Half-Year Report 2016

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

Shareholders' letter

Dear shareholders and clients

With market conditions remaining very challenging, Vontobel pursued its prudent and systematic approach to business in the first half of 2016 and once again demonstrated the future-oriented nature and earning power of its business model. The operating environment in the first six months of the year was characterized by weak equity markets, high levels of volatility, a further decline in interest rates and the slowing of the economy both globally and in Switzerland. In addition, uncertainty prevailed due to various geopolitical tensions, acts of terrorism and the ongoing refugee crisis. At the end of June, the UK's vote in favour of Brexit and the questions it raises about the future of Europe sent shockwaves through the stock markets.

At Vontobel, we are able to adopt a long-term strategic view while acting decisively as a result of our special ownership structure as a listed Swiss family business. This approach is more vital than ever in today's constantly evolving environment. Long-term strategies and market-driven decisions are also the hallmarks of our relationship with our clients, whose assets we strive to protect and build. Especially in periods of change, wealth provides security and the freedom to act.

The trust placed in us by our clients is reflected by our strong organic growth and good profitability. Despite the adverse operating environment, Vontobel delivered an 8% increase in net profit to CHF 105.7 million in the first half of 2016 compared to the same period of the prior year, with earnings per share rising 6% to CHF 1.87. Although assets under management in the Quality Growth boutique were dented by the change of Chief Investment Officer (CIO) in March, Asset Management was again the main earnings driver at Vontobel, producing a 26% increase in pre-tax profit to CHF 85.3 million compared to the first half of 2015. Wealth Management contributed CHF 34.2 million to pre-tax profit, in line with the first half of 2015. Financial Products gained market share but felt the effects of weak markets, which were reflected by a 22% decrease in pre-tax profit to CHF 30.0 million. Vontobel's robust result was also driven by the good net inflow of new money. In the first six months of 2016, private and institutional clients entrusted us with more than CHF 3.1 billion of new money, adjusted for the Quality Growth boutique. This corresponds to annualized growth of 7%. Total client assets declined only slightly to CHF 179.3 billion due, in particular, to the successful CIO succession plan in the Quality Growth boutique and the boutique's good performance.

Profitable growth due to excellent products and service
In the first half of 2016, Vontobel Wealth Management continued to achieve organic growth that exceeded the benchmark. Clients entrusted Wealth Management with a total of CHF 1.0 billion of new money, corresponding to annualized growth in new money of 4.8%. Vontobel was named "Best Private Bank in Switzerland" by the Swiss business magazine Bilanz for the third consecutive year, confirming the consistently high quality of our advice and our excellent products. At Vontobel, our focus is on our clients and on providing them with individual advice and actively managing their assets.

Despite difficult market conditions, Vontobel remains committed to executing its organic growth plans in Wealth Management going forward. In the first half of the year, we made further investments in the recruitment of experienced relationship managers for private clients in Switzerland, Germany and Asia. We will continue to capture the potential of digitalization to create benefits for our clients, to support our relationship managers and to export Swiss private banking to our focus markets. In recent months, Vontobel made targeted investments in the further development of our private banking app, which is now used by clients in 20 countries.

Growth driven by continued digitalization and new distribution channels
Technology also enables Financial Products to enter new markets and address new target groups. We have expanded our front-to-end offering for banks and insurers with our White Labelling 2.0 solution. Following our entry into the Nordic market in 2015, Vontobel also began distributing leverage products in Italy in the first half of 2016. After only a few weeks, Vontobel was already the issuer with the broadest range of products in the Italian market for factor certificates. Our market entry in the Netherlands and France is planned for the near future. Vontobel believes that the global digital offering – from the creation to the distribution of structured investment solutions for the financial services sector – presents significant growth opportunities now and in the future. The digitalization of this business has made a decisive contribution to the reduction of unit costs, which have decreased by 95% since 2009.

Sustained good performance – basis for continued growth
Vontobel Asset Management has received 144 awards since 2011 in recognition of the consistently excellent quality of its products and services. The quality of its offering is reflected by growth and the increased profitability of the Asset Management boutiques. Systematic progress was made in the global diversification of our activities to Taiwan, the Nordic markets and the Netherlands in the first half of 2016. Vontobel Asset Management also continued to systematically diversify its products. More than 50% of advised assets now originate from the Fixed Income, Multi Asset Class and Thematic Investing boutiques. The change of leadership in the Quality Growth boutique was executed successfully. With the appointment of Matthew Benkendorf as the new CIO of the Quality Growth boutique, Vontobel implemented its existing succession plan and laid the foundations for the continued sustainable development of the boutique and its client base. The stability of the experienced team, which has expressed its commitment to Vontobel, as well as the continuation of the existing robust investment process that has been in place for more than two decades, were of decisive importance in maintaining the trust of investors and limiting the outflows that usually follow when these types of changes occur. Subject to continued good performance, we expect to reverse the dent in assets under management in the Quality Growth boutique in the medium term.

Partnership with a focus on clients and growth prospects
Raiffeisen and Vontobel already agreed in February 2016 that beyond the end of the current cooperation agreement in June 2017, Vontobel would remain a partner of Raiffeisen and its subsidiaries in certain areas of asset management and the securities business until at least 2020. On 29 June 2016, Raiffeisen and Vontobel signed a second agreement under which the two companies will become partners in the area of asset management, with the new partnership far exceeding the scope and duration of their previous agreement. Raiffeisen will focus on advisory services and on the client business within the investment business. Vontobel will make its experience and expertise in global asset management available to Raiffeisen within the framework of their collaboration and will, in particular, support Raiffeisen in the investment process and in the area of distribution. In addition, Vontobel will

continue to be responsible for developing and managing selected asset management products for the Raiffeisen Group, which currently represent CHF 7.9 billion of assets. As part of the redefinition of their collaboration, Vontobel will acquire the Raiffeisen subsidiary Vescore, which currently manages CHF 15 billion of assets and will ideally complement Vontobel Asset Management's successful international boutique model. Vescore's asset management capabilities mainly comprise the core portfolios of sustainable investments and quantitative investments, as well as fundamental equity strategies. Approximately CHF 9 billion of assets are managed in these core portfolios of Vescore.

By agreeing a new partnership in the investment business, we have broadened and deepened our access to the 3.7 million clients of Raiffeisen – the third-largest bank in our key home market of Switzerland – well into the next decade. Through the Vescore business, we will also gain improved access to the institutional business in our focus market of Germany. We anticipate that the return on this investment will significantly exceed the target return on equity of 10%, meaning the transaction will create value for our shareholders. The Vescore transaction is fully in line with our M&A criteria. In future, we will continue to support our organic growth in Wealth Management and Asset Management in Switzerland and in our focus markets through targeted acquisitions.

Solid capital position

Vontobel has maintained a solid BIS common equity tier 1 ratio (CET1 ratio) of 18.3%, which continues to substantially exceed the regulatory minimum requirement. The return on equity was 14.4% in the first half of 2016, significantly exceeding the cost of capital and Vontobel's own target return of over 10%.

Continuity of expertise

Dr Maja Baumann, David Cole and Björn Wettergren were newly elected to the Board of Directors at the General Meeting of Shareholders in mid-April by a very large majority. With the election of Dr Maja Baumann and Björn Wettergren, two members of the owner families have joined the Board of Directors and will enrich it with their experience in the areas of legal and regulatory topics and of digitalization respectively. These two appointments are representative of both the continuous development and the tradition of Vontobel as a company with a strong majority shareholder base. As the third newly elected member, David Cole brings to the Board the extensive financial market expertise he has gained over many years in international roles in the finance industry.

2016 to remain challenging

At present, there are no signs from the markets and the geopolitical environment that current turbulent market conditions are likely to subside. We expect markets to remain highly volatile, interest rates to remain low and the uncertain political environment to persist. These challenges will impact both on our focus markets and on our home market of Switzerland. As a result, it will generally remain difficult to generate income for clients, since it is only possible to invest successfully in this type of environment using extremely selective approaches. In this context, we believe that Vontobel is very well positioned as a company that has focused on active portfolio management and has positioned itself as a product specialist with its three areas of business – Wealth Management, Asset Management and Financial Products.

We will continue to systematically pursue our growth and profit targets in the second half of the year. At Vontobel, we take the direction we believe in, even if it is not always in line with what is generally expected of us. Our Honorary Chairman Dr Hans Vontobel, who died in January 2016 aged 99, was well known for his 'quand même' philosophy – in other words, the determination to overcome adversity. This philosophy is inextricably linked to the principle of focusing on the long term. Success has proved him right.

Success can only be achieved by working together as a team. We therefore wish to express our considerable thanks to our employees, who are dedicated to serving our clients day after day. We also wish to thank our shareholders and clients for their trust in Vontobel, which forms the foundations of our work.

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

Vontobel at a glance

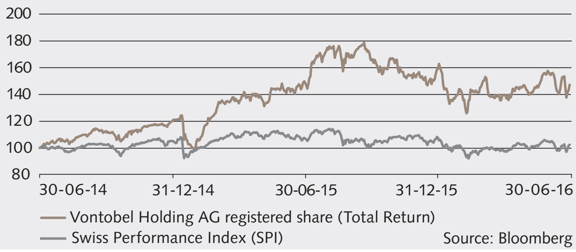
Ratios			
(6 months)	**30-06-16**	30-06-15	31-12-15
Return on shareholders' equity (ROE) (%)[1]	**14.4**	13.6	11.2
Cost[2]/income ratio (%)	**72.9**	75.7	78.5
Equity ratio (%)	**7.7**	8.0	8.1
Basel III leverage ratio (%)	**5.3**	5.7	5.1

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

Share data			
(6 months)	**30-06-16**	30-06-15	31-12-15
Basic earnings per share (CHF)[1]	**1.87**	1.76	1.44
Diluted earnings per share (CHF)[1]	**1.84**	1.72	1.39
Equity per share outstanding at balance sheet date (CHF)	**25.50**	25.06	26.02
Price/book value per share	**1.6**	1.7	1.8
Price/earnings[2] per share	**11.2**	12.4	16.4
Share price at balance sheet date (CHF)	**42.05**	43.35	47.50
High (CHF)	**49.00**	44.45	53.45
Low (CHF)	**36.90**	30.25	42.90
Market capitalization nominal capital (CHF mn)	**2,391.6**	2,817.8	2,701.6
Market capitalization less treasury shares (CHF mn)	**2,325.8**	2,414.3	2,601.7
Undiluted weighted average number of shares	**55,140,244**	55,497,086	55,254,790

[1] Basis: weighted average number of shares
[2] Annualized

Performance of Vontobel Holding AG registered share (indexed)



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

BIS capital ratios			
	30-06-16	30-06-15	31-12-15
CET1 capital ratio (%)	**18.3**	19.2	17.9
CET1 capital (CHF mn)	**976.8**	983.5	895.1
Risk weighted positions (CHF mn)	**5,348.0**	5,126.9	5,001.9

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

Risk ratio			
	30-06-16	30-06-15	31-12-15
Average Value at Risk market risk (CHF mn)	**2.8**	3.6	2.3

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

Rating			
	30-06-16	30-06-15	31-12-15
Moody's Rating Bank Vontobel AG (long-term deposit rating)	**Aa3**	Aa3	Aa3

Income statement				
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change in % to 30-06-15
Total operating income	**496.8**	507.6	481.0	(2)
Operating expense	**367.1**	384.5	380.2	(5)
Group net profit	**105.7**	97.8	82.3	8
of which allocated to minority interests	**2.4**	0.4	2.5	500
of which allocated to the shareholders of Vontobel Holding AG	**103.3**	97.4	79.8	6

Segments – pre-tax profit				
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change in % to 30-06-15
Private Banking	**26.6**	25.5	20.6	4
Asset Management	**85.3**	67.9	70.6	26
Investment Banking	**37.6**	46.6	30.4	(19)
Corporate Center	**(19.8)**	(16.9)	(20.8)	

Balance sheet				
CHF mn	**30-06-16**	30-06-15	31-12-15	Change in % to 31-12-15
Total assets	**18,389.9**	17,341.9	17,604.8	4
Shareholders' equity (excl. minority interests)	**1,410.4**	1,395.8	1,425.2	(1)
Loans	**2,359.2**	2,138.0	2,365.1	(0)
Due to customers	**8,720.1**	8,085.0	8,775.8	(1)

Client assets				
CHF bn	**30-06-16**	30-06-15	31-12-15	Change in % to 31-12-15
Assets under management	**127.8**	131.1	136.3	(6)
of which under discretionary management	**84.9**	89.7	93.9	(10)
of which under non-discretionary management	**42.9**	41.4	42.4	1
Other advised client assets	**6.4**	5.2	6.0	7
Structured products outstanding	**5.9**	5.9	5.5	7
Total advised client assets	**140.1**	142.2	147.8	(5)
Custody assets	**39.2**	38.6	39.4	(1)
Total client assets	**179.3**	180.8	187.2	(4)

Net new money				
CHF bn (6 months)	**30-06-16**	30-06-15	31-12-15	
Net new money	**3.1**[1]	6.4	1.6	
Net new money Quality Growth boutique	**(11.8)**			

1 Excluding Quality Growth boutique

Headcount (full-time equivalents)				
	30-06-16	30-06-15	31-12-15	Change in % to 31-12-15
Number of employees Switzerland	**1,201.3**	1,143.3	1,201.2	0
Number of employees abroad	**293.1**	267.0	292.7	0
Total number of employees	**1,494.4**	1,410.3	1,493.9	0

Award-winning businesses

In the first half of 2016, we once again received a number of industry awards in recognition of our expertise across different businesses, which enables us to generate sustained value for our clients.

Vontobel was named “Best Private Bank” in Switzerland by the business magazine “Bilanz” for the third time in succession.

Morningstar and Lipper named Vontobel Asset Management the leading provider in the category “Best EUR Corporate Bond Fund” for the second consecutive year.

In the Pension and Investment Provider Awards (PIPA), TwentyFour Asset Management was named best provider in the category “Global Multi Asset Credit”. Vontobel Asset Management was named “Equity Manager of the Year” in the areas of Quality Growth and Thematic Investing in the UK Pension Awards. TwentyFour Asset Management won the “Chief Investment Officer Magazine’s 2016 European Innovation Award” for Fixed Income for the second consecutive time.

At the Swiss Derivative Awards 2016, Vontobel received the award for “Best Market Maker Leverage Products”, as well as ranking first in the category “Top Service” for the sixth time in succession.

In the Extel Survey 2016, Vontobel’s Brokerage team took first place across all categories in the segment “Swiss Equities” and was named “Best Broker for Swiss Equities” for the sixth consecutive time.

Contents

Vontobel

Increased profit in a challenging environment
The first few months of 2016 saw the continuation of moderate global economic growth, supported by an expansionary monetary policy. However, the signs of improvement in the economy were overshadowed by political tensions. In the trouble spots of Ukraine and Syria, which are of significance for Europe, the situation remained virulent and terrorist attacks and the ongoing refugee crisis made the headlines. The outcome of the UK referendum at the end of June, when British voters decided in favour of leaving the European Union (Brexit), led to increasing uncertainty about the future of the UK and Europe, triggering a sharp fall in equity markets. This prompted a flight to "safe haven" investments such as gold by investors. As a result, global equities ended up in slightly negative territory (–0.3%) in local currency terms in the first half of 2016, while the Swiss Market Index and Germany's DAX suffered significant declines of 9% and 10%, respectively. At the same time, global bond indices benefited from growing concerns over growth and the decreasing probability of further rises in US interest rates. This translated into a strong performance by global fixed income markets of 6.7% in local currency terms. The further downward trend in interest rates was driven not only by economic worries and falling rates of inflation but also by the large-scale bond buying programme launched by the European Central Bank (ECB). This caused the yields on 10-year German government bonds to fall below zero for the first time ever. The movement in Swiss government bonds was even more pronounced, as the yields on all Swiss government debt, including 50-year bonds, dropped below zero.

Against this backdrop, investors are increasingly seeking value-protected investments offering positive returns. It is difficult to meet these requirements in the current environment. Extremely low interest rates and high levels of volatility in financial and foreign exchange markets present a particular challenge for the wealth and asset management industry. For Vontobel, as an established wealth and asset manager, its forward-looking business model and its focus on its own strengths – providing responsible advice, managing assets actively and delivering tailor-made investment solutions for clients – proved effective again in the first half of 2016. The high level of trust that clients place in Vontobel and its successful positioning in the market are reflected by its 8% increase in net profit to CHF 105.7 million and by the inflow of CHF 3.1 billion of new money, adjusted for the Quality Growth boutique. The return on equity rose by 0.8 percentage points to 14.4%. Vontobel has maintained its comfortable equity position. The BIS common equity tier 1 ratio (CET1 ratio) remained very solid at 18.3% at the end of June 2016, substantially exceeding the regulatory minimum requirement of 12%.

Client assets from private clients reach record high
In recent years, Vontobel has invested systematically across all divisions in the targeted expansion of its business in its home market of Switzerland and in its defined focus markets. This investment is now reflected by its well-balanced base of private and institutional clients. Vontobel's strategy proved successful in the first half of 2016, as the impacts of the lower asset base in the Quality Growth boutique following the change of CIO were absorbed effectively thanks to the immediate implementation of the succession plan. Total client assets stood at CHF 179.3 billion at the end of June 2016, a decrease of only 4% compared to the end of 2015. This included a 5% reduction in total advised client assets – which consist of assets under management, other advised client assets and structured products – to CHF 140.1 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 volume of structured products outstanding rose by 7% to CHF 5.9 billion despite falling volumes in European derivatives markets. This increase reflects Vontobel Financial Products' success in further strengthening its position in Switzerland and Germany during the first half of 2016. Vontobel is a technology leader in the structured products and derivatives business and also demonstrates cost leadership in this area. Its custody assets of CHF 39.2 billion include the portfolios of Raiffeisen Switzerland, for which Vontobel provides custody and other services as part of their long-term partnership.

Client assets			
CHF bn	**30-06-16**	30-06-15	31-12-15
Assets under management	**127.8**	131.1	136.3
Other advised client assets	**6.4**	5.2	6.0
Structured products outstanding	**5.9**	5.9	5.5
Total advised client assets	**140.1**	**142.2**	**147.8**
Custody assets	**39.2**	38.6	39.4
Total client assets	**179.3**	**180.8**	**187.2**

Assets under management declined by CHF 8.5 billion or 6% to CHF 127.8 billion compared to the end of 2015. A pleasing net inflow of new money of CHF 3.1 billion (excluding the Quality Growth boutique) and an overall positive effect from market developments of CHF 3.0 billion were recorded. This compared with net asset outflows of CHF 11.8 billion related to the CIO change in the Quality Growth boutique announced in March, as well as negative currency effects of CHF –2.8 billion.

Development of assets under management			
CHF bn	**30-06-16**	30-06-15	31-12-15
Private clients	**42.3**	38.9	41.6
Private Banking	**35.0**	31.8	34.2
External Asset Managers	**7.3**	7.1	7.4
Corporate Center	**0.0**	0.0	0.0
Institutional clients	**85.5**	92.2	94.7
Asset Management[1]	**86.4**	91.3	95.7
Investment Banking[2]	**2.5**	4.1	2.7
Corporate Center[3]	**(3.4)**	(3.2)	(3.7)
Total assets under management	**127.8**	131.1	136.3

[1] Including intermediaries
[2] Excluding External Asset Managers
[3] Assets under management that are managed on behalf of other segments.

At the end of June 2016, CHF 42.3 billion of assets were entrusted to Vontobel by private clients (+2% compared to the end of December 2015), the highest ever volume in Vontobel's more than 90-year history. Institutional clients accounted for CHF 85.5 billion of assets, a decrease of 10% from the end of 2015.

The needs and satisfaction of our clients are at the centre of our business philosophy and actions, as evidenced by our employees' consistent focus on delivering service and performance. This mindset – combined with continued investment in growth and in an efficient sales structure at a global and product-oriented level – is the prerequisite for Vontobel's sustained success and paved the way for impressive growth in new money of 7% in the first half of 2016, excluding the Quality Growth boutique. Vontobel attracted net inflows of new money totalling CHF 3.1 billion on an organic basis in the period under review, driven by contributions from both Wealth Management and Asset Management.

Development of net new money			
CHF bn 6 months	**30-06-16**	30-06-15	31-12-15
Private clients	**1.0**	**1.1**	**0.6**
Private Banking	**0.9**	0.7	0.6
External Asset Managers	**0.1**	0.4	0.0
Corporate Center	**0.0**	0.0	0.0
Institutional clients	**2.1**	**5.3**	**1.0**
Asset Management[1]	**2.1** [2]	5.2	2.7
Investment Banking[3]	**0.0**	0.1	(1.3)
Corporate Center[4]	**0.0**	0.0	(0.4)
Total net new money	**3.1**	**6.4**	**1.6**
Net new money Quality Growth boutique	**(11.8)**		

[1] Including intermediaries
[2] Excluding Quality Growth boutique
[3] Excluding External Asset Managers
[4] Net new money from assets that are managed on behalf of other segments.

Vontobel Wealth Management has organically acquired an above-average volume of new assets in recent years relative to its peers. In the period under review, it once again delivered impressive growth in new money – especially in its Swiss home market, where it achieved an annualized growth rate of 4.8%. This is the result of Vontobel's successful positioning in the wealth management business, which is undergoing major structural changes, and it demonstrates that its rigorous client focus and ongoing measures to strengthen its advisory expertise are bearing fruit.

In Asset Management, clients entrusted us with CHF 2.1 billion of new money in the first six months of 2016, adjusted for the Quality Growth boutique. This corresponds to an annualized growth rate of more than 8% and was mainly driven by inflows into our fixed income products, which are managed by our portfolio managers in Zurich and by TwentyFour Asset Management, our rapidly growing and successful boutique in our UK focus market. The Multi Asset Class and Thematic Investing boutiques also made significant contributions to this good result.

The CIO change in the Quality Growth boutique naturally led to outflows of assets. With the swift implementation of the succession plan, Vontobel created a strong basis for the further sustainable development of the boutique. The stability of the experienced team, which has expressed its commitment to Vontobel, as well as the continuation of the existing robust investment process, which has been in place for more than two decades, were of decisive importance in maintaining the trust of investors and limiting the outflows that usually follow when these types of changes occur.

Assets under management by investment category			
in %	**30-06-16**	30-06-15	31-12-15
Swiss equities	**13**	12	12
Foreign equities	**40**	47	45
Bonds	**29**	25	26
Alternative investments	**3**	3	3
Liquid assets, fiduciary investments	**11**	10	11
Other[1]	**4**	3	3

[1] Including structured products

The structure of assets by investment category reflects the systematic diversification of the boutiques in Asset Management and the changes in the Quality Growth boutique, which is focused on equity strategies. As a result, the proportion of fixed income securities rose by a further 3 percentage points in the period under review, while the weighting of foreign equities declined slightly. The proportion of liquid assets and fiduciary investments remained unchanged at 11% of the Group's assets under management and is a reflection of the continued strong preference among private clients for low-risk investments and liquidity.

Assets under management by currency			
in %	**30-06-16**	30-06-15	31-12-15
CHF	**25**	24	23
EUR	**20**	16	19
USD	**29**	27	26
GBP	**8**	7	8
Other	**18**	26	24

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 first half of 2016, there was a relative increase in the proportion of investments in US dollars, euros and Swiss francs, while other currencies (particularly the Indian rupee and the Hong Kong dollar) decreased due primarily to a downward trend in the development of the emerging markets strategy.

Further increase in operating efficiency and profitability – now in target range

In recent years, Vontobel has successfully transformed itself 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 its international client base and the balanced structure of client assets in terms of currencies but also by the significant contribution from fee and commission income, which accounted for two-thirds of the operating income of almost CHF 500 million in the year under review.

Subdued trading volumes in the financial markets and the previously mentioned change in the Quality Growth boutique resulted in a 7% decline in fee and commission income to CHF 328.1 million in the first six months of 2016 compared to the same period of the previous year. Advisory and management fees decreased by 2% to CHF 274.2 million, while average assets under management grew by 5% over the same period. Custody fees declined slightly (–3%) to CHF 73.5 million. The wait-and-see approach that many investors continued to display was reflected by the development of brokerage fees, which decreased by 16% to CHF 55.8 million compared to the very strong first half of 2015.

Trading income of CHF 119.1 million was almost in line with the strong result for the first half of the previous year after Vontobel gained further market share in Switzerland and international markets in the first half of 2016. 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 period under review, these activities contributed CHF 103.4 million (–1%) to trading income. Income from forex and precious metals trading decreased by 17% to CHF 15.7 million.

Managing the bank's balance sheet and maintaining a conservative risk profile is especially challenging in the current environment of extremely low or negative interest rates. As a result of active and systematic treasury activities, a slight increase in loans to clients as well as slightly higher dividend income, net interest income increased by 32% to CHF 39.6 million. Other income includes income from the sale of treasury assets (available-for-sale financial assets) of CHF 8.1 million.

Structure of the income statement				
(6 months)	**30-06-16 CHF mn**	**30-06-16 in %[1]**	30-06-15 in %[1]	31-12-15 in %[1]
Net interest income	**39.6**	**8**	6	8
Fee and commission income	**328.1**	**66**	69	73
Trading income	**119.1**	**24**	24	20
Other income	**10.0**	**2**	1	(1)
Total operating income	**496.8**	**100**	100	100
Personnel expense	**238.6**	**48**	53	54
General expense	**93.7**	**19**	17	17
Depreciation, amortization	**29.9**	**6**	6	7
Valuation adjustments, provisions and losses	**4.9**	**1**	0	1
Operating expense	**367.1**	**74**	76	79
Taxes	**24.0**	**5**	5	4
Group net profit	**105.7**	**21**	19	17

[1] Share of operating income

Operating expense decreased more sharply than operating income, mainly reflecting a reduction in personnel expense. Personnel expense, the largest cost component, decreased by 11% to CHF 238.6 million. This reflected a net one-off benefit of CHF 5 million (after taxes) related to the CIO change in the Quality Growth boutique as well as lower expense from pensions and other employee benefits due to a change of parameters. At the end of June 2016, Vontobel employed 1,494 full-time equivalents and its headcount was thus unchanged from the end of 2015.

General expense rose by 11% to CHF 93.7 million. This increase mainly reflected higher expenses for IT and telecommunications, as well as for travel and representation, public relations and marketing.

Operating expense includes one-off expenses of CHF 3 million (after taxes) related to the integration of Finter Bank. In addition, a payment made to the Munich tax authorities for the partial settlement of legacy tax matters resulted in a charge of CHF 4 million (after tax).

Depreciation of property, equipment and intangible assets decreased by 4% to CHF 29.9 million, as planned. As a result of our state-of-the-art digital platform, the total amount that needed to be invested in the development of the business in the period under review was CHF 13.2 million, significantly less than in both prior half-year periods.

Capital expenditure and depreciation			
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15
Capital expenditure	**13.2**	14.5	20.8
Depreciation	**29.9**	31.1	35.0

In view of the continued challenging market environment and the resulting latent pressure on margins within the industry, as well as the shift of weightings within its business model, Vontobel's income base has proved very resilient. At the same time, Vontobel has delivered a significant reduction in its cost base, resulting in a substantial increase in operating efficiency. The cost/income ratio improved from 75.7% to 72.9% and thus meets the 2017 target of less than 75%. Pre-tax profit grew by 5% to CHF 129.7 million compared to the strong result achieved in the first half of 2015. The tax charge decreased by 5% to CHF 24.0 million and the tax rate was 18.5%, compared to 20.6% in the first half of 2015.

Net profit after taxes rose by 8% to CHF 105.7 million and basic earnings per share grew by 6% to CHF 1.87. In the first half of 2016, Vontobel generated a respectable return on equity of 14.4%, an increase of 0.8 percentage points compared to the first half of 2015.

Structure of income statement by currency			
in %	**30-06-16**	30-06-15	31-12-15
Operating income			
CHF	**43**	46	41
EUR	**14**	12	13
USD	**33**	35	36
GBP	**5**	2	4
Other	**5**	5	6
Operating expense			
CHF	**76**	72	69
EUR	**6**	5	6
USD	**14**	20	22
GBP	**3**	2	2
Other	**1**	1	1

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. The proportion of income and, in particular, costs generated in US dollars decreased slightly in the first half of 2016. As a result, 43% of income and 76% of operating expense were generated in Swiss francs. The US dollar continued to represent the second most important currency, accounting for 33% of income and 14% of operating expense. This was followed by the euro, with 14% of income and 6% of costs.

Increased profit contribution from Asset Management and Private Banking – Investment Banking shows resilience

Pre-tax profit by segment			
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15
Private Banking	**26.6**	25.5	20.6
Asset Management	**85.3**	67.9	70.6
Investment Banking	**37.6**	46.6	30.4
of which External Asset Managers	**7.6**	8.2	6.6
Corporate Center	**(19.8)**	(16.9)	(20.8)
Total	**129.7**	**123.1**	**100.8**

Private Banking is the division within Vontobel that is most severely affected by negative interest rates, the strong Swiss franc and the wait-and-see approach adopted by many investors. Despite these impacts, Private Banking resolutely continued the expansion of its business through the targeted recruitment of additional relationship managers. Thanks to strict cost management, Private Banking increased its operating efficiency, resulting in a 4% improvement in pre-tax profit to CHF 26.6 million. In Asset Management, impressive investment performance and high product and service quality are the hallmarks of the business. Despite significant challenges, the decline in operating income remained within narrow limits. As a result of a significant reduction in its cost base, Asset Management grew its pre-tax profit for the first half of 2016 by 26% to a record CHF 85.3 million.

The Financial Products business in Investment Banking has, for years, demonstrated a high level of innovation as well as technology and cost leadership, while maintaining a close proximity to its clients. It has successfully established itself as one of the leading providers of structured products and derivatives in Europe. The weak growth in volumes in the derivatives market had a negative impact on the result generated by Financial Products, and the Investment Banking division reported a 19% reduction in pre-tax profit to CHF 37.6 million. The Financial Products business contributed 20% of Vontobel's pre-tax profit (excluding the Corporate Center) in the first half of 2016. Wealth & Asset Management (Private Banking, Asset Management and the External Asset Managers business) accounted for 80% of the pre-tax profit generated by the divisions – reflecting Vontobel's clear positioning as a wealth and asset manager.

The result for the Corporate Center declined slightly. While operating income increased as a result of active treasury management combined with the continuation of Vontobel's conservative risk profile and higher dividend income from participations, operating expense was adversely impacted by one-off costs for the integration of Finter Bank as well as the payment related to the settlement with the Munich authorities.

Conservative risk management

Vontobel remains committed to a conservative risk management approach. This is reflected by the continued low average Value at Risk in the Financial Products business of CHF 2.8 million in the first half of 2016, compared to CHF 3.6 million in the first half of 2015 and CHF 2.3 million in the second half of 2015. Value at Risk is still influenced most strongly by the interest rate component, which mainly reflects credit spread risks in the bond portfolio.

Value at Risk (VaR) for the positions in the Financial Products division			
CHF mn	**30-06-16**	30-06-15	31-12-15
Equities	**1.4**	2.5	1.6
Interest rates	**2.3**	2.5	1.8
Currencies	**0.5**	1.0	0.6
Commodities	**1.5**	0.4	0.3
Diversification effect	**(2.9)**	(2.8)	(2.0)
Total	**2.8**	**3.6**	**2.3**

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

Continued comfortable capital position

Vontobel has maintained its comfortable equity position following the 12.5% reduction of share capital completed in 2015 as well as the acquisition of the majority stake in the UK boutique TwentyFour Asset Management and the acquisition of Finter Bank. As of 30 June 2016, the BIS common equity tier 1 ratio (CET1 ratio) was 18.3%, which represents a favourable level by industry standards and significantly exceeds the regulatory minimum requirement.

Consolidated shareholders' equity was CHF 1.41 billion, a slight decrease compared to the end of 2015. Vontobel's very solid capital position is also reflected by its equity ratio of 7.7% and a leverage ratio under Basel III of 5.3%. Furthermore, Vontobel's balance sheet should be viewed as highly liquid, since its Liquidity Coverage Ratio averages 218.8% and thus significantly exceeds the minimum requirement of 70% defined by FINMA for 2016.

Total assets grew by 4% to CHF 18.4 billion in the first six months of 2016. On the liabilities side of the balance sheet, client deposits decreased again slightly from CHF 8.8 billion to CHF 8.7 billion. Liabilities from the structured products business increased by 7% from CHF 5.5 billion to CHF 5.9 billion. On the assets side of the balance sheet, there was a slight decline in cash to CHF 5.2 billion. There was also a reduction in trading portfolio assets and in financial assets at fair value held for hedging purposes. At CHF 2.4 billion, customer loans were unchanged from the end of 2015.

Allocation of regulatory capital required (BIS) as of 30 June 2016					
CHF mn	Credit risks	Market risks	Operational risks	Goodwill etc.	**Total**
Private Banking	24.2	0.0	34.6	79.4	**138.2**
Asset Management	8.9	0.0	59.3	125.8	**194.0**
Investment Banking	27.6	132.3	37.0	(2.5)	**194.4**
Corporate Center	31.9	67.1	5.0	0.0	**104.0**
Total	**92.6**	**199.4**	**135.9**	**202.7**	**630.6**

Of the total regulatory capital of CHF 630.6 million required under BIS rules (31-12-15: CHF 618.3 million), 31% was allocated to Asset Management, 31% to Investment Banking and 22% to Private Banking.

95% of client assets come from Swiss home market and international focus markets

Client assets by client domicile as of 30 June 2016						
CHF bn	Assets under management	Other advised client assets	Structured products outstanding	**Total advised client assets**	Custody assets	**Total client assets**
Home market						
Switzerland[1]	52.8	0.6	4.8	**58.2**	38.8	**97.0**
Focus markets						
Germany	7.8	0.0	1.1	**8.9**	0.0	**8.9**
Italy	7.3	0.0	0.0	**7.3**	0.0	**7.3**
UK	12.2	0.0	0.0	**12.2**	0.0	**12.2**
US	20.3	0.0	0.0	**20.3**	0.0	**20.3**
Emerging Markets[2]	19.8	5.7	0.0	**25.5**	0.0	**25.5**
Other markets	7.6	0.1	0.0	**7.7**	0.4	**8.1**
Total client assets	**127.8**	**6.4**	**5.9**	**140.1**	**39.2**	**179.3**

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

As of the end of June 2016, 54% 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 Vontobel's expertise and financial solidity. As a result of the changes in the Quality Growth boutique, there was a decline in assets from the US and Emerging Markets. However, Vontobel succeeded in growing its asset base in its Swiss home market.

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)
– Technology leadership

With our solid brand, very strong capital position, future-oriented 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 that exceeds 10% on a sustained basis. 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 the first half of 2016 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	
CET1 capital ratio	> 12%
Total capital ratio	> 16%
Dividend	
Payout ratio	> 50%

Private Banking

The needs and satisfaction of our clients are at the centre of our business philosophy and actions. When advising clients, we strive to deliver the highest standards of Swiss quality. Our family shareholders, with their long-term commitment to Vontobel, our strong capital position and the transparency that we, as a listed company, must provide make us a trusted and unique partner to our clients. Swiss clients benefit from our comprehensive advice and services, ranging from portfolio management and specific investment recommendations to wealth planning, tax planning and various financing solutions. In the case of international clientele, our market-specific offerings provide them, in particular, with opportunities for global wealth diversification based on our active, broadly diversified investment strategy and our expertise as an integrated wealth and investment manager.

In the move towards increased digitalization, we have significantly expanded our client offering. Today, Vontobel clients in all relevant countries can access our market-specific services via Vontobel Mobile Private Banking – our solution for smartphones, tablets and computers. This solution provides investment information and ideas, portfolio access, trading functions and access to all banking documents. It also allows clients to engage with their relationship manager securely. Additional functions, such as customized information and notifications, are planned. Vontobel Mobile Private Banking is a pioneering solution compared with offerings in our peer group. Vontobel clients now enjoy continuous and uniform access to all the functions available in their specific market across all channels.

Our relationship managers have a pivotal role to play in the provision of high-quality service. We invest in their advisory expertise and in their knowledge of the financial markets as well as our products and solutions. In 2016, Vontobel Private Banking was named "Best Private Bank in Switzerland" by the Swiss business magazine Bilanz for the third consecutive year, demonstrating our client focus and first-class offering. In Germany, Private Banking was once again assigned the rating "excellent" by the publication Investor Magazin at the end of last year.

After taking profitability in Vontobel Private Banking to a new level in 2013 by focusing our activities, we have since made effective use of our new earning power to expand our business organically. In the first half of 2016, we were able to continue the strong organic growth we achieved in recent years, with the highest growth rate being generated in our fiercely competitive home market of Switzerland. In 2015, we expanded our presence in our focus market of Italy through the successful acquisition of Finter Bank. The acquisition also provided us with a new presence in Lugano. Since 2014, a total of 90 relationship managers have joined Vontobel Private Banking. Further hires are planned in the future. In addition, we are carefully evaluating possible acquisitions to complement our organic growth.

Despite a further reduction in interest rates, especially in euro, and continued low levels of client activity, operating income rose to CHF 122.6 million. This increase was mainly driven by strong growth in advised client assets, which rose by 11% compared to mid-2015. The result continued to be adversely impacted by negative interest rates, the strong Swiss franc and investments in future growth. Since the increase in operating income continued to exceed the rise in costs, Private Banking reported a 4% improvement in pre-tax profit to CHF 26.6 million.

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, inheritance planning and financing solutions. Through our 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					
				Change to 30-06-15	
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15		in %
Net interest income	**11.9**	7.1	10.1	4.8	68
Other operating income	**110.7**	111.9	104.1	(1.2)	(1)
Operating income	**122.6**	119.0	114.2	3.6	3
Personnel expense	**49.6**	47.5	47.5	2.1	4
General expense	**6.2**	5.7	6.4	0.5	9
Services from/to other segment(s)	**38.5**	37.9	37.9	0.6	2
Depreciation of property, equipment and intangible assets	**1.5**	1.3	1.4	0.2	15
Valuation adjustments, provisions and losses	**0.2**	1.1	0.4	(0.9)	(82)
Operating expense	**96.0**	93.5	93.6	2.5	3
Segment profit before taxes	**26.6**	25.5	20.6	1.1	4

Key figures			
in %	**30-06-16**	30-06-15	31-12-15
Cost[1]/income ratio	**78.1**	77.6	81.6
Change of assets under management	**2.3**	(0.3)	7.5
of which net new money	**2.6**	2.2	1.9
of which change in market value	**(0.3)**	(2.5)	0.6
of which other effects	**0.0**	0.0	5.0[2]
Operating income/average assets under management (bp)[3,4]	**71**	76	69
Profit before taxes/average assets under management (bp)[3,4]	**15**	16	12

Client assets					
				Change to 31-12-15	
CHF bn	**30-06-16**	30-06-15	31-12-15		in %
Assets under management	**35.0**	31.8	34.2	0.8	2
Other advised client assets	**1.0**	0.7	0.9	0.1	11
Total advised client assets	**36.0**	32.5	35.1	0.9	3
Average assets under management[4]	**34.4**	31.4	33.3	1.1	3

Net new money			
CHF bn (6 months)	**30-06-16**	30-06-15	31-12-15
Net new money	**0.9**	0.7	0.6

Personnel					
				Change to 31-12-15	
	30-06-16	30-06-15	31-12-15		in %
Employees (full-time equivalents)	**369.2**	332.3	364.9	4.3	1
of which relationship managers	**187.2**	158.5	182.0	5.2	3

[1] Operating expense excl. valuation adjustments, provisions and losses
[2] Acquisition of Finter Bank Zurich AG as per 1 October 2015
[3] Annualized
[4] Calculation based on average values for individual months

Asset Management

In recent years, Asset Management delivered extremely strong growth that significantly exceeded the market average. The amount of income generated during the first six months of the year more than doubled from CHF 101.2 million in 2011 to CHF 210.6 million in 2016. Over the same period, there was almost a five-fold increase in pre-tax profit from CHF 17.5 million to CHF 85.3 million. This disproportionately strong rise in profit was achieved as a result of the global growth strategy and a simultaneous increase in operating efficiency; the cost/income ratio improved from 82.3% to 59.4%.

The portfolio management change in the Quality Growth boutique was successfully completed in March 2016. Vontobel implemented its existing succession plan with the appointment of Matthew Benkendorf as the new Chief Investment Officer. The stability of the experienced team supporting the co-architect of the quality growth investment style, as well as the continuation of the existing robust investment process that has been in place for more than two decades, were of decisive importance in maintaining the trust of investors and limiting the outflows that usually follow when these types of changes occur. In the current year, our clients have once again benefited from excellent investment performance. The largest strategy, Emerging Markets, again produced an attractive excess return for our clients in the first half of 2016.

During the first six months of the year, clients entrusted us with CHF 2.1 billion of new money – adjusted for the Quality Growth boutique – corresponding to annualized growth of more than 8%. This was mainly driven by inflows into our fixed income products, which are managed by our portfolio managers in Zurich and by TwentyFour Asset Management, our rapidly growing and successful boutique in our UK focus market. The Multi Asset Class and Thematic Equities boutiques also made significant contributions to this good result. More than 50% of advised assets now come from the Fixed Income, Multi Asset Class and Thematic Equities asset classes. Our current asset base and operating efficiency will enable us to continue working extremely efficiently in the future.

In the investment business, Raiffeisen will focus on providing advisory services in the future and will further expand this offering as part of its growth strategy. Raiffeisen will draw on our expertise in global asset management in this context. In addition, Vontobel Asset Management will continue to be responsible for developing and managing Raiffeisen investment funds for a period extending well beyond 2020. The investment volume currently totals CHF 7.9 billion, including the attractive Pension Invest funds, which grew by more than CHF 200 million in the first six months of the year. As part of the redefinition of the collaboration between the two companies, Vontobel will acquire the Raiffeisen subsidiary Vescore, which currently manages CHF 15 billion of assets and will ideally complement Vontobel Asset Management's successful international boutique model. Vescore's asset management capabilities comprise the areas of sustainable investments and quantitative investments, as well as fundamental equity strategies.

The impressive investment performance and quality of our products was once again recognized with more than a dozen awards from renowned rating agencies in the first half of the year. Vontobel Asset Management was named "Equity Manager of the Year" in the areas of Quality Growth and Thematic Equities in the UK Pension Awards. TwentyFour Asset Management received the PIPA Award and the Corporate Mid Yield Fund was recognized with an award from Lipper and Morningstar for 2016.

At CHF 210.6 million, operating income was almost unchanged from the first half of 2015 despite challenging environment. Operating expense decreased more sharply, reflecting the cost-conscious approach in Asset Management as well as a net one-off benefit of CHF 5 million (after tax) related to the CIO change in the Quality Growth boutique. The pre-tax result reached a record CHF 85.3 million.

As an active asset manager, the division 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, TwentyFour Asset Management, Thematic Equities and Alternatives. Each boutique is run as an independent centre of expertise. The Asset Management division has a presence in Zurich, Berne, Geneva, New York, Frankfurt, London, Luxembourg, Madrid, Milan, Vienna, Hong Kong and Sydney.

Segment results					
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Net interest income	**0.3**	0.0	0.2	0.3	
Other operating income	**210.3**	220.4	233.3	(10.1)	(5)
Operating income	**210.6**	220.4	233.5	(9.8)	(4)
Personnel expense	**80.5**	110.6	114.5	(30.1)	(27)
General expense	**19.3**	15.6	19.3	3.7	24
Services from/to other segment(s)	**23.2**	22.7	23.6	0.5	2
Depreciation of property, equipment and intangible assets	**2.1**	3.5	5.0	(1.4)	(40)
Valuation adjustments, provisions and losses	**0.2**	0.1	0.5	0.1	100
Operating expense	**125.3**	152.5	162.9	(27.2)	(18)
Segment profit before taxes	**85.3**	67.9	70.6	17.4	26

Key figures			
in %	**30-06-16**	30-06-15	31-12-15
Cost[1]/income ratio	**59.4**	69.1	69.6
Change of assets under management[2]	**(9.8)**	9.9	4.4
of which net new money[2]	**2.4**[3]	6.5	2.6
of which net new money Quality Growth boutique[2]	**(12.8)**		
of which change in market value[2]	**0.6**	(4.7)	1.8
of which other effects[2]	**0.0**	8.1[4]	0.0
Operating income/average assets under management (bp)[5,6]	**46**	51	50
Profit before taxes/average assets under management (bp)[5,6]	**19**	16	15

Client assets					
CHF bn	**30-06-16**	30-06-15	31-12-15	Change to 31-12-15	in %
Assets under management	**86.4**	91.3	95.7	(9.3)	(10)
of which Vontobel funds	**23.3**	21.8	23.0	0.3	1
of which private label funds	**12.1**	11.5	12.6	(0.5)	(4)
of which managed on behalf of other segments	**3.4**	3.2	3.7	(0.3)	(8)
Other advised client assets	**5.4**	4.5	5.1	0.3	6
Total advised client assets	**91.8**	95.8	100.8	(9.0)	(9)
Average assets under management[6]	**90.9**	85.9	93.6	(2.7)	(3)

Net new money			
CHF bn (6 months)	**30-06-16**	30-06-15	31-12-15
Net new money	**2.1**[3]	5.2	2.7
Net new money Quality Growth boutique	**(11.8)**		

Personnel					
	30-06-16	30-06-15	31-12-15	Change to 31-12-15	in %
Employees (full-time equivalents)	**323.7**	301.9	308.4	15.3	5

[1] Operating expense excl. valuation adjustments, provisions and losses
[2] Adjusted for assets that are managed on behalf of other segments
[3] Excluding Quality Growth boutique
[4] Acquisition of TwentyFour Asset Management LLP as per 1 May 2015
[5] Annualized
[6] Calculation based on average values for individual months

Investment Banking

Vontobel is one of the world's leading providers of structured investment products and leverage products, with a market share of over 8% in Europe and 27% in our Swiss home market, measured in terms of the exchange-traded volume in the target segment. As an innovative and professional issuer, Vontobel offers investors a broad investment universe with more than 180,000 product solutions spanning all geographical regions and risk classes. An excellent client focus, strong innovation and the very good tradability of our products – including on the secondary market – have already earned Vontobel multiple awards. Following our successful entry into the Nordic market, Vontobel also began distributing leverage products in Italy in the first half of 2016. After only a few weeks, Vontobel was already offering clients the broadest range of products in the Italian market for factor certificates. We are planning our market entry in the Netherlands and France in the near future.

The globally unique and leading multi issuer platform Vontobel deritrade® MIP allows asset managers and banks to independently compare, create and manage structured products from a number of leading issuers for their clients for the first time. In addition, deritrade® SmartGuide enables our clients to benefit from a customized and intelligent decision-making tool for investments in structured products based on smart and crowd data. Alongside the Raiffeisen banks, more than 37 banks and over 400 asset managers currently use deritrade® MIP. In the first half of 2016, they purchased CHF 1.7 billion of products on the platform – a significant increase of 70% compared to the same period of the previous year.

Our state-of-the-art digital technology now enables us to rapidly enter new markets and address new target groups. In 2016, we began offering banks and insurers a unique solution with White Labelling 2.0. In contrast to traditional solutions, it provides a best price execution-compliant open architecture approach for all product components, thus enabling the best price principle to be applied to the purchase of all investment components for the first time. Based on this new approach, Vontobel's platform partners can generate substantial added value for their clients and themselves. Beyond this, digitalization has led to the full automation of the business, making a decisive contribution to the reduction of unit costs. Vontobel has delivered an impressive 95% decrease in unit costs since 2009.

Vontobel's External Asset Managers (EAM) business provides support and advice to external asset managers. In the first half of 2016, we increased our number of relationship managers and opened an EAM desk in Lugano. We also further expanded our range of services for clients. On the one hand, we introduced an investment advisory offering, giving our external asset managers access to our global investment expertise and our first-class competence in active asset management. On the other hand, we are providing external asset managers with access to a pioneering solution – compared to the offerings from our peers – with our new digital EAM platform, which features an even more client-friendly design and is now also mobile-enabled.

In a market environment characterized by subdued levels of client activity and low volumes in the first half of 2016, we generated impressive operating income of CHF 132.6 million as a result of further gains in market share. At the same time, operating expense actually declined slightly despite the growth of our offering and our international expansion, reflecting our rigorous cost discipline. This resulted in a pre-tax profit of CHF 37.6 million.

Investment Banking creates customized investment solutions for our clients. Vontobel 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. Vontobel Investment Banking is a global leader in the digitalization of investment solutions. Investment Banking has operations in Zurich, Geneva, Basel, Lugano, Cologne, Frankfurt, Dubai, London, New York and Singapore.

Segment results					
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Net interest income	**1.8**	0.8	1.2	1.0	125
Other operating income	**130.8**	141.1	116.9	(10.3)	(7)
Operating income	**132.6**	141.9	118.1	(9.3)	(7)
Personnel expense	**46.7**	51.4	44.3	(4.7)	(9)
General expense	**23.2**	19.6	19.4	3.6	18
Services from/to other segment(s)	**22.6**	22.0	20.9	0.6	3
Depreciation of property, equipment and intangible assets	**2.3**	2.2	2.9	0.1	5
Valuation adjustments, provisions and losses	**0.2**	0.1	0.2	0.1	100
Operating expense	**95.0**	95.3	87.7	(0.3)	(0)
Segment profit before taxes	**37.6**	46.6	30.4	(9.0)	(19)

Key figures			
in %	**30-06-16**	30-06-15	31-12-15
Cost[1]/income ratio	**71.5**	67.1	74.1
Change of assets under management	**(3.0)**	(4.3)	(9.8)
of which net new money	**1.0**	4.3	(11.6)
of which change in market value	**(4.0)**	(8.6)	1.8

Client assets					
CHF bn	**30-06-16**	30-06-15	31-12-15	Change to 31-12-15	in %
Assets under management	**9.8**	11.2	10.1	(0.3)	(3)
Structured products outstanding	**5.9**	5.9	5.5	0.4	7
Total advised client assets	**15.7**	17.1	15.6	0.1	1
Custody assets	**39.2**	38.6	39.4	(0.2)	(1)
Total client assets	**54.9**	55.7	55.0	(0.1)	(0)

Net new money			
CHF bn (6 months)	**30-06-16**	30-06-15	31-12-15
Net new money	**0.1**	0.5	(1.3)

Personnel					
	30-06-16	30-06-15	31-12-15	Change to 31-12-15	in %
Employees (full-time equivalents)	**349.6**	344.8	355.4	(5.8)	(2)

Of which External Asset Managers					
(6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Operating income (CHF mn)	**21.7**	21.1	19.8	0.6	3
Profit before taxes (CHF mn)	**7.6**	8.2	6.6	(0.6)	(7)
Cost[1]/income ratio (%)	**65.0**	61.6	65.7		
Assets under management (CHF bn)	**7.3**	7.1	7.4		
Net new money (CHF bn)	**0.1**	0.4	0.0		
Operating income/average assets under management (bp)[2,3]	**59**	59	54		

[1] Operating expense excl. valuation adjustments, provisions and losses
[2] Annualized
[3] Calculation based on average values for individual months

Corporate Center

With the rollout of Avaloq in 2009 and the subsequent upgrading of peripheral systems, Vontobel laid the foundations for the current digital transformation of the business. Vontobel has set clear priorities for this technologization process and is executing it in a targeted manner. Its focus is on the digitalization of client interfaces and internal processes. Wealth Management today has a modern and pioneering mobile private banking solution – an app for smartphones and tablets – that is already being used by our international clients in 20 countries, providing them with additional benefits. Technology leadership is also of key importance in our Financial Products business. Without it, our innovative solutions such as deritrade® MIP with SmartGuide would be inconceivable. The same applies to our unique White Labelling 2.0 offering for banks and insurers. Beyond this, the technologization of the business has made it possible to reduce unit costs in the creation of structured products and derivatives by 95% since 2009.

To secure our leadership position in the area of digital transformation, Vontobel joined forces with other renowned Swiss financial institutions in March 2016 to establish "Swiss Fintech Innovations". The association's mission is to position Switzerland as a leading centre for digitalization and innovation in the finance industry. Vontobel is providing financial support and is actively helping to shape the development of the association as a member of its Management Board.

The negative interest rates that apply to certain sight deposits held by banks at the Swiss National Bank (SNB), as well as the negative key interest rate in the Eurozone, adversely affected our result again in the first half of 2016. They primarily had an impact in Private Banking and in the External Asset Managers business, as well as in Treasury. This effect 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.

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 German tax authorities are currently investigating a large number of Swiss financial institutions that are suspected of helping clients to evade taxes. The group of banks under investigation includes Bank Vontobel AG, despite the fact that we systematically called on our German clients at a very early stage to ensure transparency in respect of their tax status. In the first half of 2016, we agreed a settlement with the Munich authorities to achieve a partial resolution of legacy issues and we subsequently booked a charge of CHF 4 million after tax.

The rise in operating income in the Corporate Center was attributable to a slight increase in dividend income as well as the active management of the bond portfolio combined with a continued conservative risk policy. Operating expense was higher than in the first half of 2015 due to one-off costs of CHF 3 million for the integration of Finter Bank, as well as costs related to the settlement with the Munich authorities. At CHF –19.8 million, the overall pretax result was slightly lower than in the first half of 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					
				Change to 30-06-15	
CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15		in %
Net interest income	**25.6**	22.1	25.6	3.5	16
Other operating income	**5.4**	4.2	(10.4)	1.2	29
Operating income	**31.0**	26.3	15.2	4.7	18
Personnel expense	**61.8**	59.1	53.5	2.7	5
General expense	**45.0**	43.4	37.7	1.6	4
Services from/to other segment(s)	**(84.3)**	(82.6)	(82.4)	(1.7)	
Depreciation of property, equipment and intangible assets	**24.0**	24.1	25.7	(0.1)	(0)
Valuation adjustments, provisions and losses	**4.3**	(0.8)	1.5	5.1	
Operating expense	**50.8**	43.2	36.0	7.6	18
Segment profit before taxes	**(19.8)**	(16.9)	(20.8)	(2.9)	

Personnel					
				Change to 31-12-15	
	30-06-16	30-06-15	31-12-15		in %
Employees (full-time equivalents)	**451.9**	431.3	465.2	(13.3)	(3)

Capital/Liquidity

Eligible and required capital		
CHF mn	**30-06-16**	31-12-15
Eligible capital		
Equity according to balance sheet	**1,410.4**	1,425.2
Paid-in capital	**56.9**	56.9
Disclosed reserves	**1,317.4**	1,285.7
Net profit for the current financial year	**103.3**	177.2
Deduction for treasury shares	**(67.2)**	(94.6)
Deduction for minority interests	**0.0**	0.0
Deduction for dividends (current estimate)	**(51.2)**	(105.2)
Deduction for goodwill	**(178.9)**	(187.9)
Deduction for intangible assets	**(26.3)**	(31.9)
Deduction for deferred tax assets	**(20.5)**	(27.8)
Addition (deduction) for losses (gains) due to changes in own credit risk	**2.5**	1.7
Deduction for unrealised gains related to financial investments AFS	**(126.4)**	(132.7)
Deduction for defined benefit pension fund assets (IAS 19)	**(0.2)**	(0.4)
Other adjustments	**(32.6)**	(45.9)
Net eligible BIS common equity tier 1 capital (CET1)	**976.8**	895.1
Additional tier 1 capital (AT1)	**0.0**	0.0
Net eligible BIS tier 1 capital	**976.8**	895.1
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)	**976.8**	895.1

Risk-weighted positions		
Credit risks	**1,597.3**	1,480.1
Receivables	**1,425.4**	1,289.1
Price risk relating to equity instruments in the banking book	**171.9**	191.0
Non-counterparty related risks	**152.4**	165.7
Market risks	**1,899.5**	1,726.3
Interest rates	**1,141.9**	1,051.1
Equities	**266.7**	277.9
Currencies	**271.7**	255.4
Gold	**14.2**	10.4
Commodities	**205.0**	131.5
Operational risk	**1,698.8**	1,629.8
Total risk-weighted positions	**5,348.0**	5,001.9

The disclosures for capital adequacy, leverage ratio and liquidity coverage ratio are in accordance with FINMA Circular 08/22. The values used to calculate the liquidity coverage ratio are simple month-end averages of each quarter or half-year as indicated. The basis to calculate average values is taken from the monthly liquidity status reports submitted to FINMA and SNB. This results in three data points for each quarter. For 2016 the liquidity coverage ratio has to exceed 70%. The main factors with a relevant impact on the liquidity coverage ratio of Vontobel are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows as well as reverse-repurchase agreements maturing within 30 calendar days as cash inflows.

Capital ratios in accordance with FINMA Circular 08/22		
(as a percentage of risk-weighted positions)	**30-06-16**	31-12-15
CET1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 4.5%)[1]	**18.3**	17.9
Tier 1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 6.0%)[2]	**18.3**	17.9
Total capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 8.0%)[3]	**18.3**	17.9
CET1 available to cover minimum and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1	**14.8**	14.4
CET1 available	**14.1**	13.7
T1 available	**15.9**	15.5
Eligible capital available	**18.3**	17.9

[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 countercyclical buffer requirement (as a percentage of risk-weighted positions) is 0.0.
All investments in the financial sector (< 10%) are risk-weighted for CAD calcuations (CHF 91.6 mn).

Leverage ratio in accordance with FINMA Circular 15/3		
	30-06-16	31-12-15
Net eligible BIS tier 1 capital (CHF mn)	**976.8**	895.1
Total leverage ratio exposure (CHF mn)	**18,516.4**	17,453.6
Leverage ratio (unweighted capital ratio in accordance with Basel III) (in %)	**5.3**	5.1

Liquidity Coverage Ratio in accordance with FINMA Circular 15/2			
Average	**1st Half year 2016**	2nd Quarter 2016	1st Quarter 2016
Total stock of high quality liquid assets (HQLA) (CHF mn)	**6,143.0**	6,194.9	6,091.0
Total net cash outflows (CHF mn)	**2,807.8**	2,747.1	2,868.5
Liquidity Coverage Ratio LCR (in %)	**218.8**	225.5	212.3

Consolidated income statement

Consolidated income statement						
					Change to 30-06-15	
CHF mn (6 months)	Note	**30-06-16**	30-06-15	31-12-15		in %
Interest income		**42.3**	33.8	41.3	8.5	25
Interest expense		**2.7**	3.8	4.2	(1.1)	(29)
Net interest income	1	**39.6**	30.0	37.1	9.6	32
Fee and commission income		**417.0**	442.6	442.2	(25.6)	(6)
Fee and commission expense		**88.9**	90.5	93.2	(1.6)	(2)
Net fee and commission income	2	**328.1**	352.1	349.0	(24.0)	(7)
Trading income	3	**119.1**	123.0	98.4	(3.9)	(3)
Other income	5	**10.0**	2.5	(3.5)	7.5	300
Total operating income		**496.8**	507.6	481.0	(10.8)	(2)
Personnel expense	6	**238.6**	268.6	259.8	(30.0)	(11)
General expense	7	**93.7**	84.3	82.8	9.4	11
Depreciation of property, equipment and intangible assets	8	**29.9**	31.1	35.0	(1.2)	(4)
Valuation adjustments, provisions and losses	9	**4.9**	0.5	2.6	4.4	880
Operating expense		**367.1**	384.5	380.2	(17.4)	(5)
Profit before taxes		**129.7**	123.1	100.8	6.6	5
Taxes	10	**24.0**	25.3	18.5	(1.3)	(5)
Group net profit		**105.7**	97.8	82.3	7.9	8
of which allocated to minority interests		**2.4**	0.4	2.5	2.0	500
of which allocated to shareholders of Vontobel Holding AG		**103.3**	97.4	79.8	5.9	6

Share information (CHF)					
Basic earnings per share[1]	**1.87**	1.76	1.44	0.11	6
Diluted earnings per share[1]	**1.84**	1.72	1.39	0.12	7

[1] Basis: weighted average number of shares

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income						
CHF mn (6 months)	Note	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Group net profit according to the income statement		**105.7**	97.8	82.3	7.9	8
Other comprehensive income, net of tax	11					
Other comprehensive income that will be reclassified to the income statement						
Currency translation adjustments						
Income during the reporting period		**(9.8)**	(26.8)	13.7	17.0	
Gains and losses transferred to the income statement		**0.0**	0.0	0.8	0.0	
Total currency translation adjustments		**(9.8)**	(26.8)	14.5	17.0	
Financial investments carried at fair value (“available-for-sale”)						
Income during the reporting period		**1.3**	24.0	4.6	(22.7)	(95)
Gains and losses transferred to the income statement		**(2.6)**	(0.7)	(0.5)	(1.9)	
Total financial investments carried at fair value (“available-for-sale”)		**(1.3)**	23.3	4.1	(24.6)	(106)
Cash flow hedges						
Income during the reporting period		**1.2**	0.0	(0.4)	1.2	
Gains and losses transferred to the income statement		**(0.1)**	0.0	0.0	(0.1)	
Total cash flow hedges		**1.1**	0.0	(0.4)	1.1	
Total other comprehensive income that will be reclassified to the income statement		**(10.0)**	(3.5)	18.2	(6.5)	
Other comprehensive income that will not be reclassified to the income statement						
Defined benefit pension plans						
Total gains/(losses) on defined benefit pension plans		**(10.4)**	1.0	(35.6)	(11.4)	
Total other comprehensive income that will not be reclassified to the income statement		**(10.4)**	1.0	(35.6)	(11.4)	
Total other comprehensive income, net of tax		**(20.4)**	(2.5)	(17.4)	(17.9)	
Comprehensive income		**85.3**	95.3	64.9	(10.0)	(10)
of which allocated to minority interests		**1.1**	0.6	2.3	0.5	83
of which allocated to shareholders of Vontobel Holding AG		**84.2**	94.7	62.6	(10.5)	(11)

Consolidated balance sheet

Assets				
			Change to 31-12-15	
CHF mn	**30-06-16**	31-12-15		in %
Cash	**5,232.0**	5,355.5	(123.5)	(2)
Due from banks	**1,182.5**	1,007.3	175.2	17
Cash collateral for reverse-repurchase agreements	**1,390.6**	1,013.5	377.1	37
Trading portfolio assets	**2,115.3**	2,257.2	(141.9)	(6)
Positive replacement values	**150.5**	144.8	5.7	4
Other financial assets at fair value	**2,347.3**	2,569.6	(222.3)	(9)
Loans	**2,359.2**	2,365.1	(5.9)	(0)
Financial investments	**2,140.4**	2,150.4	(10.0)	(0)
Investments in associates	**0.5**	0.5	0.0	0
Property and equipment	**152.6**	165.9	(13.3)	(8)
Goodwill and other intangible assets	**205.2**	219.8	(14.6)	(7)
Other assets	**1,113.8**	355.2	758.6	214
Total assets	**18,389.9**	17,604.8	785.1	4

The accounting principles relating to the presentation of individual balance sheet items were adapted as a result of the IAS 1 Disclosure Initiative. The figures for the previous year were adapted accordingly.

Liabilities and equity				
			Change to 31-12-15	
CHF mn	**30-06-16**	31-12-15		in %
Due to banks	**420.6**	341.9	78.7	23
Cash collateral from repurchase agreements	**0.0**	76.1	(76.1)	(100)
Trading portfolio liabilities	**105.5**	100.3	5.2	5
Negative replacement values	**681.0**	645.5	35.5	5
Other financial liabilities at fair value	**5,774.3**	5,430.9	343.4	6
Due to customers	**8,720.1**	8,775.8	(55.7)	(1)
Provisions	**17.0**	18.4	(1.4)	(8)
Other liabilities	**1,261.0**	790.7	470.3	59
Total liabilities	**16,979.5**	16,179.6	799.9	5
Share capital	**56.9**	56.9	0.0	0
Treasury shares	**(67.2)**	(94.6)	27.4	
Capital reserve	**(179.8)**	(156.1)	(23.7)	
Retained earnings	**1,527.0**	1,536.8	(9.8)	(1)
Other components of shareholders' equity	**73.5**	82.2	(8.7)	(11)
Shareholders' equity	**1,410.4**	1,425.2	(14.8)	(1)
Minority interests	**0.0**	0.0	0.0	
Total equity	**1,410.4**	1,425.2	(14.8)	(1)
Total liabilities and equity	**18,389.9**	17,604.8	785.1	4

The accounting principles relating to the presentation of individual balance sheet items were adapted as a result of the IAS 1 Disclosure Initiative. The figures for the previous year were adapted accordingly.

Statement of equity

Statement of equity			
CHF mn	Share capital	Treasury shares	Capital reserve
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		(24.3)	
Sale of treasury shares		6.5	0.0
Share-based compensation expense			13.8
Allocations from share-based compensation		36.6	(15.9)
Change in minority interests			0.0
Change in liability to purchase minority interests			(40.4)
Other effects	0.0	0.0	0.0
Ownership-related changes	0.0	18.8	(42.5)
Balance as of 30-06-15	65.0	(318.2)	92.6
Balance as of 01-01-16	56.9	(94.6)	(156.1)
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		(28.9)	
Sale of treasury shares		9.1	(0.6)
Share-based compensation expense			3.2
Allocations from share-based compensation		47.2	(26.6)
Change in minority interests			0.0
Change in liability to purchase minority interests			0.3
Other effects	0.0	0.0	0.0
Ownership-related changes	0.0	27.4	(23.7)
Balance as of 30-06-16	56.9	(67.2)	(179.8)

[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 (gross) of CHF 1.85 (previous year CHF 1.55) per registered share with a par value of CHF 1.00 in April 2016.

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**
1,480.9	100.3	(32.8)	0.0	**1,411.5**	0.0	**1,411.5**
97.4				**97.4**	0.4	**97.8**
	24.0	(27.0)	0.0	**(3.0)**	0.2	**(2.8)**
	(0.7)	0.0	0.0	**(0.7)**	0.0	**(0.7)**
1.0				**1.0**	0.0	**1.0**
1.0	23.3	(27.0)	0.0	**(2.7)**	0.2	**(2.5)**
98.4	23.3	(27.0)	0.0	**94.7**	0.6	**95.3**
(86.7)				**(86.7)**	0.0	**(86.7)**
				(24.3)	0.0	**(24.3)**
				6.5	0.0	**6.5**
				13.8	0.0	**13.8**
				20.7	0.0	**20.7**
	0.0	0.0		**0.0**	8.7	**8.7**
				(40.4)	(9.3)	**(49.7)**
0.0	0.0			**0.0**	0.0	**0.0**
(86.7)	0.0	0.0	0.0	**(110.4)**	(0.6)	**(111.0)**
1,492.6	123.6	(59.8)	0.0	**1,395.8**	0.0	**1,395.8**
1,536.8	127.7	(45.1)	(0.4)	**1,425.2**	0.0	**1,425.2**
103.3				**103.3**	2.4	**105.7**
	1.3	(8.5)	1.2	**(6.0)**	(1.3)	**(7.3)**
	(2.6)	0.0	(0.1)	**(2.7)**	0.0	**(2.7)**
(10.4)				**(10.4)**	0.0	**(10.4)**
(10.4)	(1.3)	(8.5)	1.1	**(19.1)**	(1.3)	**(20.4)**
92.9	(1.3)	(8.5)	1.1	**84.2**	1.1	**85.3**
(102.7)				**(102.7)**	(3.8)	**(106.5)**
				(28.9)	0.0	**(28.9)**
				8.5	0.0	**8.5**
				3.2	0.0	**3.2**
				20.6	0.0	**20.6**
	0.0	0.0		**0.0**	0.0	**0.0**
				0.3	2.5	**2.8**
0.0	0.0			**0.0**	0.2	**0.2**
(102.7)	0.0	0.0	0.0	**(99.0)**	(1.1)	**(100.1)**
1,527.0	126.4	(53.6)	0.7	**1,410.4**	0.0	**1,410.4**

Share capital

Share capital				
		Share capital		Authorized capital
	Number of shares	Par value CHF mn	Number of shares	Par value CHF mn
Balance as of 01-01-15	65,000,000	65.0	0	0.0
Balance as of 31-12-15	56,875,000	56.9	0	0.0
Balance as of 30-06-16	**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 financial year 2015.

Treasury shares		
	Number	CHF mn
Balance as of 01-01-15	9,971,931	337.0
Purchases	589,769	24.3
Decreases	(1,254,899)	(43.1)
Balance as of 30-06-15	9,306,801	318.2
Purchases	1,288,929	62.7
Decreases	(367,621)	(16.6)
Cancellation of shares	(8,125,000)	(269.7)
Balance as of 31-12-15	2,103,109	94.6
Purchases	682,635	28.9
Decreases	(1,220,631)	(56.3)
Balance as of 30-06-16	**1,565,113**	**67.2**

Consolidated cash flow statement

Consolidated cash flow statement		
CHF mn (6 months)	**30-06-16**	30-06-15
Cash flow from operating activities		
Group net profit (incl. minorities)	**105.7**	97.8
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results		
Depreciation and valuation adjustments of property, equipment and intangible assets	**29.9**	31.1
Credit loss expense	**0.1**	0.1
Income from investments in associates	**0.1**	0.1
Deferred income taxes	**3.0**	(2.7)
Change in provisions	**(1.4)**	(3.5)
Net income from investing activities	**(1.7)**	3.2
Other non-cash income	**4.1**	11.8
Net (increase)/decrease in assets relating to banking activities		
Due from/to banks, net	**72.5**	(6.3)
Reverse-repurchase agreements, cash collateral for securities borrowing agreements	**(377.1)**	(82.4)
Trading positions and replacement values, net	**216.8**	345.2
Other financial assets/liabilities at fair value, net	**565.7**	2,165.8
Loans/due to customers, net	**(49.8)**	(897.2)
Other assets	**(751.9)**	(333.8)
Net increase/(decrease) in liabilities relating to banking activities		
Repurchase agreements, cash collateral from securities lending agreements	**(76.1)**	0.0
Other liabilities	**499.3**	397.1
Taxes paid	**(30.8)**	(34.8)
Cash flow from operating activities	**208.4**	1,691.5
Cash flow from investing activities		
Investments in subsidiaries and associates	**0.0**	(60.1)
Purchase of property, equipment and intangible assets	**(13.2)**	(14.5)
Disposal of property, equipment and intangible assets	**0.0**	0.0
Investment in financial instruments	**(392.0)**	(419.5)
Divestment of financial instruments	**371.9**	34.5
Cash flow from investing activities	**(33.3)**	(459.6)
Cash flow from financing activities		
Net movements in treasury shares	**(20.4)**	(17.8)
Dividends paid	**(106.5)**	(86.7)
Cash flow from financing activities	**(126.9)**	(104.5)
Effects of exchange rate differences	**(2.6)**	(16.5)
Net increase/(decrease) in cash and cash equivalents	**45.6**	1,110.9
Cash and cash equivalents, beginning of the year	**6,283.7**	4,024.0
Cash and cash equivalents at the balance sheet date	**6,329.3**	5,134.9

Consolidated cash flow statement		
CHF mn (6 months)	**30-06-16**	30-06-15
Cash and cash equivalents comprise at the balance sheet date		
Cash	**5,232.0**	4,437.1
Due from banks on demand	**1,097.3**	697.8
Total	**6,329.3**	5,134.9

Further information:		
Dividends received	**47.0**	31.4
Interest received	**70.9**	110.1
Interest paid	**5.1**	22.9

Accounting principles

1. Basis of presentation

Vontobel's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). This half-year report meets the requirements set out in IAS 34 – Interim Financial Reporting. Since it does not contain all of the information and disclosures required in the Annual Report, this interim report should be read in conjunction with the audited consolidated financial statements in the Annual Report 2015. With the exception of the following changes, the accounting principles applied in this report are the same as in the consolidated financial statements dated 31 December 2015.

2. Changes in financial reporting

2.1 Changes in accounting principles

2.1.1 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 2016:

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.

Vontobel made the following changes in its Half-Year Report 2016:

– The previous balance sheet items "Accrued income and prepaid expenses", "Current tax assets" and "Deferred tax assets" are now shown in the balance sheet item "Other assets" due to considerations of materiality. The figures for the three previous balance sheet items will, in future, be disclosed in the Annual Report in the note to the balance sheet item "Other assets". As of 30 June 2016 (31 December 2015), accrued income and prepaid expenses totalled CHF 154.4 mn (CHF 165.3 mn), current tax assets totalled CHF 28.8 mn (CHF 21.9 mn) and deferred tax assets totalled CHF 20.5 mn (CHF 27.8 mn).
– The previous balance sheet items "Accrued expenses and deferred income", "Current tax liabilities" and "Deferred tax liabilities" are now shown in the balance sheet item "Other liabilities" due to considerations of materiality. The figures for the three previous balance sheet items will, in future, be disclosed in the Annual Report in the note to the balance sheet item "Other liabilities". As of 30 June 2016 (31 December 2015), accrued expenses and deferred income totalled CHF 248.4 mn (CHF 349.7 mn), current tax liabilities totalled CHF 6.0 mn (CHF 8.0 mn) and deferred tax liabilities totalled CHF 47.3 mn (CHF 50.4 mn).
– The securities previously included in the balance sheet item "Securities lent or delivered as collateral" are now shown in their original balance sheet items ("Trading portfolio assets", "Other financial assets at fair value" and "Financial investments") due to considerations of materiality and transparency. The relevant information will continue to be disclosed in the Annual Report in the notes on these three balance sheet items and in the note "Transferred and pledged assets". As of 30 June 2016 (31 December 2015), the corresponding securities in trading portfolio assets totalled CHF 38.2 mn (CHF 57.6 mn), in other financial assets at fair value totalled CHF 223.0 mn (CHF 217.4 mn) and in financial investments totalled CHF 0.0 mn (CHF 0.0 mn).

It is expected that Vontobel will make several amendments relating to the disclosures in the notes to the consolidated financial statements in the Annual Report 2016.

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:
– IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
– 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.

2.1.2 Other changes
None.

2.2 Changes in estimates
No material changes in estimates.

Details on consolidated income statement

1 Net interest income

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Interest income from banks and customers	**14.2**	10.8	13.8	3.4	31
Interest income from securities borrowing and reverse-repurchase agreements	**1.7**	1.6	1.7	0.1	6
Interest income from financial liabilities	**1.2**	1.0	1.3	0.2	20
Interest income from financial instruments at amortized cost	**17.1**	13.4	16.8	3.7	28
Dividend income from financial assets available-for-sale	**10.9**	10.1	6.8	0.8	8
Interest income from financial assets available-for-sale	**14.3**	10.3	17.7	4.0	39
Interest and dividend income from financial assets at fair value	**25.2**	20.4	24.5	4.8	24
Total interest income	**42.3**	33.8	41.3	8.5	25
Interest expense from securities lending and repurchase agreements	**0.5**	0.4	0.6	0.1	25
Interest expense from other financial liabilities at amortized cost	**0.8**	0.6	1.1	0.2	33
Interest expense from financial assets	**1.4**	2.8	2.5	(1.4)	(50)
Interest expense from financial instruments at amortized cost	**2.7**	3.8	4.2	(1.1)	(29)
Total	**39.6**	30.0	37.1	9.6	32

2 Net fee and commission income

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Commission income from lending activities	**0.3**	0.2	0.3	0.1	50
Brokerage fees	**55.8**	66.8	56.8	(11.0)	(16)
Custody fees	**73.5**	75.6	74.0	(2.1)	(3)
Advisory and management fees	**274.2**	280.8	299.0	(6.6)	(2)
Corporate finance	**1.7**	7.1	2.9	(5.4)	(76)
Fiduciary transactions	**0.4**	0.4	0.4	0.0	0
Other commission income from securities and investment transactions	**9.5**	10.8	7.8	(1.3)	(12)
Total fee and commission income from securities and investment transactions	**415.1**	441.5	440.9	(26.4)	(6)
Other fee and commission income	**1.6**	0.9	1.0	0.7	78
Brokerage fees	**8.4**	9.7	9.2	(1.3)	(13)
Other commission expense	**80.5**	80.8	84.0	(0.3)	(0)
Total commission expense	**88.9**	90.5	93.2	(1.6)	(2)
Total	**328.1**	352.1	349.0	(24.0)	(7)

3 Trading income

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Securities	**138.2**	151.8	42.6	(13.6)	(9)
Other financial instruments at fair value	**(34.8)**	(47.8)	39.6	13.0	
Forex and precious metals	**15.7**	19.0	16.2	(3.3)	(17)
Total	**119.1**	123.0	98.4	(3.9)	(3)

Trading income as of 30-06-16 includes income of CHF –1.4 mn (6 months ending 30-06-15: CHF 9.6 mn; 6 months ending 31-12-15: CHF 8.9 mn), which is attributable to changes in fair value due to a change in Vontobel's own credit risk. Of the total impact, CHF –0.6 mn was realized as of 30-06-16 (6 months ending 30-06-15: CHF –1.9 mn; 6 months ending 31-12-15: CHF –0.5 mn), while the remaining CHF –0.8 mn (6 months ending 30-06-15: CHF 11.5 mn; 6 months ending 31-12-15: CHF 9.4 mn) comprises unrealized income. The changes in own credit risk resulted in cumulative income of CHF 3.0 mn, of which CHF 5.5 mn was realized and CHF –2.5 mn 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.

4 Comprehensive income from financial instruments before tax

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Financial instruments held-for-trading	**138.2**	151.8	42.6	(13.6)	(9)
Other financial instruments at fair value	**(34.8)**	(47.8)	39.6	13.0	
Forex and precious metals	**15.7**	19.0	16.2	(3.3)	(17)
Trading income	**119.1**	123.0	98.4	(3.9)	(3)
Financial instruments available-for-sale	**32.9**	21.5	21.4	11.4	53
Loans and receivables	**14.4**	9.5	13.1	4.9	52
Financial liabilities measured at amortized cost	**(0.1)**	0.0	(0.4)	(0.1)	
Total financial instruments income statement	**166.3**	154.0	132.5	12.3	8
Unrealized gains/(losses) on available-for-sale financial instruments, recorded in other comprehensive income	**6.0**	26.2	3.9	(20.2)	(77)
(Gains)/losses on available-for-sale financial instruments, transferred from other comprehensive income to the income statement	**(3.7)**	(1.2)	(0.6)	(2.5)	
Unrealized gains/(losses) on cash flow hedges, recorded in other comprehensive income	**1.2**	0.0	(0.4)	1.2	
(Gains)/losses on cash flow hedges, transferred from other comprehensive income to the income statement	**(0.1)**	0.0	0.0	(0.1)	
Total	**169.7**	179.0	135.4	(9.3)	(5)

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

CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Real estate income	**0.0**	0.0	0.0	0.0	
Income from the sale of financial instruments available-for-sale	**8.1**	1.1	(2.5)	7.0	636
Impairments of financial instruments available-for-sale	**(0.4)**	0.0	(0.5)	(0.4)	
Income from investments in associates	**0.1**	0.0	0.1	0.1	
Other income	**2.2**	1.4	(0.6)	0.8	57
Total	**10.0**	2.5	(3.5)	7.5	300

6 Personnel expense

CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Salaries and bonuses	**206.4**	228.7	222.9	(22.3)	(10)
Pension and other employee benefit plans	**7.6**[1]	16.3	14.3	(8.7)	(53)
Other social contributions	**16.8**	16.5	14.5	0.3	2
Other personnel expense	**7.8**	7.1	8.1	0.7	10
Total	**238.6**	268.6	259.8	(30.0)	(11)

Personnel expense includes the expense for share-based compensation of CHF 3.7 mn (6 months ending 30-06-15: CHF 11.8 mn; 6 months ending 31-12-15: CHF 11.5 mn), of which CHF 9.3 mn (6 months ending 30-06-15: CHF 7.0 mn; 6 months ending 31-12-15: CHF 8.9 mn) relates to performance shares and CHF 3.2 mn (6 months ending 30-06-15: CHF 3.2 mn; 6 months ending 31-12-15: CHF 1.1 mn) to the awarding of bonus shares at preferential terms and CHF –8.8 mn (6 months ending 30-06-15: CHF 1.6 mn; 6 months ending 31-12-15: CHF 1.5 mn) to other share-based compensation.

[1] Expense from pension and other employee benefit plans includes the impacts of changes to Swiss pension fund regulations in the amount of CHF 11.1 mn (primarily the reduction of conversion rates).

7 General expense

CHF mn (6 months)	**30-06-16**	30-06-15	31-12-15	Change to 30-06-15	in %
Occupancy expense	**17.4**	16.7	17.3	0.7	4
IT, telecommunications and other equipment	**33.7**	30.4	24.2	3.3	11
Travel and representation, public relations, marketing	**16.0**	12.8	15.8	3.2	25
Consulting and audit fees	**11.4**	11.1	12.2	0.3	3
Other general expense	**15.2**	13.3	13.3	1.9	14
Total	**93.7**	84.3	82.8	9.4	11

8 Depreciation of property, equipment and intangible assets

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Depreciation of property and equipment	**26.3**	26.0	28.2	0.3	1
Amortization of other intangible assets	**3.6**	4.9	6.4	(1.3)	(27)
Impairments of property and equipment	**0.0**	0.2	0.4	(0.2)	(100)
Total	**29.9**	31.1	35.0	(1.2)	(4)

9 Valuation adjustments, provisions and losses

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Impairments on credit risks	**0.1**	0.1	0.0	0.0	0
Decrease of allowances for credit losses	**0.0**	0.0	(0.1)	0.0	
Increase in provisions	**0.4**	0.0	2.0	0.4	
Release of provisions	**(0.9)**	(0.1)	(0.5)	(0.8)	
Other	**5.3**	0.5	1.2	4.8	960
Total	**4.9**	0.5	2.6	4.4	880

10 Taxes

CHF mn (6 months)	30-06-16	30-06-15	31-12-15	Change to 30-06-15	in %
Current income taxes	**21.0**	28.0	13.3	(7.0)	(25)
Deferred income taxes	**3.0**	(2.7)	5.2	5.7	
Total	**24.0**	25.3	18.5	(1.3)	(5)

11 Tax effects to other comprehensive income

CHF mn (6 months ending 30-06-16)	Amount before tax	Tax yield/ tax expense	Amount net of tax
Translation differences during the reporting period	(9.8)	0.0	(9.8)
Translation differences transferred to the income statement	0.0	0.0	0.0
Income from available-for-sale financial instruments during the reporting period	6.0	(4.7)	1.3
Income from available-for-sale financial instruments transferred to the income statement	(3.7)	1.1	(2.6)
Income from cash flow hedges during the reporting period	1.2	0.0	1.2
Income from cash flow hedges transferred to the income statement	(0.1)	0.0	(0.1)
Defined benefit pension plans	(13.3)	2.9	(10.4)
Total other comprehensive income	**(19.7)**	**(0.7)**	**(20.4)**

CHF mn (6 months ending 30-06-15)	Amount before tax	Tax yield/ tax expense	Amount net of tax
Translation differences during the reporting period	(26.8)	0.0	(26.8)
Translation differences transferred to the income statement	0.0	0.0	0.0
Income from available-for-sale financial instruments during the reporting period	26.2	(2.2)	24.0
Income from available-for-sale financial instruments transferred to the income statement	(1.2)	0.5	(0.7)
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	1.3	(0.3)	1.0
Total other comprehensive income	**(0.5)**	**(2.0)**	**(2.5)**

CHF mn (6 months ending 31-12-15)	Amount before tax	Tax yield/ tax expense	Amount net of tax
Translation differences during the reporting period	13.7	0.0	13.7
Translation differences transferred to the income statement	0.8	0.0	0.8
Income from available-for-sale financial instruments during the reporting period	3.9	0.7	4.6
Income from available-for-sale financial instruments transferred to the income statement	(0.6)	0.1	(0.5)
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	(45.7)	10.1	(35.6)
Total other comprehensive income	**(28.3)**	**10.9**	**(17.4)**

Risk related to balance sheet positions

12 Fair value of financial instruments

12a 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

CHF mn	Level 1	Level 2	Level 3	30-06-16 Total
Assets				
Trading portfolio assets				
Equity instruments	1,194.9	-	0.0	**1,194.9**
Units in investment funds	22.6	0.1	0.1	**22.8**
Debt instruments	305.8	135.1	-	**440.9**
Precious metals	456.7	-	-	**456.7**
Positive replacement values	26.0	124.5	0.0	**150.5**
Other financial assets at fair value				
Equity instruments	0.3	-	0.0	**0.3**
Units in investment funds	6.6	30.4	5.9	**42.9**
Debt instruments[1]	1,806.2	492.1	-	**2,298.3**
Structured products	-	5.8	-	**5.8**
Financial assets available-for-sale				
Equity instruments and other participations	201.7	-	6.5	**208.2**
Units in investment funds	18.1	0.0	0.0	**18.1**
Debt instruments	1,871.2	42.9	-	**1,914.1**
Other assets at fair value	0.0	0.0	1.9	**1.9**
Total financial assets at fair value	**5,910.1**	**830.9**	**14.4**	**6,755.4**
Liabilities				
Trading portfolio liabilities				
Equity instruments	17.3	-	0.0	**17.3**
Units in investment funds	0.0	0.0	0.0	**0.0**
Debt instruments	78.9	9.3	-	**88.2**
Negative replacement values	40.8	640.2	-	**681.0**
Other financial liabilities at fair value[2]	-	5,774.3	-	**5,774.3**
Other liabilities at fair value	-	0.0	57.3	**57.3**
Total financial liabilities at fair value	**137.0**	**6,423.8**	**57.3**	**6,618.1**

[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 45.6 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 3,761.9 mn.

Financial instruments measured at fair value				
CHF mn	Level 1	Level 2	Level 3	31-12-15 Total
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	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.

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 financial instruments

CHF mn (6 months ending 30-06-16)	Fair value financial instruments	Available-for-sale financial instruments	Other assets[1]	**Total financial assets**	Other liabilities[2]	**Total financial liabilities**
Balance sheet						
Holdings at the beginning of the year	6.2	6.7	0.5	**13.4**	(60.7)	**(60.7)**
Additions in scope of consolidations	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Investments	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Disposals	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Redemptions	(0.1)	0.0	0.0	**(0.1)**	0.0	**0.0**
Expense recognized in the income statement	(0.2)	(0.4)	0.0	**(0.6)**	(0.4)	**(0.4)**
Expense recognized in other comprehensive income	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Income recognized in the income statement	0.1	0.0	1.4	**1.5**	0.0	**0.0**
Income recognized in other comprehensive income	0.0	0.2	0.0	**0.2**	0.0	**0.0**
Change recognized in shareholders' equity	0.0	0.0	0.0	**0.0**	3.2	**3.2**
Reclassifications to level 3	0.0	0.0	0.0	**0.0**	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**	0.6	**0.6**
Total book value at balance sheet date	**6.0**	**6.5**	**1.9**	**14.4**	**(57.3)**	**(57.3)**
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	(0.4)	0.0	**(0.4)**	0.0	**0.0**
Expense recognized in operating expense	0.0	0.0	0.0	**0.0**	(0.4)	**(0.4)**
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	0.1	0.0	0.0	**0.1**	0.0	**0.0**
Unrealized gains recognized in other income	0.0	0.0	1.4	**1.4**	0.0	**0.0**
Unrealized gains recognized as other comprehensive income	0.0	0.2	0.0	**0.2**	0.6	**0.6**

Of the gains and losses recognized in the income statement, CHF –0.1 mn were included in trading income, CHF 1.0 mn in other income and CHF –0.4 mn in operating expense.

1 This item contains an asset from an earn-out agreement relating to the acquisition of Finter Bank Zurich AG.

2 This item contains a liability from an earn-out agreement relating to the acquisition of TwentyFour Asset Management LLP (30-06-16: CHF 4.7 mn, 31-12-15: CHF 5.3 mn) as well as the liability to acquire the relevant minority interests (30-06-16: CHF 52.6 mn; 31-12-15: CHF 55.4 mn).

Level 3 financial instruments						
CHF mn (6 months ending 30-06-15)	Fair value financial instruments	Available-for-sale financial instruments	Other assets	Total financial assets	Other liabilities[1]	Total financial liabilities
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 consolidations	0.0	0.0	0.0	0.0	(70.7)	(70.7)
Investments	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Redemptions	0.0	0.0	0.0	0.0	0.0	0.0
Expense recognized in the income statement	(0.5)	0.0	0.0	(0.5)	(0.2)	(0.2)
Expense recognized in other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Income recognized in the income statement	0.1	0.0	0.0	0.1	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	(1.0)	(1.0)
Reclassifications to level 3	0.0	0.0	0.0	0.0	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	(0.4)	(0.4)
Total book value at balance sheet date	**8.2**	**2.2**	**0.0**	**10.4**	**(72.3)**	**(72.3)**
Income in the financial year on holdings on balance sheet date						
Unrealized losses recognized in the trading income	(0.5)	0.0	0.0	(0.5)	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	(0.2)	(0.2)
Unrealized losses recognized as other comprehensive income	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Unrealized gains recognized in the trading income	0.1	0.0	0.0	0.1	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 –0.4 mn were included in trading income, CHF 0.0 mn in other income and CHF –0.2 mn in operating expense.

[1] This item contains a liability from an earn-out agreement relating to the acquisition of TwentyFour Asset Management LLP (30-06-15: CHF 22.4 mn) as well as the liability to acquire the relevant minority interests (30-06-15: CHF 49.9 mn).

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.

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 as of 30-06-16 in CHF mn	Change in the fair value as of 31-12-15 in CHF mn
Discount rate	+1 percentage point	(4.0)	(4.5)
Discount rate	–1 percentage point	4.7	5.3
Long-term growth	+1 percentage point	2.0	2.2
Long-term growth	–1 percentage point	(1.7)	(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 the first half 2016 (first respectively second half-year of 2015), positions with a fair value of CHF 88.9 mn (6 months ending 30-06-15: CHF 4.1 mn; 6 months ending 31-12-15: CHF 72.3 mn) were reclassified from level 1 to level 2, positions with a fair value of CHF 57.4 mn (6 months ending 30-06-15: CHF 151.6 mn; 6 months ending 31-12-15: CHF 8.5 mn) were reclassified from level 2 to level 1, and positions with a fair value of CHF 0.0 mn (6 months ending 30-06-15: CHF 0.0 mn; 6 months ending 31-12-15: CHF 0.9 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.

12b 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							
					30-06-16		31-12-15
				Fair value	Book value	Fair value	Book value
CHF mn	Level 1	Level 2	Level 3	Total	Total	Total	Total
Assets							
Cash	5,232.0	0.0	-	**5,232.0**	**5,232.0**	5,355.5	5,355.5
Due from banks	-	1,182.5	-	**1,182.5**	**1,182.5**	1,007.3	1,007.3
Cash collateral for reverse-repurchase agreements	-	1,390.6	-	**1,390.6**	**1,390.6**	1,013.5	1,013.5
Loans	-	2,375.6	-	**2,375.6**	**2,359.2**	2,378.7	2,365.1
Other financial assets[1]	30.2	858.3	-	**888.5**	**888.5**	170.9	170.9
Total	**5,262.2**	**5,807.0**	**0.0**	**11,069.2**	**11,052.8**	**9,925.9**	**9,912.3**
Liabilities							
Due to banks	-	420.6	-	**420.6**	**420.6**	341.9	341.9
Cash collateral from repurchase agreements	-	0.0	-	**0.0**	**0.0**	76.1	76.1
Due to customers	-	8,720.1	-	**8,720.1**	**8,720.1**	8,775.8	8,775.8
Other financial liabilities[1]	0.7	858.4	-	**859.1**	**859.1**	300.1	300.1
Total	**0.7**	**9,999.1**	**0.0**	**9,999.8**	**9,999.8**	**9,493.9**	**9,493.9**

[1] The position mainly includes the accrued interest 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 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.

Off-balance sheet and other information

13 Off-balance sheet information

Off-balance sheet information				
			Change to 31-12-15	
CHF mn	**30-06-16**	31-12-15		in %
Contingent liabilities	**436.9**	568.4	(131.5)	(23)
Irrevocable commitments	**17.0**	17.3	(0.3)	(2)
Fiduciary transactions	**772.9**	708.2	64.7	9
Contract volumes of derivatives	**19,721.2**	18,350.0	1,371.2	7

14 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.

15 Client assets

Client assets				
			Change to 31-12-15	
CHF bn	**30-06-16**	31-12-15		in %
Assets under management	**127.8**	136.3	(8.5)	(6)
Other advised client assets	**6.4**	6.0	0.4	7
Structured products outstanding	**5.9**	5.5	0.4	7
Total advised client assets	**140.1**	147.8	(7.7)	(5)
Custody assets	**39.2**	39.4	(0.2)	(1)
Total client assets	**179.3**	187.2	(7.9)	(4)

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				
			Change to 31-12-15	
CHF bn	**30-06-16**	31-12-15		in %
Assets in self-managed collective investment instruments	**35.5**	35.7	(0.2)	(1)
Assets with management mandate	**53.6**	62.6	(9.0)	(14)
Other assets under management	**38.7**	38.0	0.7	2
Total assets under management (including double counts)	**127.8**	136.3	(8.5)	(6)
of which double counts	**3.4**	3.4	0.0	0

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			
CHF bn	**30-06-16**	30-06-15	31-12-15
Total assets under management (incl. double counts) at the beginning of the period	**136.3**	123.8	131.1
Change attributable to net new money	**3.1**[1]	6.4	1.6
Change attributable to net new money Quality Growth boutique	**(11.8)**		
Change attributable to market value	**0.2**	(5.6)	2.2
Change attributable to other effects	**0.0**	6.5[2]	1.4[2]
Total assets under management (incl. double counts) at the balance sheet date	**127.8**	**131.1**	**136.3**

[1] Excluding Quality Growth boutique
[2] Acquisition of TwentyFour Asset Management LLP as per 1 May 2015 and Finter Bank Zurich AG as per 1 October 2015

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.

16 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 half-year 2016 financial statements and would therefore need to be disclosed.

Segment reporting

17 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, mortgage loans, 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					
CHF mn (6 months ending 30-06-16)	Private Banking	Asset Management	Investment Banking	Corporate Center	**Total**
Net interest income	11.9	0.3	1.8	25.6	**39.6**
Other operating income	110.7	210.3	130.8	5.4	**457.2**
Operating income	**122.6**	**210.6**	**132.6**	**31.0**	**496.8**
Personnel expense[1]	49.6	80.5	46.7	61.8	**238.6**
General expense	6.2	19.3	23.2	45.0	**93.7**
Services from/to other segment(s)	38.5	23.2	22.6	(84.3)	**0.0**
Depreciation of property, equipment and intangible assets	1.5	2.1	2.3	24.0	**29.9**
Valuation adjustments, provisions and losses	0.2	0.2	0.2	4.3	**4.9**
Operating expense	**96.0**	**125.3**	**95.0**	**50.8**	**367.1**
Segment profit before taxes	**26.6**	**85.3**	**37.6**	**(19.8)**	**129.7**
Taxes					**24.0**
Net profit					**105.7**
of which minority interests					**2.4**
Additional information					
Segment assets	2,183.8	377.5	5,145.1	10,683.5	**18,389.9**
Segment liabilities	6,736.6	603.6	8,304.5	1,334.8	**16,979.5**
Allocated equity according to BIS[2]	138.2	194.0	194.4	104.0	**630.6**
Client assets (CHF bn)	36.0	91.8	54.9	(3.4)	**179.3**
Net new money (CHF bn)	0.9	2.1[3]	0.1	0.0	**3.1**
Net new money Quality Growth boutique (CHF bn)		(11.8)			**(11.8)**
Capital expenditure	0.1	0.7	0.0	12.4	**13.2**
Employees (full-time equivalents)	369.2	323.7	349.6	451.9	**1,494.4**

[1] Personnel expense includes the impacts of changes to Swiss pension fund regulations in the amount of CHF 11.1 mn (primarily the reduction of conversion rates). This positive impact was broken down according to the employer contributions made during the reporting period and allocated to the business units (Private Banking CHF 3.0 mn; Asset Management CHF 2.0 mn; Investment Banking CHF 2.6 mn; Corporate Center CHF 3.5 mn).
[2] 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 205.2 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 67.2 mn from core capital for treasury shares is not included in the figures above.
[3] Excluding Quality Growth boutique

Information on regions[1]						
CHF mn (6 months ending 30-06-16)	Switzerland	Europe excl. Switzerland	Americas	Other countries[2]	Consolidation	**Total**
Operating income related to external customers	252.4	103.8	87.1	53.5		**496.8**
Assets	13,199.7	582.3	150.0	6,243.9	(1,786.0)	**18,389.9**
Property, equipment and intangible assets	269.3	83.0	4.0	1.5		**357.8**
Capital expenditure	11.9	0.1	0.5	0.7		**13.2**

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

Segment reporting					
CHF mn (6 months ending 30-06-15)	Private Banking	Asset Management	Investment Banking	Corporate Center	Total
Net interest income	7.1	0.0	0.8	22.1	30.0
Other operating income	111.9	220.4	141.1	4.2	477.6
Operating income	**119.0**	**220.4**	**141.9**	**26.3**	**507.6**
Personnel expense	47.5	110.6	51.4	59.1	268.6
General expense	5.7	15.6	19.6	43.4	84.3
Services from/to other segment(s)	37.9	22.7	22.0	(82.6)	0.0
Depreciation of property, equipment and intangible assets	1.3	3.5	2.2	24.1	31.1
Valuation adjustments, provisions and losses	1.1	0.1	0.1	(0.8)	0.5
Operating expense	**93.5**	**152.5**	**95.3**	**43.2**	**384.5**
Segment profit before taxes	**25.5**	**67.9**	**46.6**	**(16.9)**	**123.1**
Taxes					25.3
Net profit					**97.8**
of which minority interests					0.4
Additional information					
Segment assets	1,983.2	327.5	5,962.1	9,069.1	17,341.9
Segment liabilities	5,873.2	787.1	8,422.7	863.1	15,946.1
Allocated equity according to BIS[1]	134.2	204.3	173.5	96.1	608.1
Client assets (CHF bn)	32.5	95.8	55.7	(3.2)	180.8
Net new money (CHF bn)	0.7	5.2	0.5	0.0	6.4
Capital expenditure	0.0	0.0	0.0	14.5	14.5
Employees (full-time equivalents)	332.3	301.9	344.8	431.3	1,410.3

[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 209.1 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 318.2 mn from core capital for treasury shares is not included in the figures above.

Information on regions[1]						
CHF mn (6 months ending 30-06-15)	Switzerland	Europe excl. Switzerland	Americas	Other countries[2]	Consolidation	Total
Operating income related to external customers	272.2	100.8	101.6	33.0		507.6
Assets	11,832.6	578.8	179.8	6,255.7	(1,505.0)	17,341.9
Property, equipment and intangible assets	279.7	98.0	3.5	1.2		382.4
Capital expenditure	13.9	0.0	0.6	0.0		14.5

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

Segment reporting					
CHF mn (6 months ending 31-12-15)	Private Banking	Asset Management	Investment Banking	Corporate Center	Total
Net interest income	10.1	0.2	1.2	25.6	37.1
Other operating income	104.1	233.3	116.9	(10.4)	443.9
Operating income	**114.2**	**233.5**	**118.1**	**15.2**	**481.0**
Personnel expense	47.5	114.5	44.3	53.5	259.8
General expense	6.4	19.3	19.4	37.7	82.8
Services from/to other segment(s)	37.9	23.6	20.9	(82.4)	0.0
Depreciation of property, equipment and intangible assets	1.4	5.0	2.9	25.7	35.0
Valuation adjustments, provisions and losses	0.4	0.5	0.2	1.5	2.6
Operating expense	**93.6**	**162.9**	**87.7**	**36.0**	**380.2**
Segment profit before taxes	**20.6**	**70.6**	**30.4**	**(20.8)**	**100.8**
Taxes					18.5
Net profit					**82.3**
of which minority interests					2.5
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)	0.6	2.7	(1.3)	(0.4)	1.6
Capital expenditure	0.3	0.0	0.0	20.5	20.8
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]						
CHF mn (6 months ending 31-12-15)	Switzerland	Europe excl. Switzerland	Americas	Other countries[2]	Consolidation	Total
Operating income related to external customers	227.4	109.0	104.0	40.6		481.0
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	19.2	0.1	1.5	0.0		20.8

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

Investors' informations

Vontobel Holding AG registered shares	
Stock exchange listing	SIX Swiss Exchange
ISIN	CH001 233 554 0
Security number	1 233 554
Par value	CHF 1.00

Ticker symbols	
Bloomberg	VONN SW
Reuters	VONTZn.S
Telekurs	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	
Business update third quarter 2016	27 October 2016
Annual General Meeting 2017	4 April 2017

Contacts

Investor Relations

Michel Roserens, Head Investor Relations
Telephone +41 58 283 76 97

Susanne Borer, Deputy Head Investor Relations
Telephone +41 58 283 73 29

E-mail investor.relations@vontobel.ch

Media Relations

Peter Dietlmaier, Head Corporate Communications
Telephone +41 58 283 59 30

Rebeca Garcia, Deputy Head Corporate Communications
Telephone +41 58 283 76 69

E-mail media.relations@vontobel.ch

Where to find us

Switzerland
Zurich
Vontobel Holding AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 283 59 00
vontobel.com

Bank Vontobel AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 283 71 11

Vontobel Asset Management AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 287 71 50

Harcourt
Vontobel Asset Management AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 283 62 00
harcourt.ch

Vontobel Swiss Wealth Advisors AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 44 287 81 11

Vontobel Fonds Services AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 283 74 77

Vontobel Securities AG
Gotthardstrasse 43, CH-8022 Zurich
Telephone +41 58 283 71 11

Basel
Bank Vontobel AG, Basel Branch
St. Alban-Anlage 58, CH-4052 Basel
Telefon +41 58 283 21 11

Berne
Bank Vontobel AG, Berne Branch
Spitalgasse 40, P.O. Box, CH-3011 Berne
Telephone +41 58 283 22 11

Geneva
Banque Vontobel SA, Geneva Branch
Rue du Rhône 31, CH-1204 Geneva
Telephone +41 58 283 25 00

Vontobel Swiss Wealth Advisors SA
Geneva Branch
Rue du Rhône 31, CH-1204 Geneva
Telephone +41 22 809 81 51

Lucerne
Bank Vontobel AG, Lucerne Branch
Schweizerhofquai 3a, CH-6002 Lucerne
Telephone +41 58 283 27 11

Lugano
Bank Vontobel AG, Lugano Branch
Via al Forte 1, CH-6901 Lugano
Telephone +41 58 283 23 11

Australia
Sydney
Vontobel Asset Management Australia Pty Ltd.
Level 20, Tower 2, 201 Sussex St, NSW-Sydney 2000
Telephone: +61 2 9006 1284

Austria
Vienna
Vontobel Asset Management S.A.
Vienna Branch
Kärntner Ring 5–7/7, A-1010 Vienna
Telephone +43 1 205 11 60 1280

China
Hong Kong
Vontobel Asset Management Asia Pacific Ltd.
1901 Gloucester Tower, The Landmark
15 Queen's Road Central, HK-Hong Kong
Telephone +852 3655 3990

Vontobel Wealth Management (Hong Kong) Ltd.
1901 Gloucester Tower, The Landmark
15 Queen's Road Central, HK-Hong Kong
Telephone +852 3655 3900

Germany
Cologne
Bank Vontobel Europe AG, Cologne Branch
Auf dem Berlich 1, D-50667 Cologne
Telephone +49 221 20 30 00

Frankfurt am Main
Bank Vontobel Europe AG
Frankfurt am Main Branch
WestendDuo
Bockenheimer Landstrasse 24
D-60323 Frankfurt am Main
Telephone +49 69 695 99 60

Vontobel Financial Products GmbH
WestendDuo
Bockenheimer Landstrasse 24
D-60323 Frankfurt am Main
Telefon +49 69 297 208 11

Hamburg
Bank Vontobel Europe AG
Hamburg Branch
Sudanhaus
Grosse Bäckerstrasse 13, D-20095 Hamburg
Telephone +49 40 638 587 0

Munich
Bank Vontobel Europe AG
Alter Hof 5, D-80331 Munich
Telephone +49 89 411 890 0

Great Britain
London
Bank Vontobel Europe AG, London Branch
22 Sackville Street, 3rd Floor
GB-London W1S 3DN
Telephone +44 207 255 83 00

Vontobel Asset Management S.A.
London Branch
22 Sackville Street, 3rd Floor
GB-London W1S 3DN
Telephone +44 207 255 83 00

TwentyFour Asset Management LLP
24 Cornhill, GB-London EC3V 3ND
Telephone +44 207 015 89 00
twentyfouram.com

Italy
Milan
Vontobel Asset Management S.A.
Milan Branch
Piazza degli Affari, 3, I-20123 Milan
Telephone +39 02 6367 3411

Liechtenstein
Vaduz
Bank Vontobel (Liechtenstein) AG
Pflugstrasse 20, FL-9490 Vaduz
Telephone +423 236 41 11

Luxembourg
Luxembourg
Vontobel Asset Management S.A.
2–4, rue Jean l'Aveugle,
L-1148 Luxembourg
Telephone +352 26 34 74 1

Singapore
Singapore
Vontobel Financial Products
(Asia Pacific) Pte. Ltd.
8 Marina View, Asia Square Tower 1,
Level 07-04, SGP-Singapore 018960
Telephone +65 6407 1170

Spain
Madrid
Vontobel Asset Management S.A.
Madrid Branch
Paseo de la Castellana, 95,
Planta 18, E-28046 Madrid
Telephone +34 91 520 95 95

United Arab Emirates
Dubai
Vontobel Financial Products Ltd.
Liberty House, Office 913,
Dubai International Financial Centre
P.O. Box 506814
Dubai, United Arab Emirates
Telephone +971 (4) 703 85 00

USA
Dallas
Vontobel Swiss Wealth Advisors AG Inc.
Dallas Branch
100 Crescent Court, Suite 825
Dallas, TX 75201, USA
Telephone +1 469 399 3800

New York
Vontobel Asset Management, Inc.
1540 Broadway, 38th Floor
New York, NY 10036, USA
Telephone +1 212 415 70 00
vusa.com

Vontobel Securities AG
New York Branch
1540 Broadway, 38th Floor
New York, NY 10036, USA
Telephone +1 212 792 58 20

Legal information
This Half-Year Report is intended solely for information purposes and is expressly not addressed to any person who by domicile or nationality is prohibited to receive such information according to the applicable law. The information and views contained in it do not constitute a request, offer or recommendation to use a service, to buy or sell investment instruments or to conduct other transactions. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

MIX
Paper
FSC FSC® C016003

ClimatePartner
climate neutral
Print | ID: 53232-1606-1009

Vontobel Holding AG, Gotthardstrasse 43, 8022 Zurich, Telephone +41 58 283 59 00, vontobel.com