield	Coupon	Price
ISSUER 1	>	4.700%	CHF 100,000.00	10
ISSUER 2	>	4.850% Absolute	CHF 100,000.00	10
ISSUER 3	>	3.900%	CHF 100,000.00	10
ISSUER 4	>	3.990% Absolute	CHF 100,000.00	10
ISSUER 5	>	3.900%	CHF 100,000.00	10
ISSUER 6	>	3.990% Absolute	CHF 100,000.00	10

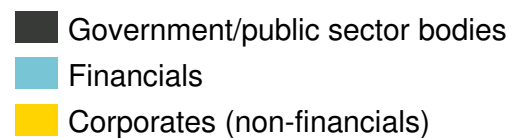
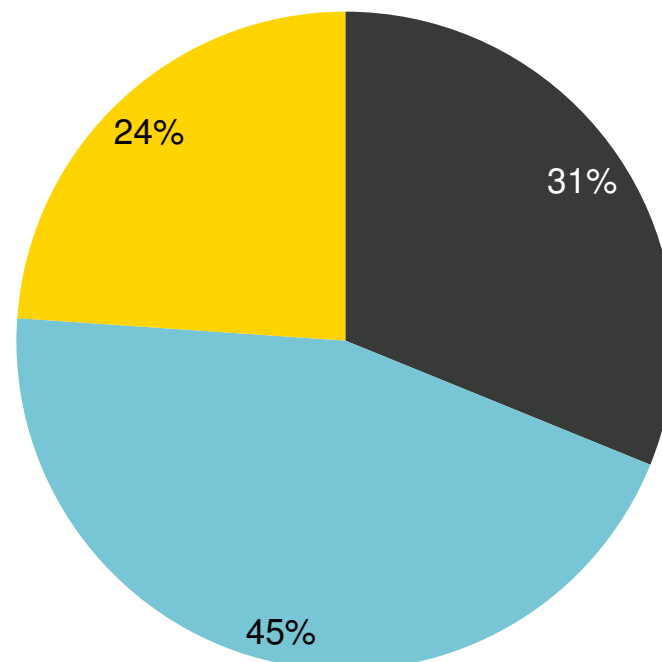
SIMULATE

High quality of bond portfolio maintained

Counterparty exposure by rating (end-2017)



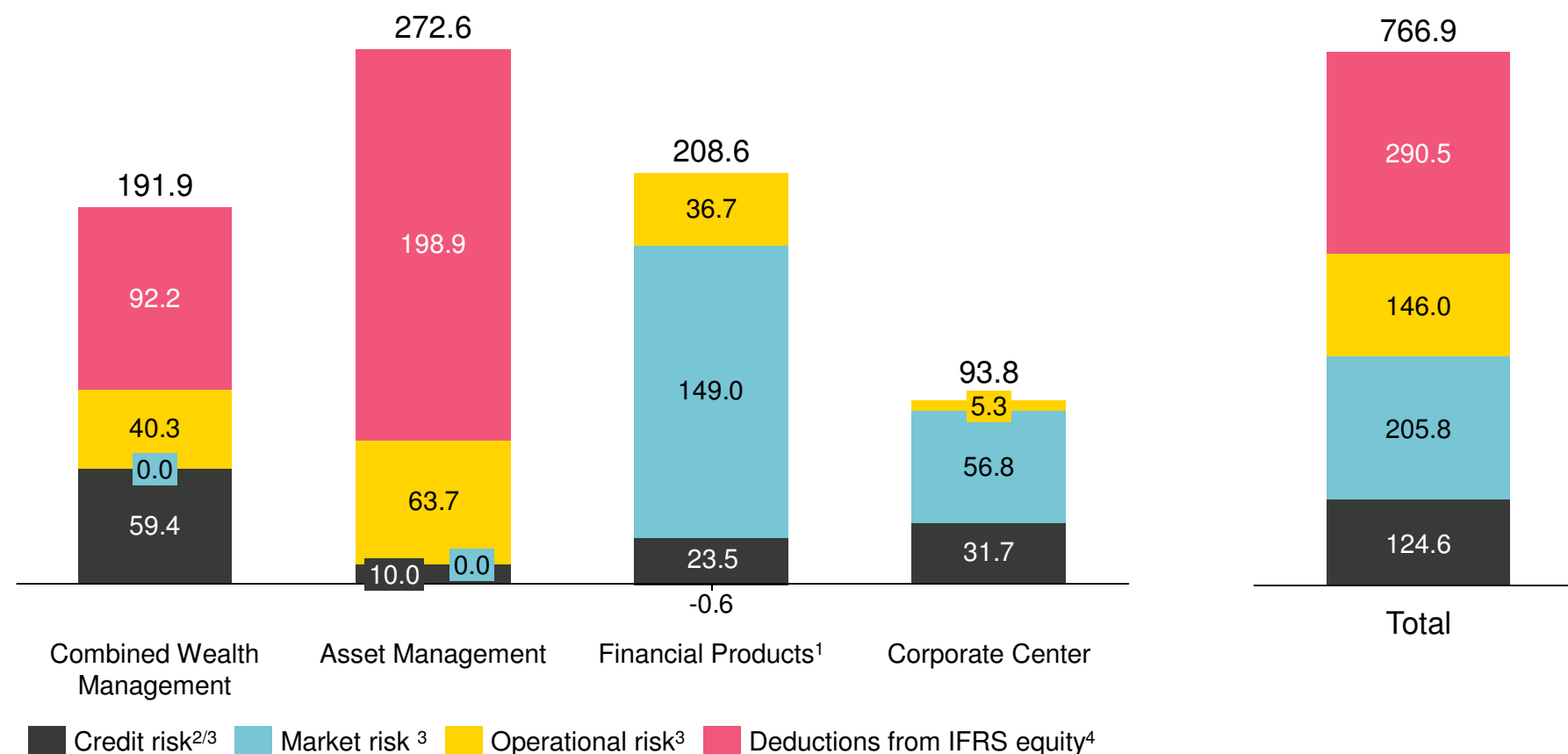
Counterparty exposure by sector (end-2017)



Note: Total issuer risk from debt instruments amounts to CHF 5.7 bn

Financial Products accounts for less than one-third of capital usage

Capital consumption as of end-2017 (CHF mn)



¹ Average value at risk of CHF 2.5 Mio. in 2017 (historical simulation, 99% confidence level, 1-day holding period and 4-year historical observation period); Equity-Vega sensitivity of CHF 2.3 mn at end-2017

² Including non-counterparty related risks

³ Reported figures are based on BIS capital requirements, i.e. RWA multiplied by 8%

⁴ Goodwill, intangible assets and gains/losses due to change in own credit spread, other

Vontobel continues to pursue a disciplined M&A approach to complement organic growth

Vontobel's M&A approach

- Active participation in industry consolidation to accelerate profitable growth
- Current capital structure provides substantial resources for both bolt-on and larger acquisitions
- Maintain disciplined acquisition process when considering M&A opportunities:
 - Strategic and cultural fit
 - Maximize long-term shareholder returns

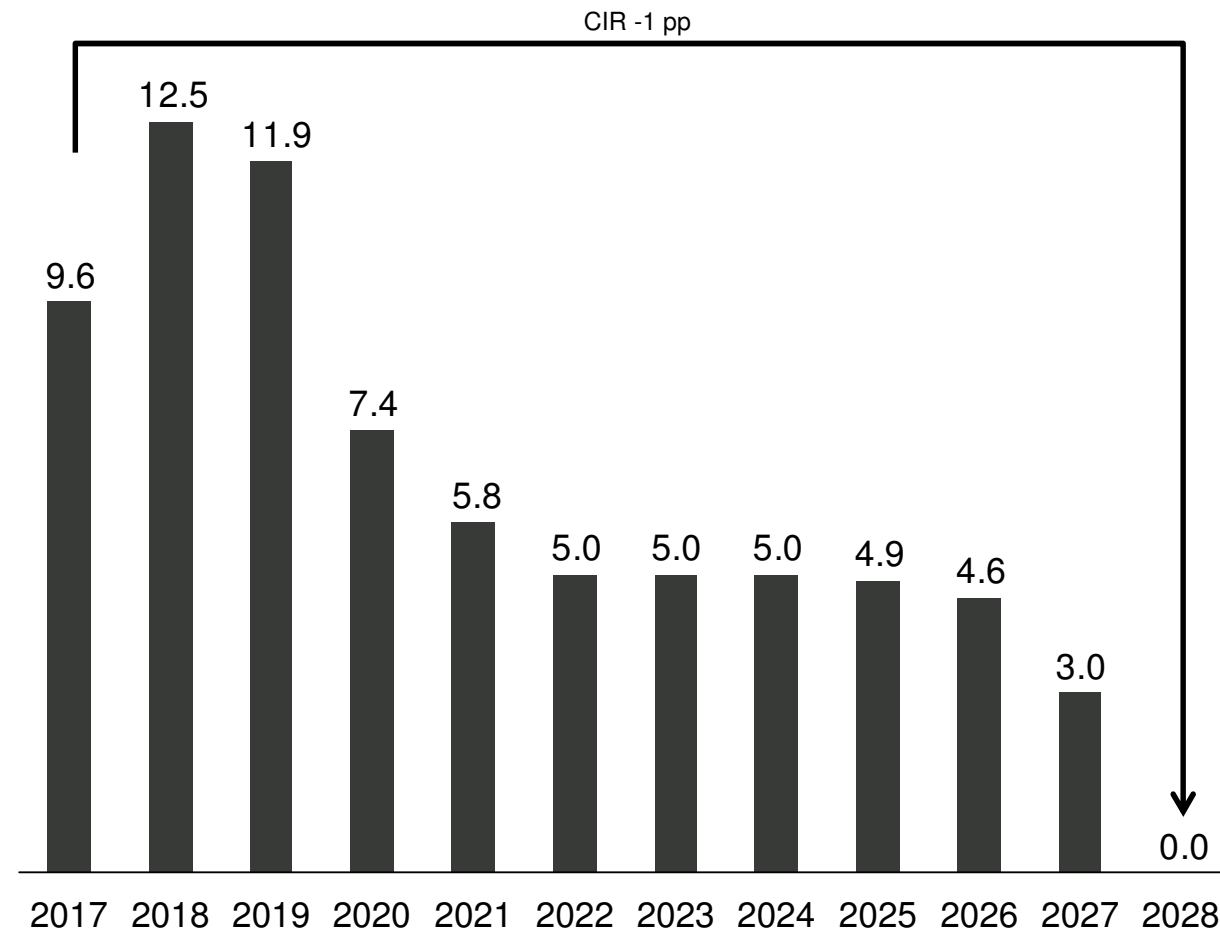
	Wealth Management	Asset Management
Rationale	Add scale: <ul style="list-style-type: none"> – Leverage our cross-border platform and gain market share in home and focus markets 	Add scale and/or skills: <ul style="list-style-type: none"> – Increase diversification across boutiques by gaining market share and/or adding competencies
Markets	<ul style="list-style-type: none"> – Switzerland (priority market) – Asia (excl. local booking platform) 	<ul style="list-style-type: none"> – Switzerland – Germany – Asia – US – UK

Amortization of intangibles from former acquisitions is declining and will lead to an improvement in the CIR of around 1pp **Vontobel**

13 February 2018

Amortization of intangibles from former acquisitions (CHF mn)

Comments



- Amortization of intangibles includes these acquisitions:
 - Commerzbank Schweiz until September 2019
 - TwentyFour Asset Management until April 2020
 - Bank Finter until September 2025
 - Vescore (partly) until September 2021; remainder until June 2027
 - Eastern European client portfolio from Notenstein La Roche until November 2027
- Future acquisitions expected to lead to additional intangibles that need to be amortized over time

Vontobel represents an attractive value proposition for investors

A growth case ...

- Wealth and asset management industry is growing globally
- Vontobel has a client-driven and long-term oriented strategy and is dedicated to growth and innovation
- Vontobel is a specialized player with potential for further growth given its needs-based offering for HNWI's, its multi-boutique and high-conviction approach to actively managing assets, and its technology leadership in delivering tailored investment solutions
- Vontobel has a strong and growing footprint in its home and focus markets

... with strong financial discipline ...

- Capital-light business model as a wealth and asset manager
- Solid capital base with CET1 ratio of 18.4%
- Strong family shareholder base; main shareholders committed to long-term profitable growth
- Attractive dividend yield despite investments in profitable growth (3.4% in 2017¹)
- Stability of business model demonstrated by 12.5% share buyback in 2014 – no dilution of shareholders and continued dividend payouts since financial crisis
- No dilutive effect from share participation plan on shareholders

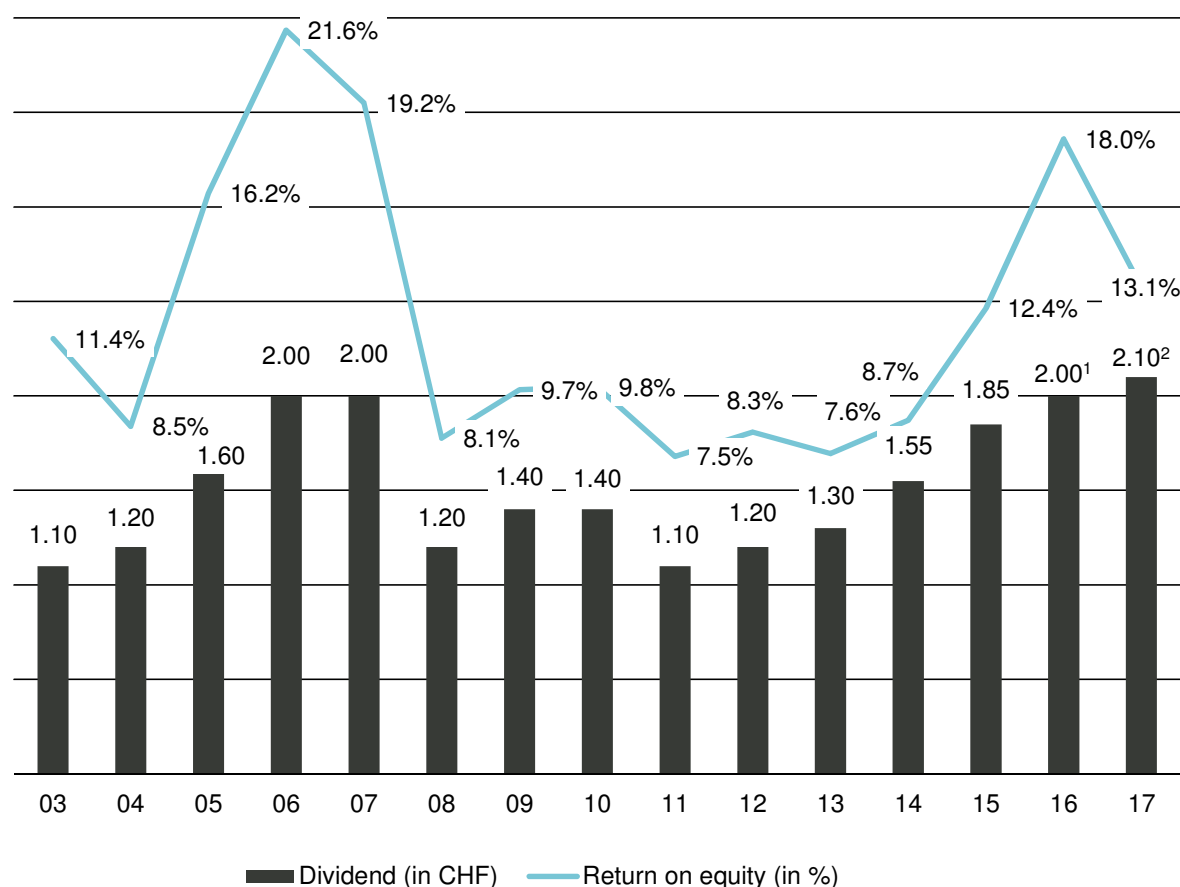
... and potential for M&A

- Potential to boost profitability through M&A
- M&A deals to be considered if consistent with Vontobel's strategy and capable of creating value for shareholders
- Some excess capital is available to finance M&A (based on Vontobel's target total capital ratio of >16%)
- Additional non-dilutive capital could be raised by issuing hybrid instruments if necessary

¹ Dividend proposed for 2017 / share price at end-2017

Successful implementation of Vontobel's strategy has delivered attractive returns to shareholders for more than a decade

Return on equity and dividends



Comments

- Attractive business with average return on equity of 12.0% since 2003 – clearly above Vontobel's cost of capital
- Attractive dividend policy
 - Average dividend of CHF 1.53 per share since 2003
 - Cumulative dividends of more than CHF 1.4 bn since 2003
 - Including 2017, dividend has increased for six consecutive years
- Increase in shareholders' equity of almost CHF 700 mn since 2003
- In 2014, active capital management was demonstrated by share buyback of 12.5%

¹ Including special dividend of CHF 0.10

² Dividend proposed for 2017

Vontobel provides comprehensive transparency on its core activities

Financial disclosure

Organizational set-up/ IFRS reporting	Core activities
<div data-bbox="121 605 522 716">Wealth Management</div> <div data-bbox="121 737 522 847">External Asset Managers¹</div>	<div data-bbox="579 605 980 847">Combined Wealth Management</div>
<div data-bbox="121 964 522 1075">Asset Management</div>	<div data-bbox="579 964 980 1075">Asset Management</div>
<div data-bbox="121 1193 522 1304">Financial Products^{1/2}</div>	<div data-bbox="579 1193 980 1304">Financial Products</div>

Comments

- The EAM business is similar to Wealth Management in terms of its business model, stable income streams and risk profile
- To provide a comparable level of information about Wealth Management and EAM, Vontobel provides a high level of transparency about its EAM business
- Combined Wealth Management reported advised client assets of CHF 55.8 bn, a gross margin of 66 bps on assets under management

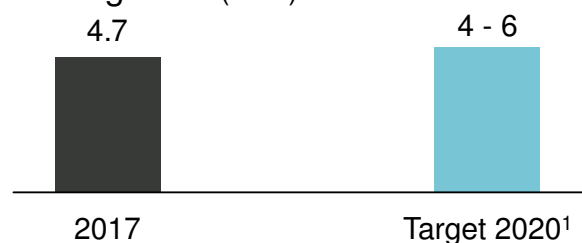
¹ Reported under the Investment Banking segment in financial statements

² Includes Brokerage, Corporate Finance and Transaction Banking

All core activities with ambitious targets for 2020

Combined Wealth Management¹

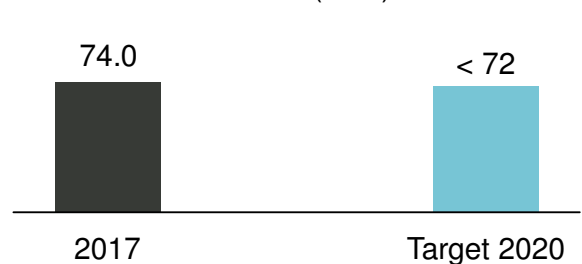
NNM growth (in %)



Gross margin on AuM (in bps)

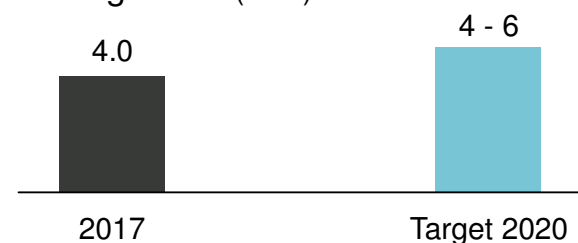


Cost²/income ratio (in %)



Asset Management

NNM growth³ (in %)



Gross margin on AuM (in bps)

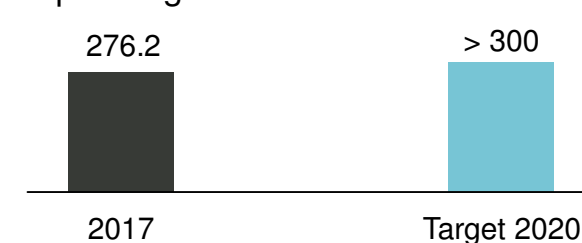


Cost²/income ratio (in %)

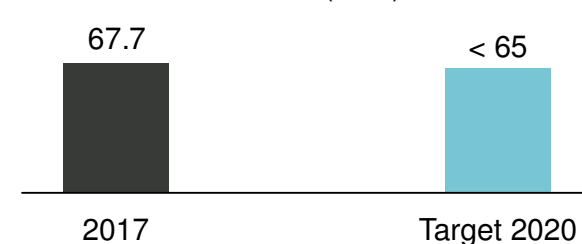


Financial products

Operating income



Cost²/income ratio (in %)



Pre-tax ROAC⁴ (in %)



¹ Segment Wealth Management (formerly Private Banking) and business unit External Asset Managers

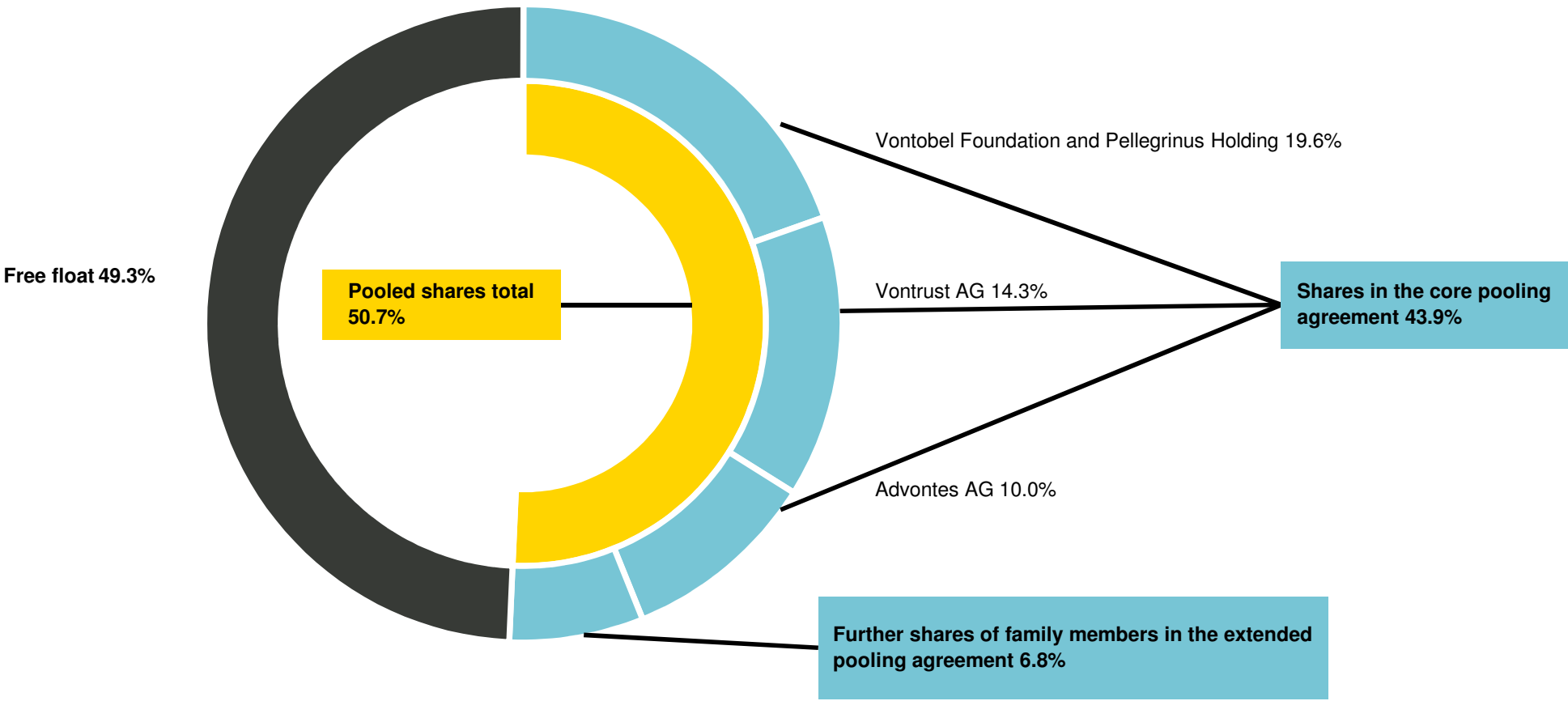
³ Adjusted for assets that are managed on behalf of other segments

² Operating expense excl. valuation adjustments, provisions and losses

⁴ Pre-tax return on allocated capital (according to BIS III, 8%)

Vontobel families hold more than 50% of share capital and are strongly committed to Vontobel

Shareholder structure under new shareholder pooling agreement¹



¹ Based on nominal share capital of CHF 56.875 mn